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GENDER GAP IN ENTERPRISE OWNERSHIP IN DEVELOPING AND DEVELOPED COUNTRIES

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Abstract
There have been few researches focusing on the role of women in business and their influence on both economics and entrepreneurship fields. In this paper, we aim to investigate the role played by women, in three different countries, Hungary, Lithuania and Tunisia, with three different cultures and economic background. We focus on their contribution to the field of creative business ventures. Females witnessed a slower pace in their paths of business ownership not only with regards to the type of business owned, but also to the size of it as well as the performance rating of it.

Several factors are possibly responsible for the gap in lower labour productivity of female-managed firms relative to male-managed firms: fewer female than male managed firms protect themselves from crime and power outages, have their own websites, and are (co-)owned by foreigners. In addition, in the manufacturing sector, female-managed firms are less capitalized and have lower labour cost than male-managed firms. Those results indicate a need to recognize the diversity that exists among transition countries and developing countries, reflecting different inheritances from different indicators such as the characteristics of the enterprise, performance level and ownership.

It is a fact, that entrepreneurship support services, such as government provision of information, training and funding, differs between male and female. In Tunisia, a developing country characterized by high level of unemployment, particularly of women, the existing support services are inadequate for promoting female entrepreneurship. In Hungary, on an average 31% of the companies have women leaders or have women with authority to sign in the name of the company. However, in small and medium-sized companies, the numbers change drastically.

In Lithuania, women enter the labour market with a higher level of education than men do, but this does not adequately determine their position as it is noticed that women hold less prestigious and less well-paid jobs. They also occupy lower positions compared to men, as they tend to be recruited in less well-paid sectors.

Our results suggest that there are important differences in the experiences of women in these countries compared to the male ones as we notice gender differences in labour productivity in the manufacturing sector. The results reveal a sizable unconditional gap between the two genders based on the female management which is more strongly associated with labour productivity than female participation in ownership, which has been the focus of most recent studies. Our data is extracted from the 2013 wave of Enterprise Surveys published by World Bank Group.

KEY WORDS: woman entrepreneurship; performance, ownership, productivity, developed economy, developing economy.

Introduction

When discussing entrepreneurship, it is important to acknowledge the complexity of this multidimensional phenomenon that was placed in the limelight in these past few decades with the major changes in the global economy. With the steadily emergence of women entrepreneurs, and their rise within corporate ranks in recent years, they are described as the innovative engines for growth, prosperity, welfare and the fresh rising stars of the economy especially in developing countries. The untapped resource has been ignored for too long and overlooked for various reasons, however this changed with women being labelled as “the way forward” that is essential for growth and development (Vossenberg, 2013).

The hype over entrepreneurship in previous decades, especially in the research domain, believed in the assumption that an entrepreneur is “male”. Researchers even suggested that entrepreneurship is a manner of which men demonstrate their "maleness". This has been sustained through historical and traditional realities of which women’s liberty was restricted in the domestic domain, and thus they have been deprived access to the basic resources of entrepreneurial such as access to capital, business and technical education as well as prior management experience (Stevenson, 1986).

Growing number of initiatives and resources made available to sponsor and stimulate women’s participation in the economy with the aim of enhancing women’s social status and ensure equity among society members. Women’ vulnerable professional status have long been linked to other forms of domestic and structural oppressions which ignited efforts to deal with this epidemic and decrease barriers and ensure equal opportunities to participate in financial markets such as providing capital needed to establish small businesses (Dutt, Grabe & Castro, 2016). However, business owned and managed by women are still scarce compared to men, women’s profit are considerably less with slower growing businesses with higher chances of failure, and women tend to be more necessity entrepreneurs (Vossenberg, 2013). According to the GEM Women’s Report 2012, an estimated 126 million women were starting or running new businesses and an estimated 98 million were running established businesses (Brush, Duffy & Kelley, 2012). Despite being viewed as having the prerequisite abilities when it comes to cooperating, nurturing, adapting, and persuading; women still lack representation in top management corporate with only three women listed among the CEOs of the world’s 500 largest corporations in 2000. Reaching the ranks of upper management is not the only struggle faced by women as they still have to hold their position and exert their power in an environment that takes it lightly (Winn, 2004).

When discussing entrepreneur and business inventors they are often characterized as strong leaders that manages to stir the business ship into the right directions and keeps the order among the crew in order to establish ventures with growth potential. Usually leadership research highlights the predominant influence of men in leadership roles and accentuate male characteristics such as confidence, aggression, and self-direction as prerequisite for a successful leader. When researching the female leader, women are often characterized as sensitive, warm, gentle, exhibit great verbal communication skills and display concern for others. These traits and behaviours are considered to be relations-oriented leadership style and are viewed as suitable for particularly female-dominated organizations, however, they fail to have any success outside this setting (McGowan, Cooper, Durkin & O'Kane, 2015).

Although we are witnessing efforts that support and encourage women in strengthening their roles in various society fields and proving their worth and capacities especially in professional and managerial occupations, today the gender gap in entrepreneurship remains significant as we are witnessing still that women are less likely to start new businesses than men. This is true across various societies with female entrepreneurship being a cross-cultural phenomenon characterized with culture specific aspects (Minniti, Arenius, 2003). In fact, the environment is a key variable when an individual decides to start a business or create his own enterprise (Boulouta, 2013). Compared to men, it is evident that women command a smaller share of both business ownership and self-employment with a tendency to perceive women's business ad underperforming due to the fact that their business ventures tends to be more on the small side in terms of employment, sales, profitability and market share. This is due to several factors such as home based business, part-time basis, lower levels of funding and limited business networks (Marlow, Henry & Carter, 2009).

Women often finds it harder to go up the professional success ladder than men, as it is often more difficult for them to balance their work and their expected home roles. As a consequence, women struggle with this huge disadvantage in the corporate world and leads them to be trapped in low paid, part-time employment and absent at the most senior levels of management in business. This led women to consider self-employed or business owners that enable them to accommodate both their work and home duties (Walker, Wang & Redmond, 2008). Apart from familial obligations as both roles of wife and mother can increase the guilt and stress feelings among women, which may alter the capacity to climb the career ladder. Women are faced with various other disadvantage that accentuate the inequity witnessed by females in their daily work reality as lack of mentoring, lack of managerial experience, exclusion from informal networks, as well as male stereotyping constitutes crucial barriers to advancement and growth within the corporate setting (Winn, 2004).

The engagement of women in the professional sector is often dictated, and affected by culture as their occupational choice is generally predetermined through social and cultural norms of the society of which they belong to, whether it is a collectivist or individualist culture that can shape the institutional limitations and the specific role expectations set for women. This consequently influence their engagement in the business sector. Within collectivistic cultures (like the Tunisian), women in general have predefined gender role related mainly to home issued and family care in the first place and are less expected to be seen in business or in leadership roles as they can be easily distracted with family and motherhood responsibilities which result in a confirmative and less productive society. In contrast to individualistic cultures (like the Hungarian and the Lithuanian) with laws and programs in favour of and encourages business development and innovation by women specifically individual business that promotes risk taking and independent thinking (Bullough, Renko & Abdelzaher, 2017). Business ownership by women throughout the years were generally related to a business inheritance from a father or husband with few cases of which a woman managed to start a business on her own and in some cases, if married, with her husband's consent (Stevenson, 1986).

With great attention and efforts dedicated to provide equal opportunities for women to express themselves in the professional field and to establish their own financial mark in the global economy, we still are not nearly close to that goal which makes us wonder what can be the reasons for the gender gap that is existing in entrepreneurship, and what makes it more difficult for women to hold important seats among their fellow men.

With a scarce resource of literature and research on women entrepreneurs and their role as leaders and innovative managers, information and knowledge about women as business owners or entrepreneurs needs to be more investigated and examined.

This article aims to add to the existing literature on the presence of women as influential individuals in the global economy. We will be examining the economical profile of three culturally different countries: Hungary, Lithuania, and Tunisia in order to compare the prevalence of women's contribution to the economic growth through focusing on their entrepreneurial characteristics.

Data and Methods

This paper attempts to answer the following questions: when examining the economic picture of these three culturally and economically different countries, is there any contrast in females' presence and contribution with regards to the growth and development in the business sector compared to men. Also, are there any differences in the performance level of female owned or managed businesses compared to male owned or managed ones.

We chose for this comparison three different countries with different economical categories: Hungary and Lithuania representing two developed countries with what is called economies in transition, compared to Tunisia a developing country with a swinging economy.

Table 1. Economic profile of Tunisia, Lithuania and Hungary in 2018

	GDP growth	Population	GDP per capita
Tunisia	2.50%	11.5 million	3.465$
Lithuania	3.40%	2.8 million	19,143$
Hungary	4.90%	9.8 million	14.264$

Source: World Economic Outlook Database, 2018 and World Bank, 2018

This paper based on World Bank firm-data of Enterprise Surveys, 2013, which use a consistent methodology and recent data resources and provides data from over 135.000 firms. A female-managed firm is defined as firms where the top manager is female, while male-managed firms are described as firms where the top manager is male. The Enterprise Surveys are nationally representative and employ the same basic questionnaire and methodology across countries thus, licensed to compare the performance of enterprises owned by females with those owned by males between the three studied countries.

Results and discussion

Our results reveal the characteristics of male and female entrepreneurs in Tunisia, Lithuania and Hungary. It will examine the similarities and differences between the two regarding the size of firms, the years of experiences as well as inspecting the barriers and challenges they face. As we notice in Table 2, female-managed or -owned business are limited in the service sector, providing a great gap between females and males presence in the manufacturing sector which is ruled by men in all three countries. This leads us to conclude that women contribution is restricted in certain domains and regulated so that even when they are encouraged to be innovated, they are still facing control over their choices in favour of men. Results suggest that women are directed towards sectors which are characterized by having small initial investments and lower growth and we notice women are more involved in the manufacturing services.

Table 2. Percentage of firms with female participation in the manufacturing and service sector by country, %

	Hungary		Lithuania		Tunisia	
	Manufacturing	Service	Manufacturing	Service	Manufacturing	Service
Female participation in ownership	56.6	43.8	42.3	33.9	49.5	49.6
Majority female ownership	11.6	10.0	13.4	17.4	2.3	2.9
Female top manager	21.3	20.1	12.2	23.8	7.4	9.3
Proportion of permanent female full-time workers	57.1	42.8	46.9	35.9	29.6	31.2

Source: Enterprise Surveys, 2013, own calculation

Based on Figure 1, we observe that in both Lithuania female-managed enterprises had lower annual sales growth compared to men in contrast with Tunisia where males have lower real annual sales growth compared to female-managed companies. We also found, that majority female-managed firms had a really low to almost non existing annual labor productivity growth than male-managed enterprises across the three countries. However, we found that, female-managed enterprises were more likely to have higher employment growth than majority male-managed in both Hungary and Lithuania while no difference in noted in Tunisia. Lithuania having the highest percentage of 9.3% of annual employment growth.

As we mentioned earlier in the literature review women tend to be employed in small, low-capitalized or even home-based enterprises. The proportion of women operating non-traditional businesses in manufacturing and service sectors is small and these businesses have been dominated by men (Julio M. Rosa, 2016), Table 2 supports this view.

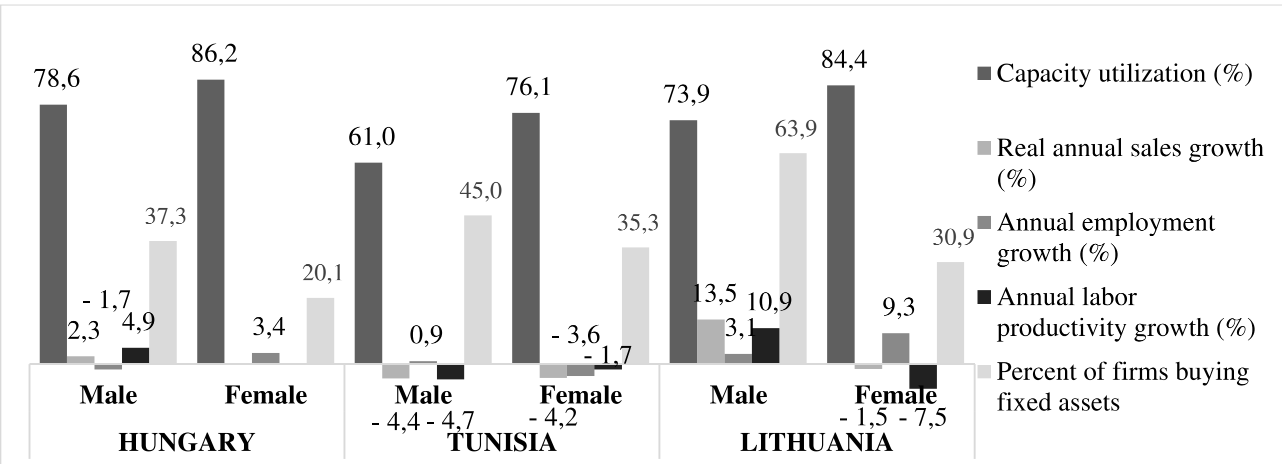

Fig. 1. Performance indicators of female and male managed firms by country
Source: Enterprise Surveys, 2013, own calculation

Figure 2 demonstrates that Lithuanian medium-sized firms have the highest percent in regards with majority female ownership (22.9 %) while the Tunisian firms are still behind with the lowest percentage (1.3%). This is an expected result since woman ownership witnessed a remarkable evolution in developed countries due to the existence of numerous support programs for entrepreneurship in Europe (Amin, Mohammad, 2014).It is also notable that the high percentage of firms with a female manager is only restricted to firms with small sizes. This is an additional proof of the long way that is still along head for women and the necessity of more encouragement and efforts from both policy makers and society organisation to boost and ensure equity for both gender and guarantee equal opportunities in all aspects of economy for both genders.

As it is indicated in Figure 3, Tunisian male top managers have more advanced leadership experience compared to females. While Hungarian and Lithuanian male as well female managers have approximately equal year of experiences in their fields. This indicates that the supervision and guidance is ensured for both genders in these countries and equal opportunities for recruitment is provided evenly.

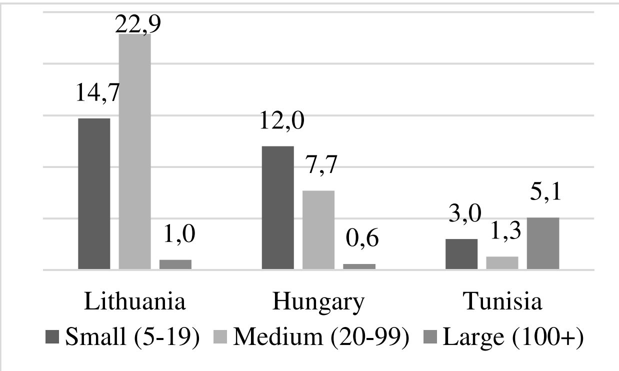

Fig. 2. Percentage of firms with majority female ownership in different firm sizes by country
Source: Enterprise Surveys, 2013, own calculation

This leads us to deduce that in an environment with proper regulation, assistance and support for both gender leads to equal contribution and matching success as well as involvement in the growth of economy in any given country.

Numerous factors contribute in the gender gap that we notice in several aspects across the three countries as women face numerous challenges in the managerial and entrepreneurship process. This guide us to proceed to the analysis of the biggest obstacles encountered through management procedure. With the help of the data, it is interesting to see how the same obstacles that may encounter a managerial path are more or less developed in the three countries studied, moreover, these results clearly illustrate these variances as demonstrated in Figure 4.

Results also suggest, as noted in Figure.4, that the capacity utilization's percentage which indicate the comparison between the current output with the maximum output possible using the current inputs is higher among females in Hungary contrasted with Tunisian and Lithuanian females. Meanwhile, there is no distinction between female or male managed firms in Tunisia and Lithuania. It is worth to note also that male managed firms; with fixed assets such as machinery, equipment …etc, are dominating the business. Their percentage is significantly higher and even doubled in some cases in contrast to female managed firms. This is clearly seen among the tripartite countries.

It is visible that, regardless of whether the manager is a female or a male, Hungary and Lithuania have been facing a severe high tax rate, which complicating the growing process and the validation of the business but still it is slightly more significant in case of female top managers. Corruption is much more controlled in case of female top managers, one of the relevant aspects of women's entrepreneurship, a bottom line, that it is an important source of sustainable economic growth. However, under the World Bank's Enterprise Survey, about 5-8 per cent were reported to be managers and 11-16.7. Among the female owners, about 25-43 per cent were reported to own 50 per cent and above share of the firm.

This rational connection between the giant concept of entrepreneurship leading to ownership and leadership mechanism. One of the main virtues of entrepreneurship on the economy is the creation of new jobs, an element that can be considered as a major contribution to the economy. Inadequately educated workforce was not considered an obstacle for Hungarian female top managers, although 4.4% of male-managed forms reported this to be an obstacle. Psychological effects are often taken into account as a main reason for the absence of women in the economy field as researchers focused on this topic. Yet, many others argued that external circumstances are rather more important when investigating this instead of internal ones, as they can be more formative in explaining in business creation ventures and proper managerial strategies.

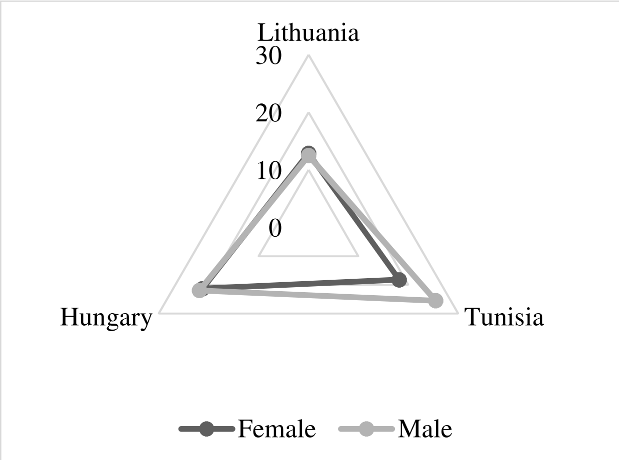

Fig. 3. Years of the top manager's experience working in the firm's sector
Source: Enterprise Surveys, 2013, own calculation

This led to adopting a more comprehensive behavioural approach which suggest taking into account both the individual as well as the environmental factors when dealing with entrepreneurship (Bear, Rahman, & Post, 2010). Findings in Fig.4 suggest that in Tunisia for example, the environmental factors are have a great influence on the economic picture of the country where the biggest obstacles facing Tunisian female entrepreneurs with 41.5 % of their difficulties being pollical obstacles which can be attributed to the turbulent political times lived by the country since 2011 with the so called 'Freedom and Pride revolution'. While inequalities with regards to education is the main obstacle for women entrepreneurship in both Hungary and Lithuania. Results suggest also no differences for both genders in Tunisia with access to finance their projects with even more difficulties faced by males in finding an appropriate budget for their business.

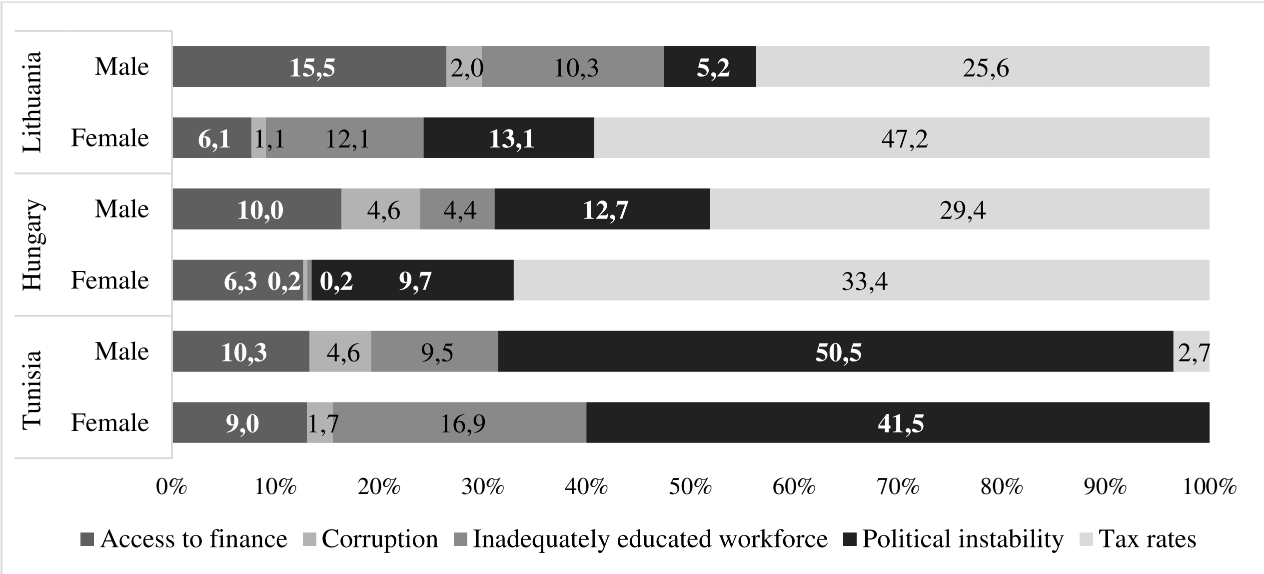

Fig. 4. The biggest obstacles for male and female managed firms by country
Source: Enterprise Surveys, 2013, own calculation

Conclusion

Our aim through this paper was to investigate the characteristics of female managed firms vs. male managed ones in three countries Lithuania, Tunisia and Hungary.

Entrepreneurs are regarded as highly motivated, risk taking and innovative individuals who seize opportunities to reach success. Many become entrepreneurs because they do not like to work in traditional work environments. Female entrepreneurs are considered to be good net workers, they tend to have an open mind, are full of energy, and can share power.

Our findings on gender impact on business performance are diverse. On one hand an evidence of performance differences between majority female-managed and majority male-managed businesses yet on the other hand, no performance differences were observed. These results were explained in the literature by various factors that covers performance indicators such as sales, profits, employment, experience, sales growth and employment growth.

All entrepreneurs face obstacles and barriers when starting or managing their enterprises, However, these barriers are magnified when women, in particular in developing country, think of owning of managing their own businesses. Women may not have received the experience and training to make them successful that their male counterparts have had. More research interest in this topic is needed so that we can come up with adequate solutions to encourage and motivate women to be more involved in the economic world as well as changing the society perceptions on them being adequate to take on major responsibilities and trusting them to create profitable business. Even with the increase in women's participation in labor market, we are still witnessing a limited number of female-owned and managed firms. The challenges specific to women's entrepreneurship are yet to be properly explained or justified with the lack of reliable and up to date data. One of main determinants for female entrepreneurship is the availability of financing as generally we find that female entrepreneurs have a smaller amount of start-up capital with fewer opportunities compared to men in finding external financing (Lotti, 2007). Certain researchers chose to focus on personality characteristics that explains this disparity such as fear of failure, risk attitudes, self-confidence, or the willingness to compete. They reported in their findings that women scored differently with regards to these traits yet this approach provide only modest explanation for the gender gap. Others asserted that personal variables other than personality characteristics influence entrepreneurial decision-making such as age, the labour market status, or the level of human capital (Caliendo, Fossen, Kritikos, & Wetter, 2015). The gender gap is widely linked to motivation as researchers differentiated women's motives to start or run a business and those of men. When describing women's motivation, it is apparent that their engagement in entrepreneurial activity is driven by pure survival need or out of necessity rather than opportunity and the absence of jobs or any other options for income (Vossenberg, 2013).

Other than comparing women entrepreneurs with men entrepreneurs, it is significant to compare women entrepreneurs across countries with different economic and cultural background as we attempted to achieve with this paper as it was suggested in previous studies that women in low income countries start businesses out of necessity mainly due to the lack of employment in the formal labor market, while women in high-income countries tend to start businesses in high-paying fields even with the availability of other job options or yet as a personal life-style choice due to their high-educational achievements), whereas women in middle-income countries is more favourable to employment rather than self-employment (Minniti, 2009).

Although research on the gender gap is increasing in recent years, various questions are still unanswered until today which lead us to conduct this comparison. Whether it is proper funding, economic rules and regulations or even social expectations and norms, women intending to have their own business face more than one constraint around the globe. The goal of this article is to shed the light on the phenomenon, accentuate its importance and relevance, and guide future researches to dive into it more through different perspectives in order to determine the reasons behind this gap so that we can one day see it narrowing down until it disappears.

Our recommendations for future researchers in this field is to adopt an integrative view on this phenomenon and include not only the intrapersonal factors but also the interpersonal as well as socio-demographic aspects that help accentuate and maintain this inequality in different societies as various understudied areas of female entrepreneurship that may help understand and reduce the gender gap is the attitudes adopted by different institutions within societies that either constraint or empower women's entrepreneurial achievements.

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