

**“Multi-country Perspective on Policy for
Women Entrepreneurs: where does Canada
fit?”**

**Sustaining the Momentum: An Economic Forum on
Women Entrepreneurs**

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Industry Canada

Entrepreneurship policy - dilemmas and decisions

- SMEs versus entrepreneurship?
 - Role of government in increasing the supply of entrepreneurs (influencing people's career choices)?
 - Focus on general business environment policies to stimulate more entrepreneurship OR more interventionist approaches?
 - Focus on generic business support measures ('anyone can make use of them') OR targeting under-represented groups with tailored packages of support?
- Determining specific ways in which structural barriers affect entrepreneurial experience of men vs women? Precisely what are these differences, if they exist at all? Making the case for targeted support!
- Setting up special structures for WEs OR gender-mainstreaming support?

Variance in the global prevalence of female entrepreneurship

- The percentage of women entrepreneurs varies considerably among countries
 - From a high of 38% of the total self-employed in the US to a low of 16% in Ireland (10 countries - Stevenson & Lundstrom 2002)
 - From 39.9% in Portugal to 13% in Turkey (29 countries - OECD, 2002)
 - From 49% of the total self-employed in Bolivia to 7% in Cuba (Weeks & Seiler 2001)
 - Number of women per 1000 (18-64 age group) involved in entrepreneurial activity highest in Venezuela (25.66) and lowest in Croatia (1.63) – (40 countries – GEM 2003; Canada = 6.0)
 - The likelihood of women being as involved in entrepreneurial activity as men highest in Thailand (1:1.05); lowest in Israel (1:3.42) (GEM 2003)

Relative position of women is consistent across countries

- Start smaller businesses
- Have younger firms
- Less likely to have employees
- Grow more slowly, to lower level
- Less likely to export
- The bigger the business; the fewer women owners one finds
- Highly invisible in technology-oriented ventures
- Have lower levels of capitalization in their firms
- Finance firms differently – less formal debt, less venture capital
- Use more personal networks for advice
- Have less formal management experience
- Less likely to ‘identify’ with the entrepreneurial role as career

Common impediments to female entrepreneurship

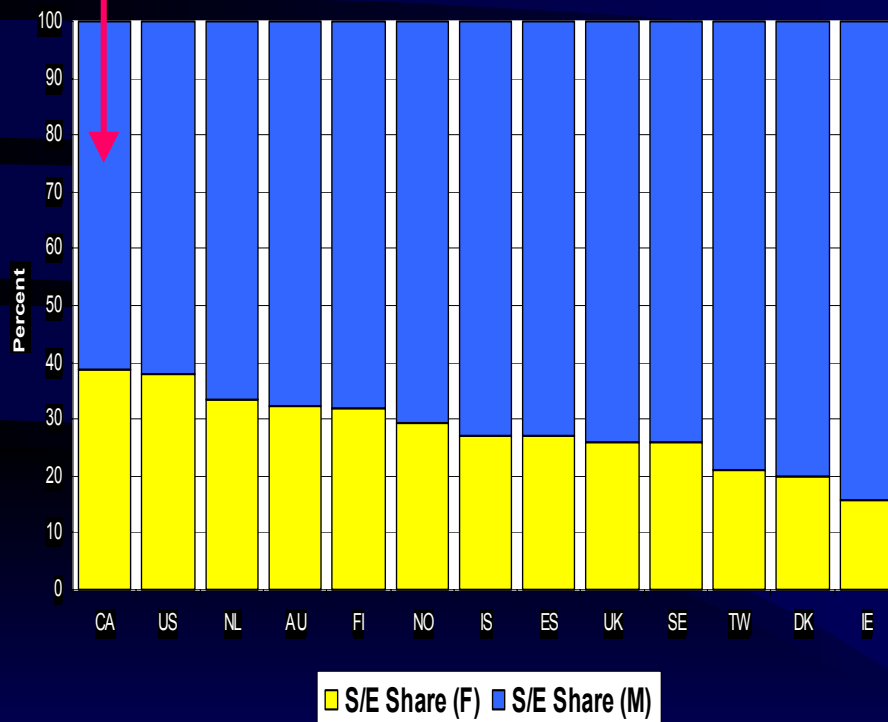
- Several cross-country impediments to women's entrepreneurship (APEC, EU, OECD, AfDB, UNECE studies):
 - lack of sex-segregated self-employment/business ownership data
 - lack of in-depth research on the dynamics of women's business ownership
 - lack of start-up financing
 - lack of management skills and access to business network opportunities
 - lack of opportunities to learn the practical issues of starting, surviving and growing their own enterprises
 - lack of adequate day care (Europe, Asia)
 - lack of awareness among young women of its career potential
 - technology entrepreneurship still a male domain

Situation similar across countries

- Women an under-tapped source of entrepreneurial potential
- Labor force participation rates lower for women than men
- Self-employment rates generally higher for men than women
- Men twice as likely to be involved in early-stage entrepreneurial activity as women (GEM, 2003)
- Women face a number of constraints – deficiency in social capital, family responsibilities, relative lack of, and access to, relevant resources
- Gender differences seem to exist – these do affect the development of women-owned firms; more research needed
- Women are under-represented as users of small business support services

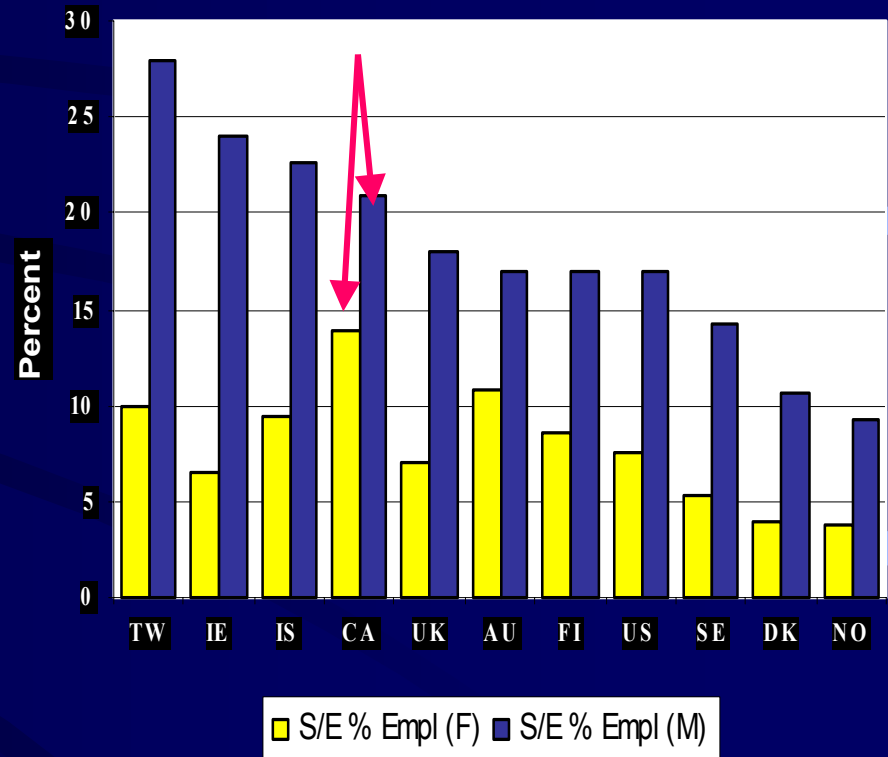
Female self-employment levels in selected countries

Women's share of self-employment is lower



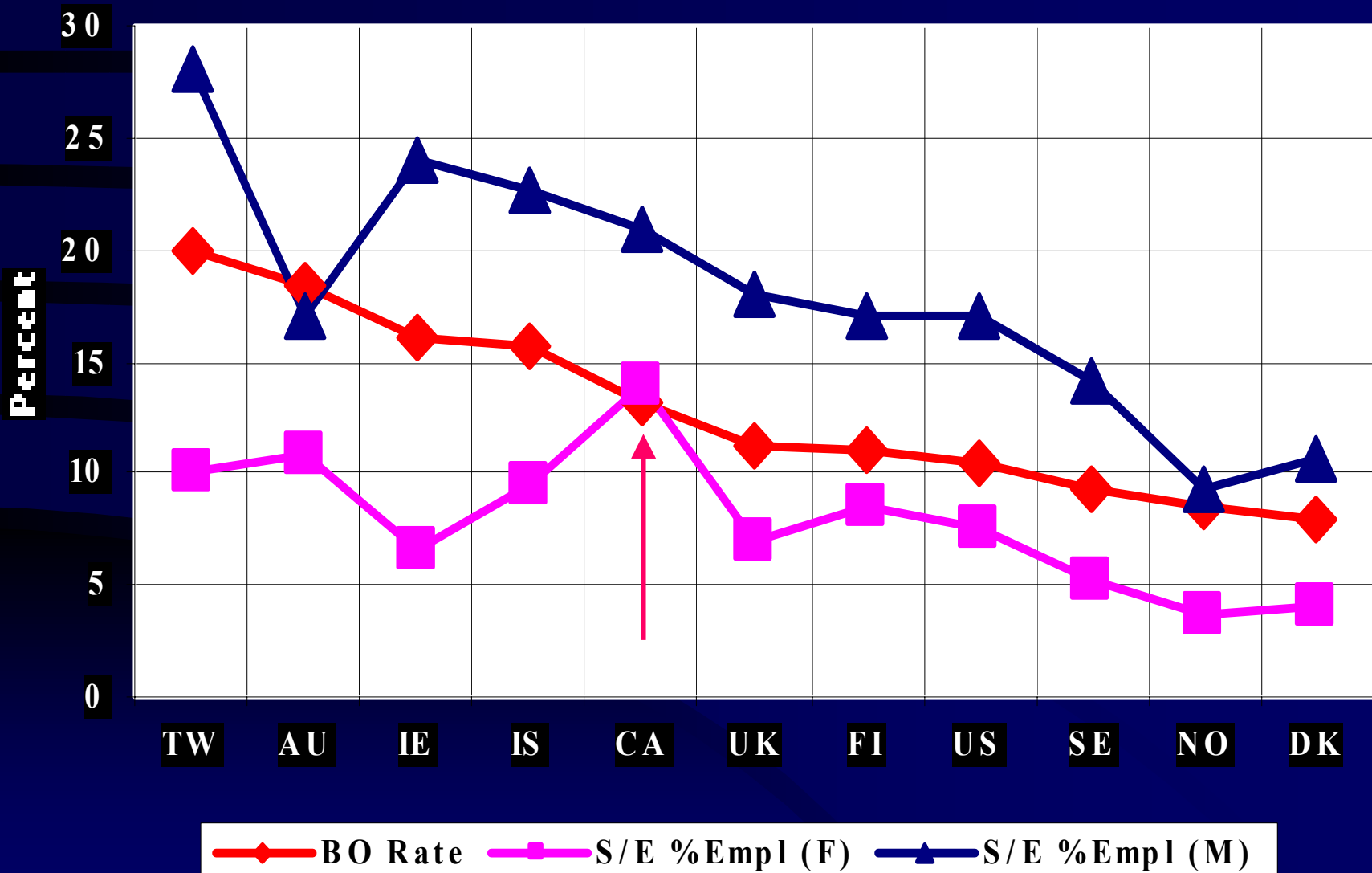
Source: OECD, 2002

Employed men more likely to be self-employed than employed women

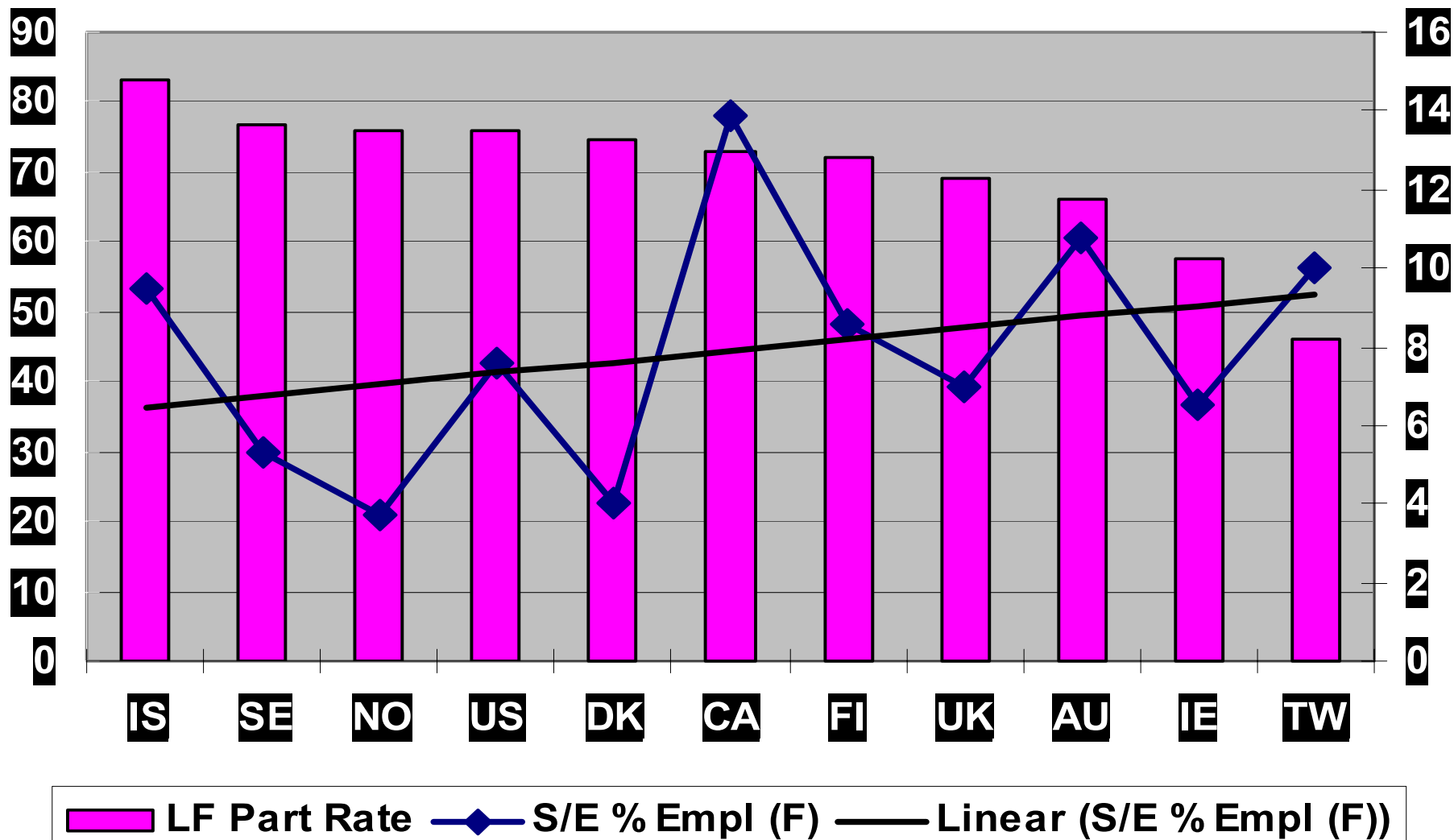


Source: Individual country statistics

Female and Male Self-Employment and BO Rate



LF Part Rates and Female SE Rates



Higher LFPR – lower SE Rate?

Some influences on levels of (female) entrepreneurship (1)

- Political environment –entrepreneurial activity more legitimized in market-led economies
- Size/role of government – inverse relationship with entrepreneurship levels
- Level of economic development – inverse relationship with self-employment levels (more women entrepreneurs in developing countries, but can't grow)
 - Policy imperative in developed countries should be to encourage higher start-up rates (motivation, skills)
 - Policy imperative in developing countries should be to create conditions for stronger start-ups; more favorable environment for women to grow their firms (opportunities and skills)

Some influences on levels of (female) entrepreneurship (2)

- Legal environment – women’s access to property and economic resources
- Social attitudes towards women’s role in society - women have more access to resources in countries that accord equal status to men and women
- Motivations – ‘necessity’ versus ‘opportunity’ motives
- Government support – women’s entrepreneurship stronger when targeted policy and program measures exist
- Advocacy efforts of women – support highest where this exists!
- Caution in transferring good practices – ‘context specificity’

Policy for Women Entrepreneurs

- Gaining ground as a policy issue - policy and 'good practice' measures being shared
 - 13 country study
 - Policy papers of OECD, EU, APEC, ILO
- Major challenges – those of addressing motivation, opportunities and skills
- Agreement that a more systematic approach is needed

Policy framework for women's entrepreneurship

Women's Enterprise Centers

Objectives

- √ Increase visibility of women entrepreneurs in the economy
- √ Promote entrepreneurship as a career option
- √ Increase the number of women entrepreneurs
- √ Increase the growth potential of women-owned firms
- √ Improve access to start-up financing, advisory, information and training initiatives

Research, data, and status reports

Promotion: Profiles, award programs, events

Micro loan programs
Venture capital fund

Mentoring and counseling initiatives

Networks and associations for women

Women's online business resources

Procurement set-asides

Countries at different points in policy support for WE¹

- High level support – Canada and the US
 - Initial impetus: increasing female labor force participation rate
 - Job creation and growth objectives
 - Equality of opportunity; economic independence for women
- Medium level support – UK, Finland, Spain, Sweden, Taiwan, Iceland, Australia (?)
 - Impetus: Employment creation; gender equity
- Low level support – IR, NL , DK, NL

¹ *Beyond the Rhetoric: Defining Entrepreneurship Policy and its Best Practice Components*, Swedish Foundation for Small Business Research, 2002

Measures in high-support countries

- Presidential/Prime Ministerial Task Forces on Women Business Owners (US-1979; Canada-2002)
- Sex-segregated ownership data; regular reporting on state of women's business ownership; extensive academic research
- Strong advocacy efforts (internal and external to government)
- Office of Women's Business Ownership (US-SBA)
- Myriad of entrepreneur associations for women
- National networks of Women's Enterprise Centers
- Dedicated micro-loan programs and venture capital funds
- Online Business Resource Centers for women
- National and regional awards program for women entrepreneurs
- Role-models a regular feature of promotion activities
- International trade missions for women-led firms
- Government procurement quotas for women-led firms (US)

The case of medium-support countries – selected measures

- Data on self-employed women
- Some research on women-owned firms and experience of their owners
- Selected program measures
 - Micro-loan funds for women
 - Self-employment training programs for women as part of labor market policies
 - Mentoring and/or advisory services for women entrepreneurs
 - Women's enterprise agencies (Spain; Finland; starting in the UK)
 - Some promotion activity

The case of low-support countries

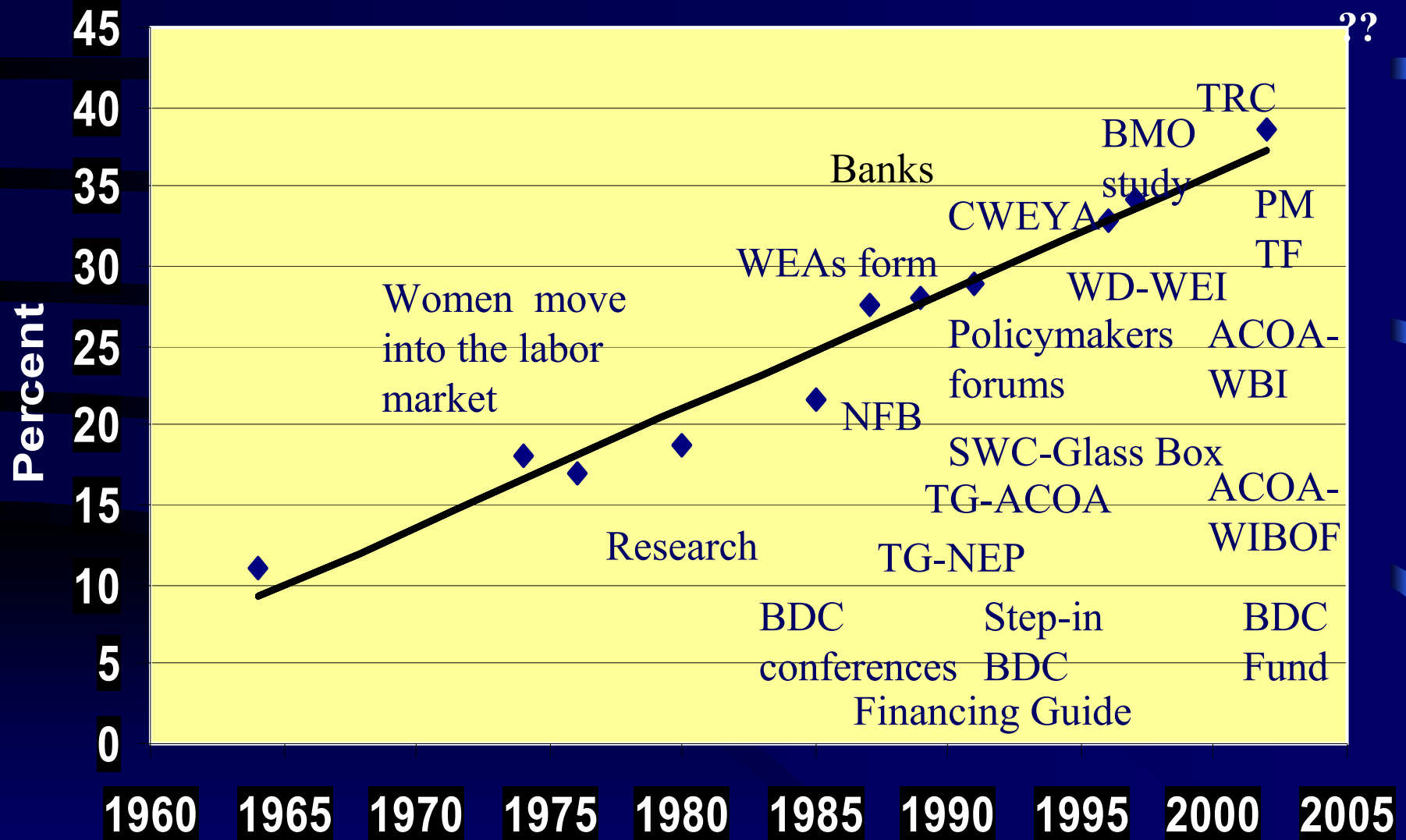
- Data on self-employed women, but not much
- Limited research on women-owned firms and experience of their owners
- Identified needs mostly un-addressed or under review
- No specific national government program measures
- No targeted loan funds
- Primary focus is on providing tailored access to information
- Selected program measures
 - Dedicated online business centers for women
 - Sparse number of women's enterprise agencies
 - Maybe some training initiatives
- Patriarchal values, gender inequality, lack of day care cited by women as particular barriers

Observations

- Countries with highest intensity of support have highest levels of female self-employment
- Systemic, social and market failures explain part of the discrepancy between male-female self-employment rates – addressing these will lead to higher female self-employment rates
- Higher female labor force participation rates do not necessarily lead to higher self-employment rates (case of Nordic countries)
- Social and cultural assumptions about women's role in society influence government actions (or non-actions) - some still insist they 'have yet to be convinced' women need targeted measures
- Legislative changes are essential starting point for increasing women's economic opportunity (e.g., 1975 Equal Credit Opportunities Act; 1978 Affirmative Action Act; 1988 Women's Business Ownership Act)

Where does Canada fit?

The rise of female entrepreneurship in Canada



State of women-owned firms in Canada

- Lots of start-ups but....
- Women are majority owners of 15% of SMEs; have some ownership in 45% (2000)
- 2/3rd of WOB have no employees
- Only 8% export
- Women less likely to be full-time self-employed than men (52% vs 72%)
- Only 4% of firms with > 100 employees are owned by women

Male-female differences

- Women are just more than half as likely to be involved in entrepreneurial activity as men (11.7 vs 6.0 per 100 adults - GEM-Canada 2002)
- Half of self-employed women have self-employed spouses (25% for self-employed men) – exposure matters
- Female university graduates just more than half as likely to become entrepreneurs five years out (5.3% - 6.7% vs 9.9% - 11.1% - Finnie et al., 2002)
- Male entrepreneurs nearly twice as likely to have taken a high school course on entrepreneurship (30% vs 18% - ACOA, 2001)
- 40% of young male entrepreneurs open their first business before they are 21; only true for 25% of young women entrepreneurs (ACOA, 2001)
- Among non-entrepreneurs, young women much less likely than men to have intention to start a business (reason – lack of interest)

Policy for women entrepreneurs in 13 countries

	AU	CA	ES	DK	FI	IE	IS	NL	NO	SE	TW	UK	US
WE Policy FW	-	1	-	-	-	-	-	-	-	-	?	3	3
Women's advisory network	-	-	-	-	2	-	-	-	-	-	-	3	3
Advocacy office	-	-	1	-	-	-	-	-	-	-	-	2	3
Promotion	1	3	1	-	1	-	2	-	1	1	2	2	3
WECs, counseling	2	3	2	1	2	1		1		2	2	2	3
WE training	3	1	2	1	2	1	2	-		2	2.5	1	3
Micro-loans, VC	-	2.5	3	-	2	-	2	-	1	-	1	?	3
WEAs and networks	2	2	1	-	1	-	2	-	-	-	2	2.5	3
Women's Website	3	2	1	-	1	-	2	-	1	2	?	3	3
Trade missions	-	2	-	-	-	-		2	-	1	-	1	2
Procurement	-	-		-	-	-	-	-	-	-	-	-	2
Research, data	1	2	1	2	1	1	1	2	1	3	1	2.5	3

Policy gaps for Canadian consideration

- Integrated national policy framework?
- Advocacy arm in federal government for women's entrepreneurship? OWBO?
- Concrete data on the economic impact of women's enterprises?
- National research program on WE?
- Knowledge re the lack of growth of women's enterprises?
- Promoting women in technology firms (hard to find)? Trade?
- Entrepreneurship education in universities and colleges?
- The financing gap for WE?
- Formulation of online entry-point for WE?
- Regional equity in program support?
- Impact studies of business support for WE?
- Equality of labor market programs for WE vs employed women?
- Research-policy dialogue? Exchange of good practice initiatives?

Policy conclusions (1)

- In policy focused on increasing the supply of entrepreneurs, target group policies are a valid approach; women a viable segment
- Two policy avenues: 1) remove barriers; 2) improve access to resources
- Comprehensive, integrated approach preferable to piecemeal activities
- Governments should set up special Task Forces to examine the role and state of women's entrepreneurship in their economy (current status, economic contributions, specific ways in which systemic, social and market failures are inhibiting its development) as well as necessary policy actions

Policy conclusions (2)

- Governments should have focal point (ie, Office for Women's Business Ownership) to coordinate public and private sector actions to address start-up AND growth needs, including promotion and advocacy activities
- Women's entrepreneurship "champions" needed in regional government offices
- Need a central clearing house on country studies, the latest research, policy issues and conclusions, good practice policy initiatives, support programs, evaluation results, and benchmarks
- Need better studies on the impact of policy and specific program measures (eg. EU Guide for Evaluating Actions and Measures Promoting Female Entrepreneurship)

Integrated support for women's entrepreneurship

Government Office
"champion"

Legislative action

Advocacy efforts

Stimulate
higher startup
and growth
rates among
women

Gender sensitivity of
mainstream support
organizations

Women's
Enterprise
Centers

Research,
data, and
status reports

Mentoring,
counseling
initiatives

Promotion

Financing

Women's
online
business
resources

Networks
and
associations
for women

Procurement
set-asides