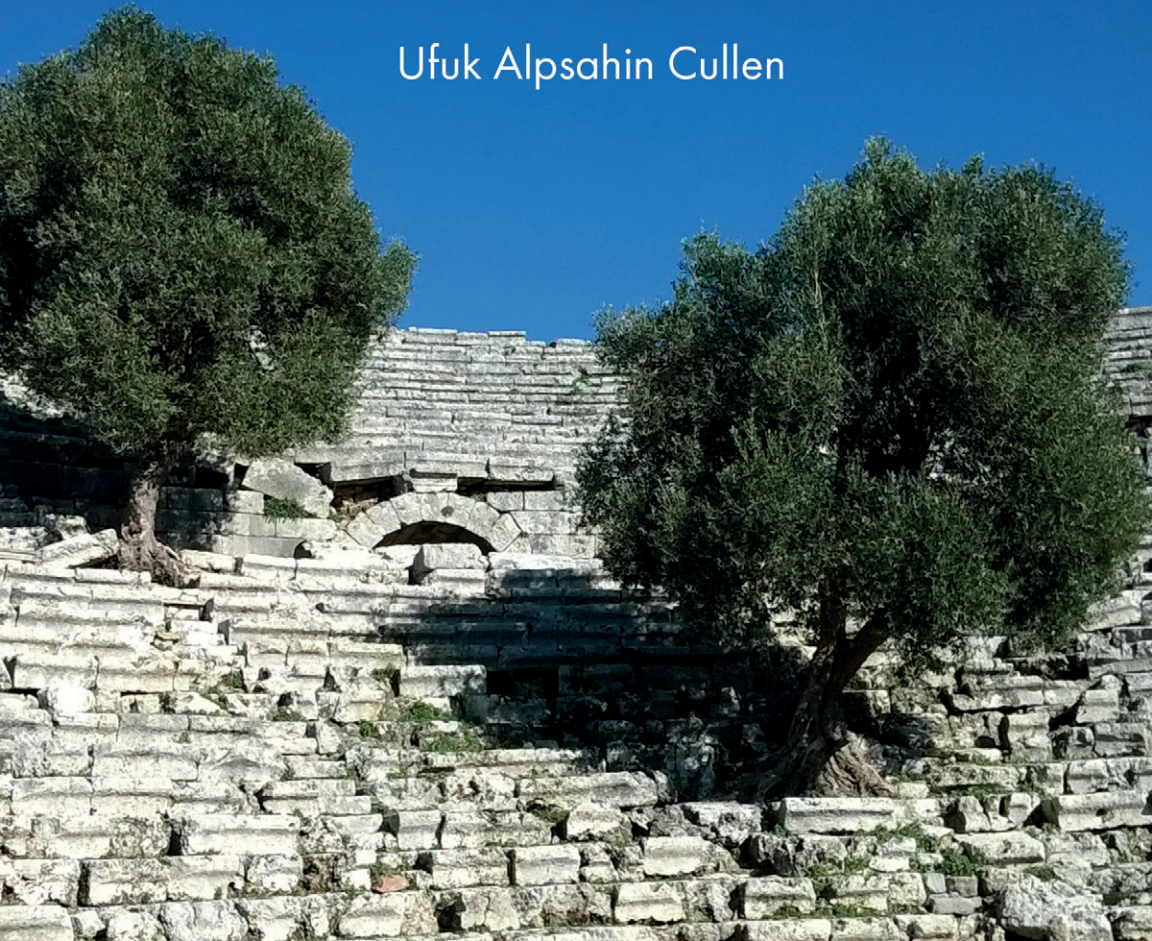


New Horizons and Global Perspectives in Female Entrepreneurship Research

EDITED BY

Ufuk Alpsahin Cullen



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United Kingdom – North America – Japan – India – Malaysia – China

Emerald Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2023

Editorial matter and selection © 2023 Ufuk Alpsahin Cullen.
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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-83982-781-5 (Print)
ISBN: 978-1-83982-780-8 (Online)
ISBN: 978-1-83982-782-2 (Epub)



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ISO 14001:2004.



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Chapter 1

The Impact of Social Institutions on Business Success: Cross-Country Comparison

Ufuk Alpsahin Cullen

Abstract

Although research on the relationship between culture and female entrepreneurship has developed strong insights, to date limited studies have examined the country-specific factors which may account for variance in women entrepreneurs' behaviour and subsequent outcomes. Therefore, this study attempts to close this gap through taking a closer look at the country-specific cultural factors creating differences in female entrepreneurs' behaviour and business strategies within the context of Turkey and the United Kingdom. In light of previous studies examining the impact of social institutions, this chapter adopts a survey approach to examine whether the networking strategies, growth orientation, perceived impediments, lifestyle choices and business structures of well-established female entrepreneurs vary between these two different cultural environments. In total, 240 females participated in this study with 120 from each country. The macro-cultural environments within the case countries are described through the application of Hofstede's Culture Model.

Keywords: Sociocultural institutions; institutional theory; established female entrepreneurs; culture; success strategies; Turkey; United Kingdom

1. Introduction

Institutional theory has been a popular theoretical foundation for exploring a wide variety of topics in different domains, ranging from institutional economics and political science to organization theory (Powell and Dimaggio, 1991). The term 'institution' broadly refers to sets of formalized rules, norms, conventions

and behavioural expectations that determine what is appropriate in a given context (Foss and Gibson, 2015).

The application of institutional theory has proven itself to play a major role in helping to explain the forces that shape entrepreneurial success (Bruton and Ahlstrom, 2003) through analyzing, for example, the direct action of governments in constructing and maintaining a supportive environment for entrepreneurship, in addition to the societal norms that exist towards entrepreneurship (Bruton et al., 2010). One application of this theory has produced a model entitled *The Quality Assessment of Entrepreneurship Indicators* which identifies six critical institutional factors affecting entrepreneurship, these being: regulatory frameworks; creation and diffusion of knowledge; market conditions; entrepreneurial capabilities; access to finance; and entrepreneurship culture (OECD, 2018).

The institutional environment helps to determine the process of gaining legitimacy, which is critical for entrepreneurs to overcome the liabilities of newness (Stinchcombe, 2000) and increase survival prospects (Ahlstrom and Bruton, 2002). The term legitimacy commonly refers to the right to exist and perform an activity in a certain way (Suchman, 1995), with ventures in turn having to prove their value by demonstrating that they engage in legitimate activities. Therefore, entrepreneurs need to behave in a desirable or appropriate manner within a socially constructed system or face sanctions for deviating from accepted norms (Suchman, 1995). These norms and values that constrain the range of strategic options (Ahlstrom and Bruton, 2002) are produced by the culture that the entrepreneur is embedded within.

This culture leads to social legitimation (Davidsson, 1995), making the entrepreneurial career more valued and socially recognized while creating a favourable institutional environment for entrepreneurial activities (Etzioni, 1987). Therefore, the cultural environment legitimizes and promotes new venture formation, influences individuals' opportunity recognition and their willingness to take risks in starting new ventures (Terjesen and Lloyd, 2015). This environment therefore creates a foundation for nascent entrepreneurs to develop unique business survival and growth strategies (Terjesen and Lloyd, 2015), whilst social institutions provide potential entrepreneurs with access to the necessary resources (Abzari and Safari, 2014) for entrepreneurship to emerge within a culture.

Institutional theory is widely accepted as a suitable frame of reference for addressing the external context that shapes women's entrepreneurial activity, especially when cultural conditions create additional barriers for women. This is particularly true when considering that women are still defined primarily through their domestic roles and family obligations within many societies (Achtenhagen and Welter, 2007; Marlow, 2002).

A number of studies have attempted to explain variation in the level of entrepreneurship among women through analyzing the cultural factors influencing entrepreneurial activities. Consequently, scholars have posited that countries with similar cultural characteristics demonstrate similar entrepreneurial profiles (Ute and Uhlaner, 2010; Thurik and Dejardin, 2012), with some facilitating and promoting entrepreneurship while others discourage such activities by making them difficult to pursue (Baumol et al., 2007; Mueller and Thomas, 2001).

The ways in which cultural factors are reflected in entrepreneurs' behaviour have been explained from different perspectives, one of which being the Theory of Planned Behaviour (TPB) (Ajzen, 1991). From a TPB perspective, entrepreneurial intention is stimulated when individuals perceive entrepreneurship as a desired activity within society (Krueger et al., 2000). Indeed, research has confirmed that the extent of female participation in new venture activities can be predicted by the degree of legitimacy, respect and admiration afforded to women's entrepreneurship (Baughn et al., 2006).

Although research on the relationship between culture and female entrepreneurship has developed strong insights, to date limited studies have examined the country-specific factors which may account for variance in women entrepreneurs' behaviour and subsequent outcomes (Kaciak and Welsh, 2018, p. 631). Therefore, this study attempts to close this gap through taking a closer look at the country-specific cultural factors creating differences in female entrepreneurs' behaviour and business strategies within the context of Turkey and the United Kingdom.

This study uses national culture to identify the established authoritative guidelines for social behaviour. Different cultures dictate different schemes, rules, norms and routines which are expected to create variation in entrepreneurial behaviours between cultural environments. In light of previous studies examining the impact of social institutions, this chapter examines whether the networking strategies, growth orientation, perceived impediments, lifestyle choices and business structures of well-established female entrepreneurs vary between two different cultural environments, namely the United Kingdom and Turkey. This study takes national culture as the external context shaping women's entrepreneurial activities, maintaining either a supportive or discouraging environment through dictating the societal norms that exist toward entrepreneurship. The macro-cultural environments within the case countries are described through the application of Hofstede's Culture Model.

In order to provide an accurate scene for the comparison and to develop better insights into the environments surrounding female entrepreneurs, this study takes a closer look at women's status in both countries and examines a number of country indexes and employment statistics – such as the gender inequality index, corruption index and labour force participation rate – to identify whether and how the culture is supportive of their actions.

This chapter therefore aims to contribute to our understanding of the impact of social institutions, and in particular of national culture, on business success, further considering how these institutions influence entrepreneurial decisions around partnership structure and networking strategies, for instance. It additionally examines how the female entrepreneur finds her way around these institutions in order to help her business succeed, evaluating whether this success is a culture-independent phenomenon that can be achieved through employing similar, potentially advantageous strategies regardless of national context, or whether adjustments are required before entering a foreign market. Should any female business strategy have become successful in one country, then

policy-makers and women-support organizations can work on developing ways for benchmarking.

British and Turkish women entrepreneurs are surrounded by fundamentally different social structures and cultures in every area of life and business. Therefore, their entrepreneurial behaviours are shaped differently according to these structures. From the institutional theory perspective it is expected that, since the entrepreneurial factors of networking strategies, growth orientation, perceived barriers, lifestyle choices and business structures are strongly linked with and shaped by culture, the two countries' female entrepreneurs should exhibit fundamentally different patterns with regards to these factors. If not, then we might question whether the cultural environment has a significant impact upon the development of entrepreneurial behavioural patterns.

Moreover, understanding the differences in the success strategies of established female businesses in different countries will help female entrepreneurs develop feasible market entry strategies towards internationalization; an almost inevitable step to ensure survival in the realm of the globalized economies and markets of today. Therefore, this chapter aims to present the findings from quantitative survey-based research conducted with 240 female entrepreneurs from the United Kingdom and Turkey (120 from each). The respondents were selected on the basis of business survival where the majority of businesses were older than five years.

To describe the cultural environments chosen, the Hofstede Model of National Culture is used. This model has six dimensions, which are: power distance; uncertainty avoidance; individualism versus collectivism; masculinity versus femininity; long-term versus short-term orientation; and indulgence (Hofstede, 2018). The long-term orientation and indulgence dimensions were not applied to the case countries due to the fact that Turkey's intermediate scores were in the middle of the scale, indicating that no dominant cultural preference could be inferred for these particular dimensions.

Based on the Model, the culture profiles of the United Kingdom and Turkey are given in Figs. 1 and 2, and further detailed in Tables 1 and 2 below.

This chapter is organized as follows. The next section provides an overview of the socio-cultural environments surrounding women in the two case countries, alongside further consideration of the literature concerned with the relationship between female entrepreneurship and culture. This directly precedes the methodology which is in turn followed by the presentation of survey findings and a discussion of the key themes observed. Some concluding remarks are then drawn.

2. Women's Status in Turkey and the United Kingdom

Women's status in society is one of the most controversial topics in Turkey. The gap between women's status and rights that the law provides and protects and their reality in practice is substantial, and the government has not addressed this gap through policy development.

Women's suffrage was achieved in Turkey in the early 1930s, earlier than in some European countries (Akaltan, 2014). And yet, since the Justice and

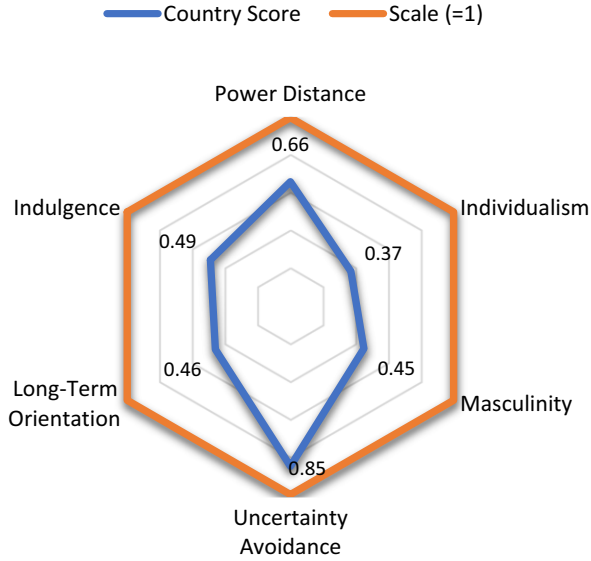


Fig. 1. Turkish Culture Through the Lens of the 6-D Model (Hofstede, 2018).

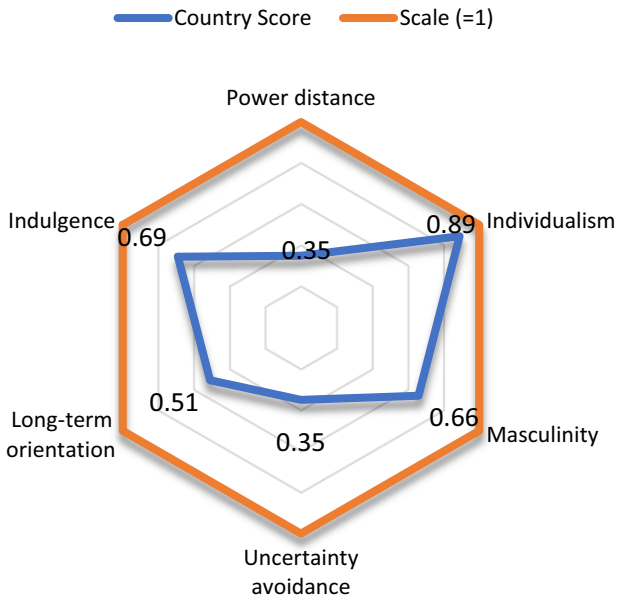


Fig. 2. English Culture Through the Lens of the 6-D Model (Hofstede, 2018).

Table 1. The Six Dimensions of the Turkish Culture (Hofstede, 2018).

The 6 Dimensions of the Turkish Culture

Power Distance (High)

Dependent, hierarchical, superiors often inaccessible and the ideal boss is a father figure. Power is centralized and managers rely on their bosses and on rules. Employees expect to be told what to do. Control is expected and attitude towards managers is formal. Communication is indirect and the information flow is selective. The same structure can be observed in the family unit, where the father is a kind of patriarch to whom others submit.

Individualism (Low)

‘We’ is important, people belong to in-groups (families, clans or organizations) who look after each other in exchange for loyalty. Communication is indirect and the harmony of the group has to be maintained, open conflicts are avoided. The relationship has a moral base and this always has priority over task fulfilment. Time must be invested initially to establish a relationship of trust. Nepotism may be found more often. Feedback is always indirect, also in the business environment.

Masculinity (Low)

Turkey scores 45 and is on the Feminine side of the scale. This means that the softer aspects of culture such as levelling with others, consensus, sympathy for the underdog are valued and encouraged. Conflicts are avoided in private and work life and consensus at the end is important. Leisure time is important for Turks, it is the time when the whole family, clan and friends come together to enjoy life. Status is shown, but this comes more out of the high PDI.

Uncertainty Avoidance (High)

There is a huge need for laws and rules. In order to minimize anxiety, people make use of a lot of rituals. For foreigners they might seem religious, with the many references to ‘Allah’, but often they are just traditional social patterns, used in specific situations to ease tension.

Long-term Orientation (Insignificant)

Turkey’s intermediate score of 46 is in the middle of the scale so no dominant cultural preference can be inferred.

Indulgence (Insignificant)

With an intermediate score of 49, a characteristic corresponding to this dimension cannot be determined for Turkey

Table 2. The Six Dimensions of the British Culture (Hofstede, 2018).

The 6 Dimensions of the Turkish Culture

Power Distance (Low)

Society that believes that inequalities amongst people should be minimized. Interestingly is that research shows PD index lower amongst the higher class in Britain than amongst the working classes. The PDI score at first seems incongruent with the well-established and historical British class system and it exposes one of the inherent tensions in the British culture – between the importance of birth rank on the one hand and a deep-seated belief that where you are born should not limit how far you can travel in life. A sense of fair play drives a belief that people should be treated in some way as equals.

Uncertainty Avoidance (Low)

The United Kingdom has a low score on uncertainty avoidance which means that as a nation they are quite happy to wake up not knowing what the day brings and they are happy to ‘make it up as they go along’ changing plans as new information comes to light. As a low UAI country the British are comfortable in ambiguous situations. There are generally not too many rules in British society, but those that are there are adhered to (the most famous of which the British love of queuing which has also to do with the values of fair play). In work terms this results in planning that is not detail oriented – the end goal will be clear (due to high MAS) but the detail of how we get there will be light and the actual process fluid and flexible to emerging and changing environment. Planning horizons will also be shorter. Most importantly the combination of a highly individualist and curious nation is a high level of creativity and strong need for innovation. What is different is attractive! This emerges throughout the society in both its humour, heavy consumerism for new and innovative products and the fast highly creative industries it thrives in – advertising, marketing, financial engineering.

Individualism (High)

At a score of 89 the United Kingdom is amongst the highest of the individualist scores, beaten only by

Long-term Orientation (Insignificant)

Table 2. (*Continued*)

The 6 Dimensions of the Turkish Culture

some of the commonwealth countries it spawned, i.e. Australia and the United States. The British are a highly individualist and private people. Children are taught from an early age to think for themselves and to find out what their unique purpose in life is and how they uniquely can contribute to society. The route to happiness is through personal fulfilment. As the affluence of Britain has increased throughout the last decade, with wealth also ‘spreading North’, a much discussed phenomenon is the rise of what has been seen as rampant consumerism and a strengthening of the ‘ME’ culture.

Masculinity (High)

Britain is a Masculine society – highly success oriented and driven. A key point of confusion for the foreigner lies in the apparent contradiction between the British culture of modesty and understatement which is at odds with the underlying success driven value system in the culture. Critical to understanding the British is being able to ‘read between the lines’ what is said is not always what is meant. In comparison to feminine cultures such as the Scandinavian countries, people in the United Kingdom live in order to work and have a clear performance ambition.

Indulgence (High)

The British culture is one that is classified as indulgent. People in societies classified by a high score in indulgence generally exhibit a willingness to realize their impulses and desires with regard to enjoying life and having fun. They possess a positive attitude and have a tendency towards optimism. In addition, they place a higher degree of importance on leisure time, act as they please and spend money as they wish.

Development Party (known by the Turkish acronym, AKP) came to power in 2002, the government’s actions and rhetoric (Nazliaka, 2017) seem to have departed from that initial progress. Although gender equality is protected by the