

3. WOMEN ENTREPRENEURS

3.1 Background

In most countries, regions and sectors, the majority of business owner/managers are male (from 65% to 75%). However, there is increasing evidence that more and more women are becoming interested in small business ownership and/or actually starting up in business. In addition, rates of self employment among women are increasing in several EU countries. Although there are no official statistics relating businesses to the gender of their owner/manager, there is a good deal of evidence to suggest a significant increase in female entrepreneurship. One consequence of this is that women are a relatively new group of entrepreneurs compared with men, which means that they are more likely to run younger businesses. This in turn has some implications for the problems they face and their ability to deal with them.

A key issue, therefore, is whether women entrepreneurs face specific problems in setting up in business that are different from those faced by male-owned businesses. Like young entrepreneurs, women may have particular problems with raising finance and may have had less chance than most men to accumulate the confidence, skills and contacts necessary to start and run a successful business. In addition, gender discrimination by finance and support providers, customers or employees may be an issue. Some previous research has suggested that it is more difficult for women to raise start-up and recurrent business finance than men and that women are more likely to encounter credibility problems when dealing with bankers (Carter and Cannon, 1992).

In this context, Carter (2000) has identified four areas of financing that previous research has noted can pose particular problems for women. Firstly, women may be disadvantaged in their ability to raise start-up finance. Second, guarantees required for external finance may be beyond the scope of most women's personal assets and credit track record. Third, once a business is established, finance may be more difficult for female entrepreneurs to raise than for their male counterparts, because of the greater difficulties that women face in penetrating informal financial networks. Finally, the relationship between female entrepreneurs and bankers may suffer from sexual stereotyping and discrimination.

Certainly, recent evidence suggests that female entrepreneurs use substantially less capital at start-up than male owners, although intra-sectoral similarities demonstrate that gender was only one of a number of variables affecting the business financing process (Carter and Rosa, 1998).

This chapter utilises the information collected through the survey of support and membership organisations, and through case studies of 11 female-run businesses, to investigate these issues.

3.2 Support and membership organisations for women entrepreneurs

Charts 3.1 and 3.2 clearly illustrate that women represent a minority of the members or clients of the 371 general organisations (i.e. not specialising in support for women entrepreneurs) that provided a gender breakdown. In all, 23% of businesses supported by these general organisations are run by women, which is probably close to the proportion of female owned businesses in the total business population. For two-thirds of the responding organisations, women entrepreneurs represent less than a quarter of all members or clients. This situation is the same in both the EU and CEE countries that took part in this survey.

Chart 3.3 summarises the position of responding organisations in relation to the provision of specific support or services for women entrepreneurs. Organisations are categorised as follows:

- *Organisations that stated that their primary purpose was to support and/or represent women entrepreneurs.* Fifty six such organisations responded to the survey, 52 from the EU countries and 4 from the 6 CEE countries covered by the survey.
- *General support or membership organisations stated that they provided some services catering for women entrepreneurs.* Just under two-fifths of the 586 general organisations stated that they provided such services: 41% of general business support or membership organisations in EU countries but only 29% in the CEE).
- *General support or membership organisations that have a policy specifically concerning women entrepreneurs.* This was the case for 119 organisations (24%). Again, EU organisations are more likely than those in CEE to have specific policies.
- *General support or membership organisations that have a specific department, group or individual dealing with women entrepreneurs.* Just under one quarter of organisations, but only 17% in CEE, had such institutional arrangements.

Chart 3.1 EU Women entrepreneur involvement in general membership and support organisations

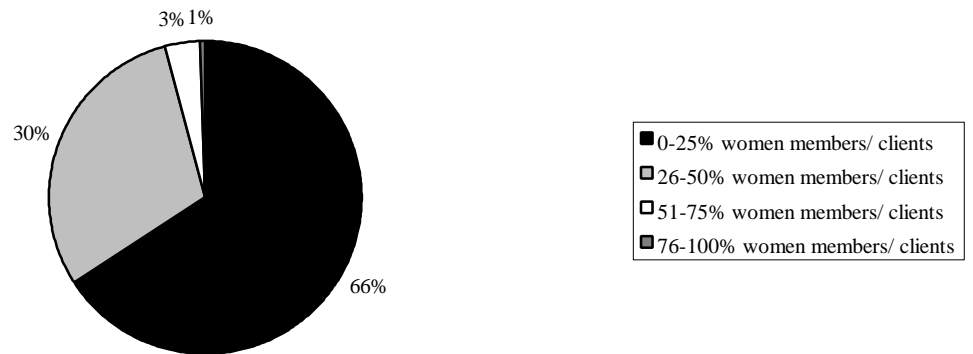


Chart 3.2 CEE Women entrepreneur involvement in general membership and support organisations

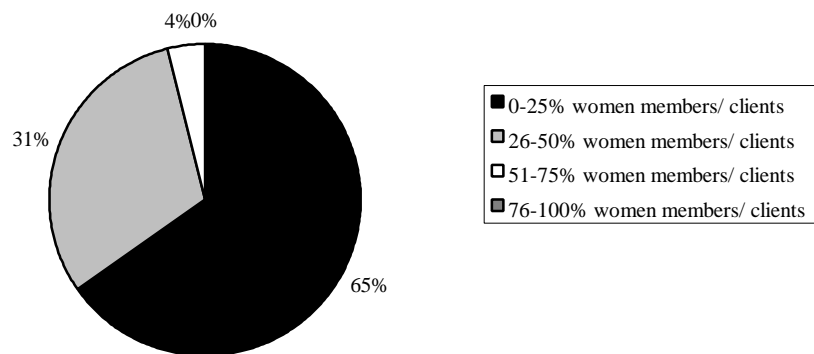
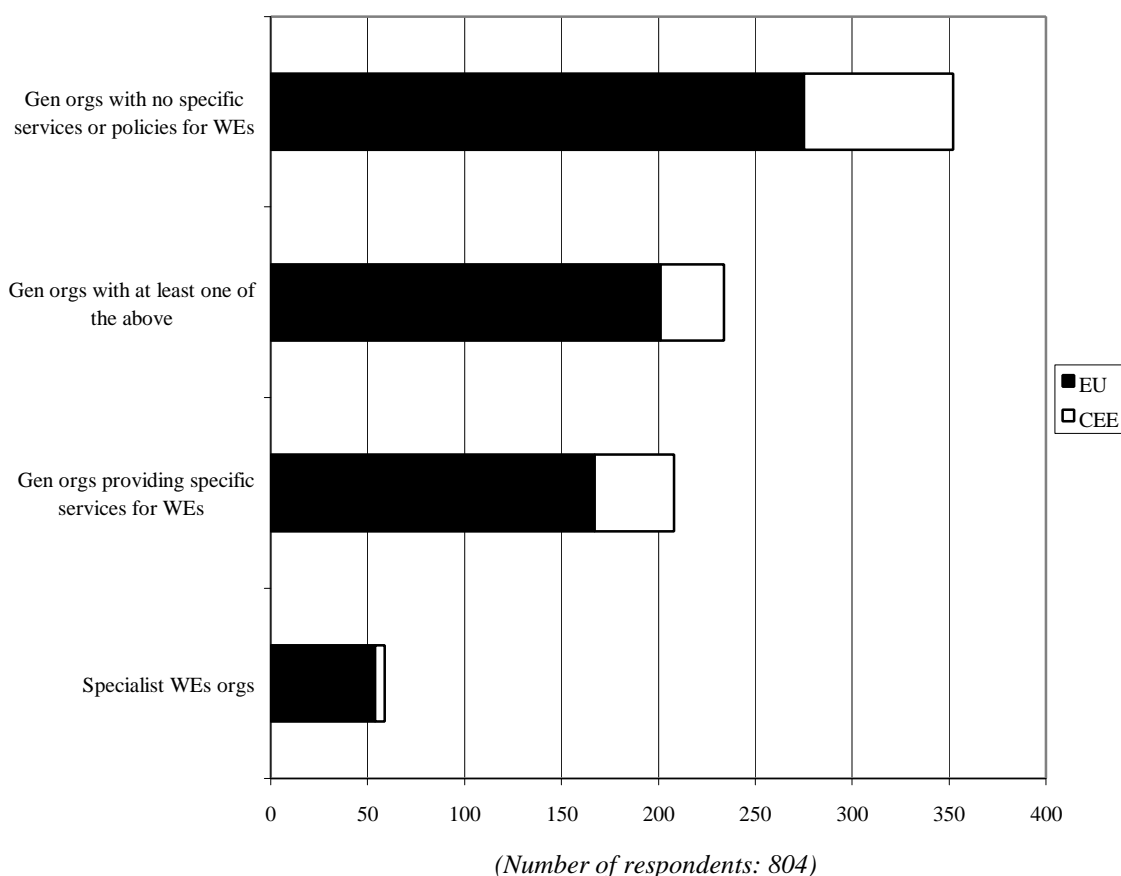


Chart 3.3: Extent of specific support for women entrepreneurs



In total, 234 out of the 586 general organisations (40%) had at least one of the above arrangements in place, which means that they attempt to cater for female entrepreneurs to some extent. However, it is clear that **the majority of responding organisations do not have any special arrangements for women entrepreneurs**, a figure which increases to 70% in the CEE countries.

In the survey as a whole, 126 organisations returned questionnaires in which a specific question regarding their involvement in EU funded programmes was asked, 73 of which stated that they were involved in at least one EU support programme. Nineteen of these organisations supported women entrepreneurs, including 15 that were involved in the NOW programme.

3.3 General organisations' support for women entrepreneurs

As noted above, 234 general organisations stated that they provided some form of support for women entrepreneurs. This section provides more details on the type of services that are provided, based on the responses of these organisations.

3.3.1 Specific services

Of the responding organisations, 193 stated that their organisation, while delivering general support services to a cross-section of businesses, provided some services that are specifically tailored for, or aimed at, women entrepreneurs. A higher proportion of general membership organisations in the EU compared with CEE countries: 35% compared with 29%. Some organisations provided details of the specific services provided, and these are summarised below:

- **Training, advice, counselling or other types of support activity targeted solely or primarily towards women owner/managers who are already in business.** This type of service was mentioned by 29 respondents, and includes a Danish organisation that runs special seminars for women entrepreneurs twice a year, and several projects supported by the NOW initiative, for example in Ireland, Portugal and Spain.
- **Programmes designed to assist women to start up in business,** by providing training, business planning advice and other forms of support. In some cases (e.g. in the Czech Republic, the UK and Estonia) the focus is upon helping women to return to the labour market after having a family. In others, there is an emphasis on addressing issues of unemployment among women, for example a programme run in Slovakia. Other responses mentioned a sectoral focus (e.g. a tourism programme in Portugal) or a specific targeting of young women (Belgium). In total, 24 start-up related initiatives were mentioned by respondents.
- **Initiatives concerned with developing or supporting networks of women entrepreneurs.** This was mentioned by 14 respondents. In two cases this means providing financial and administrative support for groups related to the respondent organisation. One group in France runs a network for women active in local development initiatives, and several organisations mentioned ‘women in business’ or similar network initiatives, on a local, regional or national basis.
- **Specific financial support for women entrepreneurs,** which was noted by eight respondents, 7 in Sweden and one in Finland. The main initiative mentioned was the special loan scheme for women entrepreneurs, administered by the ALMI network in Sweden.
- A range of **other initiatives** were mentioned, including a childcare programme in Ireland, a programme to develop international links between women entrepreneurs in Sweden and an awards scheme run by a local Chamber in the UK.

3.3.2 Specific policies

Of the 119 respondents that stated that their organisation had some form of policy regarding women entrepreneurs, 72 provided some additional details. Although in some cases these details were too general or unspecific to enable us to make a

judgment, the following patterns can be distinguished on cases where more detail as to the nature of these policies was provided:

- Fourteen organisations made statements that in some way related to the need to **raise awareness of the potential of women entrepreneurs**, both among women themselves and throughout wider society. Examples of this include the Scottish Business Birth Rate Strategy, which identifies ‘under-represented groups’ such as women, and an agricultural organisation in Denmark that aims to improve the conditions of young female farmers. Several organisations based their general promotion efforts on networks of women entrepreneurs.
- A similar number of organisations suggested that their strategies revolve around **treating women entrepreneurs as a special group, and targeting initiatives towards them**. In some cases, this involves the development of special programmes for women members or clients; in others, the focus is upon making a special effort to involve women entrepreneurs in ‘mainstream’ programmes.
- Finally, four organisations (all based in the UK) mentioned their **equal opportunities policies** in relation to ensuring that all groups have equal access to the available services.

3.4 Specialist organisations supporting women entrepreneurs

In total, 56 responding organisations stated that they were exclusively or primarily concerned with providing support for, or representation of, women entrepreneurs. The breakdown of these organisations by country is as follows:

- Austria - 2 organisations
- Belgium - 2
- Bulgaria - 3
- Czech Republic - 1
- Denmark - 5
- Estonia - 1
- Finland - 3
- France - 3
- Germany - 13
- Hungary - 1
- Ireland - 2
- Italy - 4
- Luxembourg - 1
- Netherlands - 5
- Portugal - 2
- Spain - 2
- Sweden - 2
- UK - 8

It can be seen that the research was able to identify at least one organisation concerned with women entrepreneurs in each of the EU countries, apart from Greece. Two CEE countries (Poland and Slovakia) have no specialist organisations for women entrepreneurs in the sample.

The services provided by these specialist organisations can be summarised as follows:

- Hosting, supporting or developing networks of women entrepreneurs - 46 organisations
- Training, advice or counselling services for women entrepreneurs - 38
- Information or research services for women entrepreneurs - 33
- Representation and/or lobbying on behalf of women entrepreneurs - 33
- Policy design or development - 18.
- Finance for women entrepreneurs - 13
- Export advice, training or support for women entrepreneurs - 11

Respondents mentioned a number of other services provided by their organisations, in addition to those listed on the questionnaire, including facilitating cross border contacts (a women entrepreneurs' organisation in Denmark), mentoring (two Finnish organisations and one in Sweden), support for start ups (Germany and Italy) and assistance with applications for finance (Women's World Banking - Spain).

3.5 Problems faced by women entrepreneurs

Chart 3.4 summarises the responses of the 56 organisations specialising in the provision of support for women entrepreneurs to questions regarding the main problems faced by their clients. Respondents were provided with a list of possible business problems and were asked to indicate whether or not these represented a minor or major problem for women entrepreneurs, or if they were not a problem at all. Secondly, respondents were asked to indicate whether women entrepreneurs faced particular problems that are greater than those faced by small businesses in general. As well as the specific business problems listed, a number of respondents emphasised the underlying tension for many women between home and work, which can result in female entrepreneurs being unable to take-up their statutory entitlement to maternity leave (Finnish Association of Women Entrepreneurs).

Chart 3.4: Perceptions of specialist agencies of the main problems facing women entrepreneurs

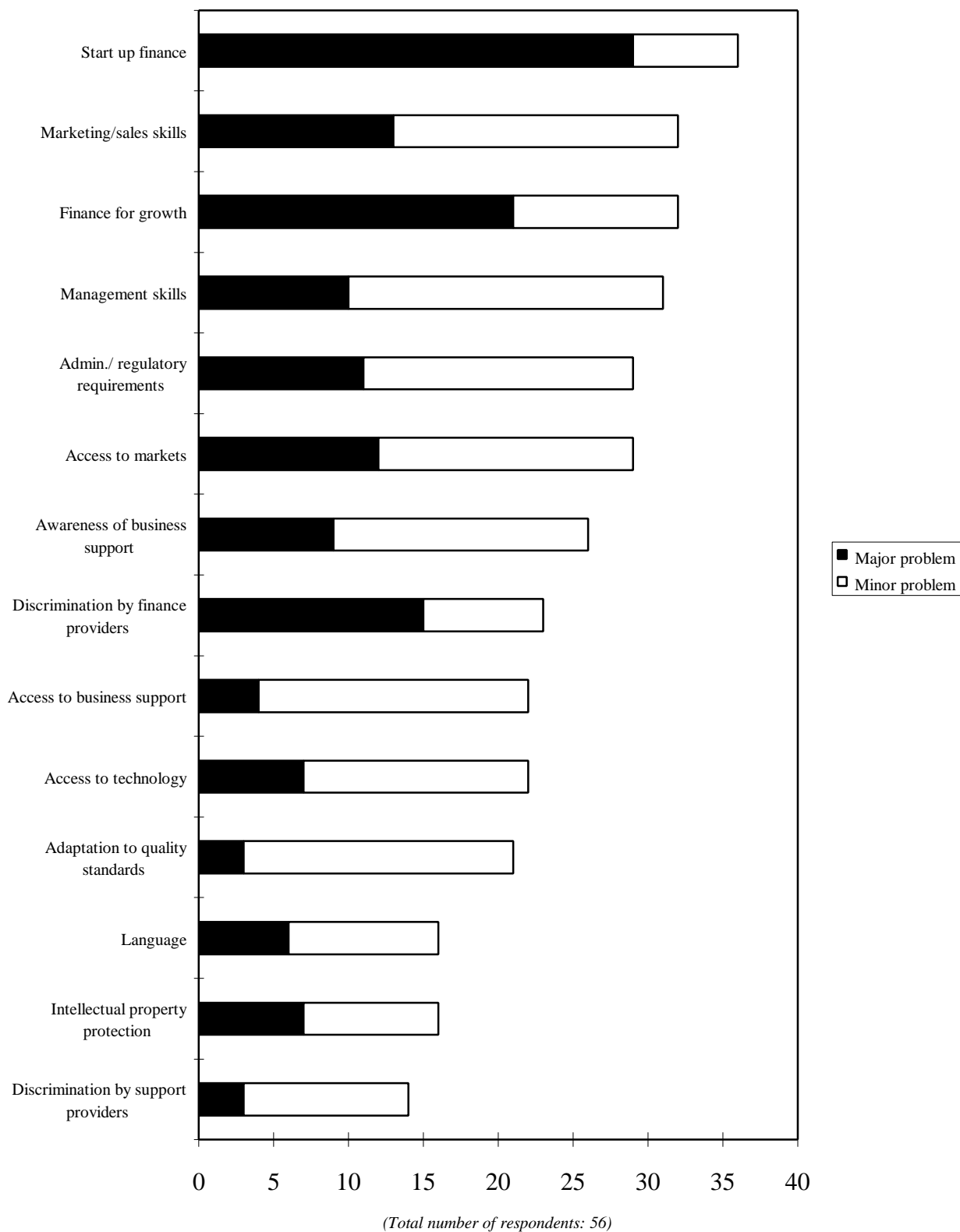
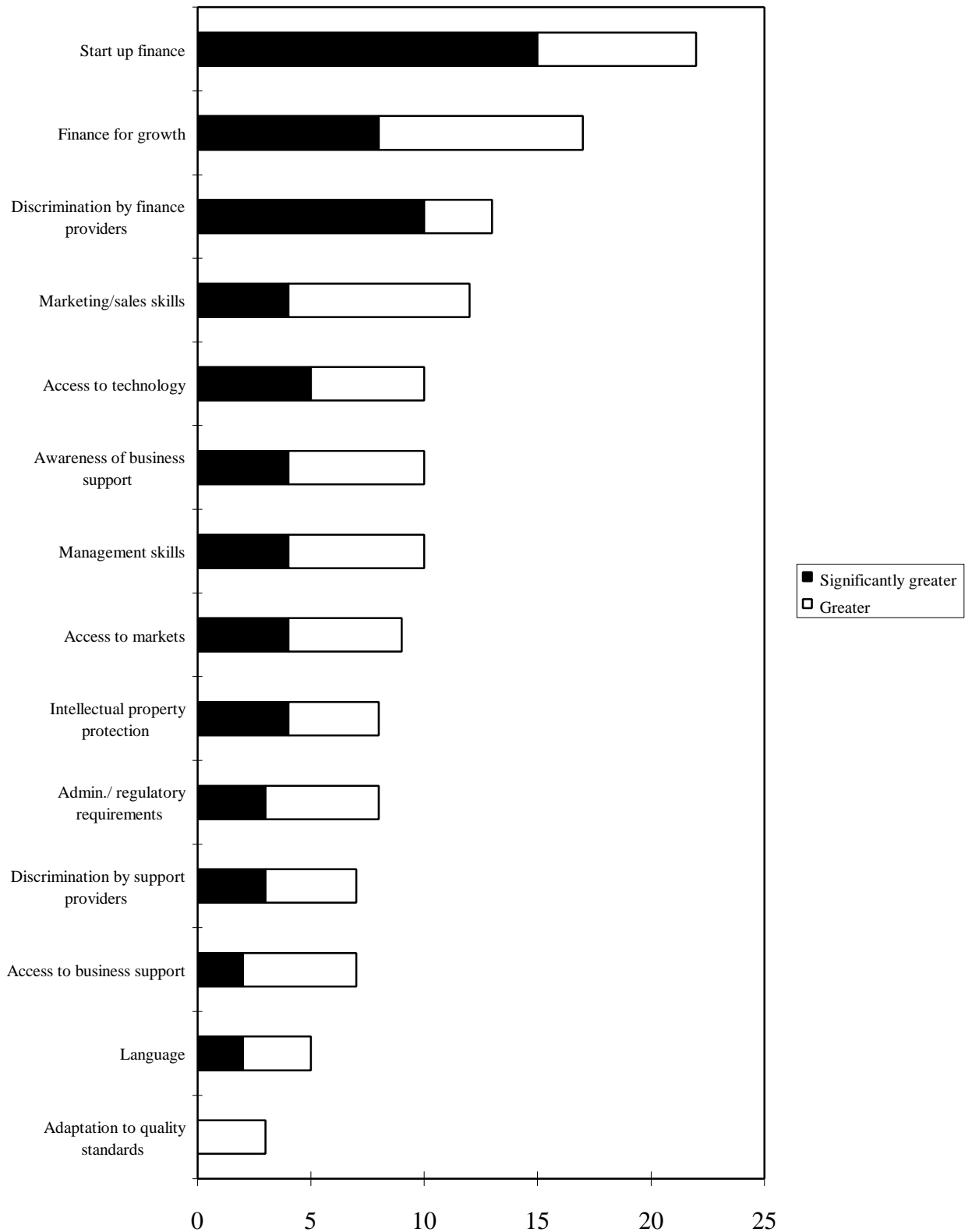


Chart 3.5: Perceptions of specialist agencies of the main problems facing women entrepreneurs compared with small businesses in general



(Total number of respondents: 56)

In addition to the responses of the survey respondents, this section draws upon the views and experiences of the 11 women entrepreneurs that were interviewed as part of the case study phase of the project.

3.5.1 Finance

It is clear from Chart 3.4 that support and membership organisations regard access to finance, and in particular access to start up finance, as the greatest single issue faced by women entrepreneurs. Thirty six of the 56 respondents rated ‘difficulties with access to start up finance’ as a problem, 29 as a major problem. Of the last group of organisations, 22 felt that women entrepreneurs face greater problems in this regard than small businesses in general, and 15 said that these problems are significantly greater (Chart 3.5). A similar picture emerges in relation to ‘difficulties with access to finance for business growth’, although problems are seen as slightly less severe than is the case with start up finance.

Fifteen specialist organisations felt that women entrepreneurs (and potential women entrepreneurs) face major problems of discrimination on the part of providers of finance, with the vast majority of these feeling that women are discriminated against to a greater or significantly greater extent than are small business owner/managers in general.

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The majority of women business owners have had to rely to a significant extent on self generated finance during the start up period of their business. Bank loans and grants have only been used in a minority of cases and have usually been accompanied by some form of self generated finance. Of the 11 case studies, four entrepreneurs received no form of external assistance in the start-up phase at all, being entirely dependent on private or family savings to finance their business start up.

A number of entrepreneurs reported using a combination of self generated finance and bank loans, including the owner of a private nursery in Glasgow who used a bank loan to assist in the purchase and conversion of a suitable property (Case C). This was combined with her own savings and a loan from her father as start up finance. The utilisation of redundancy payments from previous employment has provided a means to become self-employed for some. In the case of the owner of a German agency for culture and communication, a ‘bridging allowance’ was offered by the local labour office. At the discretion of the local office, unemployment allowances in Germany can continue to be paid to qualified persons who wish to become self-employed.

The owner of a Glasgow hair salon (Case H) had been successful in receiving awards from both the Princes Youth Business Trust and a local initiative ‘Women in Business’ after being rejected by banks who ‘didn’t have any faith in me’ when seeking a business loan. In Estonia (Case J), the owner of a travel company was

able to go into business after participating in courses provided by the Labour Office. She then received a grant from the same source.

The availability of bank credit appears to increase once businesses become established and/or a good relationship with the bank has been developed. Banks are reported to have been more forthcoming in the provision of loans once a business has begun to demonstrate a track record. Through the success of her business, the owner of the culture and communication agency report developing a good relationship with her bank who now react flexibly when credit is required. The successor to a family retail business in Germany (Case I) believes paying back loans (using finance generated by a shop sale) improved her standing with the company's bank, providing a good basis for future relations and therefore business development.

However, the views of case study entrepreneurs concerning relations with finance providers appear to have been mixed. Discrimination when dealing with a bank was reported by the owner of one company who was admonished by her bank manager for not staying at home with her family. In another case, (a consultancy firm) the owner's interpretation of the bank manager's refusal to open a business account was that he was suspicious of women starting their own firms.

Commentary

Whilst many small businesses face difficulties in accessing the finance that they need (particularly at start-up), organizations specialising in providing support for female entrepreneurs clearly feel that this is one area where their clients face greater difficulties than their male counterparts. Although discrimination may exist in some cases, there are other issues, such as the type of businesses started, the entrepreneur's experience and opportunities for self financing. On a positive note, the case study evidence demonstrates the potential for using small start-up grants and 'soft' or bridging loans to help get female owned businesses started and, in some cases, to lever additional funds from other sources.

3.5.2 Administrative and regulatory requirements

Twenty seven out of the 56 specialist organisations supporting women entrepreneurs recognised a problem in relation to dealing with administrative and regulatory requirements (Chart 3.4), although the number feeling that this is a significantly greater problem for women entrepreneurs than for small businesses in general is relatively small (Chart 3.5).

THE EXPERIENCE OF CASE STUDY ENTREPRENEURS

Problems with administrative and/or regulatory requirements were not judged to be major issues by those female entrepreneurs that were interviewed. With regard to employment legislation just two businesses reported any problem in this area. The owner of a cleaning company in Germany employs disadvantaged groups through a state programme but reports find it difficult making the requirements of this programme compatible with her business aims. This entrepreneur has also experienced problems with the dismissal of employees which has resulted in a number of court proceedings. A Polish clothing business owner complained about bureaucratic procedures with regard to social insurance. The abuse of absence and sickness pay by employees is perceived to increase the firm's financial burden.

Commentary

Microenterprises of all types can experience problems in meeting administrative and regulatory requirements, because of the disproportionate effect of compliance costs on small companies compared with large firms. As a consequence, it is not surprising that almost half the support organisations specialising in support for female entrepreneurs identified a problem for their clients in this respect. At the same time, with a few exceptions, administrative and regulatory barriers were not a major issue for the majority of case study firms. Our conclusion is that there is little evidence that this issue is any more significant for female owned businesses than for male owned firms of a similar size.

3.5.3 Business support

'Lack of management skills or training' was felt to be a problem for women entrepreneurs by 32 of the specialist organisations that responded to the survey, and in 21 cases as a major problem (Chart 3.4). It seems that in most cases this is seen as an issue that is common to all small businesses, rather than a specific problem for women entrepreneurs. However, 10 respondents felt that women entrepreneurs lacked management skills to a greater extent than small businesses in general, perhaps because of their lower propensity to have had previous business experience (Chart 3.5).

Although difficulties in accessing business advice or support appears to be a minor rather than major problem for women entrepreneurs, a significant minority of specialist organisations responding felt that women are particularly disadvantaged in this respect. In fact, 7 felt that support providers discriminate against women entrepreneurs to a greater extent than small business in general.

Finally, 16 respondents felt that difficulties with language caused problems for their clients or members, with five feeling that women faced specific difficulties in this respect.

THE EXPERIENCE OF CASE STUDY ENTREPRENEURS

The level of management training and/or experience amongst those interviewed ranged from none to highly qualified. Despite a significant number of those interviewed stating that they required some sort of management training, few had actively sought such support. All of those interviewed in Estonia stated management training as a priority although none had sought external support in this area. Cost was regularly cited as the reason for this, by businesses in both EU and CEE countries.

In a number of cases, experience gained in previous employment had compensated for a lack of formal qualifications. For example, a female entrepreneur trading in Poland managed a bar for eight years but had not participated in any training programmes to upgrade her skills. The owner of a hair salon in Glasgow (Case H) has no managerial qualifications but learnt many skills in this area in her previous employment.

On the other hand, the female Managing Director of a consultancy company in the UK has considerable management experience (up to Board level in plcs), stating that her business requires no support in this area. By contrast, the successor to a family retail business in Germany (Case I) appears a somewhat reluctant manager, being torn between wanting to continue a family business whilst being pushed into the management of a business, which she does not enjoy. The need for management training in her case is appreciated, although she lacks enthusiasm for what this would entail. Her company participated in a subsidised consultancy some time ago but did not use the results.

With regard to personal development, those interviewed were varied in their responses. A need for some sort of management training for those with little or no experience in this area was recognised by some respondents. The owner of an agency for culture and communication recognised the importance of management training for herself and consultancy for her business, as well as workforce training. All respondents, except the UK consultancy firm, mentioned some aspect of their business where further training and development were required. Issues ranged from day to day management to long term strategic development. As above, the extent to which external support had been sought to help alleviate these problems appears to have been limited, mainly for reasons such as cost and time. In the case of staff training in these small businesses, training and development has been mainly 'on the job'.

One of the German female entrepreneurs we interviewed sees a need for women entrepreneurs to develop their own seminars and workshops in view of the male dominated Chambers of Commerce.

Commentary

The lack of management skills and low levels of management training are issues facing many small firms, particularly microenterprises. Both specialist support providers and the case study entrepreneurs interviewed in the five countries confirmed the importance of the issue for female owners, although there is little evidence that it is a distinctive female issue. The case study evidence also demonstrates the heterogeneity that exists between female entrepreneurs, although the highly experienced manager is the exception rather than the rule, as it is for many male owned businesses.

3.5.4 Markets and marketing

Difficulties with access to markets and/or lack of marketing skills are rated highly as problems by the responding organisations (Chart 3.4). Whilst, in both cases, these appear to be issues that are seen as typical of small businesses in general, there is a feeling among some respondents that women entrepreneurs have specific problems with markets and marketing related issues (Chart 3.5).

THE EXPERIENCE OF CASE STUDY ENTREPRENEURS

A lack of marketing skills/experience is viewed by a number of the respondents to be a major barrier to the expansion of their businesses. For example, a successor to a family retail business needed to find new ways of reversing declining sales but did not know what steps she needed to take. The owner of a Glasgow hair salon cited a lack of experience in marketing and sales as one of her main constraints at start-up.

For those case study businesses within the retail trade particularly, the struggle to maintain existing markets and access new ones can be an ongoing problem. A Polish trader in men's clothing faced this problem with the collapse of demand from Russia (and other CIS states) after the 1998 crisis. The firm had since experienced problems identifying new sales opportunities and information about customers was acquired through a trial and error method rather than through a systematic approach to marketing. The owner of a marketing and communication consultancy even mentioned finding insufficient work a main problem as 'getting business had been a constant struggle'.

Commentary

As far as the support organisations were concerned, a lack of sales and marketing skills was the most commonly reported problem faced by female entrepreneurs, after finance. The fact that this is a characteristic shared with many other microenterprises and small firms does not make it any less important to female entrepreneurs. It may be seen as part of a general need to raise the level of management skills and competencies in female owned and other small businesses.

3.5.5 Technology

Access to technology and problems with intellectual property protection were regarded as problems by 22 of the 56 specialist organisations responding to the survey, although only 10 felt that women entrepreneurs face greater problems than small businesses in general with technology-related issues (Charts 3.4/3.5). A similar picture emerges in relation to adaptation to quality standards, which tends to be seen as a problem for small businesses in general, rather than a gender-related issue.

THE EXPERIENCE OF CASE STUDY ENTREPRENEURS

Again, the response by case study businesses with regard to technology issues was mixed. For a German agency for culture and communication the lack of computer knowledge of employees is a major problem as computer skills are a key part of the business. Another firm used computers extensively for word processing, desk top publishing, e-mail and research purposes but saw no value in increasing their use further. Firms appear to mainly use computers for administration, although a few companies already had, or were in the process of setting up websites and used the Internet for business purposes. A number of the businesses stated that they could see no way in which the use of computers could be of advantage to the development of their business. The majority, however, saw some value in the use of this technology.

Commentary

Whilst few businesses cannot benefit in some way from the effective use of ICT, the extent of the potential benefits vary between sectors. However, there is little evidence from the specialist support providers, or from case study firms, that gender is a key issue affecting firms' access to or problems in using this technology.

3.5.6 Other issues

Other issues mentioned by respondents from membership and support organisations, that were not listed in the questionnaire include:

- Lack of availability of child care;

- Society's attitude towards women entrepreneurs;
- Unequal opportunities between men and women;
- Lack of confidence on the part of women.

Finally, an organisation of women entrepreneurs based in Ireland simply stated that *'we face the same problems as all small businesses'*.

3.6 Support needs of women entrepreneurs

Specialist organisations representing and/or providing support to women entrepreneurs were asked to suggest what types of policy assistance might be of greatest benefit to their clients or members. In addition, they were asked to state whether they thought that the need for support in different areas was greater than the needs of small businesses in general. Respondents were given a number of options to choose from, and also had the opportunity to suggest policies or initiatives that were not listed on the questionnaire. Finally, respondents were asked to put forward what they felt to be the main success factors in the provision of support for women entrepreneurs. Chart 3.6 summarises the responses of the different types of business support and membership organisations.

Case study interviews with women entrepreneurs also explored their perceptions of the types of support that might be most helpful for them in addressing the issues and problems that they are facing.

3.6.1 Financial support

Section 3.5 illustrated that access to finance, particularly for start up but also for business development, was the most commonly reported problem faced by female entrepreneurs, according to specialist support organisations.

Chart 3.6 shows that various forms of financial support are seen by specialist support and membership organisations as a high priority for policy intervention. In order of perceived need, respondents highlighted the following:

- Low cost start up loans;
- Loan funds specifically aimed at women entrepreneurs;
- Grants for business start up;
- Investment grants;
- Tax concessions for women entrepreneurs;
- Equity fund specifically aimed at young entrepreneurs;
- Access to loan guarantees;

As with the analysis of problems faced by young entrepreneurs, respondents felt that women entrepreneurs are at a particular disadvantage at the start up phase. In contrast

Chart 3.6: The priorities of specialist agencies for policies that will benefit women entrepreneurs

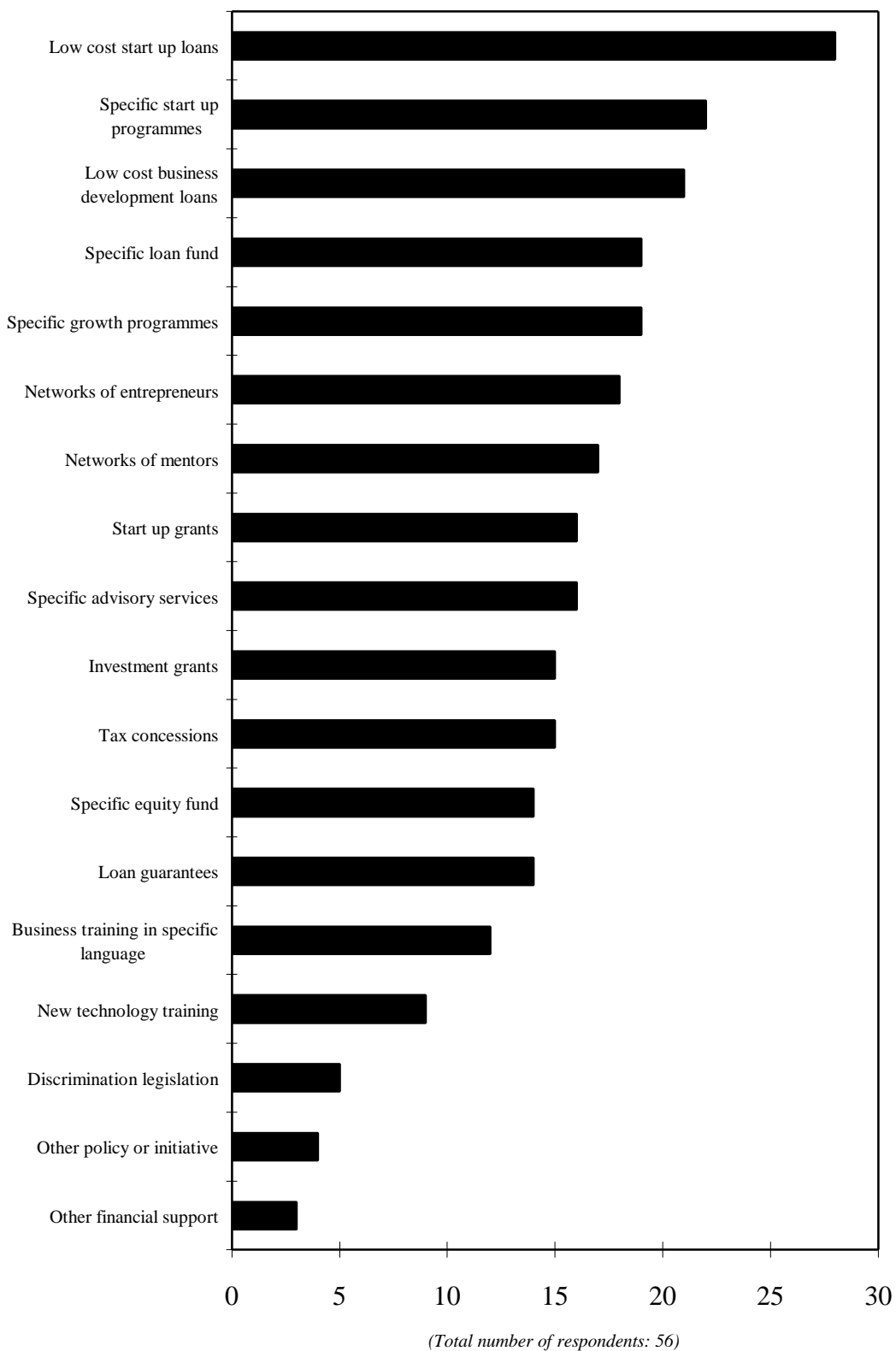
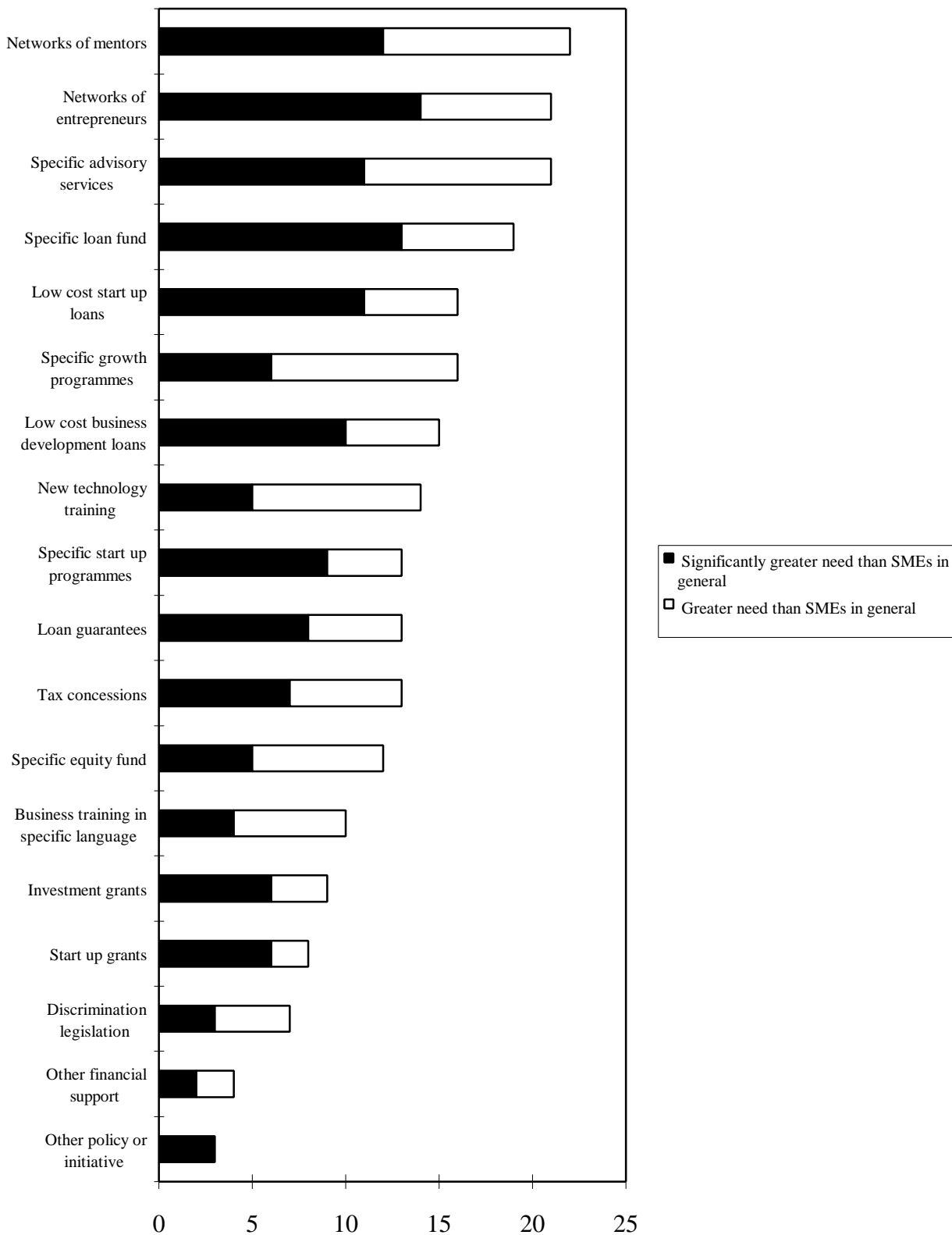


Chart 3.7: Views of specialist agencies concerning the special policy needs of women entrepreneurs compared with SMEs in general



(Total number of respondents: 56)

to the responses from young entrepreneurs' organisations, the feeling is that low cost start up loans, rather than grants, are the best way forward. There is also a feeling that women entrepreneurs would benefit from loan, equity and/or loan guarantee funds that are specifically tailored to their needs.

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Most case study female entrepreneurs had not accessed funding from public policy sources during the start up period of their businesses. This has led to some disillusionment with funding providers, discouraging business owners from making further applications in the future. This can be illustrated with reference to the case of the owner of a UK consultancy company sought development finance from an Enterprise Agency. During the process of applying for a £5000 grant, three meetings were held and five days were spent putting together a business plan. The application failed and no further approaches have been made.

A lack of financial support has been a problem for the owner of a Glasgow nursery (Case C). The owner has applied for various grants but all were rejected because the business she is running is a nursery. She is also unable to claim back VAT on her business because it is a nursery. It is now an established business with 19 employees.

Commentary

In view of the fact that problems in accessing finance was the most highly rated issue facing female entrepreneurs by the specialist support agencies, finance is clearly a priority area of support need. Targeted financial support for female entrepreneurs may be justified as part of a strategy for raising the level of entrepreneurship amongst women. Moreover, as demonstrated previously (section 3.5.1), selective financial assistance can be used to lever additional financial resources from conventional finance providers.

3.6.2 Business support and training

A large number of specialist organisations felt that the provision of business support services aimed specifically at women entrepreneurs, should be a priority for policy (Chart 3.6). Thirteen organisations felt that there is a particular need for start up services for women, over and above the need of the general population of aspiring entrepreneurs (Chart 3.7). A similar number felt that growth programmes aimed at women entrepreneurs should be a priority, and 22 organisations felt that there is a case for business advisory services aimed specifically at women.

Other areas of perceived policy priorities for women entrepreneurs include business training in specific languages (considered a high priority by 12 respondents) and new technology training (9 respondents).

THE EXPERIENCE OF CASE STUDY ENTREPRENEURS

Attitudes among the case study businesses towards support organisations ranged from seeing a need to develop a good network of support to outright hostility towards such organisations. Most entrepreneurs stated a clear need for external support, although a number were unhappy with the current support offered by agencies.

For example, Case C viewed external training of staff as necessary in order to meet regulations that govern child care provision. In this case, contact with training providers has offered support in keeping contact with other business owners, keeping up to date with legislation and developing training programmes.

A number of entrepreneurs mentioned the high cost or lack of relevance of services offered by business support organisations to their own business. Firms appear to favour meetings of small groups of business owners with something in common, perhaps joined either regularly or sporadically by a specialised consultant or adviser. For example, the owner of a German cleaning firm, despite resenting 'interference' from support organisations, cited obtaining good advice and consultancy relevant to her line of business as a major problem.

Commentary

The heterogeneity of microenterprises and the small business sector suggests that segmentation is potentially a key guiding principle in designing and delivering effective business support to firms of this size. In this context, female entrepreneurship represents an important and growing segment of the market for business support which providers need to recognise. Evidence from the case study businesses suggests that a gap can often exist between the support that is offered and effective demand for support.

3.6.3 Networking

The encouragement of networks of women entrepreneurs and/or networks of mentors supporting women entrepreneurs, is seen as a key policy priority by specialist support organisations. Eighteen of the 56 respondents felt that the encouragement of women entrepreneur networks is a high priority (Chart 3.6), of which 14 felt that networking is significantly more important for women entrepreneurs than for small businesses in general. Similarly, 17 respondents saw a specific need for mentors working with women entrepreneurs to have access to networks (Chart 3.7).

THE EXPERIENCE OF CASE STUDY ENTREPRENEURS

The possibility of making contacts with other entrepreneurs was favoured by the women entrepreneurs that were interviewed, and meetings organised either by organisations or individuals were viewed as a way of achieving this. After her experience of support organisations however, the owner of a UK consultancy firm stated that 'nothing that the formal support network offers is of any relevance: instead, I shall continue networking with other firms'.

A clothing firm in Poland required assistance in updating and organisation of production processes, believing the most advantageous way of achieving this would be through 'trade missions'. These would involve visits to modern plants and subsequent establishment of partners and trade contacts.

The owner of a German cleaning firm has also made her own contacts with other entrepreneurs, rather than through a formal organisation, suggesting that she would turn to them first for advice and training. Another entrepreneur in Germany set up a group this year to discuss business strategies, ideas and experiences with those in a similar same line of business. This was found to be as helpful as using an outside consultancy.

Commentary

Encouraging collaboration, both between entrepreneurs and between entrepreneurs and external organisations, is currently seen by many academics and policy makers as one of the ways of reducing the disadvantages associated with small size, and the feeling of isolation that is experienced by some entrepreneurs. In this context, specialist support providers place a high priority on network initiatives for female entrepreneurs and there is some case study evidence to support this idea. At the same time, the practical difficulties involved in intervening to stimulate network activity of this type should not be underestimated.

3.6.4 Other issues

Seven organisations felt that there was a case for some form of legislation to tackle discrimination against women entrepreneurs, which clearly relates to the view that some financial and other support organisations discriminate against women entrepreneurs (Table 3.1).

Other issues mentioned by respondents include:

- Flexible delivery of business support, to include child care;
- Applied and/or participatory research with women entrepreneurs;

- Support for the establishment of co-operatives;
- Influence by women entrepreneurs over policy before it is decided;
- Support for international networks of women entrepreneurs.

3.6.5 Success factors in support for women entrepreneurs

Respondents to the survey of membership and support organisations were asked to suggest what they felt were the main success factors in the provision of effective support for women entrepreneurs, based on their own experiences and examples of good practice. A wide variety of responses were received, of which the following examples represent a cross section:

- A business and professional women's network in the Czech Republic emphasised the **need to use experienced entrepreneurs for the provision of advisory services**. Training in new technology, foreign languages and in business skills is also seen as important by this organisation. The benefits of using experienced women entrepreneurs to provide support for start up and developing businesses were also emphasised by a women's enterprise agency operating in Finland. In this organisation, experienced entrepreneurs commit to be 'godmother' for at least one year to a start up woman entrepreneur.
- The provision of **effective financial support** was noted as an important success factor by two local enterprise agencies in Bulgaria, specialising in the provision of support for women entrepreneurs. In one case, a local loan guarantee fund was operating successfully. In another, a micro credit scheme was in operation, linked to support for business planning and local business networking initiatives. Organisations in Ireland and the UK also noted the success of local loan, micro credit and start up funds.
- Two organisations operating in Ireland, one on a local basis and the other focused on a particular sector, both mentioned the need to ensure **informality in the provision of services** and the development of networks. One respondent said that the main success factor was 'camaraderie in the face of the adversity of discrimination against women'.
- A Netherlands-based organisation had achieved success in obtaining funding for a conference for female entrepreneurs from a large financial organisation that supports mainly male businesses. The women's organisation had managed to convince this company that women entrepreneurs represent a good potential customer base.
- One Europe-wide organisation, and another based in the Netherlands, emphasised the need for **women entrepreneurs to meet internationally**, and the financial

restrictions that prevent such activities taking place on a regular enough basis.

- A business women's group operating within a regional business association felt that effective **networking within the organisation itself** is important, in combination with the presentation of plans to sponsors and financial institutions.

Finally, a support organisation for women based in Wales, UK, has developed a **strategy for good practice** in supporting women entrepreneurs, the key features of which are:

- The identification of the needs of the entrepreneur and the way in which support requirements should be delivered.
- Needs of the entrepreneur are summarised as being training, finance, advice and networking.
- Delivery requirements are outlined as: research, funding, integrated provision and flexibility of provision.
- Emphasis is placed upon flexibility in the provision of support, in order to meet the needs of individual entrepreneurs.

3.7 Examples of Specialist Initiatives to Support Female Entrepreneurs

Whilst the absence of an opportunity to independently evaluate these initiatives makes it inappropriate for them to be presented as examples of 'good practice' as such, the following have been selected to illustrate what appear to be appropriate responses to the specific needs of female entrepreneurs identified in the study. It is beyond the scope of the study to establish how effective these initiatives are, or what their impact has been.

WOMEN'S ENTERPRISE AGENCY: SUCCESSFUL MANAGEMENT THROUGH TRAINING AND ADVICE

The Women's Enterprise Agency in Finland, founded in 1996, aims to contribute to the formation and success of new enterprises through the provision of a support network for new and potential entrepreneurs. The agency focuses on the development of skills required for successful business management through offering advisory services, entrepreneurial training courses, information events and networking opportunities. An essential part of the Agency's service is the operation of a new mentoring programme through which new entrepreneurs are assigned a personal mentor. Mentors are experienced and successful business-women who understand the problems encountered during the early stages of business development and are able to offer individually tailored advice and support.

FEM: IMPROVING THE SOCIAL, CULTURAL AND LEGAL POSITION OF FEMALE ENTREPRENEURS AND CO-ENTREPRENEURS

FEM aims to concentrate the strength of women entrepreneurs in craft businesses and SMEs through the creation of an effective Europe-wide lobbying network. It is believed that participation in regional, cross-regional and cross-border associations lead to greater independence for women entrepreneurs. Members are able to lobby more effectively on issues of particular importance for women entrepreneurs such as the provision of adequate and affordable childcare for women in business and affordable training programmes for women at a national and European level. Other activities include defending equal opportunities for women and men in SMEs and the opportunity for women entrepreneurs to exchange knowledge and experience at an EU level.

NATVERKSBANKEN I DALARNA: WOMEN FRIENDLY FINANCE

In the remote region of Dalarna in Sweden, running a small business from their own home is often the only way in which women are able to find work. The founders of NOW project 'Women-Friendly Finance' believe that training alone is not sufficient to allow women to create employment for themselves and others in this region by going into business. Women-Friendly Finance have therefore developed a dual approach in which training is provided for potential entrepreneurs whilst making loans available to these women. Natverksbanken, a co-operation between the County Labour Board and the region's Federation of Private Employers are able to make loans available to women who have no collateral. The individual participants in the project train together in small groups and are jointly responsible for the repayment of the loans.

WOMEN'S ENTERPRISES ELECTRONIC NETWORKS: PROVIDING TRAINING IN THE USE OF THE INTERNET FOR BUSINESS

Recognising that many sources of European information are located on the Internet, WEEN believe that the web offers many opportunities for British-based women to expand their businesses into Europe. WEEN therefore provide a range of training activities in the use of the Internet for women entrepreneurs and offer a range of specialist databases which enable women in business to establish partners, marketing links, product and tendering opportunities throughout Europe. Based at the University of North London, WEEN have European partners in Greece, Germany and Italy and aim to explore further how the Internet is used by women running businesses in these countries in order to establish a 'best practice' with regard to their training provision.

3.8 Summary of Key Findings

The key issues arising from this analysis of the support system for women entrepreneurs in the EU and in 6 CEE countries, together with the views and

experiences of 56 organisations supporting and/or representing women entrepreneurs and of 11 case study businesses, are as follows:

- Women entrepreneurs represent a small minority of the client or membership group of most organisations that provide services for, or represent the interests of small businesses. Less than a quarter of businesses that come under the umbrella of these organisations (excluding organisations specifically concerned with women entrepreneurs) are run by women.
- Of the general support or membership organisations that responded to the survey, 40% (33% in the CEE countries) stated that they had some form of special services, policies and/or institutional arrangements for women entrepreneurs.
- The types of special arrangements described by respondents include:
 - training, advice or consultancy targeted solely or mainly at women entrepreneurs;
 - start up programmes for women, particularly those returning to the labour market;
 - development of or support for networks of women entrepreneurs;
 - special financial support programmes (primarily in Sweden);
 - special targeting of women in general campaigns to boost levels of entrepreneurship;
 - equal opportunities policies aiming for equal access for women to services (mainly in UK).
- In most EU and CEE countries, at least one specialist organisation for women entrepreneurs responded to the survey. There was a particularly high response from such organisations in Germany and Denmark.
- The vast majority of specialist organisations run or support networks of women entrepreneurs on a local, regional or national basis. The provision of training, advice or counselling services are also important activities, with financial support being mentioned by less than a quarter of specialist organisations.
- Support organisations identified a wide range of problems and issues faced by women entrepreneurs that are greater than those faced by small businesses in general, with the most important being:
 - difficulties with access to start up and, to a lesser extent, development finance;
 - perceived discrimination on the part of finance providers;
 - limited management skills e.g. in marketing and/or the use of technology;
 - limited awareness of and/or access to appropriate business support.
- The 11 case study entrepreneurs came from a variety of backgrounds and experience, and consequently had a range of problems and needs, including:

- mixed relations with finance providers: some good, some rather difficult;
- needs for various types of business advice and training;
- the need to network with other firms to generate business and access informal advice.

3.9 Support Priorities for Women Entrepreneurs

In view of the fact that women are an emerging sector of the business owning population, a potentially important means of raising the level of entrepreneurship in society overall, it must be of concern that a majority of the business support and membership organisations surveyed do not have any special arrangements for women. In addition, less than 10% of general support organisations had explicit policies designed to raise the level of awareness of entrepreneurship among women.

Our conclusion from this research is that there are four key areas within which DG Enterprise might introduce initiatives to promote and support the development of entrepreneurship among women in the European Union and potential Accession Countries. These areas are:

- General information and education programmes
- Support for networking activities involving women entrepreneurs
- Support for appropriate financial assistance to women entrepreneurs
- Encouraging and assisting relevant business support initiatives

Each of these points is elaborated briefly below:

3.9.1 *General information and education*

Our recommendation is that DG Enterprise should use its influence to promote the message to all business support providers, that raising female participation rates is an important part of a strategy for raising the level of entrepreneurship in society. In this context, it is necessary to pay particular attention to the distinctive support needs of female entrepreneurs revealed by the study. The survey results could be used to encourage 'mainstream' providers to think about their approaches to supporting women entrepreneurs (both existing and potential). Support could be given to organisations that wish to improve their understanding of the needs of women entrepreneurs and the ways that they could be met, through exchange visits, training programmes, seminars etc.

More generally, DG Enterprise should seek to ensure that literature and other material produced at Commission level regarding enterprise issues, recognises the fact that women are a substantial and growing component of the entrepreneur community. Examples of successful women entrepreneurs, particularly those that are operating at a

European level, should be given special attention in promotional brochures, videos, presentations etc.

The education and training sector, and organisations providing advice to people on employment and related issues, are important influences on people's career choices, including the decision as to whether to start in business. DG Enterprise should work closely with relevant Directorates, to ensure that the option of business start up is given appropriate weight in training programmes supported by the EU. In particular, initiatives aimed at unemployed women, or those returning to the labour market, should include entrepreneurship as a serious option.

3.9.2 Support for networking activities

Many respondents emphasised the benefits to be achieved through business networking. In some cases, networks of women entrepreneurs can provide an informal, non-threatening environment in which entrepreneurs can exchange views, advice and experiences. In other cases, the main need is to ensure that women entrepreneurs have equal access to, and influence over, local and sectoral business networks. Finally, there is a case for more effective networking at the pan-European level. Projects such as 'Cross Border Training: Euroadvisers and Women Entrepreneurs' (Camara de Comercio Bilbao), aiming to inform entrepreneurs about European policies, is an example of an initiative that may have secondary benefits in terms of encouraging such network activity.

It is in the last area that DG Enterprise can make the most effective interventions. Support for Europe-wide information and lobbying bodies such as FEM should, we believe, continue. Given the increasingly international nature of the business environment, there is a case for introducing specific measures to enable women entrepreneurs themselves (as opposed to representative organisations) to communicate with similar people in other countries. Entrepreneurs are busy people, and often women entrepreneurs are busier than most, due to family and other commitments. We feel, therefore, that any programme to promote international networking among women entrepreneurs should operate initially on a pilot basis.

We suggest two possible approaches for consideration:

- The provision of financial support for women entrepreneurs that are looking to form joint ventures, distribution agreements or other forms of business cooperation with businesses in other EU or CEE countries.
- The development of a Website for women entrepreneurs, providing information about specific support that is available, a data base of businesses interested in cooperation, and a discussion forum to exchange views and information between women entrepreneurs.

3.9.3 Support for financial assistance

The appears to be a strong body of opinion among the support organisations for special start up loans for women entrepreneurs, although the experiences of the case study businesses with this type of initiative have been mixed. Whilst gender is only one of the factors that may influence an entrepreneur's chances of successfully raising finance, there is justification for targeted financial support aimed at female entrepreneurs, as part of a strategy for raising the overall level of entrepreneurship. In concept, initiatives such as 'Women Friendly Finance' in Sweden would appear to represent an appropriate approach in that it combines unsecured finance with training, as well as facilitating network activity. It must be stressed however, that there has not been an opportunity to evaluate the effectiveness and impact of this initiative in practice.

DG Enterprise support for small scale local schemes, such as credit unions and mutual guarantee schemes involving women entrepreneurs, would be valuable. Such support could come in the form of subsidies to cover administrative costs and/or contributions to the capital base of schemes. Any initiatives supported in this way should be encouraged to share lessons learned with relevant support organisations, both specialist and mainstream.

Strong and effective lobbying of financial institutions by DG Enterprise to counter actual, perceived or unintended discrimination against women entrepreneurs would, it is to be hoped, reduce the need for financial support aimed specifically at women entrepreneurs.

3.9.4 Encouraging appropriate business support

Clearly, there is a case for some forms of business support - particularly at the start up stage - to be delivered exclusively for women entrepreneurs, in order to counter any feelings of lack of confidence and other problems (e.g. child care) that face many women. Preferably, such programmes should be run by women in order to provide role models and to ensure empathy on the part of trainers or advisors. A good example would appear to be the WOMED project in Belgium, which supports start-ups and business development through tailored management development programmes, women's resource centres and individual counselling services. We would therefore suggest that DG Enterprise continues to support such initiatives. However, we feel that it is important to ensure that women who benefit from special start up training and support should be helped as far as possible to benefit from 'mainstream' support provision as their business develops.

Along similar lines, mentoring programmes along the lines of those reported for young entrepreneurs, would be beneficial for women entrepreneurs, particularly those wanting to develop their businesses. Again, these programmes should use successful women entrepreneurs as mentors, where possible. In some cases, such initiatives should be run by organisations specialising in support for women entrepreneurs. However, there is a case for encouraging mainstream providers to recruit and train more female advisers and mentors.

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