



Family and Entrepreneurship: New Empirical and Theoretical Results

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Abstract

From the previous evidence, usually mixed, on the relationship between family variables and entrepreneurship, this Special Issue provides new results from around the world, which contribute to a better knowledge of the determinants behind the entrepreneurship decisions of individuals and families and, consequently, of the mechanisms through which the flexibility of self-employment is more compatible with family responsibilities, with respect to paid work. It is in this context that this Special Issue presents five empirical examples that show connections between the gender variable in the family and the entrepreneurial decision, with important evidence for China, the US, Southern Africa, Latin America, and Poland. This Special Issue also provides a theoretical framework to understand the process of succession in family firms. In addition to these specific issues on entrepreneurship and self-employment, this Special Issue also includes other labor topics related to family variables, such as occupational gender segregation, maternal employment, mothers' work, family conflict, and job insecurity.

Keywords Family · Entrepreneurship · Socio-economics

JEL Classification H24 · J61 · R23

All that is valuable in human society depends upon the opportunity for development accorded to the individual
Albert Einstein.

Throughout recent decades, the world has experienced demographic shifts, with these implying changes in the variables that show how individuals and families relate to labor markets and, specifically, to entrepreneurship and/or self-employment. Motivations for establishing a business are complex and, despite that the autonomy of the individual is the most important motivator, other family factors are also recognized as important indicators. In fact, it is well-known that businesses created by autonomous, family-motivated entrepreneurs have a higher chance of survival.

The list of variables related to the family (with a list of recent references corresponding to the last decade) include, among others, gender (Noseleit 2014; Roche 2014; Rosen 2014; Patrick et al. 2016; Joona 2017), age (Liang et al. 2018; Velilla et al. 2018), marital status (Saridakis et al. 2018), parenthood (Giménez-Nadal et al 2012; Broussard 2015; Boniface 2019; Lim 2019) and family income (Molina et al 2016).

This literature has shown that the relation of entrepreneurship to age is an inverted-U shape, with this shape usually arising from the motivation of necessity. However, when considering the motivation from opportunity, results usually vary. Young entrepreneurs are particularly likely to start a business driven by opportunity motives at the beginning of their career. This opportunity motivation becomes a less-strong driver in middle age, with older entrepreneurs showing an increasing interest in pursuing entrepreneurship to take advantage of an opportunity.

Gender is a variable that has received much attention in the analyses of entrepreneurship, with a growing literature reporting positive associations between female self-employment and the presence of children in the family. The literature also shows that women entrepreneurs usually report innovation levels equal to or higher than those

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of men entrepreneurs and, consequently, male and female entrepreneurs appear to be equally likely to pursue both opportunity and necessity entrepreneurship. Additionally, empirical evidence finds that the marital status, or more precisely, being married, is a significant determinant of self-employment, especially among women, although some results show that, in the short-run, divorce has positive impacts on self-employment.

Education is positively related to opportunity and challenge motivations, suggesting that relatively more highly educated individuals pursue entrepreneurship to take advantage of an opportunity and to challenge and develop themselves. Highly educated entrepreneurs also tend to report higher growth expectations. However, despite that the literature indicates that this higher level of education leads to more entrepreneurial opportunities, other authors show that university-educated individuals may choose salaried jobs rather than initiate a business, because of the inherent risk and income instability.

It has been suggested that opportunity motivation is less common amongst entrepreneurs with children to support. Additionally, growth expectations are higher amongst entrepreneurs who support their partner in families with various members.

Entrepreneurs from families with high income are more likely to pursue opportunity entrepreneurship, whilst those from poorer families are more likely to be necessity motivated. Thus, high income families provide entrepreneurs with financial resources allowing them to seek out opportunities.

From the evidence, usually mixed, of the literature on these family variables, this Special Issue provides new results from around the world, which contribute to a better knowledge of the determinants behind the entrepreneurship decisions of individuals and families and, consequently, of the mechanisms through which the flexibility of self-employment is more compatible with family responsibilities, with respect to paid work.

It is in this context that this Special Issue presents five empirical examples that show connections between the gender variable in the family and the entrepreneurial decision, with important evidence for China, the US, Southern Africa, Latin America, and Poland. This Special Issue also provides a theoretical framework to understand the process of succession in family firms. In addition to these specific issues on entrepreneurship and self-employment, this Special Issue also includes other labor topics related to family variables, such as occupational gender segregation, maternal employment, mothers' work, family conflict, and job insecurity.

Yuan, Rong and Xu investigate the determinants of entrepreneurship at the household level in rural China, with a specific focus on the gender imbalance as a determinant of ownership of family businesses. The authors found that son

families (families whose eldest child is a boy) were more likely to own a business in villages where gender ratios were higher. This positive relationship may come from two effects, whose identification is relevant from the perspective of regional economic growth: the propensity effect and the sustainability effect. Using a 2009 Rural Finance Survey in China, the authors identify this sustainability effect according to which families are more capable of sustaining their business. Specifically, the authors found that son families were more likely to own a before-birth business in villages where gender ratios were higher thus providing evidence that businesses stimulated by gender imbalance are sustainable and may, therefore, contribute to regional development.

New evidence about the gender variable in the context of the divorce decisions of families is provided by Lurtz, Tharp, Mielitz, Kitces and Ammerman. The authors examine gender differences in the factors associated with current divorce status among high-income individuals within a highly entrepreneurially field: personal financial planners. Using detailed data on US financial planners, collected via a survey conducted by Kitces.com, this study finds that a significant gender divorce gap exists between male and female financial planners, with females reporting that they are currently divorced at a rate 270% higher than their male counterparts. Using decomposition analysis, the authors find that 34% of the gender divorce gap can be explained by psychological measures, such as personality and work-related motivations.

It is clear that, in general, entrepreneurship is an avenue to economic empowerment of women. This is particularly relevant in African developing countries, where women face barriers to employment in the formal sector, with entrepreneurship being a clear choice to escape low-paid jobs in agriculture. Brixiova, Kangoye and Tregenna analyze land ownership and access to credit as barriers to entrepreneurship in three Southern African economies: Eswatini, Lesotho and Zimbabwe. Defining entrepreneurs as owners of micro or small firms (with 10 or fewer employees), the authors use 2016 World Bank Enterprise Surveys for these three countries, to examine whether women's curtailed access to land and, therefore, to credit from formal financial institutions, is linked to weaker performance among women-run firms in the region. Evidence shows that improving access to credit and the property rights framework are vital for supporting female entrepreneurship on a larger scale in Southern African economies.

A specific group of women for which the self-employment decision is particularly important are mothers. Campaña and co-authors examine differences between self-employed and employed mothers in Latin American families with respect to paid work, unpaid work, and childcare. In these countries, the participation of women in the labor market is more limited when women have

young children, given the absence of public policies and private action in favor of the balance between work and family life. In this context, working mothers may need to organize their working time around their child care responsibilities, with self-employment making it possible to combine paid work with the care of children. Using Time-Use Surveys from Mexico, Peru, Ecuador and Colombia, the authors find that self-employed mothers devote more time to child care, especially, educational child care, compared to employed mothers. Thus, self-employment is a clear option to improve the work-life balance of mothers in Latin American countries.

Buttler and Sierminska examine several kinds of determinant of moving into self-employment for women and men in Poland. The authors first consider financial and human capital endowments, and family considerations. Second, they determine whether job preferences are also significant determinants and, finally, the authors analyze the impact of various work events to test the glass ceiling hypothesis. Using the Social Diagnosis longitudinal survey, findings indicate that women and men who decide to become self-employed report different job preferences: independence at work and job matching competences for women; lack of stress, a good salary, and independence for men. Additionally, authors confirm the glass ceiling hypothesis, according to which there is an invisible barrier to women's professional advancement in the salaried sector in Poland. Finally, both financial (the amount of savings or debt) and human capital endowments (specific entrepreneurial experience) strongly determine entry into self-employment.

From a theoretical perspective, Giménez and Novo develop a formal model of family-firm decision, which considers a firm initially run by its family owner, usually its founder. It is well-known that succession is one of the most important issues for family firms, given that it plays a key role in determining the survival of the firm. The authors present a theory to understand the process of succession in family firms by developing a microeconomic framework, with a family founder choosing between two options concerning succession: either stay in the firm and run it alone, or hire a successor who may be a professional manager or a family member. On the basis of the theoretical setting, which explicitly considers the role of effectiveness of the training process, as well as the education and experience of the successor, findings are aligned with the evidence that outsiders will not be appointed unless an incremental improvement relative to inside candidates is expected, because it is more costly to appoint an outsider in terms of monitoring mechanisms.

Together, these articles, jointly with the extensions enumerated by the authors, demonstrate the empirical and theoretical importance of family variables in entrepreneurship and/or self-employment decisions, with all the evidence raising

important policy implications with regard to entrepreneurial policies and regulations.

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