

REPORT

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## **Necessity as a Driver of Women's Entrepreneurship: Her Stories**

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Council

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The statements, findings, conclusions, and recommendations found in this study are those of the authors and do not necessarily reflect the views of the National Women's Business Council, the United States Small Business Administration, or the United States Government

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## 1. Introduction

Entrepreneurship can serve as a vehicle for both economic and personal empowerment for women. In some cases, women start businesses due to “pull” factors, such as capitalizing on a perceived market opportunity. In other cases, women start businesses due to “push” factors, such as having no other labor force option, hitting a glass ceiling, facing gender discrimination in the workplace, or personal responsibilities such as caring for a family member. While the literature and prior research investigate women starting businesses out of economic need (i.e., unemployed with no other labor option available), other push or necessity factors, such as those listed above, have yet to be studied in the context of necessity entrepreneurship. As a result, while the traditional definition of necessity entrepreneurship focuses on economic need as the key lever in defining the entrepreneurial endeavor, this study expands the definition to include additional non-economic factors that might influence a woman’s decision to start a business as the best or only option to alleviate an issue or issues encountered in her professional life.

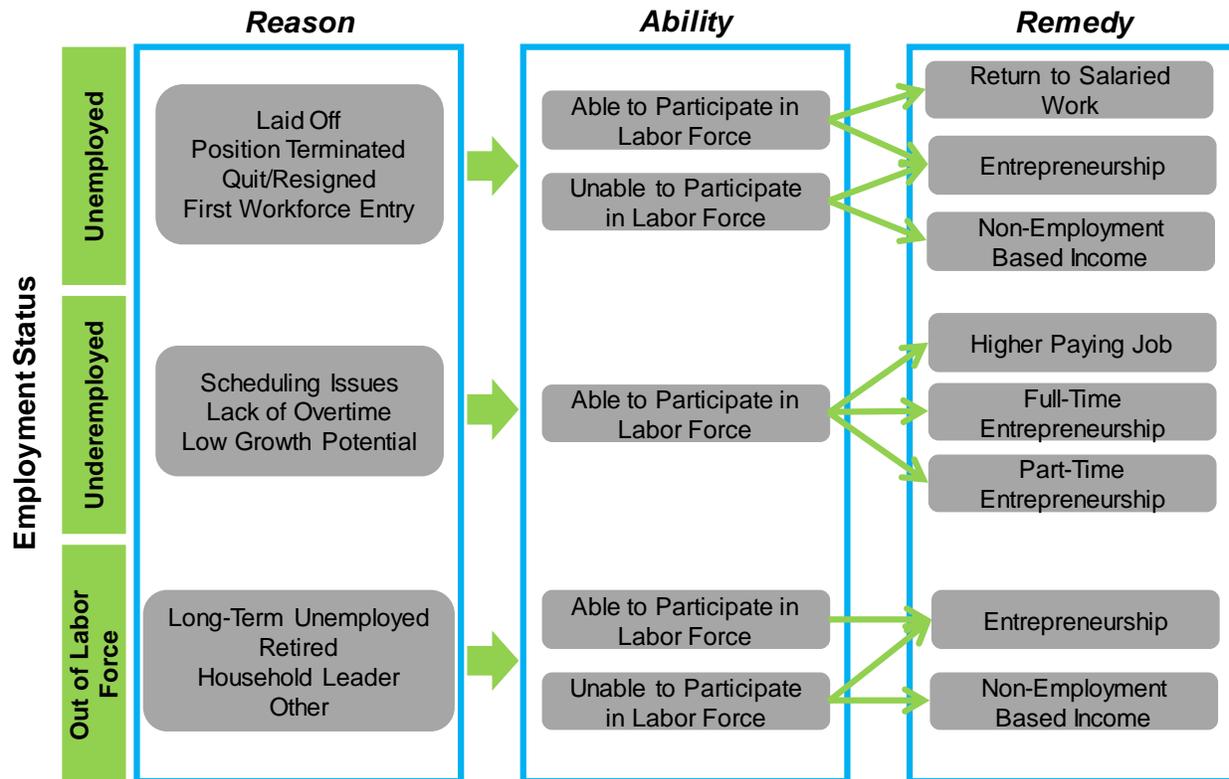
The July 2017 National Women’s Business Council (“NWBC”) report, “Necessity as a Driver of Women’s Entrepreneurship,” (hereafter, preliminary report) lays the foundation for exploring the motivations, intentions, and expectations of an expanded category of women “necessity” entrepreneurs.<sup>1</sup> Figure 1 on the following page reproduces the theoretical model presented in the preliminary report. The model, which captures some of the circumstances that lead to necessity entrepreneurship, assumes that a prospective entrepreneur occupies one of three distinct employment statuses, and identifies potential decisions and remedies to related concerns. The three categories of employment status include “unemployed,” “underemployed,” and “out of labor force.” In each case, the employment status is relevant at the decision point immediately prior to seeking a remedy. The remedies include “return to salaried work,” “entrepreneurship,” “non-employment based income” and for those who are underemployed, an option to improve their income situation by pursuing a “higher paying job.” All three statuses can engage entrepreneurship as a remedy. However, the reasons that entrepreneurship may be the best alternative to the other options can vary, even within a particular status.

Regardless of the particular employment status and selected remedy, the model extends beyond a traditional necessity definition to allow additional flexibility in realizing that a variety of labor force options may exist, but they may not be preferred. This model is a framework that acts as the starting point for exploring an expanded definition of necessity entrepreneurship—a definition that captures many particular experiences of women.

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<sup>1</sup> Available at <https://www.nwbc.gov/sites/default/files/NWBC%20Necessity%20as%20a%20Driver%20of%20Women%20E2%80%99s%20Entrepreneurship.pdf>

**Figure 1 – Necessity Entrepreneurship Theoretical Model**



Given the broader definition of necessity posed by this model, there is a need for robust qualitative data that can enlighten policy makers, stakeholders, and women entrepreneurs about critical issues facing women necessity entrepreneurs as well as test the validity and applicability of the proposed model. These data, drawn directly from women necessity entrepreneurs, provide the next building block in understanding why women chose entrepreneurship, the challenges they faced, the resources they used, and their expectations and outcomes. In addition, the research design surfaces opportunities to address market failures that led to entrepreneurship as well as ways to encourage women necessity entrepreneurs to both survive and thrive as entrepreneurs.

This research report details the critical findings from a modified case study approach. The approach was designed to engage with women necessity entrepreneurs to develop key insights related to the drivers, mechanics, and issues inherent in necessity-based entrepreneurship as defined in the expanded model detailed above. Through nine carefully selected and structured interviews, women necessity entrepreneurs shared insights and experiences that have greater applicability to the larger population of current and future women necessity entrepreneurs.<sup>2</sup>

<sup>2</sup> As discussed in Section 3, the interviews and case study approach should not be confused with the statistical concepts of sample, population, and statistically significant, often synonymous with quantitatively structured research designs such as surveys. One of the primary advantages of a case study approach, as opposed to a survey, lies in the ability to provide the contextual experience that frames the participant's responses. This allows exploration of theoretical propositions from a "how" or "why" perspective as opposed to the more traditional "what" and "how much" inherent in surveys.

The remainder of this report includes a brief discussion of the background and existing literature that give rise to the model illustrated in Figure 1 in Section 2. Section 3 provides a description of the methodological approach and use of case study interviews to develop qualitative data. Section 4 presents the study findings and a participant-by-participant analysis of their entrepreneurial experiences vis-à-vis the model and study propositions. Finally, Section 5 provides key conclusions and action items to help guide potential policy discussions aimed at assisting current and future women necessity entrepreneurs.

## 2. Background and Supporting Literature

Appendix A includes a review of literature focusing on opportunity versus necessity entrepreneurship, the different motivations facing necessity entrepreneurs, gender differences in opportunity and necessity entrepreneurship, and the influence of the life course on women necessity entrepreneurs. This review of literature, also found in the preliminary report, serves as the foundation for the theoretical model as well as the development of research questions and propositions explored via a modified case study approach.

Investigation of “push” and “pull” factors of entrepreneurship dates back several decades. Push factors are typically associated with necessity entrepreneurs, while pull factors describe the motivations of opportunity entrepreneurs. Opportunity entrepreneurship is traditionally characterized as leading to higher economic growth, innovation, and profit compared to necessity entrepreneurship. Many studies reinforce this concept and draw distinctions between opportunity and necessity entrepreneurs (e.g., Amit and Muller (1995) and Warnecke (2013)).

The existing literature defines necessity entrepreneurship as driven exclusively by economic need and the lack of any alternative for employment. The Global Entrepreneurship Monitor (GEM) coined the term “necessity entrepreneur,” where Reynolds, et al. (2002) draw a clear distinction between opportunity and necessity along the lines of having no other option for work. Even more recent studies, such as the Kauffman Index of Start-Up Activity (Morelix, 2017), use employment-related definitions of necessity entrepreneurship, relying on periods of unemployment prior to starting the business as a qualifying factor.

Traditional necessity entrepreneurship definitions often fail to capture the effect of gender norms on employment decisions for women. As discussed in the literature, this highlights the inherent tension among push factors related to entrepreneurship. For example, Thébaud (2015, 2016) investigates the relationship between work-family institutions and gender gaps in entrepreneurship. Her findings support the notion that women are more likely than men to start a business in order to resolve work-life conflict.

Timing, opportunities, individual agency, and external social factors are all relevant when exploring necessity as a driver of women’s entrepreneurship. With respect to timing, both opportunity and necessity entrepreneurs are driven by motivating factors and expectations that fluctuate over the life course. The self-employment decisions made at one point in time for a particular entrepreneur might be vastly different at another point in time. For example, García-Manglano (2015) found that a significant number of Baby Boomer women (40%) stayed steadily employed through middle age, which indicates that these women did not “opt out” of paid employment due to family or health constraints. In contrast, Connelly (1992) found that the presence of young children is an important factor in choosing self-employment. Connelly also cites prior literature detailing the negative effect of child care costs on labor force

participation, which directly ties to the potential use of entrepreneurship as an alternative.

The existing literature recognizes that women, and particularly women entrepreneurs, are not a homogeneous category across time or space and certainly not with respect to race, ethnicity, age, and a number of other socioeconomic or demographic variables. With this recognition of heterogeneity comes the realization that economic empowerment of necessity entrepreneurs is not limited to the singular narrative of a woman lacking any alternatives to meet her basic survival needs. While economic gain is certainly one component of necessity entrepreneurship, a broader definition describes women who explore and ultimately engage in entrepreneurship, motivated by their belief that the traditional labor options available are insufficient to meet either their economic or non-economic needs and goals (or both). The remainder of this research report focuses on testing the merits of the necessity entrepreneurship model presented in Figure 1 by exploring the motivations and experiences of women necessity entrepreneurs.

### 3. Methodology Implemented

The preliminary report demonstrates the dearth of robust and contemporaneous data on women necessity entrepreneurs, with a particular deficiency in capturing entrepreneurial motivations beyond economic survival. As a result, qualitative research and data collection provide an alternative to survey or quantitative analysis to address data gaps and advance the discussion concerning several overarching research questions:

- Why do women pursue necessity entrepreneurship?
- How do women engage in necessity entrepreneurship?
- What policy interventions, actions and programs could assist women necessity entrepreneurs?

While multiple qualitative research and data collection methodologies exist, a modified case study approach provides the best method to explore the topic of women necessity entrepreneurs. A case study is an investigation into contemporary phenomena in “real-life” context. In this study, an exploration of gender-specific issues that drive women to entrepreneurship out of necessity needs to incorporate the situational factors specific to each woman’s situation. This definition provides strong support for the use of a case study approach to probe the motivations, decisions, and outcomes of women necessity entrepreneurs. This includes addressing questions that ask “how” and “why”, while recognizing that relevant information comes not from a controlled space but the real-life context in which a contemporary woman necessity entrepreneur reacts to the contextual issues surrounding her business decisions.

The high-level research questions laid out above, while probative, lack the substance necessary to elicit useful and manageable qualitative data. As a result, the case study approach utilized herein includes case study propositions, which are similar in nature to testable hypotheses. Based on the theoretical model, existing literature, and overarching research questions, the following study propositions set the stage for the case study exploration:

- Restrictive work environments or policies are primary motivating factors leading to necessity entrepreneurship among women. These include the “glass ceiling,” wage differences with male peers, or inflexible work policies regarding maternal leave and childcare.
- Women who leave a position for non-economic reasons weigh a decision between self-employment and finding a job that has better pay, policies, or an environment conducive to remedying the specific reasons she left her last (or current) job.

- Women's outsized role in caregiving and childrearing creates career and employment conflicts for women, which significantly influences the decision for a woman to pursue entrepreneurship out of necessity.
- Consistent with the definition of necessity entrepreneurship in the literature, women facing economic and financial challenges pursue necessity entrepreneurship as a means of improving their personal economic situation. In this sense, necessity entrepreneurship is a vehicle for economic well-being and empowerment.

The results detailed herein explore the propositions and test the proposed necessity entrepreneurship framework from a gender perspective via a set of case study interviews with women who appear to meet the expanded definition of a necessity entrepreneur.

### ***Participant Selection***

The case study approach uses a "unit of analysis" to explore and test the study propositions. In this study, individual women form the basis of the unit of analysis, with a particular emphasis on women who started a business driven by necessity (either economic or non-economic). The principal justification for starting with the individual (or group) as the unit of analysis, as opposed to the decisions women make when opting for entrepreneurship born of necessity, lies in the ability to define the case using the results of the literature review and limited data analysis covered in the preliminary report. Specifically, greater attention is focused on distinguishing between the entrepreneurs, as opposed to the decisions they make. As a result, one can evaluate participant selection based on the case definition through two different lenses:

- Can a participant be a *critical case* in testing the theory/model of necessity entrepreneurship? A critical case is one that captures all aspects of the theory being tested, such as satisfying all circumstances within a series of study propositions. If the individual case has characteristics that lend it to test the theory, then the case can confirm, challenge, or extend the theory.
- Can a participant be a *representative or typical case*? If so, it becomes possible to capture the circumstances and conditions of an everyday or commonplace situation (i.e., the necessity entrepreneurship decision as seen from the case perspective), such that these observations are informative about the experience of other average or typical women necessity entrepreneurs.

The research objectives entail using the preliminary report results to refine characteristics of potential cases along lines that either fall into a representative bucket or offer an opportunity of a "most likely" or "least likely" case. These types of cases are likely to either clearly confirm or irrefutably falsify propositions and hypotheses (Flyvbjerg, 2006). An example is the consideration of a woman necessity entrepreneur who is highly educated, has household support (either financial, human, or both), and

worked for a company that tended to receive high marks for existing workplace policies (e.g., maternal leave, promotion, etc.). This woman has none of the hallmarks of a traditional, economic-driven necessity entrepreneur. As such, if this woman becomes an entrepreneur to alleviate work-life conflict, then, most likely, women in *less* advantageous personal and professional scenarios would also feel an entrepreneurial push.

The data source for this inquiry is personal interviews with women who meet the expanded definition of a necessity entrepreneur. Selection of particular women to interview follows the prior discussion about case types, where the research goal is to identify critical or illustrative examples. From a theoretical level, women necessity entrepreneur typologies include characteristics that pertain to the individual, as well as the decision to pursue entrepreneurship out of necessity. Participants were selected to cultivate diversity in the following dimensions:

- Entrepreneurial decision – economic, non-economic, restrictive work environment, household influences, fertility
- Individual characteristics – employment status (prior to entrepreneurship decision), age, race, income level, education level
- Household status – marital status, number of children, employment status of individuals in household, poverty status

Identifying potential case study participants using either critical or representative characteristics of both the entrepreneur and the decision is challenging given the significant number of combinations that can arise given the different criteria. For example, for every household income level there are differences in employment status, marital status, age, number of children, education level of the entrepreneur, etc. The permutations add up quickly, underscoring the need to define critical or typical cases.

There is sufficient commonality and divergence in characteristics of the nine women selected to participate in case study interviews. In addition, the research design called for leveraging assistance from the NWBC and other organizations such as Women's Business Centers (WBCs) that had the ability to facilitate connections. Given the desire for representative or critical cases, "random" identification was not required (i.e., the participants do not need to be unknown to the researchers or research partners at the outset, although impartiality and lack of bias are important considerations). The women interviewed had varied backgrounds in the following three categories:

### *1. Prior Employment Situation*

The women had multiple employment situations prior to starting their businesses. These include being laid off, having a position terminated (and being offered a lower paying position), quitting or resigning, and still working a traditional job. In addition,

many of the women were also “underemployed,” noting that they faced scheduling issues, lack of overtime, low pay, or low growth potential in their prior employment.

## 2. *Personal Background*

The interviewees had varied backgrounds, both social and economic. Education levels ranged from a high school diploma through post-graduate education. The majority of the women were divorced (although several were remarried). In addition, there was a balance in the number of interviewees with children, including children of different age ranges (from infant to adult). The age range of the women interviewed was from the mid-20s to early-60s. In addition, the women interviewed represented diversity across geographic and racial/ethnic lines.

## 3. *Need Category*

All of the women interviewed came to entrepreneurship via multiple layers of need. The lack of flexible (“flex”) time was cited in most cases. Other family balance or personal issues included the cost of childcare and issues related to non-work events, such as children’s recitals, school meetings, or doctor’s appointments. One interviewee cited age discrimination and felt that at her age, entrepreneurship was her only opportunity to grow professionally and remain employed. In addition, multiple forms and cases of economic necessity existed; independent of income levels, each woman expressed concern over economic issues as influencing the entrepreneurial decision.

Section 4 provides additional in-depth detail and analysis of the case study participants, including a summary of different characteristics and criteria that define the critical or representative nature of each. Nevertheless, the research design inherently recognizes that the selected entrepreneurs do not represent every conceivable combination of characteristics that might apply to entirety of women necessity entrepreneurs. Recognition of this fact does not undermine the research findings; rather, it provides the basis for understanding the generalizable nature of case study research. In addressing generalization from a single case, Yin provides the appropriate response (2009, at p. 15):

*[C]ase studies, like experiments, are generalizable to theoretical propositions and not to populations or universes. In this sense, the case study, like the experiment, does not represent a “sample,” and in doing a case study, your goal will be to expand and generalize theories (analytical generalization) and not to enumerate frequencies (statistical generalization).*

Flyvbjerg also correctly notes that the strategic choice of a case may greatly add to the generalizability of a case study. He cites Goldthorpe, et al., where the researchers deliberately looked for a case that was as favorable as possible to the thesis under investigation. If the thesis could be proved false in the favorable case, then it would most likely be false for less favorable, or intermediate, cases. With

respect to generalization and concerns that case studies are only anecdotal accounts, Flyvbjerg (2006) corrects this misconception by stating:

*One can often generalize on the basis of a single case, and the case study may be central to scientific development via generalization as supplement or alternative to other methods. But formal generalization is overvalued as a source of scientific development, whereas the 'force of the example' is underestimated.*

The desired outcome of the case study approach is not extrapolation of results to an entire population, but resonance of observations with other women, researchers, policy makers, or any interested party. An example is a woman necessity entrepreneur testifying about her experience before a legislative committee. After such testimony, committee members may assume that they have acquired an understanding of the issues facing women necessity entrepreneurs more generally, based on that particular "case." Only then might the members be willing to review broader quantitative and qualitative data about the prevalence of similar cases. In following up, the committee may well inquire further about the representative or critical nature of this initial case, before considering appropriate action or policy. Yet, the initial case may well be the essential element in gaining insight into the challenges facing women necessity entrepreneurs in the first place. As a result, the conclusions and generalizations are often best understood as hypotheses for future applicability and testing rather than as definitive.

Each case study participant underwent an initial screening to obtain background information to help identify critical issues and factors that led to the necessity entrepreneurship decision. Following the initial screening, each woman agreed to an in-depth structured interview designed to explore motivations, challenges, expectations, and issues associated with each woman's specific experience as a necessity entrepreneur. The following section details each woman's entrepreneurial experience, analysis of her experience in relation to the model, and the most significant findings with respect to the study propositions discussed in Section 3. Throughout the report, aliases are used to discuss each woman. This report contains no identifying information and the aliases used herein have no relation to the actual identities of the participants.

## 4. Findings and Analysis

This section analyzes the results of nine case study approach interviews conducted with women necessity entrepreneurs to test the merits of the proposed model, as well as identify areas for refinement. While informative, the interview findings and related insights have several limitations. First, the study was limited to nine participants. Second, the women were pre-screened prior to the case study approach interviews to ensure that they considered need driven by gender specific issues as a primary entrepreneurial motivation. As a result, some primary findings are confirmatory of the initial expectation that certain issues that affect women more acutely than men are a root cause of the necessity entrepreneurship decision.

Nevertheless, by exploring the motivations and experiences of these nine women, additional insight is drawn that not only challenges components of the proposed theoretical framework, but also indicates that the necessity entrepreneurship journey is more complicated than initially considered. This section presents four findings drawn from the interviews and qualitative analysis. The first three findings reflect on the state of necessity entrepreneurship. The fourth finding specifically addresses the theoretical model being tested and its applicability to women who meet the theorized definition of necessity entrepreneurship. Following the discussion of the study findings, this section explores the entrepreneurial narratives and motivations of each participant separately, relating them back to the four key findings, as well as the theoretical model being tested.

*Finding 1: Women may be driven to necessity entrepreneurship due to gender-specific issues, including workplace discrimination and the gendered role that women play in childcare and household management.*

Predicated on the development of the model, Finding 1 confirms that women pursue entrepreneurship from a position of personal need. Differentiating the women-specific necessity entrepreneurship definition is the role that gendered push factors play in women utilizing entrepreneurship to resolve gender-based conflicts. Together, eight of the nine women interviewed cited gender-specific issues as critical motivators for starting their businesses, and several women cited multiple gender-related issues, including discrimination, childcare challenges, and restrictive workplace policies.

Most common was the role conflict that women encountered when balancing their roles as household managers<sup>3</sup> or mothers and full-time employees. Six women identified this issue as a key factor when assessing professional employment options. Two participants started their businesses after perceived discrimination throughout their

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<sup>3</sup> While certainly not the case in all households, gender roles persist, with women predominately responsible for the management of household duties, from doing laundry to taking children to the doctor. This creates a need for additional flexibility amongst women in the traditional workforce because of the role conflict between having a career and being a household manager. For more information, please see Shulevitz, Judith. *Mom: The Designated Worrier*. The New York Times. May 8, 2015. <https://www.nytimes.com/2015/05/10/opinion/sunday/judith-shulevitz-mom-the-designated-worrier.html>

careers, facing challenges with promotion opportunities (e.g., glass ceiling) and negative perceptions of their abilities as women. An important finding related to gender-specific challenges is that personal need as an entrepreneurial motivator was not segmented by socioeconomic status. That is, women in various economic positions prior to starting their businesses reported starting them for the same primary reason: *need*. This deviation from the traditional necessity entrepreneurship definition discussed in the literature review is significant and lends theoretical purchase to the model being tested; it also sheds light on the gendered challenges that women face in their careers.

*Finding 2: Challenging the dichotomy between necessity and opportunity entrepreneurs, entrepreneurial motivations exist on a continuum, with some entrepreneurs exhibiting characteristics of both opportunity and necessity entrepreneurs.*

The focus of this inquiry is the gendered push factors at play for women who pursue entrepreneurship as the best option available to them given their personal and professional needs. Similar to traditional definitions, the model presumes a dichotomous distinction between a necessity entrepreneur and an opportunity entrepreneur, regardless of gender. However, the case study interviews provided valuable insight into the realization that under the broader proposed definition, the opportunity versus necessity paradigm is not discrete, but is instead a spectrum. For example, four of the women interviewed who met the broader necessity definition being tested also displayed traits traditionally associated with opportunity entrepreneurs, such as realizing a vision and capitalizing on an opportunity.

The literature draws a clear distinction between differential growth expectations for opportunity versus necessity entrepreneurs. Reza Zali, et al. (2013) find that business growth and growth expectations are negatively associated with necessity entrepreneurs and that the opposite is true of opportunity entrepreneurs. In this sense, the model fails to describe the ability of some women who adhere to the model definition of a necessity entrepreneur to recognize and leverage market opportunities, as well. However, the interviews provide evidence to support the expansion of the necessity entrepreneur definition beyond that focused solely on economic need to include the role of personal factors.

The entrepreneurial experiences extend beyond the canonical positions that an entrepreneur is either opportunistic in wanting to bring a product or service to market or starts a business to satisfy basic economic need. It is this expansion that engages women with opportunistic entrepreneurial motivations alongside their need motivations. In the end, the assessment of whether a particular woman entrepreneur falls in the necessity category requires an assessment of whether the factors that led her to entrepreneurship arise primarily due to both gender-specific factors and whether the need-based motivators have a greater overall impact than many opportunistic characteristics.

*Finding 3: Entrepreneurship is unlikely to fully resolve the personal and professional conflict motivating the need-based decision.*

The interviews explored in depth the role of necessity entrepreneurship in resolving gendered personal and professional conflicts, such as women's outsized role in childcare. While entrepreneurship did resolve the gendered personal-professional conflicts explored to some degree, it was an imperfect solution. Multiple women reported that while the flexibility inherent in entrepreneurship provided relief from restrictive traditional employment environments, entrepreneurship does not equate to more free time. In reality, entrepreneurship is extremely time consuming, and the task of separating work and personal life can become more difficult as an entrepreneur than it was in a traditional employment situation. While the time required to successfully launch and run a business differs by industry and person, participants overall reported having less free time and more overlap between home and work life as a trade-off for the flexibility they required. A key distinction drawn, however, is that entrepreneurship allowed the women to control *when* they worked, and allowed women to achieve what they defined as success while balancing their personal lives and professional careers.

*Finding 4: The model posited is linear and therefore does not capture or recognize all possible prior paths to necessity entrepreneurship.*

This final finding is of a different nature than the first three findings, given that it reflects more on the model than on the state of necessity entrepreneurship among women. The model tested assumes that women take a single, linear trip through the model, arriving at entrepreneurship directly from unemployment, underemployment, or an out of the labor force status. The interview results challenged the model in this regard, with four women pursuing alternative paths prior to reaching the entrepreneurial decision. The women interviewed also started their businesses under a variety of different life circumstances. This finding suggests that women who start businesses out of necessity may exhaust all other alternatives prior to starting their businesses. This was the case with several women who attempted to find alternative employment, absent starting a business, but were unable to locate options to satisfy both their personal and professional needs and goals.

Another interesting point not captured within the relatively static nature of the proposed framework was that several women presumed that no other alternatives existed, perceiving entrepreneurship to be the only option. In these cases, the women assumed that they would encounter a lack of opportunities, without necessarily weighing the potential that some opportunities might exist.

One notable flaw in the proposed model is the failure to adequately represent women who are out of the labor force and subsequently seek full-time traditional employment prior to launching their businesses. In this case, the women may become underemployed subsequent entering the labor force and remedy underemployment via entrepreneurship. In addition, the model is abrupt in stopping at the entrepreneurial inflection point, without giving consideration to include additional options in the case of

failed entrepreneurship. These are cases where women remain in a position of need, including launching a second business, returning to traditional employment, or seeking non-employment based income.

## ***Case Study Experiences***

### ***Participant 1 – Anna Smith***

Anna Smith is a white woman living in the Southeast. In the mid-2000s, Anna was a divorced stay-at-home mother of three children and was dependent on child support payments from her ex-husband for economic stability. Her ex-husband regularly failed to meet his child support obligations, leaving Anna unable to pay her bills and concerned about providing necessities for her children. Anna perceived that she could no longer count on her ex-husband for assistance in raising their shared children and began working full-time for \$20 per hour. Without a college degree at the time she started her business, Anna worked in a sales position with limited benefits and an inflexible schedule.

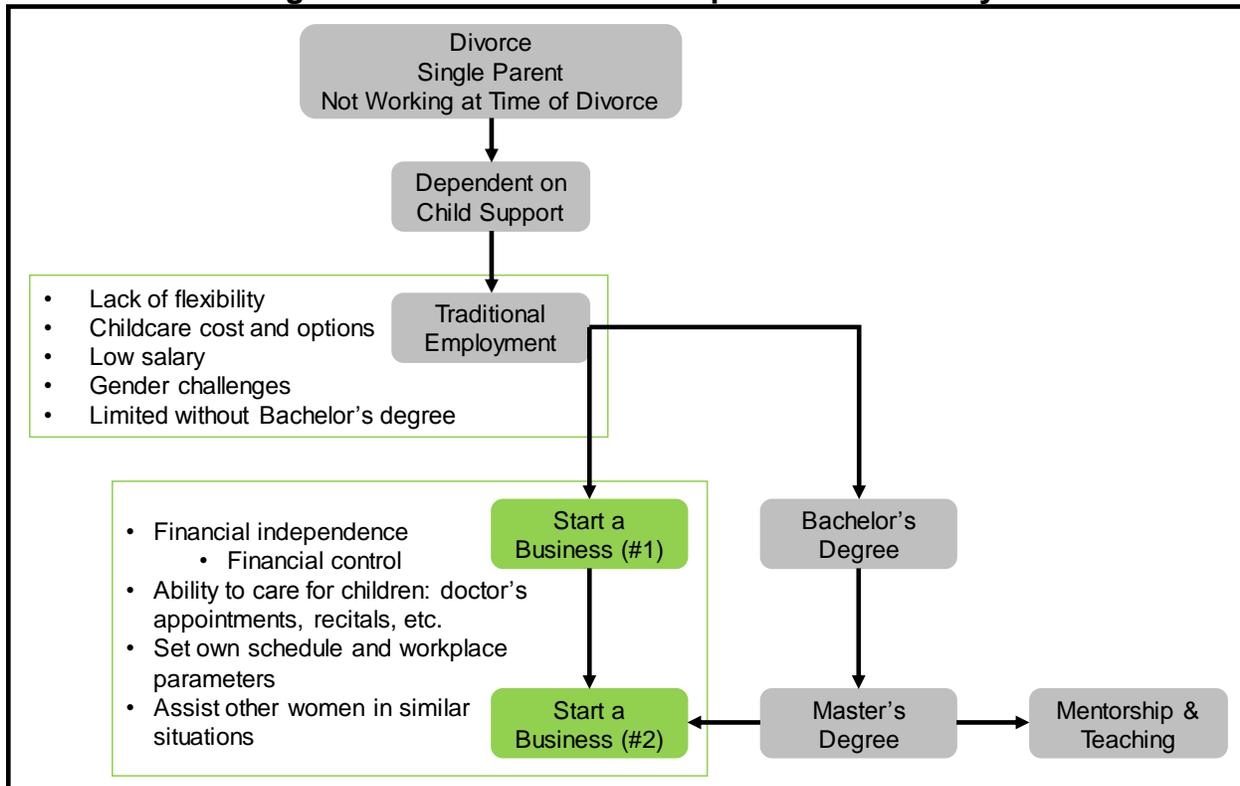
As an employee, Anna faced multiple challenges related to scheduling and workplace policies. She described the available time off as “limited” and noted that her inflexible work schedule created work-life balance issues for her. To meet her childcare responsibilities, Anna used her vacation days to attend to everyday tasks, including children’s doctor appointments, school meetings, sick children, and other parental obligations. Without sufficient paid leave, Anna was forced to take unpaid time off to meet her obligations. Anna addressed her flexibility issues with her employer four times during her tenure there, quitting each time and returning with the promise of a more flexible schedule. Despite the progress she made with her employer, Anna was unable to achieve a level of balance acceptable to her and considered other employment options.

While a desire for flexible time contributed to her decision to pursue alternative employment, Anna was also financially unstable while employed. She noted that childcare was prohibitively expensive for her and that her children often returned from school to an empty house. She applied for multiple alternative sales jobs in a variety of industries, but found the market limited. In the end, she received no offers that increased her financial stability as well as her flexible time. At the entrepreneurial decision point, Anna described herself as “broke” and was economically insecure. The financial pressure that she was under as well as the flexibility challenges she faced as an employee “forced her” to start her business.

Anna felt the need to start her own marketing and advertising business because she required “financial independence” and perceived greater earning potential as an entrepreneur. For Anna, a central motivating factor was the ability to set her own schedule, enabling her to meet her personal obligations, such as caring for her children. While an entrepreneur, Anna worked towards her bachelor’s degree. After obtaining

her degree, she started a second, related business and obtained her master's degree while mentoring other women. Figure 2 shows the entrepreneurial path for Anna.

**Figure 2 – Anna Smith’s Entrepreneurial Journey**



### *Critical Insights*

On her path towards becoming an entrepreneur, Anna took two trips through the tested model. As a household leader, she began “out of the labor force” and was able to participate in the labor force, later transitioning to traditional paid employment for economic reasons (Trip 1). The model fails to capture Anna’s experience, foreclosing a return to traditional paid employment as an outcome for individuals out of the workforce. Prior to launching her business, Anna effectively deferred her necessity entrepreneurship decision by advocating for and achieving change in workforce policy. Her experience is consistent with Finding 4, which states that the model proposed is non-linear and does not capture all of the potential paths to necessity entrepreneurship. Anna’s story challenges the theoretical model tested, requiring an expansion of the remedies available to individuals out of the labor force.

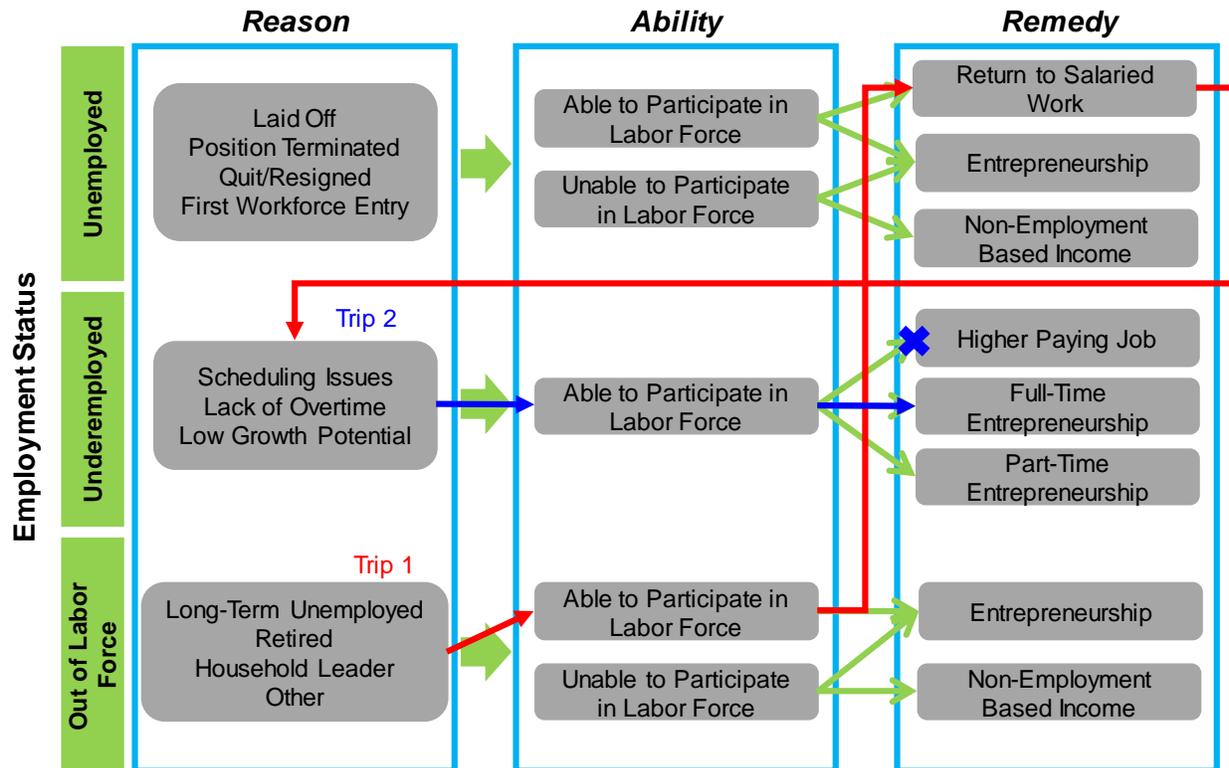
The theoretical model being tested proposes that negative gendered experiences drive women to entrepreneurship out of necessity. Anna’s experience supports the model in this regard. While employed, Anna encountered gender-related double standards and restrictive workplace policies, consistent the finding that women are driven to necessity entrepreneurship due to gender-specific issues. As an example, her employer required that women adhere to a strict dress code including high heels, dress

clothes, and pantyhose. During her tenure as an employee, Anna pushed for reevaluation of the dress code multiple times. In addition to challenges related to dress, Anna faced scheduling issues that prompted her to renegotiate with her employer four times in an effort to achieve more flexible time off.

Anna's role as a woman and the sole caregiver in her household amplified the challenges faced related to time off and an inflexible schedule. She indicated that as a single mother, she alone handled household challenges or schedule interruptions, such as leaving work to bring her child their lunch money or staying home with a sick child. Anna's male boss failed to understand or relate to her decision to forego pay in order to care for her children, a role traditionally ascribed to women, supporting the finding that the gendered role of women as caregivers influences entrepreneurial decisions and motivations. That is, Anna's experience supports the model proposition that women face gendered challenges as traditional paid employees, which serves as a motivation to pursue entrepreneurship.

While personal gender-specific issues were a key motivator for Anna's transition to entrepreneurship, her entrepreneurial motivations were both financial *and* personal. Anna reported being unable to pay her bills prior to starting her business and noted that she was regularly concerned about meeting basic economic needs, such as providing food and shelter for her children. Before launching her business, Anna searched for additional jobs with higher pay and the flexible time she required, but was unsuccessful, exhausting her options prior to becoming an entrepreneur. She perceived a "limit" to her earning potential as a paid employee due to her lack of education and viewed entrepreneurship as an opportunity to define her own income potential. Coupled with the financial challenges she faced, Anna turned to entrepreneurship as a solution (Trip 2), supporting Thébaud's (2015) theory of entrepreneurship as a second option, or Plan B. Figure 3 shows Anna's two trips through the proposed model.

**Figure 3 – Anna Smith Model Iterations**



As an entrepreneur, Anna cited near immediate relief from the childcare and financial pressures she navigated as a traditional employee. While an improvement over her prior situation, her experience highlighted new challenges faced as an entrepreneur. Principally, entrepreneurship demanded more of Anna’s time than did traditional employment. She recognized the limitations of entrepreneurship as a solution to her financial and personal needs, but noted a key difference driven by being her own boss. While she worked *more* hours as an entrepreneur, Anna controlled *when* she worked those hours, directly contrasting the strict schedule she had as a traditional employee. She perceived this flexibility as a high-value benefit associated only with entrepreneurship, consistent with the finding that necessity entrepreneurship is not a full resolution to the personal and professional motivational conflicts.

While her business was founded out of necessity, both economic and personal, Anna now operates her business with a growth mindset, typically associated with opportunity entrepreneurs, such as those examined by Reza Zali et al. (2013). The model fails to capture the ability of a necessity entrepreneur to transition from a subsistence entrepreneur to a growth-oriented opportunity entrepreneur. Anna’s experience supports this gap in the model, illustrating the continuum of necessity as a motivator. While a single person operation at the outset struggling to make ends meet, Anna now employs one person on a full-time basis and six independent contractors and described herself as “economically secure.” Finding 2 challenges the necessity entrepreneurship model proposed by stating that there is a continuum of entrepreneurial motivation ranging from necessity to opportunity, with entrepreneurs falling at multiple

points along the continuum. However, the model fails to capture the ability of entrepreneurs who start their businesses as pure necessity entrepreneurs, such as Anna, to develop into growth-oriented businesses. Anna has successfully grown her firm into a well-respected small business, contributing to her local economy while serving as a mentor for new women entrepreneurs, assisting them in navigating the challenges she did.

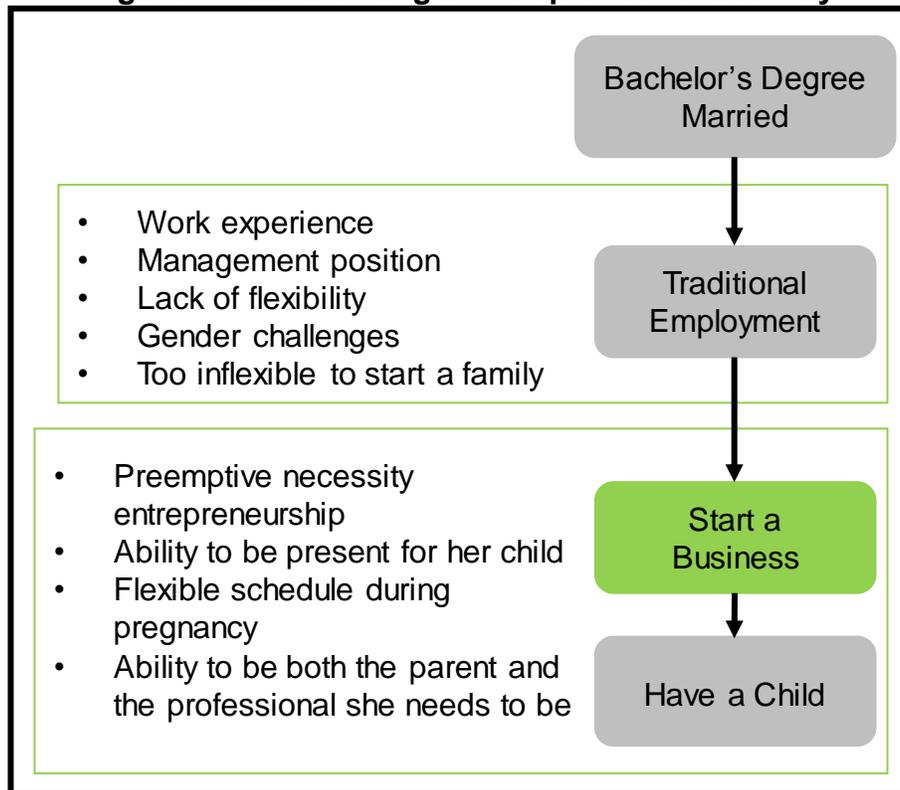
### ***Participant 2 – Jane Strong***

Jane Strong is a white woman with a college degree living in the Northeast. Before starting her business, she had a successful career in the traditional workforce, serving in a management position immediately prior to starting her business. In this position, she experienced subtle gender challenges, such as a paternalistic boss, a board comprised entirely of white men over the age of 60, and the assumption that she had “special needs” as a woman. She also experienced the prevalent underestimation of women in the workforce, recalling numerous times when she was “mistaken for an administrative assistant.” She participated in the traditional workforce after completing her education in order to gain what she deemed “valuable work experience.”

Even before obtaining her degree, Jane considered starting a business in order to simultaneously meet two objectives. First, she wanted to be an “involved parent” and second, she also wanted to have a “fulfilling career.” She recognized that both a career and children require an “immense” amount of time, and she made the personal decision not to “outsource” any of her caretaking responsibilities when she eventually had children. However, she also wanted to avoid the disadvantages of leaving the workforce to raise children, referencing her peers who experienced role conflict between their careers and “being mothers.” She noted that these women are often “unprepared and pressured” to make what she characterized as a “binary decision: *raising your children or developing your career.*” Jane is a preemptive necessity entrepreneur as she started her business prior to having children in an effort to circumvent the conflicts she predicted she would inevitably face if she continued working as a traditional employee.

As an entrepreneur, Jane designed her own business with the flexibility to be present for her daughter. The business operates in the technology-based services industry. She has a home office as well as a professional space for her employees. The ability to work from home allows her to balance her business and parenting responsibilities on her own schedule, unhindered by restrictive work policies. Parenthood was a priority and one that required her to create her own professional career outside of traditional employment. Figure 4 shows Jane’s entrepreneurial path.

**Figure 4 – Jane Strong’s Entrepreneurial Journey**



### *Critical Insights*

Jane’s entrepreneurial experience tests the proposed model for multiple reasons. First, she faced no economic hardship and as such, did not meet the traditional, economic-based necessity entrepreneurship definition. While multiple women in this study faced both economic and non-economic challenges which motivated their entrepreneurial decisions, Jane’s decision was based solely on her desire to create the lifestyle she required, explicitly addressing the theoretical model under examination. Second, Jane started her business *before* encountering caretaking conflicts or being hindered by restrictive workplace policies. As a preemptive necessity entrepreneur, she described both her “need” to be a professional and continue her career’s growth trajectory while simultaneously having the flexibility required to be “present” for her future child.

The primary entrepreneurial driver for Jane Strong was the challenge of balancing a career with raising a family. Her experience is consistent with Finding 1, that women may choose entrepreneurship to address gender-specific conflicts in their professional careers. Specifically, her experience demonstrates the combination of structural and personal push factors at play surrounding gender norms and career decisions, as discussed in the literature review. Jane preempted what she perceived as restrictive work policies and an inflexible schedule, and used entrepreneurship as a mechanism for achieving both her personal and professional goals by breaking gender norms and what she defined as the “greater social construct.” Jane concluded that

based on her prior work experience and her expectations for the future, that she would not only assume gendered responsibilities as the primary caregiver for her future children, but that a traditional labor force job would not allow her to balance her personal and professional objectives in an optimal manner. Her experience supports the theoretical model being tested and highlights the personal-professional challenges that women face regardless of economic status.

Jane came to entrepreneurship via a path outside of the proposed model. Jane's experience establishes that the model does not capture all possible prior paths to necessity entrepreneurship. Her status prior to entrepreneurship falls outside of the theoretical model, given that she was employed when she made what she perceived as the entrepreneurial decision driven by necessity. As a result, the three categories of necessity entrepreneurs posited (unemployed, underemployed, or out of the labor force) do not reflect her situation. While her experience supports the study propositions and lends purchase to the effect of gendered personal factors as an entrepreneurial motivation, her experience highlights the need to expand the "employment status" category within the model to include women currently employed and satisfied with their positions (i.e. not underemployed) immediately prior to founding their businesses.

Jane's experience challenges the traditional notion of necessity and typifies Finding 2, where entrepreneurial motivations exist on a continuum between opportunity and necessity. By the Global Entrepreneurship Monitor (GEM) standard, Jane is not a necessity entrepreneur. Her pursuit of entrepreneurship to resolve personal role conflict despite other potentially suboptimal opportunities available to her contrasts the GEM paradigm of entrepreneurship as a "last resort." Further, Jane was not a reluctant entrepreneur and had considered entrepreneurship for an extended period of time prior to starting her business. However, the business that she started and the time in her life at which she started it were driven by her need to achieve a flexible schedule while maintaining her professional career. Her case is illustrative of the variety of women who may pursue entrepreneurship out of personal necessity, recognizing deficiencies in the traditional labor market and seeking to remain in the workforce while meeting their personal demands.

While Jane's entrepreneurial experience generally supports the theoretical model and study findings, it highlights an important area for further research and exploration of necessity entrepreneurs' post-venture career options. Jane indicated that she did not see herself managing her business indefinitely and noted that if the right opportunity arose, she would consider either starting a second, separate business or returning to traditional paid employment. This experience lends support to the inclusion of a "post-remedy" category within the proposed necessity entrepreneurship framework. This category recognizes that women who start their businesses out of necessity may remain in business; fail or quit their businesses; or succeed, fulfill their needs, and move on to alternative endeavors. Future work should explore this notion further, examining the post-entrepreneurial paths of necessity entrepreneurs.

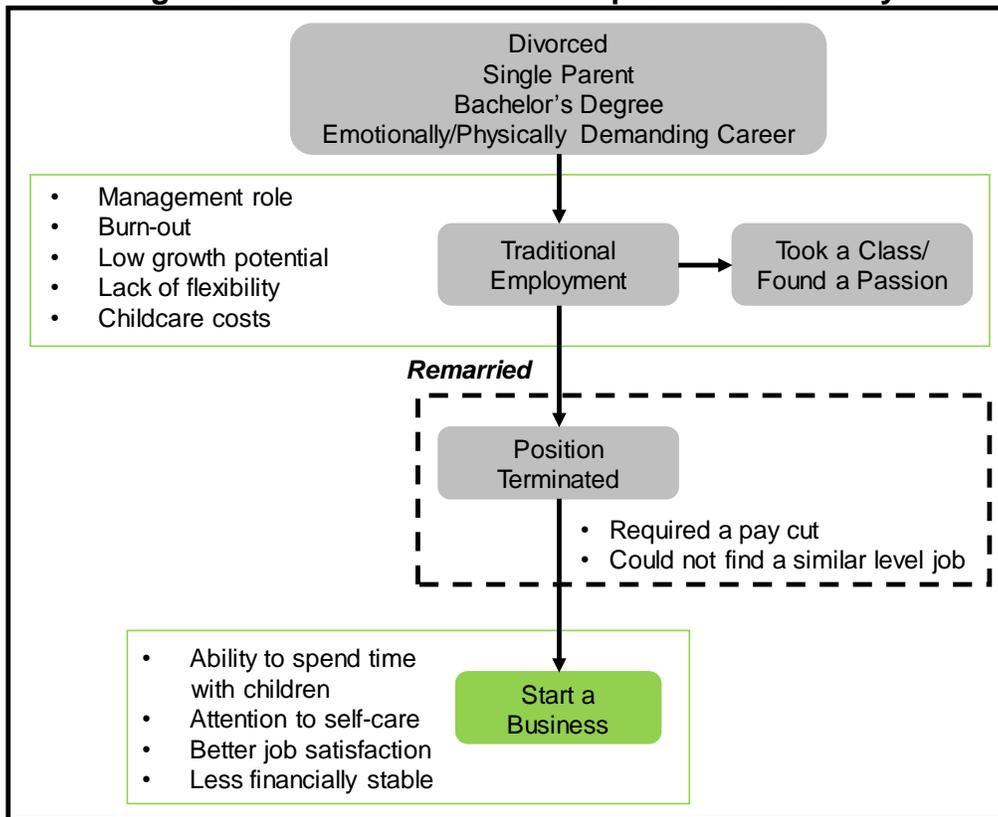
### ***Participant 3 – Amanda Rimes***

Amanda Rimes is an African-American, married woman living in the Southeastern United States. She has two children, a one-year old and a thirteen-year-old. Prior to starting her business, Amanda worked in the healthcare industry for 21 years. As an educated professional, she enjoyed full-time employment at a large healthcare company, which provided a stable income and benefits. Despite holding a management position, Amanda “struggled with burn out” and the increasing demands of “balancing professional and personal responsibilities” as not only the primary caregiver of her household but also the primary earner.

Her transition to necessity entrepreneurship began when her employer restructured and merged several divisions into one. As a result, the employer downsized certain positions and required individuals to reapply for roles they currently held, including her managerial position. Although she interviewed for her current position, the employer hired a different fellow employee with longer tenure and offered Amanda “demotion” to a non-managerial position as well as a considerable pay cut.

While accepting a lower paying position would have provided a source of stable income, Amanda would have become underemployed in this scenario. The reduction in earnings would have created economic hardship for her family and would have resulted in a low growth potential position at work. This reduction in income, combined with a lack of flexibility in managing household responsibilities, proved to be the “most significant factor” in Amanda starting a personal consulting/coaching business out of the need to address both economic and non-economic issues. Figure 5 illustrates her entrepreneurial journey.

**Figure 5 – Amanda Rimes’ Entrepreneurial Journey**



*Critical Insights*

Amanda exhibits multiple characteristics of a necessity entrepreneur, both in the traditional sense (i.e., economic need) but also under the expanded definition (i.e., need for flexibility to manage household responsibilities). In testing the model, study propositions, and expanded definition with respect to Amanda’s experience, there are several critical insights. First, given that Amanda had an employment offer on the table, she does not fit the traditional necessity entrepreneurship definition of lacking labor force alternatives. However, accepting a demotion would have left her “underemployed” and in need of additional income to provide for her family. In this respect, the expanded model would have captured her situation had she elected to take the position offered.

Second, even if she accepted the position (at a lower pay rate), it would not have resolved the personal-professional balance issues she encountered as a full-time employee and primary caregiver to her two children. This lends support to the expanded definition of necessity entrepreneur that captures the decision women make in balancing personal and professional responsibilities. Third, Amanda’s experience illustrates an important issue with respect to perception equating to reality. Amanda never pursued alternative employment options because her “impression was that no other similar positions [to her previously held management position] existed” in her geographic area for other employers.

Amanda's experience supports the model's inclusion of an underemployed category, although in Amanda's case, she never reached the underemployed category and instead left traditional employment altogether. Although she evaluated her options, she chose entrepreneurship as the optimal remedy to achieve personal and professional goals simultaneously. Nevertheless, one area that requires additional consideration is the extent to which women pursue entrepreneurship given the perception that no preferable labor alternatives exist, and the categorization of this decision as personal or structural.

A second issue, similar to those encountered by other women necessity entrepreneurs, is whether gender-specific issues are the primary factors in her decision to become an entrepreneur, or if gender-specific issues are complementary factors to the gender-neutral issue of losing one's job and having to potentially accept a lower paying position. In this respect, there is a series of decision trees and "what-ifs" that might influence the entrepreneurial decision. For example, if her current employer offered her a lower paying position but greater flexibility, would that have been a sufficient remedy to counterbalance the non-economic needs Amanda faced in weighing her options? This creates uncertainty about the definitiveness of Finding 4, which assumes the proposition of "exhaustion" of labor force alternatives prior to the entrepreneurial decision. In Amanda's case, she did not pursue other alternatives because she believed they did not exist.

Amanda also faced the economic pressure of providing income for her family, a non-gendered motivating factor. In lieu of being underemployed, she elected to start her business by contributing \$25,000 in startup capital, which represented the entirety of her personal savings and retirement. While her husband had health insurance through his prior military service, he was also attempting to start a business and had yet to establish viability. This added pressure on Amanda to generate household income, in addition to assuming primary childcare responsibility, supports the conclusion that multiple factors led to her necessity entrepreneurship decision.

While Amanda's experience comports with the overall framework of the proposed necessity model, her journey also represents a combination of Findings 2 and 3. Amanda tested the waters of entrepreneurship as early as 2009, when she started a consulting business "on the side" in an effort to supplement her income. She worked full-time and was going through a divorce. She was candid that at that time, she "could not dedicate the time necessary to working full-time, going through a life change [divorce] and balancing the responsibilities of caring for her [4-year old] son." She indicated that "there were lessons to be learned from the failure." Her prior entrepreneurial experience also illuminates two critical insights with respect to her necessity entrepreneurship journey. First, it confirms Finding 4 that multiple pathways or multiple iterations exist when going through the model. Second, in Amanda's case, it raises the interesting issue of what constitutes an entrepreneurial effort driven predominantly by opportunity versus necessity. Based on Amanda's case, the first entrepreneurial effort could be considered opportunistic, driven by her desire to start her own business despite having a full-time job, which she never left. However, when she

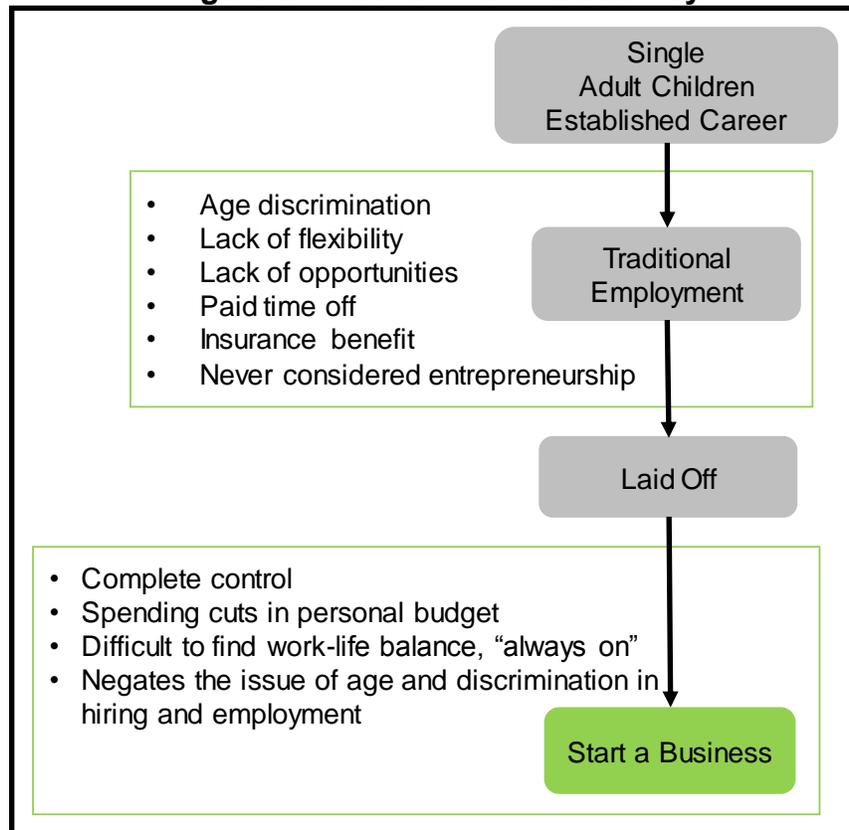
ultimately pursued entrepreneurship due to the need-based circumstances she faced in 2016, she may have incorporated opportunistic elements originating from her prior experience and her “passion” to assist clients.

#### ***Participant 4 – Rachel Brown***

Rachel Brown is a white, divorced woman with adult children that resides on the West Coast. She had an established career in a professional services industry and in the mid-2000s was working for a “medium size” company as a traditional labor force employee (e.g., with salary and benefits). Around the time of the housing collapse and recession, her company decided to reorganize into separate divisions and reduce the workforce. As a result, she was eventually laid off and out of work. She considered other employment options and searched for comparable positions at other professional services firms in her industry.

A combination of factors led Rachel to start her own service-based consulting business. These included the lack of suitable employment opportunities and a perception of age discrimination as a “50-something job seeker.” In addition, the overall trend of consolidation in her profession gave rise to the belief that she would find herself in a cycle where “every five years there would be restructuring and layoffs.” Her conclusion was that “traditional labor options would not work” because in the inevitable next round of layoffs, she “would be five years older, where it gets prohibitively more difficult to find employment” due to her age. As a result, Rachel started her own professional services firm in 2008. Figure 6 illustrates Rachel’s entrepreneurial journey.

**Figure 6 – Rachel Brown’s Journey**



### *Critical Insights*

Rachel exhibited multiple characteristics of the expanded definition of a necessity entrepreneur. Despite being financially secure (i.e., not in economic need) after she was laid off in 2008, Rachel knew that she needed a longer-term source of income to meet her needs. Her assessment that the traditional labor force options would not provide an optimal long-term solution, coupled with a dearth of jobs, led her to entrepreneurship as a means to meet her professional needs. Rachel is a self-described “reluctant entrepreneur” as she had “no Plan B” but “if there had been another position [she] would have taken it.” In this respect, Rachel’s labor force decision tree mirrors the traditional necessity definition with respect to having no other alternative for employment (Reynolds, 2002). However, full consideration of Rachel’s experience raises questions about whether the model accurately portrays her as a “woman necessity entrepreneur” or alternatively, a “necessity entrepreneur” or even simply an “entrepreneur.”

The model and study propositions reflect the role of gender norms and pressure to conform to those norms as motivational factors that lead to entrepreneurship as a remedy. In Rachel’s case, there is a lack of gendered differentiation among the primary factors leading to her entrepreneurial journey. First, the lack of supply of comparable employment positions in mid-2008 is not a gender-specific phenomenon. While Orhan and Scott (2001) identify difficulty finding a job as a gender-specific push factor for

women, the presence of a recession and economic downturn, coupled with Rachel's education and experience, raise questions about whether the difficulty Rachel encountered looking for a job was gender-specific or gender-neutral.

Second, the perception of age discrimination is also gender-neutral in that other out of work individuals in their mid-50s may share similar concerns and have similar experiences. She indicated that "70 percent of her decision" to start a business was due to "age-related concerns." As a result, while Rachel fits the expanded definition of necessity entrepreneurship given her choice of business ownership as means to address professional needs, it is less clear that her motivating factors arise in a gendered context.

Despite the potential lack of gender-specific motivations for pursuing entrepreneurship, Rachel's experience provides an opportunity to consider the model with respect to the life course findings of García-Manglano (2015). As discussed in the literature review, assessing necessity as a driver of women's entrepreneurship requires an understanding of where a particular woman is in the life course. The appropriate, or desired, policy or intervention depends on addressing the motivations and challenges specific to the particular point in time. Rachel's experience provides an opportunity to explore gendered differences among women necessity entrepreneurs, regardless of whether the particular motivating factor for entrepreneurship originated due to a gendered issue.

For example, policies designed to target better maternity leave or subsidized childcare have little relevance for Rachel since her children are adults and she does not have any primary caregiver role. Instead, Rachel's perceived financial need, assessment of risk, and strategies to address work-life balance are vastly different from those of other case study participants, who were focused on economic survival or the need for flexibility in their professional schedules to accommodate household responsibilities. Nevertheless, the perception of age discrimination and lack of supply of jobs represent structural pushes that also influence personal pushes, albeit with the potential absence of a gender influence.

One of the more critical insights drawn from Rachel's experience involves the role that flexibility played in the entrepreneurial decision. Finding 3 relates to the post-startup phase, where entrepreneurship does not necessarily resolve professional and personal conflict in its entirety. Rachel represents a unique case among the case study participants in that she perceives *less flexibility* as a business owner than as an employee. As an employee in her prior positions, she "always had time to go to school events or take time off" but as a business owner, she "evaluates whether she can take time off" because she considers this "lost revenue." This is a critical point, which the model and study propositions obscure in failing to delineate between optimal solutions or, in Rachel's case, the only solution. For Rachel, the desired remedy was a return to salaried work, yet this choice never materialized, pushing her into entrepreneurship. Therefore, she "lost flexibility" due to the demands of starting and running a business.

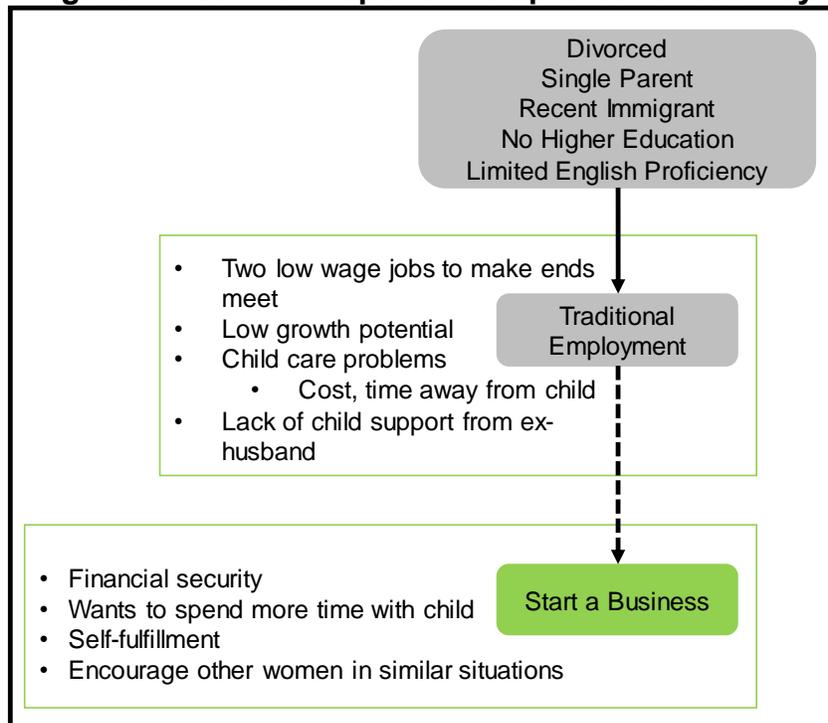
### ***Participant 5 – Carmen Lopez***

Carmen Lopez is a Latina, immigrant woman living in the Southeast. When she came to the United States, Carmen was married and was a stay-at-home mother to her son. When she and her husband divorced, he left the country and failed to pay child support for his son. This shifted the economic burden entirely to Carmen, who, without a college degree, began working full-time in a minimum wage position at a local public school to make ends meet. Carmen held a professional job prior to immigrating to the United States, but with limited English proficiency and no college degree, she was unable to find a position in her prior field. She noted that one benefit of her full-time school job is the hours, which coincided with her son's time at school. However, the job does not provide sufficient economic security, and Carmen depends on public assistance, including Medicaid, to satisfy certain economic needs.

Seeking to better her economic situation, Carmen started a second, part-time job in the evening at a local cultural organization. However, this created challenges associated with childcare and spending time with her son. She noted that a large portion of her second paycheck goes towards childcare, but that she “needs the money” to remain solvent. Both of Carmen's jobs create challenges for her in regard to her childcare responsibilities. Carmen reported obstacles associated with “taking time off of work for daily activities,” such as doctor's appointments or caring for her son when he is sick. This creates both timing challenges and financial challenges, as any time she takes off is lost pay.

Seeking to address both her economic and household challenges, Carmen is currently in the early stages of starting her business while working both of her jobs. The business operates in the childcare services industry. Carmen is starting her business out of both economic and personal necessity, citing the need to spend more time with her young son as well as her “challenging” economic situation “living in poverty.” Figure 7 shows Carmen's entrepreneurial path.

**Figure 7 – Carmen Lopez’s Entrepreneurial Journey**



### *Critical Insights*

Carmen’s entrepreneurial experience challenges the model being tested. Similar to Anna Smith, Carmen was “out of the labor force” prior to starting her business and took two trips through the entrepreneurial model. In this sense, her experience and road to entrepreneurship are non-linear, supporting Finding 4. Before becoming employed, Carmen was a “household leader” but also able to participate in the labor force. To meet her economic needs, she began a traditional job and later started a second job. The model does not capture this entrepreneurial path and should be augmented to include traditional employment and multiple jobs as a potential path for individuals who are “out of the labor force.” Her second trip through the model tests the proposed framework, as she is engaged in part-time entrepreneurship *and* traditional employment simultaneously. This path augments the model to include an option for women who meet the traditional necessity definition based on economic need and cannot leave their current jobs for economic reasons.<sup>4</sup>

While economic necessity was a significant driver in Carmen’s entrepreneurial decision, her experience supports the study propositions and findings related to her role as the only caregiver for her son. Specifically, Carmen cited flexible time and spending more time with her young son as motivators for starting the business. She “lamented the need for expensive childcare” and discussed a common dilemma: a simultaneous

<sup>4</sup> While not explored in-depth via this set of interviews, women in a position of economic instability or poverty may have little to no savings or startup funding and require a traditional income while starting their businesses.

need to work to support her family, coupled with the need to pay for childcare during her time at the workplace. Childcare costs are a significant expense for Carmen, with a substantial portion of her second income allocated to childcare. Once Carmen transitions to full-time entrepreneurship, she expects to reduce her childcare costs while simultaneously spending more time with her son. She desired the flexibility inherent in entrepreneurship versus hourly employment, and noted that being her own boss would allow her to be a “better mother.”

Creating a “better life for her son” is a significant motivator for Carmen and encompasses both the economic and personal need drivers inherent in the tested model. Carmen’s experience supports Finding 3, which states that entrepreneurship fails to fully resolve the personal and professional conflicts that drive women to entrepreneurship. Specifically, she recognized that right now, entrepreneurship results in *less* time available to spend with her son, but was confident that this was a “short-term sacrifice” until her business took off. While Carmen’s challenges related to personal and professional time management remain unresolved, her business is still in the startup phase. However, her experience illustrates that resolution of motivational needs occurs over an extended period of time for entrepreneurs. For Carmen, entrepreneurship was not an immediate improvement to her economic challenges or her issues associated with single-parenthood and full-time traditional employment. Further work should consider women who remain employed full-time while launching their businesses, examining the growth trajectories of these businesses and the support required for these entrepreneurs’ success.

### ***Participant 6 – Jennifer Goldman***

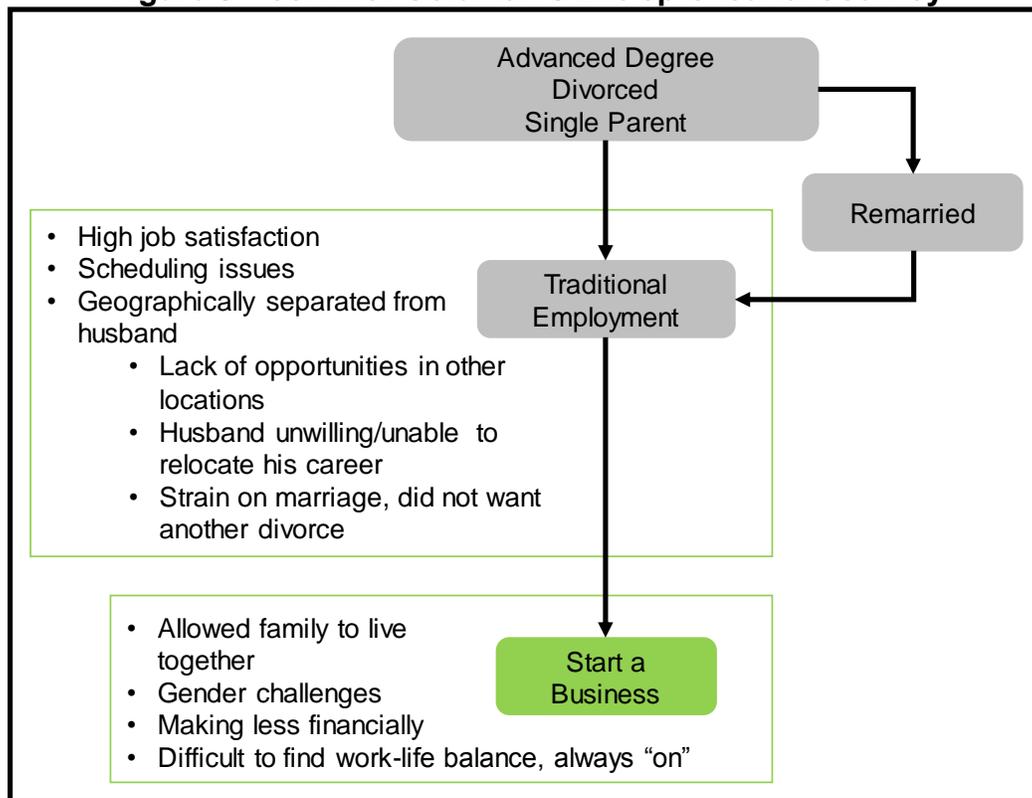
Jennifer Goldman is a white woman with an advanced degree. Prior to starting her business, she lived with her son from a previous marriage on the West Coast while her husband lived in the Southeast, also with a son from a previous marriage. They were both located in their respective cities because of their careers. In traditional employment, Jennifer was a high-ranking professional and indicated that she “loved” her job. Despite having a demanding schedule and long hours, her previous employment offered her fulfillment and a six-figure salary. In addition, she was surrounded by a support system that reduced some of the burden of caregiving responsibilities for her elementary-aged child.

Given the considerable geographic distance, Jennifer and her husband both perceived a strain on their marriage and sought a remedy for their situation. Originally, Jennifer’s husband made an attempt to move to where she was located, but this failed when he was unsatisfied with the job opportunities available to him. He ultimately returned to his prior job and she requested that her employer relocate her so she could be closer to her husband. After relocation, they still lived several hours apart, which continued to strain their relationship and family situation. Although her job offered her professional satisfaction, she made the decision to again change her location to that of her husband and subsequently her career because she believed her marriage would inevitably end if she did not act. She referenced other women who had “chosen their

marriages over their careers” and recalled “hating” the decision that took her six months to make. However, having been divorced previously, she wanted to avoid marital dissolution.

To her disappointment, the job opportunities available to her near her husband were “not a good fit.” Nothing existed within her niche based on her education and work experience, so she felt the need to start a business in order to achieve professional satisfaction while also “keeping her family together.” Her business operates in the professional consulting services industry. From her perspective, starting a business was “undeniably more difficult” than her previous employment. During this time, she experienced “a lot of discovery learning and soul searching.” She received mentorship from both informal and formal mentors and felt that there was an abundance of resources available. In her opinion, although resources are available, many women do not necessarily know that they exist or how to access them. Figure 8 shows Jennifer’s path to pursuing entrepreneurship.

**Figure 8 – Jennifer Goldman’s Entrepreneurial Journey**



*Critical Insights*

By quitting her job, Jennifer fell in the unemployed category of the necessity entrepreneurial model. The remedies presented to her at this stage, based on her ability to participate in the labor force, were to return to salaried work or pursue entrepreneurship. While excluded from the model, unemployment was not an option for Jennifer given the personal satisfaction she derived from employment, as well as her

long-term career goals. Unable to find suitable employment, Jennifer reluctantly pursued the entrepreneurship remedy, recognizing that to allow her family to live together and simultaneously work in her field, she had to create her own opportunity.

Thébaud (2016) postulated that women are more likely than men to start businesses to resolve work-life conflicts. Consistent with this theory and gender norms, Jennifer, rather than her husband, assumed the responsibility to resolve the work-life conflict created by living apart; this supports Finding 1. Jennifer and her husband were both career-driven, earning six-figure salaries, and very satisfied in their respective jobs. An effort was made by Jennifer's husband to resolve the personal-professional conflict, but he prioritized his work satisfaction and returned shortly to his prior position in the Southeast. Jennifer was satisfied in her previous employment and would not have considered leaving except that her desire to resolve family concerns outweighed her personal job satisfaction. In the beginning, she said that her job satisfaction as an entrepreneur was "below zero" and it left her "an ugly person," but she chose to prioritize her marriage. Gender norms and societal pressure weighed heavier on Jennifer, the woman, to meet the needs of her family over career satisfaction.

Entrepreneurship represented an imperfect solution for Jennifer's personal/professional conflict, supporting Finding 3. While entrepreneurship remedied the dominant problem of being apart from her husband, it led to additional challenges. Principally, this includes the time required to start and run a business. After starting her business, her husband consistently reminded her to maintain a lifestyle and professional balance, something that was particularly challenging for her and resulted in a new strain on her marriage. Although she started her business with her family in mind, she noted that they wanted to "disown" her at times for having to "live and breathe the business."

For Jennifer, entrepreneurship entailed a financial sacrifice. Both prior to and during entrepreneurship, she did not face the economic insecurity that characterizes many necessity entrepreneurs. However, her new career and substantially lower earnings affected her family income and their lifestyle. She "bootstrapped" the minimal startup costs and did not take a paycheck for the first three years. Along with emotional support, her husband also provided her with a spousal "safety net." If she did not have her husband's substantial salary to rely on, she said she would have "given in" and taken a job that would not have been an ill-fit, not providing career satisfaction. Entrepreneurship has resolved some of Jennifer's personal needs, but she recognized that starting a business is not the "safe route" for economic challenges.

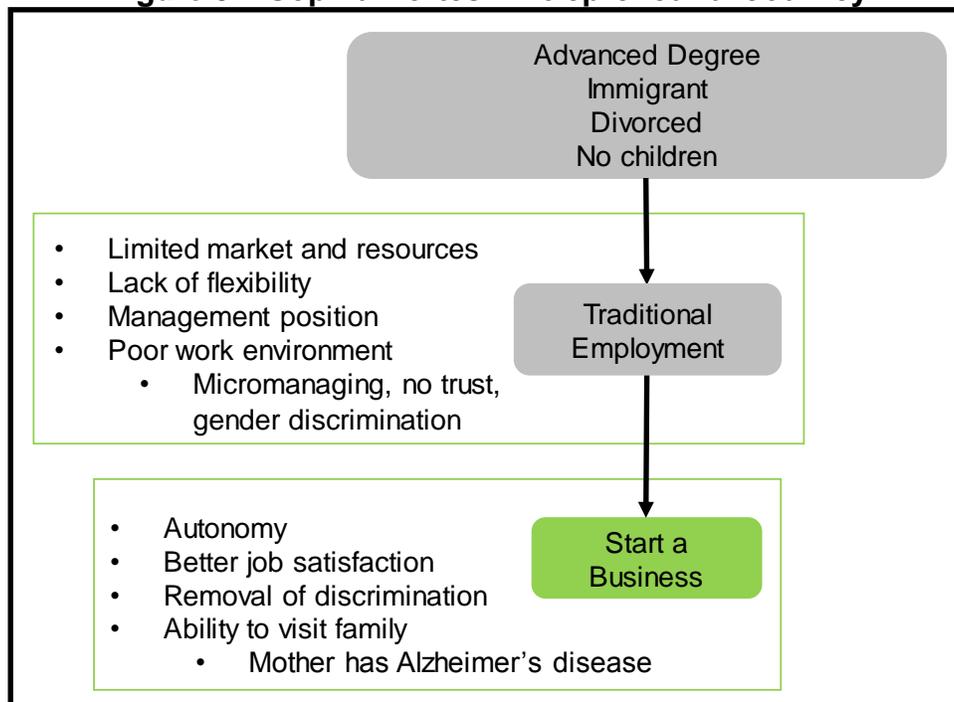
### ***Participant 7 – Sophia Cortes***

Sophia Cortes is a Latina immigrant with an advanced degree from an institution outside of the United States. Prior to launching her business in the event planning and public relations industry, Sophia worked in a small business in the Northeast that catered to the Hispanic market. She perceived gender discrimination as the only woman manager over men who, in her opinion, "did not believe in [her] work or value" and "were difficult to relate to." She attributed some of the reasoning behind the

gendered beliefs present in her workplace to machismo among her subordinates.<sup>5</sup> She recalled an overall lack of trust in her work environment and overt micromanaging. Her tipping point came after the latest incident of her boss “yelling” at her in a demeaning manner. She subsequently made the decision that starting her own business was the optimal solution to address the gender discrimination she perceived and was likely to encounter elsewhere as a traditional employee.

In starting her business, Sophia noted that personal development was her greatest challenge. She was “pushed out of her comfort zone” and she had to gain the confidence necessary to be successful in her industry. She went to numerous networking events until it became natural for her to talk about her business and qualifications. She also attended seminars and sought out mentors to learn about long-term business planning. Financially, she was in a stable situation prior to starting her business and she made the decision to entirely self-fund the necessary startup capital. In hindsight, this is something she would have done differently, citing a lack of knowledge of the resources available to her at the time. Figure 9 shows Sophia’s entrepreneurial journey.

**Figure 9 – Sophia Cortes’ Entrepreneurial Journey**



*Critical Insights*

Sophia’s entrepreneurial experience juxtaposes the traditional definition of a necessity entrepreneur discussed in the literature review. In particular, her experience

<sup>5</sup> A culture of machismo among Hispanic men has been the subject of a variety of research efforts, including Holladay, Neal. *Working with Hispanics*. US Department of Agriculture Wood Education and Resource Center. [https://www.nrcs.usda.gov/Internet/FSE\\_DOCUMENTS/nrcs142p2\\_007143.pdf](https://www.nrcs.usda.gov/Internet/FSE_DOCUMENTS/nrcs142p2_007143.pdf)

blurs the line between necessity and opportunity as entrepreneurial motivators. This is consistent with Finding 2, where Sophia embodies a spectrum of entrepreneurial characteristics, which do not lend themselves to being purely necessity-driven versus opportunity-driven. In addition, her education level, financial resources, and past work experience deviate from Warnecke's (2013) characterization of necessity entrepreneurs as typically having lower levels of education, capital, and managerial experience than opportunity entrepreneurs. Instead, she leveraged past experience to grow her business and exceed her previous earnings. Nevertheless, her experience includes elements of necessity-based "push factors" that women feel more keenly than men. Sophia was motivated by multiple push factors referenced by Bhola, et al. (2006), including hitting a glass ceiling and the responsibility of caring for a family member.

These push factors are inherent in Sophia's case given her time in the traditional workforce and her subsequent departure. Her experience confirms Finding 1, where gender discrimination drives women to necessity entrepreneurship. The majority of her dissatisfaction in traditional employment arose because of gender-specific issues. In their work, Orhan and Scott (2001) hypothesize that "a dominant masculine business culture, characterized by the hierarchy, the 'old-boys' networks, and the use of "directive power" could push a woman to entrepreneurship. The authors brought attention to the link between workplace dissatisfaction and the "glass ceiling" that prevents executive women from moving to more senior positions. Despite being in a management position, Sophia's leadership was repeatedly challenged as a woman, a fact she attributed to cultural differences and norms. In response, she recounted being overly professional because she was unable to share and laugh about "man topics." Her experience highlights how gender-specific issues and discrimination can vary or be heightened cross-culturally while pushing women to entrepreneurship as a remedy.

As an entrepreneur, Sophia was able to alleviate the discrimination she experienced in her previous workplace as well as address her flexibility concerns. As an entrepreneur, she sets her own schedule and can work remotely when needed. Entrepreneurship provides the independence she sought after being continuously undermined in her previous employment. While she does not have parenting responsibilities, the flexibility offered through entrepreneurship allows her to regularly visit her mother with Alzheimer's who lives several states away. In addition, she has achieved a higher income than that she earned as a traditional full-time employee.

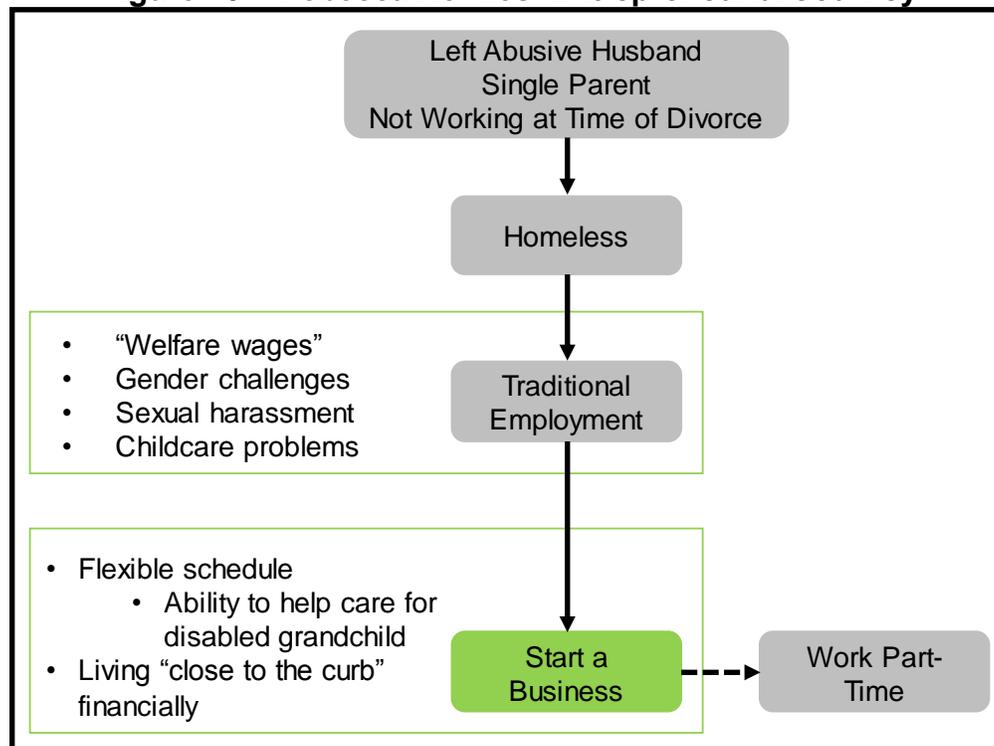
### ***Participant 8 – Rebecca Holmes***

Rebecca Holmes is a white, divorced woman with a high school education living in the rural Southwest. Rebecca is a mother of five and had adult children living with her at the time she started her business. She lived the majority of her adult life in poverty and considered herself "economically insecure." She and her husband divorced when her children were young due to what Rebecca describes as domestic abuse. After the divorce, she did not receive any child support from her ex-husband and found herself homeless multiple times. To make ends meet, she worked various jobs and stated that money was a "constant concern."

Rebecca held multiple traditional jobs throughout her career. She recounted “rampant gender discrimination and sexual harassment” at multiple jobs and described her payment as “welfare wages.” She lamented her lack of education and felt that it limited her opportunities to earn a “living wage.” While working and raising her children alone, childcare was a significant challenge. None of her jobs paid enough for her to afford childcare and at one point, her children were “taken away from her” by Child Protective Services because she left them alone to attend a job interview.

Rebecca started her business once her adult children were no longer dependents. She saw this as an opportunity to “take a risk” and earn what she “deserves.” Rebecca’s business was started out of both economic and personal necessity in that she required the business in order to economically sustain herself, rid herself of gender-related workplace conflict, and have the flexibility to care for her disabled grandchild. Her current business incorporates her artistic background, as well as her software and marketing skills. As an entrepreneur, Rebecca continued to struggle financially, describing her living situation as “close to the curb,” with limited possessions and ties. While currently a full-time entrepreneur, she noted that she may have to add part-time employment to supplement her income. She emphasized that she would not consider “quitting entrepreneurship” and that the flexibility and the potential to earn more money as an entrepreneur are better to any other full-time options available to her. Figure 10 summarizes Rebecca’s entrepreneurial experience.

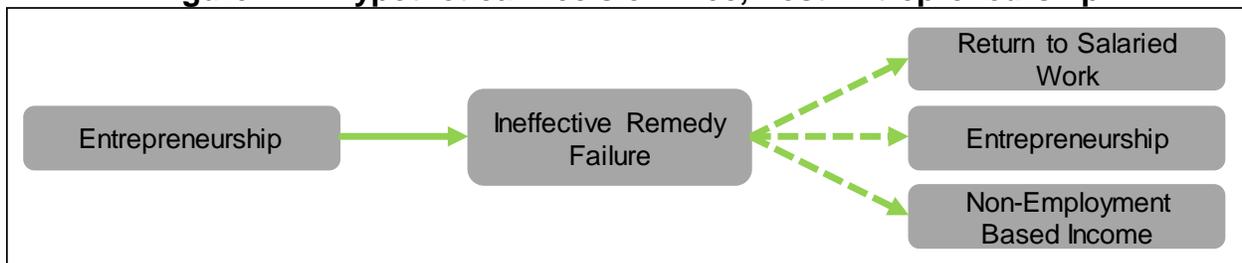
**Figure 10 – Rebecca Holmes’ Entrepreneurial Journey**



*Critical Insights*

A key component of the necessity entrepreneurship model being tested is that both non-economic and economic factors spur entrepreneurship. Rebecca's entrepreneurial experience supports the model in this regard. For Rebecca, entrepreneurship was a vehicle for gaining economic control. She earned self-described "welfare wages" her entire career and felt that she was "better than that." As an entrepreneur, she doubled her income in the first year, but remains economically insecure and has considered securing a part-time job to supplement her income. Her experience also supports Finding 4 and highlights a deficit in the model in that it fails to consider women's options *if* the "remedy" pursued fails or is not as effective as anticipated. Women whose businesses fail are left with the unenviable position of either seeking social assistance or attempting to re-integrate into traditional employment. Figure 11 shows the options available to women in this position. Following an ineffective remedy or business failure, women in positions of economic and/or personal necessity are faced with three basic options: returning to salaried work, starting a second business, or seeking non-employment based income. Additional research is required to understand how women navigate this entrepreneurial decision.

**Figure 11 – Hypothetical Decision Tree, Post Entrepreneurship**



In addition to economic insecurity, Rebecca started her business to alleviate a lifetime of perceived gender discrimination and abuse. Her experience supports Finding 1, that women start businesses out of necessity to alleviate gender-specific issues, including workplace discrimination. Rebecca detailed an employment history full of specific incidents where she felt "harassment" or discrimination based on her gender. Each instance hints at structural issues in the workplace that she attempted to resolve via entrepreneurship, most notable a failure to enact enforceable policies related to employee behavior and accountability. As an example, Rebecca recounted an incident where she was physically intimidated and verbally threatened while worked at a professional services firm. Rebecca used entrepreneurship as a vehicle to "escape" a lifetime of such employment experiences. While the experience is specific to Rebecca, it lends support to the theoretical model proposed, supporting the hypothesis that women start businesses for gendered reasons that extend beyond economic need.

***Participant 9 – Maria Valdez***

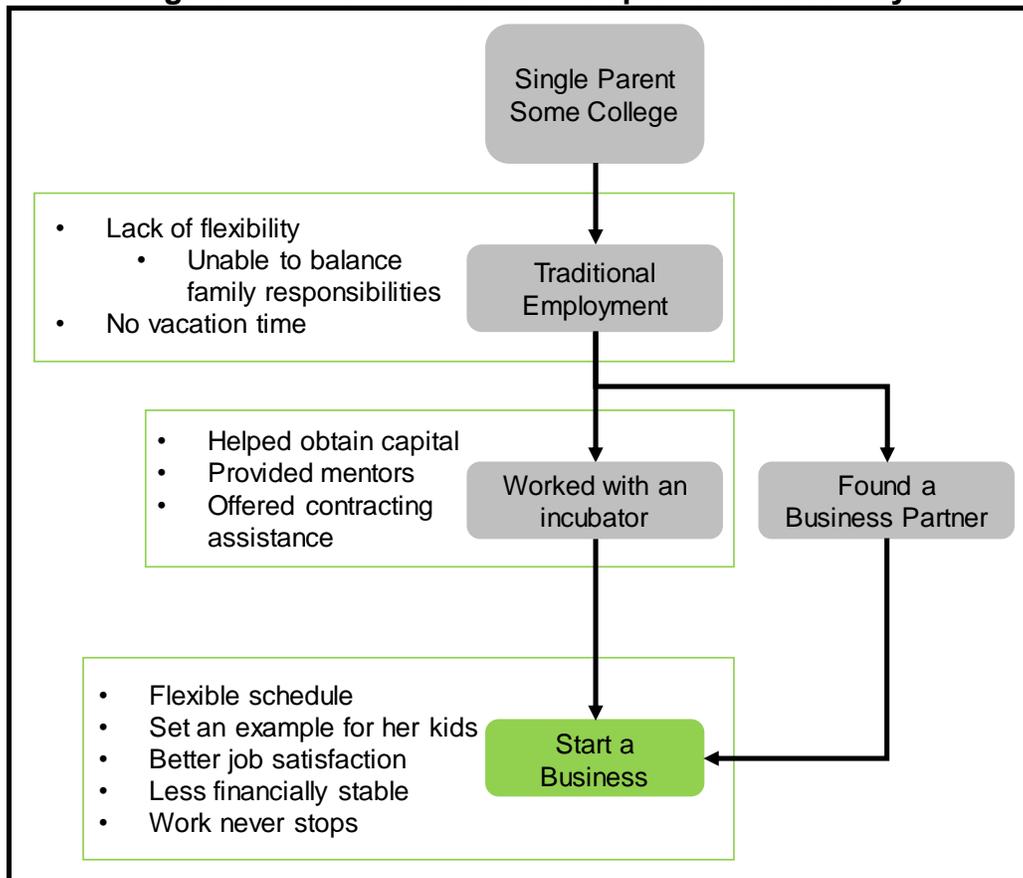
Maria Valdez is a white, divorced mother of three children, residing in the Southwest. Prior to starting her business, Maria was a stay-at-home mother to three young children. During this period of her life, she was out of the labor force and served

as the “household manager” and primary caregiver to her family. Her husband worked full-time and was the sole income producer. However, following a divorce, Maria became a single mother to their three young children. While she was financially secure in the short-term, she recognized a longer-term need to focus on providing additional support for her family and herself by earning income.

Leveraging her prior experience working for a professional services firm, she obtained full-time employment in the human resources industry. Despite the lack of a college degree, she found employment that allowed her to provide income sufficient to satisfy her family’s economic needs. Over time, Maria found “that it became increasingly difficult to be a single mom and be at all the different events” for her children. Her three children, ages 6, 8 and 13 at the time, required Maria to accommodate a variety of scheduling issues in addition to those imposed by her employer. She felt pressured by “restrictive workforce policies and requirements” that limited her ability to manage her professional and personal responsibilities. Her employer required her to use vacation and sick time whenever she had to take time off from her traditional work schedule to handle demands placed on her due to her children’s schedules or issues.

Now in year four of business ownership, Maria indicated she deals with a new and different set of challenges operating her business in the personal services industry. While being an entrepreneur alleviated some of the personal-professional conflict, she discussed the inherent demands of being a business owner, including the concept that “it never stops.” However, her choice of business provides the flexibility to work outside the confines of her office, where she can “bring the laptop to [her] kid’s sporting events” and “take calls at night” or at times which do not conflict with household responsibilities. Figure 12 summarizes Maria’s entrepreneurial journey.

**Figure 12 – Maria Valdez’s Entrepreneurial Journey**



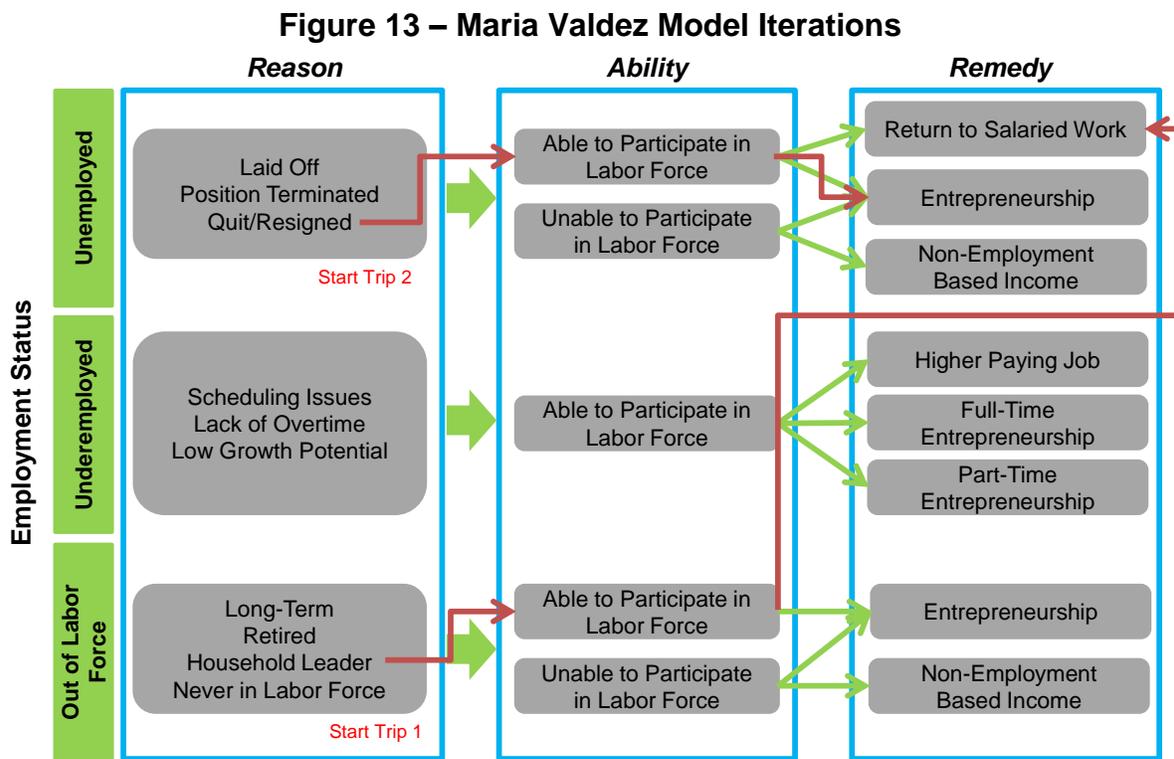
### *Critical Insights*

Maria Valdez's necessity entrepreneurship experience confirmed several elements of the proposed model, but challenged other areas. At the entrepreneurial decision point, Maria embodied many of the characteristics of the model's broader definition of necessity entrepreneur and the study propositions. She reached a point where her primary motivation in pursuing entrepreneurship was to address a lack of flexibility in her existing job and her perception that such limitations would exist in alternative employment options absent business ownership. The non-economic need to balance work and family obligations pushed her to start her own business, consistent with Finding 1 regarding flexibility and the need for women to address the gendered role that women typically assume as primary caregivers.

Yet, Maria's overall career experience challenges several critical assumptions underlying the model. Her journey to entrepreneurship involved several iterations through the model, before arriving at the necessity entrepreneurship decision point. This deviates from the linear nature of the proposed model, which infers a single iteration to arrive at the necessity-driven business ownership decision. At the initial post-divorce moment in time, the model places Maria in the "out of labor force" category, having been a household manager/leader and non-income producing family

member. However, the proposed model fails to capture that individuals out of the labor force can seek non-entrepreneurial employment within the traditional labor force. As structured in Figure 1, the model posits only one option for someone out of the workforce but able to participate in the labor force (i.e., entrepreneurship). Yet, after being out the labor force, Maria re-entered in a traditional for-pay job with a larger employer. Maria’s first trip through the model indicates that a new remedy needs to be considered with respect to the out of labor force category, similar to the traditional employment options in the other categories.

The second trip through the model involved the inflection point when Maria discovered that after three years of working for her employer (post-divorce) the restrictive workforce policies were creating non-economic hardship in both her professional and personal life. The limitation placed on her by her employer to use vacation and sick time to address household requirements reached a point where she had exhausted all of her vacation time yet still had to meet household and family obligations. She recounted one story where due to her inflexible work environment, she “had to leave [her] daughter home with a 101-degree fever and cell phone” because her employers would not allow her to take any additional unpaid leave. It was at this point that she turned to entrepreneurship as the best way to achieve the personal-professional balance necessitated by not only needing to earn an income but also fulfilling a gendered role as primary caregiver for her children. Figure 13 illustrates Maria’s two different iterations within the broader necessity entrepreneurship model.



Maria’s experience supports Thébaud’s proposed theory of entrepreneurship as a “Plan B.” As noted in the literature review, Thébaud (2015) posited that strong

workforce policies and benefits act as a disincentive to pursuing entrepreneurship for women. Maria's experience bears out the paradigm by demonstrating that the converse is true, as well: restrictive workforce policies act as a catalyst to pursue business ownership, particularly when there is the perception (or reality) that the policies cannot or will not change to accommodate employees like Maria. An important consideration is the "but for" case of if Maria did not assume the gendered role of caregiver, would the entrepreneurial option have been optimal?

Maria's experience, similar to others, also highlights that the proposed necessity entrepreneurship is not binary, but a spectrum which includes some opportunistic elements. This is the crux of Finding 2, which indicates that the necessity-opportunity concept under the proposed model is not discrete. Instead, Maria's experience lends support to the idea that while necessity-based factors (e.g., need for flexibility) are the primary motivator for pursuing entrepreneurship, women necessity entrepreneurs can and do exhibit opportunistic characteristics. Maria expressed that while she explored other employment opportunities and "could have chosen a company with more balance," she ultimately decided that not only did she want "flexibility," but she also "wanted to create a business" because "she had the desire and entrepreneurial spirit." While the first point, desire for flexibility, supports the proposition of non-economic need as the principal motivator to seek entrepreneurial solutions to her unmet personal and professional needs, the latter points related to want and spirit hint at a broader interpretation including opportunistic elements.

Closely associated with Finding 2 is the observation that Maria followed a process similar to many opportunity entrepreneurs. She sought assistance from mentors, eventually building out a business plan and presenting it to two different investors. She applied to be part of a local incubator, which entailed a four-month process of vetting the business plan, being interviewed by incubator leadership, developing and providing different financial data and projections and presenting to the incubator's Board of Directors. She was accepted into the incubator and was candid in stating that she "would not have made it without the incubator, due to the resources the incubator provided in terms of mentors and technical assistance."

After applying to the incubator, Maria partnered with another woman. This experience offers a different entrepreneurial perspective than the other women case study participants who were predominantly solo entrepreneurs. While she indicated "she would have done it alone," Maria discussed several benefits of having a business partner, including risk diversification, having a "valuable resource when dealing with start-up challenges," and leveraging her partner's experience and talent in forming a viable business. This is an important area for future research, as the proposed model helps define the "remedy", i.e., entrepreneurship, but does not necessarily provide for a discussion or consideration of the different avenues through which women pursue necessity entrepreneurship. An interesting hypothesis to test is one that indicates women that exhibit both economic and non-economic necessity characteristics are more likely to be solo entrepreneurs than those that seek to address only non-economic necessity characteristics.

## 5. Conclusions and Next Steps

A broader necessity entrepreneurship definition, such as the one posited by the theoretical model in Section 1, recognizes that entrepreneurship can serve as a vehicle for both economic and social empowerment for women. The findings drawn from the entrepreneurial experiences of nine women were obtained via case study approach interviews. The first three findings specifically focus on the necessity characteristics and experiences of the participants. The fourth finding is model-specific and highlights areas for refinement and further research. Findings were often independent of economic or prior employment status, supporting the value of theoretical model being tested as well as the broader definition of necessity entrepreneurship that extends beyond the economic need paradigm. Critical findings include:

- *Women are driven to necessity entrepreneurship due to gender-specific issues, including workplace discrimination and the gendered role that women play in childcare and household management.*
- *Challenging the dichotomy between necessity and opportunity entrepreneurs, entrepreneurial motivations exist on a continuum, with some entrepreneurs exhibiting characteristics of both opportunity and necessity entrepreneurs.*
- *Necessity entrepreneurship does not fully resolve the personal and professional conflict motivating the decision.*
- *The model posited is linear and therefore does not capture or recognize all possible prior paths to necessity entrepreneurship.*

The exploration of the contextual experience provides greater understanding of the motivations and expected outcomes of women necessity entrepreneurs. Although the research findings are not definitive with respect to specific policy recommendations and implementation, they provide a roadmap for examining key policy considerations in greater detail and defining future avenues to pursue. More importantly, the results of the case study interviews serve as one step in validating the proposed theoretical framework, providing insights related to challenges to the framework and areas for refinement.

The value of the model in exploring women's necessity entrepreneurship becomes apparent when realizing that women necessity entrepreneurs are not a homogeneous group. The differences of each contextual experience highlight gaps and deficiencies in the model. These gaps and deficiencies do not render the model useless. Instead, they facilitate recognition that the model is valuable because it forces a user to examine the specific experiences that may have broader generalizability to women facing similar, albeit not identical, circumstances when considering self-employment. This refinement is possible given the analysis of the model utility undertaken herein.

This application and consideration of the model has raised the value of additional research topics to advance the dialogue with respect to policy intervention and action. Such interventions and actions typically reflect the inflection points along the “reason,” “ability,” and “remedy” paradigm described by the model. Key areas of policy examination include:

- Addressing deficiencies in workforce policies that have a disproportionate negative impact on women. Several case study participants faced restrictive workforce policies with respect to issues such as maternal leave or vacation and sick time when balancing caretaking responsibilities. If the remedy is to stay in the current employment situation, then policy directives should be explored that can alleviate flexibility issues such that no woman has to “choose” between employment and caring for a child or elderly parent.
- Identifying areas of greater accountability with respect to gender discrimination in the workforce. Several case study participants identified instances of gender discrimination and harassment, although none filed a formal complaint. In these cases, the women often continued to work despite facing discrimination because at that juncture in their professional lives, “being employed” superseded the resolution of the work conflicts.
- Focusing on resource deficiencies, including the inability to readily identify available resources (both needed and available) for the entrepreneurial effort. Case study participants identified Women’s Business Centers, incubators, mentors, professional networks, and even friends and family as key resources to help with starting and running a business. Therefore, regulation and funding adjustments to WBCs’ should strengthen their capacity to provide high-quality programming.
- Many of the case study participants can be classified as “reluctant entrepreneurs,” who likely may have opted to stay in traditional employment absent the work-life issues encountered. In some cases, interviewees indicated that early on in their entrepreneurial journey they would have been willing to return to traditional employment if the appropriate alternative existed. Yet, the women overwhelmingly indicated a desire to remain a business owner after they had established the viability of the business. For this demographic, policy actions can target turning these necessity entrepreneurs into growth-oriented entrepreneurs.

Despite the real-life context of the case study interviews, limitations of using these data exist. For instance, while there was diversity among profession, race, ethnicity, age, geographic location, it is difficult to attribute any particular insight as being solely related to one of these characteristics. Additional research is necessary to provide more detailed insight into necessity entrepreneurship among disaggregated demographic and socioeconomic groups. A next logical step is to examine a series of women necessity entrepreneurs that exhibit many similar characteristics (e.g., Hispanic

women necessity entrepreneurs living in a rural area). Underlying these additional investigations are the findings from this research, which become the hypotheses for future study of necessity entrepreneurship among women.

A second limitation is the extent to which industry-specific differences might tie to barriers to entry or job creation. Many of the women interviewed operated in service-based industries, as opposed to industries such as manufacturing. An important next step in expanding on this research includes incorporating different industry-specific factors which might influence the necessity entrepreneurship decision. One could test the hypothesis that women necessity entrepreneurs under the broader definition are more likely to pursue service-based industries than non-necessity entrepreneurs. The reasons can range from seeking out less capital-intensive businesses or believing that service-based industries provide greater flexibility to work from home or remote locations. With respect to the latter point, this ties to the desire to have flexibility to balance professional and personal responsibilities and resolve the issue that led to necessity-based entrepreneurship.

The theoretical model proposed and tested herein expands upon the traditional body of literature on necessity entrepreneurship to include personal and lifestyle need drivers as entrepreneurial motivations. The model applies specifically to women, focusing on gendered challenges motivating the entrepreneurial decision out of necessity. The modified case study approach results provide practical support for the model tested and indicate that non-economic gendered drivers push women to entrepreneurship to alleviate the professional-personal conflict they experience in the traditional labor force. The interviews substantiated the model and offered areas for further refinement and research. This novel approach recognizes that women in modern American society face gendered barriers to fulfilling both their personal and professional goals simultaneously and use entrepreneurship as a vehicle to resolve these barriers.

## Appendix A – Preliminary Report Literature Review

### *Opportunity vs. Necessity Entrepreneurship*

Traditional entrepreneurship theories, which associate entrepreneurship with innovation, profitability, and economic growth, date to Schumpeter (1934). Even today, these qualities often characterize an individual who voluntarily starts a business to exploit a market opportunity (an “opportunity” entrepreneur). In this classical framework, entrepreneurs respond to demand side forces that present an opportunity to exploit a particular market area with a product or innovation (i.e., to achieve economic growth and generate profit). In contrast, necessity entrepreneurship arises in the context of supply side forces, such as a reduction in the labor force (e.g., rising unemployment) that drives individuals into entrepreneurship given the lack of attractive alternatives.

Reynolds, et al. (2002) draw a clear distinction between opportunity and necessity entrepreneurs using results from the Global Entrepreneur Monitor (GEM) survey.<sup>6</sup> The annual survey explores the entrepreneurial behavior and attitudes of individuals, as well as the national context and its impact on entrepreneurship. Shortly after starting the annual survey, the GEM explicitly distinguished between opportunity and necessity entrepreneurs. The GEM defines opportunity entrepreneurs as individuals pursuing a business opportunity for personal interest and with a voluntary nature of participation, while necessity entrepreneurs start a business because they have no better choices for work. Fairlie, et al. (2016) employ a similar definition with respect to entrepreneurship research conducted by the Kauffman Foundation. Specifically, the authors define necessity entrepreneurs as new entrepreneurs who were previously unemployed and looking for a job. In this scenario, the necessity entrepreneur’s perception is that such actions (i.e., starting the business) present the *best option available* for employment but not necessarily the preferred option.

Additional literature reinforces the relationship between economic factors and defining necessity and opportunity entrepreneurship. Verheul, et al. (2006) use 2002 GEM data to explore the rise in necessity entrepreneurs as a result of negative employment growth across 29 countries. The team postulates that necessity entrepreneurship results from a lack of suitable economic alternatives for employment and generating income. Maritz (2004), Acs et al. (2005) and Figueroa-Armijos, et al. (2013) through their research, explore relationships between entrepreneurship and economic development encompassing macroeconomic factors such as Gross Domestic Product (GDP), immigration, unemployment, and the Great Recession.

With respect to the Great Recession, a rise in the unemployment rate led to the low supply of wage-jobs, which often pushes workers into self-employment. For

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<sup>6</sup> The GEM survey is a global survey that began in 1999 with the objective of understanding why some countries were more “entrepreneurial” than others. The study is conducted annually by the GEM consortium and as of 2016 has 17 years of data on over 100 countries collected in over 200,000 interviews per year.

example, Beckhusen (2014) used data from the Survey of Income and Program Participation (SIPP)<sup>7</sup> to demonstrate that during the recession, the probability of transitions to self-employment increased for both unemployed individuals and wage-workers. In these cases, women and men might be pushed into entrepreneurship by traditional necessity factors such as meeting basic economic needs.

With respect to the Verheul (2006), Maritz (2004), Acs (2005) and Figueroa-Armijos (2013) studies, the authors examine factors that influenced a particular change in entrepreneurial motivations from opportunity to necessity. When viewed along these lines, the literature draws a clear distinction between differential growth expectations for opportunity versus necessity entrepreneurs. Reza Zali, et al. (2013) find that business growth and growth expectations are negatively associated with necessity entrepreneurs and that the opposite is true of opportunity entrepreneurs. This comports with the traditional view of opportunity entrepreneurs as generating the lion's share of employment and income growth.

Robichaud, et al. (2010) use GEM data to examine gender differences in motivations to start a business among Canadian entrepreneurs. The study develops a profile of necessity entrepreneurs in terms of personal and organizational characteristics using the GEM data definitions of necessity and opportunity entrepreneurship. The researchers find that opportunity entrepreneurs are younger, more educated, have more relevant skills, had recent contact with an entrepreneur, earn more income as a result of their business, and expect to have more employees in five years compared to necessity entrepreneurs. While these conclusions may fit the dichotomous GEM definition, it still raises questions about transferability to other categories of necessity entrepreneurs who might not be motivated purely by income.

### ***Motivations – “Push” and “Pull” Factors***

While Reynolds, et al. (2002) and the GEM are among the first to explicitly use the term “necessity entrepreneur,” there is a rich history of literature that distinguishes between the contrasting motivations that spur entrepreneurship. These are typically referred to as “push” and “pull” factors, where pull factors are often associated with opportunity and push factors are associated with necessity. For example, Amit and Muller (1995) find that pull entrepreneurs generated greater sales per employee and higher personal income than push entrepreneurs. This is consistent with the idea that opportunity entrepreneurship leads to higher economic growth, innovation, and profit (along the lines of the traditional Schumpeter entrepreneur). Warnecke (2013) reinforces this concept, observing that necessity entrepreneurs typically have less education, less managerial experience and training, less capital, and less developed social networks than opportunity entrepreneurs. While informative from an economic standpoint, many researchers examine the push and necessity factors of

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<sup>7</sup> The SIPP is a nationally representative, longitudinal survey that provides comprehensive information on demographic and labor force characteristics, sources and amount of income, and program participation. The survey is conducted periodically through the Census Bureau. The most recent survey began in 2008 and includes 16 waves from 2008 through 2013.

entrepreneurship in terms of individual economic survival without considering the personal and social factors that influence women to forgo traditional employment and launch businesses.

Bhola, et al. (2006) contrast pull entrepreneurs, those making a deliberate choice to start their ventures and capitalize on a perceived opportunity, with push entrepreneurs, who enter into entrepreneurship for multiple reasons including loss of a job, hitting a glass ceiling, or personal responsibilities, such as needing to care for a family member. This last point is critical for understanding some of the contextual differences between men and women necessity entrepreneurs, given gendered social norms.

### ***Gender Differences in Opportunity and Necessity Entrepreneurship***

The existing literature on entrepreneurship and necessity-based entrepreneurship draws some distinctions, particularly regarding “push” and “pull” factors based on gender, including those based in motivational push and pull factors. With respect to push, or necessity-based, factors, Hisrich and Brush (1985) mention lack of promotional opportunities and recognition for women, consistent with the glass ceiling limitation discussed by Bhola, et al. (2006). Orhan and Scott (2001) identify several other push factors specific to women, including difficulty finding a job, dissatisfaction with salaries, an inflexible work schedule, and insufficient family income. While many of these factors might appear to be gender-neutral characteristics, the authors specify a particular link between workplace dissatisfaction and the “glass ceiling” that impedes executive women from reaching more senior executive positions. The authors also attribute the push to entrepreneurship to women’s dissatisfaction with “a dominant masculine business culture, characterized by the hierarchy, the ‘old-boys’ networks’ and the use of directive power.”

Non-economic push factors identified by these sources support a broader definition of necessity-based entrepreneurship, in which women start a business not due to the lack of employment options, but because the options available are either not preferable or are not sufficient to achieve a desired outcome. Note that while this broader definition is not inherently gender-specific, it is applied in this paper from a gendered perspective.

Gender norms exist and social pressures to conform to these norms influence employment options and decisions for women. This highlights the inherent tension that exists between different types of push factors related to entrepreneurship. One on hand, there are *personal* push factors, while on the other hand there are *structural* push factors. Personal push factors relate to the individual characteristics of a woman entrepreneur that influence the decision to start a business, such as personal preferences and experiences. Structural push factors are those that exist that might be gender-specific but women entrepreneur-neutral. For example, a persistent wage gap might reflect a structural issue that would influence most women in the labor force, without concern for the specific characteristics of one individual woman entrepreneur.

Another example is federal or state policies that address paid leave or subsidized childcare, potentially affecting all parents or family caregivers, a disproportionate share of whom are women.<sup>8</sup> Additionally, it is important to note that structural push factors may implicitly influence personal push factors.

While not limited to an analysis of necessity entrepreneurship, Thébaud (2015) investigates the relationship between work-family institutions and gender gaps in entrepreneurship. She finds that there is theoretical purchase in the observation that women are more likely than men to start a business in order to resolve work-family conflict; in such instances, entrepreneurship is essentially a fallback or “Plan B” employment strategy. In this respect, the business decision could be classified as necessity-driven, given the need to either resolve competing demands or find an alternative approach to meeting all of these ends.

In subsequent work, Thébaud (2016) found that when women working full-time encounter increased demands for unpaid work (such as children), they are likely to cut back hours, switch to a part-time job, enter a more female-dominated occupation, or “opt out” of the labor force altogether. Her observations support the notion that a work-family balance can lead to employment decisions driven by the necessity to resolve conflict, which encompasses entrepreneurship as a means to achieve work-life balance. While the answer may be fact-specific, there are frameworks in place to develop a greater understanding of these decisions, such as Thébaud’s use of the GEM data to explore gender gaps in entrepreneurship as driven by work-family conflict.

A limitation of applying a broader definition of necessity entrepreneurship is the blurring of lines between necessity and opportunity with respect to the voluntary selection of one labor force alternative over another. For example, Figueroa-Armijos, et al. (2013), citing Mattis (2004), Bennett and Dann (2000), and Walker and Webster (2007), summarize several pull factors related to greater schedule flexibility and control, independence, self-fulfillment, and higher income. As a result, there is a potential ambiguity in evaluating business creation that arises out of the desire to fulfil a personal objective that is unattainable in the current employment environment.

### ***The Influence of the Life Course***

The factors of timing, opportunities, individual agency, and external social factors are all relevant when exploring necessity as a driver of women’s entrepreneurship. With respect to timing, both opportunity and necessity entrepreneurs are driven by motivating factors and expectations that fluctuate over the life course. The self-employment decisions being made at one point in time for a particular entrepreneur might be vastly different at another point in time. This relates to the life course, which Elder (1994) views as a multilevel phenomenon, ranging from structural pathways through social institutions and organizations to the social trajectories of individuals and their

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<sup>8</sup> It is important to recognize that both women and men face caregiving tensions, such that the issue is gender neutral. However, based on the structure of modern society and gender norms, these tensions most often accrue to women compared to men.

development pathways. For example, the self-employment decision driven by necessity might be vastly different for a woman at the outset of her professional career compared to an older woman facing retirement. Specifically, women's perceived financial need, assessment of risk, and strategies to address work-life balance undergird many of the reasons for entrepreneurship at different points in the life cycle.

García-Manglano (2015) investigates cumulative work patterns over the life course for American Baby Boomer women, modeling women's workforce trajectories based on expectations and outcomes, while also identifying specific factors affecting women's career timing and duration. By exploring time series data, García-Manglano observes that a significant number of women (40%) stayed steadily employed through middle age, which indicates that these women did not "opt out" of paid employment due to family or health constraints. His findings also point to policy and cultural changes that could support women's employment throughout the life course, which is particularly germane when considering policy implications associated with women necessity entrepreneurs.

Assessing necessity as a driver of women's entrepreneurship requires an understanding of where a particular woman is in the life course. The appropriate, or desired, policy or intervention depends on addressing the motivations and challenges specific to the particular point in time. For example, policies designed to target better paid leave or subsidized childcare might have more relevance and weight with a woman in her 20s or 30s, as opposed to her 50s or 60s.<sup>9</sup> Consistent with García-Manglano's research, such policy changes could have an impact on a woman's decision about whether to remain in the labor force or pursue entrepreneurship as a means to meet needs at a given point in time with respect to her professional life, her personal life, or both. Again, structural pushes influence personal pushes.

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<sup>9</sup> This is not to say these issues are exclusive to a particular age group. Rather, one can hypothesize that there is a larger proportion of women in a younger age group dealing with fertility and childcare issues than in an older group.

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