

**UNIVERSITY OF REGINA
DEPARTMENT OF ECONOMICS**

SEMINAR

- SPEAKER:** Kate Rybczynski
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- DATE:** Monday, February 9, 2004
- TIME:** 3:30 p.m.
- PLACE:** CL 410 (Classroom Building)
- TOPIC:** Gender Differences in the Incidence and Duration of Self-Employment

ABSTRACT

The self-employment rate of women experienced tremendous growth over the 1982-1998 period in Canada. Nevertheless, significant gender differences exist between male and female entry, duration, and earnings in self-employment. Previous research, including that of Coate and Tennyson (1992) and Evans and Jovanovic (1989), demonstrates that differential credit constraints can affect self-employment outcomes. In particular, Evans and Jovanovic (1989) show that if credit constraints exist, then self-employment outcomes will be positively correlated with wealth. I use Canada's Survey of Labour and Income Dynamics for 1993-1998 to investigate gender differences in self-employment. I expressly focus on the effects of wealth on entry and duration. Probit and proportional hazard model estimates indicate that higher levels of wealth improve both the probability of entry into self-employment and the probability of survival of a new business. This wealth effect is significantly large for women relative to men. The marginal probability effect (of wealth) on women is three times larger than on men. I calculate that if the highest level of wealth were gifted to both sexes, the gap in entry rates would shrink by up to 78%. Moreover, a woman with investment income greater than \$200 has a 35 percent greater probability of survival than if she had no investment income. The figure for men is less than ten percent, and is not significant. Wealth is, therefore, an important factor to examine in self-employment comparisons across gender. These results are consistent with the existence of credit constraints.

EVERYONE IS WELCOME!!