Women, innovation and bribery: Evidence from Latin American small firms

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Abstract

In this study, we examine whether bribes impair gender-based asymmetries in innovation in developing economies. Our study finds that there is no gender difference between bribes and firm-level innovation for small businesses. However, this effect is smaller for female-led firms. Males receiving on average a greater pay-off requires further exploration. Do females face greater difficulties with innovation or perhaps perceive corruption more negatively than males view the issues and thus engage less effectively? Our sample utilises 4618 MSMEs in Latin American countries. Using extended regression method we control non-random treatment effects, selection biases and endogenous effects of bribes on innovation. We observe that non-bribe-paying female-owned firms are approximately 0.41 percent less innovative than their non-bribe-paying male-owned counterparts and approximately 8 percent less innovative than their bribe-paying female group. Bribe-paying firms owned by males are approximately 5 percent more innovative than bribe-paying female-owned counterparts and 13 percent more innovative than their non-bribe-paying male group. This raises interesting policy issues for those wishing to control bribes in relation to targeting, regulatory development, and economy impacts. At the practical level, for firms wishing to innovate how best to proceed in terms of maximum advantage for each peso of bribe paid becomes an interesting amoral exercise. The challenge emerging from our study is the interwoven relationship between successful innovation and successful bribery. Combating corruption may kill the golden goose.

Keywords: Women, Bribes, Innovations, Developing countries, Latin America, Extended regression models

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