
Human Capital and Women Business Ownership

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Project Description

- Research funded by the US Small Business Administration, Office of Advocacy
 - Study Purpose
 - Define human capital
 - Analyze relationship between types of human capital and women business ownership
 - Contrast findings with data for men and minorities
 - Project completion date: October 2007
 - Release date: April 2008
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Project Team

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 - Heike Mayer, Ph.D., Assistant Professor, Urban Affairs and Planning Program, Virginia Tech Alexandria Center
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Draw from theory in three fields:

- Women in the labor force
 - Planning for careers rather than jobs has led to increased investments in education and selection of different types of occupations (Goldin 2006)
 - Entrepreneurship
 - Women-owned businesses are fastest growing population of entrepreneurs in the US. Women are increasingly establishing ventures in fast growth, non-traditional sectors (Center for Women's Business Research 2004; Brush et al 2004)
 - Human Capital
 - 25-34 year old women more likely to have a four-year degree than men (Cortright 2005)
 - ?? – the goal of this project is to identify additional human capital factors that affect business ownership among women
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Human Capital Definition

- Education
 - College degree
 - Graduate degree
 - Ongoing education
 - Experience
 - Previous job
 - Industry
 - Occupational category
 - “Entrepreneurial preparedness”
 - Age (experience)
 - Foreign born
 - Income diversity
 - Other entrepreneur in household
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Data and Analysis

- Current Population Survey as primary source
 - Household based microdata
 - Self-employed variable
 - Relevant demographic, labor force variables
 - Comparable (mostly) over time, 1994-2006
 - Cross-tabs to analyze relationship between human capital variables and:
 - Self-employed women compared to other working women
 - Self-employed women compared to self-employed men
 - Assessment of whether proposed measure of human capital improves on traditional measures
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Findings: Self-employed women differ on most human capital variables compared to wage and salary women

- **Self-employed women:**
 - ❑ more education (college degree)
 - ❑ more likely to hold a graduate degree
 - ❑ older than wage and salary women
 - ❑ more likely to be in managerial occupations
 - ❑ more likely to work in industries with a medium presence of women owned businesses
 - ❑ have greater income diversity
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Findings: Self-employed men and women do not differ on most human capital variables – except occupation and industry experience

- Difference in educational attainment narrowed by end of study period
 - Lower percentage of self-employed women are in managerial occupations
 - Lower rates of self-employed women in industries that have less female participation (such as manufacturing, construction)
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Findings (3)

- Strong association between the following variables and self-employment among women
 - Holding a managerial occupation
 - Industry sector participation
 - Specific experience affects the decision among women to choose self-employment
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