



Women's entrepreneurship in the EU

SUMMARY Female entrepreneurship is important to the European Union (EU) for both gender equality and economic growth. Yet, while women are catching up on labour markets, the gender gap in entrepreneurship is still wide. In 2012, women made up only 31% of self-employed European citizens, and only 10% of working women are self-employed.

Entrepreneurship appears to be a rather masculine occupation, with women believed to be more risk-averse. Moreover, women are seen to be motivated more often by necessity than by opportunity. When women do start businesses, they often do so in less innovative sectors. Monitoring of female entrepreneurship is challenging given a lack of data. However, whilst their companies perform equally, it is often believed that sales in women's companies grow less than in those of their male counterparts.

In terms of policy recommendations, stakeholders underline the importance of better data on which to base policies, as well as the reinforcement of support structures for female entrepreneurs such as the provision of information and training, business networks, business support services, and facilitating access to both human and financial capital for women. EU initiatives, such as dedicated networks for women, are supplemented by stakeholders' own initiatives, while the European Parliament (EP) has recognised the positive contribution of female entrepreneurs to Europe's economy.



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Entrepreneurship in the EU

Boosting growth

Entrepreneurship is generally seen as a catalyst for economic growth and competitiveness. Boosting entrepreneurship, including owners, management, the self-employed and employers, is expected to lead to 4 million [new jobs](#) annually within the EU. Moreover, entrepreneurship may contribute to citizen's [personal fulfilment](#) and the achievement of the EU's social objectives. Nevertheless, with self-employment representing 15% of EU27 employment in 2012, and with only 36% of its citizens aspiring to be their own boss, compared to 56% in China and 51% in the US, the EU seems to lag behind its competitors. Europeans appear to be held back by fears of bankruptcy, insufficient funding or information, and complex administrative processes ("[red tape](#)").

In general, entrepreneurial behaviour can be explained through a mix of necessity-driven "[push](#) factors" (e.g. salary dissatisfaction, job-finding difficulties or the need for a better work-family balance) and opportunity-driven "pull factors" (e.g. innovative ideas, the need for independence or achievement, family business, desire for wealth or a social mission).

A gendered landscape

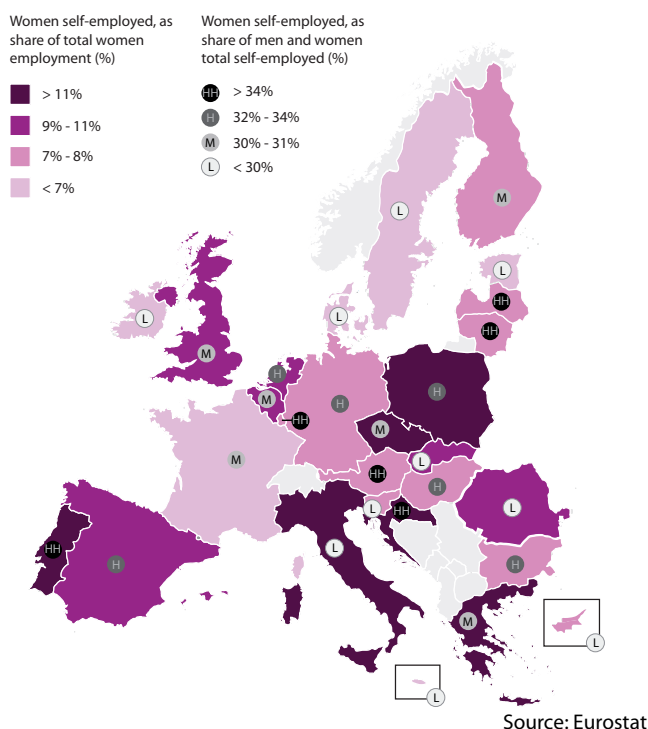
Whilst gender gaps between men and women in [employment rates](#) and salaries

are narrowing, [differences](#) are still evident in entrepreneurial careers. In virtually all countries, entrepreneurship seems to be a [masculine occupation](#). As for the EU, women made up only 31% of all self-employed EU citizens in 2012, whilst only 10% of all employed women pursued an entrepreneurial career (see [figure 1](#)). Monitoring female entrepreneurship is challenging given the lack of data, but a [2012 Eurobarometer survey](#) found that, whilst women perceive entrepreneurship as a good career choice, they are more likely than men to prefer working as an employee (63% to 53%) and less likely to favour self-employment (42% to 33%). The same survey shows that men (29%) more often than women (17%) have already started a business or plan to do so.

A promising opportunity?

Boosting female entrepreneurship fits the EU's objective of gender equality. In addition, [analysts](#) argue that a focus on female entrepreneurship spurs economic growth by creating new opportunities and some [researchers](#) point to the existence of a leverage effect; role-models could incite other women to become self-employed and female-led business may perform better, or

Fig 1. Europe's self-employed women



at least differently. Women may apply [different solutions](#) to business issues and are often more concerned by societal effects.

The feminine touch

Different entrepreneurs

A psychological dimension?

Differences in attitudes of men and women with regard to intentions to start a business are often used to explain this gendered landscape. Some [studies](#) claim the opposite, but women are often believed to be more averse towards taking risks than men. The above-mentioned Eurobarometer finds that women are to some extent more likely than men (53% to 46%) to agree that one should not start a business if there is a risk of failure. Different research shows that women would be less willing than men to engage in [competitive behaviour](#), and may feel [cultural pressure](#) from traditional labour-market divisions.

Different motivations

Whilst existing [research](#) again gives no uniform conclusion, some analysts argue that men and women also have different motivations in starting their own businesses. The 2010 [Global Entrepreneurship Monitor](#) found that, in all 59 countries looked at, male entrepreneurs cite "pull factors" more often than women, who put [forward](#) "push factors" as main motivations, including that:

- Women are driven more than men by the need to obtain an appropriate [work-family balance](#), with women using the opportunity to fulfil family obligations and start small businesses to (re)integrate into the labour market.
- Given the possible existence of a so-called "[glass ceiling](#)" (obstacles to achieving managerial positions), women could move more often towards entrepreneurship out of frustration.

Different businesses

Sectoral segregation

Throughout the EU, female entrepreneurs are mostly found in those sectors where

entrepreneurship is less present, such as the social and education sectors (see figure 2). More innovative, faster growing sectors with more self-employment (and hence more "entrepreneurial potential"), such as retail or science, are mostly dominated by men. The number of women who actually own businesses in science or technology in the EU lies within an [estimated](#) 5% to 15%.

Smaller companies

Companies of female entrepreneurs [perform](#) similarly in terms of output to those of men but their growth rates seem to lag behind. In 2011, on average, only 24% of self-employed EU women had employees whereas this was the case for 32% of men (see figure 3). Likewise, the [OECD](#) found that women's enterprises with employees are significantly smaller than those of men and that their growth expectations are lower. The [OECD-ORBIS database](#) looks at a sample of EU countries and shows that women own a low share of its top10% enterprises. Whilst partly attributed to sectoral segregation, research also [relates](#) this small size to the existence of the "glass ceiling", women starting their companies with less (management) experience, and the fact that women contribute less time to their businesses than men. In OECD countries, 22% of female entrepreneurs work less than 40 hours a week, compared to only 10% for men.

Gendered obstacles

Access to capital

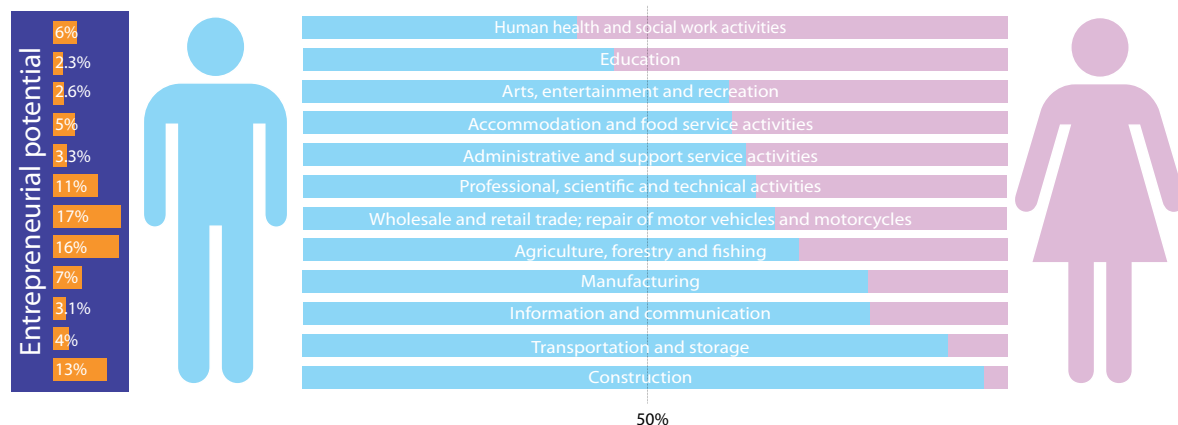
Access to capital is crucial for entrepreneurship, and the [need for investment](#) often increases with the level of a project's innovation. Yet, some analysts doubt there is equal access to available capital for women. In 2008, only 20.3% of EU businesses started with venture capital were run by women, and [some analysts](#) suggest women are asked for more financial assets as collateral, are charged higher [interest rates](#) and refused loans more often. Three factors may explain these differences:

- Women own [fewer financial assets](#) and have shorter credit histories (given their lack of entrepreneurial experience and possibly a fear of refusal), both of which are valued by credit providers.
- Given the sectors women are active in and the size of their companies, their projects are generally less capital-intensive.
- There might also be [some](#) bias reflecting a lack of confidence in female entrepreneurs. An idea reinforced by the fact that women are less represented in financing activities and networks.

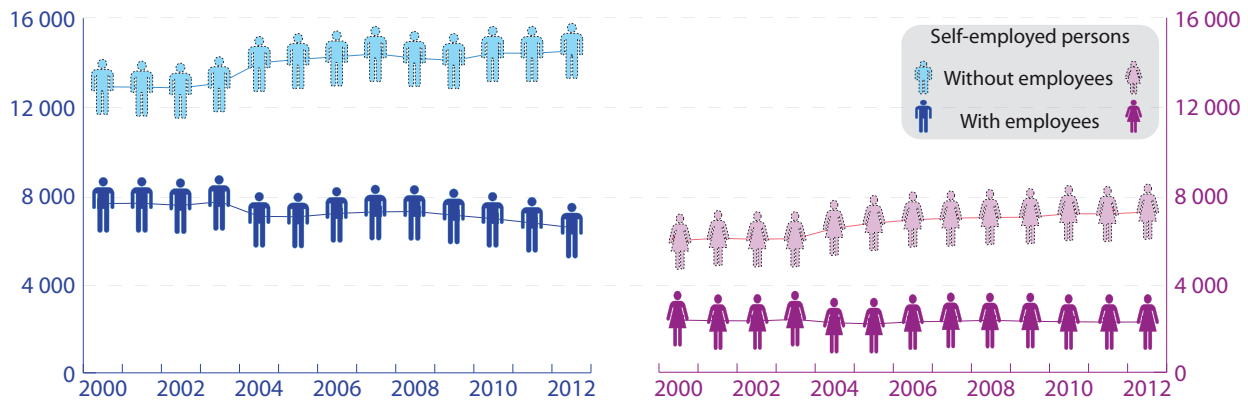
Access to networks

A second point of importance for entrepreneurial growth is access to broad and diverse networks to help advance companies, form partnerships, secure

Fig 2. EU-27 self-employed by sectors (20-64 years old, 2012)



Source: Eurostat

Fig 3. EU27 self-employed men and women (x 1000, 20-64 years old, 2012)

Source: Eurostat

finance and find qualified employees. Women, it seems, have [less access](#) to these networks. Partly, this is caused by their lower presence in the most innovative industries, their lesser previous experience and possibly the [lower visibility](#) of successful businesswomen.

Policy recommendations

Gender mainstreaming

Data accumulation and evaluation

To enhance women's entrepreneurship, stakeholders have put forward several policy recommendations, such as gender mainstreaming. The lack of [solid and reliable data](#) can hinder policy decision-taking, and collecting more gender-specific data in the entrepreneurship field would allow for better evaluation of policies and support structures. Moreover, analysts call for further research on entrepreneurship with a focus on behavioural patterns and the long-term evolution of gender differences.

The recently launched [OECD-Eurostat Entrepreneurship Indicators Programme](#) attempts to assess policy determinants that may affect female entrepreneurship.

Policy integration

On gender mainstreaming, stakeholders also call for better [integration](#) of the gender perspective in policies. In particular, they believe policies concerned should recognise unequal starting points and the role expectations of women. Others argue that

specific public gender agencies should be reinforced. In this respect, the [European Economic and Social Committee](#) recommends the creation of an Office of EU Women's Business Ownership and the appointment of High Level Representatives.

The US [Small Business Administration](#) provides several gender mainstreamed programmes and women-specific policies.

Support structures

Information and education

Stakeholders also seek targeted support measures. According to them, in order to enhance women's attitude towards entrepreneurship, awareness-raising programmes should be set up. This includes [vocational training](#), with distance learning for more flexibility, to help girls and women acquire the right business skills (e.g. skills needed to design financing plans) and to draw them into male-dominated sectors such as engineering and science. The latter could also be done by promoting experiences of women who have succeeded as entrepreneurs in these sectors.

The [British Female Inventors and Innovators Network](#) (BFIIN) provides support for women who want to commercialise their inventions, by providing them with information and helps to raise awareness through seminars and awards.

Opening of networks

To enhance women's sources of knowledge about successful entrepreneurship, networks could be reinforced to include more women-targeted mentoring and possibly also to contribute to the self-confidence of female entrepreneurs. [Critics](#) have however argued that strictly female networks also risk reinforcing differences between men and women entrepreneurs, such as segregation of sectors and size of female companies involved in the network.

The Swedish government commissioned its Agency for Economic and Regional Growth to carry out a women's entrepreneurship programme. This [programme](#) includes an ambassador network of 800 female business owners.

Business support activities

Offering a broader range of business support activities to women would take networks one step further. Whilst not limited to gender, [stakeholders](#) propose to create more business centres dedicated to women ("one stop shops"), which offer the sort of information, access to networks and training described above. To further cut "red tape" for all entrepreneurs, some [analysts](#) believe governments should harmonise and reduce administrative procedures for entrepreneurs.

Funded in part by the European Social Fund (ESF), the Irish [Going for Growth](#) initiative attributes special attention to women who need to overcome difficulties to grow their existing companies.

Improved access to capital

Enhancing networks is a first step to improving the distribution of funding, while specific funds for women could also be broadened. Evidence on discrimination in financing is not conclusive, but some [analysts](#) believe that governments should push for disclosure by banks of gender-related information on lending. Another measure proposed by [stakeholders](#) is to

install tax concessions for women entrepreneurs. As for human capital, women could be assisted in attracting human resources to their start-ups by creating on-line forums for female-run SME employment. Some feel a focus on women as such, however, risks labelling their businesses too strongly, which could scare off investors.

The German [National Agency for Women Start-ups](#) offers support measures for female entrepreneurs, including financial support in some regions. Co-financed by the ESF, the [Spanish government](#) offers a micro-loan programme for female entrepreneurs.

Removing specific barriers

Finally, policy-makers could address remaining barriers through targeted policies. For women, with less capital than men on average, enhancing [social protection for the self-employed](#) could encourage taking on larger financial risks. In the same context, literature often mentions the enhancement of child-care benefits for better work-family balance.

Some regional business incubators (business support resources offered to start-ups) in [Austria](#) provide child-care facilities.

Assisting female entrepreneurship

EU policy initiatives

The promotion of entrepreneurship is included in the EU 2020 strategy. Whilst the Strategy does not specifically mention female entrepreneurs, it does attribute an important role to women for growth, and the European Commission (EC) [recognises](#) that women's entrepreneurial potential constitutes an underexploited source of growth. Amongst other things, the EU has adopted a [Directive](#) on equal treatment for the self-employed, which allows MS to adopt positive action measures. The EU's [Small Business Act](#) refers at several points to women, and sees a need to foster entrepreneurial interest and talent for

women. Several of the above policy recommendations can be related to existing EU initiatives:

- *Data accumulation and evaluation:* the EC launched the [European Network to Promote Women's Entrepreneurship](#) to evaluate support measures for female entrepreneurs in different EU countries.
- *Information and education:* the EC opened a [Women's Entrepreneurship Portal](#) to provide information across MS, and the proposed 2014-2020 funding instrument [COSME](#) (of which most actions are a [continuation](#) of the current Entrepreneurship and Innovation Programme under the CIP) is to include a focus on promoting entrepreneurship for women.
- *Opening of networks:* to provide EU women with inspirational models, the [European Network of Female Entrepreneurship Ambassadors](#) and the [Network of Mentors for Women Entrepreneurs](#) were set up.
- *Improved access to capital:* The ESF provides targeted support to women entrepreneurs.

Private sector initiatives

Apart from public institutions, stakeholders have also initiated several initiatives to boost women's participation in entrepreneurship. Women-targeted actions by the private sector are widespread, and include supporting initiatives for women to better manage their money, [competitions](#) for women's business plans and research.

Migrant entrepreneurship

[OECD research](#) concluded that new businesses of immigrant groups and women can be seen as one of the driving forces of growth and of integration in several MS. Many of the barriers migrant women face in developing their companies are close to those faced by other women, but there are also some differences such as language barriers and an over-concentration in low entry-threshold activities. [Initiatives](#) in MS to enhance migrant women's entrepreneurship include programmes to overcome cultural barriers ([UK](#)), to boost local entrepreneurship by female immigrants ([NL](#)) and to test entrepreneurial projects in the formal sector ([ES](#)).

European Parliament

On 13 September 2011, the EP adopted a resolution on [women entrepreneurship in small and medium-sized enterprises](#). The EP recognises MS differences in the number of male and female entrepreneurs and the specific barriers women face. Given its positive contribution to the economy overall, female entrepreneurship should be stimulated through better access to financial and educational support, networking opportunities and information and communication technologies. Amongst other things, the resolution calls on the EC and MS to provide better information to women and to improve their access to funding opportunities, including social security provisions.

Main references

- OECD (2012), [Gender equality in education, employment and entrepreneurship](#) / Final report to the MCM, Paris, 252 p.
- Kelley, D. e.a. (2011), [Global Entrepreneurship Monitor 2010 - Women's report](#) / Babson College and GERA, 56 p.

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