Domestic economic and social conditions empowering female entrepreneurship

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A B S T R A C T
To identify the combinations of the economic and social aspects related to female entrepreneurship in OECD countries, we carried out a cross-national analysis of female entrepreneurship using fsQCA methodology. We analyzed 2015 data from 29 OECD countries, covering different geographical areas. Data were retrieved from three databases (Global Entrepreneurship Monitor, Country Risk Score, and Glass Ceiling Index) and the relationship between entrepreneurship by gender and the conditions in a country were studied, especially those socially related to gender under female labor working conditions. The results show that the combination of good country risk score conditions and the low presence of women in power positions is related to high female entrepreneurship and low gender labor-force gap. By contrast, low female entrepreneurship is reached through a combination of high gender labor-force and wage gaps.

1. Introduction

Research on entrepreneurship has been recently growing (Shepherd, Douglas, & Shanley, 2000). The field of entrepreneurship is defined as the scholarly examination of how, by whom, and with what effects opportunities lead to creating future goods and services (Shane & Venkataraman, 2000). However, although many researchers examined this area of knowledge, there is still room to shed more light on this field of entrepreneurship (Shepherd, 1991; Shane & Venkataraman, 2000). The literature on gender entrepreneurship, employment, and self-employment (Berner, Gomez, & Knorringer, 2012; Peredo & McLean, 2006; Seelos & Mair, 2005) is significant in this respect, together with sustainable finance, business funding, and economic aspects (Cervelló-Royo, Moya-Clemente, & Ribes-Giner, 2015). The literature on gender entrepreneurship, employment, and self-employment (Berner, Gomez, & Knorringer, 2012; Peredo & McLean, 2006; Seelos & Mair, 2005) is significant in this respect, together with sustainable finance, business funding, and economic aspects (Cervelló-Royo, Moya-Clemente, & Ribes-Giner, 2015).

First, entrepreneurship is defined as the resource and process whereby individuals utilize opportunities on the market through the creation of new firms (Naudé, 2010; O’Connor, 2013). Entrepreneurs are individuals who set up a business or businesses, taking on some financial risks in the hope of profit. They thus contribute to economic growth, productivity, and renewal of productive and social networks (Crecente-Romero, Giménez-Baldazo, & Rivera-Galicia, 2016; Mas-Tur, Pinazo, Tur-Porcar, & Sánchez-Masferrer, 2015). There are different motivations to undertake an entrepreneurial venture (Kirkwood, 2009; Segal, Borgia, & Schoenfeld, 2005; Shane, Locke, & Collins, 2003). Considering the Global Entrepreneurship Monitor’s (GEM) definition of motivation (Hessels, Van Gelderen, & Thurik, 2008; Levie & Autio, 2008; Reynolds, Bygrave, Autio, Cox, & Hay, 2002), entrepreneurs can be opportunity-driven, that is, they decide to create a business because they perceive sectorial, strategic, or market opportunities or necessity-driven, that is, they do not have a better work option or are unable to sustain themselves financially (Hytti, Linstead, & Hytti, 2005). Factors influencing entrepreneurs can be different, depending on their underlying motivation (Devece, Peris-Ortiz, & Rueda-Armentos, 2016; Kirkwood, 2009; Verheul, Van Stel, & Thurik, 2006), and can also differ by country (Crecente-Romero et al., 2016) or even depending on the gender of the entrepreneur (Minniti & Naudé, 2010). The literature on gender entrepreneurship, employment, and self-employment (Berner, Gomez, & Knorrigger, 2012; Peredo & McLean, 2006; Seelos & Mair, 2005) is significant in this respect, together with sustainable finance, business funding, and economic aspects (Cervelló-Royo, Moya-Clemente, & Ribes-Giner, 2015; Garikipati, 2008; Kabeer, 2001; Ngo & Wahhaj, 2012; Weber & Ahmad, 2014). However, limited studies exist on the economic, financial and social conditions of a country in terms of entrepreneurship determinants, especially under a gender framework. The scarcity of reliable and valid data still represents a clear obstacle to understanding the challenges to women’s entrepreneurship and their impact on economic growth. The creation of systematic knowledge about women’s entrepreneurship is therefore needed (Veras Zoeller, 2015). Therefore, it might be interesting to study in more detail the potential relation between entrepreneurship and gender across countries.

Thus, the main purpose of this study is to identify the combinations of economic, financial, and social indicators of an Organization for Economic Co-operation and Development (OECD) country, which may
lead to an increase in female entrepreneurship. Previous studies, such as Devece et al. (2016), Mas-Tur et al. (2015), or Rey-Martí et al. (2015), analyze the entrepreneurial activity and the most relevant success factors that affect it over time. Furthermore, they also provide insights on the female entrepreneurs’ motivations. As such, this study considers not only social aspects, but also economic and financial factors.

Focusing on these economic and financial factors, the importance of a country’s risk ratings has increased in the past few years and is also underscored by the existence of several major country risk rating agencies (Afonso, 2003; Hoti & McAleer, 2004; Levich, Reinhart, & Majoni, 2002). A higher country risk rating implies higher solvency (Cervelló-Royo et al., 2014; Hoti, 2005; Hoti & McAleer, 2004), lowering its probability of default, and vice versa. For this purpose, country risk scores (CRS) measure several factors, both quantitative and qualitative, and represent good indicators to the current situation of a country in terms of political, structural, economic, and financial assessment aspects, and to determine country risk ratings.

Consequently, countries differ not only in financial and economic terms but also in many others related to sustainability and social aspects such as location, infrastructure, labor market, government, environmental regulation, corruption. Many of these quantitative and qualitative factors are measured by CRS components (Cervelló-Royo et al., 2014). However, there are other indexes that consider many other social aspects that might also affect female entrepreneurship in a country, for instance, the Glass Ceiling Index (GCI), prepared by the Economist Intelligence Unit.

To study social factors, a bundle of variables from the GCI has been taken as reference in this study. This glass ceiling comprises different barriers that prevent women from reaching higher leadership positions. GCI was introduced by The Economist (2014) to reveal those countries where women have the best chance to be treated equally to men at work. This index covers aspects such as higher education, labor-force participation, pay, child-care costs, maternity rights, and business-school applications, among others.

There is abundant literature dealing with the GCI and gender differences in academia (Crettaz von Roten, 2011; De Welde & Laursen, 2011; González, 2012; Noguera, Alvarez, Merigó, & Urbano, 2015; Stefankova, Caganova, & Moravcik, 2015). Despite the GCI being an indicator that measures the relative chances of women compared to men for reaching a top position, to the best of our knowledge, no studies that consider this index to study gender differences in entrepreneurship exist. For this reason, certain GCI components have been considered in this study, such as women in power positions, gender wage gap, or the labor-force participation gap, as to study their relationship with female entrepreneurship.

The remainder of the paper is structured as follows. Section 2 introduces the theoretical background of the study. Section 3 depicts the methodology and data used. In Section 4, we show and discuss the results obtained from the application of qualitative comparative analysis (QCA). Section 5 finishes the paper with some concluding remarks.

2. Theoretical background

Although cross-national research enables comparisons and replication, and reduces the risk of nation-specific results that are not generalizable to other countries, conducting this type of research on entrepreneurship has been considered difficult by scholars (Terjesen, Hessels, & Li, 2013). As such, cross-national research on entrepreneurship has focused mainly on identifying fundamental differences in entrepreneurial activity across countries (Acs, Bosma, & Sternb erg, 2008; Cumming, Johan, & Zhang, 2014; Markusen & Reed, 2017; Terjesen et al., 2013), or identifying government policies and programs that best support entrepreneurial efforts and desired outcomes in terms of innovation or growth in the different national contexts (Terjesen et al., 2013).

As per prior studies on this subject (Beynon, Jones, & Pickernell, 2016; Devece et al., 2016; McClelland, Swaill, Bell, & Ibbotson, 2005), the entrepreneurship activity has been measured by the total entrepreneurial activity (TEA) retrieved from the GEM. TEA has been defined as the share of adults in a population, aged 18 to 64 and who are either actively involved in starting a new business or managing a business less than 42 months old (Reynolds et al., 2002). Most studies carried out to date, show that the entrepreneurship ratio of women compared to men is low (Camelo-Ordaz, Diánez-González, & Ruiz-Navarro, 2015).

The main aspects analyzed in the majority of extant studies on gender and entrepreneurship (Langowitz & Minniti, 2007; Poggesi, Mari, & De Vita, 2015) can be grouped as contextual, socio-demographic, and individual perceptual factors. However, this review takes a different approach: we research cross-country common characteristics in terms of entrepreneurship under the lens of gender. Specifically, the following literature review discusses key findings on female entrepreneurship and its relationship with: i) CRS and ii) GCI, specifically considering the following variables included in the index: women in power positions, gender wage gap; and labor-force participation of women.

2.1. Country risk score

The role of gender in the access to business financing has been the subject of extensive research, debate, and policy concerns, as part of a wider interest in terms of women’s entrepreneurship and business ownership (Harrison & Mason, 2007). Actually, much of the debate on gender and finance has been concerned with access to loan financing and the role of banks in creating or perpetuating gender-based differences regarding access to finance (Bartual-Sanfelu, Cervelló-Royo, & Moya-Clemente, 2013; Garikipati, 2008; Kabeer, 2001; Ngo & Wahhaj, 2012; Weber & Ahmad, 2014). Despite the significant volume of research, there is no unequivocal support for gender-based differences in access to finance (Harrison & Mason, 2007). Additionally, there is only limited work on relationships between CRS and the rate of female entrepreneurs.

CRS has been chosen as a good indicator of a country’s level of development, international confidence, and probability of debt default (Cervelló-Royo, Cortés, Sánchez-Sánchez, Santonja, & Villanueva, 2013; Hoti, 2005). In this paper, we use the CRS definition of the Euromoney Agency (Euromoney Agency, 2017). Therefore, CRS combines different categories related to political, economic, and structural assessment, among others (Hoti & McAleer, 2004). Focusing on these components, different indicators measuring employment/unemployment, labor relations, cultural/social institutions, corruption, etc. can be found. All components are strongly linked to the entrepreneurship level and motivations of a country. Moreover, they might have a stronger influence when considering a gender approach.

Proposition 1. Female entrepreneurship relates to the CRS.

2.2. Glass ceiling index

The “glass ceiling” is known as an added difficulty for women in accessing top positions in a firm (Buttner & Moore, 1997; Noguera et al., 2015). It is often considered an organizational motivator, encouraging experienced women to leave large organizations to open their own businesses (Buttner & Moore, 1997; Still & Walker, 2006).

The GCI commonly measures the relative chances of women compared to men to ascend to top positions in organizations (González, 2012). Its components can be retrieved from the database prepared by the Economist Intelligence Unit (The Economist-Daily chart, 2015). Particularly, the following variables of the GCI have been considered in this study: labor force participation, gender wage gap, women in senior managerial positions, and women on company boards.
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