

# Entrepreneurship



## Relevance of gender in the policy area

Entrepreneurship plays an important role in creating jobs, innovation and growth. Fostering entrepreneurship is a key policy goal for governments who expect that high rates of entrepreneurial activity will create sustainable jobs. Self-employment, also contributes to job creation in Europe, as 30% of the self-employed have employees of their own. European-level data indicate that the self-employment sector has shown a degree of resilience during the recent economic crisis, as the relative decline in self-employment has been more moderate in comparison with salaried employment.

Against this backdrop, interest in women's entrepreneurship has grown among scholars and policymakers. While the rationale for women's entrepreneurship has traditionally focused on enhancing women's equality, empowerment and social inclusion, its development is now seen to make good economic sense. Only in recent years has it become clear that women entrepreneurs can be a powerful economic resource. World Bank studies show that women entrepreneurs make significant contributions to economic growth and poverty reduction, not only in developing countries but also in high-income countries. Women entrepreneurs create new jobs for themselves and others. Besides boosting employment, women's entrepreneurship also supports the diversification of business, stimulating innovation and diversification in management, in production and marketing practices as well as in products and services. Women provide different solutions to management, organisational and business problems.

Despite the growing interest in women's entrepreneurship and the radical increase in numbers over recent years, the potential of women's entrepreneurship has only recently started to materialise. This is clearly evident in the Global entrepreneurship monitor (GEM) 2010 women's report general, which examined the rates of entrepreneurship in 59 countries and showed that in all these countries, the rates of women's entrepreneurship were lower than men's. A multi-year analysis (2002 – 2010) presented in the report shows that this gender gap has persisted across most economies through the years. Indeed, despite women's increasing participation in the labour market, women remain substantially under-represented among self-employed workers. On average, during the 2008 – 2012 period, the share of self-employed women compared to the total number in employment is much smaller than the corresponding share for men, across the EU-28 Member States: 10% compared with 18%.

The number of woman entrepreneurs has changed little in OECD countries. The proportion of women-owned businesses currently lies at around 30% of the total number of businesses in OECD countries. When women do start businesses, they do it on a smaller scale than men and in a limited range of sectors. In addition, self-employed women experience severe gender gaps and may earn 30% to 40% less than their male counterparts. The gender pay gap for self-employment stands at 45% at EU level, which vividly illustrates the extent of the disparities between women and men in this type of employment.

Despite a major difficulty in examining and measuring entrepreneurship due to the blurred boundaries separating it from self-employment, the literature shows that women still face a great number of difficulties and obstacles in establishing and running businesses. These include:

- access to finance
- unfavourable business regulations

- cultural barriers
- choice of business types and sectors
- information and training gaps
- lack of contacts and access to social support and networking
- education and occupational segregation
- competing demands on time (double burden of home and work responsibilities).

Although most of these difficulties are common to both women and men, evidence suggests that the barriers faced by women entrepreneurs are often significantly greater than those experienced by their male peers.

Gender inequalities in entrepreneurship include the following:

- access to credit, finance and capital
- networking opportunities for women entrepreneurs
- horizontal gender segregation
- reconciling work and family life
- prejudices and stereotypes about women in business.

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## Gender inequalities in the policy area - Main issues

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### Gender and access to credit, finance and capital

Access to credit and finance is a common barrier to women starting and growing a business. There are considerable differences between women and men entrepreneurs in terms of their financial arrangements and the sectors they operate in. Bank loans are traditionally the route to finance for many businesses but during the realignment of the banking sector, this path has been and continues to be reduced, according to a survey by the European Central Bank. Although no breakdown by gender is included, and both women and men face similar reductions in loans, recent studies suggest that barriers in accessing credit and finance are higher for women. The reasons for this include lack of traditional collateral (such as land or property, which is often registered in men's names), women's lower income levels relative to men's and financial institutions' inability to (or lack of interest) to design appropriate products and outreach strategies for women.

A gateway to the use of financial services is the ownership of a bank account. The Global Findex, a comprehensive database measuring how people save, borrow and manage risk in 148 countries, reveals that women are less likely than men to have formal bank accounts. With regard to EU Member States specifically, studies carried out in France found that 10% of women entrepreneurs wish to receive support from banks, which is a third lower than their male counterparts. Similarly, a UK study found that women entrepreneurs are less amenable to institutional finance, such as overdrafts, bank loans and supplier credit. Even if they can gain access to a loan, women often lack access to other financial services such as savings, digital payment methods and insurance. Lack of financial education can also limit women from gaining access to and benefiting from financial services.

Equal access to capital is not yet a reality. In 2008, only 20.3% of EU businesses started with venture capital were run by women. Three factors may explain these differences:

- women own fewer financial assets and have shorter credit histories (given their lack of entrepreneurial experience), 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 women entrepreneurs, an idea reinforced by the fact that women are less represented in financing activities and networks.

Also because of the unequal access to capital, when they become self-employed, women then tend to operate smaller businesses in sectors that are different from that of men and largely mirror segregation patterns in the labour market. These factors can then translate into lower levels of labour productivity and earnings and a greater risk of poverty for women who are self-employed compared with women employees.

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## Networking opportunities for women entrepreneurs

Having access to a strong network of business partners can be a highly important factor in achieving entrepreneurial success. The tendency to network does not appear to differ significantly between women and men entrepreneurs and the size of the networks to which they both have access to is similar. Women entrepreneurs increasingly recognise the commercial importance of professional networking – both among women only and among women and men – and are organising themselves into associations and organisations. However, women generally have less access to ‘important’ networks and usually engage in smaller networks primarily made up of women, while men spend more time developing and maintaining networks. This is partly due to women being less present in the most innovative industries, having less relevant previous experience, and possibly to the lower visibility of successful businesswomen.

Some studies also point out that women’s ‘double burden’ (work and family obligations) and other social obligations may lead them to experience more isolation than men entrepreneurs ([23]), due to less available time for networking.

Women entrepreneurs organising themselves into business networks may play an important role in creating cultural figures and role models. Women entrepreneurs can thus transfer knowledge and information about the ways in which problems have been solved and how to deal with certain circumstances. The circulation of information and knowledge and greater familiarity with the field may also reduce the perception of risk associated with entrepreneurship ([24]).

In order to boost access to business networks, the European Commission supports several networks helping women become entrepreneurs and run successful businesses:

- the European Network to Promote Women’s Entrepreneurship (WES)
- the European Network of Female Entrepreneurship Ambassadors
- the European Network of Mentors for Women Entrepreneurs

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## Horizontal gender segregation

Throughout the EU, women entrepreneurs are mostly found in sectors where entrepreneurship is less present, such as the social and education sectors. The more innovative, fast-growing sectors with more self-employment (and hence more entrepreneurial potential), such as the retail, science, technology and engineering sectors, are mostly dominated by men. The number of women who actually own businesses in science or technology in the EU is estimated to lie between 5% and 15% of the total number of business owners in these fields.

Recent figures from 2014 show that women represent 31.8% of total self-employed people in the EU-28. The economic sectors in which self-employed women are in the majority are related to the employment of domestic personnel (80%), other services (69%), human health and social work activities (64%), and education (55%). In public administration, women represent 40% of self-employed people (but data also include defence, which is a male-dominated sector). In contrast, women represent one fifth or less of self-employed people working in industry (20%) and the information and communication sector (18.7%). Furthermore, women account for less than 4% of self-employment in construction. Significantly, self-employed women without employees – known as own-account workers – are proportionally higher (34%) than women with employees (employers) (26%). The proportion of self-employed women working on their own account is even higher in the sectors with high presence of women with respect to total self-employment and self-employment with employees. These figures feed in to the analysis of the so-called ‘dependent’ or ‘bogus’ self-employed, e.g. workers who are formally self-employed, but are treated as employees in terms of tasks, working time and other working conditions.

This form of ‘bogus’ self-employment is generally characterised by dependency on only one client, the presence of regular payments and the lack of capacity to freely hire new workers and/or make important decisions related to the business. This arrangement tends to benefit companies but not workers, who have less employment protection and social security provisions. It is more widespread among workers with less bargaining power and the most vulnerable in society. From this perspective, bogus self-employment may be a concern for women, since between 2008 and 2012 they accounted for the majority of the increase in self-employment without employees.

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## **Reconciling work and family life**

Caring responsibilities for children and elderly relatives and the costs of formal care are important factors in decisions on whether to participate in the labour market, to what extent, and which career profile to pursue.

The 2010 Global entrepreneurship monitor found that in all 59 countries examined, men entrepreneurs cite 'pull factors' more often than women, who put forward 'push factors' as their main motivations in starting a business. For more women than men, the decision to be self-employed is motivated by the search for a good balance between work and family life and by financial needs, while men tend to make employment choices based on earning potential. Empirical research and surveys confirm that the reasons women enter self-employment may differ from those of their male counterparts. Indeed, women are driven more than men by the need to obtain an appropriate work–family balance, with women using self-employment as an opportunity to fulfil family obligations and start small businesses to (re)integrate into the labour market. Self-employment can thus be considered a more viable option than salaried employment for women with children, as it can reduce the cost of childcare by providing increased flexibility and opportunities to work from home. However, in OECD countries, 22% of women entrepreneurs work fewer than 40 hours a week, compared with only 10% of men.

Compared to men, women may view self-employment as a better alternative to part-time employment or to being out of the labour force. Women are most likely to enter self-employment from part-time work or non-participation in the labour market, rather than from full-time work. Indeed, women seem more likely to resort to self-employment as an alternative to part-time employment, in order to balance work and life: not because of shorter working hours, but because of the greater autonomy and flexibility in choosing the allocation of working time. Work-life balance is a particularly pertinent aspect of quality of work in the context of self-employment, since it is often cited as an important motivational factor.

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## **Prejudices and stereotypes about women in business**

Prevailing entrepreneurial role models reflect a masculine bias and this is reinforced in popular media, education and government policy. Studies indicate that one effect of this 'masculine' entrepreneurial discourse is that women can feel out of place in this domain. This bias affects women's perceptions about their entrepreneurial ability and those of other relevant stakeholders supporting business creation and growth (including the banking and venture capital system, other entrepreneurs and their networks, potential customers, etc.). Stereotypes and the lower exposure of women to other women role models might explain why they report less interest in entrepreneurial careers and feel less able to become successful entrepreneurs.

Generally speaking, the concept of entrepreneurship carries more positive connotations than self-employment and refers to a higher quality form of participation in the labour market, one characterised by deliberate choice and the pursuit of self-realisation. By contrast, self-employment is often seen as a path that individuals, especially women, choose out of necessity. These assumptions may reflect stereotypical gendered expectations surrounding entrepreneurship and self-employment, which, in turn, reproduce masculine norms of entrepreneurial behaviour.

Entrepreneurship has traditionally been constructed as a masculine field: men own a larger share of businesses and they overwhelmingly outnumber women in industries such as technology, which receive the most attention from the media, the general public and policymakers. Women entrepreneurs are concentrated in low-growth and low-skilled business sectors such as retailing and services, which are dismissively labelled as 'mice', 'failure' and 'plodder', compared with high-growth 'gazelle' businesses that are commonly associated with men. Furthermore, entrepreneurship case studies are mostly about men (e.g. Bill Gates, Donald Trump, Sam Walton) and most role models in entrepreneurship tend to be men.

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## Existing gender equality policy objectives at EU and international level

In the past few decades, the role and contribution of women's entrepreneurship to economic empowerment, economic growth and society and sustainable development at large has been recognised on the part of national and international institutions.

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### EU level

Women's entrepreneurship is a key issue for the European institutions. Since 2005, to ensure that SMEs would benefit from the measures identified in the Lisbon Strategy, the European Commission undertook to work with national authorities to address those areas, such as access to credit and entrepreneurial networks, where the needs of women entrepreneurs were not sufficiently met.

The European policies for women entrepreneurs have therefore pursued first of all the main objective of spreading entrepreneurial mindsets among women, encouraging and financially supporting the start-up of business activity by women.



## European Commission

In 2008, three lines of action were developed at EU level in relation to female entrepreneurship: better access to finance for women, development of entrepreneurial networks for women and targeted support measures envisaged in the Small Business Act. The Commission adopted a regulation that extends the granting of state aid to new enterprises created by women and has supported the creation of networks of women entrepreneurs.

The EU Strategy for equality between women and men 2010 – 2015 adopted in 2010 includes, under the priority of equal economic independence, references to women entrepreneurship.

In 2012, the European Commission drafted the Entrepreneurship 2020 Action Plan in which it stresses that entrepreneurship makes economies more competitive and innovative and it is crucial in achieving the objectives of several European sectorial policies. Emphasis is also placed on social entrepreneurship whose potential is often underestimated, but that generates sustainable jobs and has demonstrated a stronger resilience to the crisis than the general economy.

On this basis, the plan is structured around three main action pillars:

entrepreneurial education and training to support growth and business creation  
strengthening framework conditions for entrepreneurs by removing existing structural barriers and supporting them in crucial phases of the business lifecycle  
dynamising the culture of entrepreneurship in Europe: nurturing the new generation of entrepreneurs.

While not specifically addressing women entrepreneurship, the plan invites Member States to:

design and implement national strategies for women's entrepreneurship that aim at increasing the share of women-led companies  
collect sex-disaggregated data and produce annual updates on the state of women entrepreneurs nationally  
continue and expand the existing networks of female entrepreneurship ambassadors and mentors for women entrepreneurs  
implement policies enabling women to achieve an adequate work–life balance, by establishing appropriate and affordable care for children and elderly dependents, notably by taking full advantage of support options under the EAFRD, ERDF and ESF.

## European Parliament

In 2010 the European Parliament adopted a Directive amending the previous regulations to ensure greater protection to women who are self-employed. Through it, the principle of equal treatment between women and men has been extended to self-employment. This Directive considerably improves the protection of female self-employed workers and assisting spouses or life partners of self-employed workers, also in the case of maternity: they are granted a maternity allowance and a leave of at least 14 weeks. At the EU level, this is the first time a maternity allowance has been granted to self-employed workers. By improving the social protection available to women in the labour market, it is expected that it will increase the share of women becoming entrepreneurs, even though from the opposite viewpoint it may be seen as overregulation of micro-businesses.

In September 2011, the European Parliament adopted a resolution on women entrepreneurship in small and medium-sized enterprises, where a female entrepreneur is defined as a 'woman who has created a business in which she has a majority shareholding and who takes an active interest in the decision-making, risk-taking and day-to-day management'. The resolution also recognises that, even if 'female entrepreneurship and female SMEs provide a key source for increasing the degree of female employment' and 'an increase in the number of women entrepreneurs resulting in a positive impact and an immediate contribution to the economy overall', female entrepreneurs still face many barriers and obstacles (access to informational support, financial and technological tools, etc.) and the potential of female entrepreneurship is 'far from being harnessed in the European Union'.

Therefore the resolution, acknowledging that 'promoting women's entrepreneurship is a long-term process that requires time to change structures and attitudes in society', provides a series of recommendations to Commission, Member States and regional and local authorities in the areas of access to financial and educational support, to traditional business networking opportunities and to information and communication technologies.

Moreover, in 2011 the European Parliament adopted another resolution on women and business leadership with which it asks the European Commission to monitor in detail the phenomenon of women in management and business.

## Council of the European Union

The Council of the European Union adopted in 2011, the European pact for gender equality for the period 2011 – 2020 in which gender equality is recognised as a fundamental value of the European Union as it stimulates economic growth, prosperity and competitiveness. Among the measures proposed to combat segregation in the labour market is also included the promotion of women entrepreneurship and the participation of women in political and economic life.

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## International level

### UN

Area F (Women and the Economy) of the BPfA refers to women employment in all its forms (including self-employment and entrepreneurship) from the perspective of women's economic independence.

Economic independence is a prerequisite for enabling both women and men to exercise control over their lives and to make genuine choices. Paragraph 26 of the Beijing Declaration and Platform for Action adopted at the Fourth World Conference on Women (1995) mentions a clear commitment to:

"promote women's economic independence, including employment, and eradicate the persistent and increasing burden of poverty on women by addressing the structural causes of poverty through changes in economic structures, ensuring equal access for all women, including those in rural areas, as vital development agents, to productive resources, opportunities and public services".

### OECD

In its Recommendation of the Council on gender equality in education, employment and entrepreneurship, adopted by the Council at Ministerial Level on 29 May 2013, OECD recommends Member States:

"through a whole-of-government approach and through means such as appropriate legislation, policies, monitoring and public awareness campaigns [to] reduce the gender gap in entrepreneurship activity by:

1. Designing appropriate responses to gaps and market failures, including: policies to reduce barriers to women entrepreneurship, administrative burdens on firms and excessive regulatory restrictions; policies to support firm growth, internationalisation and innovation; support for the development and implementation of awareness campaigns, training programmes, mentoring, coaching, and support networks, including professional advice on legal and fiscal matters.

2. Ensuring equal access to finance for female and male entrepreneurs through actions that influence both the supply of and demand for finance by: easing access to finance for viable businesses owned by men and women; taking steps to improve the knowledge and attitudes of financial institutions; increasing awareness of finance sources and tools among women entrepreneurs; and, encouraging more women to join business angel networks or venture capital firms".

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## Policy cycle in entrepreneurship

### How and when? Entrepreneurship and the integration of the gender dimension into the policy cycle

The gender dimension can be integrated in all phases of the policy cycle. For a detailed description of how gender can be mainstreamed in each phase of the policy cycle [click here](#).

Below, you can find useful resources and practical examples for mainstreaming gender into entrepreneurship policies. They are organised according to the most relevant phase of the policy cycle they may serve.

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## Practical examples of gender mainstreaming in entrepreneurship

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International Labour Organisation (ILO)

ILO-WED Women's Entrepreneurship Development is part of the Small and Medium Enterprises Unit (SME). ILO-WED works on enhancing economic opportunities for women by carrying out affirmative actions in support of women starting, formalising and growing their enterprises, and by mainstreaming gender equality issues into the ILO's work in enterprise development.

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The key milestones of the EU entrepreneurship policy are presented below.

## **Think Small First – A 'Small Business Act' for Europe**

Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, [Think Small First – A 'Small Business Act' for Europe, SEC \(2008\) 2101; SEC \(2008\) 2102; 25/06/2008, COM\(2008\) 394 final.](#)

2008 - 2008

## **Erasmus for young entrepreneurs**

Launch of Erasmus for young entrepreneurs. Available [here](#).

2009 - 2009

## **European Network of Female Entrepreneurship Ambassadors**

Available [here](#).

2009 - 2009

## **European Network of Mentors for Women Entrepreneurs**

Available [here](#).

2009 - 2009

## European Network to Promote Women's Entrepreneurship (WES).

Available [here](#).

2009 - 2009

## Strategy for equality between women and men 2010 – 2015

Launch of the strategy for equality between women and men 2010 – 2015 aiming also at promoting female entrepreneurship. Available [here](#).

2010 - 2010

## Application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity

[Directive 2010/41/EU](#) of the European Parliament and of the Council of 7 July 2010 on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and repealing Council Directive 86/613/EEC.

2010 - 2010

## Youth on the move initiative

[Launch of the Youth on the move initiative](#), which puts entrepreneurship among the basic skills that schools should transmit to students.

2010 - 2010

## Women entrepreneurship in small and medium-sized enterprises

European Parliament Resolution of 13 September 2011 on women entrepreneurship in small and medium-sized enterprises ([2010/2275\(INI\)](#)), ([2013/C 51 E/07](#)).

## European Parliament Resolution

European Parliament Resolution on women and business leadership. [Available here.](#)

2011 - 2011

## **COM(2011)682 final (adopted 25/102011)**

COM(2011)682 final (adopted 25/102011) Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation.

2011 - 2011

## **The social business initiative**

Social business initiative, with the aim of creating an eco-system conducive to developing social businesses and to facilitating access to funding. The social business initiative proposes ways to improve social businesses' access to funding, including EU funding through structural funds.

Available [here.](#)

2011 - 2011

## **Entrepreneurship 2020 Action Plan: reigniting the entrepreneurial spirit in Europe**

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – [Entrepreneurship 2020 Action Plan: reigniting the entrepreneurial spirit in Europe](#), 9/01/2013.

2013 - 2013

## **Recommendation of the Council on gender equality In education, employment and entrepreneurship**

OECD, [Recommendation of the Council on gender equality In education, employment and entrepreneurship](#), 2013.

2013 - 2013

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## Current policy priorities at EU level

Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy. They represent 99% of all businesses in the EU. In the past five years, they have created around 85% of new jobs and provided two thirds of total private sector employment in the EU. The European Commission considers SMEs and entrepreneurship as key to ensuring economic growth, innovation, job creation and social integration in the EU. Some of the challenges to be tackled include:

- education should offer the right foundation for an entrepreneurial career
- difficult access to finance and markets
- difficulty in transferring businesses
- the fear of 'punitive' sanctions in case of failure
- burdensome administrative procedures.

The overarching policy of EU for entrepreneurship and SMEs can be summarised as follows:

- **Creating a business-friendly environment:** At the centre of the Commission's action is the Small Business Act for Europe (SBA) that provides a comprehensive SME policy for the EU and EU countries. The SBA promotes the 'Think small first' principle and promotes entrepreneurial spirit among European citizens, and more on a business-friendly environment.
- **Promoting entrepreneurship:** The Commission promotes entrepreneurship through the Entrepreneurship Action Plan, supports entrepreneurship education, and provides support tools for aspiring entrepreneurs.
- **Improving access to new markets and internationalisation:** The Commission's priority is to ensure that enterprises can rely on a business-friendly environment and make the most out of cross-border activities, both within the EU Single Market and outside the EU.
- **Facilitating access to finance:** Access to finance is the most pressing issue for many small enterprises. The Commission works on improving the financing environment for SMEs and provides information on funding. The Late Payment Directive strengthens businesses' rights to prompt payment.
- **Supporting SME competitiveness and innovation:** Promoting competitiveness and innovation are key aspects of EU policy in relation to industry and enterprise, in particular



for SMEs.

- **Providing key support networks and information for SMEs.**
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