



Female Entrepreneurship in the European Union

Introduction

The European Union still has relatively low levels of female entrepreneurship. Men are still twice as likely to start a business as women. Changing this trend would not only bring many women out of poverty, but provide more options and flexibility for balancing work and family life (54 per cent of women start a business so they can choose what hours they work). Furthermore, it would give the economies of Europe a much needed boost. For example, in the UK alone, if women started new businesses at the same rate as men, we would have more than 100,000 extra new businesses each year.



MEPs and female entrepreneurs at a recent event in the European Parliament organised by the FSB

Facts and Figures

- In Germany, the share of female entrepreneurs setting up businesses is increasing slowly, but women still account for no more than 29 per cent of all German start-ups. There are about 520,000 companies managed by female entrepreneurs, which is 18 per cent of all German companies but – for a range of reasons – they produce only 5.6 per cent of the total turnover of German firms. Another interesting ratio is the number of daughters taking over family businesses: just 10 per cent
- In France, less than one third – 29 per cent – of businesses are created by women
- In the Czech Republic, female entrepreneurs account for 9.6 per cent of total female employment – which includes employees, employers and the self-employed – while 20 per cent of working men are categorised as entrepreneurs
- Across Italy, 25.5 per cent of businesses are owned by women
- In Hungary, 15.17 per cent of men are entrepreneurs while only 8.33 per cent are women

This disparity in the number of female entrepreneurs is an issue that Sweden highlighted during its six-month EU presidency. Europe's Small Business Act (SBA) also stressed the importance for promoting female entrepreneurship.

The SBA calls for mentoring schemes to inspire women to launch their own start-ups and establish a network of female entrepreneur 'ambassadors'. This network was established earlier this year.

Nonetheless, the scale of the task remains daunting, with female leaders in the business and political worlds being the exception rather than the rule.

Learning from the United States of America

During the 1980's the United States of America (USA) looked into the issue of female entrepreneurship, leading to the creation of the Women's Business Ownership Act which was passed in 1988. This legislation included four major directives:



Federation of Small Businesses

The UK's Leading Business Organisation

1. Expanding the Equal Credit Opportunity Act to include equal access to business credit for women. Did you know that in America up until 1988 some individual states in America it was necessary to have a male relative to co-sign on all business loans for women!
2. Mandating expanded coverage of the women-owned business population in the quinquennial economic census
3. Establishing the National Women's Business Council, and
4. Piloting a "demonstration project" of women-focused enterprise training which has led to over 100 women's business centres operating across the country today

Was the Women's Business Ownership Act a success?

In 1992, the number of women business owners in the USA was only 26 per cent, but by 2002 that number increased to 57 per cent. Although more women choose to start their businesses with their own private finances, having equal access to business loans has enabled scores of women to start and grow their businesses – without having a man co-sign!

America shows that when the right policies are put in place real change can happen.

Conclusion

The Women's Business Ownership Act, when it was introduced, made amendments to the USA's own SBA. At present the EU is currently engaged in a review of our own SBA. The FSB would like to see this opportunity being used to look into the barriers to female entrepreneurship and to take on board the experiences from the USA. Perhaps proposals may even be brought forward for the development of our very own Women's Business Ownership Act?

It would be very useful if the Women's Rights and Gender Equality Committee of the European Parliament and the European Commission could look in detail at the barriers to female entrepreneurship, ranging from access to finance, support groups and advice, tackling prejudice and low levels of confidence. When the USA undertook a similar review in the 1980s it led to the Women's Business Ownership Act, which put in place long-term infrastructure to support women's enterprise development. Since then women's business ownership in the USA has increased significantly.

One last thought; if the UK alone could achieve the same levels of female entrepreneurship as the USA, we would gain three quarters of a million more businesses! The unrealised potential of female entrepreneurship across Europe is vast.

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