

International Studies in Entrepreneurship

Miguel-Ángel Galindo
Domingo Ribeiro *Editors*

Women's Entrepreneurship and Economics

New Perspectives, Practices, and Policies

 Springer

International Studies in Entrepreneurship

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Editors

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Contents

| | |
|--------------------------------------------------------------------------------|----|
| 1 Introduction | 1 |
| Domingo Ribeiro and Miguel-Ángel Galindo | |
| Part I Women’s Economic Thought | |
| 2 Women’s Approach to Economics and Firms | 9 |
| Miguel-Ángel Galindo, Domingo Ribeiro, and Juan José Rubio | |
| Part II Women’s Entrepreneurship, Policies and Performance | |
| 3 Women’s Entrepreneurship and Economic Policies | 23 |
| Mohsen Bahmani-Oskooee, Miguel-Ángel Galindo, and María Teresa Méndez | |
| 4 Women, Research, and Entrepreneurship | 35 |
| Sahar Bahmani, Francisco Escribano Sotos, and Isabel Pardo García | |
| 5 Linking Women Entrepreneurship with Social Entrepreneurship | 53 |
| Maria M. Benavides-Espinosa and Antonia Mohedano-Suanes | |
| 6 Women Entrepreneurs and Success | 73 |
| Kerstin Ettl and Friederike Welter | |
| 7 Women Entrepreneurship and Performance | 89 |
| Joaquín Aldás-Manzano, Clara Martínez-Fuentes, and Manuela Pardo-del-Val | |

| | | |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------|------------|
| 8 | Why Women Claim to Be Less Entrepreneurial than Men..... | 109 |
| | Roberto Espiritu-Olmos and Miguel Angel Sastre-Castillo | |
| Part III Finance | | |
| 9 | Women Entrepreneurship, Innovation, and Internationalization | 125 |
| | Edward Nissan, Inmaculada Carrasco, and María-Soledad Castaño | |
| 10 | The Profile of the European Entrepreneur: Economics and Finance, a Gender Analysis..... | 143 |
| | Francisco R. Rodríguez, Víctor M. González-Sánchez, and Susana de los Ríos Sastre | |
| 11 | Microcredits for Women Entrepreneurship: Are They an Effective Tool to Avoid Family Impoverishment? | 167 |
| | Jorge Alberto Gámez-Gutiérrez and José Manuel Saiz-Álvarez | |
| Part IV Other Aspects | | |
| 12 | Woman Entrepreneurship and Gender Accountability | 181 |
| | Marta Peris-Ortiz, Daniel Palacios-Marqués, and Carlos Rueda-Armengot | |
| 13 | Women in University Education and in the Professional Environment | 191 |
| | Rosa María González-Tirados | |
| 14 | A Conceptualization of Women’s Collective Entrepreneurship: From Strategic Perspectives to Public Policies..... | 211 |
| | Marie-Claire Malo, Inmaculada Buendía-Martínez, and Martine Vézina | |
| | Index | 225 |

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Chapter 1

Introduction

Domingo Ribeiro and Miguel-Ángel Galindo

During the last decades, an important body of literature on entrepreneurship has arisen. The topic, however, was not new. In the history of economic thought, several authors have stressed the relevance of entrepreneur activity on economic performance. Entrepreneurs use the resources that society puts in their hands to produce more or new goods and services, thereby increasing society's welfare. Sometimes, the authors have also focused on the effects of entrepreneurship on economic progress considering the role of technology and innovation on economic agents' behavior. In these studies, and depending on the author's position, positive and negative effects of entrepreneurship have been shown and measures outlined that could enhance or reduce the negative effects of that activity.

Recently, economists have again considered the role of entrepreneurship on economic activity. Looking at the factors that promote economic growth, economists have gradually included qualitative variables in their economic growth models. One of these variables is entrepreneurship, considered as one of the factors that could promote this economic policy objective.

Following the modern perspective, it is possible to consider four main types of entrepreneurships (Bahmani-Oskooee et al. 2011):

1. Innovator, following Schumpeter's (1911, 1950) thesis: Schumpeter says entrepreneurship activity implies innovation in the introduction of a new product, organization, or process, generating a destruction process.

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2. Profit opportunists (Kirzner 1973, 1999): Kirzner and Schumpeter consider that entrepreneurs try to take advantage of profit opportunities, but contrary to Schumpeter's view the entrepreneur learns from past mistakes and tries to correct them, driving the market toward equilibrium.
3. Uncertainty (Knight 1921): Knight considered uncertainty to be an important factor for entrepreneurs because they have to take it into account and to adopt decisions in an uncertain world.
4. Baumol (1990) states that entrepreneurs are creative and ingenious, searching for more appropriate means to increase their wealth, power, and prestige. They are influenced by the existing environment around them.

On the other hand, the active participation of entrepreneurs in the working world is increasingly apparent with their ubiquity in business at every level and with the development of economic spaces, where entrepreneurial groups can express their potential and creativity. This has obliged policy makers within the global economy to consider entrepreneurship as a determining variable in any political force not only for bodies and groups created specifically to this end, but also for any decision-making body. Specific actions promoting entrepreneurship have already been established around the world.

In this as well as in the labor market, women have developed their entrepreneurship activity, which has had positive effects on economic growth and other economic policy objectives. However, they present some different aspects in their activity and they must deal with different problems from those faced by male entrepreneurs, aspects that must be analyzed.

The chapters included in this book analyze the different aspects of women's entrepreneurship, considering the problems that they must face as well as the main aspects of their activity. The chapters are grouped in four parts.

The first part is focused on the female economic perspective. In Chap. 2, entitled "Women's Approach to Economics and Firms," Miguel-Angel Galindo Martín, Domingo Ribeiro, and Juan José Rubio Guerrero present the main elements of the female economic perspective during the Classical and Neoclassical periods. In general terms, this literature was concerned with the wage differences between women and men, women's education, and the position of women in the family. However, it is also of interest to take into account that some women were interested in furthering or popularizing the economic ideas considered orthodox, as it is the case of Millicent Garrett Fawcett. Others helped develop pioneered new approaches, e.g., Minnie Throop England.

The six chapters in Part II focus on policies and performance. In Chap. 3, "Women's Entrepreneurship and Economic Policies," Mohsen Bahmani-Oskooee, Miguel A. Galindo, and María Teresa Méndez Picazo analyze the relationship between women entrepreneurship and economic growth. After discussing the characteristics of women entrepreneurs as compared to male entrepreneurial activity, an empirical study is developed based on some OECD countries. This study looks at the effects of monetary and fiscal policies on women entrepreneurship. Based on the results of this analysis, some economic policy measures are offered

that take into account the indirect negative effects that some fiscal measures could have on their activity.

In Chap. 4, “Women, Research and Entrepreneurship,” Sahar Bahmani, Francisco Escribano, and Isabel Pardo discuss the situation of women as researchers and entrepreneurs, presenting some of the most relevant findings in relation to both fields in the early twenty-first century. Although women have increased their participation in every sphere of public life, they remain underrepresented in many areas. There are women entrepreneurs, but their companies are smaller and they work in less-innovative sectors. Understanding why the “scissors effect” takes place or, in the same sense, why the process of the professional advancement of women to positions of power and decision making appears to flow through a “leaky pipe” might help to resolve this problem, and thus optimize the use of human capital and enhance the growth potential of countries.

In Chap. 5, entitled “Linking Women Entrepreneurship with Social Entrepreneurship,” María Mar Benavides-Espinosa and Antonia Mohedano-Suanes state that a greater sensitivity on the part of women toward social problems in their environment has enabled their presence in the area of social entrepreneurship through the identification of social needs (problems of social exclusion, insertion into the job market, gender inequalities, etc.), which they do by contributing original solutions to these problems via creative business models. Namely, the authors analyze several cases of social entrepreneurship among women from which they have been able to draw conclusions, relating the motives for female entrepreneurship, either driven by necessity or opportunity, with the different types of organizations suggested by researchers within the framework of social entrepreneurship.

In Chap. 6, entitled “Women Entrepreneurs and Success,” Kerstin Ettl and Friederike Welter analyze the concept of success in women entrepreneurship activity. This analysis is relevant because often women business owners and entrepreneurs are seen as *less successful* than their male colleagues. However, research does not call the definition of success into question. Taking this into account, a model of women entrepreneurs’ success is developed, including individual and contextual aspects, that is empirically estimated using the data obtained in 31 in-depth interviews with women entrepreneurs and 23 interviews with key experts in four German regions between August 2007 and March 2008.

In Chap. 7, “Women Entrepreneurship and Performance,” Joaquín Aldas Manzano, Clara Martínez-Fuentes, and Manuela Pardo-del-Val analyze the relationship between performance and gender. There is a wide range of researchers who state that organizational performance is gendered, as businesses owned by women are less successful than those owned by men. However, the literature also provides studies where the opposite is stated. There are even authors that suggest that there is no link between performance and gender. In order to analyze this interesting topic, an in-depth literature review is undertaken, analyzing the most outstanding reasons for gendered performance. The chapter ends with a detailed examination of the data offered in the Global Entrepreneurship Monitor (GEM), which suggests that horizontal segregation, lower self-confidence, and less economic capital are characteristic of female entrepreneurship and could be an explanation for underperformance.

In Chap. 8, entitled “Why Women Claim to Be Less Entrepreneurial than Men,” Roberto Espíritu-Olmos and Miguel Angel Sastre-Castillo try to determine the different situations (personal, external, ...) that could affect women in their decisions to carry out an entrepreneurship activity.

Part III is centered on finance aspects and includes three chapters.

In Chap. 9, entitled “Women Entrepreneurship, Finance and Internationalization,” Edward Nissan, Inmaculada Carrasco, and María Soledad Castaño study the role of gender in entrepreneurship, international trade, and innovation carrying out a large-scale empirical analysis covering countries of five continents. They state that even if the contribution of male and female entrepreneurship to economic growth is similar, since men have higher rates of entrepreneurship, its contribution is proportionally higher. On the other hand, a positive relationship between business internationalization and innovation is achieved.

In Chap. 10, “The Profile of the European Entrepreneur: Economics and Finance, a Gender Analysis,” Francisco R. Rodríguez, Víctor M. González Sánchez, and Susana de los Ríos Sastre show the profile of current European entrepreneurs, analyzing their characteristics and contribution to the European economy. They take into account that case studies developed on the behavior pattern of European entrepreneurship show that, currently, there is less entrepreneurial dynamism in European Member States compared to other countries outside Europe and gender gaps remain persistent. Hence, the main goal of their chapter is to provide an image of both male and female entrepreneurs in Europe through their differences or similarities, with regard to aspects, such as employment, education, activity sectors, or access to finance, in comparison with other reference countries.

In Chap. 11, entitled “Microcredits for Women’s Entrepreneurship: Are They an Effective Tool to Avoid Family Impoverishment?,” Jorge Alberto Gámez Gutierrez and José Manuel Saiz-Álvarez analyze the role of women in the microcredit system, in terms of support, responsibility, and joint liability lending (JLL), based on a lender experience and the state of the art. Taking into account some problems of microcredit, the moral hazard problem for example, they present some solutions to diminish them, based on basic education, state support, national and international supervision, suitable nongovernment organizations (NGOs), and information transparency. These factors create a virtuous circle that benefits society as a whole, including microfinancial institutions.

Finally, Part IV includes other relevant aspects of women entrepreneurship.

In Chap. 12, entitled “Woman Entrepreneurship and Gender Accountability,” Marta Peris-Ortiz, Daniel Palacios-Marqués, and Carlos Rueda-Armengot take into account the women’s biological characteristics, which involve a period characterized by maternity, as a serious obstacle to reconciling women’s professional and family life. The existence of measures or human resources practices that can facilitate compliance with their gender responsibilities in the family (part-time working, flexible working, and nurseries) mitigate the problem but do not solve it in a society, where male success models shape the way work and the burden of child care is distributed in families. The authors conclude that two aspects must be

considered: changing the forms of female work and transforming the society in a more deep sense.

In Chap. 13, “Women in University Education and in the Professional Environment,” Rosa González-Tirados stresses the important role that education in general and university education in particular play in order to achieve better working conditions in the labor market. Different aspects and characteristics of the labor market are also considered. In this endeavor, and admitting that there are differences between men and women in relation to a large number of variables regarding aptitude, attitude, behavior, etc., it is important to realize that there are jobs that cannot be equitable, where men and women participate on an equal footing. Men and women should move forward in a context of equality in respect of their duties, qualities or skills, retribution, and position.

And finally, Marie Claire Malo, Inmaculada Buedía-Martínez, and Marine Vèzina, in “A Conceptualization of Women’s Collective Entrepreneurship: From Strategic Perspectives to Public Policies,” identify the two transformative perspectives at the foundation of women’s collective entrepreneurship: self-management and feminism that converge and differ. The strategic positioning of the transformative perspectives in public policies is also analyzed, considering the movements to develop their strategic capability to mobilize resources, such as those of the state.

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Part I
Women's Economic Thought

Chapter 2

Women's Approach to Economics and Firms

Miguel-Ángel Galindo, Domingo Ribeiro, and Juan José Rubio

2.1 Introduction

References to women's approaches to economics are rare in the classical and neoclassical economic literature. The few exemptions include Mary Palley Marshall, Harriet Hardy Taylor Mill and Harriet Martineau. However, references to their work are very marginal, with the economic literature stressing the views of Adam Smith, Ricardo, Marshall and Keynes.

Recently, the literature has begun to consider the publications of several groups of women whose work was well-received, and, in fact, some of which were used to advance the "orthodox" ideas and others of which were considered as pioneers of now-accepted approaches. Examples of the former include the works of Harriet Martineau and Millicent Garrett Fawcett (Fawcett 1870, 1874). In the second group, we can consider the approaches of, for example, Minnie Throop England, who between 1905 and 1915 published relevant articles about the crisis considered by Irving Fisher in his celebrated *The Purchasing Power of Money* (1911), co-authored with John Maynard Keynes. Another example is Karin Kock, whose *A Study of Interest Rate* (1929) is considered a pioneer work on the monetary policy of the Stockholm School of economic thought.

Despite these examples and others that could be included (Dimand 1995 pp 1–11), the female perspective of women on economics has not been considered relevant. Two main circumstances could explain this (Pujol 1992 pp 2–3). First, the economy has

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been dominated by men and shows a high level of androcentrism. Second is the neoclassical paradigm itself and its inherent limitations. In this paradigm, it is very difficult to introduce those questions in which women are interested, as it stresses issues relating mainly to exchange, excluding non-monetary questions. This paradigm also deals with a very restricted hypothesis on behaviour, especially in relation to the way individuals live, and not taking into consideration the circumstances of women. Finally, the instruments used by the paradigm (models, equations) do not allow for analysis of the problems that women face in the labour market.

Recent literature has tried to avoid these problems and to complete the *homo economicus* hypothesis, including different aspects related to women's behaviour. In the chapters of this book, we consider the aspects related to entrepreneurship activity. It is also interesting to know the main approaches of women in economics that would complete the views developed in the following articles. For this reason, we analyze in this chapter the main female economic approaches. In Sect. 2.2, the women's situation in the eighteenth and nineteenth centuries is exposed. In Sects. 2.3 and 2.4, the classical and neoclassical approaches, respectively, are analyzed. In Sect. 2.5, productivity and firms' activity are considered. Conclusions are considered in Sect. 2.6.

2.2 Women's Situation during the Eighteenth and Nineteenth Centuries

To better understand the female economic perspective, it is necessary to consider their social situation. In general terms, the idea was that middle-class women had to tend the home and care for the children. This was different in the case of the lower classes because often men's salaries were not sufficient to meet the family's expenses, so the women, by necessity, had access to the labour market. Even then, this activity was criticized by some reformers because they thought it would negatively affect the family's welfare (James 2006 p 343). Therefore, in general with the exception of the latter case, it was considered that husbands must protect their wives and wives must attend to the needs of the home, oversee the servants, and take care of the children. As Ruskin (1865) stated in *Sesame and Lilies*, women's lives should be dedicated to making their husbands happy. Thus, their *activity* must be focused on finding a good husband in order to have adequate means to carry out their primary function in the home.

In the middle of the nineteenth century, this situation changed in part. Trade expansion made it necessary to employ more production workers, and, thus, young women gained access to the labour market. However, the prevailing mentality remained unchanged. This acquiescence was only a concession, and women were still required to attend to their perceived domestic responsibilities in addition to their jobs, jobs for which their salaries were lower than men's. Leoni Levi's (1885) tables showed that in 1867 the average salary of women under the age of 20 was

slightly higher than that of their male counterparts (20£ and 19£, respectively), but the average salary of women over 20 was significantly lower than that of men (28£ and 49£, respectively). The situation was similar in 1884, but with greater disparity in female/male wages in the case of women under 20 years of age (6£).

From the economic point of view, this wage difference could be explained by the different education received by women, a situation some thinkers criticized. For example, Condorcet, in his *Cinq Mémoires sur l'instruction publique* (*Five reports on public education*) (Condorcet 1791), states that women should have the same education as men. He goes on to say that this training would be useful as it would increase the happiness of the family because the husband would not forget the knowledge acquired in his youth thanks to his conversations with his wife (quoted by Crampe-Casnabet 1993 p 378).

It is also relevant to take into account that some writers have criticized this view of women's education, as is the case in Gissing's novel, *Odd Women* (1893), or Bellamy's, *Looking Backward*, a futuristic utopian work that made a great impression at the time of its publication. For example, Chap. XXV states that women will be relieved of their activities at home in the future and they will be members of the *industrial army*, working alongside men (Bellamy 1888, p 150).

As we have seen, the social environment prevailing in the eighteenth, nineteenth and early twentieth centuries was not very favourable towards women. As her primary role was considered to be to care for and manage a family, it was important for women to make a good *choice* of marriage. Even though some women were forced into the job market because the husband could not financially meet all his family's needs, and some women gained access to employment due to economic expansion, still the core mandate for women was to care for the family.

Some of these issues were considered in publications on economics by women, with education being the most relevant issue in the earliest of these. But with the development of economic thought, different topics were included in the analysis. Following the traditional division in the history of economic thought, we consider two main contributions: classical and neoclassical.

2.3 Classical Contributions

The foundation of the classical approach is generally considered to be Adam Smith's *The Wealth of Nations* (1776), which served as the basis for development. Classical authors advocated free trade and minimum intervention by the state in the economy because they supposed that the markets were efficient. In turn, the division of labour generated beneficial effects on productive activity and skills that promoted and facilitated innovation and enhanced the development of natural and acquired talents (Smith 1776 II1). This led to an increase in output (*market expansion*), which led to a greater division of labour and ultimately greater economic growth.

On the other hand, Adam Smith developed a supply-side economic growth model¹ that includes the economic elements that he considered relevant. In the model, he introduced a production function considering that output growth depends on three factors: population growth, investment and land growth. Population growth depends on the available sustenance, investment on the rate of savings generated basically by capitalists and land growth on technological fertility's improvements of unproductive lands or the conquest of new lands.

Technological progress could also be growth enhancing and the division of labour plays a relevant role in the process. Technological progress facilitates production tasks and increases the competitiveness of the firms. The origin of division of labour is the effect derived from certain individuals' propensity to barter because they consider that it is the best way to transform costs of transacting into benefits (Smith I.ii.1). So,

As it is the power of exchanging that gives occasion to the division of labour, so the extent of this division must always be limited by the extent of that power, or, in other words, by the extent of the market (Smith I.iii.1).

Considering this origin and limitation, division of labour is a cause and an effect of economic growth. The capital accumulation process increases population and employment, and the manufactured goods are broadened. This extension of the market drives the division of labour, and the effects derived from this division enhance economic growth. Greater economic growth extends the market, facilitating a new division of labour. But it is necessary to take into account that this division does not always have a positive effect on economic growth. Adam Smith in Book I of *The Wealth of Nations* analyzes the positive effects, and Book V shows the negative ones.²

From the positive effects point of view, division of labour shows three effects:

The greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgement with which it is anywhere directed, or applied, seem to have been the effects of the division of labour (Smith I.i.1).

In modern terms, these effects would be increased skill, time saved in the transition from one task to another, furthering innovation, and facilitating the development of natural and acquired talents. As division of labour increases output (increases *the extent of the market*), it encourages the possibility of further division of labour and, thus, further growth. For this reason, Smith argued that growth was self-reinforcing as it exhibited increasing returns to scale.

The negative effect of labour division is shown in Book V (Smith V.i.f. 47–51) as being mainly a social cost and not an economic one. It is due to the monotonous,

¹ An economic growth model based on Adam Smith's ideas is developed by Eltis (2000, Chapter 3).

² It can be considered that from a macro point of view the effects are extremely positive, but from a micro perspective the costs of the division of labour are also greatly negative. On this topic, see Rosenberg (1990).

simple task to be developed by the worker derived from such division.³ Education is the basic factor that can reduce or eliminate this negative effect that limits economic growth possibilities.⁴ And it is such an important limitation to economic prosperity that Smith introduces an exemption to his *laissez-faire* approach, stating that the government must not only care about but intervene in education.

In general terms, Adam Smith considered at least five ways in which the influence of education on different factors and variables would have indirect effects on economic growth: division of labour, reducing inequality, decreasing social strains, commerce and capital social formation. All these factors are currently valid, although modern theoreticians concede some relevance to other factors, such as health or fertility.

Thus, education plays a central role and Adam Smith believes that families are responsible for providing. If they cannot, the government should step in and do so.

For a very small expense the public can facilitate, can encourage and can even impose upon almost the whole body of the people, the necessity of acquiring those most essential parts of the education (Smith 1776 V.if. 54).

In the case of women, Smith states that they should be recipients of this provision in order to prepare their children for what society asks of them (Smith 1776 V.if. 47). However, it is necessary to take into account that Adam Smith considers two kind of education: minimum, that is, the education that everybody has to achieve and higher, that is, education for those who want to improve their training and who must, therefore, pay for it.

The main problem with this approach is that there is a very large *gap* in the type of training received by men and women, with earlier access to better jobs going to those who have higher education. This gap maintains inequality in the labour market between men and women, a circumstance considered by the women economists as they realize how important education is. In this sense, for example, Mary Wollstonecraft (1792) noted that women needed education not only to be pleasing to men and have something to talk about with them, but also because if they are not better trained

they will stop progress of knowledge and virtue. (Wollstonecraft 1792 p XVI).

And men and women must be educated

to a large extent by the views and ways of society in which they live. (Wollstonecraft 1792 p 17).

³ In his *Lectures on Jurisprudence*, Adam Smith considers another effect: “A man has then time to study only one branch of business, and it would be a great disadvantage to oblige every one to learn the military art and keep himself in the practice of it. The defence of the country is therefore committed to a certain set of men who have nothing else to do; and among the bulk of the people military courage diminishes. By having their minds constantly employed on the arts of luxury, they grow effeminate and dastardly” (Smith 1978 p 540).

⁴ In this sense, Winch (1978 p 119) considers education as an antidote to the corrupting influence of division of labour trying to introduce ancient provisions for gymnastic exercises and music.

In short, according to Adam Smith, women, apart from performing some productive work, play an essential role in creating an enabling environment for children and providing them with adequate preparation for the future, and creating an adequate social climate.

We can classify the contribution to economics by women into two groups. The first group includes short works, the main objective of which is to disseminate ideas dealing with the political economy in the clearest and simplest way. In this group, we can include Jean Marcet's *Conversations on Political Economy* (Marcet 1816). In this book, Marcet, using different dialogues between Mrs. Bryant and Caroline, presents various principles put forward by Adam Smith, Ricardo, Malthus, Sismondi and Say. The book was highly praised by Malthus, Ricardo and Say. It was not the only book he wrote on this subject, but the other two, *John Hopkin's of Political Economy* (1833) and *Rich and Poor* (1851), were less celebrated.

The second group would include contributions relating to the status of and economic opportunities for women. We can include Priscilla Wakefield's book, *Reflections on the Present Condition of the Female Sex* (Wakefield 1798). She begins by saying that Adam Smith does not specify that both sexes are beneficial to society and that women have the same qualities as men, although possibly in different degrees. For this reason, Wakefield expounds on the role that women play in society in terms of their usefulness. In this process, she affirms the need "for women to be educated for lucrative jobs" and says that it is absurd that society does not allow this kind of training (Wakefield 1798 p 29). In this sense, married women should be educated in order to educate their children, and single women should be educated so that they can earn their livelihood in a dignified and honourable profession (Wakefield 1798 p 40). Finally, it is also interesting to take into account that Wakefield promoted further education for women not on the basis of their equality with men, but to enable them to better perform their roles (Dimand 2003 p 201). This approach is of great interest to the labour market analysis, as is shown in the next sections.

2.4 Neoclassical Approach

The neoclassical approach is acknowledged to have largely followed the approach of the classical authors, formalized from the viewpoint of mathematical ideas, with emphasis on market equilibrium, behaviour of individuals and the necessity of free trade. On the other hand, it is also relevant to take into account that the neoclassical thinking about women was not positive. The neoclassical position on women can be characterized in the following five points (Pujol 2003 p 22):

1. All women are married or will be and have or will have children.
2. Women are economically dependent on their husbands or fathers.
3. They specialize in housework.
4. They are unproductive in the industrial arena.
5. They are irrational and, therefore, are not expected to make sound economic decisions.

This statement contrasts with that of Senior (1834), who describes the behaviour of women as rational when making decisions, although sometimes amoral.

In the late nineteenth and early twentieth century, a large body of literature by women economists emerged who questioned and criticized these ideas. It is possible to group their ideas into categories focusing on three issues: wage gap, social status and consumption.

The first one, the wage gap, is the aspect that has attracted the most attention. The statistical information presented previously shows that there are important wage differences between men and women, and we would add that the latter had difficulty gaining access to some professions. From the neoclassical point of view, this gap is due explained primarily by the lesser productivity of women. To increase productivity, it is necessary to improve women's education – an aspect that we have considered previously – and/or introduce innovations. On the other hand, Pigou (1920) notes that women's wages were determined by their husbands' wages. Whether women worked outside the home at all also depends on the income of their husbands, whether it was enough to meet the family's expenses. In addition, without demonstration, Pigou (1920 p 607) stated that women usually are less prepared for work in the marketplace and that their capacity is lower than that of men. Therefore, their wage must necessarily be less than that of men. Edgeworth, however, says that this rationale is often used by men even though, in some cases, their productivity is lower than the women's. This is one of the three reasons why the labour market is not competitive (the other two are the employer's power and trade union activity) (Edgeworth 1922 p 439). Edgeworth added that his impression was that even if the restrictions were removed, the wages of men would remain higher than those of women (Edgeworth 1922 p 442).

For all these reasons, women stressed the importance of education to overcome these obstacles and to have the same opportunities and wages in the labour market. But as we show in the next section, neoclassical authors considered that this would reduce the social welfare because women would participate in industrial activity and not in homemaking and child-bearing activities.

The second issue women focused on is the position of women in society. In this sense, while the classical authors may have lauded the education of women, this is not due to its benefits to them in the labour market, but to enable them to better serve their families as conversationalists for their husbands and educators for their children. Various women have rebelled against this submissive role of a wife whose main purpose is to carry out the house work and to make her husband happy.

Charlotte Perkins Gilman, in her well-known book *Women and Economics* (Gilman 1898), criticizes the idea that women are regarded as possessions of men and that they are unproductive while men are considered as "competitive" and "those who provide the resources". Gilman further objects to their consideration that a man is in charge of feeding the woman, which involves determining her status, seeing this as detrimental to society because this kind of behaviour and thinking slows social development (Gilman 1898 pp 34 and 36). From Perkins' perspective, the introduction of machinery in the production process has given women greater access to jobs by reducing the differences between men and women in terms of physical capabilities.

The third area to consider here is the question of consumption. Gilman addressed this, stating that women's consumption need not be considered harmful, as we see below, and that they no longer play the role in the family traditionally attributed to them because it does not generate the social capital that the classical authors proclaimed (Gilman 1898 p 100). We have already indicated in the previous section that the traditional approaches stated that women could contribute little to society, especially when compared with men. In turn, some authors have stressed the role of women as consumers, holding this behaviour reprehensible from the classical and neoclassical point of view because frugality is necessary to obtain the funds required in the investment process. There has also been a reaction against this approach. First, one must refer to Bertha June (Richardson) Lucas, an economist who has not been given due attention. In 1904, Lucas published *The Woman Who Spends* (Lucas 1904), stressing the positive effects of consumption on society and anticipating some ideas that Keynes would later expose in *The General Theory* (Keynes 1936).

Lucas starts out by noting that the economy has been a field essentially developed by men, and one which women were not considered capable of understanding. But over time, women have seen the necessity of studying the economics of consumption, "to know how to spend their money". This kind of study was especially pertinent at the time the book was published because it was acknowledged that it is typically the woman who deals with expenses and that she has a responsibility to do it properly (Lucas 1904 pp 20–22). The main problem is that they

can not satisfy all requirements (. . .) We must live according to income, that is, spending . . . must be in proportion to what we have to spend (Lucas 1904 pp 49–50).

Primarily for this reason, women play a prominent role in the economy and society because from Lucas' point of view the actual economic function of women is not only to fill the function of the demand side, but to do so wisely and judiciously. Women achieve the best supply when they understand the way to realize the best demand (Lucas 1904 pp 48–49).

Hazel Kyrk can also be included in this group with her book, *Theory of Consumption* (1923). Kyrk, like Lucas, believes that the family is a unit of consumption, being ruled by women, and they establish the budgets and obtain the market goods that are needed (1923 p 20). The consumption depends on income and the real income can be increased by two ways: expanding the productive capacity of society, thereby increasing the quantity of goods, and increasing monetary income, which is supposed to create a certain distribution of income (Kyrk 1923 p 47). It is this last point that this author considers essential.

Indeed, if society is characterized by an unequal distribution of income, only a few will be able to consume and supply their own needs (Kyrk 1923 pp 49–50). But this is not just a problem of dissatisfaction of a portion of the population, but also is a production problem, since from Kyrk's point of view, this is also going to affect several areas (Kyrk 1923 pp 55–56). First, there are more goods demanded (those that are demanded by those with a higher income), so their prices rise. Secondly, it is necessary to change the structures of production and to reduce the production of goods that are not demanded. Thus, Kyrk also seems to question the law of Say.

And from her point of view, these problems are raised because in any economic organization it is essential to avoid a poor distribution of income.

And what is the solution to these problems? The answer is to create a socialized consumption and ensure a minimum income. Socialized consumption means, in general terms, that

group of economic goods and services which is more for common use or enjoyment than individual (Kyrk 1923 p 57).

Thus, many people who have no access to these goods because they have insufficient income can obtain them thanks to the provision made by the state. For example, a public library would facilitate reading for the poorer classes of society and would enhance their education and improve their situation.

In this line of thought, it would also be necessary to guarantee a minimum income for each person and they, then, would have to decide how to use it. In this way, all individuals would have access to goods and services considered necessary, regardless of their individual attainment in the free market (Kyrk 1923 p 63). However, as Kyrk recognized, it is very difficult to determine those goods that are considered as necessities.

Finally, Kyrk also pays special attention to the effects of innovation on consumers. Traditional analysis currently focuses on the impact of innovation on production. It is assumed that innovation will increase productivity and generate more finished goods and services, thereby increasing welfare and finally the happiness of individuals. But Kyrk also adds other effects (Kyrk 1923 pp 66–69). First, innovation expands the consumption possibilities of individuals. Second, it generates mass production and homogeneous goods. This means that there is no differentiation in the product, which traditionally has been done especially through trademarks. Third, there has been a greater separation between the producer and consumer, with the consequence that the relationship between them was impersonal or non-existent. Fourth, innovation often changes, where the consumer lives, many times causing disturbances in the environment and creating negative effects.

2.5 Productivity and Firm's Activity

From the point of view of the industry, the neoclassical assumption was that women had low industrial productivity. As Pujol (2003 p 30) shows, women were characterized by Pigou (1920) as unskilled and low-grade workers, with the main proof of this statement being that they received lower wages than men. Public measures were not useful to deal with this issue because the general welfare would be reduced if women shifted their activity from homemaking and child bearing to industrial activity (Pigou 1952 pp 224–225; quoted by Pujol 2003 pp 31–32). So, measures designed to increase the training or education of women was considered wasteful because it was not easy or possible to increase their productivity (Pigou 1920 pp 569–570; quoted by Pujol 2003 p 31).

This assumption was criticized by several authors (Bodichon 1857, for example) for two aspects. First, there are some customs and traditions that play an important role in wage determination, keeping women's wages lower than men's (Pujol 2003). Second, in a similar way, men's wages were traditionally higher because it was thought that the man was the one who had to earn enough to meet all the family's needs.

In looking at firms' activity, we must consider again Kyrk's work referred to previously (Kyrk 1923). As shown above, Kyrk stressed the relevance of consumption in economic activity. But she also considered the role of industry in the process. From her point of view,

There must, in other words, be a nice adjustment between industrial and non-industrial pursuits, between saving and spending (Kyrk 1923 p 75).

Although consumption has received the most attention in the economic activity literature, it is also necessary to take into account industry activity. And in this sense, we must pay attention to the effects derived from such activity. From Kyrk's perspective:

The notable features of modern industry, which show themselves in concrete form in the instruments and processes of production, are the use of the power-driven machines, the minute specialization with its accompanying standardization and the reduction of every process to a routine, the extensive use of capital in all its forms, and the growth in the size of the business unit (Kyrk 1923 p 66).

It is crucial to determine the way in which the new machinery and technology could affect individuals in their consumption decisions.

2.6 Conclusions

In previous sections, the approaches of women regarding some economic aspects – such as education, consumption, firms and productivity – have been exposed. One group of literature by women was dedicated to popularizing the ideas considered orthodox, and others were considered as developments or pioneers of new approaches. The other group criticized some neoclassical assumptions and proposed some approaches that could be considered as pioneering later approaches. In this sense, Kyrk's consumption behaviour can be considered as pre-Keynesian. All these approaches must be known as well as the orthodox and canonical ones, and an effort is carried out to bring attention to them.

On the other hand, modern literature is showing the role and the implications of women's activity in economic performance, and many examples of this relevance can be seen in the rest of chapters of this book.

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Part II
Women's Entrepreneurship, Policies
and Performance

Chapter 3

Women's Entrepreneurship and Economic Policies

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3.1 Introduction

The economic growth and the progress of nations have been two issues of concern to most economists during past and present. The classical economics have developed different theories and considered several factors that could explain those processes. Unfortunately, no single answer has been found. Due to importance of the topic, still economists try to understand and find an answer to the mechanism of economic growth.

Economic growth has been considered as one of the most relevant economic issues. As it is well-known, the validity of an economic policy is measured in terms of economic growth rate. Countries that enjoy a higher economic growth rate are designing more efficient economic policies than those that enjoy lower rates. The main corollary to this hypothesis is that the developing countries must follow and copy the economic policies designed by the developed countries.

This issue has special relevance in crisis periods. Policy makers design their policies considering the instruments that stimulate those factors that have a positive effect on economic growth. There is a huge theoretical and empirical literature

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analyzing quantitative and qualitative factors that promote economic growth and the effects of fiscal activity in this process.

During the last decades, entrepreneurship has also been included in the analysis in global terms, that is, considering in an aggregated form men and women activity. However, there are some differences between them that must be considered because women have usually more problems to get the necessary resources; in some countries, they have also problems of access to knowledge For this reason, it is important to study the relationship between women entrepreneurship and economic growth, considering those policies that would give them incentive to carry out their activities.

The main objective of this paper is to investigate the impact of women entrepreneurship on economic growth. For this purpose, in Sect. 3.2, the women entrepreneurship characteristics are discussed. In Sect. 3.3, the relationship between women entrepreneurship and economic growth is analyzed. In Sect. 3.4, an empirical study is developed for the case of some OECD countries, considering the effects of monetary and fiscal policies on women entrepreneurship. In Sect. 3.5, some economic policy measures are considered. And Sect. 3.6 provides the main conclusion.

3.2 Women Entrepreneurship Characteristics

The main difficulty in entrepreneurship analysis is its delimitation, as there is not a generally accepted definition of this concept. Wennekers and Thurik (1999), following the ideas exposed by Herbert and Link (1989), Bull and Willard (1993) and Lumpkin and Dess (1996), define it as the manifested capacity and desire of the individuals to create new business opportunities – that is, new products, new organization forms, new production methods – and to introduce their ideas in the markets confronting uncertainty and other obstacles, adopting decisions on localization and on the use of resources. These decisions could be adopted individually or in networks included or not in institutions.

Following this definition, several characteristics can be considered.

1. The definition takes into account the economic agents' behaviour. For this reason, entrepreneurship does not mean an occupation but an activity that considers the different circumstances and aspects of a person.
2. Entrepreneurships must consider uncertainty and obstacles inherent in the business creation process.
3. They must have information or ideas about efficient production processes, as well as new organizational forms. This does not mean that entrepreneurs had to have attended special academic courses about management. They must have the idea and they can ask information or advice from experts to execute the idea.
4. The entrepreneurs can be also encountered in big firms. In this case, they are named *entrepreneurs* or *corporate preneurs*.

The modern perspective defines different types of entrepreneurships.

1. Innovator, following Schumpeter's (1950 1911) thesis: Schumpeter considers that entrepreneurship activity implies innovation in the introduction of a new product, organization or process, generating a destruction process. He creates new industries and for this reason he causes relevant structural changes in the economy. Entrepreneurs cannot be considered as inventors because they adopt the inventions created by others. When an entrepreneur gives up innovation, he/she loses his/her entrepreneur condition. For this reason, the Schumpeterian vision implies that the entrepreneur is an innovator that destroys the existing structures. From a more modern and general point of view, entrepreneurship entails the creation of a new firm, but does not imply that the entrepreneur must create new products. He/she can generate a new business without being an innovator in the Schumpeterian sense and assimilate the technological advances.
2. Taking advantage of profit opportunities (Kirzner 1973, 1999): Kirzner agrees with Schumpeter that an entrepreneur tries to take advantage of profit opportunities, but contrary to Schumpeter's view Kirzner says that the entrepreneur learns from past mistakes and tries to correct them, driving the market towards equilibrium. From his point of view, there is a relationship between institutions and entrepreneurships that enhances economic progress due to two factors. First, institutions facilitate the competitiveness level that entrepreneurships need. Second, they also facilitate the incentives structure that encourages entrepreneurships to develop their activity.
3. Uncertainty (Knight 1921): Knight distinguished between risk and uncertainty. The former is insurable because it refers to recurrent events, the relative frequency of which is known from experience; the second is not insurable because it relates to events, the probability of which is only subjectively estimated. Knight considered uncertainty as an important factor considered by entrepreneurs. They have to take it into account and adopt decisions in an uncertain world. Their profits are a reward for bearing this uncertainty.
4. The entrepreneurship differentiation defended by Baumol (1990), ranking them between *productive* and *non-productive*. From his point of view, entrepreneurs are creative and ingenious, searching the more appropriate means to increase their wealth, power and prestige. The existing environment around them has an important influence on their decisions. For this reason, it is possible to find different kinds of entrepreneurships.
5. It is also relevant to consider the sociological point of view. Max Weber's (1978, 1988) contribution is one of the most relevant to be considered in this group. According to Swedberg (2000), we can consider at least three main characteristics:
 - *Charisma*. Weber considered that an entrepreneur is a kind of person who understands that other people want to follow him/her. However, Weber also recognizes that this charisma is not so relevant in a capitalistic society as in the early stages of mankind. In a capitalistic society, the main factor for entrepreneurship is taking advantage of market opportunities.

- *Religious*. In his celebrated *The Protestant Ethic and the Spirit of Capitalism*, Weber considered that a certain form of religion that he called *ascetic Protestantism* favoured the development of a positive attitude towards money-making which facilitated the change in attitude towards the entrepreneur.
- *Bureaucracy*. In some writings, Weber also counterpoised entrepreneur to bureaucrat. From his point of view, in a more rationalized society, bureaucracy becomes more relevant, both within enterprises and the state. And the entrepreneur not only is the person who can keep the bureaucrat in his place, but also has better knowledge of the firm.

Obviously, these characteristics are equally applied to male and female entrepreneurs. However, according to OECD (2004), it is necessary to conduct a specific study of the circumstances of women entrepreneurs, essentially for two reasons. First, it is a source of employment generation that has not yet been granted the relevance. And secondly, because it has not yet completed an analysis in relative terms, broad enough and deep in this situation and peculiarities (Reynolds and White 1997; Brush and Hisrich 1999; Franco and Winqvist 2002).

In this sense, there are some questions to take into account in the case of women entrepreneurship. On the one hand, it was found that women entrepreneurs have more difficulties in accessing external funding, and only a very small percentage has been successful in accessing it (Fuller-Love 2009 pp 290–291).

On the other hand, there are also differences to achieve the knowledge and obtain the necessary resources to carry out their activity. The data show that women typically have less access to resources, which reduces the incentives to develop their activity and introduces important difficulties in the businesses that they have developed forcing them to perform their activities in a different way than men. From the Austrian point of view, the historically and culturally determined framework conditions, that are the demand side, would affect entrepreneurship activity and the prior experiences of the existing and potential entrepreneurs, that is the supply side (Shane 2000; Shane and Venkataraman 2000).

3.3 Women Entrepreneurship and Economic Growth

One of the relevant aspects about women entrepreneurship is that it is an important source of economic growth. Women entrepreneurship creates new jobs for themselves and for others, advantages entrepreneurial opportunities and provides goods and services to satisfy necessities. On the other hand, Schumpeter (1911 p 66) states that there are five cases that promote economic development:

- (1) The introduction of a new good (...) or a new quality of a good.
- (2) The introduction of a new method of production (...)
- (3) The opening of a new market (...)
- (4) The conquest of a new source of supply of raw materials or half-manufactured goods (...)
- (5) The carrying out of the new organisation of any industry, like the creation of a monopoly position (...) or the breaking up of a monopoly position.

All these activities must be led by a group of people with a particular talent, namely, the entrepreneurs. Therefore, entrepreneurship is the main factor to promote economic growth and his or her main instrument is the innovation. And the main motivation to innovate is to obtain higher profits, being necessary the existence of an adequate social climate. However, it is also necessary to take into account that credit is the key variable to funding the innovations. For this reason, the existence of an adequate level of savings in the society is necessary and the interest rate plays an important role in this process. However, the most relevant variable in the process is profit because when

no profit is generated, no credit required and no interest is paid. (Oakley 1990 p 108).

In this sense, it is necessary that the credit institutions do not constraint the credit and respond to entrepreneurs' credit requirements.

All in all, from Schumpeter's point of view, entrepreneurship is the most relevant factor to promote economic growth. From his point of view, woman entrepreneurship is profit seeking and needs an adequate social environment to develop the activity.

In this sense, one of the main factors to enhance woman entrepreneurship activity is the social environment. A favourable social environment would facilitate the innovation process and the emergence of new women entrepreneurs. For this reason, in such variable, Schumpeter includes the reaction of social group to the entrepreneurial activity, including the innovation process. He also considers the existence of legal or political impediments as well as culture and it could be also possible to include the rule of law and the role of institutions. We have showed before that there are some differences in this field between women and men entrepreneurs because the former have more difficulties to access to resources and in some countries to the knowledge. On the other hand, Schumpeter states that it would be possible to find some social opposition to innovation process, and the entrepreneurs would be in difficulty in finding the necessary cooperation. This resistance was more relevant in the beginnings of capitalism; however, it is still effective nowadays (Schumpeter 1911 p 87).

However, Schumpeter is not sufficiently clear to design the variables that affect such social environment. In general terms, it would include the democracy level and specially the income distribution. An income inequality reduction (a better distribution of the results from the innovation process) would reduce the social stress and the opposition to innovation. If we accept this possibility, there are possibilities to design redistributive fiscal policies.

On the other hand, it is important to stress the relevance of monetary policy to facilitate the financial resources necessary to carry out the entrepreneurship activity. Without these resources, it is very difficult to invest and innovate.

Finally, it is also interesting to consider the possibility that economic conditions would have effects on women entrepreneurship. Higher economic growth expectative would stimulate some women to create new business to satisfy the higher demand created by the situation; if we accept this possibility, it would be a *feedback* effect between economic growth and women entrepreneurship considering that the latter is endogenous and affected by the former.

3.4 Empirical Analysis

In this section, we develop an empirical study to analyze the relationship between entrepreneurship and economic growth as well as the effects of monetary and fiscal policies on entrepreneurship. Several studies have been developed to determine the first relationship (i.e. Acs et al. 2004, 2005; Stel et al. 2005; Audretsch 2006, 2009; Audretsch and Keilbach 2008; Audretsch et al. 2008; Audretsch and Keilbach 2004a, b, among others), as well as to show the effects of some social variables on entrepreneurship, such as social capital (Lin 2001; Birley 1985; Bahmani-Oskooee et al. 2008), and economic policy objectives (Galindo and Méndez 2008). However, there is no special literature analyzing the effects of monetary policy on such activity.

The main objective of the analysis is to show the impact of women entrepreneurship on economic growth and the main factors that enhance their activity, mainly monetary and fiscal policies. To carry out this study, we use panel data from the following countries, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, the UK and the USA, for the period 2002–2006 and consider the following two equations:

$$\ln (y)_{it} = \beta_0 + \beta_1 \ln (\phi)_{it} + \beta_2 \ln (I)_{it} + \beta_3 \ln (\text{KHU})_{it} + \varepsilon_{it}. \quad (3.1)$$

$$\ln (\phi)_{it} = \beta_4 + \beta_5 \ln(\text{ms}) + \beta_6 \ln(\text{PE})_{it} + \beta_7 \ln(y) + \varepsilon_{it}. \quad (3.2)$$

Equation 3.1 is GDP equation, where y is gross domestic product, ϕ is women entrepreneurship activity, I is private investment and KHU is human capital. The expected signs of the variables are positive.

Equation 3.2 is women entrepreneurship equation (ϕ) shows the feedback income effect (y), money supply (ms), and public expenditure (PE). In this case, the expected signs are also positives.

For women entrepreneurship, we use the Total Entrepreneurship Activity, TEA, index created by Global Entrepreneurship Monitor (GEM). Every year, GEM carries on a research programme that estimates the national entrepreneurial activity in each country that participates in the survey, estimating the TEA index. The source of the remaining variables is the World Bank and the method of estimation used is Ordinary Least Squares applied to panel models.

We first estimate 3.1 and report the results in Table 3.1. As mentioned before, this model includes the relationship between women entrepreneurship and economic growth after accounting for other traditional economic growth-enhancing factors.

As can be seen, all coefficients carry their expected positive signs and they are all significant, except the variable representing the women entrepreneurship. This could be due to treating this variable as exogenous. Thus, the next step is to consider the possibility that women entrepreneurship activity could be endogenous. To this end,

Table 3.1 Results of GDP equation

| Dependent variable is in Y | Coefficient | Standard error | T-Ratio [prob.] |
|------------------------------|-------------|----------------------------|-----------------|
| Constant | 1.8990 | 0.18977 | 10.0071 [0.000] |
| $\ln \hat{\phi}$ | 0.054918 | 0.040554 | 1.3542 [0.182] |
| $\ln I$ | 0.94326 | 0.019649 | 48.0058 [0.000] |
| $\ln KHU$ | 0.036418 | 0.017886 | 2.0361 [0.047] |
| R -squared | 0.98826 | R -bar-squared | 0.98757 |
| S.E. of regression | 0.14316 | F -stat. $F(3, 51)$ | 1431.4 [0.000] |
| Mean of dependent variable | 13.9182 | S.D. of dependent variable | 1.2842 |
| Residual sum of squares | 1.0452 | Equation log-likelihood | 30.9435 |
| Akaike info. criterion | 26.9435 | Schwarz Bayesian Criterion | 22.9289 |
| DW-statistic | 0.53813 | | |

Source: World Bank and Global Entrepreneurship Monitor (GEM)

Table 3.2 Results of GDP equation with $\hat{\phi}$ (endogenized to y)

| Dependent variable is $\ln Y$ | Coefficient | Standard error | T-Ratio [prob.] |
|-------------------------------|-------------|----------------------------|-----------------|
| Constant | 2.1557 | 0.20303 | 10.6179 [0.000] |
| $\ln(\hat{\phi})$ | 0.52097 | 0.18501 | 2.8159 [0.007] |
| $\ln I$ | 0.87921 | 0.031612 | 27.8124 [0.000] |
| $\ln KHU$ | 0.037480 | 0.016501 | 2.2714 [0.027] |
| R -squared | 0.98948 | R -bar-squared | 0.98886 |
| S.E. of regression | 0.13555 | F -stat. $F(3, 51)$ | 1598.5 [0.000] |
| Mean of dependent variable | 13.9182 | S.D. of dependent variable | 1.2842 |
| Residual sum of squares | 0.93712 | Equation log-likelihood | 33.9460 |
| Akaike info. criterion | 29.9460 | Schwarz Bayesian Criterion | 25.9314 |
| DW-statistic | 0.39414 | | |

Source: World Bank and Global Entrepreneurship Monitor (GEM)

we use Instrumental Variable Technique to endogenize ϕ . This amounts to estimating 3.2 and using the fitted value of the dependent variable in 3.1. The results are showed in Table 3.2.

It is now clear from the results that all variables do carry their expected positive signs and they are all highly significant. Specifically, $\hat{\phi}$, which denotes women entrepreneurship endogenized to y , is also significant.

It should be indicated that the results from the first stage of Two-State-Least-Squares revealed that all determinants of women entrepreneurship carried their expected positive signs, implying that improvement of infrastructures (PE) and a higher money supply (MS) would have positive impact on women entrepreneurship decisions and thus, indirectly on economic growth and economic condition (y).

However, there are some other related issues that need to be addressed. First, higher public expenditure must be financed by debt and/or by taxes. Both possibilities would have negative effects on women entrepreneurship decisions

because it may result in higher interest rates, which, in turn, could have influence on investment decisions. Tax hikes would reduce the disposable income that could reduce the consumption, leading to decline in the entrepreneurs' motives to invest.

Second, a higher money supply would increase prices, reducing the competitiveness of the economy and the women entrepreneurs would have more problems to sell their products in the national and foreign markets, except the case that those products have an important advantage, i.e. technological

3.5 Policy Recommendations

Taking into account the previous analysis, several policy recommendations can be considered to promote women entrepreneurship and enhance social climate through the following actions.

- To analyze the situation of the women entrepreneurship and try to understand and meet their needs (OECD 2004): In this case, the public expenditure could be directed towards creating a body that could provide information, advice, courses or seminars on issues related to their performance, information on obtaining financial resources, micro-credit, etc.
- Implementation of measures to reconcile business activity with the family responsibilities: It means that it is not only necessary to create or to provide childcare subsidies for the care and education of children, but also to develop an education policy.
- To promote women entrepreneurs networks because it is an efficient way to transfer knowledge and information about the ways in which some problems have been solved, how to deal with certain circumstances, etc.
- Trying to emphasize the qualities that women have in carrying out their entrepreneurial activity.

Secondly, it is important to carry out actions aimed at providing the resources that women entrepreneurship need.

- Create a special line of funding for such activities.
- Promote the provision of micro-credit, which has been successful in many countries.
- Altering the tax levied on this type of activity, reducing their tax burden.
- From the tax policy point of view, it would also be desirable to reduce the taxation of informal finance that is channelled to women entrepreneurial activity. In particular, we are referring to resources that give business angels, i.e. relatives, friends, etc.. In many cases, these resources can be an important and effective source of finance, especially in times which there is an important lack of liquidity in the system and in the case of small businesses.

- As it is shown in Table 3.2, a non-restrictive monetary policy would have also positive effects, taking care about the possible inflationary effects due to this kind of policy.

Thirdly, it is advisable to carry out researches and studies concerning the situation of women entrepreneurship, which would be useful and effective when policy makers are implementing appropriate measures to encourage women to start new businesses.

Finally, it should be added that it would also be important to incorporate another set of measures that we have left aside, since they are common for both men and women entrepreneurship. The main actions to be considered are:

- Reduction of bureaucratic requirements, that is to facilitate business creation.
- Tax incentives for business creation and reinvestment of profits.
- To promote and create R&D and innovation policies.
- To introduce measures to improve training and education.
- To facilitate the access to new markets, giving information about the possibilities of access to these markets and creating the adequate infrastructures of information and transport, reducing the costs of mobility of persons and products.

3.6 Conclusions

In previous sections, we have discussed the women entrepreneurship characteristics, showing some differences in their situation in comparison with men. On the other hand, we have also showed that their activity has positive effects on economic growth and the empirical analysis confirm this statement.

The empirical analysis also shows that fiscal and monetary policies would promote women entrepreneurship activity as well as an improvement of economic situation. However, it is necessary to take into account the negative indirect effects of those policies on economic growth due to the crowding-out effect due to the high interest rates the country must pay for the increase of public debt and to the future higher taxes. An increase of the money supply would create an inflationary process that would have negative effects on the competitiveness of the country.

Therefore, it is necessary to consider the economic growth that is generated through them and if the resources that are achieved through this enough to prevent negative effects just described. In Sect. 3.5, complementary measures to these policies are also exposed.

Finally, it is also necessary to take into account that the analysis done so far is not conclusive, being necessary to gradually introduce new variables as they are getting more statistical information, and then add the years for which we have data on entrepreneurial activity.

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Chapter 4

Women, Research, and Entrepreneurship

Sahar Bahmani, Francisco Escribano Sotos, and Isabel Pardo García

4.1 Introduction

The role of women in research and in the creation of new businesses has been scarcely analyzed in the specialized literature. Women in both the sciences and business started to receive increased attention in the 1980s. This interest is attributable to the growing importance of women in all social settings. The evolution of society over the twentieth century has laid the foundations for considerable advances. Women have entered the labor market and their presence and participation in both public and private settings have increased. Women are gaining positions on university staffs and have earned more political and economic power (Table 4.1).

Nevertheless, inequalities persist despite the growing presence of women in science, education, research, and business in every setting. As can be seen in Table 4.2, women outnumber men in the population in every country, except China, India, Egypt, and Turkey. However, women are visible in notably smaller numbers than men in the workplace and in public and/or business life.

These data show that the hypothetical development of countries could be greater because they have yet to fully develop the capacity of women, more than half of the population. Given that the most important determinant of a country's competitiveness is human talent (Hausmann et al. 2010), the exclusion of women from public life is holding back the development of countries. The United Nations Programme prepares the Human Development Index as well as a gender inequality index,

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Table 4.1 Women legislators, senior officials, and managers (%)

| | |
|--------------------|----|
| Argentina | 23 |
| Australia | 37 |
| Austria | 28 |
| Belgium | 33 |
| Brazil | 36 |
| Bulgaria | 32 |
| Canada | 36 |
| Chile | 33 |
| China | 17 |
| Croatia | 27 |
| The Czech Republic | 28 |
| Denmark | 24 |
| Egypt | 11 |
| Estonia | 36 |
| Finland | 30 |
| France | 39 |
| Germany | 38 |
| Greece | 28 |
| Hungary | 36 |
| Ireland | 32 |
| Israel | 32 |
| Italy | 33 |
| Latvia | 41 |
| Lithuania | 40 |
| Malta | 17 |
| Mexico | 31 |
| Morocco | 13 |
| The Netherlands | 27 |
| New Zealand | 40 |
| Norway | 31 |
| Poland | 36 |
| Portugal | 31 |
| Romania | 29 |
| Russian Federation | 37 |
| Serbia | 36 |
| Spain | 32 |
| Sweden | 32 |
| Turkey | 10 |
| The UK | 35 |
| The USA | 43 |

Source: Prepared by the authors from data of the United Nations

Table 4.2 Number of inhabitants sex ratio and percentage of women in the adult workforce

| Country | Total | Women | Men | Women/ 100 men | % Women in the adult workforce |
|--------------------|-------------|-----------|-----------|-------------------|-----------------------------------|
| Argentina | 40,665.7 | 20,719.2 | 19,946.6 | 104 | 42 |
| Australia | 21,511.9 | 10,816.9 | 10,695.0 | 101 | 45 |
| Austria | 8,387.5 | 4,294.4 | 4,093.1 | 105 | 46 |
| Belgium | 10,697.6 | 5,457.8 | 5,239.8 | 104 | 45 |
| Brazil | 195,423.3 | 99,224.3 | 96,198.9 | 103 | 44 |
| Bulgaria | 7,497.3 | 3,875.1 | 3,622.2 | 107 | 46 |
| Canada | 33,889.7 | 17,103.0 | 16,786.8 | 102 | 47 |
| Chile | 17,134.7 | 8,660.8 | 8,473.9 | 102 | 37 |
| China | 1,354,146.4 | 651,303.8 | 702,842.6 | 93 | 45 |
| Croatia | 4,409.7 | 2,284.6 | 2,125.0 | 108 | 46 |
| The Czech Republic | 10,410.8 | 5,295.6 | 5,115.1 | 104 | 43 |
| Denmark | 5,481.3 | 2,763.0 | 2,718.3 | 102 | 47 |
| Egypt | 84,474.4 | 41,997.9 | 42,476.5 | 99 | 23 |
| Estonia | 1,339.5 | 721.6 | 617.8 | 117 | 49 |
| Finland | 5,345.8 | 2,724.9 | 2,620.9 | 104 | 48 |
| France | 62,636.6 | 32,175.2 | 30,461.3 | 106 | 47 |
| Germany | 82,056.8 | 41,801.4 | 40,255.3 | 104 | 46 |
| Greece | 11,183.4 | 5,638.2 | 5,545.2 | 102 | 40 |
| Hungary | 9,973.1 | 5,238.9 | 4,734.3 | 111 | 45 |
| India | 1,214,464.3 | 587,265.9 | 627,198.4 | 94 | 28 |
| Ireland | 4,589.0 | 2,290.4 | 2,298.6 | 100 | 43 |
| Israel | 7,285.0 | 3,670.4 | 3,614.6 | 102 | 46 |
| Italy | 60,097.6 | 30,846.0 | 29,251.6 | 105 | 41 |
| Japan | 126,995.4 | 65,161.4 | 61,834.0 | 105 | 42 |
| Latvia | 2,240.3 | 1,207.1 | 1,033.1 | 117 | 48 |
| Lithuania | 3,255.3 | 1,730.6 | 1,524.8 | 113 | 49 |
| Luxembourg | 491.8 | 247.7 | 244.1 | 101 | 44 |
| Malta | 410.0 | 205.7 | 204.3 | 101 | 32 |
| Mexico | 110,645.2 | 56,178.7 | 54,466.4 | 103 | 36 |
| Morocco | 32,381.3 | 16,484.1 | 15,897.2 | 104 | 26 |
| The Netherlands | 16,653.3 | 8,394.4 | 8,258.9 | 102 | 46 |
| New Zealand | 4,303.5 | 2,177.0 | 2,126.4 | 102 | 46 |
| Norway | 4,855.3 | 2,440.2 | 2,415.1 | 101 | 48 |
| Poland | 38,038.1 | 19,700.1 | 18,337.9 | 107 | 45 |
| Portugal | 10,732.4 | 5,534.9 | 5,197.4 | 106 | 47 |
| Romania | 21,190.2 | 10,893.5 | 10,296.7 | 106 | 45 |
| Russian Federation | 140,366.6 | 75,546.7 | 64,819.9 | 117 | 50 |
| Serbia | 9,855.9 | 4,978.7 | 4,877.1 | 102 | 43 |
| Spain | 45,316.6 | 22,956.4 | 22,360.2 | 103 | 43 |
| Sweden | 9,293.0 | 4,679.5 | 4,613.6 | 101 | 47 |
| Turkey | 75,705.1 | 37,688.7 | 38,016.4 | 99 | 26 |
| The UK | 61,899.3 | 31,511.6 | 30,387.7 | 104 | 46 |
| The USA | 317,641.1 | 160,846.7 | 156,794.4 | 103 | 46 |

Source: Prepared by the authors from data of the United Nations

designed to show how much national human development achievements are impacted by gender inequality and the losses incurred as a result. Along the same line, the World Economic Forum prepares the Global Gender Gap Report and has pointed out that the reduction of differences between men and women not only is a question of human rights and fairness, but also of efficiency. In many areas, links between gender equality and productivity, and growth and development can be demonstrated, such as girls' education, women's participation in the workforce, or women and leadership.¹ The degree of development that societies can attain depends significantly on whether and how it educates and utilizes the talents of women (Hausmann et al. 2010).

Therefore, if there is an evident correlation between development and equal opportunity for men and women, it is in the interest of society to develop actions to guarantee a rational framework for the relations between men and women. Since the 1990s, perhaps for this reason, there has been an increase in government actions to favor equality between men and women and studies are being made to analyze the participation and presence of women in institutional and business settings.²

The aim of this paper is not to review the actions being implemented to achieve more integration and equality of women in society, but to discuss the situation of women as researchers and entrepreneurs. These questions are not approached here from the point of view of gender, nor was an exhaustive analysis made of women in science and business. This article, instead, presents some of the most relevant findings in relation to both fields.

Given the scant participation of women in social and economic settings over the centuries, our analysis was restricted to the early twenty-first century. The contributions of women to scientific research before the twenty-first century were small or little recognized.³ Nevertheless, it is understood that in order to better comprehend the most relevant events now occurring at the beginning of the twenty-first century, it is instructive to understand some of the questions relative to scientific research by women in earlier centuries. For that reason, in the next section, some of the initial efforts of women in science are described before presenting some of the most relevant characteristics of women in research. The role of women as entrepreneurs is analyzed in the third section. One of the options for women who come up against a wall when trying to enter the workplace is to create one's own business. The chapter closes with some of the main conclusions regarding the role of women in research and business.

¹ A review of studies that have confirmed that reduced inequality improves productivity and economic growth can be found in Hausmann et al. (2010).

² Baker et al. (1997); Escobar Mercado et al. (2005); Lahn et al. (2007); Castaño et al. (2009).

³ For the specific case of women and research in economics, please see Escribano and Pardo (2010).

4.2 Women in Research

4.2.1 *Early Achievements*

The role of women in society and the difficulties they encountered in scientific endeavor in nineteenth and early twentieth centuries is mirrored by Maria de Maeztu's statement in 1921⁴.

... the feminist movement has received support and sympathy from the most intelligent of men ... but we do not know what will happen when the number of women is large enough to be taken into account seriously and rivalry increases.

At the beginning of the twentieth century, women started to enter university classrooms and began to show an interest in science. In Spain, more women entered schools of science than other disciplines, a clear sign of their interest in the sciences that undermines the idea that women are more associated with liberal arts studies (Magallón 1998). In fact, at the beginning of the twentieth century, Marie Curie was awarded the Nobel Prize for Physics and Chemistry.

However, despite the recognition that some female scientists have earned, at the beginning of the twentieth century, women still encountered difficulties in becoming fully integrated in the scientific system in both the USA and Europe. In general, the presence of women is very small and almost a century passed before any advance was consolidated. Two points are relevant to explaining the absence of women or the apparent dominance of men in research (Ferrero Muñoz, 2007). Firstly, science, despite its cooperative nature, is miserly with recognition and only singles out the last contribution. Secondly, women have a secondary role in the public arena and tend to be confined to the private setting. In this sense, the women who did research in the societies of the nineteenth and early twentieth centuries share some common characteristics that merit examination. In general, the rules of the game in society consigned women to a secondary role at a time that access to secondary school and universities was blocked.⁵ However, the context of economic and social development and industrial progress created favorable conditions for some women to claim the same rights as men. Perhaps for that reason, there were some relatively common characteristics among women who achieved recognition in the sciences. Women who excelled came from an economic and social background, where there was concern for education and an opportunity to obtain a full education. Although differences existed in the education of men and women, both sexes were instructed in common matters and languages. Finally, in most cases, the partners that these women accepted in marriage enjoyed a comfortable economic position that allowed the women to run their households and maintain the status

⁴ Cited by Cabezedo (1999).

⁵ In point of fact, in some countries of the European Union, women were prohibited from studying certain scientific disciplines (ETAN 2000).

quo. They were women whose economic and social position allowed them the freedom to cultivate their academic interests. In general, when women entered the scientific community, it was at the lowest ranks, revealing the discrimination to which they were subjected. Helen Hayes, professor of mathematics at Wellesley College, has noted that, in addition to education and socialization, it is necessary to consider the discriminatory practices of scientists and educational institutions with regard to employing women: “Women are encouraged to become experts in washing bottles, adding logarithms and dusting specimens In fact there are serious doubts about whether we would have thousands of men of science if all ambitious and talented young people had to face the barriers that women face today . . .” (Pérez Sedeño 2004).

4.2.2 *The Twenty-First Century*

In the three last decades of the twentieth century, a considerable change in the participation of women in every area of public life took place. As the twentieth century advanced, access of women to the educational system ceased to be exceptional. The participation of women in the educational system is considerable throughout the world and they have attained more weight in the university system, as can be observed in Table 4.3. Nevertheless, the fact that advances have been made does not mean that gender differences have disappeared. Women enter the university on an equal footing, but later they have difficulties in finding employment commensurate with their level of qualification. For example, a comparison of Tables 4.3 and 4.4 reveals that the majority of students in the university are women. However, in the ranks of university staff, they are present as lecturers, but disproportionately less well-represented than in the primary and secondary schools.

In addition, although women make up the majority of the students in universities and are enrolled in postgraduate studies in similar numbers as men, except in areas like engineering, they encounter more difficulties in finding employment as scientists. In every country, regardless of culture, the proportion of women in science is low. Women are half of the student body, but somehow they are lost for science. The “scissors effect” is a characterization of how the human capital associated with women is lost between the time that they start their studies and the time they enter the workplace. A much smaller percentage of women than men are dedicated to scientific research in every setting and discipline other than health-related fields, as can be seen in Table 4.5.⁶

⁶The European Commission (2000) notes that the method of preparation of the statistics is an important question because the inclusion of nursing, a profession with a high percentage of women, in the “health-related sciences” may explain in part why, of all the sciences, women are more likely to be found in the medical sciences than in other branches.

Table 4.3 Enrollment of women in primary, secondary, and tertiary education (%)

| Country | Primary | Secondary | Tertiary |
|----------------------------------------------------------|---------|-----------|----------|
| Argentina | 49 | 52 | 60 |
| Australia | 49 | 47 | 55 |
| Austria | 48 | 48 | 53 |
| Belgium | 49 | 48 | 55 |
| Brazil | 47 | 52 | 56 |
| Bulgaria | 49 | 48 | 55 |
| Canada | 49 | 48 | 56 |
| Chile | 48 | 50 | 50 |
| China | 46 | 48 | 49 |
| Croatia | 49 | 50 | 55 |
| The Czech Republic | 48 | 49 | 55 |
| Denmark | 49 | 49 | 58 |
| Egypt | 48 | 47 | 43 |
| Estonia | 48 | 49 | 62 |
| Finland | 49 | 50 | 54 |
| France | 48 | 49 | 55 |
| Germany | 49 | 48 | |
| Greece | 49 | 47 | 50 |
| Hungary | 48 | 48 | 58 |
| India | 47 | 45 | 39 |
| Ireland | 49 | 50 | 54 |
| Israel | 49 | 49 | 56 |
| Italy | 48 | 48 | 57 |
| Japan | 49 | 49 | 46 |
| Latvia | 48 | 50 | 64 |
| Lithuania | 48 | 49 | 60 |
| Luxembourg | 49 | 50 | 52 |
| Malta | 49 | 48 | 58 |
| Mexico | 49 | 51 | 50 |
| Morocco | 47 | 46 | 47 |
| The Netherlands | 48 | 48 | 52 |
| New Zealand | 49 | 50 | 58 |
| Norway | 49 | 48 | 61 |
| Poland | 48 | 49 | 58 |
| Portugal | 47 | 50 | 54 |
| Romania | 48 | 49 | 56 |
| Russian Federation | 49 | 48 | 57 |
| Serbia | 49 | 49 | 55 |
| Spain | 48 | 50 | 54 |
| Sweden | 49 | 49 | 60 |
| Turkey | 48 | 46 | 43 |
| The United Kingdom of Great Britain and Northern Ireland | 49 | 49 | 57 |
| The USA | 49 | 49 | 57 |

Source: Prepared by the authors from data of the United Nations

Table 4.4 Female teaching staff (%)

| Country | Primary education | Secondary education | Tertiary education |
|----------------------------------------------------------------|-------------------|---------------------|--------------------|
| Argentina | 87 | 69 | 52 |
| Austria | 89 | 62 | 32 |
| Belgium | 80 | 57 | 42 |
| Brazil | 91 | 68 | 44 |
| Bulgaria | 93 | 79 | 47 |
| Canada | 68 | 68 | 41 |
| Chile | 78 | 63 | 39 |
| China | 56 | 45 | 43 |
| Croatia | 91 | 69 | 42 |
| The Czech Republic | 98 | 66 | 38 |
| Denmark | 64 | 48 | – |
| Egypt | 56 | 42 | – |
| Estonia | 94 | 78 | 48 |
| Finland | 78 | 64 | 51 |
| France | 82 | 59 | 39 |
| Germany | 85 | 58 | 37 |
| Greece | 65 | 58 | 35 |
| Hungary | 96 | 71 | 38 |
| India | 44 | 34 | 40 |
| Ireland | 84 | 62 | 38 |
| Israel | 84 | 71 | – |
| Italy | 95 | 67 | 35 |
| Japan | 65 | 31 | 18 |
| Latvia | 93 | 81 | 57 |
| Lithuania | 97 | 82 | 55 |
| Luxembourg | 72 | 48 | – |
| Malta | 88 | 61 | 30 |
| Mexico | 66 | 48 | – |
| Morocco | 51 | 33 | 17 |
| The Netherlands | – | 47 | 38 |
| New Zealand | 84 | 62 | 50 |
| Norway | – | – | 41 |
| Poland | 84 | 70 | 43 |
| Portugal | 80 | 69 | 43 |
| Romania | 86 | 67 | 43 |
| Russian Federation | 98 | 81 | 55 |
| Serbia | 84 | 64 | 45 |
| Spain | 75 | 55 | 38 |
| Sweden | 81 | 59 | 44 |
| Turkey | – | – | 40 |
| The United Kingdom of Great Britain and Northern Ireland | 81 | 62 | 42 |
| The USA | 86 | 60 | 46 |

Source: Prepared by the authors from data of the United Nations

Table 4.5 Employed doctoral scientists and engineers, by sector of employment, broad field of doctorate, and sex: 2006

| Employment sector and field | Men | Women |
|-----------------------------------------------------------|------|-------|
| All sectors | 70.6 | 29.4 |
| Science | 68.0 | 32.0 |
| Biological, agricultural, and environmental life sciences | 67.1 | 32.9 |
| Computer and information sciences | 82.8 | 17.2 |
| Mathematics and statistics | 82.5 | 17.5 |
| Physical sciences | 83.5 | 16.5 |
| Psychology | 48.0 | 52.0 |
| Social sciences | 64.3 | 35.7 |
| Engineering | 90.2 | 9.8 |
| Health | 39.5 | 60.5 |
| 4-year educational institutions | 67.4 | 32.6 |
| Science | 66.7 | 33.3 |
| Biological, agricultural, and environmental life sciences | 65.9 | 34.1 |
| Computer and information sciences | 78.3 | 21.7 |
| Mathematics and statistics | 81.0 | 19.0 |
| Physical sciences | 82.0 | 18.0 |
| Psychology | 46.1 | 53.9 |
| Social sciences | 64.3 | 35.7 |
| Engineering | 87.9 | 12.1 |
| Health | 35.2 | 64.8 |
| Other educational institutions | 57.0 | 43.0 |
| Science | 56.5 | 43.5 |
| Biological, agricultural, and environmental life sciences | 57.3 | 42.7 |
| Computer and information sciences | 93.6 | S |
| Mathematics and statistics | 80.2 | 19.8 |
| Physical sciences | 75.3 | 24.7 |
| Psychology | 40.1 | 59.9 |
| Social sciences | 55.5 | 44.5 |
| Engineering | 88.0 | 12.0 |
| Health | 24.8 | 75.2 |
| Private for-profit | 80.6 | 19.4 |
| Science | 76.4 | 23.6 |
| Biological, agricultural, and environmental life sciences | 71.3 | 28.7 |
| Computer and information sciences | 87.4 | 12.6 |
| Mathematics and statistics | 86.5 | 13.5 |
| Physical sciences | 84.8 | 15.2 |
| Psychology | 57.5 | 42.5 |
| Social sciences | 75.5 | 24.5 |
| Engineering | 91.9 | 8.1 |
| Health | 56.4 | 43.6 |
| Private nonprofit | 61.9 | 38.1 |
| Science | 61.2 | 38.8 |
| Biological, agricultural, and environmental life sciences | 62.6 | 37.4 |
| Computer and information sciences | 65.0 | 35.0 |
| Mathematics and statistics | 74.8 | 25.2 |

(continued)

Table 4.5 (continued)

| Employment sector and field | Men | Women |
|-----------------------------------------------------------|------|-------|
| Physical sciences | 84.3 | 15.7 |
| Psychology | 48.7 | 51.3 |
| Social sciences | 45.5 | 54.5 |
| Engineering | 87.1 | 12.9 |
| Health | 30.3 | 69.7 |
| Federal government | 71.4 | 28.6 |
| Science | 70.1 | 29.9 |
| Biological, agricultural, and environmental life sciences | 68.0 | 32.0 |
| Computer and information sciences | 82.5 | S |
| Mathematics and statistics | 84.4 | 15.6 |
| Physical sciences | 84.5 | 15.5 |
| Psychology | 54.5 | 45.5 |
| Social sciences | 61.7 | 38.3 |
| Engineering | 88.0 | 12.0 |
| Health | 43.1 | 56.9 |
| State and local government | 68.8 | 31.2 |
| Science | 68.4 | 31.6 |
| Biological, agricultural, and environmental life sciences | 69.9 | 30.1 |
| Computer and information sciences | 92.9 | S |
| Mathematics and statistics | 98.9 | S |
| Physical sciences | 86.9 | 13.1 |
| Psychology | 55.2 | 44.8 |
| Social sciences | 60.9 | 39.1 |
| Engineering | 79.2 | 20.8 |
| Health | 37.8 | 62.2 |
| Self-employed | 59.6 | 40.4 |
| Science | 55.2 | 44.8 |
| Biological, agricultural, and environmental life sciences | 68.7 | 31.3 |
| Computer and information sciences | 91.0 | S |
| Mathematics and statistics | 80.4 | 19.6 |
| Physical sciences | 84.6 | 15.4 |
| Psychology | 41.5 | 58.5 |
| Social sciences | 66.5 | 33.5 |
| Engineering | 95.0 | 5.0 |
| Health | 49.9 | 50.1 |
| Other | 73.1 | 26.9 |
| Science | 72.4 | 27.6 |
| Biological, agricultural, and environmental life sciences | S | 72.9 |
| Computer and information sciences | S | S |
| Mathematics and statistics | S | S |
| Physical sciences | 88.4 | S |
| Psychology | S | 100.0 |
| Social sciences | 81.7 | 18.3 |
| Engineering | 92.0 | S |
| Health | S | S |

Source: National Science Foundation/Division of Science Resources Statistics, Survey of Doctorate Recipients: 2006

The discrimination against women is of several types. Despite the fact that almost all countries stipulate that men and women should be accorded equal treatment, women continue to be an object of both horizontal and vertical segregation (European Commission 2000). Horizontal segregation against women is evident in fields, where they are a majority, such as health care, psychology, and social sciences. For instance, women doctors tend to be better represented in public than in private health care services. In the educational system, women are less well-represented in the university and in the private sector, and better represented in nonprofit institutions. Vertical discrimination is evident in the fact that although women have increased their presence in undergraduate and postgraduate university studies, they are represented by only a small percentage of the educational staff and university research.

This divergence in the scientific careers of men and women cannot be attributed to the presence of fewer women at entry levels; men and women are present in similar proportions and the number of women in scientific disciplines has advanced considerably in recent years. However, the tendency in postgraduate studies and professional practice is still unfavorable. This loss of human capital for scientific and professional careers is attributed to the “leaky pipeline” effect.

It is not easy to explain why this phenomenon persists. The most immediate explanations fall in the realm of well-worn clichés. Studies with qualitative factors, such as those of Pérez Sedeño (2004), Martín Lou (2002), or Fernández Vargas (2002), indicate that women do not characterize their situation as strictly a gender problem. When women receive recognition, they believe that they are being recognized for their own merits; if not recognized, they feel that they have not accumulated sufficient merits. They sometimes let it slip that they are affected by gender-related problems, notably the effort that conciliating work and family life requires. This opinion quickly leads one to think that it is indeed women’s role in the family that cuts short their scientific careers, resulting in a “scissors effect.” Consequently, there are more women in the lower ranks and in undergraduate and graduate university programs, but the percentage changes at the level of doctorate holders. In order to find out whether married women with children are less productive, it would be necessary to compare them to men in the same circumstances. The studies of Pérez Sedeño (1996) and Davis and Astin (1990) indicate that women with partners and children are more productive than women without these family obligations. This finding necessarily obliges us to dig deeper to find explanations different from those of women opting for family over more highly qualified jobs.

In this line of enquiry, the study of the Swedish Medical Research Council (Wenneras and Wold 1997) compares the scores of men and women doctors who requested financing. Women obtained a lower score than men, meaning that women had to be 2.6 times more productive than men to obtain financing. The system for the selection of university professors in Spain and other European and American countries has less to do with merit than with influence (Alcala 2006). Consequently, the presence of disproportionately fewer women in scientific endeavor at the beginning of the twenty-first century cannot be attributed exclusively to the historical evolution of science in general, an enterprise that women have entered relatively

late, nor to the notion that women prefer to dedicate their efforts to family. Sometimes, the procedures for securing employment or advancement in public and private institutions are not based on equality or the promotion of excellence, but on recommendations or networks of friends. Even when the selection process is by peer evaluation, a system that is considered objective and fair, cases of sexism and nepotism have been identified that bring into question claims that such systems generally function properly (ETAN 2000).

4.3 Women and Entrepreneurship

Entrepreneurship, like academic activity, exhibits a positive relation with economic growth and the creation of employment. The reports of the *Global Entrepreneurship Monitor* program⁷ (hereinafter referred to as GEM) show that a positive relation exists between the level of entrepreneurial activity and the growth and development of the respective countries. Since women also exercise entrepreneurial activities, the GEM report analyzes entrepreneurship by gender in each country and in the international context.

This analysis is relevant in the measure that the attention of economic literature has only recently been focused on female entrepreneurs and is still little developed in academic terms. Greene et al. (2003) indicate that, despite the increase in the number of publications on the women entrepreneurs starting in the 1990s, the articles dedicated to women's entrepreneurship continue to be scarce and it is considered an area of research in which theoretical and empirical discoveries can still be made (Carter 2000). In the review by Diaz (2007) on the topic, the author points out the diversity of the main topics analyzed: the motivations and characteristics of women entrepreneurs, whether women have different management strategies and styles, their problems of access to bank financing or whether company results vary in relation to gender.

What is certain is that over the course of the twentieth century women have joined the work market and have become integrated in the public and private social settings, but there are ostensible differences with regard to men. These differences also occur in the field of entrepreneurial activity and research. In general, the tendencies are very similar. In the last decades of the twentieth century, the percentage of entrepreneurial women increased considerably in both developed and developing countries. Some authors suggest that one reason why women decide

⁷The GEM project started in 1999 and is a joint initiative of Babson College and the London Business School. Its aim is to evaluate the international evolution of entrepreneurial activity. The total entrepreneurial activity index is defined as the number of new entrepreneurs that in the last year have started up new businesses. It also includes business owners or managers of active businesses with less than 42 years of operation, expressed as the percentage of the population of working age (18–64 years).

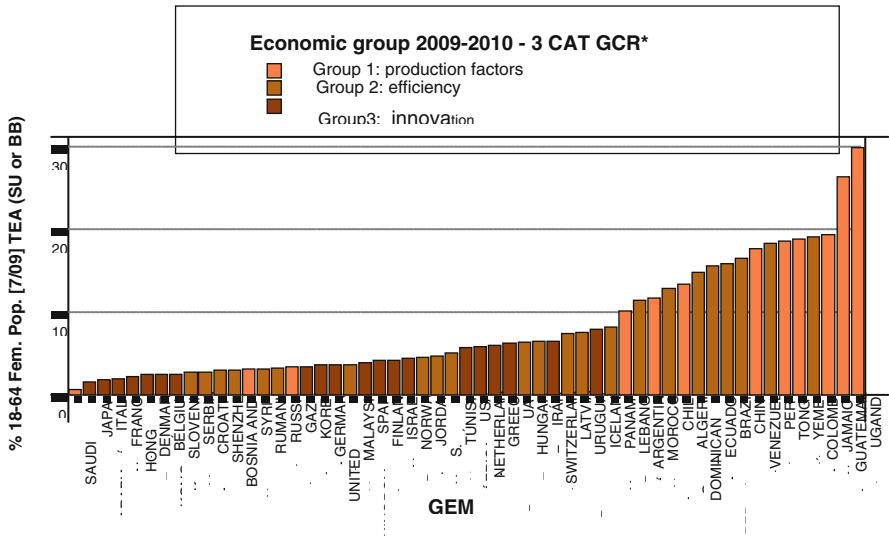


Fig. 4.1 The total entrepreneurial activity index of women by countries (GEM 2009)

on self-employment and creating their own companies is to avoid the inequalities of the work market (Goffee and Scase 1990; Marlow 1997, 2002). However, this does not mean that the percentage of entrepreneurial women is higher. In fact, the initiatives of women are not always more numerous nor do men and women obey significantly different reasons when creating a company (Rosa and Dawson 2006). In general, although it is recognized that women play an important role in entrepreneurial activity and in the growth of countries (Minniti et al. 2005), there are still more men than women entrepreneurs (Gupta et al. 2009).

The study by Ruiz et al. (2010) synthesizes some characteristics of the entrepreneurial activity of women in 2009 from an international perspective. The entrepreneurial activity index in women by countries is shown in Fig. 4.1. In less-developed countries that do not raise cultural or social impediments to women who wish to develop entrepreneurial activities, the participation of women is very high. This finding is attributed to that scarcity of employment opportunities in both the public and the private sector in these countries. Faced with greater difficulties in obtaining work, women choose self-employment. In contrast, in more developed countries, women entrepreneurs are only a majority in countries where they enjoy more equality.

Competitiveness Report records the degree of economic development and competitiveness. Group 1 are the factor-driven countries that compete on the basis of production and countries in transition toward second-stage economic complexity; Group 2 countries are efficiency driven countries and countries in transition toward third-stage complexity, and, finally, Group 3 countries are characterized by innovation-driven economic development. Source: Ruiz et al. 2010.

It is interesting to analyze the economic sectors in which women develop their entrepreneurial activity and the employment generated by businesses, where

Table 4.6 Percentage of entrepreneurial initiatives in the start-up phase out of the total number of initiatives of men and women, in relation to the primary sector of activity, in developed countries that have participated in the GEM 2009 observatory

| Country | TEA primary sector (%) | | TEA industry (%) | | TEA services (%) | | TEA retail (%) | |
|-----------------|------------------------|------|------------------|-------|------------------|-------|----------------|-------|
| | M | W | M | W | M | W | M | W |
| Germany | 1.5 | 4.7 | 15.8 | 10.3 | 40.6 | 29.9 | 42.1 | 55.1 |
| Belgium | 3.5 | 8.2 | 22.4 | 18.4 | 43.5 | 30.6 | 30.6 | 42.9 |
| Denmark | 8.7 | 17.4 | 19.6 | 0.0 | 45.7 | 34.8 | 26.1 | 47.8 |
| The USA | 5.9 | 3.1 | 24.7 | 23.5 | 32.4 | 22.4 | 37.1 | 51.0 |
| U.A. Emirates | 1.3 | 0.0 | 31.9 | 28.1 | 14.4 | 15.6 | 52.4 | 56.3 |
| Slovenia | 1.6 | 2.8 | 33.3 | 16.7 | 24.6 | 30.6 | 40.5 | 50.0 |
| Spain | 6.9 | 2.2 | 32.2 | 15.8 | 14.7 | 11.4 | 46.2 | 70.7 |
| Finland | 12.9 | 14.6 | 41.9 | 2.4 | 21.0 | 9.8 | 24.2 | 73.2 |
| France | 3.8 | 18.8 | 15.1 | 6.3 | 37.7 | 18.8 | 43.4 | 56.3 |
| Greece | 1.4 | 2.1 | 43.1 | 27.7 | 9.7 | 23.4 | 45.8 | 46.8 |
| Hong Kong | 0.0 | 0.0 | 15.8 | 10.3 | 15.4 | 10.7 | 68.9 | 78.9 |
| Iceland | 5.6 | 11.9 | 39.5 | 31.3 | 21.0 | 16.4 | 33.9 | 40.3 |
| Israel | 1.4 | 0.0 | 20.3 | 34.2 | 30.4 | 18.4 | 47.8 | 47.4 |
| Italy | 2.4 | 3.7 | 35.4 | 11.1 | 17.1 | 14.8 | 45.1 | 70.4 |
| Japan | 2.5 | 0.0 | 25.0 | 18.2 | 17.5 | 9.1 | 55.0 | 72.7 |
| Norway | 10.1 | 5.4 | 25.3 | 5.4 | 28.3 | 24.3 | 36.4 | 64.9 |
| The Netherlands | 33.3 | 0.0 | 0.0 | 0.0 | 33.3 | 0.0 | 33.3 | 100.0 |
| R. of Korea | 4.9 | 8.8 | 24.3 | 5.9 | 16.5 | 2.9 | 54.4 | 82.4 |
| The UK | 1.3 | 1.9 | 34.4 | 24.3 | 12.5 | 4.9 | 51.9 | 68.9 |
| Switzerland | 2.9 | 4.2 | 22.1 | 12.5 | 50.0 | 18.8 | 25.0 | 64.6 |
| Mean | 5.60 | 5.49 | 26.11 | 15.12 | 26.32 | 17.38 | 42.01 | 62.03 |

Source: Ruiz et al. 2010

women are active. As for as the economic sectors in which the women develop their activities, the findings of several studies coincide (Ruiz et al. 2010; Lahn et al. 2007; Casteigts 2007; Escobar Mercado et al. 2005). In 2009, in the developed countries that participated in the GEM project, the primary sector saw a revaluation as a result of activities related to food processing (canned goods, pâtés, wine, and others) and the use of farms for renewable energy operations. Still, women exploit the potential of the primary sector in only a few countries. In the industrial sector, the participation of women is lower than men, but in the business-to-business service industry, women are represented by similar numbers, with only a few exceptions. There is more participation of women in retail sales and they show a certain predilection for this sector, which is attractive because it requires little specialized knowledge and a small investment. In general, women participate less in sectors like industry and primary production, sectors requiring large investments. Studies of the differences between the sexes with respect to the sector, where their business activity begins, show that women usually create companies in the sectors in which they are traditionally employed (Rosa and Dawson 2006).

Table 4.7 Percentage of entrepreneurial initiatives in the start-up phase out of the total number of initiatives of men and women, in relation to the staff of employees, in developed countries that participated in the GEM 2009 observatory

| Country | Primary TEA sector (%) | | TEA industry (%) | | TEA services (%) | | TEA retail sales (%) | |
|-----------------|------------------------|------|------------------|-------|------------------|-------|----------------------|-------|
| | M | W | M | W | M | W | M | W |
| Germany | 1.5 | 4.7 | 15.8 | 10.3 | 40.6 | 29.9 | 42.1 | 55.1 |
| Belgium | 3.5 | 8.2 | 22.4 | 18.4 | 43.5 | 30.6 | 30.6 | 42.9 |
| Denmark | 8.7 | 17.4 | 19.6 | 0.0 | 45.7 | 34.8 | 26.1 | 47.8 |
| The USA | 5.9 | 3.1 | 24.7 | 23.5 | 32.4 | 22.4 | 37.1 | 51.0 |
| U.A. Emirates | 1.3 | 0.0 | 31.9 | 28.1 | 14.4 | 15.6 | 52.4 | 56.3 |
| Slovenia | 1.6 | 2.8 | 33.3 | 16.7 | 24.6 | 30.6 | 40.5 | 50.0 |
| Spain | 6.9 | 2.2 | 32.2 | 15.8 | 14.7 | 11.4 | 46.2 | 70.7 |
| Finland | 12.9 | 14.6 | 41.9 | 2.4 | 21.0 | 9.8 | 24.2 | 73.2 |
| France | 3.8 | 18.8 | 15.1 | 6.3 | 37.7 | 18.8 | 43.4 | 56.3 |
| Greece | 1.4 | 2.1 | 43.1 | 27.7 | 9.7 | 23.4 | 45.8 | 46.8 |
| Hong Kong | 0.0 | 0.0 | 15.8 | 10.3 | 15.4 | 10.7 | 68.9 | 78.9 |
| Iceland | 5.6 | 11.9 | 39.5 | 31.3 | 21.0 | 16.4 | 33.9 | 40.3 |
| Israel | 1.4 | 0.0 | 20.3 | 34.2 | 30.4 | 18.4 | 47.8 | 47.4 |
| Italy | 2.4 | 3.7 | 35.4 | 11.1 | 17.1 | 14.8 | 45.1 | 70.4 |
| Japan | 2.5 | 0.0 | 25.0 | 18.2 | 17.5 | 9.1 | 55.0 | 72.7 |
| Norway | 10.1 | 5.4 | 25.3 | 5.4 | 28.3 | 24.3 | 36.4 | 64.9 |
| The Netherlands | 33.3 | 0.0 | 0.0 | 0.0 | 33.3 | 0.0 | 33.3 | 100.0 |
| R. of Korea | 4.9 | 8.8 | 24.3 | 5.9 | 16.5 | 2.9 | 54.4 | 82.4 |
| The UK | 1.3 | 1.9 | 34.4 | 24.3 | 12.5 | 4.9 | 51.9 | 68.9 |
| Switzerland | 2.9 | 4.2 | 22.1 | 12.5 | 50.0 | 18.8 | 25.0 | 64.6 |
| Mean | 5.60 | 5.49 | 26.11 | 15.12 | 26.32 | 17.38 | 42.01 | 62.03 |

Source: Ruiz et al. 2010

The companies created by the women also differ with respect to the employment generated (Table 4.6). In Europe, the number of both self-employed women and women business owners with employees is lower than that of men (Lahn et al. 2007). According to data from the GEM Observatory, entrepreneurial initiatives only provide employment to the entrepreneur and few more; commonly, more than 80% of the companies have no more than five employees on staff. Nevertheless, women entrepreneurs are more numerous in companies with fewer than five workers.

This difference indicates the existence of a “scissors effect” in terms of entrepreneurship, as also occurs in research. In this case, the smallest percentage of women entrepreneurs is found in sectors that require more investment and innovation and, in terms of employment, women entrepreneurs are a minority in companies that employ more than five workers. The two observations are related because women create fewer companies in the industrial sector and service sectors, which are the sectors that generate more employment.

Finally, if we consider the training of entrepreneurial women, studies in Spain and other OECD countries (Birley et al. 1987; Dolinsky et al. 1993; Fischer et al.

1993; Castaño et al. 2009; Escobar Mercado et al. 2005) show that the educational level of men and women entrepreneurs is similar (Ruiz et al. 2010). This result is consistent with the majority presence of women in university classrooms. The difference is that entrepreneurial women more often have degrees in social sciences than in engineering, which is logical.

4.4 Final Considerations

Throughout the twentieth century, women have increased their participation in every sphere of public life; women are students, scientists, entrepreneurs, and leaders. This finding is positive if we consider that development depends on how human talent is educated and implemented. In general, countries have been successful in increasing the participation of women in education, but few countries have successfully maximized the return on this investment.

It is true that there are women scientists and entrepreneurs, but the data confirm that women are underrepresented in many areas or still encounter situations of inequality. Many women are university and postgraduate students, but few are scientists. There are women entrepreneurs, but their companies are smaller and work in less-innovative sectors. Understanding why the “scissors effect” takes place or, what is the same, why the process of the professional advancement of women to positions of power and decision making appears to flow through a “leaky pipe,” might help to resolve this problem and thus optimize the use of human capital and enhance the growth potential of countries.

The leaky pipe phenomenon can be explained in different ways. One explanation is related to human capital. Fewer women are present due to less training of women, an idea supported by data indicating a generalized presence of women at all educational levels. However, the literature points to the stereotypes that influence the education of girls, who are encouraged to avoid subjects like the sciences or mathematics. Another explanation is how social networks operate and selection mechanisms place women at a disadvantage compared to men. These explanations are valid for the scientific and entrepreneurial fields. Although women are less optimistic and self-confident than men about starting a business, women entrepreneurs have the same training as men and their reasons for entering business are similar, but they encounter difficulties with financing and working their social networks. In general, they have problems reconciling family and work life.

In order to change these circumstances, long-term strategies are necessary. Not only should social stereotypes and education change – such as the perception that women are less prepared for the sciences and mathematics – but effective policies for reconciling the needs of work and family life are also needed.

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Chapter 5

Linking Women Entrepreneurship with Social Entrepreneurship

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5.1 Introduction

According to the latest Global Entrepreneurship Monitor¹ report from 2010, in recent years, women have been joining the labour market in significant numbers. This trend has gone hand in hand with a greater presence of women entrepreneurs and business owners, who are playing an increasingly important role in the economy, contributing notably to its sustainability (Gómez-Navarro 2007). However, among the active population, male entrepreneurial activity comes to 6.29% as opposed to 3.88% female entrepreneurial activity, data that plainly show the margin for the development of the entrepreneurial capacity among women (GEM 2010).

The current economic crisis, one of global proportions has affected both male and female entrepreneurship. While entrepreneurship in the case of men diminished in 2009 in comparison to the previous year by 22.1%, in the case of women, this reduction reaches as high as 35%. However, the closure rate of businesses is less than that among men (GEM 2010).

The recession might be transformed into an opportunity to change the course of female entrepreneurship (GEM 2010) and social entrepreneurship (SE) should also be taken into account, as modern society is generating the need for organizations to appear that address social needs (care for the disabled, the elderly, insertion into the job market for people with a high risk of social exclusion) and even, environmental needs (environmental conservation, the responsible exploitation of resources, etc.). In fact, at an international level, men and women with a social conscience have introduced and applied business models and strategies for addressing these social

¹The Global Entrepreneurship Monitor (GEM) began in 1997 as an initiative of the London Business School and Babson College to create an international research network in the area of Business Creation.

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problems that have been overlooked by businesses, governments, institutions and charities (Zahra et al. 2009). This phenomenon has attracted the attention of researchers in recent years, thereby generating an emerging field of research: social entrepreneurship (Austin et al. 2006).

The social entrepreneur has played a fundamental role in improving social conditions in developing countries, in which the scarcity of resources of charities and poor management on the part of the governments of these countries have left serious social needs unattended. But these needs have also grown recently in developed countries, which has brought about the creation of business activities that will solve problems, such as gender inequality, poverty, insertion into the job market, etc. (Zahra et al. 2009). In both contexts, social entrepreneurs have challenged the traditional solutions by applying innovative and profitable methods, occasionally becoming agents of social change (Cox and Healey 1998; Alvord et al. 2004).

This new type of entrepreneur is characterized by a firm moral and ethical commitment (Drayton 2002), by a particular ability for leadership and persuasion (Thompson et al. 2000), by enthusiasm and passion for achieving a social mission (Bornstein 1998), as well as a certain ability to identify and understand social needs, and then satisfying them via a creative organization (Certo and Miller 2008). It should also be pointed out that the literature on entrepreneurship suggests that a characteristic trait of women entrepreneurs is their greater sensitivity towards the needs of their environment (Jalbert 2000), which could determine their relevant role in the framework of social entrepreneurship.

A review of successive reports from the GEM reveals that, in general, the motives for starting up a new business can be grouped into two categories. The first of these is related to exploiting an opportunity (opportunity-driven entrepreneurship). The second is associated with necessity and often with self-employment (necessity-driven entrepreneurship). While 93% of entrepreneurs could be placed into one or other category, only 7% start a new business both through necessity and through opportunity (Carosio 2004). However, it should be pointed out that contrary to other entrepreneurs who are motivated by financial gain, as well as a number of personal factors, the social entrepreneur is motivated by achieving certain social objectives, which he or she occasionally pursues along with those other objectives (Zahra et al. 2009).

In light of the fact that, as we have pointed out, the literature suggests that women are more sensitive than men to the needs of their environment, our objective is to explore the relation between the motives of women entrepreneurs in terms of necessity and/or opportunity, and the different forms of social entrepreneurship suggested in the literature.

This research analyzes the characteristics of female entrepreneurship in the current economic context. We go on to examine the phenomenon of social entrepreneurship and, from the classification provided by Peredo and McLean (2006), we present several cases of social entrepreneurship carried out by women. Bearing these examples in mind, we analyze the relation between necessity-driven entrepreneurship and opportunity-driven entrepreneurship with the

different forms of social entrepreneurship included in this classification. Finally, we present the conclusions and limitations of our study, as well as future lines of research.

5.2 The Woman Entrepreneur in the Current Context

Some scientific studies can be found that address the question of whether there are truly differences in entrepreneurship between men and women (Kirkwood 2009; Ahl and Nelson 2010). According to Díaz et al. (2010), the level of education, income, age, as well as previous experience in the workplace, are factors that mark the differences between male and female entrepreneurship. With regard to education, among the population with higher education studies, women have a greater propensity to start a business; while among those with a lower level of studies, it is men who create more businesses than women. The level of income also shows significant differences between genders. Women who start up a new firm have a medium or low level of income while the typical male entrepreneur possesses a medium or high level of income.

Other factors that differentiate female from male entrepreneurship are a lower age among women, less business experience and less knowledge of the sector. Moreover, men tend to look for external financing to a greater extent than women (Cámaras de Comercio 2007). It is precisely external financing that represents one of the main obstacles that women entrepreneurs have to face. Consequently, they become self-employed in sectors that require less capital and they start up their businesses with less resources and a lower debt ratio than men (Carter et al. 2003). According to Robb and Wolken (2002), firms run by women are smaller in size, are more concentrated in the sector of retail sales and are, generally, in the services sector. They also have a greater ownership tendency. All of this goes to explain why women have a greater aversion to risk-taking than men, and thus there appears to be a bias towards low-risk and less profitable investments (Powell and Ansic 1997; Eckel and Grossman 2008).

Along the same lines as Carosio (2004), there is also a series of positive traits that characterize female entrepreneurship. Women entrepreneurs are often good credit payers, they employ more female workers, they tend to make partnerships with other women, they look for market niches, they distribute their income among the family to a greater extent and have a greater tendency to save money. In addition, women tend to make more horizontal organizations, based on networks or teams, they make decisions by consensus and pay more attention to questions linked to quality.

According to the GEM (2010) report, in the socioeconomic context, due to changes that are currently occurring, entrepreneurship in some cases is an option and in others it is a necessity. Many new firms arise originally for reasons of self-employment, both in the search for new opportunities and in survival situations. In relation to exploiting opportunities, the possibilities provided by the process of technological innovation stand out. Innovation is the main objective of the entrepreneur who looks for new opportunities to differentiate themselves from competitors.

Some researchers indicate differences in motivation between men and women. While men create firms for reasons of professional frustrations or to improve their financial situation, women do so to change an unfavourable work situation (Brush 1992; Marlow 1997; Dolinsky and Caputo 2003; Ahl 2007).

There is a greater proportion of entrepreneurship among women whose origin lies in necessity, not in a business opportunity. In this case, the objective is the creation of a new job in the face of a lack of work opportunities as women see themselves to be particularly affected by the tendency towards deterioration in job quality and receive lower remuneration than men for equally valuable work (Carosio 2004).

According to data from the GEM (2010), a minority of female entrepreneurial actions are created and structured within a viable business model with a wide-reaching vision, searching for a business opportunity. However, an increasing number of women have had access to training and wish to use their competences and experience, as their chances of promotion are not the same as those available to men and they have problems conciliating their professional and family lives. Among those that have a higher level of training, there is a propensity towards entrepreneurship with the intention of maximizing the performance of their competences. It is a means by which women gain control over their professional careers and have a greater chance of promotion.

Together with these generic types of motives, other, more extreme ones can be identified, where women begin a new business venture from an extremely difficult socioeconomic situation. Women with a low level of education and who find themselves economically disadvantaged are subject to more unstable conditions and are more susceptible to having personal and family contingencies that impede the smooth working of their businesses. A type of vicious circle that marks a tendency towards a higher rate of failure in female entrepreneurship is established. In these cases, the entrepreneurial activity of women arises in hostile environments surrounded by cultural prejudices and social inequalities that limit the action and development of the different spheres of life of these women. At the other extreme, and in an emerging position, is the situation of women entrepreneurs who are highly skilled, have experience, sound economic possibilities and a mature idea of how to create a new firm. They do not look to create a high growth business but one that allows them to have a flexible job, which responds to their personal needs and interests and those of their families.

5.3 Entrepreneurship and Social Entrepreneurship

Social entrepreneurship is a subfield of entrepreneurship (Austin et al. 2006) which is generating growing interest in the academic world, although it is still in its infancy (Hemingway 2005; Austin et al. 2006; Certo and Miller 2008), and contributions to this topic are primarily of a theoretical nature.

A common problem in the literature on entrepreneurship and SE is the lack of consensus on its definition (Peredo and McLean 2006). However, the different definitions of SE coincide in establishing what underlies SE in terms of the creation of value or social wealth, more than the generation of personal wealth or that of shareholders (Zadek and Thake 1997). SE is characterized by innovation and creativity aimed at the search for original solutions to social problems (Austin et al. 2006). It provides an alternative to a culture based on greed and selfishness (Mintzberg et al. 2002; Hemingway 2005), oriented towards catering for social needs and/or promoting change or social transformation (Alvord et al. 2004; Mair and Martí 2006). It is presented as an “altruistic” form of capitalism (Tan et al. 2005) which represents a bridge between enterprise and benevolence (Roberts and Woods 2005).

According to Zahra et al. (2009: 522)

...the social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new venture or managing existing organizations in an innovative manner.

To aid in delimiting the concept of SE, Austin et al. (2006) distinguish between commercial entrepreneurship (CE) and SE. CE consists of the identification, evaluation and exploitation of opportunities (Shane and Venkataraman 2000), a process that turns into the generation of personal wealth for the entrepreneur (Certo and Miller 2008). On the other hand, SE consists of the identification, evaluation and exploitation of opportunities that become social value. Social value is generated when, through creative organizations, it is possible to cater for certain social basic needs, such as education, nutrition, fighting gender inequality... (Certo and Miller 2008), which have been ignored by public institutions, governments, businesses and charities (Zahra et al. 2009).

As with CE, SE can involve both individual business owners, as well as new or existing organizations, be they for profit or not-for-profit (Certo and Miller 2008). When SE is developed within the framework of an existing organization, it is known as social intrapreneurship (Mair and Martí 2006).

The two types of entrepreneurship are differentiated by at least three variables: mission, type of value they generate and mobilization of resources (Austin et al. 2006).

With regard to mission, CE is principally concerned with obtaining private income while SE is oriented towards the generation of social value (Austin et al. 2006). However, Emerson and Twersky (1996) suggest that both types of entrepreneurship, as a secondary effect, can generate the other type of wealth. SE can generate private income in the process of the creation of social value, at the same time as CE can generate social value, for example, through the creation of employment, thereby benefitting society as a whole (Certo and Miller 2008).

In terms of assessing the type of value they generate, in other words, the work they produce, in the framework of CE, performance can be measured in typical economic terms as profitability, sales, market share, quality, customer satisfaction, etc. (Austin et al. 2006). Therefore, it is possible to use standardized measures that can easily be used by business owners and investors (Certo and Miller 2008). However, measuring

performance within the framework of SE is more complex and hazardous, as the change or social impact involved may not be quantifiable, while it can be multicausal and be influenced by temporary dimensions and differences with regard to the perception of the social impact that is brought about (Austin et al. 2006).

Finally, the two types of entrepreneurship differ in terms of the mobilization of human and financial resources. It is harder for social entrepreneurs to gain access to certain sources of financing that are available to commercial entrepreneurs, such as venture capitalists, as the latter expect, as does the social entrepreneur, a return on their investment. Equally, within CE, employees serve the organization in exchange for obtaining economic benefit. However, the social entrepreneur must be capable of attracting staff who are willing to work, on many occasions, altruistically, motivated by the same sensibility towards social problems and necessity as the entrepreneur (Austin et al. 2006; Certo and Miller 2008).

Some researchers claim that SE can only be identified within not-for-profit organizations, whose objectives are solely of a social nature (for example, Dees 1998; Dees et al. 2002; Anderson and Dees 2002); while others consider that they can also occur through hybrid organizations, i.e. those that whose economic activity is carried out on their own and in collaboration with other not-for profit bodies, but whose main objective lies in obtaining profit from their activity (Fowler 2000; Wallace 1999; Hibbert et al. 2002; Pomerantz 2003). Finally, Peredo and McLean (2006) point out that SE may also be developed within organizations that are for profit, but which also have objectives of a social nature; as well as in others who principally have social objectives only when they may have a certain impact on their economic performance. In the latter case, the social objectives are always secondary to their contribution to business results.

Following the suggestions of Peredo and McLean (2006), it is possible to identify five different types of organization within the framework of SE along a continuum of organizations exclusively aimed at the creation of social value (e.g. charities), and those that solely pursue social objectives depending on their contribution to improving performance (see Table 5.1): (a) enterprise goals are exclusively social and there is no commercial exchange; (b) enterprise goals are exclusively social and there is some commercial exchange; (c) enterprise goals are chiefly social, but not exclusively so; (d) Social goals are predominant but there are also economic ones present; and (e) Organizations with social goals but these are secondary to other objectives.

For their part, Neck et al. (2009) consider within the framework of SE those organizations that have a social mission, although their primary market impact may be economic, social or both (see Fig. 5.1).

According to these authors, SE can be developed through: *social purpose ventures*, that is, organizations created to solve a social problem, but which are for-profit and whose primary market impact is of an economic nature; *enterprising nonprofits*, i.e. organizations focused on sustainable economic growth, which can be financially supported by donations; and the *hybrid form*, made up of those that share both a social mission and an economic one, and whose market impact may be of both a social and economic nature. They also consider two other organizational forms, but understand these to be outside the scope of SE, as they do not have a

Table 5.1 The range on social entrepreneurship

| Types | Place of social goals | Role of commercial exchange |
|--------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Type 1 | Enterprise goals are exclusively social | No commercial exchange |
| Type 2 | Enterprise goals are exclusively social | Some commercial exchange, any profits directly to social benefit (integrated) or in support of enterprise (complementary) |
| Type 3 | Enterprise goals are chiefly social, but not exclusively | Commercial exchange; profits in part to benefit entrepreneur and/or supporters |
| Type 4 | Social goals are prominent among other goals of the enterprise | Commercial exchange; profit-making to entrepreneur and others is strong objective |
| Type 5 | Social goals are among the goals of the enterprise, but subordinate to others | Commercial exchange; profit-making to entrepreneur and others is prominent or prime objective |

Source: Adapted from Peredo and McLean (2006)

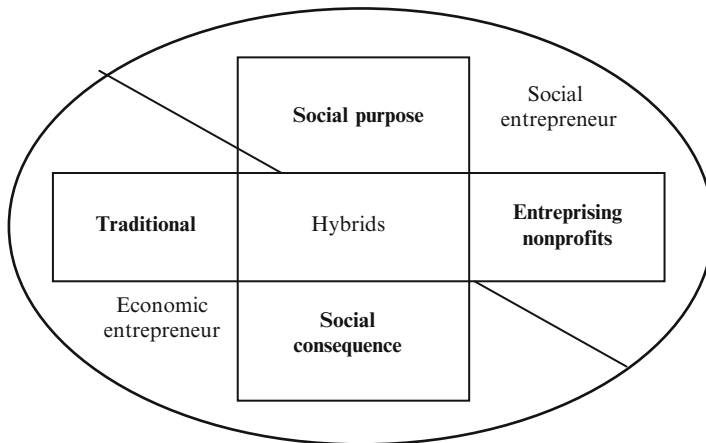


Fig. 5.1 Venture typology. Source: Adapted from Neck et al. (2009)

specifically social mission: *traditional ventures*, those whose mission and market impact are of an economic nature and *social consequence ventures*, which are similar to the previous case, apart from certain practices that have socially related outcomes, though these are not the reasons for their existence, but simply another result of their activity.

According to the thoughts of Neck et al. (2009), what delimits the field of SE is the organization’s social mission. However, Peredo and McLean (2006) indicate that perhaps the motive or mission for catering for certain social needs is not the most important factor, but rather the fact of pursuing a social end. Nevertheless, if what determines the field of SE is the social mission (Austin et al. 2006; Neck et al. 2009),

it can be understood that those organizations that contribute to reducing certain social needs or which create social wealth without these being a planned objective, or if they are simply a means of achieving a better economic performance, should not be considered within the framework of SE. This use of the generation of social value as a means of increasing financial performance might be interpreted as devaluing the essence or element that underlies SE: the search in itself for the creation of social value or wealth. However, we coincide with the opinion of Peredo and McLean (2006: 62) in that, perhaps the identification of the motive for the creation of social value is difficult and may even be impossible.

According to Venkataraman (1997: 133): “entrepreneurship is particularly productive from a social welfare perspective when, in the process of pursuing selfish ends, entrepreneurs also enhance social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs, and net increases in real productivity”. Therefore, while profitability may be the main driver of commercial entrepreneurship, it is not in opposition to other forms of motivation (Mair and Martí 2006), which justifies the inclusion of hybrid forms within SE, suggested both by Peredo and McLean (2006) and Neck et al. (2009).

As we have mentioned, organizations move along the continuum between the creation of social wealth, at one extreme, and at the other, the creation of economic wealth, passing through different combinations of both types of wealth. The position along this continuum of the social entrepreneur depends upon the balance that he/she looks for between the two types of wealth (Zahra et al. 2009). This balance is conditioned by personal values (Hemingway 2005) and ethics in the business activity of the social entrepreneur (Zahra et al. 2009).

Given that the classification contributed by Peredo and McLean (2006) represents this continuum, the following section adopts this classification in order to analyze different experiences of women entrepreneurs in the field of social entrepreneurship.

5.4 Experiences of Social Entrepreneurship Among Women

The examples of social entrepreneurship among women that we go on to present were obtained via newspaper reports and Web pages from the organizations themselves.

5.4.1 Enterprise Goals Are Exclusively Social and There Is No Commercial Exchange (Type 1)

This type of social entrepreneur involves organizations that exclusively pursue social benefit and do not carry out any type of commercial activity to achieve it. This typeology includes not-for-profit associations and charities.

We present two not-for-profit organizations created by and for women: CIMA and ADEPMA.

5.4.1.1 CIMA (<http://www.cimamujerescineastas.es/>)

Currently, almost 300 women make up the Association of Women Film-Makers and Audiovisual Media (CIMA), a Spanish body whose president is Inés Paris. It is an association with a common objective: to promote an equal presence of women in audiovisual media.

This association is made up of women who work in the world of cinema and television and who represent a small nucleus of women that have managed to make their way in the audiovisual sector, dominated in all of its spheres by men, despite the struggle for equal rights in the workplace. For example, only 8% of the films produced in Spain have been directed by women. In activities related to scriptwriting and production, the participation of women represents less than 20%. Audiovisual creation is almost completely in male hands, both in terms of cinema, television or documentaries. CIMA was created precisely to change this situation.

5.4.1.2 ADEPMA (www.mujeremprededora.net, www.adepma.com and www.adepma.blogspot.com)

The Andalusian Association of Women Managers, Business Owners and Professionals (ADEPMA), has had Cristina Guerrero as its president since the end of 2008. It is a women's business association whose headquarters are in Malaga, Spain, which works to promote and consolidate access for women to managerial posts and to the business world in general. This objective is realized, among other things, by promoting access for women to managerial and decision-making posts in any organizational sphere; promoting interest among women in gaining access to posts of political, economic and financial responsibility; identifying the existing barriers for women to gain access to managerial and decision-making posts and contributing to the promotion of conditions that allow equality of opportunities for women and men.

ADEPMA is a not-for-profit organization, made up of women managers, executives, professionals, business owners and all those who have professional interests in the area of management in the Spanish region of Andalusia. The work of this association includes providing a platform for debate, training and support to stimulate the development of professional careers for women and their access to managerial posts and professional responsibility in an environment of absolute equality, lending strength to different means of promotion and visibility both on a personal and collective level.

With this premise, ADEPMA attempts to serve as a platform for the development of new social gender relations; to cooperate with all initiatives that result in more

highly skilled workers and a better quality of life for women, as well as attempting to provide other means of promoting and consolidating their access to managerial posts and the business world.

The cases of CIMA and ADEPMA are two examples of pure social entrepreneurship, as they are not-for-profit organizations that have a very clear and exclusively social objective: to enable the access of women to activities which, up until now, have primarily been dominated by men in the particular case of cinema and other activities in the audiovisual sector (CIMA); and generally to enable the incorporation of women into managerial posts in the business and political world (ADEPMA).

The common objective of these two organizations is to reduce gender inequality in certain activities and posts. However, these associations carry out different activities for achieving these same objectives, promoting and stimulating the development of the professional careers of women in their respective fields.

These cases would also correspond to the category of *enterprising nonprofits* suggested by Neck et al. (2009) as both their mission and the primary market impact are of an exclusively social nature. Both associations were created by their founders as a response to a need rather than an opportunity.

5.4.2 Enterprise Goals Are Exclusively Social and There Is Some Commercial Exchange (Type 2)

Organizations such as the one we describe in this category pursue social objectives but also develop some form of exchange. Benefits thus obtained are devoted to achieving fundamental objectives that are of a social nature. These profits are obtained as a complement to the creation of social value, which constitutes their principle objective.

5.4.2.1 SOCIALNEST (<http://socialnest.org>)

Margarita Albors, an engineer from Valencia in Spain, founded a business incubator for social firms for both local and global environments. It is a not-for-profit body that charges only a symbolic amount. To obtain resources, it looks for firms, individuals or bodies that can sponsor or adopt a particular social business project, providing financing for the costs of the programme that the incubator has for the development of this type of initiative. Once the entrepreneurs have started up their business and have become profitable, they can voluntarily return the favour using some of their profits.

SocialNest is an organization that supports social entrepreneurship projects. Its objective is to promote and enable the creation of firms of a social nature, helping people who intend to solve social problems via the creation of a sustainable firm.

It offers services related to training, tutorials and workshops, as it has agents that have experience in these and other areas. Moreover, it acts as a nexus with other agents (universities, business schools, firms, professionals, students, volunteers, etc.) and all those who can contribute to aid the social entrepreneurs that come to them looking for help. The fields where these firms are most active are nutrition, health, education, the environment and microcredits, among others.

This not-for-profit organization, as in the previous cases, has a social objective. However, part of the funds that help to maintain their activity come from voluntary contributions from firms that they have helped to develop. Resources thus obtained in part contribute to financing the main activity, continuing to help other social firms that in turn generate social wealth.

This form of social entrepreneurship, which corresponds to Type 2 according to the Peredo and McLean (2006) classification, would also correspond to the category of *enterprising nonprofits* suggested by Neck et al. (2009). Both the mission and the primary market impact are of an exclusively social nature.

In this case, the organization is created as a response to the need to provide consulting services in the creation and management of social firms so that they are technically and financially sustainable.

5.4.3 Enterprise Goals Are Chiefly Social, But Not Exclusively So (Type 3)

The cases we go on to present, PALACIO ARBOLEAS and ARCHIVALIA, are organizations whose missions include both social ends and other objectives of an economic nature.

5.4.3.1 PALACIO ARBOLEAS (<http://www.amecoop-andalucia.org>, <http://www.elalmeria.es>)

This is a cooperative in Almeria, Spain, created in 1997 as a result of an initiative of a group of long-term unemployed women of over 35 years of age who decided to make the best of their circumstances in the rural environment in which they live: the need for care of the elderly in the area.

Currently, their activity focuses on home help for the disabled and the elderly, carrying out tasks related to cleaning, personal hygiene, medical and nutritive control and psychological support. The idea for creating this cooperative arose as a work alternative for the future, devoted to offering home help services, where the founders manage their own work. It is an organization that has given stable employment and favourable conditions to women with social problems in their environment (who are separated, with no resources and have family obligations, often being immigrants), thereby contributing to the economic development of the area.

The sound results obtained by this firm have contributed to diversifying the economic activity of a traditionally agricultural area, becoming an important source of employment creation. It currently has four partners and gives employment to 87 women and one man.

It is an organization that is concerned with the permanent training of its workers, as this training depends on the quality of the service offered to its users (care of the sick, the elderly, the disabled, etc.).

5.4.3.2 ARCHIVALIA (<http://www.archivalia.com/>)

Archivalia is a cooperative company in Jaen, which is also from the south of Spain, run by four women and which is devoted to the management of information and documentation. The people behind this project have known how to put their professional vocation to use by creating an innovative gap in the market via a seemingly arduous activity, whose business and social needs are barely recognized or valued.

Archivalia is a firm devoted to the electronic management of documents and files. It provides its customers with documental services as a solution, and promotes the recognition of technology as a tool for professionals and firms. These firms are devoted, above all, to offering services in particular to informative units, such as libraries, archives and documentation centres. The services it normally offers are related to bibliographic information on specialized topics, access to databases, indices of abstract, indices of journals, etc.

This cooperative stands out for many reasons: its pioneering nature in addressing a market need for which no alternatives existed, the creation of four direct posts, support to professionals in risk of exclusion from the job market and to university students through practice and archival grants and cultural management programmes; its commitment to the environment through the introduction of policies of waste management and resource optimization and the promotion of the conciliation of working and family life through the creation of an internal maternity subsidiary and the redistribution of management tasks. Social objectives are the main goals of these two cooperative organizations. In order to achieve these social objectives, they carry out economic activities which allow for the self-employment of its founders, giving example to collectives in danger of social exclusion, especially to women thereby addressing the need for job market insertion.

In the case of Palacio de Arboleas, besides self-employment, the social objective they pursue and also reach is to enable insertion into the job market for women in precarious situations due to social circumstances, at the same time as covering other needs of the environment in which it operates, such as care and care and home help to the elderly, the disabled, etc.

In the second case, Archivalia provides documentation services with the support of professionals who are at risk of work exclusion, and also pursue other social objectives (waste management, resource optimization. . .).

According to the classification of Neck et al. (2009), both cases correspond to hybrid organizations that combine social missions (self-employment, insertion into the job market for women, care for the elderly, the sick, etc.) with economic missions, creating personal wealth through self-employment and contributing to economic growth in its closest environment through the professional insertion of other women or other groups in danger of work exclusion.

In both cooperatives, social entrepreneurship is a response to certain needs of its founders (self-employment) as well as other necessities that are also of a social nature, but are created in order to exploit an opportunity, finding gaps in the market that are yet to be tapped into.

5.4.4 Social Goals Predominate But Economic Objectives Also Exist (Type 4)

We go on to present the case of an organization that combines social goals with for-profit activity.

5.4.4.1 ADAPTAMOS GROUP SL (<http://www.adaptamosgroup.com>)

Adaptamos Group, SL is a firm managed by Susana Navarro, who devotes her time to providing integral solutions in questions of accessibility with a view to creating spaces that are adapted and to improving the quality of people's lives. It is the initiative of a team of professionals who are specialized in "design for all" with wide experience in consulting, project management, specific training related to accessibility, as well as adapted tourism and leisure activities. Moreover, there is a social commitment to the community, contributing to the development, economic progress and improvement in the quality of people's lives.

It is a private firm devoted to working towards greater accessibility. Its customers, other organizations, are able to ascertain the degree of accessibility of their establishments, destinations or services they offer, and know the necessary steps to take in order to, where applicable, be able to adapt them and obtain any public financial aid they might require. In this way, the firm helps its customers to improve the quality of their establishments, premises and services, adapting them to the needs of disabled people, thus improving social image and the profitability of firms and municipalities.

Its services include drawing up and carrying out rehabilitation and construction projects of buildings and open spaces and providing consultation services and organizing public aid that their customers may require in relation to accessibility, disability, etc.

In this case, the organization is for-profit, but also has a social mission, that is to say, on the one hand it caters for a social need in providing accessibility solutions for people who have problems derived from some sort of disability, and in another it generates personal wealth.

According to the typology of Neck et al. (2009), this organization would correspond to the category of social purpose. It has a social mission, which is to provide accessibility solutions to people with some sort of disablement but its primary market impact is economic as it generates personal wealth.

In this case, social entrepreneurship obeys the identification of a market opportunity rather than responding to the needs of society.

5.4.5 Organizations with Social Goals that Are Secondary to Other Objectives (Type 5)

This type of social entrepreneur creates an organization that generates social value, but only as a means of achieving the objectives of an economic nature, due to the impact its activity might have on the social sphere of its financial performance. Carrying out the social objectives would be secondary to obtaining economic benefits.

5.4.5.1 MON ORXATA S.L. (http://www.lahorchateria.com/productos_artesanales.php, <http://valenciabusiness.es/2010/08/06>)

Mon Orxata S.L. (Mundo Horchata), created in 2003 by Nerea Monforte, is a firm that sells a particular type of dried fruit, known as tiger nuts, and a drink obtained from it, horchata. Both are products that have the denominación de origen certification from a region in the east of Spain: Valencia.

The idea of selling traditionally made horchata in carts using street sellers comes from a tradition that began at the start of the 20th Century, which gradually disappeared with industrialization during the 1950s and 1960. Manufacturers from the villages surrounding the capital of the region came each day to the city of Valencia with carts pulled by donkeys to sell fresh horchata, tiger nuts and barley water.

Due to their enormous efforts, Mon Orxata has brought this tradition back to life. Currently, the carts keep the horchata cold just as they did 100 years ago, with ice, and thus they provide a service without consuming energy nor do they emit gases. The objective is to bring back these artistically created products to their historical, agricultural, gastronomical positioning that corresponds to horchata as the star product of the area, thereby providing knowledge of traditional culture of the product, as well as its substantial nutritional benefits.

Via agreements with local farmers, the firm ensures that in the cultivation process neither fertilizers nor chemical products of any kind are used and the agricultural process is totally ecological. The drink obtained from the tiger nut is a product that is consumed fresh and is preserved for a maximum of 3 days when refrigerated and has important nutritional and medicinal properties (which are inexistent in industrially made horchata). With regard to sales, it does not sell to

third parties; they commercialize natural horchata via street sellers and horchata parlours or through their online shop. Moreover, the firm exclusively employs women for the distribution of its products.

In 2008, the most widely recognized trade fair in the ecological sector in Spain, BioCultura, awarded Mon Orxata with the prize for the “Best Ecological Product in 2008” and it also received the “Spanish Food Prize 2009” awarded by the Spanish Ministry for the Environment, Rural Areas and Waterways.

In this case, achieving the social objective (cultivating the tiger nut ecologically and selling traditionally made horchata) is secondary to the adequate functioning of the firm and obtaining sufficient profits to remain competitive.

This organization corresponds to the hybrid (Neck et al. 2009), as it has an economic and secondarily social mission, where its primary market impact is fundamentally an economic one.

It is an organization created in response to a typical commercial entrepreneurship opportunity, more than as a response to a social need.

Taking a look at the cases described, we can see that Type 1, Type 2 and Type 3 are forms of necessity-driven social entrepreneurship, such as self-employment or providing a solution to gender inequality in certain activities. In this type of organization, the main objective is not to obtain profit. The activity is proposed in some cases as the fight against gender inequality, and this type of organization (Type 1) is not involved in any form of activity for economic gain. Type 2 organizations are also forms of entrepreneurship that are principally driven by necessity, although they do carry out some type of economic activity, which is linked to achieve its social goals. Type 3 organizations are hybrid entities that are also created through necessity, for example, for reasons of survival (self-employment), while catering for other kinds of social needs, such as insertion into the labour market, especially for women at risk of social exclusion. Developing a for-profit economic activity allows them to cover their social objectives.

However, Types 4 and 5, and sometimes Type 3, relate principally to a question of opportunity. In these cases, the woman entrepreneur (with a certain level of experience and training in the working world) finds a gap in the market and, at the same time as complying with a social objective, also creates a for-profit business, achieving profits that allow them to make their social and economic objectives compatible. Type 5 may arrive at the point where the social objective becomes secondary to the economic one. In this case, it can be argued that they can no longer be considered social entrepreneurship, depending on the different definitions to be found in the literature.

5.5 Discussion and Conclusions

Women are becoming more prevalent both in the workplace in general and in the business world, although this tendency has been temporarily brought to a halt by the current economic crisis, particularly with regard to female entrepreneurial activity.

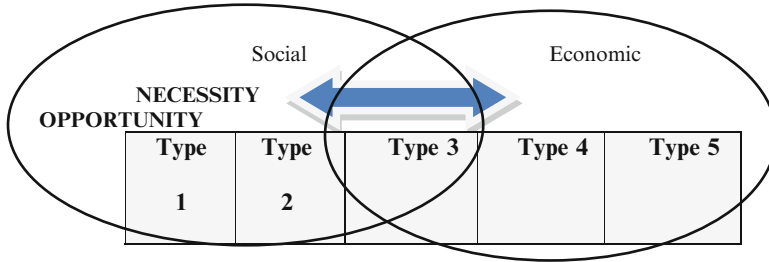


Fig. 5.2 Necessity vs. opportunity

Generally speaking, there are two main reasons why women become entrepreneurs: through necessity and through opportunity. In the majority of cases, it has been through necessity (self-employment) due to a lack of opportunities in the job market. There is also a growing trend, though, for female entrepreneurs to appear due to increased experience and training among women which has increased their capacity to identify and exploit new opportunities.

These factors have led more women to decide to create their own businesses, be it for one reason or the other, but also due to their greater sensitivity towards certain aspects of their environment which may lead them to play an important role in social entrepreneurship.

According to the literature on social entrepreneurship, social entrepreneurs can move along a continuum (Fig. 5.2) between the creation of social wealth at one extreme and the generation of economic wealth at the other. We have analyzed the possible positioning of the woman social entrepreneur in this continuum in light of whether they respond to a necessity and/or an opportunity. To do so, we have used the classifications of social entrepreneurs suggested by the studies of Peredo and McLean (2006) and Neck et al. (2009).

We have verified that Types 1 and 2 of the classification by Peredo and McLean (2006) correspond to the motivation caused by necessity; while Types 4 and 5 correspond to motivation through opportunity, with Type 3 being the midway point between these two opposing tendencies. The cases of the associations CIMA and ADEPMA, along with the firm SocialNest are firms that have been created through necessity. For example, the social goal of CIMA lies in the need to achieve an equal presence of men and women in the different activities related to the cinema industry, documentary making, etc. In ADEPMA, the social goal also derives from a need: achieving equality in managerial posts. In SocialNest, the social mission is pursued due to the need to help other socially oriented organizations to start up, as well as the employment of people in danger of social exclusion.

The cases of Adaptamos Group and Mon Orxata can be considered as social entrepreneurship in so far as they pursue and achieve certain social goals, although the main mission for both is making a profit and the creation of personal wealth. However, the two cooperatives we discuss as Type 3 contain a combination of motives of necessity and opportunity. This type of hybrid firm includes organizations that are

able to start up innovative businesses that combine technical and financial viability with social usefulness, for example, in the promotion of insertion into the labour market for disadvantaged groups, care for the elderly and disabled, etc.

The motivation for the social entrepreneur may lie in necessity but can also be found in a combination of necessity and business expectations or opportunities. Whatever the case, the social entrepreneur creates organizations based rather on the search for collective benefit than on the selfish traits that characterize traditional forms of business. In doing so, the social entrepreneur is capable of starting up innovative businesses that combine technical and financial viability with social usefulness.

This study forms a part of an emerging, though promising stream of literature, in which there is still room for theoretical contribution, and even more so of empirical research. This chapter contributes to the literature in the field by relating the type of motivation (necessity or opportunity-driven) for social entrepreneurship with the different types of entrepreneurial organizations proposed in the literature.

There are, however, two important limitations to this study. The first lies in the exploratory and eminently descriptive nature of the empirical study, which seriously limits the generalization of the results obtained. The second is that all the cases analyzed correspond to cases of social entrepreneurship among Spanish women, which limits the results to the case of Spain in particular.

However, both limitations open up interesting lines of research, such as a study using statistical techniques that would allow for the contrast of possible gender differences with regard to the orientation towards the creation of personal wealth, as well as the propensity towards certain forms of social entrepreneurship. An analysis of the possible influence of national culture on these tendencies should also be explored.

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Chapter 6

Women Entrepreneurs and Success

Kerstin Ettl and Friederike Welter

6.1 Introduction

Entrepreneurship in Germany, as in many other European and non-European countries has increased continuously since the mid-1980s. Enterprises founded by women entrepreneurs play an important role and women entrepreneurs are making an important economic contribution (Allen et al. 2008; Dangel et al. 2006; Kohn and Spengler 2008). In Germany, almost one in five enterprises is led by a woman, although they only contribute 5.6% of total sales and 7.2% of employment (Backes-Gellner and Kay 2003). Also, over the past decade, politicians, practitioners and researchers alike became interested in women entrepreneurs(hip) and the number of published studies on women entrepreneurs in business magazines grew steadily as formulated by Henry and Johnston (2007) who claimed that: “It would appear that female entrepreneurship is well and truly in vogue!” However, in relation to Germany, there still is a distinct need for research on gender dimensions in entrepreneurship (Hanappi-Egger 2006). Oftentimes, studies focus on gender differences in relation to nascent entrepreneurs and research is limited to the consideration of quantitative and statistical parameters. Fewer studies look into gender-specific biographical factors, the motivations, life circumstances and social support for women entrepreneurs, although some research has demonstrated that for women, motivations, opportunities, and resources as well as constraints in relation to entrepreneurship differ compared to men (Carter and Brush 2004; Leicht and Lauxen-Ulbrich 2005; Leicht and Lauxen-Ulbrich 2006).

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We need to know more about the topic of success and women entrepreneurs. Often, women business owners and entrepreneurs are seen as less successful than their male colleagues (Aldrich 1989; Hodenius 1997; Rosa et al. 1996). However, research does not call the definition of success into question. Most studies measure success based on quantitative business parameters, such as turnover, growth, employment, etc. But, success is notoriously difficult to define as the one definition of success does not exist. Also, it might well be that we need to broaden and redefine our concept of success when studying women entrepreneurs. Kyrö (2001) points out that today's standards for measuring success in entrepreneurship research are focused on the reality, but that men and women entrepreneurs may experience reality differently (Kyrö 2001). Moreover, entrepreneurship theories and concepts are usually based on studies conducted with male entrepreneurs, taking their business and personal life as the norm for both sexes without questioning this (Carter and Brush 2004).

Therefore, this chapter takes a closer look at the concept of “success” in general (Sect. 6.2.1) and then turns to develop a model of women entrepreneurs' success which includes both individual and contextual aspects (Sect. 6.2.2). Building on this model, we present results from an empirical study, conducted in 2007–2008, which draws on interviews with women entrepreneurs and key experts in Germany. We investigate the success of women entrepreneurs based on their personal and business goals and motives in order to shed light on their individual understanding of success. Section 6.3 presents the main findings, and the chapter concludes with an outlook.

6.2 Theoretical Background

6.2.1 *Defining and Understanding Success*

In its original meaning, the term “success” described the course of an event, no matter whether this course was to be considered positive or negative (Goethe 1830). This changed over time: success became increasingly connected to a result and did no longer describe the course of an event – but it still was considered value-free, including both positive and negative outcomes. Since industrialization started in the 19th century, success in general has been defined as a positive outcome. Success in this sense means that something is “done” and that the consequences of actions have a positive effect (Goebel 1990).

In business studies, common indicators of success include, for example, the survival of the company, the level of profits and growth in profits, the period to reach the break even, employment growth, sales growth, market share, equity ratio, sales productivity, labor productivity, cash flow and cash flow growth, shareholder value and return on equity, return on investment (ROI) and Internal Rate of Return (IRR) (Hemer et al. 2006). Research studies usually use a few or even a single of these indicators. They ignore that the assessment of the success of such a complex and multidimensional entity as a (new) business can hardly be based on just a few

dimensions. We suggest that entrepreneurial success cannot be assessed by a single indicator nor can it be adequately assessed by economic indicators. New enterprises depend on a variety of internal and external stake-holders, and all of them might have a different understanding of success (Nöcker 1999). In this regard, defining success as outcome is problematic because of possible conflicts of interest between different stakeholders. Therefore, Rehkugler (1989) suggests to interpret success as the degree of achievement.

Our initial attempt at understanding success was to define the lowest common denominator for quantifiable business success. Based on previous studies, we use two components, namely the viability of the enterprise, i.e., its survival (e.g., Brüderl and Preisendörfer 1998; Jacob 2007; Jungbauer-Gans and Preisendörfer 1992; Moser et al. 1999; Schenk 1998, Zempel 1999) and the contribution of business activities to earn a living (Sandner et al. 2007). This considers both systemic and goal-oriented perspectives. The system approach sees success as the long-term viability of the company, while the goal-oriented approach understands success of a new business not only related to business size, but in relation to the contribution of the business to personal livelihood. In this perspective, we assume that making one's living could be one of the goals of an entrepreneurial person.

To sum up, we propose that entrepreneurial success has to be understood from a perspective, which includes economic, societal and individual aspects. For example, from a societal perspective, a women entrepreneur could be seen as successful, if her actions bring benefits to society and if she and her venture fit the public image of a successful woman entrepreneur, while from an individual perspective, success is closely linked to personal motivations and goals. As Brush and Hisrich (2000) state, performance differences between male and female businesses also depend on the measurements used, emphasizing that future research should study outcomes other than financial measures, which draws attention to the interdependence between performance, success, and goals.

6.2.2 Success from a Gender Perspective

Therefore, in studying success of women entrepreneurs, we argue for a comprehensive approach which has to take into account the individual, her business and the context as well as recursive links. Based on existing theories, we suggest a model that combines individual and contextual aspects of success for women entrepreneurship (see Fig. 6.1).

Ajzen's theory of planned behavior, which models individual behavior, serves as starting point to understand the link between success and the individual perspective (Ajzen 1985; Ajzen and Madden 1986). Ajzen postulates that individuals perform actions if they can enact behavioral control. That means they see these actions as positive, they assume that significant others support these actions and/or they assume that they possess all resources and capabilities needed. Thus, only in situations where the perceived behavioral control conforms with the factual control,

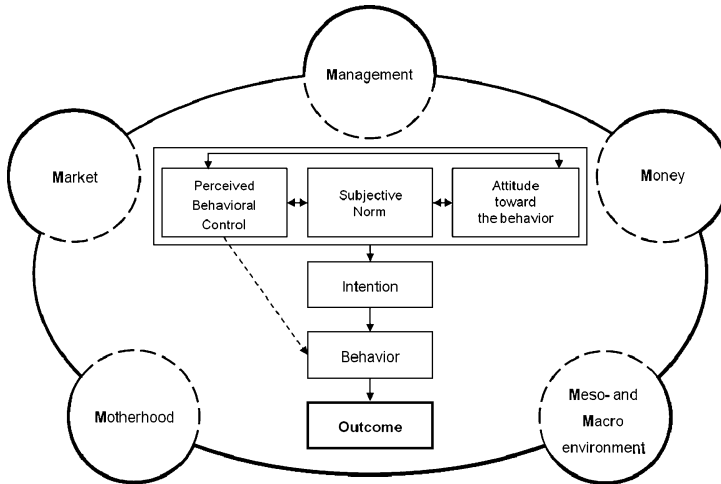


Fig. 6.1 Conceptual framework for studying women entrepreneurs and success. *Source:* Own model presented in Ettl (2010), based on Ajzen (1985), Ajzen and Madden (1986) and Brush et al. (2009)

intention results in actions (Tegtmeier 2007), with perceived behavioral control indirectly influencing behavior and actions. For example, with regard to new ventures, a potential women entrepreneur might believe to possess all resources required to set up the business. Once she has confirmed this as a fact (she has the financial and personnel resources) she would begin with preparations to start her own business. In order to model entrepreneurial success, we added “outcome” to Ajzen’s theory of planned behavior. We assume that each intended action which is motivated by the individual’s wish to achieve the best possible outcome, results in consequences, or, in other words, outcomes which conform with the person’s wishes, ambitions, and goals. This outcome reflects entrepreneurial success, and it includes economic, societal, and individual aspects.

We also consider motivations and objectives an important element of and for entrepreneurial success. For example, there are some studies which suggest differences in the motives of men and women, and/or the emphasis they attach to particular motives (e.g., Catley and Hamilton 1998). According to other sources (Baygan 2000), women come into business to generate extra income for their households, or to be independent and creative. Although the “push group,” which includes women who are forced into business, is comparatively larger, the “pull group” of those who are looking for independence and self-realization in business, is growing (Baygan 2000). With regard to objectives, several studies have drawn attention to the fact that women entrepreneurs aim at combining both business and family responsibilities, reflecting a more intrinsic goal setting, while men tend to concentrate more on economic objectives (e.g., Brush 1992; Meyer and Harabi 2000; Rosa et al. 1994, 1996). In this regard, while Rosa et al. (1996) indicate

gender-related differences in quantitative economic and financial performance measures, their results are nonconclusive with respect to the more intrinsic goal-setting of women entrepreneurs, thus underlining the complexity of this topic. All this will be studied in more detail in the empirical survey.

On the contextual level, we refer to the 5M model which illustrates central contexts in which entrepreneurship and the behavior of women entrepreneurs are embedded (Brush et al. 2009). In addition to business-related context factors, such as management, money, and market, the model draws attention to the influence of the meso-, macro-, and micro-environments on the nature and extent of women's entrepreneurship. Even in Ajzens original theory of planned behavior, the environment is explicitly mentioned, namely in the form of the subjective norm which reflects the influence of societal norms and values for individual behavior. But, there are more contextual influences on women's entrepreneurship, which the 5M model helps to structure and illustrate. These various contexts have an impact on the responsibilities, tasks, and the workload women entrepreneurs face.

Principally, entrepreneurship is influenced by management, money, and market. Management alludes to human and organizational capital, money refers to the availability of and access to financial capital and market stands for the access to business markets and, when setting up a new business, the access to opportunities (Bates et al. 2007). The metaphor "motherhood" reflects the microenvironment, or, in other words, the social embeddedness of women's entrepreneurship. At this level, family and household are decisive influences, together with social contacts beyond the (wider) family. Social contacts can provide financial capital, information, potential employees or access to clients, and, from an individual perspective, emotional understanding, encouragement and any other kind of support that family and friends are able to offer. Micro- and macrocontexts are interrelated. For example, support from family and friends also depends on societal values with regard to entrepreneurship: are women tolerated as entrepreneurs or are they to be seen in a homebound role? Recent research has drawn attention to this family and household embeddedness of entrepreneurial activities (cf. for a review Welter 2011), which is of great importance for women entrepreneurs who frequently are the main persons responsible for family and children. Family and household contexts can be enabling but also restrict access to resources and time needed to exploit opportunities and to acquire the knowledge required to set up and develop ventures.

The meso environment refers to the socio-spatial context. This includes the general regional environment, regional support settings, networks, and sectors (Pitelis 2005), but also the more general effects of place and space on women's entrepreneurship. In relation to entrepreneurship and gender, place oftentimes implies "breaking out of the norms" (Berg 1997, p. 265) of female behavior, thus linking spatial and macrocontexts. Moreover, place would have implications for entrepreneurial success. Additionally, Mirchandani (1999) discusses the implications of the physical business site (space) for venture survival and development, based on the example of women entrepreneurs who often start home-based: Home-based ventures experience difficulties in gaining legitimacy with

clients and creditors; they are frequently seen as leisure activities and their growth potential is limited. Again, space might have a direct impact on entrepreneurial success.

The macroenvironment, the final element of the 5M model, reflects the overall institutional embeddedness of women's entrepreneurship (Welter and Smallbone 2008). Institutions set boundaries for enterprise behavior. They provide the culturally accepted basis for entrepreneurship as well as the regulatory frame, thus legitimizing entrepreneurial activities. Institutional embeddedness varies between men and women. Gender-specific institutions, for example, family and tax policies or the overall childcare infrastructure and general property rights, have an impact on the participation of women in labor markets (Welter 2006). Traditions shape the standing of women in society and determine gender roles. Other norms determining the extent of and roles for women's entrepreneurship refer to the general value that a society attributes to female employment and to the family. While the former contributes to women being restricted to specific sectors and business fields or even physical restraint (Mirchandani 1999; Welter 2002; Welter et al. 2006), the latter might result in a gender-specific role distribution, providing little time for potential women entrepreneurs to pursue economic opportunities. Therefore, the extended family could be both an asset for women's entrepreneurship and a liability.

In relation to our model in Fig. 6.1, the 5M enclose individual behavior, influencing intentions, perceived behavioral control, actions and outcomes. However, we do not suggest a deterministic influence of the 5M on individual behavior: they are to be understood as the frame within which different actions could be taken, and these actions are selected based on individual objectives, they reflect individual strategies and means (Abels 2007). Thus, contexts as reflected in the 5M influence motivations, goals, and behavior of entrepreneurs through providing a framework in which the individual woman entrepreneur must situate her actions.

6.3 Empirical Study

6.3.1 *Data and Method*

Empirically, our results draw on 31 in-depths interviews with women entrepreneurs and 23 interviews with key experts in four German regions, conducted between August 2007 and March 2008. Based on a theoretical sampling technique (Eisenhardt 1989), the cases were drawn from both core and periphery regions, as well as representing various types of female entrepreneurial activity and age groups. We selected four diverse spatial environments in West and East Germany. This included two urban regions, both with a comparatively high level of knowledge-intensive and technology-driven entrepreneurship (Stuttgart in West Germany and Dresden in East Germany), one established industry region with a mature sector structure (Siegen-Wittgenstein, West Germany) and a rural region (Bad Doberan, East Germany).

The interviewed women entrepreneurs (range from seven to nine in each region) came from different microenvironments within our sample regions. In order to capture as many environments as possible, we purposefully selected university graduates, women returning to the labor market, previously unemployed, etc. Addresses came from the data base of the German “Unternehmerinttag” (www.u-tag.de), from regional institutions and furthermore from recommendations of already interviewed women entrepreneurs. Most of the interviewed women were between 35 and 54 years old, operating in services and working without employees, although some plan to have employees at a later stage. Due to our purposeful sampling, the enterprises also represent different entries into entrepreneurship: Ten women founded new businesses; two women took over the management in a family owned enterprise, two in a foreign-owned enterprise. Two of the women own more than one company. Eight women are able to make their living through their company, six women are not (yet) able to do this, but some of them are working part time voluntarily, for example because of their household responsibilities (Table 6.1).

Additionally, in each region six experts were interviewed, coming from different institutional environments, for example the Chambers of Commerce and Industry as well as the Chambers of Crafts, regional business development agencies, consulting agencies (both general and gender-specific ones) and educational institutions. We tried to select similar experts, respectively, experts from similar organizations in both regions. Our experts were both male and female; and they were selected based on their experiences in supporting and advising women entrepreneurs and their knowledge of the respective region.

The interviews with women entrepreneurs were based on a semistructured topic guide, which used themes identified in the conceptual review but also left room for individual narratives. We constructed the topic guide in a way that ensured deeper insights into the different facets of the 5M model. Experts were also interviewed face-to-face, based on semistructured topic guidelines. The information we collected included: the background of the expert, the institutional support services offered to target groups, their experience of supporting women entrepreneurs, and a general assessment of the regional environment.

The interviews were conducted face-to-face by one of the authors. According to Wakkee et al. (2006) face-to-face interviews are one of the most effective qualitative methods. Data were recorded in written protocols for each case, and protocols were uploaded into a specific software program (NVivo). In a few cases, interviewees also agreed for the interview to be recorded, which allowed us to develop verbatim transcripts. Computer-assisted programs for qualitative data analysis support researchers in handling large amounts of text. In analyzing the data, we followed a concept-driven analysis strategy (Gibbs 2004), proceeding from within-case to cross-case analysis. Eisenhardt (1989) points out that within-case analysis helps to build familiarity with the data, while the search for cross-case patterns forces the investigators to go beyond initial impressions. Each case was read through repeatedly and coded based on thematic categories derived from the conceptual review. This allowed us to systematically search for patterns across

Table 6.1 Characteristics of the interviewed women entrepreneurs

| Characteristics of the interviewed women entrepreneurs | | | | | | |
|--------------------------------------------------------|--------------------------------------------------------------------------|------------------------|--------------------------|--------------------------------|----------------------------------------------------------|-------------|
| Age | 25-34 years | | 35-44 years | | 45-54 years | 55-64 years |
| | 4 | | 11 | | 11 | 5 |
| Relationship Status | Married | | Living in a relationship | | Single/Divorced/ Widowed | |
| | 13 | | 11 | | 7 | |
| Number and Age of children | No child(s) | | Under aged child(s) | | Full aged child(s) | |
| | 8 | | 10 | | 13 | |
| School leaving certificate | "Haupt-" or "Realschulabschluss" (Certificate of secondary education) | | | "Abitur" (A-Level) | | |
| | 14 | | | 17 | | |
| Educational achievement | Professional education(s) | | Academic Studies | | Both Professional educa- tion(s) and Academic Studies | |
| | 14 | | 9 | | 8 | |
| Status before founding | Self-employed worker | Salaried em- ployee | Student | Voluntary job- less | Unemployed | |
| | 2 | 6 | 1 | 1 | 21 | |
| First or further self employed activity | First self-employed activity | | | Further self-employed activity | | |
| | 26 | | | 5 | | |
| Full-time or part-time employment | Full-time | | | Part-time | | |
| | 25 | | | 6 | | |
| Ability to make their living | Able to make her living | | | Not able to make her living | | |
| | 17 | | | 14 | | |

Source: Empirical study

cases. The familiarity of the authors with the country and region-specific contexts assisted in this regard, contributing to contextualizing and grounding the data analysis and conclusions (Eisenhardt 1989).

6.3.2 Findings

One of the main aims of the empirical survey was to investigate success of women entrepreneurs in relation to their personal and business motivations and objectives. With this, we hoped to gain deeper insights into their individual understanding of success. Secondly, we searched for patterns of entrepreneurial behavior of women entrepreneurs with particular emphasis on those factors influencing entrepreneurial behavior. Table 6.2 provides an overview of the patterns and relations between

Table 6.2 Relations between motivations, goals, and success

| Motivation | Objective | Success |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Category 1: Push or pull entrepreneurship</i> | | |
| 1.1. If women are mainly led by push motives... | ...person-related, financial goals are of high importance... | ...almost all are able to make their living with their entrepreneurial activities. ...important: their personal development during the entrepreneurial activity (accepting the role to be an entrepreneurial person)... |
| 1.2. If women are mainly led by pull motives... | ...business-related financial goals are of high importance... ...they emphasize business-related, financial goals... ...they state business growth intentions... ...they almost all have the goal to gain satisfaction... | ...almost all are able to make their living with their entrepreneurial activities. |
| 1.3. If women are led by both push- and pull motives... | ...in conjunction with various goals... | ...few can make their living in comparison to women entrepreneurs with a solely push or pull motivation. |
| <i>Category 2: Business-related motivations</i> | | |
| If women feel responsible for a family enterprise... | ...they emphasize business-related goals... | ...they put company success on one level with family success. |
| <i>Category 3: Various personal life-related motivations</i> | | |
| 3.1. If women entrepreneurs set up their business out of passion for their venture idea... | ...they focus on idealistic-altruistic goals... ...they see the company as a means to this end... ...their main goal is to achieve work-life-balance... | ...they have problems to make their living with their entrepreneurial activities (at the time of the interview) ...they emphasize being satisfied as part of their individual understanding of success. |
| 3.2. If women entrepreneurs set up their business out of passion for entrepreneurship as such... | ...they focus on economic goals ...they do not set themselves boundaries concerning their entrepreneurial activity and their entrepreneurial growth ...their main goal is to achieve work-life-balance... | ...they have little problems to identify with the traditional understanding of success. ...they are able to make their living with their entrepreneurial activities. ...they believe themselves to be successful. ...they emphasize being satisfied as part of their individual understanding of success. |

Source: Empirical study

motivations, objectives, and success which emerged from the data. We then continue to illustrate main patterns with examples from our empirical study.

With regard to the relations between motivations, goals and success, we identified three broad patterns. In Category 1, we differentiate between push and pull motivations, although we do recognize that hindsight bias of respondents might distort our findings in this regard and that most entrepreneurs cannot be easily classified into one or the other category. In Category 2 and 3, the configurations illustrate recurring interrelations between motivations, goals, and success, in Category 2 related to business-related motivations and in Category 3 related to various personal and life-oriented motivations. The 5M are a cross-sectional influence across all three categories.

Category 1: Those women we identify as “push entrepreneurs” (Category 1.1) mainly set up their business out of sheer necessity to secure their professional and financial survival and livelihood. Lena, who offers juridical advice, is such an example: 35 years old, after she had finished her law studies she could not find a job, despite several attempts. That pushed her into entrepreneurship which at that time she considered her only way out. She initially understood her venture as a temporary solution, but concedes that “I somehow got stuck with it.” Not surprisingly, these women emphasized financial goals, although this was related to their personal life instead of their business. Typical statements for the former include “I want to earn more money after I have set up the business” while business-related financial goals are reflected in sentences like “the volume of sales is important for my company to gain stability.” When interviewed, most of these women struggled, but managed to make a living with their venture.

Of particular interest in relation to success is that in nearly all cases women, although driven into entrepreneurship, learned to accept their role as entrepreneurs. Once they had experiences in entrepreneurship and also were able to secure their living, or in other words, once they had achieved entrepreneurial success in our broad understanding, they appreciated the benefits of being an entrepreneur and business owner. If interviewed today, most probably would no longer fall into the category of genuine push entrepreneurs, thus illustrating the versatile nature of these concepts as also has been demonstrated by previous studies (e.g., Welter 2006).

Pull entrepreneurs (Category 1.2) are different from push entrepreneurs in that they prioritize business-related goals. Again, financial goals are important, but in relation to their businesses. Frequently, respondents state growth intentions. Similarly to push entrepreneurs, where this was not to be expected, almost all of the pull entrepreneurs can earn their living. Moreover, most women emphasize that they want to gain satisfaction which is not surprising given the fact that they entered entrepreneurship by choice. Interestingly, however, pull entrepreneurs put the same emphasis on economic and personal goals: they aim to grow and develop their business, but at the same time, they stress their personal satisfaction as important goal. Therefore, these women understand entrepreneurship as more than an economic activity, implicitly recognizing its wider embeddedness into their life sphere.

This differs for Category 1.3, namely those women who can be described as push/pull entrepreneurs. Related to pull entrepreneurship, at one point during their

life they had thought of setting up a business and also they frequently had wished to be entrepreneurs but all that happened before they had any concrete business idea. The push toward entering entrepreneurship resulted from external influences and their life situation at the time of venture creation. In other words, circumstances influenced by their micro- and macroenvironment were the decisive push factors. Examples include Christiane (46 years) or Gabriela (44 years). In both cases, the labor market situation pushed the women to enter entrepreneurship. Christiane did not find long-term wage employment after her move from East to West Germany. When searching for a new job, she started thinking about self-employment but without following this up. When reading newspaper advertisements, she noticed that someone was searching a successor for a business offering household-related services. Gabriella lost her job and saw little chance of finding a new one. This motivated her to open her own business, offering consultancy and training. She is happy to be her own boss: "I love my job. To be honest, I feel good all around." Similarly to both examples, many push/pull entrepreneurs were triggered to set up their businesses when they became unemployed. They however differ from "push" entrepreneurs because they were not pushed into entrepreneurship against their inner beliefs. On the contrary, they are satisfied with their decision and savor the benefits of their entrepreneurial activities. But, most of them appear to have considerable difficulties in sustaining their livelihood with their business activities. In other words, this group is less successful compared to those with a solely push or pull motivation which appears to favor business success.

Category 2 includes those (few) cases, where women prioritize business-related motivations. In cases where the women felt responsible for a family business, they prioritized business-related goals, although at the same time putting the same emphasis to the success of the business and the success of their family. This does not come as a surprise since the success of their company is inextricably linked with the "success" or well-being of their family. Take Sandra (60 years) who had tried several different jobs, apprenticeships and studies during her life, interrupted by long periods of time during which she raised her children. During the 1990s, she started to work in her husband's manufacturing company. After his sudden death in 2001, she took over the company which was in a serious crisis at that time. She managed to turn around the business and today she proudly emphasizes that she is leading a "healthy business," which achieves a yearly, seven-figure turnover. Although Sandra emphasizes that she voluntarily took over the business, she also highlights that she basically did not have a choice at that time: "That was beyond question, I simply decided to do this." Today, entrepreneurship dominates her life: "I am entrepreneur all of my time, everything else has to step back."

Another example within this category is Melanie (33 years). After finishing school, she started working at the German Postal Service. At the same time, her father, together with an acquaintance, founded a business which specialized on gardening and landscaping and in which Melanie helped out from the beginning. In 2005, her father had to declare bankruptcy because of frictions between the business partners. He suggested to Melanie to set up her own venture in the same

industry. Melanie was able to take over customers and contracts, some of the employees and thus continued the family business. She understands her entrepreneurial engagement as one way of keeping the family business on the market: "It is my declared intention to ensure this. [...] I would not give in before I haven't exploited everything."

Category 3 includes motivations related to the personal life of our respondents which can be broken down into two subcategories, depending on the dominant motivation. One particularly interesting group contains those women who founded their business out of "passion for the business idea" and who pursue idealistic-altruistic goals (Category 3.1). Their goals are less focused on the development of the business itself. Instead, the women emphasize the business as a means to an end. When developing their business idea, they put personal interests first and less emphasis on the commercial viability of their business concept. In some cases, women indulged in their passions. For example, Antonia (47 years) set up a coffee-roasting company, not least because coffee and coffee roasting has been her life-long passion. Jasmin (50 years) had worked as clerk for over 20 years, although she never was fully satisfied with her job. Her interest was in herbs and essential oils; and she followed this up with trainings in aroma therapy, as image and color advisor and as health consultant, although she was hesitant to leave wage employment. When she was dismissed from her job in 2001, she took the decision to become self-employed: "I always had been interested in realizing my own visions. . . Basically, I have turned my passion into my profession. [...] I want to live what I have learnt and what I want. And I want to help people to develop further."

Not surprisingly, it is less financial and economic goals which dominate within this category, but idealistic-altruistic objectives and a wish to change the world for the better. Victoria (48 years, teacher) additionally trained as social therapist. In 2005, she experienced a burn-out in her teaching job which triggered her to go back to her idea of becoming an entrepreneur: "This was pure necessity. I wanted to get rid of old habits and routines, I wanted to realize my ideas and ideals. That was definitely less of an economically sound decision." She offered mobile social services, being the first business in this industry within her region. Thus, Category 3.1 includes women whose main goal is to achieve work-life balance while they equate success with general satisfaction. Their decision to enter entrepreneurship was less motivated by economic perspectives, but rather a result of their wish to organize their life the way they want to. Perhaps not surprisingly, at the time of the interview, only one of the entrepreneurs within this subcategory was able to make a living from her company. However, this can partly also be explained by the fact that most of these cases had been in the market for less than 2 years. But on the other hand, as only few of the respondents, who had set up their businesses longer than 2 years ago, fit into Category 3.1, it seems likely that the survival probability for such ventures is actually lower compared to other women entrepreneurs. Partly this could be explained by the nature of the activities.

For women entrepreneurs who are motivated out of "passion for entrepreneurship as such" (Category 3.2), it is most important to be self-employed instead of working

as an employee. The business idea is secondary to be self-employed prior ranking. Elisabeth is such an example: she is 58 years old and says of herself that already very early in her life she wanted to be independent and self-employed and was always aware that one day she will have her own business. After school she worked several years as an industrial clerk and then began to work in a health food store. She always had the desire to later on set up her own independent health food store and this work was to prepare her for her own business. Over time, she saw no good future prospects in the food industry and again changed her job. For 8 years, she worked in a wood furniture shop, this time with the idea of opening her own furniture store. However, she ultimately found that she lacked the capital to set up a furniture shop. This resulted in her going back to wage employment, this time learning how to handle multimedia and everything related to computer because she thought of setting up a secretarial service company which she opened in 1999. This was followed by a second company, income tax assistance, which was created in 2002.

Women entrepreneurs who are motivated out of “passion for entrepreneurship as such” put an emphasis on business-related goals, including business growth. They do not set themselves boundaries concerning their entrepreneurial activities and their entrepreneurial growth. Their main goal is to achieve a good work-life-balance and being a women entrepreneur is an existential part of this – they take much pleasure in being self-employed. None of the respondents in Category 3.2 had any difficulty with the traditional notion of success. Those owning a business for more than 2 years could earn their living; and every single woman saw herself and her business as successful.

In those cases (Category 3.2) where women had been interested in entrepreneurship for a long period of time, their motivations often include a desire to change their life, to take over responsibility for one’s own life, the wish to be independent or the wish for self-fulfillment. In these cases, motivations and goals go hand in hand: once a woman has started a business and thus realized something she has dreamt of for a long time she has achieved her goals. Interestingly, in these cases motivations which are clearly linked to individual life issues also are linked to a business-related understanding of success. This does not come as a surprise because these women can only continue with their entrepreneurial activities if the business is in the black.

An interesting final observation concerns the nature of motivations, goals, and success. Our data show that motivations are generally more related to the person and her personal life; goals are more related to the business, focusing, for example, on business development in terms of employment, sales, or turnover. Therefore, in relation to success, motivations appear to resemble the strategic, long-term orientation of the entrepreneur, while goals reflect the operative background for entrepreneurial actions and behavior. Success, on the other hand, has a pronounced link to personal life issues: “satisfaction,” “work-life balance,” and “reconciling employment and family” are the key concepts used by our respondents to describe success.

6.4 Outlook

To sum up, our analysis in the previous section demonstrates recurring patterns of motivations, goals, and success, with “motherhood” and the microenvironment being an implicit, but oftentimes dominating influence, while the meso and macroenvironment play a less important role in influencing success. Overall, the data highlights the complexity of success with many of our respondents combining both business- and personal-life related aspects in their entrepreneurial activities. We suggest that the inclusion of motivations and goals together with a broad understanding of what constitutes success is a first step. In line with previous studies (e.g., Moser and Schuler 1999), in the case of women entrepreneurs it does not suffice to restrict success to economic success as this does not explain women’s entrepreneurial behavior. A second step includes contextualizing success, or, in other words, considers success within its diverse contexts because the “5M” have an implicit and explicit influence on individual behavior. In this regard, further research is needed, studying the causalities between environments and individual behavior and enterprise success.

Our study also suggests that we need a different understanding of what constitutes entrepreneurial success. The data show that women entrepreneurs cannot be labeled “unsuccessful” based on negative financials, as their reality and understanding differ. Entrepreneurship research should take this diversity into account. This also opens an interesting line for future research, namely to what extent success is not only socially constructed, but also negotiated between, for example, members of a house-hold or family where one member also happens to be an entrepreneur. It could well be that the way women handle their business, in particular their recurring emphasis on life-work balance and also nonmonetary goals in defining success, is the way forward in entrepreneurship.

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Chapter 7

Women Entrepreneurship and Performance

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Abbreviations

GEM Global entrepreneurship monitor
APS Adult population survey
NES National experts survey

7.1 Introduction

Contrasting with few studies showing no gender differences among performance in entrepreneurial businesses (Johnsen and McMahon 2005; Kalleberg and Leicht 1991; Menzies et al. 2004), there is a wide range of researchers who state that organizational performance is gendered, being business owned by women less successful than those owned by men (Aldrich 1989; Cassar 2004; Coleman 2005; Covin and Slevin 1991; Covin et al. 2006; Cuba et al. 1983; Hisrich and Brush 1984; Loscocco et al. 1991; Shaw et al. 2009; Swinney et al. 2006; Watson 2006; among others).

There are also some studies that suggest that women present certain advantages in specific functions in management, mainly managerial functions related to people, that would lead to a higher performance. As a matter of example, women would focus on their teams' development more intensively than men; they would show a higher level of empowerment in their businesses and also would encourage their employees' achievements and perseverance in a higher degree (Bruni et al. 2004; Gundry et al. 2002). Women's advantages would arise from the fact of spending more time in networking, being more engaged in conducting market research and performing better in strategic planning, leading change (Greve and Salaff 2003;

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Lerner et al. 1997; Lerner and Almor 2002; Morris et al. 2006; Walker and Webster 2006) and innovation (Goldsmith et al. 1987, 1995; Hisrich and Brush 1984; Sexton and Bowman-Upton 1990).

However, the relationship between gender and differences in performance is not unanimously accepted. Other researchers have found no gender-related differences in success indicators, such as longevity, turnover or growth (Fagenson 1993; Kalleberg and Leicht 1991; Menzies et al. 2004; Sonfield et al. 2001; Verheul et al. 2002; Verheul and Thurik 2001; Watson 2002). Kalleberg and Leicht (1991) concluded that the likelihood of failing of women's owned businesses was not higher than those owned by men; moreover, they were even as successful. Some studies provide empirical evidence that performance among male and female entrepreneurs is not significantly different, even suggesting that their managerial performance and attitudes correspond in many aspects (Chaganti and Parasuraman 1996; Menzies et al. 2004; Orser and Riding 2004; Watson 2002).

Some researchers point out to a more complex dynamic between gender and business performance. They challenge the conventional wisdom regarding women's inferiority in entrepreneurship by considering that, given the same starting resources, female-owned and male-owned firms would not present significant performance differences (Johnsen and McMahon 2005; Watson 2002). Therefore, the research question should be shifted from whether women-owned businesses *underperform* to whether the range and amount of initial resources females are able to access can be proved to be lower than those males can reach.

Studies on the relationship between entrepreneurial success and gender are scarce, making the resolution of this issue a relevant research field (Dafna 2008; Kalleberg and Leicht 1991). In order to present a proper analysis of female entrepreneurship and performance, this chapter starts by describing what we understand by performance. Next, we present some relevant research that suggests explanations for a gendered difference in entrepreneurs' performance. The discussion about gender differences in resource possession and accessibility will be introduced as a fundamental concern in this debate. Finally, empirical evidence of the arguments provided by literature to explain gender-induced differential performance is soaked in the data provided by the Global Entrepreneurship Monitor (GEM) research program, one of the most ample sources of information on entrepreneurial activity worldwide.

7.2 What Is Performance?

Performance is a recurrent theme in most branches of management, being its importance widely recognized (Steers 1975; Yuchtman and Seashore 1967). However, the treatment of performance in a research environment is perhaps one of the most complex issues faced by academic research (Venkatraman and Ramanujam 1986).

It is commonly agreed that performance should be considered at three different levels. The first one, known as financial performance, is the narrowest conception and focuses on the use of simple outcome-based financial indicators that are

assumed to reflect the fulfilment of the economic goals of the firm. This conception of performance has been the dominant model in empirical strategy research (Hofer 1983). Under this approach, the most common variables to be measured would be sales growth, growth in terms of number of employees, profitability (mainly return on investment, return on sale, and return on equity), earnings per share, and so forth.

Venkatraman and Ramanujam (1986) call operational performance to the indicators that go one step further in performance measurement, like market-share, new product introduction, product quality, marketing effectiveness, manufacturing added-value, and other measures of technological efficiency within the domain of business performance.

Finally, businesses are started by people with different aims, and stakeholders present various interests and goals. The achievement of these aspirations should also be considered as performance. Therefore performance, in its broadest conceptualization, refers to the multiple and conflicting nature of organizational goals (Cameron and Whetten 1983).

Following this line of stakeholders' goals satisfaction, it has emerged the concept of the "The Triple Bottom Line", abbreviated as "TBL" or "3BL", and also known as *people, planet, profit*. This concept has become increasingly popular by its expansion of the traditional reporting framework, taking into account ecological and social performance in addition to economic or financial performance. The idea behind the 3BL paradigm is that a company's responsibility lies with its stakeholders, instead of just maximizing shareholders' profit, in terms of taking care of human capital (*people*), natural capital (*planet*) and economic value (*profit*) similarly to the corporate social responsibility approach (Norman and MacDonald 2004).

The consideration of organizational performance from the stakeholders' point of view has been widely studied from a gender perspective. It is generally accepted that, on one side, female entrepreneurs perceive business success as being in control of the business processes, building ongoing relationships with clients, doing something fulfilling and achieving goals. On the other side, men use mainly financial performance indicators to measure success (Moore and Buttner 1997; Romano 1994). Differences in motivations to entrepreneurship (Hughes 2003; Pardo-del-Val 2010; Weiler and Bernasek 2001) can explain gender differences in performance perception (Dafna 2008). Dhaliwal (2009) found out that the stimulus for many female entrepreneurs was the entrepreneurship idea itself, rather than its economic results. In terms of personal goals, Shaw et al. (2009) found out that female entrepreneurs rated personal achievement, challenging themselves and personal vision higher than their male counterparts. On the contrary, men rated higher *building great wealth* and *financial security*.

A methodological problem arises from self-rated performance. Since females put a higher emphasis on the process itself, while men focus more on results (Poole and Langan-Fox 1993; Veroff 1977), performance would be difficult to compare if genders use different measurement criteria.

7.3 Explanations for Gendered Performance

Those studies that affirm performance is gendered focus mainly in financial and operational indicators. To explain this differential gender-based performance, they suggest a set of possible explanations that will be addressed now: the existence of horizontal segregation, the influence of business size in performance, and the effect of certain women's personal attributes that could play a role in their subsequent performance.

7.3.1 *Horizontal Segregation*

While businesses owned by men occur across a wide variety of settings, women, both entrepreneurs and those who work for someone else, often operate in a much narrower typology of industries. These are mainly retail sales and personal and educational service industries, the so-called *female ghetto* (Kalleberg and Leicht 1991). Coleman (2005) found out that 77.89% of women-owned firms were in either service or retail lines of business while men's presence in these sectors was just 66.66%. What differentiates companies in these industries is that they generally have lower growth rates than business in other industries, in part because services and trade are highly labour-intensive and there is a lot of competition among sellers in their product markets (Humphreys and McClung 1981), experiencing a high business failure rate (Kirchoff 1994).

So, the concentration of female entrepreneurship in these low-growth industries may explain their underperformance compared to male-owned firms, which are more widespread along different industries (Loscocco et al. 1991). Fasci and Valdez (1998) recommend that, to run a proper research about gendered performance, studies should be conducted industry by industry, focusing on industry rather than on firms.

7.3.2 *Size*

A firm's size is an important variable for its success. Smaller companies are more exposed to difficulties in raising capital or competing for qualified employees with larger organizations, among other liabilities. Large organizations, whether headed by men or women, are more successful (in terms of earnings growth) than small ones (Kalleberg and Leicht 1991).

Since firms owned by women are generally smaller in terms of assets and revenues and employ fewer people than those headed by men (Coleman 2005; Humphreys and McClung 1981; Kalleberg and Leicht 1991), business size would mediate most of the gender differential performance (Loscocco et al. 1991).

The smaller size of businesses owned by women may help to explain in part their underperformance compared to their male counterparts. In this sense, Coleman (2007) also found out that low-growth firms were mainly from the service sector, their owners with a lower educational background, and significantly less likely to have loans.

The question that should be addressed is why women-owned firms are in fact smaller. And the reason may not be an implicit desire of females by owning small firms, as Menzies et al. (2004) did not find significant gender differences in terms of the desired future size of their firms.

7.3.3 Personal Attributes

Research has often resorted to personal attributes to describe gender differences in entrepreneurship, considering that certain female personality traits would explain their lower performance.

Kalleberg and Leicht (1991) focused on two types of personal characteristics as plausible explanations for any observed gender-based differences in business survival and success: experience (having women less business experience than men) and innovative behaviours (women are generally thought to be less confident than men of their ability to succeed in business and thus less innovative). Their study, however, concluded that earnings growth, as an indicator of performance, was unrelated to experience, innovation, and confidence for both men and women

Research is not conclusive regarding the personality traits that should be considered and their potential effects. Lower work experience, even less prior work experience in a family business, has been suggested to explain underperformance of female-owned businesses (Brush and Hisrich 1991; Coleman 2007; Fairlie and Robb 2009). Some studies also found that self-confidence, ability to set goals or to overcome difficulties in risky situations, would partially explain why female-owned businesses are less successful than male (Johnson and Powell 1994; Zinkhan and Karande 1991).

7.4 Differences in Resource Access and Deployment

To perform a fair analysis on gendered performance, it should be necessarily taken into account in which terms female entrepreneurs start their businesses compared to their male counterparts (Watson 2002).

Differences in performance may arise from the context in which females establish their businesses. Gender differences in variables, such as age, previous experience, educational background, personal goals, domestic responsibilities or amounts and types of start-up capital, may condition the future development of the firm. Therefore, we are going to analyze next what kinds of resources are significantly different in male and female ventures.

In order to organize the description of the resources needed to start a business, we will refer to the classification of economic, human, social and symbolic capital (Boden and Nucci 2000; Carter et al. 2003; Cope et al. 2007; Davidsson and Honig 2003; Shaw et al. 2008).

By economic capital, we allude to the amounts and sources of start-up funding and income prior to start-up (Bourdieu 1986). Human capital stands for entrepreneur's age, education and work experience (Becker 1964). By social capital, we understand the structural and relational dimensions of an individual's social network (Coleman 1988). Finally, symbolic capital refers to perceptions of a person as an entrepreneur, how seriously he/she is taken, how capable he/she feels him/herself, etc.

It is widely accepted that women entrepreneurs start their businesses with significantly less (typically only one third) of the financial capital invested by their male counterparts (Carter and Rosa 1998; Coleman 2000; Hisrich and Brush 1984; Stevenson 2002). Such scarcity of initial capitalization burdens the business performance. There is no general agreement about how to explain this gendered funding pattern. Reasons provided range from sexual stereotyping and discrimination (Buttner and Rosen 1988; Hisrich and Brush 1984), women's lack of personal assets and credit track record (Riding and Swift 1990), women's inability to penetrate informal financial networks (Olm et al. 1988) and a higher demand for collateral requirements (Orphan 2001), among others.

Human capital refers to inputs, such as age, education, prior business experience, close contact with managing a business (belonging to a family with a firm),... Coleman (2005) identified that women in her sample had attained a lower educational level than men, had less years of previous experience, were younger and were significantly less likely to have partners who could have provided additional education or expertise. In terms of human capital, both age of the entrepreneur and experience emerge as important variables affecting performance, whereas women show less industry and managerial experience and thus are disadvantaged in relation to men (Shaw et al. 2009). As far as education concerns, many authors highlight the importance of the entrepreneur's education for business success (Loscocco et al. 1991; Powell and Ansic 1997; Wirth 2001). However, some research suggests that education is not a gendered variable for firm's performance (Coleman 2005; Shaw et al. 2009; Swinney et al. 2006).

Regarding social capital, men have greater network advantages, including more trusting relationships and greater reciprocity. Male entrepreneurs are in a better position to manage networking more effectively (Aldrich 1989), even though women are more involved in networking in quantitative terms (Greve and Salaff 2003). Apparently, women are significantly more likely to discuss finance, family and personal matters with their prime contact while men tend to focus more on business matters (Shaw et al. 2009). While the female behaviour might be interpreted as an indicator of network strength (Granovetter 1973), it may have restricted other benefits, including market and customer information, positive word of mouth and access to additional resources. Moreover, it may contribute little to either their personal reputation or that of their firms and, as a consequence, female entrepreneurs may have been

perceived as less business focused. This perception would have an impact on stakeholders' perceptions of them, on their symbolic capital and thus on the performance of their businesses.

According to Shaw et al. (2009), the combination of lower human and social capital possessed by female owners pushes towards a relatively lesser amount of symbolic capital than their male counterparts.

7.5 The Global Entrepreneurship Monitor

7.5.1 *The GEM Research Program*

To empirically contrast the theoretical explanations about gendered performance in entrepreneurs, we are going to work with information out of the “Global Entrepreneurship Monitor” research program. GEM is an annual assessment of the national level of entrepreneurial activity, which started as a partnership between London Business School and Babson College in 1999 with 10 countries. Now, GEM 2010 includes information of 59 countries worldwide.

There are two types of surveys, the Adult Population Survey (APS) and the National Expert Survey (NES). The NES consists of a 45-min face-to-face interview to national experts. A national expert is an individual who is directly involved in delivering or assessing a major aspect of an entrepreneurial framework condition¹ in his/her country. They could be entrepreneurs, politicians, academics, bankers, consultants, government officials or other professionals in the field of entrepreneurship.

The APS is the primary research tool of GEM. Each national team must survey at least 2000 adults in its country by means of telephone or face-to-face interview techniques, using the same questionnaire and being time coincidental to ensure consistency and cross-country comparability. Since entrepreneurial activity is complex and multifaceted, the GEM survey data distinguish among nascent entrepreneurs, new entrepreneurs and established business owners.

Regarding the NES, we have worked with information provided in the Cultural and Social Norms framework. More specifically, we have used the questions dealing with gender variables:

- In my country, there are sufficient social services available so that women can continue to work even after they start a family.

¹The nine framework conditions are Financial Support, Government Policies, Government Programs, Education and Training, Research and Development Transfer, Commercial and Professional Infrastructure, Market Openness/Barriers to Entry, Access to Physical Infra-structure, and Cultural and Social Norms.

- In my country, starting a new business is a socially acceptable career option for women.
- In my country, women are encouraged to become self-employed or start a new business.
- In my country, men and women get equally exposed to good opportunities to start a new business.
- In my country, men and women have the same level of knowledge and skills to start a new business.

The data presented correspond to the last 3 years available (2005, 2006 and 2007), which also allows us to gather for an observable trend in experts' opinions.

Regarding data from APS, we have compared variables of those developed countries that had data available for most of the information we were using: Austria, Belgium, Denmark, Finland, Greece, Iceland, Ireland, Italy, Norway, Spain, Switzerland and the United Kingdom. Data are from the latest year available (2007). *Start-ups* are entrepreneurial ventures up to 3 months old while firms older than 3 months and younger than 42 months are those called *new business*.

7.5.2 Analysis of GEM Data

Using the referred data sources, we will look for empirical evidences of the assumptions stated in the theoretical framework. Firstly, we will try to determine if the explanations given by previous research about why performance could be gendered (horizontal segregation, size and personal attributes) can be confirmed with our data. Secondly, we will try to analyze if there is a gender difference in the usage of the capitals needed to start a new business (economic, human, social and symbolic capital).

7.5.2.1 Horizontal Segregation

As the theoretical framework suggests, GEM data point out that women tend to start their business in the so-called *female ghetto* (retail and service industries), and this horizontal segregation may push them towards a lower performance level.

Table 7.1 shows the percentage of entrepreneurs that started their business in the retail and service industries by gender. We have defined these industries adding what the APS survey calls business services and consumer-oriented services. Attending the above-mentioned table, it becomes quite evident that the *female ghetto* exists in the vast majority of the countries analyzed.

The percentage of females that decide to entrepreneur in these sectors is always higher than the males' one both for new businesses and for start-ups. The only exceptions are Switzerland and Denmark for the former, and Italy and Switzerland for the latter.

Table 7.1 Male and female entrepreneurs in retail and service industries (business services and consumer oriented) (percentage over total entrepreneurs by gender)

| Country | New business | | | Start-ups | | |
|----------------|--------------|--------|--------------------|-----------|--------|--------------------|
| | Male | Female | Difference (F – M) | Male | Female | Difference (F – M) |
| Spain | 60.6 | 70.9 | 10.3 | 64.2 | 73.2 | 9.0 |
| Austria | 60.0 | 100.0 | 40.0 | 60.0 | 77.7 | 17.7 |
| Belgium | 83.3 | 100.0 | 16.7 | 69.2 | 81.8 | 12.6 |
| Denmark | 72.7 | 71.5 | -1.2 | 58.3 | 80.0 | 21.7 |
| Finland | 53.0 | 80.0 | 27.0 | 52.8 | 70.3 | 17.5 |
| Greece | 64.3 | 81.8 | 17.5 | 67.2 | 84.0 | 16.8 |
| Iceland | 56.6 | 69.7 | 13.1 | 60.0 | 70.4 | 10.4 |
| Ireland | 71.1 | 91.5 | 20.4 | 68.5 | 85.7 | 17.2 |
| Italy | 66.7 | 66.7 | 0.0 | 72.4 | 67.9 | -4.5 |
| Norway | 72.7 | 100.0 | 27.3 | 58.1 | 80.0 | 21.9 |
| Switzerland | 65.5 | 57.7 | -7.8 | 81.6 | 72.0 | -9.6 |
| United Kingdom | 58.6 | 78.6 | 20.0 | 66.7 | 82.6 | 15.9 |

Table 7.2 Expectations of growth or decrease in new businesses and in start-ups for the 12 countries studied (measured by number of employees)

| | Male | | Female | |
|-------------------------------------------------|------------------|---------------|------------------|---------------|
| | New business (%) | Start-ups (%) | New business (%) | Start-ups (%) |
| Decrease of more than 15 employees | 0.47 | 1.14 | 0.05 | 0.91 |
| Decrease of up to 15 employees | 9.10 | 5.03 | 8.05 | 6.32 |
| No decrease or even increase up to 15 employees | 86.84 | 80.71 | 90.29 | 91.50 |
| Increase between 15 and 25 employees | 1.43 | 4.25 | 0.57 | 0.56 |
| Increase of more than 25 employees | 2.17 | 8.88 | 1.04 | 0.72 |
| | 100.0 | 100.0 | 100.0 | 100.0 |

7.5.2.2 Size

According to the literature review, women start smaller businesses, which even grow less, than men. To observe firms' growth, Table 7.2 shows GEM data (APS) in the countries studied about expectations of growth both for new businesses and for start-ups. It becomes evident that this data do not allow us to evaluate if women start smaller businesses or not. But if the expectations of the respondents to the survey are realistic, it can provide an idea regarding the future growth of the firm. Chi-square test shows no statistical differences in the expectations by gender in any of the countries evaluated, what makes us to conclude that, as previous research states, there are no gender differences in the desired future size of the businesses.

Table 7.3 In the next 6 months there will be good opportunities for starting a business in the area where you live (percentage of respondents that answered yes)

| Country | Total | Male | Female | Difference (F – M) |
|----------------|-------|------|--------|--------------------|
| Austria | 51.7 | 55.0 | 48.3 | -6.7** |
| Belgium | 19.0 | 22.9 | 14.9 | -8.0*** |
| Denmark | 72.0 | 76.6 | 68.2 | -8.4*** |
| Finland | 55.1 | 59.7 | 49.8 | -9.9*** |
| Greece | 27.9 | 30.7 | 25.0 | -5.7** |
| Ireland | 46.9 | 53.3 | 42.7 | -10.6*** |
| Iceland | 70.7 | 74.4 | 66.8 | -7.6*** |
| Italy | 38.0 | 45.1 | 33.4 | -11.7*** |
| Norway | 43.3 | 47.9 | 38.8 | -9.1*** |
| Spain | 34.7 | 37.8 | 31.4 | -6.4*** |
| Switzerland | 38.0 | 42.3 | 34.2 | -8.1*** |
| United Kingdom | 38.3 | 44.5 | 33.3 | -11.2*** |

* $p < 10\%$; ** $p < 5\%$; *** $p < 1\%$

7.5.2.3 Personal Attributes

The GEM surveys do not provide specific questions to evaluate the personality traits differences that literature argues as possible explanation to gender-based performance differences: experience, innovative behaviours, self-confidence, among others. However, some questions can be evaluated as proxies of those traits. Optimism when analyzing the business environment is a must-have characteristic of individuals that decide to invest in a new business. Differences in this attribute could explain gender differences in entrepreneurship likelihood. As Table 7.3 makes evident, females systematically exhibit a lower level of business opportunities perception in each country. It can be argued that Table 7.3 shows a more realistic diagnostic of the environment. That being truth, the result could be a better performance derived from a better analysis, but it will also provoke a lower tendency to become an entrepreneur.

As important as optimism to become an entrepreneur is self-confidence. This personality trait can explain both the tendency to start a new business as well as the increased success probability that arises from a higher resistance to frustration emerging from daily business setbacks. Tables 7.4 and 7.5 show the results of questions that are good proxies of self-confidence: the self-perception of having the skills and experience to start a business and the fear to fail as a barrier to become an entrepreneur. Although subjective self-evaluation is not the best way to evaluate the presence of certain personality traits, gender differences can, however, be a revealing fact of self-confidence drawbacks.

Out of these data, it becomes clear that women have a lower personal selflessness of their capabilities and a higher fear of failure, which could be considered as features of a lower self-confidence. That would support the theoretical studies that consider self-confidence is also gendered. No differences arise considering the country of origin of the entrepreneur, what reinforces the stability of the finding.

Table 7.4 Have you the knowledge, skill, and experience required to start a new business? (percentage of respondents that answered yes)

| Country | Total | Male | Female | Difference (F – M) |
|----------------|-------|------|--------|--------------------|
| Austria | 57.0 | 66.0 | 57.0 | -9.0*** |
| Belgium | 41.8 | 52.8 | 41.8 | -11.0*** |
| Denmark | 40.3 | 54.0 | 40.3 | -13.7*** |
| Finland | 46.3 | 54.7 | 46.3 | -8.4*** |
| Greece | 55.1 | 60.3 | 55.1 | -5.2*** |
| Iceland | 54.0 | 67.0 | 54.0 | -13.0*** |
| Ireland | 52.9 | 63.5 | 52.9 | -10.6*** |
| Italy | 51.3 | 62.9 | 51.3 | -11.6*** |
| Norway | 38.0 | 49.8 | 38.0 | -11.8*** |
| Spain | 48.6 | 53.9 | 48.6 | -5.3*** |
| Switzerland | 46.1 | 54.5 | 46.1 | -8.4*** |
| United Kingdom | 50.8 | 61.8 | 50.5 | -11.3*** |

* $p < 10\%$; ** $p < 5\%$; *** $p < 1\%$

Table 7.5 Would fear of failure prevent you from starting a new business? (percentage of respondents that answered yes)

| Country | Total | Male | Female | Difference (F – M) |
|----------------|-------|------|--------|--------------------|
| Austria | 32.8 | 39.2 | 32.8 | -6.4*** |
| Belgium | 24.0 | 25.8 | 24.0 | -1.8 |
| Denmark | 35.2 | 35.8 | 35.2 | -0.6 |
| Finland | 31.3 | 36.0 | 31.3 | -4.7*** |
| Greece | 56.3 | 59.0 | 56.3 | -2.7** |
| Iceland | 38.2 | 42.1 | 38.2 | -3.9*** |
| Ireland | 34.0 | 36.6 | 34.0 | -2.6** |
| Italy | 42.1 | 46.5 | 42.1 | -4.4*** |
| Norway | 14.7 | 14.6 | 14.7 | 0.1 |
| Spain | 48.2 | 51.8 | 48.2 | -3.6*** |
| Switzerland | 32.7 | 35.8 | 32.7 | -3.1*** |
| United Kingdom | 33.8 | 36.4 | 33.8 | -2.6*** |

* $p < 10\%$; ** $p < 5\%$; *** $p < 1\%$

To analyze entrepreneurial resource access and deployment, we had another look at both APS and NES GEM surveys and found several variables that could explain the four types of capital mentioned theoretically.

7.5.2.4 Economic Capital

Differences in the amount of the initial investment can explain differences in performance. Firms that are born with a low economic capital may find difficulties to properly communicate, to design the products or services they are offering, or to contract qualified employees, among others. Therefore, it becomes interesting to examine if female entrepreneurs start their businesses with less economic capital.

Table 7.6 Differences in the initial entrepreneurship firms' assets (percentage of firms with initial assets >30.000 € by gender)

| Country | Total | Male | Female | Difference (F – M) |
|----------------|-------|------|--------|--------------------|
| Austria | 64.4 | 61.5 | 68.4 | 6.9 |
| Belgium | 18.8 | 23.1 | 0.0 | -23.1 |
| Denmark | - | - | - | - |
| Finland | 14.8 | 16.7 | 11.1 | -5.6 |
| Greece | 54.1 | 65.4 | 27.3 | -38.1 |
| Ireland | 25.0 | 26.3 | 22.2 | -4.1 |
| Iceland | 10.3 | 12.2 | 0.0 | -12.2 |
| Italy | 61.5 | 72.7 | 53.3 | -19.4 |
| Norway | 51.6 | 57.9 | 41.7 | -16.2 |
| Spain | 26.0 | 26.1 | 25.7 | -0.4 |
| Switzerland | 67.3 | 75.7 | 46.7 | 29.0 |
| United Kingdom | 21.0 | 23.3 | 17.1 | -6.2 |

Although GEM data did not provide any explanations about funding patterns, there is a question at the APS that focuses specifically on the initial firms' assets, as shown in Table 7.6.

Looking at our data, for those countries where information is available, a systematic trend is present: with the exception of Austria, there are more male entrepreneurs starting businesses with assets valued in more than 30,000 € than their female counterparts. This finding reinforces the theory that men and women do not start their businesses under the same conditions, which is later reflected in differences in firms' performance.

7.5.2.5 Human Capital

Differences on human capital have been argued as an explanatory factor of gender differences in performance, under the rationale that females would be younger and less educated. Tables 7.7 and 7.8 present data of percentage of male and female entrepreneurs younger than 35 years, and of entrepreneurs' educational background.

The evidence showed in Tables 7.7 and 7.8 does not support the premise of female starting their businesses with lower human capital. The percentage of entrepreneurs younger than 35 is generally higher among males in most of countries, or where the contrary is true, differences are very slight and generally non-significant. The same happens when the achieved level of education is considered (Table 7.8) as there is not a cross-national trend. The higher differences appear to be caused by more well-educated females than males (Iceland or Finland) and where the opposite is found, the percentage of males with a higher degree of education than females is never superior to a 3% (Belgium).

When experts are inquired about the same topic, that is, if under their believe females and males have the same knowledge and skills to start a new business, results show (Table 7.9) a general agreement on this statement. As the scale ranges

Table 7.7 Male and female entrepreneurs of 34 years old or less (percentage over total entrepreneurs by gender)

| Country | Male | Female | Difference (F – M) |
|----------------|------|--------|--------------------|
| Spain | 32.8 | 27.3 | -5.5*** |
| Austria | 36.5 | 35.3 | -1.2 |
| Belgium | 32.2 | 28.4 | -3.8* |
| Denmark | 23.8 | 26.6 | 2.8 |
| Finland | 34.3 | 34.9 | 0.6 |
| Greece | 40.3 | 38.3 | -2.0 |
| Iceland | 36.1 | 39.7 | 3.6* |
| Ireland | 28.1 | 22.0 | -6.1*** |
| Italy | 24.0 | 18.9 | -5.1*** |
| Norway | 26.7 | 21.9 | -4.8* |
| Switzerland | 30.2 | 27.8 | -2.4 |
| United Kingdom | 8.7 | 7.3 | -1.4 |

* $p < 10\%$; ** $p < 5\%$; *** $p < 1\%$

Table 7.8 Educational background

| Country | Total | Male | Female | Difference (F – M) |
|----------------|-------|------|--------|--------------------|
| Austria | 16.8 | 17.2 | 16.8 | -0.4 |
| Belgium | 65.6 | 68.8 | 65.6 | -3.2** |
| Denmark | 79.0 | 76.9 | 79.0 | 2.1** |
| Finland | 41.9 | 36.0 | 41.9 | 5.9*** |
| Greece | 36.6 | 38.5 | 36.6 | -1.9* |
| Iceland | 41.6 | 35.9 | 41.6 | 5.7*** |
| Ireland | 57.0 | 56.9 | 57.0 | 0.1 |
| Italy | 64.9 | 66.1 | 64.9 | -1.2 |
| Spain | 41.2 | 43.7 | 41.2 | -2.5*** |
| Switzerland | 40.5 | 44.2 | 46.5 | 2.3*** |
| United Kingdom | 46.5 | 46.5 | 46.5 | 0.0 |

Male and female entrepreneurs with post-secondary or graduate education (percentage over total entrepreneurs by gender)

* $p < 10\%$; ** $p < 5\%$; *** $p < 1\%$

Table 7.9 Experts' opinions on equality of skills and knowledge to become an entrepreneur

| Country | 2005 | 2006 | 2007 | Trend (2007–2005) |
|----------------|------|------|------|-------------------|
| Switzerland | 3.21 | - | 4.03 | 0.82 |
| Greece | 3.39 | 3.37 | 4.03 | 0.64 |
| Norway | 3.64 | 3.97 | 4.16 | 0.52 |
| Austria | 3.27 | - | 3.76 | 0.49 |
| Iceland | 4.29 | 4.58 | 4.6 | 0.31 |
| Finland | 4.17 | 4.09 | 4.3 | 0.13 |
| Italy | 4.06 | 3.75 | 4.18 | 0.12 |
| Belgium | 3.92 | 3.92 | 4 | 0.08 |
| Ireland | 3.51 | 3.53 | 3.51 | 0.0 |
| Denmark | 4.07 | 3.65 | 4.03 | -0.04 |
| Spain | 3.97 | 4.31 | 3.91 | -0.06 |
| United Kingdom | 3.59 | 3.35 | 3.41 | -0.18 |

Answer to the question: In my country, men and women have the same level of knowledge and skills to start a new business (1 = totally disagree through 5 = totally agree)

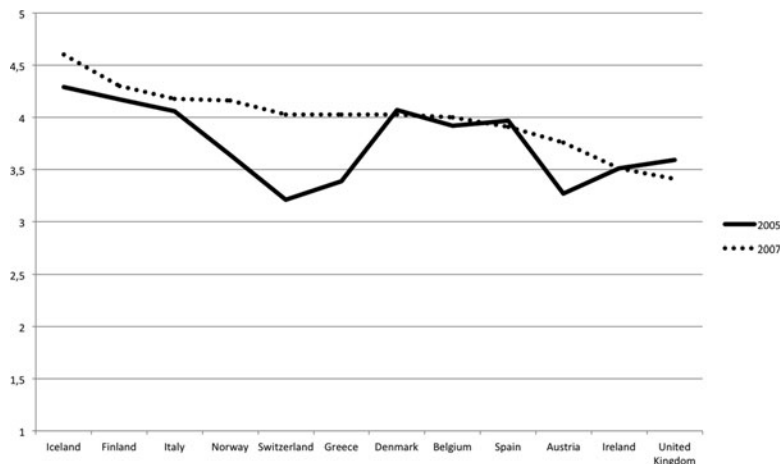


Fig. 7.1 Experts' opinions on equality of skills and knowledge to become an entrepreneur

from 1 (total disagreement) to 5 (total agreement with the statement), all the average answers in each country are above the mid point (3) and in 2007 most of them around 4. But what may be more important is that there is a clear trend in most of the countries to agree more strongly with the statement of equal skills and knowledge comparing the results of 2007 with those of 2005. It is worth noting that the countries where the experts believe that skills are more similar between genders are those where Table 7.8 showed higher education levels in females: Iceland and Finland (Fig. 7.1).

7.5.2.6 Symbolic Capital

The NES questionnaire again provides us with an interesting question to observe symbolic capital, namely the opinion of experts as to whether starting a new business is a socially acceptable career option for women. Table 7.10 shows that the social acceptance of female entrepreneurship is generally extended among analyzed countries and also it is increasing in most of them. In 2007, all the means surpassed the scale mid point. This result seems to discard social undesirability as a barrier to start a new business (Fig. 7.2).

7.5.2.7 Performance Is Not Just Financial

So far, we have considered performance in its narrowest level. However, as stated in the theoretical framework, performance should also be regarded as operational and, specifically in gender research, performance depends on the stakeholders'

Table 7.10 Experts' opinions on the social acceptance of society towards female entrepreneurship

| Country | 2005 | 2006 | 2007 | Trend (2007–2005) |
|----------------|------|------|------|-------------------|
| Switzerland | 2.74 | – | 3.26 | 0.52 |
| Spain | 3.03 | 3.44 | 3.36 | 0.33 |
| United Kingdom | 3.57 | 3.58 | 3.87 | 0.30 |
| Greece | 3.31 | 3.57 | 3.56 | 0.25 |
| Denmark | 3.89 | 3.92 | 4.00 | 0.11 |
| Ireland | 3.82 | 3.80 | 3.89 | 0.07 |
| Austria | 3.22 | – | 3.23 | 0.01 |
| Belgium | 3.54 | 3.89 | 3.53 | –0.01 |
| Norway | 4.28 | 4.12 | 4.18 | 0.10 |
| Iceland | 4.45 | 4.52 | 4.33 | –0.12 |
| Finland | 4.67 | 4.17 | 4.46 | –0.21 |
| Italy | 3.65 | 2.89 | 3.26 | –0.39 |

Answer to the question: In my country, starting a new business is a socially acceptable career option for women (1 = totally disagree through 5 = totally agree)

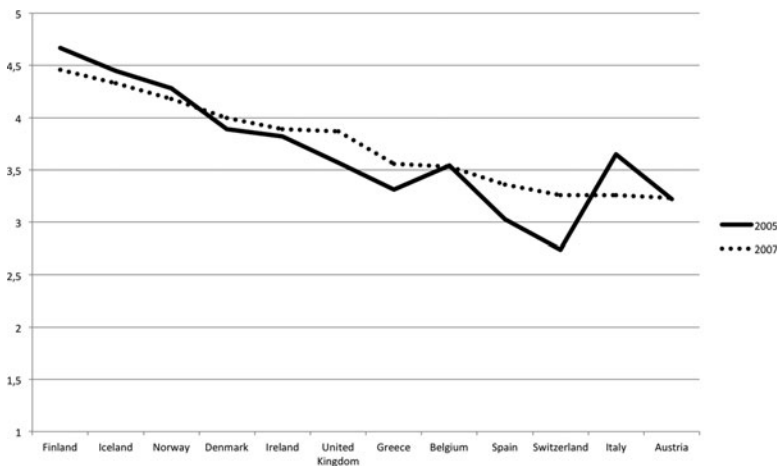


Fig. 7.2 Experts' opinions on the social acceptance of society towards female entrepreneurship

objectives. Therefore, to determine whether women perform differently than men, we should take into account which are females' goals when starting a business and check if they manage to achieve them more or less than males.

GEM does not provide data about entrepreneurs' goals, however, it distinguishes between pull and push factors when initiating a venture, by asking respondents whether they start their business because they have found an interesting opportunity, or if they act by pure necessity. If females would become entrepreneurs by necessity, then we could conclude that they have fulfilled their goal by initiating a business. It would be an indirect measure of the entrepreneurs' objectives; moreover, if we

Table 7.11 Male and female entrepreneurs that declare that they became entrepreneurs due to necessity as their major motive (percentage over total entrepreneurs by gender)

| Country | New business | | | Start-ups | | |
|----------------|--------------|--------|--------------------|-----------|--------|--------------------|
| | Male | Female | Difference (F – M) | Male | Female | Difference (F – M) |
| Austria | 8.4 | 6.8 | -1.6 | 28.9 | 23.6 | -5.3 |
| Belgium | 6.0 | 5.8 | -0.2 | 3.4 | 5.6 | 2.2 |
| Denmark | 3.1 | 8.6 | 5.5 | 6.2 | 5.3 | -0.9 |
| Finland | 26.4 | 25.8 | -0.6 | 15.8 | 24.4 | 8.6 |
| Greece | 6.5 | 19.7 | 13.2 | 25.6 | 39.3 | 13.7 |
| Iceland | 7.6 | 4.1 | -3.5 | - | - | - |
| Ireland | 9.3 | 0.0 | -9.3 | 18.0 | 10.9 | -7.1 |
| Italy | 15.8 | 18.2 | 2.4 | 23.8 | 20.5 | -3.3 |
| Norway | 1.3 | 14.4 | 13.1 | 9.8 | 16.7 | 6.9 |
| Spain | - | - | - | 20.5 | 23.3 | 2.8 |
| Switzerland | 16.0 | 16.8 | 0.8 | 16.5 | 15.7 | -0.8 |
| United Kingdom | 15.3 | 16.0 | 0.7 | 20.3 | 15.3 | -5.0 |

cannot find a relationship between gender and necessity as motivator for starting a business, then we would not be able to reach any conclusion in that sense. Table 7.11 provides information about percentage of male and female entrepreneurs that start their ventures due to necessity.

Our data do not show a clear gendered motivation towards entrepreneurship. As Table 7.11 shows, the sign of the differences in the percentages of males and female that are necessity entrepreneurs is different among countries. While in some countries like Greece and Spain the number of women that act conditioned by necessity is higher than men, in many others the contrary is true. These results do not reveal necessity as a gendered key driver; hence, we cannot reach any conclusion about women fulfilling their goals with their entrepreneurial ventures.

7.6 Conclusions

This chapter aims to deepen in the discussion about the relationship between gender and performance in new firms. Research is no conclusive so far, as some authors state that women entrepreneurs are less successful than their male counterparts, and others suggest right the opposite. Also studies that did not find any gender-related differences in performance indicators can be found.

The variables often analyzed when addressing this issue could be divided into two main groups. On the one hand, researchers suggest that performance is closely linked to the activity sector, to the size of the business and to certain personal attributes of the entrepreneur. On the other hand, some studies put the emphasis in the economic, human, social and symbolic capital needed to start a new business.

We have used data from the GEM research program, probably the most extensive information source in terms of entrepreneurship, to check gender differences in the before mentioned variables.

Regarding the sectors where entrepreneurs start their businesses, and according to the GEM data, women tend to focus in business services and consumer-oriented services more than men. This *female ghetto*, as labelled by Kalleberg and Leicht (1991) is characterized by a lower growth rate, being higher labour-intensive and more competitive than other industries. So, such horizontal segregation would be a plausible explanation for a lower female performance.

It is acknowledged that smaller companies face more difficulties (capital raise, attraction of qualified employees, etc.) than bigger ones. Traditionally, it has been assumed that firms owned by women are smaller than those headed by men. However, the GEM survey asked entrepreneurs about their growth expectations and the conclusions that could be drawn are that there is no gender difference in the expectations of growth for none of the countries we have studied. Therefore, we cannot support the assumption that women head smaller firms than men.

With respect to personal attributes, the analysis of the GEM data show that generally females are less optimistic, have less self-confidence and a higher fear of failure. If the studies that state a positive relation between these traits and performance are right, then our analysis would offer an explanation for gendered performance.

Most entrepreneurship research argues that women start their ventures with significantly less financial capital than men. Data provided by GEM confirm this assumption, thus contributing with a possible reason for women's firm underperformance.

Human capital (age, education, etc.) has also been considered as different for male and female entrepreneurs. Our data suggests that there are more male entrepreneurs younger than 35 years than females in most of the countries analyzed, being no conclusive with respect to educational background. Therefore, we cannot support the premise that women start their ventures with less human capital than men.

Regarding social and symbolic capital, GEM database does not provide accurate questions to address them. The closest results come from a question raised to experts, from which it can be concluded that social acceptance of female entrepreneurship is generally extended among analyzed countries and also it is increasing in most of them.

Finally, we have tried to focus also on the entrepreneurs' goals, in order to widen the conception of performance far from just economic indicators. Unfortunately, the GEM surveys do not supply enough information to tackle this concern further than confirming that the levels of entrepreneurship by necessity are independent of gender.

To sum up, according to the answers provided by the GEM research program, horizontal segregation, lower self-confidence, and less economic capital are characteristic of female entrepreneurship. Whether these features are in fact explanations for a gendered performance keeps unanswered and remains a challenge for further research. Since we have used information from a secondary source, we could not get to performance measures. Also our findings are limited,

because we have exploited questions that had not been designed specifically for these purposes. However, we believe GEM data provide a very good insight as to how entrepreneurs face their ventures and in that sense it is a valuable picture to compare male and female entrepreneurial features.

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Chapter 8

Why Women Claim to Be Less Entrepreneurial than Men

Roberto Espíritu-Olmos and Miguel Angel Sastre-Castillo

8.1 Introduction

Nowadays, the need to establish principles of equal opportunity, social responsibility and respect for human rights is well-established in the work area.

Nevertheless, legal and ethical procedures do not always accurately reflect social and economic reality.

While the percentage of women in senior management positions is clearly inferior to men, so is the percentage of women entrepreneurs, although women entrepreneurs represent a growing segment in emerging new businesses (Langowitz and Minniti 2007; Lerner and Pines 2010).

Empirical evidence shows that the male population who become entrepreneurs is double that of the female. This difference is consistent in most countries (Baron et al. 2001). The male population not only owns most enterprises, but is also predominant in high-technology industries. In addition, industries, where the males dominate, enjoy greater social prestige since they get more attention from the media and politicians.

Despite this, the number of women in business has increased in recent decades and a number of studies have been carried out in this area. Specific reasons, such as those mentioned below, have enhanced the importance of these studies:

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- Women are among those social groups most susceptible to poverty (Pearce 1990).
- Starting their own business is an occupational channel which allows women to advance economically (Izyumov and Razumnova 2000).
- Groupings of women entrepreneurs may constitute a route to a country's national economic growth (Minniti et al. 2004).

Some of the literature points to the differences in the diversity of businesses started by men and women. Studies in occupational concentration show that women are increasingly entering business activities traditionally dominated by males, such as industry, building and finance. However, women are still dominant in traditional areas, especially services, which often turn out to be an extension of the role of the woman at home.

A large number of women entrepreneurs place themselves in activities, where the required skills are an extension of what they have learned through gender socialization. This explains their high participation in retail and business services, which are typically female fields. Moreover, the approach into these areas is easier, although they produce less value (Almeida and Borges 2009).

Therefore, the role of women in business implies an implicit devaluation associated with their gender. In fact, there is specific literature devoted to this issue which explains and attests to this devaluation.

To understand why men and women develop different social roles that are eventually transferred to an entrepreneurial environment, we should start by understanding the impact cultural influences have on gender relations. This historical, social and cultural edifice is the result of a totality of behaviours, attitudes and values performed by men and women.

Essentially, it was the division of labour in society which originally led to men and women to develop different functions, and in many cases the role of women was restricted to family and household jobs. As a result, professional opportunities were restricted to them and unfortunately, this inequality resulted in multiple forms of oppression (Quevedo et al. 2010).

Different social roles, with women mainly performing the central role in the family and men performing the role of leader and protector, have impacted the development of the role of women as entrepreneurs. Leadership, however, does not depend on gender but on different factors, such as individual, human and professional development.

Yet the common stereotype of an entrepreneur is still mainly associated with qualities traditionally associated with men while women are not seen as representing the image of an entrepreneur (De Bruin et al. 2006).

Similarly, women continue to report lower entrepreneurial intent, suggesting the differences in rhythm and pattern of entrepreneurial growth by gender will continue the same way in the future. Although many factors might be responsible for lower entrepreneurial intent among women, some evidence suggests that gender role stereotypes (social beliefs regarding certain jobs and occupations associated with male characteristics) play an important role in influencing women (Fagenson and Marcus 1991; Baron et al. 2001; Laspita et al. 2007; Dabic et al. 2010).

This study, therefore, aims to add to the existing knowledge of personal differences between men and women in the world of business, which may ultimately lead to an understanding of their different roles. We shall attempt to explore whether different attitudes determined by differences in personality in both genders are consequences of the development of traditionally assumed social roles or whether exogenous social factors are also responsible.

8.2 A Review of Corresponding Theory and Current State of the Issue

Discussions on the social effects of gender and research into entrepreneurial economics began later than other scientific disciplines. One of the most obvious claims has been that males are predominant in the scientific community (Reed 1996), and that gender attitudes towards entrepreneurs have made women invisible (Mirchandani 1999). Analyses of women's experiences are inadequate, partial or distorted (Ferber and Nelson 1993). During the same period, the studies on management and organization took a "neutral" approach towards entrepreneurship (Baker et al. 1997). These studies were done after studying male entrepreneurs almost exclusively, considering their female counterparts a small minority unworthy of particular attention.

In this regard, Moore (1999) holds that until the beginning of the 1980s, not much was known of female entrepreneurship, and studies were almost exclusively limited to men. It was only during the 1980s that the subject of female entrepreneurship and organizations directed by women started to gain ground.

Subsequent literature appears to show marked differences in relation to female entrepreneurship. Some authors argue that many entrepreneurial projects developed by women rely on positive discrimination while others defend the existence of a "feminine profile" typical of female entrepreneurs.

Where the ability to obtain financial support is concerned, a "direct effect" (or "gender effect") and "indirect effect" (or "feminine profile") has been identified (Verheul and Thurik 2001). Both explanations are not necessarily exclusive, but they can be complementary and even be interrelated (Forson and Özbilgin 2003).

One of the great difficulties women have in achieving financial support for their projects could be that identified by Almeida and Borges (2009), whose results showed that women entrepreneurs use a lesser amount of money as initial investment at the beginning of their projects than men, despite the sources used for securing financial support being no different from those used by men.

Therefore, an initial problem for women when starting their own business could be the difficulty of obtaining financial support (Cooper et al. 1994).

Concurrently, Verheul and Thurik (2001) studied the differences between both genders, starting from their educational level. They mentioned that male entrepreneurs have greater training in technological fields while women show a higher level of training in economics, management and the development of commercial skills.

Different from these authors, another school of thought sustains the existence of differentiated profiles between male and females which affect the final decisions on their professional careers.

According to Veira (2008), women start on career paths known to them. Experience and training are the underlying themes when choosing a specific career or job. Women tend to follow paths through which they have learned the experience of compromising; taking a first step is a difficult choice. For this reason, women wait longer because they doubt the viability of their own projects, which explains why women prepare exhaustively from the beginning since they need to be reassured that their projects will be successful. On the contrary, male entrepreneurs take more risks, are more arrogant, believe in themselves and as a result, sometimes are less prepared than women, particularly in the first years of their business life.

Following this line of thought, Sexton and Bowman-Upton (1990) conducted a study of entrepreneurial characteristics for both sexes. They concluded that one of the differences they detected was a dependence on energy levels and the inclination to take risks; this, in particular, is an area where women show a less ability. However, where the analysis stresses openness and ability to change, there women show a higher capacity than men.

Another line of study has focused on self-confidence and self-efficiency in relation to entrepreneurship and gender.

In this regard, Kirkwood (2009) found that women show a lack of confidence in their own entrepreneurial abilities compared to men. This finding is analogous to the results obtained in previous researches. Women's entrepreneurial aspirations are lower than men; and often, they do not feel comfortable thinking about themselves as entrepreneurs. In some cases, self-confidence grows after time devoted to their businesses but in others they suffer the constriction of not being able to achieve self-confidence, and this in turn affects their ability to find financial support and ultimately reduces their own aspirations of growth.

Other authors (Rozier and Thompson 1998; Koellinger et al. 2006; or Minniti et al. 2004) have reached similar conclusions. In this sense, they proved that men show more self-confidence and optimism in entrepreneurial activities than women.

The above reflects a percentage of failures among women entrepreneurs which is higher than males (Harris and Gibson 2008) and it may be assumed that this contributes to lowering the level of enthusiasm and willingness of young women to become entrepreneurs.

During research with young university students, Schwarz et al. (2009) mentioned that success among female entrepreneurs tends to be more limited to those women lacking financial resources or social status. In addition, the issue of women's responsibility for family planning explained why young women have less intentions of starting a business.

Furthermore, if a woman belongs to a minority group – either race or colour – she will be more likely to have lower financial options and greater difficulties in securing the necessary resources to pursue her business goals. This situation changes when a woman belongs to white race and/or belongs to a leader group (Inman 1999).

Although Lerner and Pines (2010) agree with previous arguments regarding the barriers women encounter – namely, the difficulty in obtaining capital and the problems of conciliating family life with business – they also argue that some women become entrepreneurs precisely because of the exclusion they have been subjected to from organizations managed by men. Consequently, the theory of marginalization might explain the twofold effect in the opposite direction.

8.3 Research Methodology

8.3.1 Description of Population and Sample

This study follows the methodology used by Schwarz et al. (2009), who worked with a sample of students. In this study, the sample of selected students were pursuing degrees related to Business Administration in different public universities in the greater Madrid area (Comunidad Autónoma de Madrid). The total numbered 11,590.

College admission offices were asked to provide information on the number of students pursuing degrees in each public university with the aim of creating stratified random sampling which would guarantee a better representation of the sample, determine the total sample and each of the strata.

The formula used was as follows:

$$n = \frac{\lambda^2 PQN}{\varepsilon^2(N - 1) + PQ\lambda^2},$$

where N is the size of the studied population, being 11,590 students, n sample size to study and P y $Q = 1 - P$ are unknown. The case of maximum uncertainty was considered: $P = Q = 0.5$, λ is the normal distribution value for a significance fixed level (α): for an $\alpha = 0.05$ representing a confidence level of 95%, $\lambda = 1.96$; for $\alpha = 0.1$ representing a confidence level of 90%, $\lambda = 1.64$, ε is the error component, usually between 2 and 3%.

As is assumed in cases of maximum uncertainty, there is no difference between layers; therefore, the situation is analogous to simple random sampling. Consequently, the size of the sample by the expression for simple random sampling was calculated as:

$$\text{Error } 0,022 \text{ confidence level of } 90\% \quad n = 1,210.$$

Having estimated the ideal size of the test sample, we conducted a stratified random sampling to determine the number of surveys to be applied to each college and academic course. With this type of sampling, first the population is divided into homogeneous segments, and then simple random samples are taken from these

Table 8.1 Frequencies and percentages for nominal variables

| Variable | Level | Frequency | Percentage |
|----------|--------|-----------|------------|
| Gender | Male | 548 | 45.30 |
| | Female | 662 | 54.70 |

individual subpopulations. The essence of stratification is that it takes advantage of known homogeneity of the subpopulations. As a result, only relatively small samples are required to estimate the overall characteristics of each subpopulation. These individual estimates can be combined easily to produce an estimate of the total population. Besides the economy in sample size, a valuable by-product of the stratified sampling scheme is that the sample estimates are usually more accurate or show less sampling error.

8.3.2 *Variable Measures*

Gender was measured by means of a bivalent variable, where 0 meant man and 1 woman.

The entrepreneurial attitude variable was measured using five items corresponding to its four dimensions, and a factor analysis was carried out following the methodology of Espiritu and Sastre (2007).

Lastly, a personality test measured personality traits, taking into consideration the most frequent features used in specialized literature, using the Likert scales from 1 to 10 and summarizing the information for each trait in a single score through factorial analysis. In this context, the following features were considered: inner control, need for achievement (these two features were merged into a single factor in the conducted factor analysis), risk tolerance, extroversion, tolerance for ambiguity, neuroticism.

8.3.3 *Statistical Treatment*

The nominal variable by sex was calculated, and for each of the levels frequencies and absolute percentages of the total of 1,210 individuals resulted. Table 8.1 shows these results.

Comparisons of averages were carried out by means of the statistic of contrast T , which is distributed according to the probability of the student's t -distribution, with the aim of finding gender differences in both personal issues and different dimensions of entrepreneurial attitude. t with an associated value $p < 0.05$ is statistically significant.

In addition, an analysis of correlations between variables was conducted with the aim of finding out which variables correlated to gender and the significance of these correlations.

Table 8.2 *t*-Test for two independent samples (EE by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|-------------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 3.613$; $p = 0.058$) | 4.392 | 1,208 | 0.000 |
| | 4.410 | 1,182.522 | 0.000 |

Table 8.3 *t*-Test for two independent samples (viability by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|-------------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 6.332$; $p = 0.012$) | 3.710 | 1,208 | 0.000 |
| | 3.726 | 1,183.190 | 0.000 |

Table 8.4 *t*-Test for two independent samples (desirability by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|--------------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 12.563$; $p = 0.000$) | 2.202 | 1,208 | 0.028 |
| | 2.216 | 1,190.137 | 0.027 |

8.4 Results

8.4.1 *Entrepreneurial Attitude in Men and Women: Differences in the Sample*

In the case of the gender variable, men (average = 0.138) were shown to have more entrepreneurial spirit than women (average = -0.114), since $t = 4.392$ is significant ($p < 0.0005$), as Table 8.2 shows.

Since differences in entrepreneurial attitude by gender are statistically significant, we proceeded to conduct a disaggregated analysis of these differences according to the different dimensions of entrepreneurial attitude.

8.4.1.1 Viability Dimension

Regarding the viability dimension (“I think I’ll have my own company”), men (average = 7.76) present a higher value than women (average = 7.32), being $t = 3.710$. See Table 8.3.

8.4.1.2 Desirability Dimension

Regarding the desirability dimension (“I like to have my own company instead of working for others”), differences by gender are also significant, with the average score for men (average = 7.92) higher than of women (average = 7.68), being $t = 2.202$ (Table 8.4).

Table 8.5 *t*-Test for two independent samples (personal effort by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|----------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 4.972; p = 0.026$) | 3.385 | 1,208 | 0.001 |
| | 3.391 | 1,174.575 | 0.001 |

Table 8.6 *t*-Test for two independent samples (economic effort by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|----------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 0.462; p = 0.497$) | 3.302 | 1,208 | 0.001 |
| | 3.304 | 1,169.780 | 0.001 |

Table 8.7 *t*-Test for two independent samples (opportunities identification by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|----------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 9.746; p = 0.002$) | 6.489 | 1,208 | 0.000 |
| | 6.547 | 1,197.141 | 0.000 |

8.4.1.3 Effort Dimension

Regarding effort dimension (“Time and effort I’m willing to take to create my own company”), differences by gender are also significant, the average score for men (average = 7.80) being higher than that of women (average = 7.40), being $t = 3.385$ (Table 8.5).

8.4.1.4 Willingness to Invest Money Dimension

Regarding willingness to invest money dimension (“Money I’m willing to invest to create my own company”), differences by gender are also significant, the average for men (average = 7.30) being higher than of women (average = 6.89), being $t = 3.302$ (Table 8.6).

8.4.1.5 Business Opportunities Identification Dimension

Regarding business opportunities detection (“I have a good ability to identify business opportunities”), differences by gender are again significant, the average for men (average = 7.32) being higher than of women (average = 6.61), being $t = 6.489$ (Table 8.7).

Table 8.8 *t*-Test for two independent samples (kindness by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|-------------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 0.003$; $p = 0.956$) | -0.660 | 1,208 | 0.509 |
| | -0.660 | 1,165.563 | 0.509 |

Table 8.9 *t*-Test for two independent samples (CI + NL by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|-------------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 4.080$; $p = 0.044$) | -1.945 | 1,208 | 0.052 |
| | -1.926 | 1,113.268 | 0.054 |

Table 8.10 *t*-Test for two independent samples (risk tolerance by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|-------------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 0.308$; $p = 0.579$) | 2.005 | 1,208 | 0.095 |
| | 2.002 | 1,159.456 | 0.095 |

8.4.2 Differences in Male and Female Personality Profiles to Explain Different Entrepreneurial Attitudes

8.4.2.1 Kindness Trait

Regarding kindness or agreeableness as personality traits, there are no significant differences between men (average = -0.0174503) and women (average = 0.0144453), ($t = -0.660$) (Table 8.8).

8.4.2.2 Inner Control and Need for Achievement Traits

In the aggregated measure of personality traits, inner control and need for achievement, there are no significant differences between men (average = -0.0511051) and women (average = 0.0423045), ($t = -1.945$) (Table 8.9).

8.4.2.3 Risk Tolerance Trait

With regard to the propensity to risk personality trait, there are no significant differences between men (average = 0.0481198) and women (average = -0.0398333), ($t = 2.005$) (Table 8.10).

Table 8.11 *t*-Test for two independent samples (extroversion by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|-------------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 0.348$; $p = 0.555$) | -2.125 | 1,208 | 0.034 |
| | -2.133 | 1,180.162 | 0.033 |

Table 8.12 *t*-Test for two independent samples (tolerance for ambiguity by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|-------------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 8.496$; $p = 0.004$) | 6.069 | 1,208 | 0.000 |
| | 6,177 | 1,207.999 | 0.000 |

Table 8.13 *t*-Test for two independent samples (neuroticism by gender)

| | <i>t</i> | gl | Sig. (bilateral) |
|-------------------------------------------------------|----------|-----------|------------------|
| Assumed equal variances ($F = 1.940$; $p = 0.164$) | -2.824 | 1,208 | 0.005 |
| | -2.816 | 1,152.368 | 0.005 |

8.4.2.4 Extroversion Trait

Extroversion trait is not very different either between men (average = -0.04491963) or women (average = 0.0407244), ($t = -2.125$) (Table 8.11).

8.4.2.5 Tolerance for Ambiguity Trait

The ambiguity tolerance trait was significantly higher in men (average = 0.1472236) than women (average = -0.1218709), ($t = 6.069$) (Table 8.12).

8.4.2.6 Neuroticism Trait

With regard to neuroticism, there are no significant differences between men (average = -0.0765033) and women (average = 0.0633290), ($t = -2.824$) (Table 8.13).

As stated above, an analysis of correlations to explore the correlations between variables related to gender was conducted as well as an exploration of the significance of these correlations (Table 8.14).

8.5 Discussion and Conclusions

A first and obvious conclusion of this research is that the results are consistent with previous works, in the sense that men show higher entrepreneurial intent than women (e.g. Cowling and Taylor 2001; Verheul and Thurik 2001; or Thurik et al. 2008).

Table 8.14 Bivariate correlation analysis

| Correlation analysis | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-----------------------------------------|---------------------------------|----------------------|---------------------|---------------------|-----------------|---------------------|---------------------|---------------------|
| 1. Sex | Correlation Sig. (bilateral) | 1 | | | | | | |
| 2. Inner control and achievement traits | Correlation Sig. (bilateral) | 0.056(*) 0.052 | 1 | | | | | |
| 3. Kindness trait | Correlation Sig. (bilateral) | 0.019 0.509 | 0.035 0.230 | 1 | | | | |
| 4. Neuroticism trait | Correlation Sig. (bilateral) | 0.081(***) 0.005 | 0.028 0.327 | 0.074(***) 0.010 | 1 | | | |
| 5. Tolerance for ambiguity trait | Correlation Sig. (bilateral) | -0.172(***) 0.000 | 0.168(***) 0.000 | 0.104(***) 0.000 | -0.033 0.247 | 1 | | |
| 6. Risk tolerance trait | Correlation Sig. (bilateral) | -0.058(**) 0.045 | 0.110(***) 0.000 | 0.017 0.551 | 0.018 0.525 | 0.202(***) 0.000 | 1 | |
| 7. Extroversion trait | Correlation Sig. (bilateral) | 0.061(*) 0.034 | 0.128(***) 0.000 | 0.125(***) 0.000 | -0.018 0.543 | 0.007 0.807 | 0.164(***) 0.000 | 1 |
| 8. Entrepreneurial intent variable | Correlation Sig. (bilateral) | -0.112(***) 0.000 | 0.253(***) 0.000 | 0.099(***) 0.001 | -0.043 0.131 | 0.217(***) 0.000 | 0.329(***) 0.000 | 0.173(***) 0.000 |

*The correlation is significant to level 0,1 (bilateral). **The correlation is significant to level 0,05 (bilateral). ***The correlation is significant to level 0,01 (bilateral).

This study has, however, gone a step further in trying to determine the dimensions of entrepreneurial attitude encapsulated in those given differences.

Regarding the classical dimensions, including feasibility and desirability, men scored significantly higher than women. Men aspire to have their own business, and they feel confident about having one in the future.

Males also enjoy the conviction of having skills to detect business opportunities while women's attitude to seeking out business opportunities is necessarily lower since they do not have not as much intent when it comes to having their own business.

The result of the effort dimension is remarkable as women are willing to make personal sacrifices in terms of time, effort and waiver of a career as employee in order to create their own business; but they do so at a lower level than men. However, they are willing to risk their savings in exchange for starting a business; and in this aspect, they are on the same level as men. Therefore, it cannot be said that women are not willing to give up anything in order to start their own business, but they prefer to channel their personal efforts into developing a professional career as an employee rather than doing so as an entrepreneur.

Prior to this study, the sample was initially analyzed and no significant differences between men and women were observed in terms of their values. Consequently, the decision not to take universal values into account in this study was taken, which explains why the study focused on personality traits.

Going into the reasons for differences in attitudes between men and women, we observed that the personality traits with higher correlations to gender are neuroticism and tolerance to ambiguity. Women demonstrate higher levels in the former and lower levels in the latter.

However, neuroticism is the only trait not related to the level of entrepreneurial intent.

Tolerance to ambiguity is a personality trait which greatly explains the differences in entrepreneurial intent. This trait is significantly higher in men than in women, as the averages by gender have proved, and in addition it is clearly correlated with entrepreneurial intent.

A person with a high tolerance for ambiguity is one who finds ambiguous situations challenging, one who strives to overcome unstable and unpredictable situations in order to perform correctly. Entrepreneurs do not only work in uncertain environments, but they are also prepared to handle them, and in pursuit of their objectives undertake the unknown with patience (Koh 1996). Certain skills are also required in taking frequent and innovative decisions (Entrialgo Suárez et al. 1999).

Specialized literature had identified that individuals with higher tolerance for ambiguity are more entrepreneurial. Thus, Koh (1996), in conducting his research on MBA students, proved that tolerance for ambiguity influenced the intention of starting a business. Gürol and Atsan (2006) reached the same conclusion in their study on college students.

But what had not previously been raised was that this important trait in determining the entrepreneurial attitude is far higher in men than women. As a result, the "indirect effect" theory (or "feminine profile") by Verheul and Thurik (2001) has found partial empirical evidence.

The remaining explanation for lower entrepreneurial intent among women may be found in their personal interests.

It has to be considered that given woman's greater weight in the traditional family role, she seems to favour the pursuit of a professional career as an employee, which ensures a safer income, rather than the hypothetical benefit of entrepreneurial activity. She might also be influenced by the perception of greater difficulties that result from trying to conciliate the necessary dedication to creating and developing her own business with dedication to family care, which women still have today.

We believe by way of conclusion that the explanation regarding the "feminine profile" is absolutely consistent with the "direct or gender" effect, theory of marginalization, as Forson and Özbilgin (2003) claimed some time ago.

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Part III
Finance

Chapter 9

Women Entrepreneurship, Innovation, and Internationalization

Edward Nissan, Inmaculada Carrasco, and María-Soledad Castaño

9.1 Introduction

In the transition from an industrial to a knowledge society, relationships between economic growth, innovation, internationalization, and entrepreneurship have become critical. Scholars have demonstrated a positive correlation between them (see, among others, Larraza et al. 2007; Audretsch et al. 2006; Acs et al. 2002; Armignion and Acs 2002; Wennekers and Thurik 1999). Nevertheless, excepting some veins of research devoted to explaining gender differences in entrepreneurship mainly developed during the last decade, the study of innovation and internationalization has been characterized by gender-blindness.

Female entrepreneurship enriches and diversifies entrepreneurship, and more and better entrepreneurship leads to a more sustainable economic growth. Therefore, women entrepreneurs are key contributors to economic growth, especially in developing countries (Allen et al. 2007; Bosma et al. 2008). This contribution of female entrepreneurship to economic development rests not only on its employment and wealth creation, but also on the diversity of entrepreneurial activity and the improvement of the overall quality of entrepreneurship (Verheul and Thurik 2001; Verheul et al. 2006; Verheul and Van Stel 2007). To achieve high rates of economic growth, it is important that the growing demand for diverse products and services be filled by a diverse supply (Verheul and Thurik 2001; Verheul and

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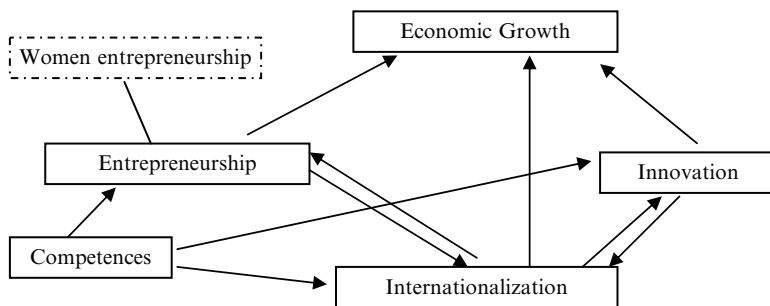


Fig. 9.1 Women entrepreneurship, innovation, and internationalization. *Source:* own elaboration

Van Stel 2007). For that reason, a more diverse entrepreneurial population, ready to start in relatively untried industries, is strategic for economic growth.

This study is motivated by evidence showing that women entrepreneurs are less likely to export (Orser et al. 2010). Data confirm a minority presence of women in entrepreneurship in science and technology: on average in EU-27 countries in 2006, women occupied 37% of all the research in the high education sector and 19% in the business enterprise sector (European Commission 2009), while in the USA, only 34% of all the scientists and engineers in business are women (NSF 2009).

The goal is to give an understanding of the impact of female entrepreneurship on economic growth. More concretely, we want to contribute to the awareness of the role of gender in entrepreneurship, international trade, and innovation. We think that understanding female and male differences is important from a public policy view to encourage female entrepreneurship.

Many of the existing studies on gender, especially those centered on the propensity of women to export, have used data samples of one country or one sector. Then, to generalize conclusions based on those studies could be erroneous. Additionally, studies on exports are frequently centered in sectors, where female entrepreneurship is not very common. We will employ a GEM dataset for 42 countries on 5 continents, collected in all the economic activity sectors. Then, we will present a large-scale empirical study about gender differences in entrepreneurship, especially related to innovation and internationalization topics, where we will try to explain relationships as depicted in the following Fig. 9.1

The chapter is organized into four sections. After this introduction, the second section is devoted to summarizing the main theories concerning gender, entrepreneurship and such topics as economic growth, innovation, education, and businesses' internationalization. In the third section, we present an empirical study of differences between male and female entrepreneurship, with special attention to innovation and export propensity. Lastly, we finish with a conclusions section.

9.2 Theoretical Approach

The explanatory variables are derived from diverse streams of literature: literature on gender and entrepreneurship, innovation, education, and internationalization, which have been organized into three sections.

9.2.1 *Gender, Entrepreneurship and Economic Growth*

Entrepreneurship can be seen as a means for economic growth (Carrasco and Castaño 2009). As Delmar (2003) states, correlation between self-employment, firm entry, firm survival, firm growth, and economic growth is high. Following Audretsch (2005), we can identify entrepreneurship as the missing link in the economic growth process because it facilitates knowledge spillover from universities and private businesses, allowing the commercialization of ideas that otherwise would rest without being commercialized. New firms are better able to make the most of innovations (Acs et al. 1994; Delmar 2003).

On the other hand, we can assume that self-employment and entrepreneurship are interesting job alternatives for women, especially in developing countries. Nevertheless, they face specific obstacles, such as type of education, lack of role models in entrepreneurship, gendering of entrepreneurship, feeble social status, harmonization of family and working time and access to finances (Delmar and Holmquist 2004).

Kalleberg and Leitch (1991) helped to change the previous view that regarded women as inferior in entrepreneurship. In their study, they demonstrated that women are as successful as men. They also found that the determinants of business survival and success operate in the same way for men and women owners. That is to say: there is no difference based on gender. Other authors, such as Chaganti and Parasuramen (1996) and Fischer et al. (1993) have confirmed those conclusions.

There seems to be a strong connection between women's entrepreneurship and general conditions to entrepreneurs' total entrepreneurial activity (Delmar 2003). Nevertheless, females tend to see themselves as less likely entrepreneurs (Verheul et al. 2005). They start and run their businesses in different sectors, developing different products, pursuing different goals, and organizing and structuring their businesses in a different fashion than their male counterparts (Verheul et al. 2006).

Fairlie and Robb (2009) found that women have less start-up capital in their business and less previous experience (less business human capital acquired in a comparable business). They also proved that females work fewer hours in their own business (thus, their rate of sales is lower) and that they have different business goals. Women seem to be more risk averse and have less self-confidence (Langowitz and Minniti 2007; Verheul et al. 2006). Those factors imply that female-owned businesses are less successful than male-owned ones and the rate of growth is lower. Women-owned businesses are also smaller in size than those owned by men (Carter et al. 1997; Hill et al. 2006) and, if we look to the businesses' age, they are younger (Hill et al. 2006).

Female entrepreneurs locate in different industries than men. Women are more likely to work in the service and retail sectors (Coleman 2002; Fairlie and Robb 2009), which are characterized by relatively small initial investments, requiring a small amount of financial capital. More and more, women are also assumed to be more risk averse (Fairlie and Robb 2009), and in a study of bank loan officers by Buttner and Rosen (1988), women were perceived as being less entrepreneurial than men.

Fairlie and Robb (2009), Bird and Brush (2002) and Carter et al. (2003) conclude that factors, such as different preferences, discrimination, and risk aversion, may explain the low levels of female entrepreneurship.

Females also differ with respect to the way in which they finance their businesses. (Verheul and Thurik 2001:331). Even if it is difficult to prove direct gender discrimination by financial institutions, women have less access to credit (Buttner and Rosen 1988). The literature confirms that women business owners, as a group, have been under-served by banks and they are undercapitalized (Carter 2000 and Marlow and Patton 2005). It is also widely recognized that there is a gap in the funding available to women, especially those who do not want large loans (The HUB Committee 1993, cit. in Masey and Lewis 2003). Women also start their business with less financial capital than men, relying more on personal sources of financing (Verheul and Thurik 2001; Coleman and Robb 2009). However, women owners are a growing market.

One explanation for the smaller amount of start-up capital supplied to female entrepreneurs may be that businesses run by women tend to be smaller than those led by men so that they have lower financial needs (Hill et al. 2006), but Verheul and Thurik (2001) demonstrated that there is not a significant difference with respect to the composition of financial capital.

Other differences between female and male entrepreneurs are that females are more likely to work part-time, they have less financial management experience or training and they spend less time networking (Verheul and Thurik 2001).

Nevertheless, some studies on women running technology-based businesses demonstrate that they face a “triple bind:” the lack of personal financial capital, the lack of experience (human capital), and the lack of networks (social capital) to attract external capital. The result is that even when situated in technology sectors, firms owned by women are less growth-oriented and smaller. Consequently, they need less external capital (demand side of credit) and they are less attractive to investors (supply side of credit) (Robb and Coleman 2010: 31).

9.2.2 Gender, Entrepreneurship, Innovation, and Education

Education and training in business has been identified as a constraint for women entrepreneurs, who are less likely to have business degrees and business experience (Coleman 2002). According to Verheul and Van Stel (2007) the level of education and individuals’ knowledge and skills are in direct correlation. Then, if the level of education increases, entrepreneurial income and productivity increases. This fact could explain differences in access to credit by gender.

Since the 1990s, the literature has related the innovation capacity of business to internal factors, such as innovation expenditures or the existing stock of knowledge (Griliches 1990; Romer 1990). This idea was supported by the knowledge production function (Griliches 1979), and it has proved valid for different aggregation levels, as regions or country-level. It has been demonstrated that more investment in R&D results in more innovative countries, and that the less innovative products are often offered in the less developed countries, which are characterized by low knowledge production (Audretsch and Stephan 1999).

The *Knowledge Spillover Theory* (Audretsch 1995) explains that entrepreneurship is an endogenous reply to the opportunities created by investment in new knowledge of businesses or other organizations that have not been commercialized. In fact, it can be demonstrated that the higher the investment in knowledge, the higher the entrepreneurship, both in industries and regions (Audretsch 2005; Audretsch et al. 2006).

In the mid 1990s, D. Teece (1996) questioned the traditional views that marked entrepreneurial structure as innovation's determining factor. He explained that formal and informal structures of a business and the net of external relationships that a business has played an important role in the type and intensity of innovation activity fulfilled by the business. In the external factors, Teece mentions explicitly the stock market and the legal framework. Other authors mention the role of business networks in technology transference, the importance of establishing alliances and research contracts and the repercussion of client-supplier relationships in the innovation process (Pittiglio et al. 2009).

More recently, literature on business innovation has studied other external factors, such as the relationships between businesses and agents such as university or public and private research centers. They are especially important for SMEs, which can be particularly affected by financial restrictions for innovating [see, among others, Acs et al. (2002); Freel (2000); Etzkowitz and Leydesdorff (2000); Link and Scott (2005); Markman et al. (2005); Freel and Harrison (2006)].

It is a general assumption that science and innovation operate under meritocratic and universalistic principles, where gender or other personal facts of scientists are not taken into account (Etzkowitz and Kemelgor 2001). Paradoxically, some discriminatory social practices can be identified in science. Etzkowitz (2007) suggests that the smaller number of females in science and engineering departments contribute to their isolation (the Athena Paradox). Vehviläinen et al. (2010) confirm that gender segregation is present in science; technology and innovation are strongly male-dominated, especially that connected to university engineering departments. This gender segregation, according to those authors, is also visible in the patterns of recognition and trust.

The so-called Athena Paradox could be resolved with the exposure of gender inequities and the promotion of female participation in emerging scientific fields with economic potential (Etzkowitz 2007). This could improve the participation of women in entrepreneurship.

Even in high technology sectors, female entrepreneurship is more likely to be developed in female-typed service sectors, such as management consulting, computer systems design, or software, Internet, and telecommunications. And

firms in those sectors have, on average, smaller sales volume, fewer employees and they are younger (Mayer 2008). Feminist theories of labor market segmentation can give an explanation for this fact, if it is assumed that segmentation in the labor market is present previous to the starting of a new firm.

High-tech sectors usually demand education and training related to mathematics, engineering, or natural sciences. Even in developed countries where attendance of women in post-secondary education is as high as men, those sectors are typically chosen by men. This training difference creates a barrier for women to access the required experience and networks (Delmar 2003). Robb and Coleman (2010) find a link between owner motivations and expectations, financing strategy and firm performance: in new technology-based firms, women are less likely to have high expectations for growth or wealth (however, they are more optimistic about the future and they feel more satisfied with the firm's performance than men). It is possible that different motivations and expectations of women direct them to different ways of financing the business.

9.2.3 Gender, Entrepreneurship, and Internationalization

Other veins of literature connect the innovative activity of businesses to their internationalization. Morrison and Roth (1992) that globalized business was formerly characterized by a higher level of R&D. Keeble et al. (1998), Grossman and Helpman (1991) and Hadjimanolis (2000) arrive at similar conclusions, and Kotabe et al. (2002), Kafouros et al. (2008) explain that not all the enterprises are ready to collect the profits of innovation. For this end, they need an acceptable degree of internationalization. Internationalization affects the returns of innovation because it influences the factors that determine the success of innovation: innovative capacity and appropriation.

In this line, the literature [for a synthesis see Kafouros et al. (2008)] explains that internationalization in business increases innovation capacity, as it allows easier access to more and better resources, ideas and know-how to increase the organization's learning (because innovation is an intensive process of information and knowledge); facilitating access to a wider diversity of scientists; allowing a better penetration in local markets by the connection with local scientists; reducing the costs of inputs of R&D and benefiting from R&D spillovers.

Internationalization also affects the exploitation and appropriation of innovation, reducing risks, generating scale economies, facilitating the reaction to the demands and desires of foreign clients, exploiting more markets, charging a premium price for products and offering them to a larger number of potential clients, and obtaining strategic complementary activities (by international alliances). The literature, then, sustains that internationalization in business benefits innovation.

Looking at the gender perspective, a global trend is outstanding: more women are running their businesses in global markets. This trend is a consequence of two factors (Welch et al. 2008): (1) more women are funding business and (2) as a consequence of globalization, competition is no longer restricted to local markets.

Nonetheless, women who export remain a minority group among entrepreneurs. In an early study, Grondin and Schaefer (1995) concluded that gender does not determine export propensity so that the lesser export propensity of women has more to do with the size of the firms they run; and, as it has been confirmed by Orser et al. (2010), firm size and gender have a significant correlation.

Export propensity is also related to risk tolerance, a higher degree of flexibility, and higher aspirations for growth, all of which are typical masculine characteristics (Welch et al. 2008). That is to say, there are no gender differences in exporting (Reavley et al. 2005), but there are differences in owner and firm attributes (Orser et al. 2010). This liberal feminist perspective contrasts with social feminist theory that explains that gender may influence export behavior by the social structure, power, class structure, and politics (Orser et al. 2010).

9.3 Empirical Analysis of Female Entrepreneurship Traits with Special Attention to Innovation and Internationalization

The goal of this section is to study empirically entrepreneurs' behavior, separating by gender. It is especially interesting for us to study how the level of innovation and internationalization relate to each other, and what its effect is on economic growth. To achieve this goal, we are going to use a dataset of countries participating in Global Entrepreneurship Monitor (GEM)¹ in 2008. GEM² project establishes the index Total Entrepreneurial Activity (TEA) as a measure of entrepreneurship. This indicator measures the activity of entrepreneurs³ or entrepreneurial activities during a year for every country participating in the project.

One of the main obstacles when studying gender differences in entrepreneurship is the scarcity of reliable and valid data for wide environments. The majority of the works are founded on local or national datasets, so it is very difficult to draw general conclusions related to its implications on economic growth. In this respect, GEM constitutes a wide international and homogeneous dataset that permits the study of gender differences in entrepreneurship from different points of views.

¹ United States, Russia, Egypt, South Africa, The Netherlands, France, Spain, Hungary, Italy, UK, Denmark, Norway, Germany, Peru, Mexico, Argentina, Chile, Colombia, Korea, Turkey, India, Ireland, Iceland, Finland, Latvia, Serbia, Croatia, Slovenia, Macedonia, Bolivia, Ecuador, Uruguay, Jamaica and Israel.

² GEM is an international research project born in 1999 to study and measure entrepreneurship in a wide sample of countries. In 2008, 42 countries shared the project. A minimum of 2,000 interviews have to be done in each one of the participating countries. The poll is made up of 330 questions.

³ GEM defines "entrepreneur" as every adult person (between 18 and 64 years old) that (1) is starting a business or an enterprise of which he or she is going to share a part or the whole and/or (2) that is owner-manager of the whole or a part of a young business (until 42 months of activity). This definition includes, then, self-employment (Bosma et al. 2008). If businesses have more than 42 months it is considered that they are consolidated.

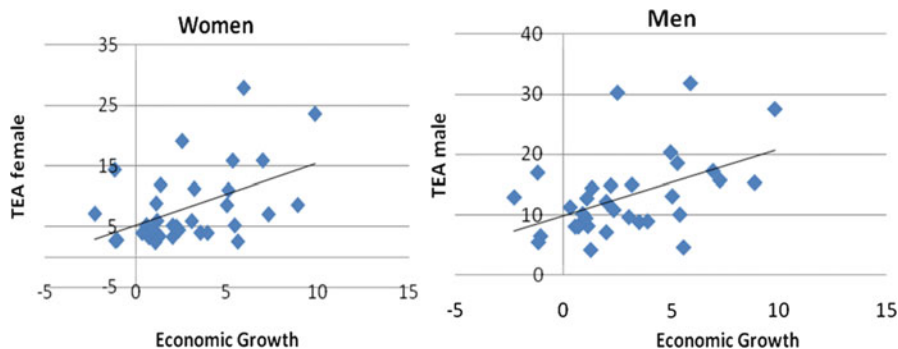


Fig. 9.2 Gender, entrepreneurship, and economic growth. *Source:* GEM (2008); IMF (2011) and own elaboration

Then, the observatory GEM differentiates TEA female from TEA male. We are going to consider those data in our work. We are also going to present graphic results of data on innovation, internationalization, human capital, and expectations differentiating by gender. In order to obtain those data, we have introduced a gender filter in the APS-GEM Global 2008 dataset. Data have been treated with basic statistical descriptive methods of the software SPSS. In the following paragraphs, we present some dispersion graphics that pick up the relationship between the key variables treated in this work.

Figure 9.2 shows the differences between the impact of male and female entrepreneurship on economic growth. In both cases, a positive relationship between economic growth and entrepreneurship can be seen. We can identify a parallel slope in both lines, confirming the correlation between women entrepreneurship and general conditions to entrepreneurs as exposed in previous sections.

Nevertheless, female TEA rates are poorer, which is consistent with the literature cited in the previous section (Verheul et al. 2006; Allen et al. 2007; Bosma et al. 2008; Carter et al. 1997; Hill et al. 2006; Fairlie and Robb 2009; Bird and Brush 2002; Carter et al. 2003). Factors such as different preferences, discrimination or risk aversion, may explain the low levels of female entrepreneurship.

But, even if TEA rates for women are lower, it is unquestionable that women employers and own-account workers have an important presence in entrepreneurial economy and consequently in economic growth. In addition they contribute to economic development because they diversify entrepreneurial activity, then they improve the quality of entrepreneurship (Verheul and Thurik 2001; Verheul et al. 2006; Verheul and Van Stel 2007).

Figure 9.3 shows sector specialization gender's differences. GEM differentiates between four economic activity sectors: extractive (agriculture, forestry, hunting, fishing, and mining); transforming (manufactures and construction); consumer-oriented (trade, hotels and restaurants, personal services); and business services (financial intermediation, real estate services, business services).

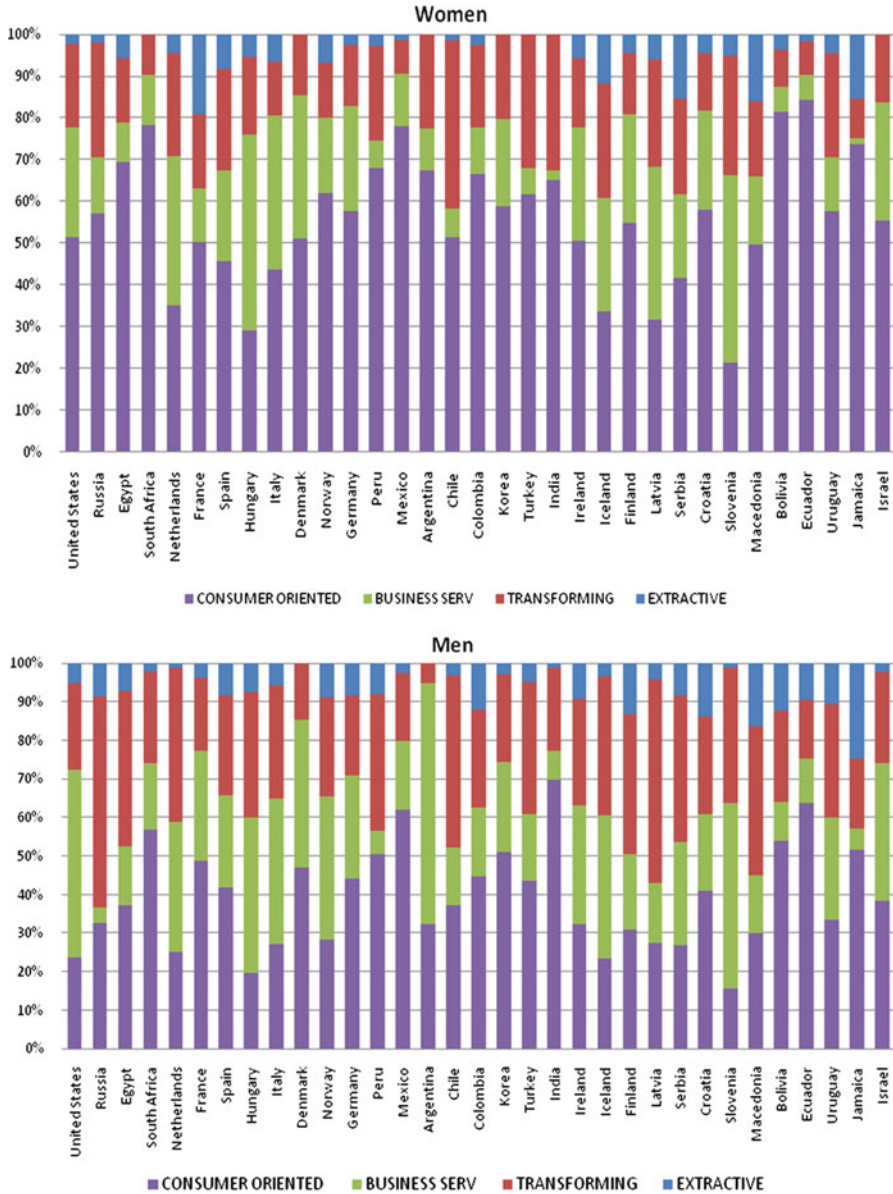


Fig. 9.3 Sector specialization by gender and country. Source: GEM (2008) and own elaboration

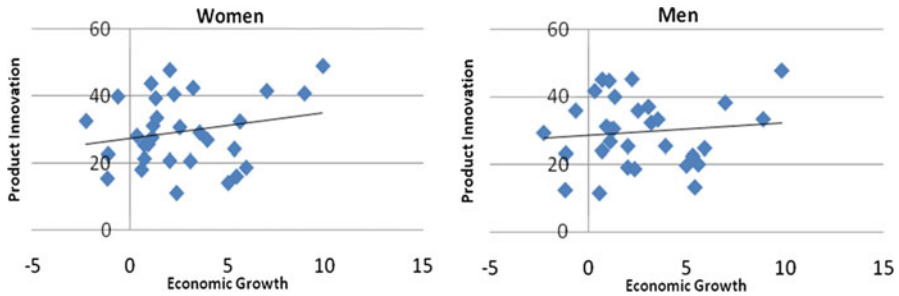


Fig. 9.4 Gender, economic growth, and product innovation. *Source:* GEM (2008) and own elaboration

Women used to be specialized in the consumer oriented services sector and, in less measure in business services.⁴ It is also noteworthy that women’s dedication to extractive and transforming sectors is lower than that of males. Those types of goods are more easily exportable than services. And frequently, innovations have to be introduced in them to survive in markets.

Figure 9.4 shows gender differences in the relationship between product innovation⁵ and economic growth. No significant differences between female and male can be seen. In both cases, a positive contribution of innovation to economic growth can be observed. They also present similar degrees of product innovation, confirming the thesis of Kalleberg and Leitch (1991), which states that there are no differences between men and women.

Different studies analyze the effects of innovation in economic growth (Abramovitz 1986, 1989; Baumol 1986; Galindo and Escot 1998; Galindo and Méndez 2008). Those works conclude that innovation relates positively to economic growth. Moreover, the Knowledge Spillover Theory (Audretsch 1995, 2005), previously mentioned, shows that entrepreneurs’ innovation has positive effects on economic growth.

As we have argued in the previous section, the literature explains differences in male and female entrepreneurial behavior in areas, such as innovation or internationalization by the different specialization. Women tend to specialize their businesses in sectors, such as the retail trade, personal services, and professional services sector, where innovation is more difficult (Fairlie and Robb 2009).

⁴ Excepting cases such as Slovenia and Hungary, where female presence in transforming sector is higher than this of consumer oriented sectors, due to the country general productive specialization.

⁵ A business is innovative if its product or service is new in its own market; it is not necessary that it be new in the World market (Galindo and Escot 1998). In this work, we have employed as proxy variable of product innovation, the GEM questionnaire item “TEA: how many (potential) customers consider product new/unfamiliar?”, restricting the answer to the option “some customers.”

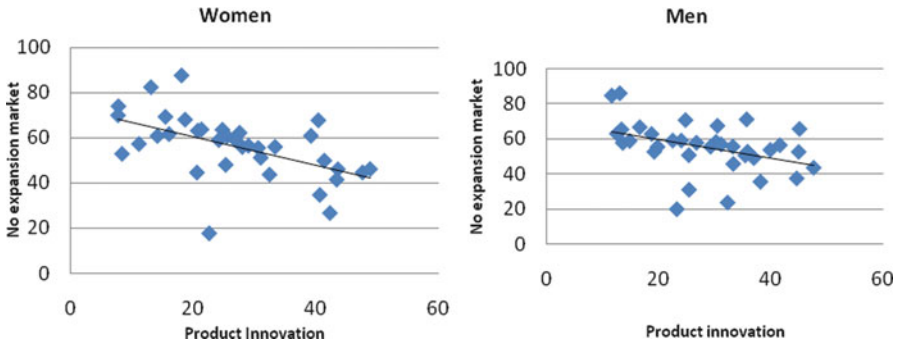


Fig. 9.5 Gender, market expansion, and product innovation. *Source:* GEM (2008) and own elaboration

When we compare market expansion⁶ possibilities and product innovation by gender (see Fig. 9.5), a negative slope between product innovation and the lack of desire to expand markets can be seen, both for male and female. The sole difference is that the slope of the line is higher for women than for men. That means that given equal levels of innovation, women’s interest or possibilities to expand their market are lower. This fact could be explained by the type of businesses, the size of them, or the lower financial capital employed by women to start their activity (Coleman 2002; Fairlie and Robb 2009)

In order to deepen the study of gender differences in entrepreneurship and innovation, we have separated the analysis of entrepreneurship by its motivation: necessity or opportunity⁷ (Figs. 9.6 and 9.7). These graphics show that given the same degree of innovation, women start a business more frequently by necessity and less frequently by opportunity than men. This is in keeping with specialization of female-owned businesses in retail trade, personal services, and professional services sectors (Fairlie and Robb 2009) as seen in Fig. 9.2.

We can also confirm that when males and females start a business to exploit a market opportunity, a positive relationship between entrepreneurship and innovation can be addressed, as before mentioned. Nevertheless, if they start their business by a necessity, this relationship is negative. It means that they are not innovators and/or the activities they specialize in have a low productivity and they are traditional, where the degree of innovation is low.

⁶ In order to measure this variable, we have chosen the item “TEA: Market expansion mode” option “No expansion market” in the GEM questionnaire.

⁷ GEM considers that TEA opportunity is the measure of the quantity of entrepreneurs that start their business to take advantage of a business opportunity, even if they have other employment opportunities. On the other hand, TEA necessity is the measurement of the entrepreneurs’ quantity that have decided to start as business because the labor options didn’t adapt to the personal or familiar conditions

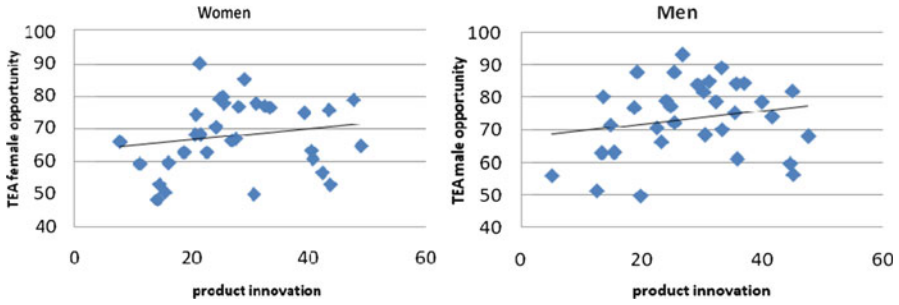


Fig. 9.6 Gender differences in TEA-opportunity and product innovation. *Source:* GEM (2008) and own elaboration

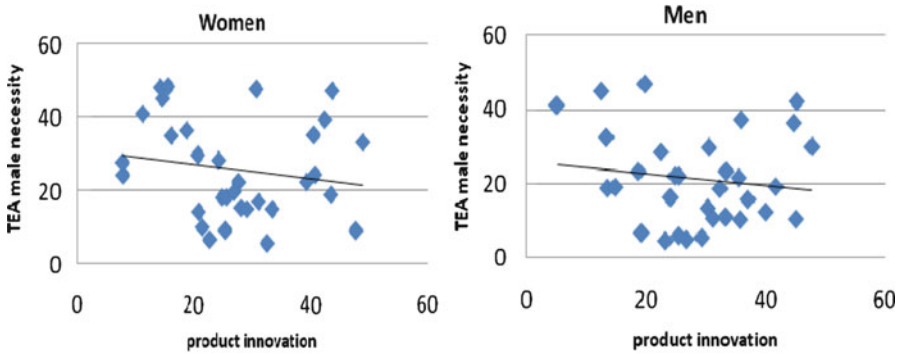


Fig. 9.7 Gender differences in TEA-necessity and product innovation. *Source:* GEM (2008) and own elaboration

Globalization obligates SMEs to internationalize if they want to maintain themselves or grow in the market. This fact is even more evident in economic crisis situations because it is necessary to search for new markets different to national ones to assure survival. This fact explains the great importance given by policy-makers to the internationalization improvement of their national businesses.

Figure 9.8 picks up the relationship between innovation and the degree of internationalization⁸ of entrepreneurial initiatives. In general terms, according to Kafourous et al. (2008), it is observed that the more internationalized a business is, the more innovative it is. Innovation and seeking new international markets is the key to assure the survival of a new business, allowing higher rates of economic

⁸ We have measured the degree of internationalization by the item “TEA: Export intensity,” option weight of activity dedicated to export between 100 and 75% of the GEM questionnaire.

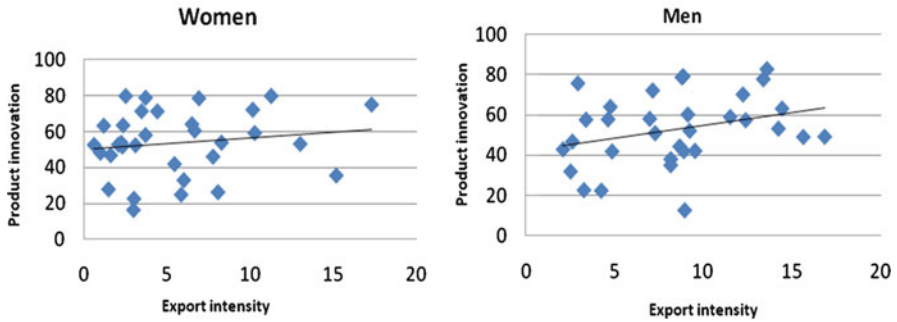


Fig. 9.8 Internationalization and product innovation. *Source:* GEM (2008) and own elaboration

growth and employment creation. That confirms the theoretical approaches before mentioned (Morrison and Roth 1992; Keeble et al. 1998; Grossman and Helpman 1991; Hadjimanolis 2000).

In this case, some small differences are remarkable between female and male behavior. The tendency line's slope is higher for entrepreneur men, in line with Orser et al. (2010) who affirm that women export less than men. As we can appreciate in Fig. 9.8, given the same level of expectations, the export tendency of males is higher than that of females.

Figure 9.9⁹ shows the more significant differences between male and female entrepreneurial behavior. In both cases, the tendency line has a negative slope, meaning that the better the expectations to entrepreneurship in its own country, the lesser the need to export. But, for the same level of expectations, the male export propensity is significantly higher than the female one.

We can also see that there is a higher presence of cases where female entrepreneurship with a high degree of internationalization does not exceed 5%. Internationalization, then, is not a common trait among women. This can be a consequence of the higher risk aversion of women entrepreneurs [according to Langowitz and Minniti (2007), Verheul et al. (2005), and Orser et al. (2010)]; of the lesser aspirations for growth (Welch et al. 2008); or the size of firms that women run (Grondin and Schaefer. 1995; Orser et al. 2010); or of the sector specialization of the businesses they own.

With regard to human capital, Figs. 9.10 and 9.11 relate its relationship to internationalization. The first shows data of entrepreneurs with secondary degree level of education and the second entrepreneurs with university studies. In general terms, a positive relationship between human capital and internationalization can be seen. Nevertheless, entrepreneur women with secondary education levels have a lesser tendency to internationalize their business; probably due to their

⁹ We have employed the item "Sees good opportunities for starting a business in the next 6 months" in GEM questionnaire as proxy of "expectations."

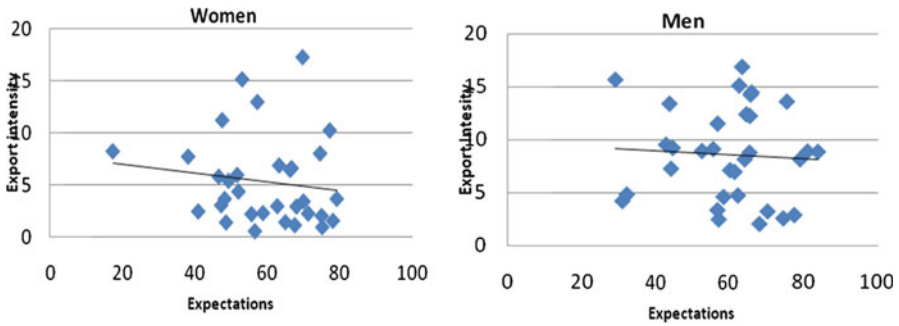


Fig. 9.9 Opportunities for starting a business and internationalization. *Source:* GEM (2008) and own elaboration

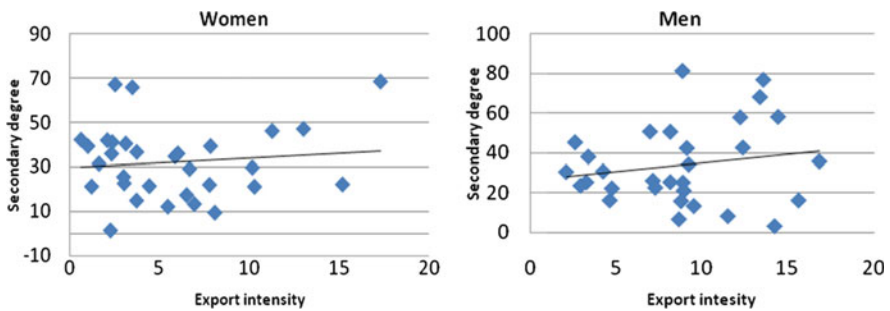


Fig. 9.10 Gender, human capital-secondary degree, and internationalization. *Source:* GEM (2008) and own elaboration

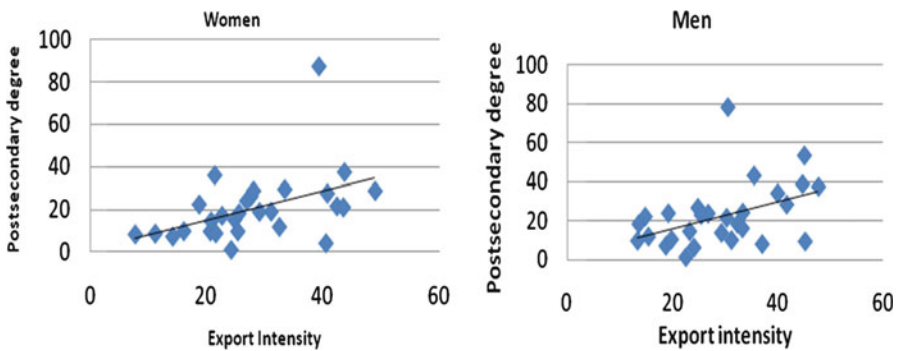


Fig. 9.11 Gender, human capital-postsecondary degree, and internationalization. *Source:* GEM (2008) and own elaboration

specialization in personal services, as before mentioned. However, entrepreneur women with university levels of education show no difference in behavior than men. This evidence agrees with Reavley et al. (2005) who do not find any gender difference in export behavior.

9.4 Conclusions

Entrepreneurship is a means for economic growth. More concretely, the contribution of female entrepreneurs to economic growth is related not only to its wealth and employment creation, but also to the diversity of entrepreneurship, which is positive to sustainable economic growth. One of the main conclusions we can draw from the empirical study section is that the contribution of male and female entrepreneurship to economic growth is comparable, but as men have higher rates of entrepreneurship, their contribution is proportionally higher. According to literature on women entrepreneurship, females' lower rates of entrepreneurship can be explained by factors, such as different preferences, discrimination, and risk aversion.

We have also seen a positive relationship between innovation and economic growth for both entrepreneur groups, without significant differences among them. When men and women began their businesses to profit from a market opportunity, there is a positive relationship between innovation and entrepreneurship, and there is no significant gender difference, excepting the higher rates of male entrepreneurship. But, when the entrepreneurial activity is driven by necessity, this relationship is negative, which means that they are not innovators and/or the activities they are specialized in are less productive or traditional, where the degree of innovation is lower. It can also be seen that female entrepreneurship by necessity is higher than men.

We have demonstrated as well that when expectations to entrepreneurship are positive in the home country, export intensity is lower both for male and female. Even so, to the same innovation levels, women's expectations to expand their business are lesser than those of men. That is probably due to the type of businesses they are specialized in (of smaller size and oriented to consumer and business services); to the higher risk aversion of women entrepreneurs; and to the lesser aspirations for growth.

On the other hand, according to specialized literature, we have shown that the more internationalized businesses are the more innovative ones. We have also shown that the higher the entrepreneur's level of education, the higher the business internationalization. But, at medium levels of education, women make fewer efforts to internationalize, maybe because of their specialization in personal services sectors, which are more difficult to be exported. However, the behavior of women with university studies is similar to that of men.

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Chapter 10

The Profile of the European Entrepreneur: Economics and Finance, a Gender Analysis

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10.1 Introduction: Entrepreneurship in Europe

The role played by entrepreneurship in a country's economy is crucial, since its potential catalyzes job creation, economic growth and social impact. In this regard, national and EU institutions are cognizant of the benefits that entrepreneurship development would provide for the whole of Europe. As a matter of fact, in the last decade, the EU's strategy to boost entrepreneurship has remained a major challenge. Certainly, Europe 2020 strategy¹ also refers to this challenge, explicitly included in one of the seven flagship initiatives,² put forward by the European Commission.

Nevertheless, several years have passed since the European Commission opened the public debate by publishing a Green Paper on entrepreneurship,³ with the aim of

¹ The main goal of this strategy is to turn the EU into a smart, sustainable and inclusive economy (European Commission 2010).

² Flagship initiative "An industrial policy for the globalization era" to improve the business environment, especially for SMEs. The goal of improving entrepreneurship within the EU is also provided in other sections of this strategy.

³ Published on 21 January 2003.

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better understanding the role of entrepreneurship in Europe and encouraging entrepreneurial initiatives. Although progress has been made, the idea that “Europe needs to foster entrepreneurial drive more effectively”⁴ remains persistent. Still, there is much to do. In one of the sections of this Green Paper, the role of entrepreneurship is highlighted again, on the basis of the following main factors:

- Entrepreneurship contributes to job creation and economic growth.
- New entrepreneurial initiatives help unlock the growth potential of existing firms, improve efficiency and foster innovation. This can be a driver for competitiveness in the economy as a whole.
- Entrepreneurial actions encourage a positive impact on the environment and society, for example, through corporate social responsibility.
- Entrepreneurship unlocks personal potential, by satisfying highest level needs (i.e., a vehicle for personal development).

Despite the role of entrepreneurship, there is less entrepreneurial dynamism in Europe, compared to the USA. According to the latest data published in 2010 by the European Commission,⁵ EU citizens are divided in their preference for being self-employed or having employee status: 45% would prefer the former and 49% the latter. These EU-level results, however, tend to hide large variations between individual Member States. Respondents in Cyprus and Greece are the most likely to answer that they would prefer to be self-employed rather than an employee (66% and 60%, respectively). The proportion of respondents selecting “employee status” is the highest in Denmark and Slovakia (both 65%). Comparing these data with those of other countries outside Europe, there are also many inequalities. According to the results of the Eurobarometer survey, respondents in China, however, are the most likely to say they prefer to be self-employed rather than an employee (71 vs. 28%). The USA follows in intermediate position with a majority of respondents opting for self-employment (55%). In Japan there is a greater preference for having an employee status (59%) than being self-employed (39%).

Other evidence showing the differences between Europe and other reference countries is that 50% of European respondents strongly agree with the statement that “one should not start-up a business if there was a risk that it might fail”.⁶ In the USA and China, this response corresponds to only 23% and 26%, respectively. There are also different results within the European Union: the proportion of respondents who agreed with this statement range from 31% in Ireland and Denmark, to 69% and 68% in Lithuania and Malta, respectively. In Europe, this mindset may mean that many entrepreneurial ideas are not implemented. In other

⁴This is the first sentence of the Green Paper on Entrepreneurship in Europe (European Commission 2003).

⁵This corresponds to the Eurobarometer survey data collected in December 2009 and published in the report entitled “Entrepreneurship in the EU and beyond: Analytical Report” (Gallup Organization 2010).

⁶According to the last Eurobarometer survey (Gallup Organization 2010).

Table 10.1 EU-27 entrepreneurship rates 2009

| | Higher | Lower |
|--------------------|-----------------------------------|---------------------------------------|
| Sex | Men | Women |
| Age | 25–54 Years olds | Older |
| Education | High level | Low level |
| Occupation parents | Entrepreneurial family background | Non-entrepreneurial family background |
| Present income | Without financial difficulties | n.a. |

Source: Proper making from information of Gallup Organization (2010)

Note: n.a. not available

words, they are barriers to starting up a business stemming from fear of failure. Similarly, the EU-level results show that 50% of respondents say that they have never thought about starting up a business, which represents a fairly distant result from that obtained in the USA (30%) and China (22%), not as extreme, though, as the results recorded in Japan (67%). In the breakdown of the results for EU, the proportion of respondents who had never thought about starting up a business ranged from 32% in Greece to the highest rates (almost two thirds) in Luxembourg and Belgium.

In Europe, it seems that this attitude responds, in part, to a number of barriers perceived to starting up a business. Particularly, the most important perceived barriers are the lack of available financial support, the complex administrative procedures and the problems in obtaining sufficient information, all linked to fears associated with a business start-up.

The key findings regarding the current entrepreneurial activity in Europe are summarized in Table 10.1, taking into account certain socio-demographic considerations and differentiating into two groups according to higher and lower entrepreneurship rates. Based on the results of the Eurobarometer survey, entrepreneurship rates in the EU were higher for men with the following profile: respondents aged between 25 and 54 years of age, with a higher level of education, without financial difficulties and with an entrepreneurial family background. In the main, this information may serve as a first approach to the profile of the European entrepreneur. Nonetheless, the entrepreneurial activity shows that there is a rather heterogeneous group including people with different levels of education and social backgrounds, who come from various professions.

In Europe, the growth potential of entrepreneurial activities needs to be unlocked. This involves implementing initiatives to boost entrepreneurship, at both national and international levels. Adopted in June 2008, the “Small Business Act” (SBA) for Europe reflects the Commission’s political will to put into place a comprehensive small- and medium-sized enterprise (SME) policy framework for the EU and encourage entrepreneurship and SMEs⁷ to have access to new markets.

⁷ It should be kept in mind that, at present, there are over 20 million enterprises (SMEs) in the EU, roughly representing 99.8% of the total, which is more than two thirds of all employment (EIM 2010).

This is an initiative carried out by the European Commission to provide support to SMEs; and the Member States have undertaken to step up actions to achieve that goal. This initiative mirrors, *inter alia*, the central role of SMEs in the EU economy and the concern for a future European entrepreneurship, especially concerning women and young entrepreneurs (European Commission 2008).

In order to boost female entrepreneurship in the EU, in 2001, the European Commission launched a Best project on “Promoting Entrepreneurship amongst women”.⁸ Since then, measures devoted to the achievement of female entrepreneurship have been implemented. At present, the main European initiatives on this subject are available on the Commission’s “Women Entrepreneurship Portal”.⁹

10.1.1 Entrepreneur and Gender Statistics

After years of research on the topic, there is no generally accepted definition of an entrepreneur.¹⁰ While no single definition is offered as the one true meaning of entrepreneur, it is difficult to find a holistic definition for entrepreneur since there are various applications of the term. Moreover, definitions of entrepreneur are often attached to other terms such as entrepreneurship or entrepreneurial activity,¹¹ since they are entrepreneur-related expressions, further complicating its definition.

⁸ In this regard, see conclusions and recommendations provided in the Best Report published in 2004 (European Commission 2004b).

⁹ The “women entrepreneurship portal” (<http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/women/portal>) aims at providing links to the Web sites of women entrepreneurs’ representative organizations, networks, projects and events that relate to the promotion of female entrepreneurship.

¹⁰ Although it has been almost three centuries since, in 1755, Richard Cantillon made a significant contribution to the definition of “entrepreneur”, it is true that there is still no unanimity about its meaning. In this regard, it is worth checking the OECD Statistics Working Paper published in 2008 under the heading “Defining Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection”, where entrepreneurs are defined as “those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets” (Ahmad and Seymour 2008). The European Commission even provides in one of its reports a specific definition for female entrepreneurs: “woman who has created a business in which she has a majority shareholding and who takes an active interest in the decision-making, risk-taking and day-today management” (European Commission 2004b).

¹¹ For example, the European Commission defines entrepreneurship as “the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organization” (European Commission 2003). The OECD puts forward the following definition: “Entrepreneurship is the phenomena associated with entrepreneurial activity, which is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets” (Ahmad and Seymour 2008).

Furthermore, regardless of possible theoretical definitions, if the goal is to analyze the profile of the European entrepreneur, it is important to outline key skills and characteristics common to this profile. In other words, the concept itself is less relevant than the information available in this regard.

While it is true to say that there are many sources providing statistics on this subject, there are large gaps in the development and publication of statistics with respect to comprehensive and internationally comparable data. The difficulty increases, if an analysis is performed considering the gender gap¹² as an explanatory variable.

The OECD, joining forces with Eurostat, launched the Entrepreneurship Indicators Programme (EIP) in 2006, in order to build internationally comparable statistics on entrepreneurship (OECD 2009b). However, the framework established for data series and indicators is not enough. Certainly, international studies and reports carried out by the Global Entrepreneurship Monitor (GEM) are considered to be a great information contribution. As for Europe, the Eurostat database and the European Commission's Eurobarometer are the main sources of information on entrepreneurship.

Therefore, as a result of what has been previously mentioned, this chapter does not only show a single definition of entrepreneur, but also analyzes different related aspects. The data presented on the European entrepreneur correspond, mainly, to the 27 Member States of the European Union (EU-27). Hence, the purpose is to provide an image of both male and female entrepreneurs, through their differences or similarities, with no further justification as to why there are gender equalities or inequalities in Europe.

Currently, gender gaps remain persistent. According to the latest report published by the GEM focused on women's entrepreneurship, across all European countries analyzed,¹³ men are more likely to be involved in entrepreneurial activities than women.¹⁴ When analyzing motivations for starting up a new business, some differences are also revealed: the rate of male entrepreneurship springing from a business opportunity rather than out of necessity is higher than

¹² This chapter, mainly due to the constraints and characteristics of available databases, presents a comprehensive profile of the European entrepreneur, distinguishing between men and women. In other words, despite gaps in terms of gender (differences between males and females) and sex (men and women), gender-disaggregated data "by gender" or "by sex" are jointly analyzed. On this point, it is advisable to refer to the first chapter of the manual *Developing Gender Statistics: A Practical Tool* prepared by the United Nations Economic Commission for Europe 2010 (United Nations 2010).

¹³ The European countries included in this study are as follows: Austria, Belgium, Croatia, Denmark, Finland, France, Greece, Hungary, Iceland, Ireland, Italy, Kazakhstan, Latvia, the Netherlands, Norway, Portugal, Romania, Russia, Serbia, Slovenia, Spain, Sweden, Switzerland, Turkey and the UK.

¹⁴ This conclusion is in line with the results of the latest global report, also published by the GEM, which states that the probability of men being involved in an early stage entrepreneurial activity is twice higher than for women (Bosma and Levie 2010).

that of women (Allen et al. 2008). In terms of entrepreneurship, fostering gender equality in all dimensions of society is a centrepiece of the EU's policy strategy. This fact is directly related to a low percentage of female entrepreneurs in Europe (European Commission 2008).

10.2 Activity and Employment by Gender

A first approach to the defining features of the economy of a country or a region like Europe and, therefore, the environment in which entrepreneurs develop their activity can be made through the existing working population and employment rates in that area. Taking this idea as a starting point, some significant figures for both rates, relevant to the current European situation and developments in the last decade, are shown below. This section does not differentiate between salaried employees and entrepreneurs; but it takes into account the proportion of the population interested in conducting some type of work, but not employed at this time.

According to the International Labour Organization (ILO), activity rates show the proportion of the economically active population (labour force); in other words, the ratio of employed persons to the population of the same age. The activity rate measures, to a greater or lesser extent, the ratio of a country's population towards work. Thus, it can be regarded as a rough indicator of economic dynamism.

Activity rates by gender reflect significant differences, as shown in Table 10.2. By and large, the economic activity rate of women is lower than that of men in all European countries, as well as in Canada, Japan and the USA. The evolution in the last decade, however, has been positive: from 2000 to 2009, gender gaps have narrowed in all countries surveyed, except in Czech Republic, Poland, Romania, Slovakia and Sweden.

Countries with a higher male activity rate in 2009 are Iceland and Switzerland, where more than four out of five men (aged from 15 to 74 years) are working or willing to work. Other countries where the proportion of men willing to work exceeds more than three-quarters of the male population in the same age group are as follows: Japan, the Netherlands, the USA, Denmark and Norway. A certain direct link is found between countries with high economic growth and the population ratio for working-age men. On the other hand, there are those countries where the ratio of male working-age population is below 70% of the total male population of the same age, being Hungary the country with the lowest male activity rate.

However, based on data shown for 2000, the male activity rate has varied. In most countries, compared to year 2000, there are proportionately more men who work or are willing to work in 2009. Particularly, in the European Union, the trend towards the incorporation into the labour market is positive; although, as noted later, to a greater extent, for women.

The female activity rate is, in all countries, lower than the male rate. The differences exceed 10% points in most cases. In 2009, some European countries

Table 10.2 Activity rates by gender (from 15 to 74 years) (%)

| | Males | | Females | |
|-------------------|-------|------|---------|------|
| | 2009 | 2000 | 2009 | 2000 |
| Austria | 72.8 | 72.7 | 61.3 | 55.2 |
| Belgium | 65.6 | 65.5 | 53.7 | 49.0 |
| Bulgaria | 64.2 | 59.6 | 53.5 | 48.4 |
| Cyprus | 76.5 | 76.2 | 60.4 | 52.3 |
| Czech Republic | 72.2 | 72.5 | 54.6 | 55.9 |
| Denmark | 75.5 | 76.3 | 67.7 | 67.3 |
| Estonia | 71.9 | 69.0 | 62.4 | 56.8 |
| Finland | 69.0 | 72.2 | 64.7 | 65.2 |
| France | 68.0 | 67.2 | 59.1 | 54.5 |
| Germany | 71.4 | 70.3 | 60.5 | 54.6 |
| Greece | 70.9 | 69.2 | 49.0 | 43.9 |
| Hungary | 61.8 | 61.5 | 48.0 | 45.6 |
| Ireland | 73.3 | 74.4 | 57.6 | 51.0 |
| Italy | 65.5 | 65.9 | 44.2 | 40.0 |
| Latvia | 71.3 | 67.3 | 62.0 | 53.6 |
| Lithuania | 66.4 | 69.2 | 59.2 | 59.4 |
| Luxembourg | 69.3 | 68.8 | 53.3 | 45.3 |
| Malta | 70.2 | 74.2 | 36.2 | 31.8 |
| Netherlands | 77.9 | 76.9 | 66.3 | 58.9 |
| Poland | 66.9 | 66.7 | 52.0 | 53.9 |
| Portugal | 72.7 | 73.2 | 62.4 | 57.5 |
| Romania | 66.7 | 72.7 | 51.2 | 60.4 |
| Slovakia | 71.1 | 70.7 | 54.6 | 56.1 |
| Slovenia | 68.9 | 65.8 | 59.7 | 55.6 |
| Spain | 73.5 | 70.0 | 57.5 | 45.1 |
| Sweden | 73.5 | 70.5 | 67.7 | 65.0 |
| UK | 74.8 | 75.0 | 62.5 | 60.3 |
| EU (27 countries) | 70.2 | 69.7 | 56.7 | 52.9 |
| EU (15 countries) | 71.0 | 70.2 | 57.8 | 52.4 |
| Iceland | 84.1 | 87.8 | 76.4 | 79.8 |
| Norway | 75.5 | 78.3 | 69.7 | 69.2 |
| Switzerland | 81.2 | 82.9 | 69.0 | 64.1 |
| Canada | 72.9 | 72.4 | 62.8 | 59.4 |
| Japan | 78.8 | 80.2 | 55.6 | 54.3 |
| USA | 77.0 | 78.8 | 64.6 | 65.3 |

Source: Proper making from information of Eurostat (2011) and ILO (2011)

Note: The most recent data for Canada, Japan and USA is 2008. Canada information is referred to the population over age 15 and US information is referred to the population between 16 and 74 years old

(Italy, Greece and Malta) and Japan have seen gender gaps over 20% points. However, these inequalities are greater (25% points), if compared to data for 2000. It does not seem a coincidence that some of the countries where the proportion of men willing to join the labour market is higher are those in the lead with regard to the incorporation of women into the labour market. Thus, Iceland shows the highest

activity rates also for the female group, followed by Norway, Switzerland and Denmark. In other Member States (Italy, Hungary, Greece and, especially, Malta), the percentage of women who work or wish to find a job is less than half, according to data for 2009. Nevertheless, evolution can be regarded as positive, since the overall situation was even worse at the beginning of the decade.

The differences in the evolution of male/female activity rates are noteworthy for women. Moreover, compared to year 2000, in 2009 there is a greater number of countries where the employment participation of women has significantly improved, with a higher female activity rate. The case of Spain is remarkable: the female activity rate has improved over 12% points in just over a decade. There is an apparent paradox in nine other countries: decreases in the male activity rate have been accompanied by increases in the female activity rate recorded throughout time. Some of these rate increases are very significant, such as those achieved in Ireland.

Unfortunately, the mere fact of showing interest in being employed does not involve job enjoyment, either as an entrepreneur or an employee. Although in many cases there is parallelism between the activity and employment rates, there are also gender gaps in this regard. By the same token, market-labour constraints largely explain the degree of willingness of men and women to incorporate into the labour market.

Figure 10.1 presents employment rates by gender for 2009. In addition to important differences between countries, it is noted that gender gaps remain persistent in this case, and that the job enjoyment, stemming from being a salaried employee or an entrepreneur, seems to be actually easier for men than for women.

However, compared with the activity rates, it appears that gender gaps, in terms of employment rates, are smaller in all countries, except in Greece and Luxemburg. This implies that, despite showing a lower proportional interest in joining the labour market, women are more likely to find a job once they are involved in that labour market.

In any case, the gender employment gaps remain positive favouring men, though, in similar proportions to those found by analyzing the activity rates. Thus, Italy, Greece and Malta are, in this order, the countries with the largest gender gaps: the male employment rate exceeds more than 20% points the female rate. Outside the EU, Japan is also a country with high gender inequality.

In all European countries analyzed, except in Malta, the female employment rate reaches, at least, 40% of the total population, aged between 15 and 74 years; but only in six countries the rate is over 60%. Moreover, there are also six countries where the male employment rate exceeds 70%, while no country has achieved a rate of 80%. The worst results in male employment rates correspond to Bulgaria, Hungary and the Baltic States, with figures below 60%. As far as employment is concerned, the highest rates of gender equality are observed in the Baltic States and Finland, with gender gaps of less than 4% points. Most European countries have gender gaps over 10% points for men, with an average gap for the EU-27 of 12% points.

Education can also be regarded as a very relevant variable in ascertaining a person's chances to find a job, either as an employee or entrepreneur. Obviously, a high-qualified person is more likely to have more and better opportunities for an effective integration into the labour market.

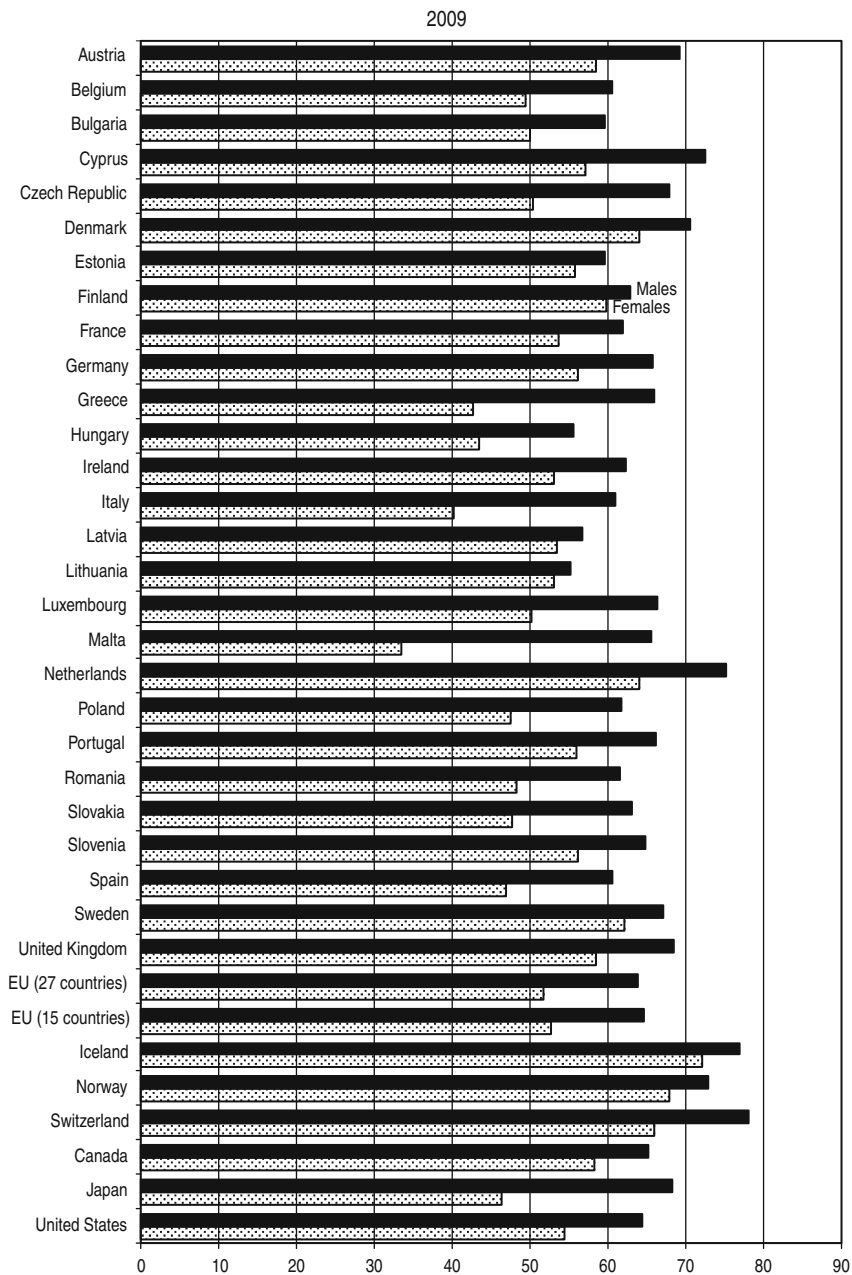
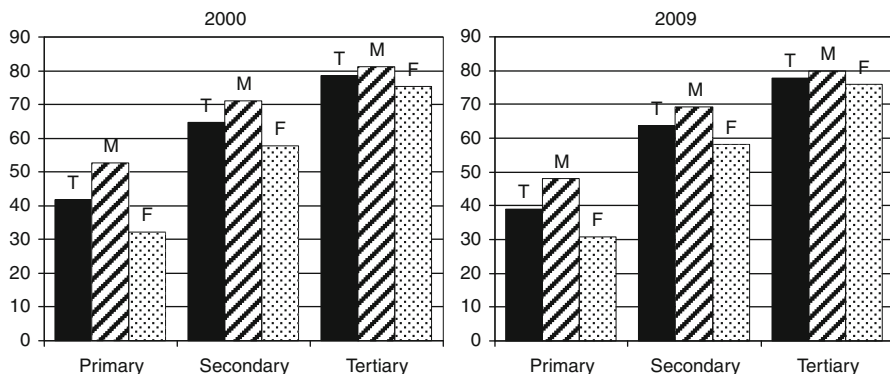


Fig. 10.1 Employment rates by gender (from 15 to 74 years) (%). *Source:* Proper making from information of Eurostat (2011) and ILO (2011)



Note: "T" means: Total population, "M" means: Males and "F" means: Females.

Fig. 10.2 EU-27. Employment rates by education attained (from 15 to 74 years) (%). *T* total population, *M* males, *F* females. *Source*: Proper making from information of Eurostat (2011)

As regards different levels of education,¹⁵ Fig. 10.2 presents employment rates by educational attainment and by gender for the European Union as a whole. In general, logic prevails in the sense that, for all categories analyzed, both in year 2000 and 2009, the employment rate has significantly increased along with the levels of education attained. Relationship between two variables is clearly direct, especially in the case of women.

In absolute terms, the gender employment gap, as mentioned earlier, is over 12% points. However, the situation changes significantly according to different levels of education. As a matter of fact, it is worth mentioning that this gender employment gap is narrowing down in the European Union, as educational attainment levels increase. The gender gap rises to 17.3% in the primary education level in 2009; and decreases to 11.1% when it comes to the secondary education level. However, female and male employment rates in the European Union becomes closer in the tertiary education level with a gap less than 4% points and an employment rate close to 76% of women aged between 15 and 74 years.

The gender gap has also been reduced over time: existing gaps in the year 2000 for all levels of education were clearly higher than those observed more recently. This is explained by two opposing effects: on the one hand, male employment rates have been reduced over the years analyzed; and on the other hand, the number of

¹⁵ The classification of the levels of education used is that designed according to the provisions of UNESCO (2006). Thus, primary education includes pre-primary, primary and lower secondary education (levels 0–2 of ISCED 1997); secondary education includes upper-secondary and post-secondary non-tertiary education (levels 3–4 of ISCED 1997); and finally, tertiary education includes tertiary programmes (levels 5–6 of ISCED 1997).

women, who have shown willingness to work and have incorporated into the labour market, has grown in general, except for the group with an educational attainment level corresponding to primary education.

Education seems to be, therefore, one of the most important tools available to women to overcome the existing gender employment gap with respect to men. Moreover, high levels of education attained by women may promote growth in countries (González Sánchez 2009). Nonetheless, according to data available for the whole of the European Union, women will reach men's employment rates when the former move up the educational ladder.

10.3 Entrepreneur Profile: Education, Activity Sector and Occupation

As already mentioned at the beginning of the chapter, the European Union adopted a new strategy for smart, sustainable and inclusive growth, designed to help Europe come out stronger from the economic crisis (European Commission 2010). Among other issues, the concept of entrepreneurship is frequently referred to in Europe 2020 strategy as an important driver of the future economic growth in Europe. The strategy also refers to the role of education and knowledge (González Sánchez and De los Ríos Sastre 2010). The promotion of entrepreneurship and self-employment across Europe has become a strategic factor. In this regard, a better understanding of the European entrepreneur profile is necessary to define the specific policies that should be applied.

To define the characteristics of the entrepreneur in Europe, it is important to know about the numerical worth attached to entrepreneurs in the entire European population. The first two columns of Table 10.3 show, separately for men and women, the number of EU entrepreneurs per 1,000 inhabitants, aged between 15 and 74 years.

Table 10.3 Entrepreneurs by education attained 2009 (from 15 to 74 years) (%)

| | Entrepreneurs | | Males | | | Females | | |
|---------------|---------------|---------|-------|-------|-------|---------|-------|-------|
| | Males | Females | P | S | T | P | S | T |
| <i>EU-27</i> | | | | | | | | |
| Entrepreneurs | 120.80 | 51.47 | 34.60 | 55.01 | 30.91 | 13.37 | 21.69 | 16.33 |
| Employers | 39.68 | 12.41 | 9.09 | 17.34 | 13.16 | 2.48 | 5.48 | 4.43 |
| Self-employed | 81.12 | 39.06 | 25.51 | 37.67 | 17.75 | 10.89 | 16.21 | 11.90 |
| <i>EU-15</i> | | | | | | | | |
| Entrepreneurs | 118.60 | 50.18 | 36.60 | 47.62 | 34.02 | 13.55 | 18.59 | 17.94 |
| Employers | 42.68 | 13.11 | 11.23 | 17.01 | 14.33 | 3.08 | 5.34 | 4.66 |
| Self-employed | 75.93 | 37.07 | 25.37 | 30.61 | 19.70 | 10.46 | 13.25 | 13.29 |

Source: Proper making from information of Eurostat (2011)

Note: P primary, S secondary, T tertiary

The first finding is that the European entrepreneur features a male-dominated profile. The number of men, who are employers or self-employed, doubles widely that of women. This fact highlights again the need to promote women's participation not only in the European economy as a whole, but especially in the field of entrepreneurship. In addition, the proportion of self-employed people is much higher than that of the so-called employers, i.e., those entrepreneurs who are hiring others to work on their business projects.

The category covering entrepreneurs who are employers is precisely where women have a weaker position than men, since more than three-quarters of the women entrepreneurs are self-employed. This finding may, somehow, mirror a lower willingness to bear the risks involved in hiring other people; or, as discussed below, may partly be due to risk avoidance stemming from the existing barriers to women's access to finance.

In any case, irrespective of gender, there is a slight overall improvement in entrepreneurship as a result of the accession of new Member States to the European Union. There are a growing number of both men and women entrepreneurs resulting from the enlargement from 15 to 27 Members States. Nonetheless, this fact is not fully satisfactory, since this increase is especially within the category of self-employment, which can be regarded as the least risky path for entrepreneurs. With the enlargement of the Union, however, the number of employers is reduced in proportion to the population for both genders. This type of entrepreneur is precisely the one that not only runs the risk of being entrepreneur, but also that of hiring others.

As for the profile of the entrepreneur by education attained, Table 10.3 also shows the distribution of entrepreneurs by gender and educational attainment level. Generally speaking, it can be stated that the profile of the entrepreneur requires an intermediate level of education, since, in the EU-15 before enlargement, secondary education is predominant in all categories and genres, except for self-employed women.

In absolute terms, the entrepreneurship gender gap in Europe is narrowing within the category of self-employed people with tertiary education. In relative terms, the proportion of women entrepreneurs, who are employers with higher level of education, is about 6% points higher than self-employed women with the same level of education. As far as men are concerned, a higher level of education entails an even greater risk-taking propensity to become an employer. By contrast, as for those population groups, either men or women, with primary education attainment, there is less likelihood of becoming entrepreneurs, which is further reduced if that means hiring others.

When addressing the link between education and entrepreneurship, the focus on the strict relationship between the educational attainment level and the ability to undertake and manage a business is crucial; but there are other key aspects to consider such as the perception people have of their entrepreneurial training. In this sense, it can serve as reference for the results of the latest Eurobarometer survey, where certain gender gaps are highlighted in the answers to two simple questions: (a) if they feel their school education helped them develop a sense of initiative

(regarded as an entrepreneurial attitude); and (b) if they feel that their school education provided them with enough skills and know-how to run a business. In both cases, the male answer is more favourable than women's with a male–female difference of about 5% points. In other words, European men show greater confidence in the entrepreneurial attitude developed through the skills and know-how acquired in their school education (Gallup Organization 2010). Almost certainly, these answers reflect the differing attitudes of men and women towards entrepreneurship.

The classification by economic activity sector is also a key factor in defining the profile of European entrepreneurs. The result, probably, mirrors both the entrepreneurship in each country, and the role of each activity sector in the national output and employment. Thus, Table 10.4 shows the distribution of entrepreneurs and employees in the three standard economic activity sectors, differentiating by gender and EU country, with reference to the total population in the 15–74 age brackets.

In the main, throughout the EU, the largest percentage of entrepreneurs is engaged in the service sector. By the same token, this situation occurs in the field of employees. The most significant gender gap is found in the industrial sector, including the construction industry, which represents the second activity sector for male entrepreneurs, with the smallest percentage of women active in this sector. The percentage of male entrepreneurs who work in the industrial sector are about half of those working in the service sector. However, this proportion is around 10% for female entrepreneurs. As for female entrepreneurship in the EU, agriculture ranks second. Moreover, agriculture has considerably overtaken industry, if data for the EU-27 rather than for the EU-15 are considered.

As far as employees are concerned, the activity sector distribution in the entire European Union follows the traditional pattern of developed economies. In other words, the service sector, in relative terms, prevails over the industrial sector; and this, in turn, over the agricultural sector. However, gender gaps are also clear. As shown in Table 10.4, the relative weight of male employees in the agricultural and industrial sectors accounts for more than 76% of those who perform their work in the service sector; this ratio is around 20% for female employees. Hence, the proportion of women employed in services is much larger than that of men.

According to the data broken down by countries, there is a significant entrepreneurial gap between men and women. In most countries, male entrepreneurs, with respect to the total population of the same age, are to a higher proportion active in services than in the other two activity sectors. Italy and Greece are the countries where this ratio reaches highest values; while in other countries, such as Lithuania and Slovakia, the industrial sector records the highest ratio. Agriculture has greater relative weight for male entrepreneurs in only seven EU countries; and even, in two countries (Poland and Romania), the agricultural sector occupies the dominant role for both sexes. As regards female entrepreneurship, compared to the industrial sector, the number of countries where there is a higher proportion of women engaged in the agricultural sector rises to half of the countries surveyed. This finding appears to contrast with the comparatively small number of women

Table 10.4 Entrepreneurs and employees by economic activity sector 2008 (from 15 to 74 years) (%)

| | Entrepreneurs | | | | | | Employees | | | | | |
|-------------|---------------|------|-------|---------|-------|------|-----------|-------|-------|---------|-------|-------|
| | Males | | | Females | | | Males | | | Females | | |
| | A | I | S | A | I | S | A | I | S | A | I | S |
| Austria | 2.15 | 1.71 | 5.69 | 1.69 | 0.20 | 3.13 | 0.73 | 24.62 | 34.21 | 0.42 | 6.93 | 43.87 |
| Belgium | 0.94 | 2.66 | 6.50 | 0.13 | 0.23 | 3.85 | 0.50 | 19.39 | 30.99 | 0.10 | 4.79 | 39.00 |
| Bulgaria | 2.57 | 1.46 | 4.46 | 1.31 | 0.23 | 2.33 | 2.63 | 23.36 | 24.72 | 1.01 | 14.00 | 30.29 |
| Cyprus | 2.74 | 5.90 | 9.17 | 0.34 | 0.30 | 4.96 | 0.83 | 18.19 | 35.63 | 0.37 | 5.02 | 44.34 |
| Czech Rep. | 0.66 | 6.27 | 6.76 | 0.12 | 0.49 | 4.27 | 2.07 | 28.65 | 24.28 | 1.02 | 13.14 | 31.48 |
| Denmark | 1.45 | 2.39 | 5.03 | n. a. | 0.27 | 2.49 | 1.56 | 21.06 | 41.59 | 0.44 | 7.51 | 53.76 |
| Estonia | 1.10 | 2.20 | 3.86 | n. a. | n. a. | 2.12 | 2.53 | 30.85 | 27.83 | 1.52 | 13.17 | 42.07 |
| Finland | 2.58 | 2.94 | 5.08 | 0.98 | 0.44 | 3.49 | 1.23 | 22.60 | 30.73 | 0.53 | 6.19 | 48.30 |
| France | 1.52 | 2.17 | 4.48 | 0.50 | 0.23 | 2.67 | 0.96 | 19.02 | 34.10 | 0.38 | 5.65 | 43.44 |
| Germany | 0.75 | 2.26 | 5.94 | 0.12 | 0.29 | 3.59 | 1.00 | 25.20 | 30.95 | 0.45 | 8.42 | 42.06 |
| Greece | 5.76 | 5.01 | 12.63 | 2.92 | 0.49 | 5.60 | 0.76 | 14.68 | 26.34 | 0.23 | 3.11 | 25.95 |
| Hungary | 1.12 | 2.56 | 4.91 | 0.27 | 0.24 | 3.09 | 2.41 | 21.18 | 24.95 | 0.73 | 9.00 | 30.64 |
| Ireland | 4.71 | 5.82 | 6.58 | 0.35 | 0.33 | 3.00 | 1.15 | 20.99 | 31.05 | 0.34 | 5.32 | 45.42 |
| Italy | 1.30 | 5.35 | 10.88 | 0.41 | 0.67 | 5.71 | 1.31 | 18.60 | 24.06 | 0.57 | 5.69 | 26.47 |
| Latvia | 2.51 | 2.45 | 2.77 | 1.28 | 0.37 | 1.99 | 3.51 | 24.81 | 31.08 | 1.40 | 9.36 | 43.30 |
| Lithuania | 2.63 | 2.86 | 2.74 | 1.19 | n. a. | 2.20 | 3.13 | 22.90 | 27.41 | 1.13 | 10.08 | 38.22 |
| Luxembourg | 1.02 | 0.64 | 2.41 | n. a. | n. a. | 2.37 | 0.38 | 13.01 | 44.27 | n. a. | 2.64 | 40.90 |
| Malta | 1.04 | 3.29 | 6.70 | n. a. | n. a. | 1.92 | n. a. | 18.08 | 35.30 | n. a. | 3.46 | 27.30 |
| Netherlands | 1.29 | 2.38 | 7.02 | 0.44 | 0.28 | 4.49 | 1.23 | 17.82 | 41.04 | 0.54 | 4.53 | 49.74 |
| Poland | 6.37 | 2.49 | 4.59 | 3.65 | 0.35 | 2.75 | 1.19 | 21.98 | 21.17 | 0.40 | 7.69 | 27.91 |
| Portugal | 4.64 | 4.65 | 6.72 | 5.15 | 0.72 | 5.41 | 1.74 | 23.20 | 27.44 | 0.73 | 9.00 | 35.06 |
| Romania | 11.98 | 2.43 | 2.27 | 5.51 | 0.09 | 0.96 | 1.53 | 20.93 | 19.41 | 0.30 | 11.55 | 21.28 |
| Slovakia | 0.73 | 6.27 | 4.87 | n. a. | 0.32 | 3.33 | 2.80 | 27.10 | 22.87 | 0.96 | 11.46 | 32.54 |
| Slovenia | 3.04 | 2.85 | 3.62 | 1.40 | 0.38 | 1.70 | 1.05 | 26.89 | 25.88 | 0.67 | 12.25 | 35.20 |
| Spain | 1.51 | 4.34 | 7.44 | 0.50 | 0.53 | 4.72 | 2.00 | 22.09 | 28.65 | 0.69 | 4.83 | 36.62 |
| Sweden | 1.37 | 2.48 | 6.03 | 0.27 | 0.28 | 2.91 | 0.84 | 19.83 | 37.01 | 0.25 | 5.40 | 53.10 |
| UK | 0.68 | 4.73 | 6.79 | 0.20 | 0.34 | 3.97 | 0.63 | 17.60 | 39.21 | 0.24 | 4.93 | 48.59 |
| EU (27) | 2.33 | 3.46 | 6.50 | 1.03 | 0.38 | 3.70 | 1.28 | 21.29 | 29.46 | 0.50 | 6.94 | 37.09 |
| EU (15) | 1.46 | 3.60 | 7.09 | 0.56 | 0.40 | 4.02 | 1.13 | 20.86 | 31.37 | 0.46 | 6.06 | 39.49 |
| Iceland | 2.46 | 5.71 | 6.15 | n. a. | n. a. | 4.03 | 3.43 | 22.41 | 44.03 | n. a. | 6.14 | 60.90 |
| Norway | 1.79 | 1.90 | 4.06 | 0.37 | n. a. | 2.25 | 1.13 | 22.15 | 42.29 | 0.39 | 5.39 | 59.11 |
| Switzerland | 2.36 | 3.02 | 7.26 | 0.81 | 0.63 | 5.35 | 1.08 | 21.10 | 41.12 | 0.41 | 6.06 | 49.68 |

Source: Proper making from information of Eurostat (2011)

The most recent data for EU-27, EU-15, Bulgaria, Poland, Slovenia and Sweden is 2007

Notes: A agriculture, I industry, S services, n.a. not available

employed in the primary sector, which highlights the prominent role played by women entrepreneurs in many countries, as they are at the forefront of agricultural and livestock undertakings.

Data regarding employees by countries show, on the one hand, the aforementioned standard economic activity sector distribution among women; and, on the other hand, that industry is a male-dominated sector in several new EU accession Member States (Czech Republic, Estonia, Poland, Romania, Slovakia and

Table 10.5 EU-27 entrepreneurs and employees by occupation 2009 (from 15 to 74 years) (%)

| | Entrepreneurs | | Employees | |
|------------------------------------------------------|---------------|---------|-----------|---------|
| | Males | Females | Males | Females |
| 1. Legislators, senior officials and managers | 27.76 | 11.68 | 37.52 | 20.07 |
| 2. Professionals | 16.12 | 9.10 | 68.35 | 70.74 |
| 3. Technicians and associate professionals | 13.58 | 7.31 | 75.13 | 93.22 |
| 4. Clerks | 0.77 | 1.53 | 37.43 | 82.42 |
| 5. Service workers and shop and market sales workers | 4.74 | 8.43 | 45.03 | 99.32 |
| 6. Skilled agricultural and fishery workers | 20.09 | 9.07 | 7.40 | 2.37 |
| 7. Craft and related trade workers | 27.09 | 1.79 | 111.94 | 13.86 |
| 8. Plant and machine operators and assemblers | 6.42 | 0.40 | 72.24 | 15.19 |
| 9. Elementary occupations | 4.26 | 2.13 | 48.32 | 53.96 |
| 10. Armed forces | n. a. | n. a. | 6.87 | 0.53 |
| No response | n. a. | n. a. | 1.98 | 1.44 |
| Total | 120.80 | 51.47 | 512.21 | 453.11 |

Source: Proper making from information of Eurostat (2011)

Note: n.a. not available

Slovenia). As for most of the rest of the countries, the service sector is predominant; and the agricultural sector employs less than 1% of the total male population, aged between 15 and 74 years.

To define the profile of the European entrepreneur, an additional variable is analyzed below: entrepreneurs and employees by occupation. According to the International Standard Classification of Occupations (ISCO) published by the ILO,¹⁶ Table 10.5 shows the proportion of European men and women, either entrepreneurs or employees, who perform their tasks or duties in each of the main occupations.

The distribution of entrepreneurs by occupation shows a male concentration of over 62% in three categories: “Skilled agricultural and fishery workers”, “Craft and related trades workers” and “Legislators, senior officials and managers”. As shown in Table 10.5, two of these categories correspond to jobs that, at first, seems to have strong physical demands, unlike the other category. In absolute and relative terms, there is a male-dominated presence in the two latter categories, as in the so-called category “Plant and machine operators and assemblers”.

European female entrepreneurs account for nearly 58% of the work performed in occupations related to “Legislators, senior officials and managers”, “Professionals” and “Skilled agricultural and fishery workers”. Furthermore, although, in absolute terms, there are fewer female than male entrepreneurs, women have preponderance in two of the activity sectors, with a low degree of concentration of men’s employment: “Clerks” and “Service workers and shop and market sales workers”.

On the other hand, except for the last two categories mentioned, the rest, in absolute terms, are male-dominated occupational categories. However, women active in the

¹⁶ The International Labour Organization (ILO) describes the purpose of the International Standard Classification of Occupations (ISCO) as a tool for organizing jobs into a clearly defined set of groups according to the tasks and duties undertaken in the job.

labour market are concentrated in fewer economic sectors. This explains why the proportion of female entrepreneurs, with respect to their absolute values, is higher than that of men in seven of the nine categories for which statistical data are available.

Regarding employees, the situation presents noteworthy differences. Occupations with the largest number of workers in both genders do not faithfully reflect the situation of the labour market, since more than one in five European men and women perform their work in occupations related to “Craft and related trades workers” and “Service workers and shop and market sales workers”, respectively. In both sexes, the second occupation concentrating the greatest number of employees is “Technicians and associate professionals”, which, along with those identified as mainstream, accounts for more than 36% and 42% of male and female employees, respectively, in the European Union.

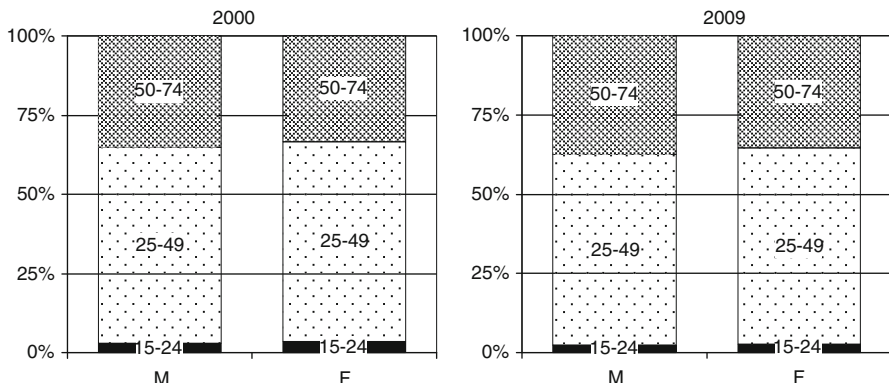
The occupational category referred to “Legislators, senior officials and managers”, which concentrated the largest number of entrepreneurs of both sexes, only accounts for 7% and 4% of men and women salaried employees, respectively. Finally, occupations concentrating fewer employees in Europe are “Armed forces” and “Skilled agricultural and fishery workers”. As far as the latter case is concerned, it is the only occupation in which the number of entrepreneurs is higher than that of employees in the whole EU-27, both for men and women. As noted above, it confirms the fact that in Europe, primary sector activities are undertaken by entrepreneurs rather than by employees.

The features of the European entrepreneur can also be specified by the variable concerning the age of individuals. A comprehensive discussion about the relationship between age and the possibility of being entrepreneur might suggest that the probability of becoming an entrepreneur increases with age, since individuals usually have more skills, experience or even financial standing. Figure 10.3 shows the distribution of men and women who take entrepreneurship’s inherent risks according to three age brackets and at two different times.

As it seemed logical at first, the lowest proportion of entrepreneurs of both genders is in the 15–24 age brackets. When differentiating by gender, women start their business activity at a younger age than men. This is a particularly striking fact that appears to show a restricted conditioning effect of a variable: the effect of maternity on female entrepreneurship. By the same token, there is also a higher proportion of women entrepreneurs in the following 25–49 age bracket, which implies, in absolute and relative terms, that the older age bracket is male-dominated.

The evolution of the profile of the European entrepreneur in just over a decade has resulted in a relative and somewhat disturbing ageing trend for entrepreneurship.¹⁷ In recent years, there has been a major increase in the proportion of working population aged between 50 and 74, to the detriment of the other two age groups.

¹⁷ These results could justify some of the targets set forth in Europe 2020 strategy, which responds to the challenge of boosting economic growth, based on a coordination of economic policies facilitating the entry of young European entrepreneurs to the labour market. For more details, see European Commission (2010).



Note: "T" means: Total population, "M" means: Males and "F" means: Females.

Fig. 10.3 EU-27 entrepreneur age profile (from 15 to 74 years) (%). *T* total population, *M* males, *F* females. *Source:* Proper making from information of Eurostat (2011)

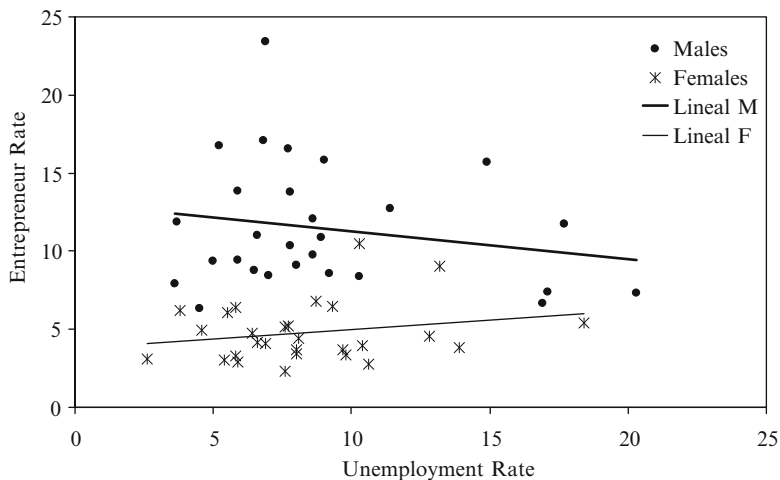


Fig. 10.4 EU-27 countries + Norway. Entrepreneur rate vs. unemployment rate 2009. *Source:* Proper making from information of Eurostat (2011)

In any case, this general ageing trend for entrepreneurship is more marked in male entrepreneurs, and especially among middle-aged men.

To conclude this section, Fig. 10.4 depicts the relationship between entrepreneur rates and unemployment rates in Europe, differing by country and gender. The role of paid jobs, regarded as an incentive for individuals to become entrepreneurs, has been addressed by some works launched by the GEMs (Allen et al. 2008). However, there are no conclusive results on the positive or negative relationship between both

variables. On the one hand, it could be argued that self-employment can be considered as a job opportunity in times of high unemployment rates; and, on the other hand, hard times are often not the most conducive to creating new businesses.

According to the available data for 2009, the results obtained when relating the two variables are reverse for men and women. Certainly, these figures are hit by the impact of economic crisis; therefore, caution must be exercised when drawing general conclusions. In 2009, the relationship between entrepreneur rate and unemployment rate is negative for men; positive, though, for women.

As far as men are concerned, the inverse relationship implies that high unemployment rates stem from a lack of incentives for entrepreneurship. This seems to be the most logical result in so far as a slowdown in a country's economic activity and the resulting rise in unemployment would involve a decrease in the number of people who undertake their business activity as entrepreneurs rather than as employees. However, this sequence is not true in all circumstances.

In the case of women, the relationship is direct. As a matter of fact, high unemployment rates may trigger a European country into giving greater importance to the development of female entrepreneurship to foster economic progress. This situation could be explained with a twofold approach: on the one hand, as a result of the main economic sectors and occupational activities performed by women; and on the other hand, perhaps, because of the fact that, even though women lag behind men in entrepreneurship, female entrepreneurs show greater potential than male entrepreneurs to overcome whatever barriers exist to entry into business.

All in all, entrepreneurship in Europe shows significant contrasts in terms of gender and other variables, some of which have been discussed above. The EU considers that it has a duty to encourage entrepreneurial initiatives, since entrepreneurship is regarded as a driving force for job creation and economic growth, which unlocks the growth potential of European businesses and citizens.

10.4 Finance

Finance is, certainly, one of the key business factors. There is a wide range of possibilities of financing economic activity and corporate investment. However, there are many factors that determine whether a company can access the financial services required at all times, which hinders the process. The economic crisis exacerbates the corporate financial situation, since it constricts the inflow of money, as a result of the drop in the demand for goods and services; and hardens external finance requirements.

Even when the crisis gives way to an economic recovery, financial resources are limited and the access to financial markets is restricted for many companies, especially the smaller ones. According to the OECD (2009a), access to financing continues to be one of the most significant challenges for the creation, survival and growth of SMEs. In fact, in Europe, "access to finance" has been considered for years as the prime obstacle faced by SMEs. However, due to the financial and

economic crisis, recent data for 2009 show that insufficient market demand is regarded as a pressing issue, followed by difficulties in accessing finance (Enterprise Information Management, EIM 2010).

Finance constraints affect companies operating in the European market, but, at the same time, discourage emerging entrepreneurs. According to the results of the Eurobarometer survey for 2010, roughly eight in ten EU citizens agree that it was difficult to start-up a business due to a lack of available financial support, which is perceived as main barrier to entrepreneurship. Moreover, 29% of EU citizens under the age of 65 said that it was not possible for them to become self-employed because they did not have the finances to start-up a business (Gallup Organization 2010).

Accordingly, more and more entrepreneurial programmes and initiatives are being developed to help companies to overcome difficulties in getting access to finance. The European Commission's annual report on EU Small- and Medium-Sized Enterprises, published in 2009, showed that 20% of the approximately 500 measures, adopted in accordance with the ten guiding principles set out in the Small Business Act, regarded the access of SMEs to financing sources. The actions undertaken in relation to this principle have become the best implemented central point within the EU (EIM 2010).

In addition to general issues related to the access of European entrepreneurs to financing sources required for their businesses, it would be interesting to know whether there are specific features regarding the financing for the growth of women-led businesses. However, the possibilities of analysis are very restricted as there are no actual and comparable long-term datasets on this issue at the EU-level. On the one hand, the collection of data (primarily, through surveys) on access and use of financial resources does not include a section broken down by gender. On the other hand, there is no harmonized statistics including all countries, not even for the EU-27. As a result of the lack of data available, "access to finance" has been listed as one of the six determinants crucial for entrepreneurial performance, within the model of entrepreneurship proposed by the OECD as part of Entrepreneurship Indicator Programme. However, this has not solved the scarce gender-disaggregated financial data (OECD 2009b).

For the time being, as it is not feasible to perform a comprehensive and thorough analysis of the possible work-related gender inequalities and the attendant gap when it comes to finding financing within and across EU, some general conclusions resulting from the review of the latest literature¹⁸ published on this topic are set out below.

In the first place, there seems to be agreement on the idea that women tend to start their business with fewer financial resources than men do. It is unclear whether this situation is the result of unequal access to finance or lower ambitions on the part of women. Also, when it comes to starting new businesses, female entrepreneurs

¹⁸ Results shown in the latest report on women entrepreneurs, published by the Global Entrepreneurship Monitor, include more detailed findings on specific cases: Finland, Latvia and Turkey (Allen et al. 2008).

rely more often on their own funds and seem not to seek external finance. This fact may condition female entrepreneurship, since the personal financial resources available at start-up are determined by women's income range and their ability to save money, so that the existing gender pay gap¹⁹ in the European labour market could indirectly affect female entrepreneurship (EMN and EVERS&JUNG 2007).

Access to external finance, as discussed above, and especially access of female entrepreneurs to bank loans proved to be an especially difficult aspect to assess, since the revealed lack of gender aggregated data on loan provision by finance and funding providers makes it impossible to give an accurate picture of the respective financial markets in the EU. However, it is stated that female entrepreneurs face access barriers in all surveyed EU countries due to the male-dominated approach of most bank officials to "credible entrepreneurship", who regard female business projects as less credible than those proposed by the male sector. According to the same report produced by EMN, the application of bank's own criteria to loan approval may also affect this gender gap. Bankers' requirements for bank loans are focused on aspects such as the previous employment history, the current income level, the business size, number of employees, or potential business growth. Nonetheless, the stagnant loan assessment criteria used by banks are certainly unfavourable to women.

As regards public financial support schemes, providing adequate access to finance for female entrepreneurs is generally a cornerstone to increase the share of women in viable entrepreneurship. Public schemes need to care more about women-dominated businesses and the supply of financial resources in order to address the specific needs of female entrepreneurs. Some survey results²⁰ suggest that the relative low rate of micro-lending to women is due to the characteristics of female businesses, the majority of which are engaged in the service sector. Service sector businesses tend to have fewer physical assets, higher needs for working capital, and require less financing.

Moreover, women are regarded as a main target group for micro-finance, as a result of low financing requests and lower income. Nonetheless, it is unclear²¹ whether this situation is the result of unequal access to finance due to gender gaps. These gaps may spring from the performance of businesses rather than from financing preferences. In any case, ensuring equal access to finance for women and men will not be enough, since studies reveal that a high share of entrepreneurial women in EU Member States do not even try to apply for external finance.

¹⁹ However, if the information related to the indicator measuring "gender pay gap" within the Structural Indicators published by Eurostat is compared with the data from the same source collected on the number of self-employed people and employers, it is shown that there is no empirical evidence to verify this assertion for the EU Member States.

²⁰ Among others, the findings of studies conducted by the Global Entrepreneurship Monitor (Allen et al. 2008) and the European Microfinance Network (EMN and EVERS&JUNG 2007).

²¹ In this regard, see the work by Robb and Wolken (2002), as well as the references therein.

Regardless of empirical verification, international institutions emphasize the need to improve access to finance for SMEs. Moreover, considering the impact of global crisis on this type of businesses, strategies with support measures and a long-term goal should be included in order to address shortcomings in the financial environment (OECD 2009a). The EU Entrepreneurship Action Plan makes, year after year, recommendations on increasing women's start-ups through better access to finance, exchange of qualitative and quantitative information, and development of female entrepreneurial networks.²²

In general, when reviewing the existing literature on entrepreneurial performance, the conclusion is that there is a need for further research on female entrepreneurs, both at European and international level. However, the availability of comparable and gender-disaggregated data on entrepreneurship has to be improved in order to produce deeper insights into the profile of female entrepreneurs and their businesses.

10.5 Conclusions

Europe regards entrepreneurship as a key factor promoting innovation and generating sustainable economic growth, employment and competitiveness. The profile of the European entrepreneur is completely linked to SMEs, since they account for 99% of all enterprises in the EU. In addition, data show lower levels of women's labour market participation than men; hence, women entrepreneurs are a group with a high potential growth. Nationwide and European measures are required to support female entrepreneurial activities and foster a better access to finance.

Furthermore, once again, available statistics on entrepreneurship, differentiating by gender, have proven to be insufficient to perform a comprehensive analysis and draw final conclusions. Nonetheless, most of the data included in the statistics mainly correspond to enterprises, rather than entrepreneurs. As a matter of fact, formerly, gender dimension was not included in statistics on entrepreneurship; hence, the data should be focused on entrepreneurs, rather than on business performance. A reform of national and international statistical systems is required "to provide an evidence base for research and policy development" (United Nations 2010).

As for the analysis conducted, using as primary source of information the latest statistics published by Eurostat, several general conclusions have been obtained, which define the profile of the entrepreneur for the whole of the European Union:

- The ratio of opportunity to entrepreneurship is for men more than twice as high as those for women, and this gap widens specifically for employers. There is no

²² These needs were defined, with explicit recommendations, in the Entrepreneurship Action Plan presented by European Commission (2004a).

empirical evidence about the real reasons for these gaps. Research suggests that aversion to risk, failure to take risks and access barriers to finance affect female entrepreneurship rates.

- Most European entrepreneurs, men and women alike, have attained secondary education. Smallest gender gaps correspond to those with higher educational levels. In addition, there is a greater likelihood for entrepreneurs with higher education of becoming employers.
- The distribution of entrepreneurs by economic activity sectors shows certain gender-based disparities. The service sector, though, is the mainstream for both sexes. With regard to the activity sector, industry ranks second for male entrepreneurs; and agriculture, for the female entrepreneurs.
- As regards occupational activities, there are certain similarities for both sexes. The main difference is shown in categories “Clerks” and “Service workers and shop and market sales workers”, with a significant share of women employment recorded.

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Chapter 11

Microcredits for Women Entrepreneurship: Are They an Effective Tool to Avoid Family Impoverishment?

Jorge Alberto Gámez-Gutiérrez and José Manuel Saiz-Álvarez

11.1 Introduction

According to 2006 Microcredit Summit Campaign Report, seven out of ten microfinance clients are women (Armendáriz and Roome 2008), many of which are married with children. The active participation of women in the family is essential not only for family sustenance, but also for improving the economic welfare of society. The family helps sustaining the social structure irrespective of which type of society the individual belongs. In Third-and-Fourth World Countries, families become more important, as the structure of the state is weak, corrupt, or nonexistent.

When used wisely, microcredit opens new horizons for women, especially in rural poor and isolated regions. But the introduction of a microcredit program is likely to have a heterogeneous impact depending on the women's marital situation. Ngo and Wahhaj (2010) demonstrate that access to microcredits strengthen her bargaining position, only if she invests her new capital profitably in an autonomous or a cooperative activity, and her husband has no alternative activity in which the same capital would generate similar returns, or lacks the power to overrule her preferred investment decision.

Not only is the access to new capital important to fight poverty. As shown by Mahajan and Vasumathi (2010), the ability to manage risk, while increasing productivity and market transactions, is vital to success. As a result, new educational programs have to be encouraged to exploit the competitive advantages

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(mainly second-order ones defined by low labor costs) acquired by educated populations. The aim of this chapter is to analyze whether the provision of microcredit to women can reduce poverty in Third World Countries. To achieve this goal, we shall start by studying how education and Information and Communication Technologies (ICT) can contribute to reduce poverty. Then we discuss why women are one of the main objectives of financial institutions engaged in microfinance and compared with informal lending institutions. Finish with the problems of micro and possible solutions to avoid them.

11.2 Microcredits, Education, and ICT

Increasing levels of poverty in the world, as a result of economic globalization, is encouraging the use of an alternative way to combat hunger in the Third-and-Fourth Worlds. Popularized after the launch in 1983 of Grameen Bank of Bangladesh by 2006 Nobel Peace Prize Dr. Mohammad Yunus,¹ by end-2010 the Bangladesh Rural Advancement Committee (BRAC), in collaboration with the World Food Program of the United Nations, administers one of the largest microfinance initiatives in the world reaching around 450,000 women in each 18-month cycle, in the so-called Income Generation for Vulnerable Group Development (IGVGD) Program.² The success of this program has enabled local people to achieve minimum levels of development, and has helped maintain social peace in regions where microcredit has been granted, but poverty persists.

From the borrowers' perspective, the successful use of microcredit is given: (1) To achieve a minimum level of *basic education* that allows, at least, to understand the contractual terms upon signing the granting of microcredit between the bank (or community) and the lender; (2) To access to *transparent information* for proper decision to minimize the interest rate payable, and (3) To be supported by the group [family or joint liability lending (JLL)] to be capable of paying monthly repayments following a *solidarity mechanism*.

From a double economic and social perspective, failure to pay monthly payments of microcredit is traumatic for the borrower who may be expelled from the community, even after having lost all their properties to cope with the loan. When the borrower survives in extreme poverty, he/she must be aware of the risk associated with the request for a loan. So, local NGOs are responsible of doing

¹ Dr. Yunus began experimenting with lending to poor people in the village of Jobra (Bangladesh) during his tenure as a professor of Economics at Chittagong University in the 1970s. See Hulme (2008) for further information about the establishment and evolution of the Grameen Bank of Bangladesh.

² Webb et al. (2002), members of the Food Policy and Applied Nutrition Program of Tufts University, in a study carried out with 606 IGVGD women who were engaged in the 1998/1999 IGVGD cycle, suggest a series of measures to attract the ultra-poor women to the program.

feasibility studies of these operations. Otherwise, the provision of microcredit will become a heavy burden for the borrower who will sink deeper into poverty, which can lead him to suicide in extreme cases.

From the lenders' perspective, the development of ICT, mainly Internet, have boosted the possibility of giving loans to poor people located anywhere in the world in real time with low costs. In fact, I am an individual lender (Saiz Microcréditos) of Kiva, one of the world's largest NGO dedicated to microcredit through Internet, and to date I have participated actively in the provision of microcredit to more than 500 entrepreneurs living in the Third World, either individually or in JLL, without receiving any financial benefit from this voluntary activity. Since its founding in 2004, Kiva has given microloans to nearly half a million poor people, women being 81.39%, while the delinquency rate is barely 1.30% (updated April 2011).

It is true that it would be desirable to have a greater positive impact of microcredit in order to escape poverty, but my lending experience as a lender without receiving any economic compensation has been very positive so far, as microcredits have allowed small improvements in the living conditions of many borrowers (64.5% are women) I helped with my generosity.

Woman access to Internet continues being low, especially in the Middle East (6%), although in Africa (25%), Asia (22%), and Latin America (38%) numbers are growing up (AA.VV. 2010). In order to empower women, and at least trying to promote greater gender equality, Malhotra et al. (2009) examine several innovations in three intersect domains (technology use, social norm change, and economic resilience) as creative entry points for realizing women's empowerment. But every attempt to change the status of women needs to achieve a higher level of education.

As a result, effective educational policies are necessary to empower women. Policies made by governments as they have a high responsibility toward their female citizens. An illiterate woman, especially in the Third World, is doomed to misery, mainly when she is widowed, and will become part forever of the poorest strata of the population. She is also expelled out from trying to be granted by a microcredit, as she is too poor to repay it. Therefore, it is socially mandatory to give basic education to disadvantaged population as first step for them to avoid poverty.

A second key aspect in granting microcredit is the adoption of control procedures to ensure compliance with the commitments made at the signing of the loan. To guarantee the success of his control, local NGOs are supervised by NGOs situated in developed countries. This dual monitoring gives confidence to lenders to give future loans to NGOs while strengthening and developing the system.

One of the problems of the ICT-based microcredit is the existence of the problem of moral hazard, mainly arisen from information asymmetry. In this sense, in an empirical study using group level data from 99 farm and nonfarm credit groups in Malawi, Simtowe et al. (2006) demonstrate that moral hazard is mitigated by JLL schemes. Results reveal that the incidence of moral hazard is mostly explained by peer selection, peer pressure and monitoring, dynamic incentives, and control variables capturing the importance of matching problems.

When using ICT-based microfinance, peer selection is crucial in choosing the right NGO to carry out the project. Issues such as local law, experience, qualifications, and professional experience of those responsible for NGOs and former professional relationships determine the success or failure of grant aid through microcredit to the poorest. Therefore, what is important to achieve sustainable wealth creation in the medium-and-long term is determined not only by the granting of the loan itself, but also by the implementation of complementary policies to strengthen the good use of it.

Finally, it is desirable to have a multitude of lenders to minimize risks and to enhance the word-of-mouth effect worldwide (Saiz-Álvarez 2010). Besides, a diversity of lenders allows that they can participate from small amounts of money, leading to a rapid and efficient spread on the Internet encouraging peer-to-peer microcredit over the Internet, as in Kiva. A large spread of lenders lowers the risk of credit, as the source of funds is highly diversified. Risk is further reduced if lenders belong to different optimum currency areas, like the euro zone.

11.3 Why Women?

Microcredits contribute to micro-and-macroeconomic stability (Velasco and Marconi 2004) by expanding lending and investment, while creating richness in poor areas uncovered by the formal banking system. As women are more than half of the world population, they have a key role to play, not only to ensure livelihood for her family, but also for the survival of society. More virulent in the case of matriarchal societies in relation to the patriarchal ones, women have a leading role in many cases. Therefore, they become a target for microfinance institutions.

11.3.1 *Support Family*

Applied to the Egyptian city of El Cairo, Nader (2008) demonstrates that there is a high correlation between microcredit and children education, income, and assets. Except in cases of extreme poverty when microcredit is used to improve the living conditions at present, once basic needs are met, microcredit begins to be applied to achieve better educational levels for future generations. Better education is generally associated with higher income and assets. So, microcredit plays a key role in this process improvement. However, these positive results may change when there is no control from local GNOs (Gibb 2008).

Microfinance can make an important contribution to the millennium development goals (MDGs) which aims to eradicate absolute poverty in the world by 2015 (Simanowitz and Walter 2002). Established and signed by 190 countries in September 2000, the MDGs are organized around eight major goals by: (1) halving extreme poverty and hunger, (2) achieving universal access in primary education,

(3) promoting gender equality in primary and secondary education (2005) and university (2015), (4) achieving two-thirds reduction in child mortality under 5 years of age, (5) reducing by three quarters the maternal mortality, (6) eradicating AIDS and malaria, (7) halving the proportion of people without access to safe water and sanitation, while improving conditions in 2020 substandard housing for 100 million people, and (8) developing a global partnership for development. It also wishes to achieve a minimum of human dignity that will benefit the entire world population. Besides MDGs, financial services allow more risk-efficient “asset portfolios” based on property (animals, land, houses, etc.) and smooth consumption patterns, tiding a family over a drought, illness, low productivity, and food scarcity.

11.3.2 More Responsible

Given their family responsibilities, it would seem that women have a higher degree of maturity and experience to deal with the granting and subsequent repayment of a loan. However, this finding is not generalizable, as a multitude of factors (mainly economic, social, tribal, and religious) merge and influence in the good use and return of microcredit. Among these factors, family ties to the husband and children are emphasized. So, in many cases, there is a tendency to deviate the microcredit to objectives and applications more beneficial to the husband and children than to the woman herself (Saiz-Álvarez 2011).

In this sense, Chowdhury (2008) concludes, after having interviewed 920 households selected randomly in Bangladesh from the participants of top three microfinance institutions: Grameen Bank, BRAC, and ASA, that the participation in the microcredit programs does not promote women entrepreneurship at the household level, while increasing capital of existing businesses of participating households.

11.3.3 Joint Liability Lending: Less Risk, Joint Help

Borrowers in JLL with above median monitoring are 36% less likely to have repayment problems, as they are affected by social preferences and cognitive skills (Carpenter and Williams 2010). Nevertheless, in case of delinquency, the person affected can be expelled out from the community, having to face the rest of the group to the payment obligations. Consequently, and given the strong economic and social consequences derived from this *default risk*, people tend to be reluctant to ask for JLL. Besides, there is a “glass ceiling” effect, namely, loan downsizing of the largest projects from a given group, hurting female applicants (Agier and Szafarz 2010).

The existing societal structure is crucially linked to the observed gender differences in competitiveness (Gneezy et al. 2006). These gender differences are especially intense in Africa where patriarchal African cultures (Maasai, Mandingo, Amazigh, Tifinagh, etc.) interact with fewer numerous matriarchal ones (Khasi). These gender differences favoring men in Africa lead to a very low development of microcredit in the black continent, compared to Asia and Latin America where women's participation is much higher.

Positive effects of microfinance are wider when granting credits are complemented by basic training, health, and advisory services for women (Velasco and Marconi 2004). One of the causes of failure in the provision of microcredit is illiteracy by people who receive the money by not understanding the terms of the contract. This means that they are at the mercy of microfinance institutions, so that in case of problems of default, their defense capability is nonexistent. As a result, in many cases, they lose all their possessions.

11.3.4 Matriarchal Societies

In rural societies where tribal rules favoring men are deeply established, microcredits do not empower women. This fact is particularly important when women lack co-ownership in household's productive assets.

According to Attay (2007), microcredit help women in three ways: (1) leading to higher income due to financial diversification that will help women to perform their reproductive role as brokers of the health, nutritional, and educational status of other household members; (2) providing employment to women in micro enterprises, and (3) enhancing their self-confidence and status in the family, although the latter is affected by religion in Muslim countries. In addition, Khan (2007) shows empirically, using data on the borrowers of the Grameen Bank of Bangladesh, that microcredit have had a significantly positive effect on women's bargaining power within the household.

On the other hand, participation in microfinance programs is mostly been influenced by demographic profiles, like marital status and level of awareness of the participants, self-perceived economic status, percentage of male working aged members, and belonging to a community (Shams et al. 2010). These factors particularly affect women, especially in societies where their role is important to support the family, as shown in Fig. 11.1.

Although rural areas are mainly matriarchal, microcredit is not controlled by women. Only 28% of microloans are controlled by women in Bangladesh (Goetz and Gupta 1996), while in Latin America this percentage is similar. This increases the risk, as women have no control over interest rates and repayments, as they are established unilaterally by financial institutions and international markets.

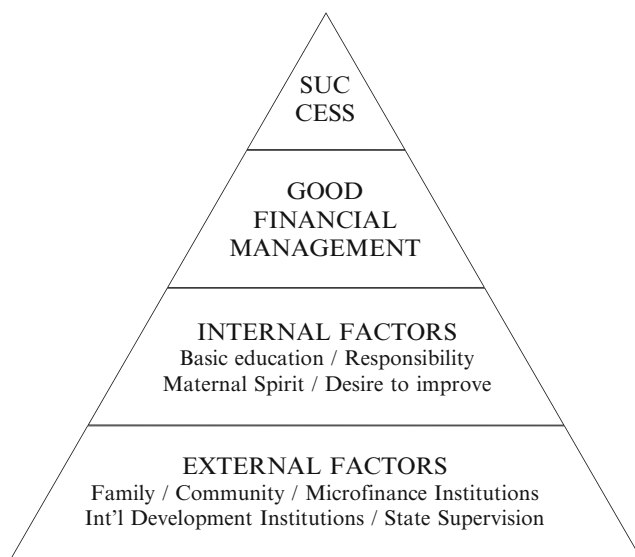


Fig. 11.1 Women's role in microcredit. *Source:* own elaboration

11.4 Microcredit Systems vs. Informal Lending Markets

In general, there are six types of microcredit financial organizations:

1. *Banks for Poors*. They are solely dedicated to low-income communities, usually rural ones, whose economic activity is based on retail trade, intensive agriculture, and smallholder livestock. Examples of this type of microcredit are Grameen Bank of Bangladesh, Banco Sol of Bolivia, and Women's World Banking.
2. *Village Banks*. Formed only by the villagers, they receive funds mainly from NGOs that are used to create self-employment jobs. In this case, villagers are totally dependent of the lender, which is usually only one. This fact creates a moral problem when taking responsibilities, as villagers are subject to decisions of the NGO.
3. *Community Banks and Community-Oriented Financial Institutions (COFI)*. Usually inserted in other microcredit local initiatives, they are local and small financial institutions offering their services to the community. They can be the embryo of future regional and national banks.
4. There is a large disparity in poverty incidence between Community-Oriented Financial Institutions (COFI) beneficiaries and nonbeneficiaries, while among COFI beneficiaries female-headed households appear to be poorer than male-headed households, among nonbeneficiaries, male-headed households appear to be poorer than female-headed ones (Lamberte and Manlagnit 2003).

5. *Rotating Saving and Credit Associations* (ROSCA). They consist of a common fund to which each member periodically enters an amount, for which the participant may borrow on a rotating basis when the group accepts the petitioner's request. Besides money, these funds can also be formed by livestock.
6. *Credit Unions*. Similar to cooperatives, they are nonprofit and democratic financial cooperatives managed by its members.
7. *Peer-to-peer GNOs*. Based on Internet, they collect money from lenders worldwide (individual or in group) to grant loans to individual or group borrowers. In this case, lenders do not make money at all, as they do it for philanthropic, humanistic, or religious reasons. Examples of this type of microfinance organizations are among others, Kiva.org ("Loans that change lives") and Microplace.com ("Invest wisely, end poverty").

Besides these formal and legally based institutions, in some Caribbean countries (mainly in Jamaica and Trinidad and Tobago) government intervention in granting credits is still low, so informal financial markets have quickly developed. Informality's growth is one of the most serious problems of microfinance, as there is no control over interest rates, leading to usury. In fact, the development of informal finance is given by individual lenders who become generally on loan sharks who lend at interest rates characterized by usury.

The advent of microcredit has diminished the importance of loan sharks who are now focused on borrowers who have been expelled from the regulated financial system. As a result, they receive strong pressure to repay loans by extortion to collect repayments at abusive interest rates impoverishing those who are really poor. In fact, moneylenders have become lenders of last resort.

11.5 The Shadows of Microfinance

However, microfinance has several problems. First, is to choose the right poor people to lend (*the moral hazard problem*). This fact is carried out by local GNOs that are responsible of analyzing poor people's prospective default rates. Second, the high-interest rates applied to microcredit, being Colombia one of the countries with highest interest rates (45% for 2010) (Patiño 2010). Third, the ultra-poor people are excluded from receiving microcredits, mainly those situated in rural and isolated areas. Only when these people adopts a health-seeking behavior, they can be granted by a microcredit to ameliorate their living conditions (Ahmed et al. 2006). Although microcredit is directed to the poorest people, in fact they are self-excluded as they consider they will not be able to afford the payment of high-interest rates, while JLL will also exclude them. As a result, the poorest women will not be able to cope with this self-subsisting situation.

Another problem is the control loss on the payment obligations when a new credit is granted to pay a previous one, creating a *perverse spiral of credits*. When default occurs, borrowers lose all their material goods, even the most basic and

necessary for survival (pots, beds, dishes, etc.), home included. In more extreme cases, people committed suicide when they cannot withstand the social pressure to meet payments as they cannot pay as they have no money or property to sell out.

Microcredit's implementers need to acknowledge that a single microfinance package cannot meet all needs of impoverished rural population (Hulme 2000). Efforts to fight against poverty are so huge that only a public-and-private joint policy based on a long-term perspective is needed. Although an active participation of the state is desirable, the state must eradicate *corruption practices* if governments aim to create crowding-in effects to benefit their populations.

Given these problems, possible solutions to diminish the negative impact are, in short, as follows: (1) *basic education*, as due to illiteracy, default problems are exacerbated; (2) *state support*, as it is mandatory when family support fails; (3) *national and international supervision*, as it is necessary to prevent corrupt practices, and (4) *information transparency* with the help on ICTs, as it is desirable to improve the corporate image of microfinance institutions. Together, these four factors create a virtuous circle that benefits society as a whole, including financial institutions.

11.6 Conclusions

Microcredit is a potential phenomenon that contributes to alleviate poverty in Third-and-Fourth World countries, mainly in rural areas, by opening new financial opportunities to poor people excluded from commercial financial channels. Despite the slightly damaged corporate image of the Grameen Bank of Bangladesh, it has emerged as a successful NGO Credit Program for rural poverty alleviation. This success has inspired to similar efforts worldwide, United Nations included.

Mainstreaming gender and empowering women in microfinance would necessitate measures to integrate the vision, mission, goals, and objectives of microfinance policies and programs (Attay 2007) based on glocalism (think local, act global) for being self-reliant. In order to be self-financed, it is vital to develop social enterprises, ranging from agriculture to handicrafts, strategically linked to self-sustained development programs, to form chain linkages that increase the productivity of NGOs members' assets and labor, while reducing risks. The surplus generated from these social enterprises is fed back into the development programs to be self-reliant, as happens with the BRAC case.

In order to be financially successful, high transaction costs should be diminished, as they jeopardize both economic growth and microcredit sustainability (Gine and Karlan 2006). Microcredits are focused on reducing poverty, especially for women, and are willing to determining an individual's ability to make use of different financial solutions. In this sense, donors have to relate to a framework of political, economical, and organizational structures making it necessary to make poverty measurable (Attay 2007).

In fact, microcredit is the gateway for the introduction of new financial products aimed at the poorest people in the world. Therefore, product diversification is also linked to microfinance, by combining microcredit with savings and insurance. By reviewing cross-sectional evidence of 250 microfinance organizations in Latin America and the Caribbean, Rossel-Cambier (2010) finds positive effects of this combined microfinance (CMF), especially in crop microinsurance. Once opened the way to microcredit, thanks to an emerging financial literacy in some Third World countries, the next step will be the launch of CMF as new wealth-creating financial instruments aimed at combating poverty in the world. Once the financial machine has started, it will be difficult to stop, especially if there are significant benefits down the road.

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Part IV

Other Aspects

Chapter 12

Woman Entrepreneurship and Gender Accountability

Marta Peris-Ortiz, Daniel Palacios-Marqués,
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12.1 Introduction

Beginning with data that highlights the importance of women in business, according to the US National Foundation for Women Business Owners in 1995 38% of business owners in the USA were women and they employed a quarter of the labour force. The US Bureau of Labor Statistics (2005) shows that 23.3% of the country's top executives are women and the percentage rise to 45.9% for executives in general. In other capitalist countries such as Spain, in a middle-ranking position among the most developed countries, 29.14% of microfirms (fewer than ten workers) are managed by women and 47.21% of self-employed business owners are women (Peris-Ortiz et al. 2011).

However, women's biological characteristics (maternity, breast-feeding) and their role in the family involve gender responsibilities that hinder their business activities (Sturges 1999; Burke 2007). A controversial issue in this regard, examined here, is whether society should provide the means for reconciling work and family life so that women can make their business activity compatible with their family "obligations" (Konrad and Mangel 2000; Konrad 2007; Eagly and Johannesen-Schmidt 2007) or whether a more profound, far-reaching transformation is required, changing current male success models in the Western world so that men and women can share their child-care and general domestic obligations (Calás et al. 2007, 2009).

In this work we examine, firstly the forms of entrepreneurship with significant participation from women as senior executives or in middle management posts. Then we look at the advisability of work-family life reconciliation in relation to women's gender responsibilities based on several leading studies in the subject.

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Finally, in conclusion, we reflect on the importance and limits of work–family life reconciliation and the need to change the dominant male success models in society.

12.2 Entrepreneurship and Women Entrepreneurs

The entrepreneurship literature distinguishes different fields in the study of entrepreneurial activity. The first of them, at least in logical order, corresponds to the *entrepreneur as individual agent* (E). Individual action is entrepreneurial when, on the basis of personal traits or characteristics (intelligence and intuition) it is able to discover new opportunities (Chell 2008). These characteristics are partly innate and partly a product of the education received and the influence of society (Nga and Shamuganathan 2010), and lead to the appearance of unique idiosyncratic abilities that enhance the ability to discover new economic and social opportunities (Baumol 1968; Loasby 2007). Thus, the notion of entrepreneurs as discoverers of new opportunities, breaks with the rational man theory of economics, and opens the economic system to the growth or the expansion of its business cycles (Schumpeter 1934, 1950).

In this form of entrepreneurship, women entrepreneurs (WE) can be as important as men. The matter of whether men and women approach entrepreneurial activity differently, or whether any variations are all down to social differences has not been decided. But, whatever the case, if social contexts are equally favourable, there will be no gender differences as regards intuitive and intellectual ability.

However, in middle-ranking to highly developed capitalist societies (Spain and USA), the determining factors and circumstances surrounding WE entrepreneurial activity are clearly different from those for men, in a context where women find it especially difficult to reconcile work and family life (White et al. 1992; Burke 2007) and the ways of doing business and the predominant success models are male (Calás et al. 2007). According to Bruni et al. (2004a, b), in a similar approach to that taken by Calás et al. (2009), interaction between gender and entrepreneurial activity (women and business, men and business) has, apart from the strictly biological aspects, a mutually constituent character: Thus, “through gendered practices performed on a daily basis (...), doing entrepreneurship is also doing gender” (Calás et al. 2009: 561).

Therefore, in modern capitalist societies, unless the social context is modified, there can be no expectations of a similar role for men and women in individual entrepreneurial activity (E). And this constitutes a loss of resources for society.

According to the leading contributions in the entrepreneurship literature, entrepreneurial activity involves “the study of sources of opportunities; the processes of discovery, evaluation, and exploitation of opportunities; and the set of individuals who discover, evaluate, and exploit them” (Shane and Venkataraman 2000: 218). This concept of entrepreneurs, or the roles they are identified with, is broadly shared (Venkataraman 1997; Shane et al. 2003; Hitt et al. 2001; Cuervo 2005; Barret and Mayson 2008) and has two dimensions: The aforementioned dimension of the

individual entrepreneur as *discoverer of opportunities* (Cuervo 2005); and the dimension that considers the entrepreneur, in addition to discoverer, as the agent who *exploits opportunities by organising new combinations of factors* (Lounsbury and Glynn 2001; Hayton 2005).

When entrepreneurs' fundamental characteristics stem from belonging to a company and a given economic sector and their ability to discover new combinations of factors is a consequence of the experience, relations and cooperation obtained in that company, they are known as corporate entrepreneurs (CE). The way CEs configure their organizational context and learn from it is fundamental and is just as important as their individual characteristics and abilities (Barney and Wright 1998; Hayton 2005).

Discovering and exploiting opportunities through new combinations of factors are linked in entrepreneurial activity as a complex phenomenon that includes "innovation, venturing and strategic renewal" (Zotto and Gustafsson 2008: 97), where strategic renewal is understood as a process of change in the strategy and the organization. New combinations of factors can, in themselves, be radical innovations, but small gradual marginal changes, accumulating small organizational and technical improvements can also lead to significant innovations based on the CE's ability to lead change and facilitate participation and commitment.

In this form of CE, women's participation in different management posts, where their action is essential, necessarily increases (45.9% of women in management posts in USA, according to data from 2005, as mentioned in the introduction). But unequal conditions for women limit their level of involvement, commitment and creativity at work, limiting their entrepreneurial activity and hindering the company's general CE, again leading to a loss of opportunities and resources for society.

This issue, however, goes deeper. Where does corporate entrepreneurship end? Up to what hierarchical levels in the organization are the different members mobilised and involved? Are the different levels of employees qualified and are they under transformational leadership or empowering leadership? Does this mean that a favourable context should be created for all female employees? Does it imply that the political costs of work and family life reconciliation should be assumed for all of them?

From the perspective of contingency theory, based only on the advisability of greater efficiency, the answer is no. The market relations, technological level and knowledge distributed among employees are different in different companies and therefore the tasks to be done and the way they have to be managed as a decisive part of CE, will be different in different companies (Perrow 1967; Donaldson 2001; Liu et al. 2003). This will make policies oriented at reconciling work and family life – and the investment they involve – more or less advisable in different companies; or, at any rate, different policies will be required in each particular situation.

An argument, also based strictly on efficiency, which is far removed from the above, refers to human ability to build the world which, in companies, is expressed through management action. According to Weick (1979) through the senses, determination and initiative, men interpret and assign meaning to experience thereby

shaping the environment through their vision, their conception of the world and their actions. *Company management* selects the environment where the company will compete and the organizational structure is largely a consequence of management's conception and vision. Thus, management decides the levels of qualification for the work, the type of leadership and the way CE is based on employees committed to the company. This scenario requires a universalist approach where the most efficient course of action, or the one that enables the best results is sufficient work/professional life and family life reconciliation. Without this reconciliation, women's working conditions will provoke a loss of resources in companies, of opportunities for CE success and for society.

This perspective, which can be enriched with nuances from contingent theory, is the one that predominates in the feminist literature on gender and entrepreneurship (Konrad and Mangel 2000; Burke 2007; Calás et al. 2007; Konrad 2007) and provides theoretical support for the advisability of reconciliation.

A third form of entrepreneurial activity is known as social entrepreneurship (SE). According to the explanation of this form of entrepreneurship "(the) individual personality of social entrepreneurs provides the impetus to high will-power that drives passion (and) innovativeness (. . .) to integrate social, environmental and economic aspects" (Nga and Shamuganathan 2010: 261, 263). If this motivation towards improving living conditions and distributing socially necessary goods is fulfilled (Austin and Wei-Skillern 2006; Ridley-Duff 2008), SE will contribute towards solving the problems created in social sectors or societies where government action fails and there are no incentives for private initiative.

SE transcends what we normally regard as philanthropic or charitable actions and promotes a more lasting solution committed to social problems, seeking to create value by discovering innovative forms of development and integration (Kurucz et al. 2008). And although the differences with individual entrepreneurship (E) or corporate entrepreneurship (CE) are evident, it is worth drawing attention to the close relations and complementarities between these different forms of entrepreneurship.

The intuition and intelligence that enable the discovery of new ways of integrating social, environmental and economic issues, creating value for society (SE), are part of the same personality traits studied in individual entrepreneurship (E); furthermore, entrepreneurs' leadership over the organizations they manage, to achieve cooperation and new combinations of factors and exploitation of opportunities (CE), belong to the same set of problems that SE must solve. It is therefore advisable, as in the above cases, for work–family life reconciliation to facilitate the incorporation of women in these entrepreneurial activities (WE).

12.3 Work–Family Life Reconciliation and Gender Accountability

Authors who underline the reduction of differences as the way to improve the situation of women in their family and social contexts and consequently, their activity in business, include Brush (1992, 1997), Brush et al. (2009), Konrad and Mangel (2000), Cowling and Taylor (2001), Sandberg (2003), Burke (2007), Konrad (2007)

and Eagly and Johannesen-Schmidt (2007). After correcting for unfair social differences, women do have inherent characteristics different from men; and there needs to be examination of the extent to which these biological and social differences can provide advantages, different skills and ways of achieving business success. Although, as already mentioned there has been little research on this question, it is challenged by those who believe that highlighting differences delays progress towards equity (Calás et al. 2007).

In the literature on women's working conditions, Burke (2007: 112–114) summarises the work of various researchers (Stroh et al. 1992; Tharenou et al. 1994; Tharenou and Conroy 1994; Kirchmeyer 1998, 1999; Sturgues 1999) and reaches the general conclusion that women and men need different career models if we are to make the most of women's skills and talents. Despite the wide variety of approaches and procedures in these studies it is possible to outline some overall results. According to Stroh et al. (1992) and Tharenou and Conroy (1994) in particular, the most significant determinants of men and women's professional careers and the differences between them are human capital, support from interpersonal relations (relations between equals, mentoring), the role of gender at individual level (personality, sex) and family status and/or set of assumed family obligations.

Some consequences of these factors in men and women's professional careers are (1) Greater variance in men's success in their professional careers than women's (Kirchmeyer 1998). (2) Women, in general, receive lower salaries and/or promotion than men in compensation for their educational levels and experience (Ibid. 1999). (3) At equivalent or similar levels of education, women obtain less promotion than men (Tharenou et al. 1994). (4) The existence of mentors (advisors or facilitators) only has positive effects on men's salaries (Kirchmeyer 1999). (5) Women with children have a lower perception of objectives of success at work (Ibid. 1999). (6) The existence of children has a negative effect on women's salaries (Ibid. 1999). (7) The existence of children and their care reduces women's experience at work and means less progress and promotion (Tharenou et al. 1994; Tharenou and Conroy 1994). Referring to ideas presented by Tharenou et al. (1994), Burke (2007: 113) points out that women "had lower managerial advancement than men because of their lower human capital inputs of training and work experience, structural barriers in regard to promotion and training and the multiple roles of manager and mother."

Work-personal life initiatives which attempt to harmonise both worlds "encompass a variety of practices that aid workers in balancing the demands of work and personal life (...). Many of these practices are aimed in particular at helping workers to deal with family obligations." (Konrad and Mangel 2000: 1226). Konrad (2007: 263) notes the importance of these policies for women and points out that the double burden of full-time work and attending to the home leads to a search for ways of reducing pressure and domestic conflicts. Generally, women suffer these pressures more, but there is evidence to show that the male member of a couple and his productivity are also affected (Ibid.: 263–664). The three significant human resource measures or practices in the literature for alleviating women's work-family or personal life conflicts are *part-time work*, *flexible working* and in the case of the early years of motherhood, *access to child-care centres*.

These approaches, directed at reducing social differences, seem to be necessary to improve the situation of women and consequently, their entrepreneurial ability and participation in business. But there is an important drawback because these measures mean admitting the status quo. Women are helped to attend to their “specific obligations”, *taking responsibility, although more flexibly and with better facilities, for the tasks “inherent” to their feminine condition.*

12.4 Conclusions: Work–Family Life Reconciliation and the Dominant Male Success Model

Women’s biological characteristics, which involve a period characterised by maternity, are a serious obstacle to reconciling women’s professional and family life. As we have seen in the above section, the lower level of interest in success at work among women with children reduces their opportunities for experience and promotion.

The existence of measures or human resources practices that can facilitate compliance with their gender responsibilities in the family (part-time working, flexible working and nurseries), mitigate the problem but do not solve it in a society where male success models shape the way work and the burden of childcare is distributed in families.

Capitalist society is shaped, mainly by male success models so that masculine behaviours pre-define social aspirations and objectives (Calás et al. 2007). The above authors (Ibid.: 92) emphasise that highlight the differences between men and women can have the effect of maintaining discrimination. “Gendering, racing, sexualizing of organizations occur through ordinary, daily procedures and decisions that segregate, manage, control and construct hierarchies in which gender, class and race are involved (. . .), and through symbols, images and ideologies that legitimate inequalities and differences.”

In a different direction, authors such as Osterman (1995) and Konrad (2007) propose paying particular attention to women’s relationships and family obligations. They must be facilitated (and shared) and this should be encouraged by employment legislation and by companies’ human resource policies and practices. In this context, it would be possible to establish levels of quality and flexibility in work life to stimulate productivity and the company’s innovative ability by facilitating different forms of entrepreneurship (CE and E).

Similarly, Brush (1992, 1997) and Brush et al. (2009) emphasise that, after correcting for unfair social differences, women do have different inherent characteristics (biological and social); there need to be an examination of the extent to which these biological and social differences can provide advantages, different skills and ways of achieving business success. With certain nuances, this opinion is also shared by Konrad and Mangel (2000), Cowling and Taylor (2001), Sandberg (2003), Burke (2007), Konrad (2007) and Eagly and Johannesen-Schmidt (2007).

In conclusion, it seems that on the one hand, recognition of the differences could be used to perpetuate the unfavourable situation of women in society. But, on the other hand, without recognition of these differences the problem cannot be dealt with or measures taken to enable women to progress.

In any event, the observation that work–family life reconciliation measures are insufficient and they “help” women to take on the double burden of their professional work and their family obligations appears to be true. It is therefore essential to combine reconciliation measures with a broader evolution of society to change male success models. Society’s values need to change, so that barriers to women’s professional progress can be eliminated and their partners encouraged to share family obligations.

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Chapter 13

Women in University Education and in the Professional Environment

Rosa María González-Tirados

13.1 Introduction

The subject we are about to approach is becoming highly relevant as equality between men and women is one of the basic principals of modern western society. However, we are not going to discuss gender equality or discrimination and the problems these issues involve, but are going to focus on two fundamental aspects, which are the achievements and successes attained by women through general and university education. Both education for women in general and university education in particular have enabled women to think for themselves as individuals, make their own decisions and wield some influence in the working environment as well as enabling them to analyze the specific changes that have come about regarding their training and incorporation into university education.

It cannot be denied that throughout the centuries there has always been “some” woman who has stood out over all others in the arts, liberal arts, and sciences, and there are well-known examples of women who have attempted to fill a gap in a man’s world. However, changes have only come about gradually with the passing of the years.

To quote a few names that have been the *exception* in different centuries, countries, and cultures, we have Cleopatra (69–30 BC) the last queen of Ancient Egypt who defended Egypt by fighting the expansion of the Roman Empire. Boadicea (first C) who succeeded in organizing all the tribes of Britons. Joan of Arc (1412–1431) who led the French revolt against the English occupation. Catherine the Great (1729–1796) has passed into history as one of the best politicians of the seventeenth century and also reigned as Empress of Russia. Mary Wollstonecraft (1759–1797), an English writer and philosopher, is remembered in history for her book titled “A Vindication of the

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Rights of Women.” Ada Lovelace (1815–1852) was a pioneer in the field of computer programming. Susan B. Anthony (1820–1906) was leader of the American workers civil rights movement. Florence Nightingale (1820–1910) was a pioneer of modern nursing. Marie Curie (1867–1934) was a Polish chemist and physicist who was a pioneer in the field of radioactivity. Frida Kahlo (1907–1954), a Mexican painter, took only 15 years to attain worldwide renown. Benazir Bhutto (1953–2007) was the first woman to become Prime Minister of a Muslim country. These are just some of the women who have excelled over different centuries since to name many equally worthy ones would be too drawn out.

This situation, which is the result of progress, would be the norm for men. However, when it comes to women, it is the exception rather than the rule. The twentieth century was particularly marked by women’s attempts to make progress, with some successes which excelled other periods. Women appeared in different fields, but only in western society. Above all they made advances in gaining access to an education, in university education, and their admission to different job sectors. This evolution was even more evident in the USA and some European countries. In the case of Spain, it was in 1910 when King Alphonse XIII announced the Royal Order allowing women to access Spanish Universities, and Emilia Pardo Bazán was appointed as the first woman Public Education Adviser to the Second Republic. The Enactment of the 1931 Constitution recognized that women could vote in elections. The first women Members of Parliament were Victoria Kent and Clara Campoamor, although at the beginning, the former, although a feminist, was opposed to women having the vote as she was of the opinion that women would be conservative and therefore their vote would be detrimental to the Republic. Clara Campoamor, however, was in favor of women’s votes as she deemed it a fundamental right regardless of their way of thinking and the outcome of the ballot.

But while this was happening in Spain and other European States, not all was beneficial to women. Inequalities continued to emerge between men and women, depending on the country, and with the passing of time and some women’s continued struggle, small pieces of ground were gained and laws passed that sought equality between men and women, particularly in the twentieth century in the 1960s and in the 1970s. Fruit of that struggle is the Treaty of Amsterdam (1999), the Beijing Women’s Conference (1995), the Spanish Constitution (1978), the EEC Directive (1975), the Eurostat Report (1999), and UN Women and many other acts that have given women powers that they never had before. Different legislation has continued to be enacted to endow women with more and better rights in countries like Sweden, Denmark, Germany, Spain, etc. Other countries like Hungary and Greece are progressing more slowly in this issue of equal rights between men and women, although there have been changes. However, it does seem rather grotesque to have to pass laws for the equality between two groups of human beings – men and women – to be recognized.

In Middle Eastern countries such legislative changes in favor of equality between men and women are practically impossible. There continue to be many restrictions and on occasions a contributing factor is the influence the different religions have on the social order and the preservation of customs that are so

detrimental to the half of society made up of women. There also remains much to be done in many Latin-American countries. Although there appears to be some degree of equality, the reality of the situation is not on a par with South Africa, Nepal, etc. The greatest achievements have been obtained in the USA where an equal footing between men and women has been the norm in most working contexts.

One of the major achievements of women's struggle in different fields has been their general education, the admission of women to university, and their subsequent incorporation into the workplace. Many governments are of the opinion that there can be no progress or development without taking account of the "other half" of the population made up of women.

13.2 Importance of Education in the World

Education and training, in general, and particularly at university is a major function at the service of society as a whole and of each individual for their overall development and for their specialized progress according to individual talent. Education is a universal right channeled toward preparing people to make their way through life and being able to become integrated into the right workplace according to their level of achievement.

If we look to advanced societies with a high level of education, we can see a certain correlation between the development resulting from education and the country's progress and economic development. Moreover, through innovation and research, education is now a key factor in a nation's progress, in any increase in the quality and improvement of processes and products, in the economic policies regarding jobs, and in the competitiveness between many countries that are striving to achieve comprehensive, social, strategic progress.

Historically, education systems emerge and develop with aims that apparently have little to do with economics. However, people's needs to acquire an education through a regulated education system and the desire for greater progress together with the possibility to go on to further education at university led to stronger economic progress and the era of industrialization, but this growth was not equal everywhere in the world. As a well-prepared well-qualified and specialized workforce was required, needs began to arise and educational opportunities gradually increased.

The terms used to define education and its concept up to university level are extremely wide and differ from one country to another, as does the university system regarding degree and postgraduate courses. For this reason, I am going to concentrate on the basic education that prepares people for the different job fields needed by society and where the minimum requirement is primary and/or secondary education.

If we look back, we can find figures that vary widely from one study to another. For example, UNESCO reveals that in Sub-Saharan Africa, there are currently 4.5 million pupils in secondary education, which compared to the 200,000 pupils in 1970 represents a major increase and educational achievement. Likewise, in a recent article in the Spanish newspaper "El Mundo" (2011), we found a table

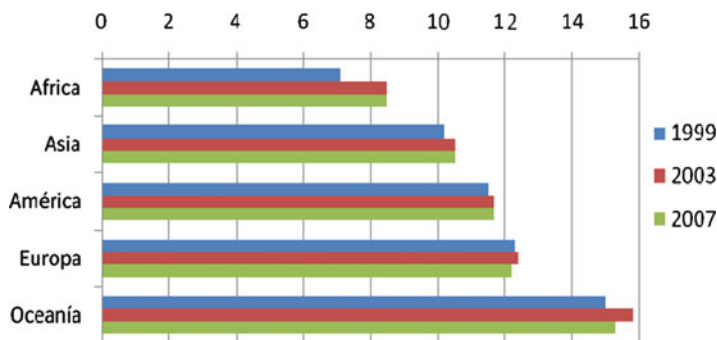


Fig. 13.1 Years invested in primary and secondary education. *Source:* El Mundo 27 February 2011

showing the evolution of the years invested in primary and secondary education in the five continents. These data have served to make our own analysis, and if we refer to the figure we can see a slight increase in the years invested in primary education but with no indication of whether this refers to men or women (Fig. 13.1).

As can be seen from the figure, in Africa in 1999, around 7 years of a person's life were dedicated to Basic Education, rising to almost 9 in 2003, with no excessive variations in 2007. These data show that if a person attended school for the first time at the age of 5 they would only study up to the age of 15 in this continent. In Asia, 10–11 years are invested in primary and secondary education, and somewhat more in America. In Europe, we invest over 12 years but it is the continent of Oceania that invests over 15 on average in primary and secondary education. These global data on the five continents do not indicate any possible gap in different countries between men and women when it comes to receiving a basic education. We would like to think there is some parity between the sexes in these first years of basic education. However, what can be inferred in most cases is that it is educational, social, cultural, and labor issues, etc., that influence the education received. The consequence of this will be a repercussion on any subsequent professional development. In addition, these issues will have a decisive impact on human progress and are one of the most important markers for peaceful coexistence in the world, the search for equality and other achievements.

13.2.1 University Education in the World

If we look at university education throughout the world, we find that course length not only varies from one country to another but also depends on the university, the course, the degree, and the postgraduate course and the type of degree in question or its extension through postgraduate courses. Neither is the course length the same in all cultures and still greater differences are to be found depending on the number of persons who have access to such university education, although the gap has widened enormously in the last 20 years with Africa, South America, and some

other countries being areas where fewer people gain access to higher university education, even if we still do not include women.

Universities play a fundamental role in progress and social change and changes in the job context as they are still the driving force for generating knowledge, the places where the scientific, intellectual, and political elite of every nation are trained. However, the current competitiveness and proliferation of new courses and degrees is causing universities to diverge from their altruistic mission in order to face up to the task of finding new alternatives and new ways to obtain resources, draw up agreements, and embark on projects.

The growth of university students is encouraging as it favors a rise in educational and academic levels and opens up the way to new cultures. It also favors a rise in professional quality and encourages specialization as well as better economic and social achievement on every front.

Generally speaking, access to higher education and getting a university degree must, in principal, guarantee better professions and better working and socioeconomic conditions that will benefit degree holders. In many western countries having a university degree should correlate with a higher salary, but this is not always the case as there is a wide range of factors that influence higher salaries and access to a better position in society.

The twentieth century brought major changes in university education. First, depending on the moment of history, universities underwent a conversion to become universities where dedication and an appreciation for everything scientific predominated, where access was restricted to certain social strata that were far distant from women. We could say that the university was set aside for small groups of the chosen elite. At a later moment, universities became vocational and trained people to get a degree that would lead to a job. What predominated at that moment was to train excellent professionals for different job sectors. Women became more present in the classroom than at the previous stage but they were still too few in number and far too few on certain courses. However, there were some countries like the USA and others in north and central Europe where the number of women gaining access to a university education was fairly representative. It was not until the decade beginning in 1970 that the university became a “social” university and thus opens to all social strata. Some critics maintain that this socialization led to massification and it was even thought that massification would entail a fall in the quality of teaching, and so different quality analysis models emerged.

The USA was a pioneer in this latter issue and it was there that the first assessment and accreditative models emerged, such as ABET’s models, while in Europe, in Holland, models were produced by the University of Twente. Different works were also initiated in Spain where indicator models were produced to assess university teaching quality (González-Tirados 1982, 1992; González Tirados et al. 1990; González Tirados and Aparicio 1994) although later on a concern for quality was even expressed by the Ministry of Education and the University Boards. As a result, quality agencies were set up to evaluate and accredit degrees and assess professors which led to new evaluation models appearing in the states of the European Union and ultimately the creation of the so-called European Higher Education Area.

Table 13.1 University women in the world

| Region | Year | | | |
|---------------------------------|----------|-------------------|----------|----------|
| | 1985 (%) | 1995 (%) (%incr.) | 2005 (%) | 2015 (%) |
| Situation of world universities | 44 | 47 (6.8) | 50.2 | 53.6 |
| Most developed area | 40 | 52 (30) | 67.6 | 87.8 |
| North America | 53 | 55 (3.7) | 57.1 | 59.1 |
| Asia/Oceania | 37 | 46 (24.3) | 57.2 | 70.7 |
| Europe | 47 | 51 (8.5) | 55.3 | 59.9 |
| Regions in transition | 40 | 44 (10) | 48.4 | 53.2 |
| Less developed countries | 36 | 40 (11.1) | 44.4 | 49.3 |
| Sub-Saharan Africa | 25 | 35 (40.0) | 49 | 68.6 |
| Arab States | 33 | 41 (24.2) | 50.9 | 63.2 |
| Latin America | 45 | 49 (8.8) | 53.3 | 58 |
| East Asia | 36 | 40 (11.1) | 44.4 | 49.3 |
| Pacific Area | | | | |
| China | 29 | 33 (13.8) | 37.5 | 42.6 |
| West Asia | 29 | 34 (17.2) | 39.8 | 46.6 |
| India | 30 | 36 (20.0) | 43.2 | 51.8 |
| Undeveloped countries | 26 | 27 (3.8) | 28.1 | 28.9 |

Source: UNESCO report

Table 13.1 shows some of the figures released by UNESCO including prospective data for the year 2015 and the expected growth of university lecture facilities.

In developing countries with seven times more population, the situation in the twentieth century was undoubtedly unequal. In 1985, there were around 24,700,000 university students, whereas in 1995, 10 years later, there were 36,600,000. Less than a third of these were women, around 8,700,000 in 1985. That is, they represented 35.22% of all students to go on to form 15,200,000 in 1995, which amounted to 41.53%, to then reach 47% in 2005, according to figures furnished by UNESCO, although trends varied in each part of the world.

If we focus on Spain and look at recent figures from the Ministry of Education for the current academic year, the Ministry provides the following figures for university students (Table 13.2).

In Spain, we have a total of 1,556,377 university students including men and women. Those who completed their studies in the previous year and moved on to the labor market were 231,251. In the following section, we analyze the figures for women.

13.2.2 Women in University Education

Notwithstanding the above, in this section we wish to take a look at the current situation of women regarding university education throughout the world and then examine the influence of such education to obtain a better job.

Since the beginning of the 1970s, this period has been highly beneficial for obtaining a greater influx of women to all degrees. As a result of this progress in

Table 13.2 Students enrolled (2009–2010) and graduates (2008–2009) in Spanish universities

| | Enrolled (2009–2010) | Graduates (2008–2009) |
|---------------------------------|----------------------|-----------------------|
| Total students | 1,556,377 | 231,251 |
| First and second cycle students | 1,200,783 | 191,309 |
| Degree students | 203,352 | 737 |
| Official master’s students | 81,840 | 17,913 |
| Doctoral students | 70,422 | 21,292 |

Source: Ministerio de Educación (2011b). Data and Figures on the Spanish University System – 2010–2011

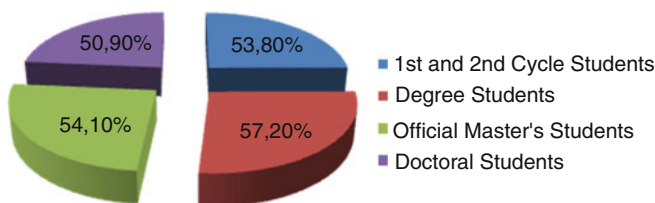


Fig. 13.2 Percentage of women enrolled in Spanish Universities (2009–2010). Source: Ministerio de Educación (2011a). Data and Figures on the Spanish University System. 2010–2011 Course

assessment, we have some data that sheds light on the access of women to university studies throughout the world.

The university as a place of progress and ideas that is at the vanguard is presently beginning to see more women than men on various courses on offer. In a work by UNESCO, there are statements that will no doubt aid women to gain access to all university degrees. This report states that in the 1980s decade worldwide, only one third of all students who entered higher education were women. However, in the 1990s decade, there was a notable increase with women attaining 50% of the places.

In North America in 1995 for every 100 male students there were 110 women and in 2015 this figure is expected to reach 120. In South America, to the contrary, for 100 university students only 45 were women in 1995 while in 2015 the figure is expected to rise to 58. In 1995 in Europe there were 100 male students for every 38 females while in 2015 the figure is expected to rise to 65 women for every 100 men. As can be seen, in the most developed nations, the percentage of women university students is higher than for men. However, as we will show further on, these data do not correspond to the findings for work, job occupancy levels, wages, or position in the company.

A recent report produced by the Ministry of Education on the data and figures regarding the current 2010/2011 academic year contains the following data on the population aged from 30 to 34 who had already reached the level of Higher Education in the countries of the European Union in the year 2009 (Fig. 13.2 and Table 13.3).

Table 13.3 Percentage of population (30–34 years) that has reached the level of higher education (EU countries – year 2009)

| | Total (%) | Men (%) | Women (%) |
|-------------------------------|-----------|---------|-----------|
| European Union (27 countries) | 32.3 | 28.9 | 35.7 |
| Germany | 29.4 | 29.6 | 29.2 |
| Belgium | 42.0 | 36.4 | 47.7 |
| Spain | 39.4 | 34.3 | 44.9 |
| Finland | 45.9 | 36.6 | 55.5 |
| France | 43.3 | 39.1 | 47.5 |
| Greece | 26.5 | 24.0 | 29.1 |
| Italy | 19.0 | 15.0 | 23.0 |
| Netherlands | 40.5 | 38.4 | 42.6 |
| Poland | 32.8 | 27.3 | 38.4 |
| Portugal | 21.1 | 17.5 | 24.8 |
| UK | 41.5 | 40.7 | 42.3 |
| Sweden | 43.9 | 38.0 | 50.0 |

Source: Ministerio de Educación (2011b). Data and Figures. School Year – 2010–2011

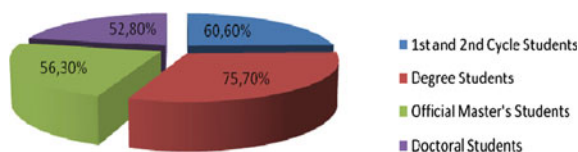


Fig. 13.3 Percentage of women Graduates in Spanish Universities (2008–2009). Source: Ministerio de Educación (2011a). Data and Figures on the Spanish University System. 2010–2011 Course

It can be seen that of a total of 27 countries in the European Union, the percentage of university graduates is higher for women than for men and if we analyze these data for Spain the results are similar. For the total number of men and women university students as a whole, the percentage of women is higher than for men, which is the case for almost every country. In the USA, Canada, and Australia, the data are similar to those for Europe with the number of women university students beginning to exceed the number of men.

In Spain, the distribution of women university students enrolled on the 2009–2010 course as well as those who completed their studies on the 2008–2009 course is reflected in the following figures.

As we can see, 53.8% of those taking the first and second cycle of university education are women and the situation for Postgraduate-Masters is likewise, reaching 54.10%. From these findings, it can be deduced that in this same situation only 48% of men study on the same degrees. The dynamics are the same for official Master's Degrees and Doctoral research (Fig. 13.3).

Table 13.4 Distribution of students by branch of education and sex in Spanish universities (2009–2010 course)

| Branches of education | Men (%) | Women (%) |
|------------------------------|---------|-----------|
| Social and legal sciences | 38.0 | 62.0 |
| Engineering and architecture | 73.2 | 26.8 |
| Arts and humanities | 38.6 | 61.4 |
| Health sciences | 27.9 | 72.1 |
| Science | 43.2 | 56.8 |

Source: Ministerio de Educación (2011a). Data and Figures on the Spanish University System (2010–2011 Course)

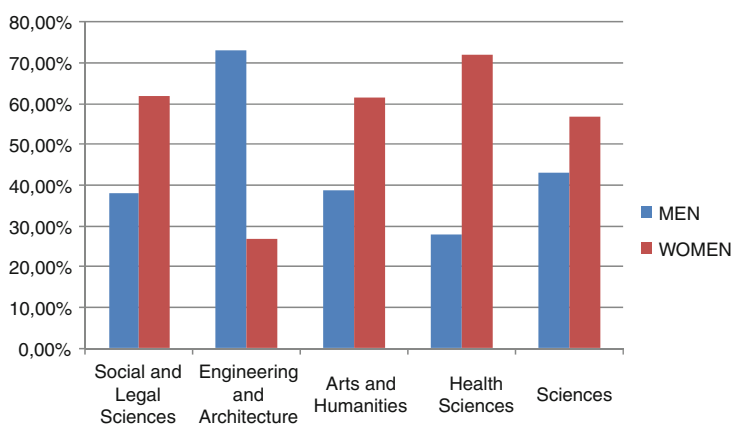


Fig. 13.4 Distribution of students by branch of education and sex in Spanish universities (2009–2010 course). Source: Ministerio de Educación (2011a). Data and Figures on the Spanish University System. 2010–2011 Course

If we group our university students according to knowledge areas for both men and women, as set out in Table 13.4, in absolutely every knowledge area connected with science and the arts, the highest percentage of students are women while the branches of engineering maintain the same results that have been produced since the 1980s. The highest percentage of students on these technology degrees is men, but although the average is 26.8%, on some courses like agroforestry or architecture women exceed 35%.

Figure 13.4 contains the aforementioned table of results, and as stated, it can be seen that currently on all courses with the exception of technical degrees, engineering, and architecture, where there are more men, there is a much higher predominance of women on all other courses. Generally speaking, the same behavior emerges for other western nations. There is a majority of women in higher education, although the distribution compared to men depends on the study areas in every country of the European Union except Turkey, where 66% of all students are women.

In light of these findings, we ask ourselves some questions. If women are currently a majority in the lecture halls and it is stated that they also perform better: Where do the women go? Where are they? That is, if we take the data for 2009, the percentage of women holding a degree was 62% compared to men graduates who were 38%. Forty-seven percent of these women also have doctoral studies, 35% of whom go in to the teaching profession. However, if we analyze the positions of responsibility in the university, of a total of 73 rectors only 10 are women. What happens in this university training-job outlet or employment process? The answers in general terms can be found in the barriers that women still come up against to be chosen or accepted by men for certain positions. They are also influenced by the dichotomy of having to juggle their professional and family life, above all in order to obtain promotion and take on positions of responsibility, executive positions and job titles, etc., or remain in the same job for years. These are issues we will examine in the next section.

13.3 Women with a University Education and Their Professional Development

As we have been pointing out, as the level of education rises so do the possibilities of employment, a better wage and better working conditions. Wages increase with age, with the level of education, and with seniority in the company and all these things lead to permanent contracts, positions of responsibility, and better qualified jobs, although the size of the company can have a bearing on these achievements as well as the target market for production as well as state enterprises and certain branches of industry. However, a part of the wages gap between men and women, who has no justification and is simply because of their different sex, is what some research calls “direct wage discrimination.” This is the result of the gender effect on wages whatever the level of education. Women’s wages tend to be lower than for their male colleagues in the business sphere but not in the public sphere.

A fairly solid distribution that we found for women with higher or university education and their job according to the job sector can be grouped as follows: 18.5% of women with higher education work in education. Seventeen percent do so in social and health work and hospitals. At present, there are also women in politics, in the armed forces, and in different financial and service companies. Although few are those who hold positions of responsibility and fewer still those who are on Boards of Directors.

Keeping in mind some data contained in a recent article already cited (González Tirados 2010), we can assure that university women also carry out their professional duties in the political sphere. In the European Parliament, they have a 30.7% share, which is somewhat more in the USA. They also hold positions of responsibility in the Public Administrations of each country and on Constitutional Bodies, etc.

In respect of the business sector (Toribio Muñoz 2001), women's employment rate is close to that of men for Public Bodies but the same is not true for companies where there appears to be a greater reticence and there are even major differences in the number of hirings – 63.5% for men compared to 36.5% for women with a university education. When it comes to basic jobs, wage figures differ less between the sexes but the same cannot be said for positions of responsibility.

According to the above cited author, there are also differences in the types of contractual conditions while there are wage differences for the same work and responsibility (Toribio Muñoz 2001). We highlight the fact that these differences are greater for qualified workers, graduates, doctors, etc. It is therefore not the level of education attained by each sex that determines the wide variation in salaries. Women occasionally are paid less than men for the same work and the same responsibility and sometimes greater productivity or performance is demanded of them or as many women reflect in surveys “they have to work harder than men to reach the same goals.”

A recent study conducted by professors at the University of Columbia, Maryland Business School with 1,500 companies on the relationship between results and the presence of women on the managerial teams concludes that women have a greater ability for management and for developing interpersonal relations and are more listened to by the workers. They also proved that these companies achieved better financial results, had higher annual sales, and experienced greater growth. Monitoring took place for 10 years from 1996 to 2006. Professors D. Gaddis and C. Dezsö conclude that women in senior management positions contribute added value to the company and are more effective in those companies that place their emphasis on research and development, although they also conclude that the women who reach executive positions in the USA are still very few.

Organizations in the twenty-first century are global, internalized, technified, and to a large degree condition the work in such organizations. Therefore, the relationships established with people in general, and with women in particular, when they join a company is proving to be different from other eras. This situation is giving rise to different ways of working in companies and different forms of access and training, not only for joining but also for working and professional development. The new economy requires flexible businesses that rapidly respond to global market demands and to the stress caused by new technologies and the processes of change. However, so-called flexibility also includes work schedules and flexible contracts, the outsourcing of production, strong competition, and a certain lack of job stability apart from other issues that would be too protracted to approach in this work but which are having an impact on the new market and job circumstances.

Apart from the above, it can be seen that university educated women have a better chance in the labor market, are less constrained by family life, and become more involved in different requirements of the workplace. As for men, they are subject to the same requirements but have a lower unemployment rate even if they have a lower level of education, while women's chances in the labor market are increasing but they have fewer job opportunities than men.

13.3.1 Women's Access to the Labor Market

If we analyze different research by the Ministry of Labor and other European Organizations, we can see that women gain access to the working environment with a certain discouragement due to the excessive efforts required of them to achieve the same success, linked to the difficulty they still have to reconcile their working life with family life together with a certain job discrimination they claim to suffer. However, in the last 10 years, very significant steps have been taken in the search for equality, rights, and opportunities, but they are still not enough. Culture, religion, customs, and the roles assumed over centuries are issues that remain to be transformed if we wish to move forward.

The greatest achievements to be made, including in western societies, will be, above all else, to change people's way of thinking right from school. There is much evidence of differences between men and women, but these differences must never amount to discrimination.

Although different variables may influence women choosing one degree rather than another, the research undertaken overwhelmingly concludes that it is cultural and social variables that determine and explain these discriminatory acts, although the act of choosing degrees with a technical profile is indicative of a break with certain norms and preestablished models.

Some research by the author of this work was conducted with students from different branches of Engineering who were asked why they had chosen their degree. The majority, both men and women, gave their first reason as being "*for the job opportunities that are available,*" and the second as "*the vocational slant*" while the third reason was "*the opportunities for creativity in the engineering profession.*"

As we pointed out in a previous work (González Tirados 2010), we have found that it has been women's improved education and access to higher education that has favored and accelerated their incorporation into the remunerated labor market. This is not true in only certain areas but in the majority, even in those areas where special physical conditions or determining factors are needed to do the work "evidencing a certain break between what is traditional and present-day reality."

In the job context, training, promotion, and working conditions are becoming requirements of the different community directives in most of the European Union countries we have mentioned, by enacting laws, decrees, and ordinances. By so doing, companies are obliged to take measures to avoid job discrimination and promote equality between men and women when carrying out their duties and responsibilities as well as ensuring the right type of contract, wages, etc. However, many of these aspects still fail to reach all social strata, organizations, or sectors.

13.3.2 Job Employability Sectors

The present-day labor market is being subject to many changes, not only because of globalization and the current economic crisis but also because of the influx of

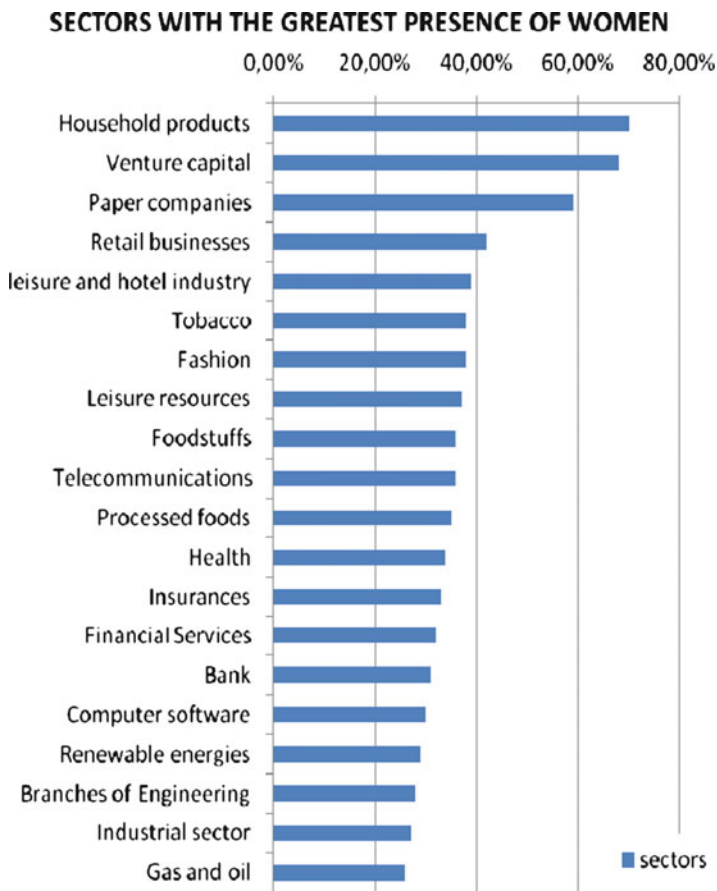


Fig. 13.5 Women’s presence in different job sectors. *Source:* El Mundo 27 February 2011

women on to the labor market. However, women are not equally or proportionally distributed in all job sectors or in all countries.

The evolution of women in job sectors has undergone various changes. One of the job sectors at the top of the list in many societies is the service sector followed by agriculture and others that are cited in highly relevant Fig. 13.5.

Data are given as a percentage and if these sources are correct we can see that the labor market with the highest percentage of women is the *household goods* market. This may possibly be a sector that lets women work from home using the Internet without having to keep to a rigid daily work schedule or neglect their family obligations as possibly occurs in other sectors like industry or renewable energies. This form of work is highly used in the USA and northern European countries.

The leisure and hotel industry sector also appears to have 40% of women working in it. To the contrary, the sector with the lowest number of women workers is the financial and banking sector, followed by the engineering and industrial sector with gas and oil heading the list. These results may be affected by the education received since few women gain access to this kind of education at nonuniversity levels.

As far as Spain is concerned, the active population for women between the ages of 16 and 64 has shown a considerable advance since 2008 when it settled at 64.1%, 17.8% more than in 1994. In the last 15 years, the proportion of women active in the labor market has risen significantly among adult women, particularly those aged between 30 and 54 and among those over 55. Women between 25 and 29 have the same presence as men on the labor market.

In spite of all the changes taking place in the job sector in western and democratic societies in respect of women accessing the workplace, there are still some obstacles (VV.AA 2006). First, the inequality in this market concerning job instability, the social and business organization of working hours, and the persistence of certain differentiating traits between men and women depending on their different social roles. In general, “organizational culture” requires everybody to devote “all their time” and women, unlike men, have to share their time between what is private and personal and what is public, and so there are fewer opportunities for professional development. According to the cited study, “family responsibilities are not of a voluntary nature for women,” which means an excessively drawn out working day has a higher physical, moral, and psychological cost for women than for men who possibly do not give this point any consideration.

On the other hand, if we introduce the unemployment variable regarding training, we discover that the unemployment rate for women who have not completed their secondary education is considerably higher than for men. Unemployment particularly affects the youngest women: unemployment rates between women aged 25–34 with primary education is 19.8%, which drops to 15.5% if they have completed their compulsory secondary education. With the same levels of education, the unemployment rate for men aged 25–34 is 10% and 7.5% for women, although as the level of education rises, the unemployment rate for women drops considerably, reducing the difference between men and women for western countries, although at present in 2011 Spain’s situation is quite different.

We also found that if we crossed the level of education with the branch of activity, it becomes clear that for 28% of women with primary education, work is confined to domestic service while men of the same educational level mainly work in the construction sector (36.1%) or the automobile sector, manufacturing companies, or others. This situation is practically ongoing in western countries.

13.3.3 Influence of Women on Labor and Economic Development

Numerous studies exist on the incorporation of women into work, but we have fewer data on the influence of their presence on economic development and even on the current world financial and economic crisis.

As some authors point out, predictions for the near future indicate that in the USA the women's labor force will exceed that of men although some authors harbor some doubts as decision-making continues to be a mainly male domain both in enterprise and politics and other labor and power contexts. In spite of the success being achieved in studies, academic performance, innovation and research projects, and presence in the university, women still have a long road to run until they reach the same levels of achievement as men in executive positions, on boards of directors, or running for state presidency. One of the countries with the highest percentage of women on their boards of directors is Norway with over 40% in 2010, followed by Sweden and Finland. In Spain, we do not even reach 10%. Even so, these figures are admired by Asian and Latin-American countries. In some countries like the Philippines, Thailand, and Malaysia, there is a certain tradition of having a continuity of women in family businesses, which means they become executives of small businesses. However, the executives of the major banks, multinationals and insurance companies, etc. are not sufficiently represented by women, although there has been some progress in women's participation. The situation is the same when it comes to political economic and financial decision-making with a very low participation of women.

The gender bias according to UNIFEM (United Nation's Development Fund for Women 2009) is considerable and varies from country to country: 3.4% of women in Southeast Asia, 4.7% in the Middle East and North Africa, 7.3% in Sub-Saharan Africa, and 12.6% in Latin America and the Caribbean. In the last 5 years, there has been some coming together of economic and political power although women have little say in major decisions.

According to Ruano Rodríguez (2009)

so-called feminine virtues or qualities are what are needed to set the economy in the right direction. Women's participation in decisions that affect everybody – both men and women – is required by ethics and equality. It is also a condition if one half of humankind is to assert their rights and concerns, the half that has been set aside from governing their nations for centuries, but without whose labor and contribution to the family in every kind of society, the world would be dead.

The final words are drastic but what is needed is an actual rather than a fictitious integration of women, as generally speaking, it is being demonstrated that they have a flair for valuing the price of things and show more restraint when it comes to expenditure.

From an economic standpoint, there are at least two variables that make women's integration important. In the USA alone, it is estimated that they account for 83% of consumption in every sphere and hold 89% of all bank accounts. From this it can be deduced that women are the major emerging market from a global point of view. A second variable is their creative and entrepreneurial capacity: These are qualities, as pointed out in our paper (González Tirados 2010), that can be developed to lead women to major success as entrepreneurs, executives, or agents for change and economic development since their management style is different from men's and they take on board different points of view and judging criteria that take into account

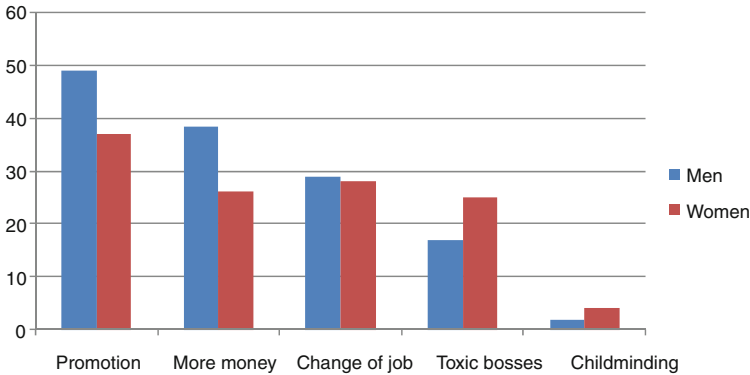


Fig. 13.6 University graduates reasons for changing jobs. *Source:* El Mundo Newspaper

of detailed information sometimes overlooked by male executives. Women's management and promotion policies are also different from men's and they also stay longer in the same workplace.

In a personal piece of research conducted with over 500 engineers (González Tirados 2004), we found that over a 3-year period 45.47% of men changed their first job and 47.71% remained in the same job for at least 3 years, whereas women engineers were more willing to accept the first job than men and spent less time looking. The same research showed that people changed their jobs to obtain better pay conditions, better personal development or learning, or a general improvement in schedules and flexibility.

Looking at Fernández results (2011), we curiously found similar data, which we include in Fig. 13.6 which contains the men and women graduates' reasons for changing jobs.

We found the first reason for moving to another company was that 50% of the men were seeking promotion. The second reason was a question of money for almost 40% of the men. For women promotion was also the first reason for changing company and to a lesser extent the reason was a change of job, money, and failure to get on with their boss.

13.4 Evaluation of Women's Integration into the Labor Market

Although the business world is not an easy environment, executive tasks at different levels of responsibility in different companies or organizations are complex, wide-ranging, and require not only personal skills and attitudes but also a certain amount

of specific training in Management and Human Resources-related topics in a broad context in addition to the learning process concerning the job to be done. Specific training in Management and Human Resources is what marks the difference between men and women. Hence the importance of integrating women into executive positions. From our point of view, women would contribute positive values, some aspects of which have been researched and analyzed by Ambronsini (2009). This author states that women in executive positions stand out for their greater ability to listen, their personal attention and a greater ease to handle conflicts, more flexibility in decision-making, better cross-the-board communication with other staff, and a greater ability for team work while showing less individualism and better collaboration.

To expand on the above, if we examine other research carried out by Goodstein (2004) we find that women take account of people and their needs and take on greater commitment and responsibility regarding the organization. Women executives have even shown they can

bring the future close to an immediate present with well-defined strategies that are compatible with the goals of their subordinates and those of the organization.

We believe that feminine style has also made a contribution to the development of executive skills by generating consensus, team work, and promoting a more mutually agreed and shared leadership.

Nevertheless, from a reading of the history of peoples, women are perceived to possess an enormous capacity for adversity and extreme situations but at the same time, as stated by Giménez Amaya (2009),

they always look to the future with hope, valuing human life to the utmost degree.

These values can, however, be attributed to men, for which reason the author points out that by proving these facts and establishing patterns for gender comparison, one must ask where this discrepancy stems from.

Recent research at Harvard, USA, states that divergences reside in the brain circuits and biological differences reflected in the hypothalamus and according to some researchers have nothing to do with learning, social influences, or other determining factors. However, delving into these theories that are currently being researched, together with neurobiological and neuroscientific analysis, like those by Arnold (2004); Becker et al. (2005); Cahill (2006); López Moratalla (2007) does not form part of this chapter. This issue is highly polemical in different social groups and requires greater and more in-depth scientific analysis.

13.5 Conclusions

As a way of summarizing everything we have covered, we will make a few comments. The most western societies made some really major steps forward in the last decades of the twentieth century and many more in this first decade of the

twenty-first century. Important successes have been achieved but in our opinion there is still a long way to go. It is not so much a question of enacting equality laws, which undoubtedly are necessary as they set guidelines and oblige enterprise and the social strata to comply with the regulations set by different governments. It is more a question of getting not only men but also many women to change the way they are within themselves. In spite of the growth of university education, the fact that people are beginning to reject male chauvinism and women are being encouraged to take on leadership and certain positions of responsibility, the reality is very different when it comes to women being present at the core of business decisions, economic power, and commercial and business networks, among others.

It will be important to learn to consider “the person” as an individual for this or that job, their worth, qualities, skills, training, etc., regardless of whether they are a man or woman. However, society is steeped in a centuries-old culture that will be difficult to eradicate as swiftly as we would like. We will all need to strive to educate ourselves right from our infancy. Being treated on an equal footing by the family, school, and society as a whole will be of the essence.

We consider that many years will need to pass in less privileged societies like the Middle East, Africa, India, Asian, and Latin-American-Caribbean nations, for women to reach the point of achievement that is now the case in the western world. A firmer stance will be required to influence those societies where women live, study, and work not only in worse conditions than men but, worse still, play a subordinate role in every aspect of their social, cultural, family, and working life.

Admitting there are differences between men and women concerning a large number of variables with regard to aptitude, attitude, behavior, etc., does not mean there are jobs that cannot be equitable where men and women participate on an equal footing. If circumstances so require, it would even be advisable for there to be more women than men in positions that require such for reasons of their qualities and training. Thus, very close collaboration will be necessary for women to have more power than at present. It is not a question of men competing against women but rather that together they should move forward in a context of equality in respect of their duties, qualities or skills, retribution, and position.

Certain debates should also be avoided that are beginning to be heard in certain currents of opinion regarding “back to nature.” This would be a step backward in what has been achieved and cause women to have feelings of guilt in their struggle to reconcile their personal and professional aspirations. It would be a major step backward in all that has been achieved in equality. It is only women who have to face the emotional dichotomy of whether to be a good mother or a good professional or even accept a position. In general, men do not have to make this kind of decision.

Life is full of choices and sometimes we cannot afford to have a sense of out-and-out perfectionism which is encouraged by the media. Idyllic situations are presented that apparently need to be imitated and we believe that there is no such thing as a perfect life. There is very serious research on the differences between men and women in respect of the workings of the brain and their different responses

and behaviors. This must be accepted but must not be used as a discriminating factor.

New research will also need to be carried out to confirm that women can be successful leaders of enterprise together with comparative studies on their performance, innovation, research in different fields like medicine, microbiology, or other advances in enterprise. The changes brought about by women and the impact of the economic crisis on women's work will also need to be examined together with many more issues.

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Chapter 14

A Conceptualization of Women's Collective Entrepreneurship: From Strategic Perspectives to Public Policies

Marie-Claire Malo, Inmaculada Buendía-Martínez, and Martine Vézina

14.1 Introduction

The knowledge on entrepreneurship and on women has developed to the point where specialized academic training in entrepreneurship or in business creation on one hand, and in feminist studies on the other hand, are offered respectively in management schools and in social science departments. Despite these advances, research on both collective entrepreneurship and women entrepreneurs remains marginal. The lack of interest among researchers is doubtless the result of the minority position of women entrepreneurs and collective entrepreneurs in the business world. The lack of data on women entrepreneurs in mutual enterprises, cooperatives, and social economy associations may also explain this situation. Since ownership of these businesses is collective, it is impossible to apply the criterion by which women entrepreneurs are those who have more than 50% of the ownership of a business (Henry 2008). Hence, it is the gender of the founding members that must be taken into account. Nevertheless, we know more today about both collective entrepreneurship and entrepreneurship among women.

Works on collective entrepreneurship can be classified according to at least five themes (Burrell and Cook 2009): (1) self-management and the advantages tied to the collective ownership of a business; (2) the efficiency obtained through knowledge management within these organizations; (3) the impact of collective enterprise creation on development and economic growth; (4) collective entrepreneurship and

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socio-political change; and (5) the conceptualization of the phenomenon. It should also be emphasized that a cooperative is usually considered to be the main form of organization resulting from collective entrepreneurship (Lévesque 2002).

Research on female entrepreneurship, initially exploratory and descriptive, has expanded over time (Carter et al. 2006). At least four aspects have been studied (Carrier et al. 2008; Bruni et al. 2005; Amrhar 2001): (1) models of women entrepreneurs; (2) women entrepreneurs' business profiles; (3) women entrepreneurs' motivations and organizational and management methods; and (4) limitations to the development of entrepreneurship among women. In these studies, women entrepreneurs are usually compared to men entrepreneurs, the majority reference model.

Although the knowledge on collective entrepreneurship and on entrepreneurship among women has expanded, studies on female collective entrepreneurship are still rare. We find writings on women and cooperatives from various angles: (1) women's participation in the management of these organizations (Esteban Salvador et al. 2010; Iyigun and Walsh 2007; Berenguer Contri et al. 2004; Fregidou-Malama 2004; Satre 2000); (2) the use of a cooperative formula as a source of emancipation or empowerment of women (Trivedi et al. 2011; Ng and Ng 2009; Eber and Tanski 2001); and (3) women's escape from poverty through cooperation (Heeks and Arun 2010; Makita 2009; Lyon 2008; Lenga 2005; Arunachalam and Lanwehr 2003). The writings deal mainly with the experiences of women who have benefited from the support of international cooperation.

Despite some advances in the conceptualization of collective entrepreneurship (Demoustier 2003; Lévesque 2002) and female entrepreneurship (Amrhar 2001), conceptualization of the relationship between collective entrepreneurship and women is still quite limited. In light of this absence of knowledge, we develop in this text a conceptual framework with regard to this problem, using the essay method. To do this, we draw from peripheral conceptual research studies that are a priori relevant to the problem that interests us.

The Camus conceptual model (Camus 2006; Malo et al. 2010) emphasizes the importance of the actors, or actants, and their conversations about a common issue, in the construction of a field in the process of becoming institutionalized. Also interesting is the analytic framework developed at the *Centre de recherche sur les innovations sociales* (CRISES). It focuses on the social transformations produced by social innovation and the analysis considers social movements and social relations, as well as institutions and organizations (Bouchard 2006; Bélanger and Lévesque 1992). The trajectory of social innovation institutionalization (Malo and Vézina 2004) is also relevant for our purposes. The transformative strategic perspective is considered as a strategic resource (Barney 1991) around which is built the strategic capability of an organization, or a social movement, to position itself for the long run in its environment (Malo and Vézina 2004). We have therefore postulated that women's collective entrepreneurship is rooted in transformative perspectives, and that these perspectives can be mobilized as resources, not only to produce social innovations at the organizational level, but also in conversations between social movements and the State, in order to improve the strategic positioning of women's collective entrepreneurship in public policies.

This essay is divided into two parts. We first present the two transformative perspectives that seem to be at the foundation of women's collective entrepreneurship: self-management and feminism. We then illustrate the concrete manifestations of these perspectives at the organizational level using examples of social innovations. In the second part, we discuss the positioning of women's collective entrepreneurship in public policies, in relation to the issue of building new economic and gender-based social relations.

14.2 Transformative Strategic Perspectives and Their Organizational Manifestations

CRISES (the *Centre de recherche sur les innovations sociales*, a center for research on social innovations) proposes an analytic grid that factors in social movements as actors that can contribute to the building of new social relations, notably through the social transformation perspectives that are their driving force. From this angle, we can see women's collective entrepreneurship as a hybrid phenomenon, at the interface of two historical movements, cooperatism, having its foundation in self-management, and feminism. We believe that self-management (see the works of Proudhon) contains a perspective pertaining to the transformation of economic social relations and that feminism (see the works of Simone de Beauvoir) conveys a perspective pertaining to the transformation of gender-based social relations.

In the self-management system, all workers, including managers, are equal, while in the feminist system, genders are equal. Although they have in common a principle of equality with which the shared institutions or rules should be aligned, these two perspectives clearly differ. Self-management equality is undifferentiated since it is human beings who are equal. Feminist equality seems more differentiated since it is women and men who are equal. In this case, equality does not remove the tension between the genders. In regard to this convergence and difference, it can be proposed that self-management and feminism, together, separately, and sometimes even in opposition, will be instrumental in the construction of new social relations that are more egalitarian than those that prevail in capitalism (see Fig. 14.1).

According to the self-management approach, specific identities are replaced by a single identity, that of workers. These are all, at the same time, actors in operations, management, and governance, in a collective characterized by an absence of intra-organizational borders between the various functions. At the organizational level, the self-management perspective is expressed in the ideal of *the self-managed business*, run by and for the workers, with no managers or hierarchy. Thus, self-management proceeds exclusively from the bottom, and not from top to bottom. Its authority comes from the entire assembly of workers (bottom to top delagation) and not the board of directors. Horizontality, and even more, circularity, characterizes the structure, of which the circle is the graphic representation. Within, there are only undifferentiated human beings, who are all workers. Gender-based categories,

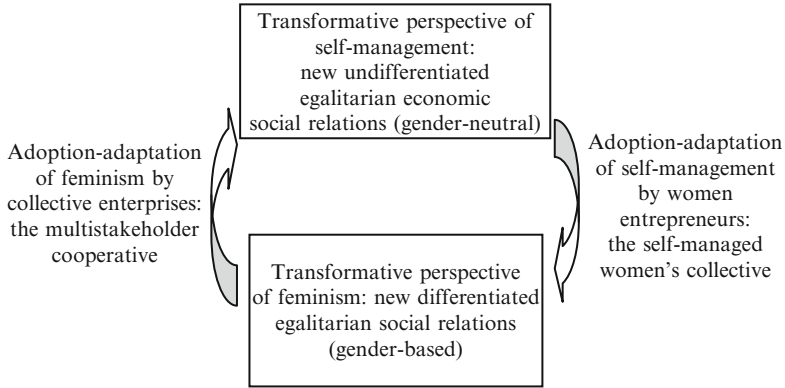


Fig. 14.1 The adoption–adaptation of transformative strategic perspectives. *Source:* Malo, Buendia-Martinez and Vézina (own work)

but also economic categories (investors, owners, managers, operators) are commingled in a single collective identity, the workers' collective. The instituting power of self-management culminated in legal recognition not of the workers' collective but of the *workers' cooperative*. This is an instituted, institutionalized form of self-managed business in that its members are individually the workers and collectively the owners. It constitutes a social innovation in that, despite advances with respect to worker participation in capitalist enterprises, their involvement in decision-making often stops at the board of directors' door. For this reason, the governance model of the worker cooperative remains exemplary, even to the eyes of other forms of cooperatives. Indeed, the governance structure of consumer cooperatives (including financial service cooperatives) and independent producer cooperatives (especially present in the agricultural industry), excludes workers from the decision-making process at the top. While workers' interests are automatically those of the workers' unions, they are not a priori those of the consumer cooperatives or independent producer cooperatives. The single-stakeholder cooperative has adopted the principle of equality borrowed from self-management by placing it at the level of the members who are of a single category of stakeholder, which is to say independent producer members, salaried members, or consumer members.

The cooperative is a unique form of organization. Many low capital intensity sectors have experimented with its institutionalized rules (activities and ownership members' relationship with the co-op, member equality at general assembly, surplus allocation to members in proportion to their activities with the cooperative but after establishment of a reserve ensuring the long-term survival of the business, reserve indivisibility in case of dissolution), which were crystallized in the early twentieth century (Malo and Tremblay 2004). Governance of the cooperative is based on the equality of persons, and is reflected in the decision-making bodies – members general assembly and board of elected directors. In other words, the

cooperative governance is organized on the instituting¹ principle of the equality of persons in the economic sphere, a transformative principle in keeping with the instituted principle of the equality of persons in the political sphere.

At the organizational level, the transformative perspective of gender-based social relations, supported by feminist movements, has also resulted in social innovations. We note at least two organizational manifestations illustrating the adoption of the instituting principle of differentiated equality: pay equity and female–male joint governance. Despite some advances in terms of pay equity, we are still very far from female–male joint governance in the business world, including collective enterprises, notwithstanding some breakthroughs notably in Quebec state-owned enterprises. We also observe greater progress of this principle in the political sphere (increase in the number of female ministers in a ministerial cabinet) than in business communities. The first innovation is therefore clearly more widespread than the second, the latter affecting male power over strategic directions.

The adoption of either perspective, self-management, or feminism, has contributed to the invention of new social relations and to experimentations with them at the organizational level, giving rise to sometimes broadly disseminated social innovations (e.g., pay equity policy). But some of these innovations are also produced by the reciprocal adoption–adaptation² of the two perspectives. Following are two convincing illustrations: self-managed women's collectives and multistakeholder cooperatives.

The creation of self-managed women's collectives can in fact be seen as a manifestation of women's collective entrepreneurship that appeared under the dual influence of feminism and self-management. At the organizational level, these collectives can be seen as being an adoption–adaptation of the self-management model by feminism. Indeed, women's groups did not create self-managed gender-neutral businesses but rather created self-managed businesses that took into account their identity as women, and were created by and for women. Hence, these collectives attest to a compromise. In this way, groups of women collectively gave themselves services that neither the private capitalist sector nor the public sector yet offered, and

¹ The difference between *instituting* and *instituted* can be likened to the relationship that exists between utopia and ideology, developed by Malo (2003). The author drew from Ricoeur (1997) and revealed the complementarity of the classical works on cooperativology, by Desroche (1976) and by Vienney (1994). Instituting is on the side of utopia, innovation, the dynamics of change, the ideal project, the alternative to the world that is. Instituted is on the side of ideology, the institution, rules, the world that is. And although the instituting nature of an innovation opens up the field of possibilities, the instituted (new rules) is always a compromise with the existing (the rules in place).

² “[...] to be disseminated and institutionalized, a social innovation must be adopted by a growing number of actors and communities. However, this adoption is not a passive process; involved and interested actors will thus seek to harness the innovation in order to integrate it and in doing so will modify its contours, its form and sometimes its very essence.” [translation] (Malo et al. 2007).

they did so by including women as stakeholders. Adopting the self-management perspective, the collective operates as a participative democracy. But contrary to the gender-neutral model of self-management, the collective is not based on workers' status but rather on their gender. This is clearly an adoption–adaptation of self-management in a feminist perspective.

The second example has to do with the adoption–adaptation by cooperatism of feminism's differentiated egalitarian perspective that is found in the creation of multistakeholder cooperatives. The *société coopérative d'intérêt général* (SCIC), in France, and the solidarity cooperative in Quebec are examples of this type. The latter combines at least two categories of members, natural persons or legal persons, among the following: (1) user members, that is persons or corporate partners that are users of the services provided by the cooperative; (2) worker members, natural persons who are workers of the cooperative; (3) supporting members, that is any other person or corporate partner that has an economic, social, or cultural interest in the pursuit of the cooperative goals (*Cooperatives Act*, Quebec). The members of these categories are brought together in colleges that elect their representatives to the cooperative's board of directors. Due to the existence of these electoral colleges, this type of plural governance structure recognizes the diversity of the stakeholders whose identity is not commingled. In solidarity cooperatives various stakeholders share governance (a single general assembly and a single board of directors) without losing sight of their respective interests. In this sense, they draw inspiration in part from feminism, which promotes the inclusion of women without losing sight of gender. If feminism reveals gender-based social relations, the creation of the multistakeholder cooperative tends to reveal the relations between user members, worker members, and supporting members. The inclusive democratic governance of this new form of cooperative has an instituting value when it can serve as a model of new corporate governance. In reality, we have yet to learn how to adequately manage the new governance configuration. The cooperative members' equality does not eliminate their differences, which in turn do not eliminate their equality. But even if the plural governance of the multistakeholder cooperative can be seen as a model of differentiated egalitarian governance, the acknowledged diversity (categories of members) is clearly gender-neutral. Plural cooperative governance is just as gender-neutral as was governance of the mono-stakeholder cooperative. Even though the cooperative has adopted the feminist model by adapting it to its gender-neutral egalitarian model, gender relations are still nonexplicit. Here, also there has been a compromise. Hence, this limited social transformation can be explained in part by the fact that the cooperative model is at the interface of two gender-neutral business models, the self-management model and the capitalist model.

Indeed, according to the laws governing cooperative activities, only governance must be collective, there being no obligation in this regard when it comes to management. Moreover, the board of directors being comprised of representatives elected by and among the members, a representative rather than a participative governance configuration is required by the instituted cooperative form. The cooperative differs in this respect from the collective, which operates as a

participative democracy. In reality, there are diverse governance and management configurations (Malo 2001a). But whatever the practices are, economic democracy is an institution historically developed by associationism, cooperatism, and mutualism and relegated to the new movements of the social economy. As well, although collective entrepreneurs share several characteristics with social entrepreneurs, the former differ in two aspects: democratic functioning that permits them to reach their full potential and the prerequisite mobilization of a group of individuals (Lévesque 2002). Even though democratic functioning involves delays in the decision-making process and high agency costs, and despite difficulties ensuring the vitality of the democracy, in addition to potential tensions in the relations between the board of directors and managers (Cornforth 2004; Spears 2004), democratic functioning remains the *sine qua non* condition for a successful collective enterprise project (Lévesque 2002).

14.3 Positioning in Public Policies

The transformative perspectives advocating the undifferentiated equality of persons in the business (self-management) and the differentiated equality of the genders (feminism) are necessary but cannot a priori on their own build new socioeconomic and gender-based relations that are more egalitarian than those of capitalism. The social innovations that took shape under their influence must also be disseminated on a wider scale. While these perspectives may constitute a force to mobilize resources that are instrumental in the development of social movements' strategic capability, strategic reflection on these perspectives must nevertheless focus on the strategic policy positioning desired. Public policies can in fact play either a positive or negative role in the process of disseminating a social innovation. For example, in Quebec, the government supported the consolidation of the *caisses populaires* (credit unions) movement and model by funding the inspection service entrusted to the federation. Inversely, it gave no comparable support to the food consumer cooperative movement. In this section, our objective is therefore to propose a conceptualization pertaining to the positioning of the social innovation that constitutes women's collective entrepreneurship, in public policies, with regard to the issue of building new, more egalitarian social relations in a pluralistic context.

Contrary to the approach of the perspective that ignores reality's constraints, the positioning approach requires that we take into account what is happening on the "majority" side (Côté et al. 2008). As such, it is not surprising to still find, at the public policy level, evidence of old-style social relations configurations. Thus, economic policies, even the ancestral hunter-gatherer type tradition (competition in the world space), and social policies, even the ancestral natural caregiver tradition (care in the domestic space), can exist side by side. This dichotomous alignment is even reproduced in social economy policies for commercial activities (agri-food, financial services, etc.) and noncommercial or hybrid activities (childcare services,

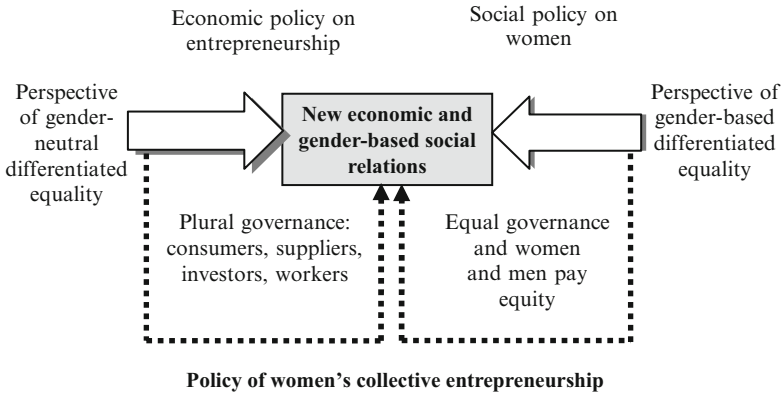


Fig. 14.2 The construction of new social relations by public policies. *Source:* Malo, Buendia-Martinez and Vézina (this chapter)

homecare services, etc.). Our representation of new social relations building by public policies is schematically presented to take into account the weight of instituted social relations that tend, at the public policy level, to separate economic and social, men and women, commercial and noncommercial. However, our representation also demonstrates the necessary counterweight of the transformative perspectives around the issue of the dissemination of new instituting social relations (see Fig. 14.2).

A priori, in existing social relations, policies concerning women belong to the social sphere and those concerning entrepreneurship belong to the economic sphere. Entrepreneurship is in fact usually considered as a means to contribute to economic growth, if only through the creation of jobs, or even one job. The greater the rate of business creation, the greater the rate of growth and economic development (Rodríguez Gutiérrez and Santos Cumplido 2008). From this viewpoint, collective entrepreneurs and women entrepreneurs are important to government, because of their economic contribution. The creation of collective enterprises, such as cooperatives and social economy associations, is instrumental in job creation. It is however valued from other angles when we acknowledge that cooperatives have improved the working conditions and living or consumer conditions of millions of people through access to infrastructures and essential services in areas where neither the State, nor the capitalist businesses want to venture (BIT 2001). Women entrepreneurs are said to be an unexploited resource (OCDE 2002) and their role in the economy should be documented and evaluated (OECD 2004). Although many recommendations targeting the promotion of women entrepreneurs are no different than those we find in regard to the promotion of entrepreneurship in general, we notice that encouragement is given to putting in place structures favorable to women's self-expression, to the specific training of women and to the development of their own networks. Business creation seems to be more

difficult for women, owing to the predominance of men in business networks. From this standpoint, women entrepreneurs are a minority like any other. Along with the immigrant entrepreneur, they are also a priori excluded from existing business networks. Finally, the recommendations stress that economic policies should be accompanied by social policies promoting balance between family life and professional life (OECD 2004), an acknowledgement of their interdependence.

The self-management and feminist perspectives still occupy a position of minority actants – neither the equality of persons, nor gender equality dominate in capitalism – so that there are few chances to see them considered in public policies on entrepreneurship in general. Neoliberal ideology instead values the equality of the individuals' chances and neglects to consider their gender. Given this ideological context, we can expect national policies to adopt a priori an individual gender-neutral perspective. Applied to collective entrepreneurship, the individual perspective has the advantage of recognizing the role of some individuals in the creation of a collective enterprise, in particular the role of the founder. For example, we associate Alphonse Desjardins with the foundation of the first credit union in Quebec. Nevertheless, the gender perspective is necessary. Otherwise, how can we take into account the contribution of Alphonse's wife Dorimène and their daughters, in the start-up of the first credit union, in the implementation of the project?

At the organizational level, individual entrepreneurship has as its model the individual business with a single-owner who, in the position of president and CEO, can alone assume power “over” and power “in” the business, in other words, governance and management (Malo 2001b). Collective entrepreneurship has the organizational model of the cooperative or the social economy association. As in the corporation, governance and management are separated. But unlike capitalist governance based on voting shares, cooperative governance, being democratic (one member equals one vote), does not take into account the amount of capital held by the owner (member). Applied to individual entrepreneurship, the collective dimension nonetheless brings out the importance of informal and formal networks for business creation. This social capital of the individual entrepreneur does not translate into the governance of his or her business. On the contrary, the collective dimension is instituted in the co-op's governance rules (Vézina and Messier forthcoming).

Despite distinct ownership modes, the individual enterprise, the public corporation, and the collective enterprise all integrate institutions or governance rules that ignore gender. The feminist perspective, on the other hand, leads not only to consideration of the individual's gender (female or male entrepreneur, female or male founder, female or male administrator, female or male president, female or male director, female or male coordinator, etc.) but also to the building of new gender-based social relations. Government support for entrepreneurship, undifferentiated by gender, therefore cannot “represent” the condition of women and their aspirations.

To consider women entrepreneurs and collective entrepreneurship separately, independent of one another, cannot enable public policies to support the dissemination of the collective perspective among women and of the gender perspective in collective enterprises. However, there is an identity-based relationship encouraging

the promotion of women's cooperatives or of women in cooperatives. In fact, the organizational practices of women in business are closer to cooperative rules. It is generally acknowledged that women's preference is for equitable systems of income distribution, shared power, compromise between business growth and employee growth, promotion of participation and democracy, and promotion of the community and cooperation (Bruni et al. 2005).

It is also apparent that public policies should consider women's collective entrepreneurship primarily in a local or regional context. It is these scales that best correspond to the identification of needs, improvement of economic policy programs efficiency, stakeholder participation in economic development (Littlejohn 2005), promotion of cooperation and collective entrepreneurship as a means to overcome barriers to business creation and finally development of economic opportunities in communities (Burress and Cook 2009). Moreover, it is clear that the role of cooperatives in local community development is essential not only because it contributes to job creation, but also due to the fact that cooperative entrepreneurship promotes social integration and social cohesion. This aspect has particular importance in regions where, economic development being weak, the contribution of cooperatives is decisive. Their presence impels the creation and survivability of jobs, and the development of socioeconomic infrastructures and activities in secondary and tertiary industries, which result in reinvestment in the communities, thus contributing to avoiding or halting population exodus (Commission of the European Communities 2004).

But the creation of female collective enterprises in a local context requires government support through specific public programs. In fact, given the difficulties of creating a collective enterprise notably with regard to a gestation period that is usually longer than that of the individual enterprise (Lévesque 2002), the creation of a local entrepreneurial network that is collective in nature depends on the existence of specialized development agents. Including the cooperative or other types of collective ownership structures in the possible options submitted to potential entrepreneurs is essential. Unless they are presented in development agency portfolios, only the capitalist options, easier to implement and better known, will be offered. The Quebec government's program in support of *coopératives de développement régional* (CDR – regional development cooperatives) is exemplary. CDR development agents support cooperative entrepreneurs in developing their business plan and setting up the cooperative. The importance of these intermediary organizations is also related to their nature and their role. The intersectoral and generalist nature of the CDRs permits the integration of local cooperatives as well as their federations in all economic sectors. In addition, they act as incubators by offering not only technical assistance for project development but also training, a bridge with financiers, and with other economic and community development agents. Federalization and networking make it possible to draw upon the resources and skills of an associative network and to integrate, in a common platform, various stakeholders from the local context to contribute to cooperative collective entrepreneurship on a coordinated and integrated local basis (Buendía Martínez 2000). Thus, it seems that the coaching of the collective entrepreneur and the cooperative

must come from the cooperative movement itself, given the knowledge that it has of the specific features of this form of entrepreneurship. Add to this the fact that community and sectoral logics must both be considered for plural governance and economical management (Richez Battesti and Malo 2011). Hence, the relationship between the social movements and the State, with regard to the issue of building more egalitarian social relations in business, is as important as the relationship between economic sector organizations and the State, with regard to the issue of building more productive organizations.

14.4 Conclusions

The two strategic perspectives at the foundation of women's collective entrepreneurship, self-management, and feminism, therefore have a transformative aim with respect to social relations. They converge on a vision of more egalitarian social relations. Specific principles are nevertheless revealed: undifferentiated equality (human beings) for the former and differentiated equality (women/men) for the latter. We stressed concrete manifestations of the reciprocal adoption–adaptation of these perspectives, at the organizational level, which represent social innovations because of the new egalitarian social relations they lead to. But the reach of these innovations involves considering their institutionalization, which we did by discussing the positioning of the transformative perspectives in public policies.

The transformative dimension of a concrete perspective, for example, as set out in a public policy, can be more or less an issue. In the concrete world, some perspectives are nothing more than the reproduction of the existing ideology, which tends to retain legitimacy as long as social cohesion is achieved. Other perspectives constitute utopias, visionary representations of a better world imagined beyond reality's constraints. Self-management and feminism were such radical perspectives that aimed for transformation through movements that were more reformist than revolutionary, such as the cooperative movements and women's movements that took shape under their respective influence, and that proceeded by adoption–adaptation, by compromise between the instituting and the instituted. Yet public policies also proceed by adoption–adaptation, by compromise. And, as we have seen, they may give rise to real advances in building new differentiated, egalitarian social relations, particularly at the governance level of enterprises that take into account not only diverse economic stakeholders (consumers, investors, suppliers, workers) but also and in particular the founding genders: women and men.

Finally, at the scientific level, our paper tends to show that the combination of the three strategic approaches – perspective (aim), resource and capability-based, and positioning (reach) – is of interest to understand how new ideas become new institutions, how a social innovation spreads by incorporating some standardization and how the relationship with the State, through public policies, simplifies innovation but increases its reach. Nevertheless, this combination of approaches should be better demonstrated. And while we have focused on perspectives and

positioning, the development of strategic ability is not addressed in our paper, even though we considered the transformative perspective as a resource around which social movements can mobilize other resources and skills, notably those of the State, to advance public policies. Thus, with respect to women's collective entrepreneurship, further development is required, as is further consideration in the writings on collective entrepreneurship and on women. We have provided here an overview of the existing literature, as we are not specialists in women's collective entrepreneurship, but in collective enterprises.

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Index

A

Abilities, 54, 80, 93, 111, 112, 116, 154,
162, 167, 175, 182, 183, 186, 201,
207, 222

Access accreditative models, 195

Achievement, 3, 4, 13, 16, 26, 31, 35,
38–40, 60, 64, 67, 68, 75, 76, 80–85,
89, 91, 100, 103, 112, 114, 117, 119,
125, 131, 146, 150, 168–171, 184,
191, 193–195, 200–202, 205,
208, 221

Achieving financial support, 111

Adaptamos Group S.L., 65–66, 68

ADEPMA, 61–62, 68

Aid, 57, 63, 65, 185, 197

Altruistic, 57, 58, 81, 84, 195

Ambiguity tolerance, 114, 118–120

Analysis of correlations, 114, 118, 119

Archivalia, 63–65

Aspirations of growth, 112, 131, 137, 139

Associationism, 60–62, 68, 211, 217–219

Athena paradox, 129

Attitudes, 5, 25–26, 90, 110, 111, 114–118,
120, 145, 155, 206–208

B

“Back to nature”, 208

Bangladesh Rural Advancement Committee
(BRAC), 168, 171, 175

Bank, 28, 29, 46, 95, 128, 162, 168, 170–173,
175, 204, 205

Bank for poors, 173

Barriers
 women encounter, 113

Basic education, 4, 168, 169, 175, 193, 194

Behaviorbiographical factors, 73

Borrower, 168, 169, 171, 172, 174–175

BRAC. *See* Bangladesh Rural Advancement
 Committee

Business
 administration, 113
 opportunities detection, 116, 120

Business-related, 77, 81–83, 85

C

Capital, 3, 12, 13, 16, 18, 25, 27, 28, 40,
45, 50, 55, 57, 58, 66, 77, 85, 91–96,
99–102, 104, 105, 113, 127, 128,
132, 135, 137, 138, 162, 167, 171,
181, 182, 185, 186, 213–220

CE. *See* Commercial entrepreneurship

Charities, 53–54, 57, 58, 60

Children, 10, 13–15, 30, 45, 77, 83, 167,
170, 171, 185, 186

CIMA, 61, 62, 68

Collective
 enterprises, 211, 215, 218–220, 222
 entrepreneurs, 5, 211–222

Commercial entrepreneurship (CE), 57,
58, 60, 67

Common stereotype, 110

Community banks, 168, 173

Comparative study, 209

Competences, 56

Competitiveness, 12, 15, 25, 31, 35, 47,
67, 105, 163, 167–168, 172,
193, 195

Complexity, 47, 57–58, 74, 77, 86, 90, 145,
183, 206–207

Conciliating, 45, 56, 64, 113, 121

Control, 56, 63, 75–76, 78, 91, 114, 117,
119, 169, 170, 172–174, 186

Cooperative, 39, 63–65, 68, 167, 174, 211, 212, 214–221

Credit. *See* Microcredit

D

Decision-making, 2, 3, 50, 61, 146, 205, 207, 214, 217

Desirability, 115, 120

Desire to change one's life, 85

Detect business opportunities, 116, 120

Development, 2, 11, 12, 15, 18, 25–26, 35, 38, 39, 46, 47, 50, 53, 56, 61–63, 65, 79, 81, 84, 85, 89, 93, 95, 110, 111, 125, 132, 143, 144, 147, 148, 160, 163, 168–172, 174, 175, 184, 193, 194, 200–207, 211, 212, 217–220, 222

Differences

in access to credit by gender, 128

by gender, 97, 115, 116, 132, 155, 158, 163

Direct wage discrimination, 200

Discrimination, 40, 45, 94, 111, 128, 129, 132, 139, 186, 191, 200, 202, 209

Discriminatory practices, 40, 129

Diversification, 46, 64, 86, 110, 125, 130, 132, 139, 170, 172, 176, 216

Dual monitoring, 169

E

Economic

crisis, 53, 67, 136, 153, 160–161, 202–204, 209

development, 2, 11, 26, 47, 63, 125, 132, 193, 204–206, 211, 218, 220

entrepreneur, 4, 143–164

growth, 1, 2, 4, 12, 13, 23–24, 26–29, 31, 38, 46, 58, 65, 110, 125–128, 131, 132, 134, 139, 143, 144, 148, 153, 158, 160, 163, 175, 211, 218

policies, 1–3, 23–31, 158, 193, 217, 219, 220

sectors, 47, 157–158, 160, 183, 220, 221

Education, 2, 11, 30, 35, 55, 79, 92, 111, 126, 145, 168, 182, 191

Educational

institutions, 40, 43, 79

level, 49, 50, 55, 56, 94, 102, 111, 128, 137, 145, 152–154, 164, 169, 170, 185, 197, 200, 201, 204

opportunities, 39, 193

staff, 45

Effort dimension, 116, 120

EHEA. *See* European higher education area

Embeddedness, 77, 78, 82

Emerging market, 205

Empirical evidence, 90, 96, 109, 120, 162–164

Employed doctoral scientists, 43–44

Employment

creation, 46, 62, 64, 125, 136–137, 139

process, 200

Empowerment, 89, 169, 212

Enterprises, 26, 45–46, 57–65, 73, 75, 78, 79, 81, 86, 109, 126, 130, 131, 145, 161, 163, 172, 175, 200, 205, 208, 209, 211, 214, 215, 217–222

Enterprising nonprofits, 58, 62, 63

Entrepreneurial

activity, 2, 27, 28, 30, 31, 46, 47, 53, 56, 67, 77, 78, 81, 83, 85, 86, 90, 95, 112, 121, 125, 127, 131, 132, 139, 145–147, 163, 182–184

capacity, 53, 205

fields, 46, 50

research, 28, 46, 90, 111

Entrepreneurs, 1, 24, 38, 53, 73, 89, 109, 125, 144, 169, 182, 205, 211

Entrepreneurship, 1, 10, 24, 46, 53, 73, 90, 111, 125, 143, 171, 181, 211

Entrepreneurship by gender, 46, 97, 101, 104, 154

Environment, 2, 3, 5, 11, 14, 17, 25, 27, 54, 61, 63–65, 67, 68, 77, 79, 90, 98, 110, 143, 144, 148, 163, 183–184, 191–209, 212

Equality of women, 38, 61, 191, 192, 202

Equal rights, 61, 192

Ethical commitment, 54

European higher education area (EHEA), 195

European Union, 39, 143–150, 152–156, 160–163, 195, 197–199, 202

Europe 2020 strategy, 143, 153, 158

Executive

positions, 200, 201, 205, 207

skills, 207

Expectations to entrepreneurship, 137, 139

Experience, 4, 26, 55, 56, 60–68, 74, 77–79, 82, 84, 93, 94, 98, 99, 111, 112, 127, 128, 130, 158, 169–171, 183–186, 201, 212

Export, 126, 131, 134, 136, 137, 139

Export and owner and firms attributes, 131

Extroversion, 114, 118, 119

F

- Factorial analysis, 114
- Family
 - impoverishment, 4, 167–176
 - sustenance, 167
- Favor equality, 38
- Female
 - collective entrepreneurial, 212
 - entrepreneurs, 4, 26, 46, 53, 68, 90, 91, 93–95, 97, 99–101, 104, 105, 111, 112, 128, 139, 146–148, 155, 157, 158, 160–164
 - entrepreneurship, 3, 4, 53–56, 73, 90, 92, 102, 103, 105, 111, 125, 126, 128, 129, 131–139, 146, 155, 158, 160, 162, 164, 212
 - teaching staff, 42
- Feminism, 5, 213, 215–217, 221
- Feminist equality movements, 213
- Financial support, 95
- Frequencies, 114

G

- GEM. *See* Global Entrepreneurship Monitor
- Gender
 - differences, 40, 69, 73, 89–93, 96–98, 100, 105, 114, 125, 126, 131, 134–136, 139, 172, 182
 - effect, 111, 121, 200
 - equality, 147, 148, 150, 169, 171, 191, 219
 - equality and development, 38
 - equality and growth, 38
 - equality and productivity, 38
 - gap, 4, 38, 147–150, 152, 154, 155, 162, 164
 - inequality, 38, 54, 57, 62, 67, 150
 - inequality index, 35
 - responsibilities, 4, 181, 186
- Gender inequality, 3, 35–36, 38, 54, 57, 62, 67, 150, 161
- Germans women entrepreneurship, 74
- Global Entrepreneurship Monitor (GEM), 3, 28, 29, 46–49, 53–56, 90, 95–106, 126, 131–138, 147, 162
- Global gender gap, 38
- Global market demands, 201
- Governance, 213–219, 221
- Grameen Bank of Bangladesh, 168, 172, 173, 175
- Grant aid, 170

H

- Hazel, K., 16
- High technology industries, 109
- Homogeneous segments, 113–114
- Horizontal segregation, 3, 45, 92, 96–97, 105
- Human capital, 3, 28, 40, 45, 50, 77, 91, 94–96, 100–102, 105, 127, 128, 132, 137, 138, 185
- Human development index, 35
- Human resources, 4, 58, 185, 186, 206–207
- Hybrid form, 58, 60
- Hybrid organizations, 58, 65, 68–69

I

- ICT. *See* Information and communication technologies
- Idealistic-altruistic, 81, 84
- IGVGD program. *See* Income generation for vulnerable group development program
- ILO. *See* International Labour Organization
- Impact of female entrepreneurship on economic growth, 126
- Income generation for vulnerable group development (IGVGD) program, 168
- Independent samples, 115–118
- Indicators, 74, 75, 90–94, 104, 105, 131, 147, 148, 161, 162, 195
- Individual aspects, 75, 76
- Inequality between men and women, 13
- Inequality inner control, 114, 117, 119
- Information and communication technologies (ICT), 168–170
- Information asymmetry, 169
- Innovation, 1, 4, 11, 12, 15, 17, 25–27, 31, 47, 49, 55, 57, 90, 93, 125–139, 144, 146, 163, 169, 183, 193, 205, 209, 212–215, 217, 221
- Innovative capacity, 130
- Insertion, 3, 53, 54, 64, 65, 67, 69, 173
- Institutional embeddedness, 78
- Internationalization, 4, 125–139
- International Labour Organization (ILO), 148, 149, 151, 157
- International Standard Classification of Education (ISCED), 152
- International Standard Classification of Occupations (ISCO), 157
- Interpersonal relations, 201
- Investment, 12, 16, 28–30, 48–50, 55, 58, 91, 99, 128, 129, 160, 167, 170, 183
- Invest money dimension, 116

ISCED. *See* International Standard
Classification of Education

ISCO. *See* International Standard Classification
of Occupations

J

Job

discrimination, 202

occupancy, 197

opportunities, 160, 201, 202

sectors, 192, 195, 200, 202–204

Joint liability loans (JLL), 4, 168, 169,
171–172, 174

K

Knowledge

areas, 199

spillover, 127, 129, 134

L

Labor market, 2, 5, 35, 78, 79, 83, 130, 196,
201–204, 206–207

Large-scale empirical analysis, 4

Leadership, 38, 54, 110, 183, 184, 207, 208

Leaky pipeline effect, 45

Lender, 4, 168–170, 173, 174

Lesser aspirations for growth, 137, 139

Liberal feminist perspective, 131

Life circumstances, 73

Likert scales, 114

Long term strategies, 50

M

Male success models, 4, 181, 182, 186–187

Management, 5, 24, 54, 61, 63–65, 77, 79, 89,
90, 109, 111, 128, 129, 146, 181, 183,
184, 201, 205–207, 211–217, 219, 221

Manage risk, 167

Marital situation, 167

Microcredit, 4, 63, 167–176

Misery, 39, 169

Mission, 54, 57–59, 62, 63, 65–68, 146,
175, 195

5M model

macro environment, 77, 78

management, 77

market, 77, 78

micro environment, 77, 86

money, 77

motherhood, 77, 86

Mobilization of resources, 57

Model of women entrepreneurs' success, 3

Mon Orxata S.L., 66–68

Moral hazard problem, 4, 169, 174

Motivation, 27, 46, 54, 56, 58, 60, 68,

69, 73, 75, 76, 78, 80–86, 91,

103–104, 126, 130, 135, 147,

184, 212

Multi-stakeholder cooperatives, 215, 216

N

Need for achievement, 114, 117

Neoclassical economics, 9

Neuroticism, 114, 118–120

New venture, 57, 76

NGOs. *See* Non-Governmental Organizations

Non-Governmental Organizations (NGOs),
4, 169, 170, 173, 175

O

Objectives, 1, 2, 14, 24, 28, 46, 54–56,

58–67, 76, 78, 80–82, 84, 102–104,
120, 168, 171, 175, 185, 186, 217

Opportunities, 2, 3, 14, 15, 24–26, 38, 39,
47, 53–57, 61, 62, 65–69, 73, 77, 78,
96, 98, 103, 109, 110, 116, 120, 129,
135–139, 147–148, 150, 160, 163,
175, 182–184, 186, 193, 201, 202,
204, 220

Own company, 46, 115, 116

P

Palacio Arboleas, 63–64

Passion, 54, 81, 84, 85, 184

Peer selection, 169, 170

Personal

development, 81, 144, 206

differences, 111

goals, 82, 91, 93

Personality traits, 93, 98, 114, 117, 120, 184

Persuasion, 54

Policies, 1, 2, 5, 9, 23–31, 50, 64, 78, 95,
126, 136, 145–146, 148, 158, 163,
168–170, 175, 183, 185, 186, 193,
206, 211–222

Poverty, 54, 110, 167–171, 173–176, 212

Product innovation, 134–137

Professional

careers, 45, 56, 61, 62, 112, 120, 121, 185

development, 194, 200–206

quality, 195

- Promotion, 1, 2, 11, 14, 23–24, 26–27, 30, 31, 46, 56, 57, 61, 62, 64, 69, 129, 145, 146, 153, 154, 163, 169–171, 184–186, 200, 202, 206, 207, 216, 218–220
- Promotion of excellence, 46, 56, 61, 64, 69, 129, 146, 153, 185
- Pull motivation, 81–83, 103
- Push motivation, 81–83, 103
- Q**
- Qualification, 40, 45, 99, 105, 150, 170, 183, 184, 193, 201
- R**
- Reconciling work and family life, 4, 50, 181, 183, 186
- Relations, 2–5, 10, 17, 24, 25, 28, 38, 46, 48, 49, 54–55, 61–62, 65, 73, 75, 77, 78, 80–82, 85, 90, 91, 94, 103–105, 110–112, 125, 126, 129, 132, 134–137, 139, 152, 154, 158–161, 170, 181, 183–186, 201, 212–221
- Research, 3, 28, 31, 35–50, 53–56, 58, 69, 73–75, 77, 79, 86, 89–97, 102–105, 111–115, 118, 120, 125, 126, 129, 131, 146, 163, 164, 185, 193, 198, 200–202, 205–209, 211–213
- Returns of innovation, 130
- Risk
 - aversion, 127, 128, 132, 137, 139
 - tolerance, 114, 117–119, 131
- Role of women in society, 39
- Role stereotypes, 110
- S**
- Schumpeter, J.A., 1, 2, 25–27, 182
- Scientific fields, 43–44, 129
- Scientific University, 195
- Scientists institutions, 40
- Scissors effect, 3, 40, 45, 49, 50
- Self-confidence, 3, 50, 93, 98, 105, 112, 127, 172
- Self-efficiency, 112
- Self-employed women, 48, 55, 64, 80, 96, 127, 153, 154, 181
- Self-employment, 44, 46–48, 54, 64, 65, 67, 68, 80, 83–85, 96, 127, 131, 144, 153, 154, 160–162, 173, 181
- Skills, 5, 11, 12, 17, 56, 61–62, 96, 98–102, 110, 111, 120, 128, 147, 155, 157, 158, 171, 185, 186, 206–208, 220, 222
- Smith, A., 9, 11–14
- Social
 - change, 54, 57, 58, 195
 - conditions, 54, 195
 - conscience, 53
 - consequence ventures, 59
 - entrepreneur, 54, 58, 60, 66, 68, 69
 - entrepreneurship, 3, 53–69, 184
 - exclusion, 3, 53, 64, 67, 68
 - feminist Theory, 130, 131
 - goals, 58, 59, 65–68
 - mission, 54, 58–60, 65–68
 - needs, 3, 53, 54, 57, 59–60, 64, 65, 67
 - networks, 50, 94
 - norm, 95, 169
 - peace, 168
 - problems, 3, 57, 58, 62, 63, 184
 - purpose ventures, 58
 - responsibility, 91, 109, 144
 - roles, 110, 111, 204
 - strata, 195, 202, 208
 - structure, 131, 167
 - university, 195
 - value, 57, 58, 60, 62, 66
 - wealth, 57, 59–60, 63, 68
- Socialization, 17, 40, 110, 195
- SocialNest, 62–63, 68
- Societal aspects, 75, 76
- Society, 1, 4, 5, 13–17, 25–27, 35, 38, 39, 53, 57, 66, 75–78, 103, 110, 125, 144, 148, 167, 170, 172, 175, 181–184, 187, 191–193, 195, 205, 208
- Solidarity
 - cooperative, 216
 - mechanism, 168
- Specialization, 14, 17, 18, 23, 24, 27, 28, 30, 35, 48, 64, 65, 83, 114, 120, 126, 131–139, 193, 195, 202, 211, 220
- Specific obstacles for female entrepreneurship, 24, 55, 204
- Starting a business, 50, 98, 100, 103, 104, 112, 120, 131, 137, 138
- Stereotypes, 50, 94, 110
- Stratified random sampling, 113, 114
- Success, 3, 4, 54, 73–86, 90, 93, 94, 98, 112, 127, 130, 167–170, 175, 181, 182, 184–187, 191, 192, 202, 205, 207–208

Successful, 3, 26, 30, 50, 74, 75, 81, 83, 85,
89, 90, 92, 93, 104, 112, 127, 168,
175, 209, 217
Suicide, 169, 175
Survival situations, 55
Sustainable wealth, 170

T

Take over responsibility for one's
own life, 85
Teaching quality, 195
TEA female, 47–49, 132
TEA male, 48, 49, 132
Theory of marginalization, 115, 123
Theory of planned behavior, 75–77
Third-World Countries, 168, 169, 176
Tolerance to ambiguity, 120
Traditional family role, 121
Traditional ventures, 58–59
Training
in business, 128
differences, 130
Triple bind of women entrepreneurship, 128

U

UNESCO. *See* United Nations Educational,
Scientific and Cultural Organization
UNIFEM. *See* United Nation's Development
Fund for Women
United Nations, 35–37, 41, 42, 147, 163,
168, 175
United Nation's Development Fund for
Women (UNIFEM), 205
United Nations Educational, Scientific and
Cultural Organization (UNESCO),
152, 193, 196, 197
University
education, 5, 191–209
research, 45
staff, 35, 40

V

Values, 29, 56–58, 60, 62, 64, 66, 74, 77,
78, 91, 100, 106, 110, 113–115,
120, 146, 155, 158, 184, 187, 201,
205, 207, 216, 218, 219

Vertical segregation, 45
Viability dimension, 115
Viability of the enterprise, 75, 84
Village Banks, 173
Vocational University, 195, 202
Voluntary contributions, 63

W

Welfare, 1, 10, 15, 17, 60, 167
Wish for self-fulfillment, 85
Wish to be independent, 85
Wollstonecraft, M., 13, 191
Women
business owners, 3, 38, 48, 53, 61,
74, 111, 128, 181
employment rate, 150, 152, 201
in engineering, 43–44, 49, 129, 199
enrolled in universities, 40, 41,
197, 198
entrepreneurs, 2–3, 26, 30, 46–50, 53–56,
60, 73–86, 94, 104, 109–112, 125,
126, 128, 137, 139, 146, 154,
156–158, 161, 163, 182–184, 211,
212, 218–219
entrepreneurship, 2–4, 24–31, 53–69,
75, 89–106, 125–139, 146,
167–176, 182
expectations for growth or wealth,
97, 130
integration, 38, 150, 205–207, 220
participation, 3, 38, 40, 47–48, 50, 61,
78, 129, 150, 163, 167, 171, 172,
181, 183, 205, 212
in political sphere, 200, 215
researches, 35–50, 112
scientists, 38, 40, 43–46, 50
unemployment, 63, 204
Word-of-mouth effect, 94, 170
Work from home, 203
Working conditions, 5, 184, 185, 200,
202, 218
World Food Program, 168

Y

Young women, 10, 40, 112, 158, 204