INSTITUTIONS AND FEMALE ENTREPRENEURSHIP (SUMMARY)

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SUMMARY

INSTITUTIONS AND FEMALE ENTREPRENEURSHIP

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Principal Topic

While there is a growing body of work at the country level related to gender dimension of entrepreneurship, surprisingly little has yet been attempted to enhance our understanding of the impact of alternative national business and cultural environments on female entrepreneurship. We develop hypotheses to explain how institutional variation might impact differently on male and female entrepreneurship. In particular we hypothesise that women are less likely than men to undertake entrepreneurial activity in countries where the rule of law is weaker and the state sector is larger. We further consider how institutions affect the probabilities of men and women to aspire to higher growth projects, and analyse in detail the differential impact of gender specific aspects of the rule of law on male and female entrepreneurship and on higher aspiration growth projects.

Method

We use data from the Global Entrepreneurship Monitor survey (GEM) which covers at least 2,000 individuals annually in each of up to 55 countries, merged with country-level data, from the World Bank, Economist Intelligence Unit, Polity IV and Heritage Foundation. We estimate probit models in which the probability of being a female entrepreneur is explained by a number of individual characteristics and variables defining the institutional context.

Results and Implications

We find that women are less likely to undertake entrepreneurial activity in countries where the state sector is larger, but the rule of law is not generally found to have gender-specific effects. However, more detailed institutional components of discrimination against women, namely restrictions on freedom of movement away from home and lack of protection from violence against women, make female high aspiration entrepreneurship less likely, even if broadly defined entrepreneurial entry including self-employment is not affected. We interpret our findings in terms of gender specific incentives and opportunities within a typical household context, as augmented by alternative institutions.

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