

Mapping the Challenges for Female Entrepreneurship in the Northern Periphery and Arctic

W-POWER project
2019



W-Power

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W-Power works with women entrepreneurs in sparsely populated areas across Northern and Arctic communities, encouraging them to set up, develop and grow their businesses. The project will achieve this through capacity building and providing opportunities for transnational learning as well as creating and piloting a gender-aware business support concept.

Report Contents:

1. Scope of the baseline study
2. Men's and women's entrepreneurship rates and characteristics
3. Challenges for women when starting and growing a business
4. Recommendations to address challenges
5. National and regional approaches
6. Rural entrepreneurship
7. Conclusions for the W-Power project.

1. Scope of the baseline report

This report outlines, at the outset of the project, the state of women's entrepreneurship across partner regions: Finland, Iceland, Ireland, Scotland and Sweden. It explores the challenges women face, barriers they can experience and national and regional approaches to help tackle them.

This desk study draws on a range of sources:

- the European Commission's "*Statistical Data on Women Entrepreneurs in Europe 2014*" provides comparative statistical information on women's entrepreneurship rates across partner regions
- as this included UK-level information only we compared it with Scottish information (Global Entrepreneurship Monitor 2017). This showed that new and established business ownership rates in Scotland were significantly lower than those of the UK
- a range of national and regional literature sources established the challenges women entrepreneurs face, barriers they can experience and national and regional approaches adopted to address them
- the study draws out the main conclusions from these sources and the findings are indicative rather than an exhaustive review.

2. Men's and women's entrepreneurship rates and characteristics

Across all project partner regions the percentage of women entrepreneurs in the total labour force is significantly lower than that of men. All are lower than the Europe 37 average (*Figure 1*).

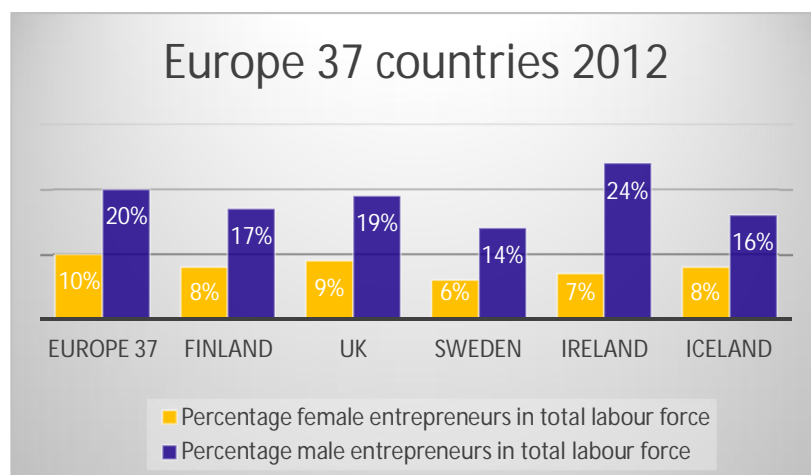


Figure 1: men's and women's entrepreneurship rates in total workforce

Women also represent a lower proportion than men of all entrepreneurs within their country. Some partner regions are lower and some slightly higher than the Europe 37 average (*Figure 2*).

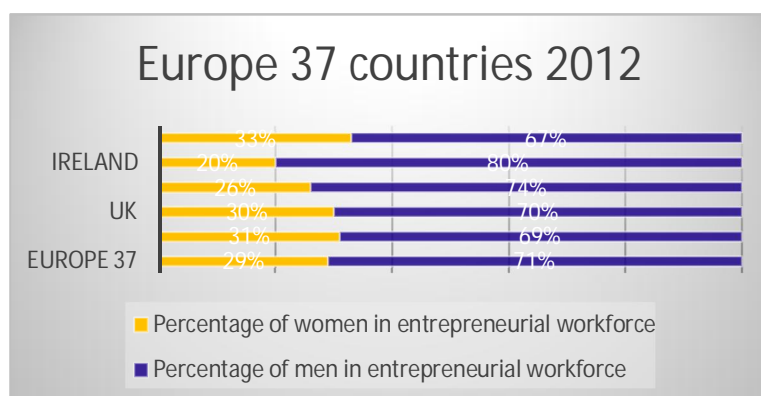


Figure 2: percentage of men and women in the entrepreneurial workforce

Women's entrepreneurship rates increased by varying degrees across all partnership regions between 2003 and 2012 (*Figure 3*).

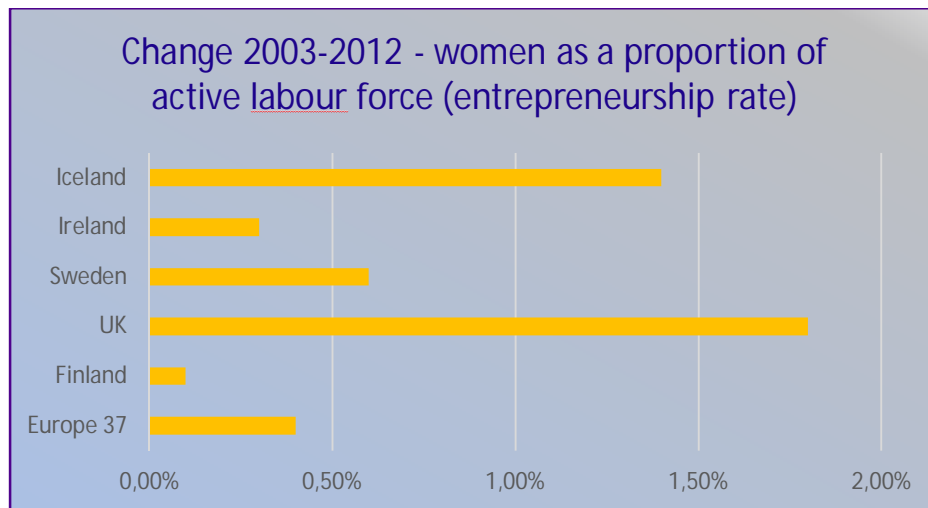


Figure 3: changes in women's entrepreneurship rates since 2003

In all partner regions women are more likely than men to be part time entrepreneurs, although the proportion varies by region (Figure 4).

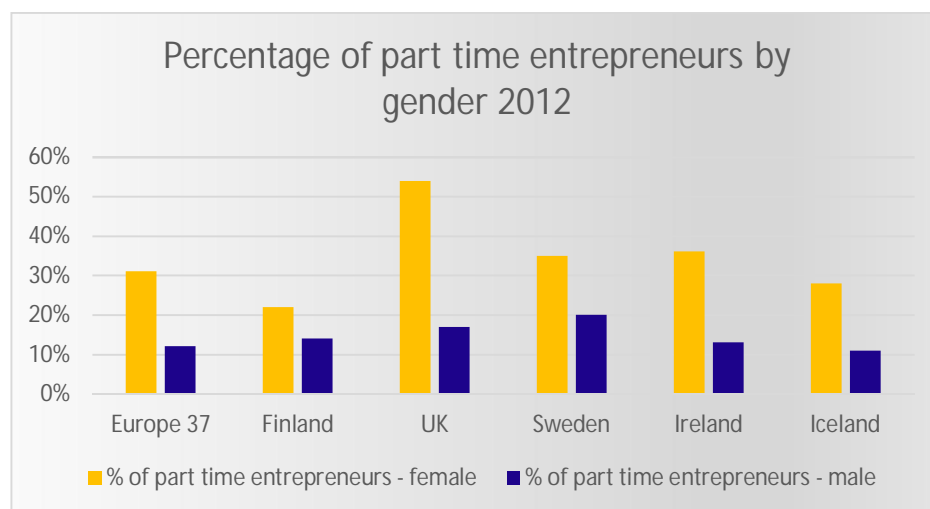


Figure 4: part time entrepreneurship rates by gender

Men and women entrepreneurs tend to work in different sectors, reflecting traditional occupational patterns in the total workforce (Figure 5). This affects both business growth and the entrepreneur's earning potential.

Women are more likely to work in administrative and service sectors while men are more likely to work in energy, utilities, transport and construction sectors.

- human health and social work:	60% women / 40% men
- other services:	59% women / 41% men
- education:	55% women / 45% men
- administrative and support service activities	40% women / 60% men
- arts, recreation and entertainment	39% women / 41% men
- accommodation and food services	35% women / 65% men
- professional, scientific and technical	34% women / 66% men
- real estate activities	31% women / 69% men
- wholesale/retail/motor vehicle repair	29% women / 79% men
- financial and insurance activities	26% women / 74% men
- agriculture, forestry and fishing	25% women / 75% men
- manufacturing	21% women / 79% men
- information and communication	19% women / 18 % men
- electricity and gas	11% women / 89% men
- mining and quarrying	9% women / 91% men
- water supply, sewerage and waste mgt.	8% women / 92% men
- transport and storage	7% women / 93% men
- construction	3% women / 97% men



Figure 5: percentage of men and women entrepreneurs by sector

Literature sources consistently show differences in the motivation, aspirations, attitudes and preferences of male and female entrepreneurs across partner regions:

- women are more likely than men to use enterprise as a temporary career solution, often related to caring responsibilities
- women are more likely than men to cite "push" factors (necessity) for starting a business – work/life friendly; financial reasons
- men are more likely to cite "pull" factors (aspiration) for starting a business – earning potential
- fewer women than men become habitual or serial entrepreneurs
- women are more likely to aspire to achieve social or community benefit from their business
- women are less likely to attribute business exit to business failure than to personal reasons

- women entrepreneurs tend to have a higher level of education than men
- women are more likely to question their own skill level, confidence and business knowledge than men
- women are more likely to adopt typically gendered roles for personal and work time.

They also show differences in the typical structure and performance of businesses led by male and by female entrepreneurs

- women's enterprises are more likely than men's to be home-based, part time and with more limited growth trajectory
- as women often operate in sectors which are less capital-intensive the business has lower earning potential
- women's businesses outperform men's when:
 - business age, growth, sector and size are taken into account
 - personal characteristics such as education, age and income are controlled
- there are fewer female business venture capitalists.

This demonstrates that, although men and women can have different experiences of being an entrepreneur, both men and women have the potential to contribute effectively to economic growth.

3. Challenges for women when starting and growing a business

These differences mean that women face a range of particular challenges when starting and growing a business, mainly around:

- how to access finance and business support which meets their specific needs
- how to engage with relevant role models, networks and mentors
- the impact of cultural assumptions and gender stereotyping.

Access to finance

Women tend to have shorter credit histories than men and less access to assets such as home ownership, so they can have difficulty accessing funding. They are less likely than men to access external funding (e.g. banks or angel investment) and are less likely to be part of financial networks. Women tend to apply for and to receive lower funding amounts.

Access to business support

Business support may inadvertently focus support on male-led businesses. For example publicly provided business support often targets particular sectors or type / size of business, typically led by men. A *"one size fits all"* approach to business support delivery favours traditional business models and growth plans, which are also typically led by men.

Women-led businesses are, therefore, less likely to qualify for readily available support.

Role models, networks and mentoring

"you can't be what you can't see"

There is a lack of high profile female business role models, particularly in high growth sectors and few female business venture capitalists.

Women often value supportive and informal networks which tend to be of lower social or economic "power". These are often developed locally when formal networking institutions are lacking. Women are currently under-represented in business leadership so there are fewer female mentors to support women's entrepreneurial growth.

Cultural assumptions and stereotyping

Unconscious bias about women's skills, abilities and roles in society can have a significant impact on women's entrepreneurial success. For example masculine "norms" of entrepreneurial behaviour give women's entrepreneurship lower validity.

An [Icelandic survey](#) of women in management (FKA) indicated that three fifths of respondents thought that financial institutions were more likely to grant men a loan than a woman.

A [Swedish study](#) of government venture capitalists shows that, while the men and women demonstrate equal levels of entrepreneurial potential in their applications, the financiers assess higher entrepreneurial potential in the men's businesses than in the women's businesses.

As a result women were offered lower rates of funding.

Female entrepreneurs viewed as:

- *cautious*
- *reluctant to take on big loans or make big investments*
- *need only small amounts of funding*
- *active in the "wrong" industries*
- *lack growth potential.*

Male entrepreneurs viewed as:

- *eager to have a go / test ideas*
 - *need large amounts of funding*
 - *active in the "right" industries*
 - *have growth potential.*
-

4. Recommendations to address challenges

The literature studied recommends that policy should not aim to eliminate the differences between men and women entrepreneurs.

It should address the institutional and cultural influences which constrain women's entrepreneurial success.

Raise awareness of the value of women's entrepreneurship

This can be done by promoting enterprise:

- throughout education - to inspire and motivate young entrepreneurs
- by working with and listening to women entrepreneurs - highlighting business and financial support available to them
- by supporting women's entrepreneurship as an economic imperative - particularly in sparsely populated areas, making use of under-utilised talent and sustaining rural communities
- as a mean of increasing women's financial independence - enhancing career options locally and reducing stereotyping of women's entrepreneurship as a "lifestyle" business.

Enhance entrepreneurship, financial and business support

This can be achieved by:

- supporting infrastructure and innovative business models to sustain parental enterprise – childcare, transport, digital connectivity. This is particularly relevant for rural areas
- developing and promoting robust economic development policy and tools for delivery which address the needs of both men and women
- developing and promoting the economic case for women's entrepreneurship - employment creation and business innovation, particularly in sparsely populated communities
- facilitating access to public procurement, offering new market opportunities for women
- using gender-disaggregated data to identify gaps in business support provision accessed by women
- using gender-aware /gender-specific services to address known areas of market failure for women
- developing networking, mentoring and ambassador programmes to enhance learning and skills development.

Tailoring support to meet entrepreneurs' needs

There are two ways to address the challenges faced particularly by women entrepreneurs:

- gender-aware support which understands and addresses the particular needs of both men and women
- gender-specific support tailored to meet specific needs of either men or women.

Gender-aware support

This is support which:

- is available to both men and women and;
- specifically acknowledges that men and women may access different elements of available support or have different needs.

Gender-aware support understands and is tailored to meet these needs

Support which is not gender-aware offers a "one size fits all" service which is unlikely to meet everyone's needs.

Gender-specific support

This is support which:

- is targeted for men or women only and;
- meets the specific needs of the target group and;
- aims to address disadvantage experienced by the target group.

Gender-specific support is justified where there is evidence of disadvantage, such as lower economic participation rates for women entrepreneurs.

Rural, sectoral and regional challenges

It is not easy to determine the extent to which starting and growing a business in a rural community impacts differently on men's and women's entrepreneurial success. It is not always clear which challenges are due to gender, to rural location or to other business factors.

So interventions, however well intentioned, may not be fully effective in addressing the actual challenges faced.

Literature suggests that limited infrastructure such as transport, digital connectivity and childcare provision, may have a more significant, negative impact on women than on men.

Some challenges may be also specific to some countries or sectors than others such as:

- traditional farm inheritance practices in Scotland can impede women's succession and leadership in the sector
- women in Sweden feel more able to access training than in other partner countries, which may be linked to Sweden's gender-aware approach to delivery.



5. National and regional approaches

National policy across partner regions consistently acknowledges the under-representation of women entrepreneurs. It recognises the career value of entrepreneurship for women as well as the importance of women to growing the economy and in sustaining rural populations. Partner regions identify a consistent range of barriers experienced more by women entrepreneurs than by men. Some regions have addressed this over several years and have well-developed policies / projects in place.

Gender-specific projects have often been a response to rising female unemployment, for specific time periods or geographic locations and provide useful templates for future development.

Other interventions aim to mainstream equality within business support delivery e.g. Sweden's Equal Growth concept and Iceland's FREE – Rural Women in Business policy guidance.

The following illustrates partner approaches adopted to deliver national policy.

Finland

The Government Action Plan for Gender Equality 2016-19 includes a focus on gender equality issues in working life and recognises the scope to develop gender equality goals in areas of economic policy. A key policy focus has been the development of women's enterprise through resource centres and advisory organisations.

Gender-based initiatives include:

"StartUp Lapland" – to encourage a business start-up culture and improve entrepreneurial instinct.

fPlaza - training programmes focusing on high-growth entrepreneurship, business skills and career opportunities.

A range of projects to support women entrepreneurs:

Key future skills in female entrepreneurship

Powerful woman 2020

Developing women entrepreneurship in Kymenlaakso region

Iceland

Gender Equality in Iceland - establishes equal status and equal opportunities for men and women. In the absence of a national strategy to support women's entrepreneurship budget allocation to 2024 will drive greater equality. This complements existing support systems and special measures for women including exploring gender-responsive budgeting and allocation of public grants. Supporting entrepreneurship is viewed as a means of reducing outmigration of women from rural areas.

Gender-based initiatives include:

Bifrost University "Advancing Women": trainign on entrepreneurship skills

Innovation Center of Iceland – Brautargengi business start-up workshops for women entrepreneurs to build confidence and skills in both urban and rural areas

Regional Development Institute - female entrepreneur loans

FKA Association of Women Business Leaders in Iceland - to support women to manage and grow their business

Directorate of Labour – Atvinnumál kvenna – grants to support women owned business.

Ireland

Ireland's National Policy Statement on Entrepreneurship in Ireland 2014-19 mid-term review identified an increase in the number of women entrepreneurs and a good quality support ecosystem. It identified that less support is available for growth after start-up and childcare costs remain a significant barrier for female entrepreneurs.

Gender-based initiatives include:

Enterprise Ireland's Female Entrepreneurship Unit:

- "Going for Growth" – for established women entrepreneurs with a vision for growth
- "Building Better Futures: Migrant Women's Entrepreneurship Training" – for 25 migrant women

"Empower Programme" – to fast-track women led businesses.

Scotland

The Scottish Government's Women in Enterprise: Framework and Action Plan has been developed to help tackle the gender-gap in enterprise and increase the impact of women's enterprise to the Scottish economy. It focuses primarily on mentoring, networking, role models, finance and support.

Gender-based initiatives include:

Women's Enterprise Scotland Ambassador Programme - role models to inspire, motivate, engage and connect with women-led start-up / growth businesses.

WES – Leading for Success - for women in Fife wishing to grow their business to become sustainable.

Investing Women – bringing women entrepreneurs and angel investors together.

Realise - development programme tailored to meet the needs of women business owners and entrepreneurs in Orkney.

Sweden

Sweden's National Strategy for Business Promotion on Equal Terms 2015-20

builds on a series of national initiatives and aims to provide business promotion initiatives and resources on equal terms for men and women. It focuses on the contribution of businesses and entrepreneurs to economic renewal and sustainable growth.

"Promoting women's entrepreneurship":

- making business development accessible to women
- women's entrepreneurship at university / higher education
- the economic importance of women's entrepreneurship.

"Below the Surface - What's the talk and Who Gets the Money": shows that gender stereotyping influences access to public funding for men and women.

In addition to the partner approaches above we received information from **Women in New Brunswick**, which works specifically with women business owners in New Brunswick, Canada. They provide one-on-one support to women living in both rural and urban areas.

This information shows similar patterns to those of project partners for entrepreneurship rates for women. Women-led businesses also face similar challenges to those in partner regions:

- accessing capital – women are less likely to seek debt and equity financing – and are more likely to be rejected for or receive less money
- women are more likely than men to be motivated by a flexible work schedule and less likely than men to be motivated by wealth creation
- women entrepreneurs are more likely to work in retail and service sectors and to be solo entrepreneurs
- women entrepreneurs earn 56% less than their male counterparts.

This reinforces the consistency of experience of women entrepreneurs across a range of northern countries, offering a great source learning for the project.



6. Rural entrepreneurship

Partner regions recognise the particular challenges faced by entrepreneurs in rural communities. They highlight women's contribution to growing the local economy while sustaining rural populations.

The following provides a flavour of rural-focused initiatives:

- "ACORNS: Accelerating the Creation Of Rural Nascent Start-ups" - supports early-stage female entrepreneurs living in rural Ireland. Runner up in the European Enterprise Promotion Awards 2018
- "Supporting Female Entrepreneurship" – training programme delivered through the Women's Rural Entrepreneurial Network (WREN) in Ireland
- "A Guide for Policymakers: The Voice of Female Entrepreneurs in Rural Areas" – provides policy makers with advice using the results of the FREE project: "FREE – Rural Women in Business" - to assist women from rural areas to become successful entrepreneurs with a focus on small business development: skills and competencies, networking, "Mentoring Circles", "Enterprise Circles" (Iceland)
- "Developing Rural Women's Enterprise – Rural Business Women" - supports women to create new products from nature and rural tourism – partners Sweden, Scotland, Iceland, Finland (findings in hard copy).

Rural challenges identified

Challenges which impact particularly on women in rural communities include:

- a lack of affordable services locally such as childcare and elder care which has a disproportionate negative impact on women
- a lack of access to and influence within national networks which results in rural women having less peer support
- local budgets which impact on resource planning are not routinely assessed for gender impact, so there is little understanding of the impact of budget allocation on men and on women
- grants for non-agriculture businesses such as services (which women are more likely to run) are harder to access
- the impact of traditional work and family role stereotyping is more pronounced in rural communities.

Potential solutions to rural challenges

Potential solutions to rural challenges for women – while relevant for all entrepreneurs they are necessary to address disadvantage experienced more by women than by men:

- use of digital tools to promote access to education, networks and peer support
- develop rural networks driven by local priority and need
- small amounts of investment can make a big difference to rural communities, particularly relevant for women-led businesses
- proactive role for business networks and support organisations to promote women's entrepreneurship
- reinvent the support system to take into account different experiences of men and women e.g. access to appropriate finance
- encourage creativity and innovative thinking in rural areas, especially in farming diversification.

7. Conclusions for the W-Power project

The study has shown that partner regions share a policy commitment to promote women's entrepreneurship. All partners deliver gender-specific projects which aim to address challenges faced particularly by women entrepreneurs

Some regions have taken steps to develop a proactive, gender aware approach to business support provision which meets the needs of both men and women.

Summary of the challenges identified

The baseline study shows a consistent pattern across partner agencies:

- there are fewer women entrepreneurs than men entrepreneurs across all partner regions
- women are more likely to be part time entrepreneurs than men and to work in lower value sectors
- there are differences in:
 - the typical motivation, aspirations, attitudes and preferences of men and women entrepreneurs
 - the typical characteristics of enterprises run by men and by women.

These differences mean that women face a range of particular challenges which impact on:

- women's access to relevant finance and business support
- the benefit they gain from role models, networks and mentoring.

Women are more likely to experience negative impact from unconscious bias, cultural assumptions and stereotyping.

Summary of potential solutions

Policy should aim not to eliminate the differences between men and women entrepreneurs but to address the institutional and cultural influences which constrain women's entrepreneurial success.

It can do so by:

- raising awareness of the value of women's entrepreneurship to grow and sustain local economies
- tailoring entrepreneurship, financial and business support provisions to meet women's particular needs through gender-aware and gender-specific approaches as appropriate.

Partner regions have in place a range of national policies and specific interventions which aim to promote and support women's entrepreneurship. It is not always clear which challenges are due to gender, to rural location or to other business factors so interventions, while well intentioned, may not always be fully effective in addressing actual challenges faced.

The role of W-Power

The baseline study confirms that women entrepreneurs are consistently under-represented across partner regions and face similar challenges when starting and growing a business.

It provides examples of:

- approaches to policy commitment
- gender-specific project delivery
- the development and delivery of gender-aware business support.

W-Power can use this to learn from good practice in existing interventions as well as identifying new ways to address the challenges women face.

In particular the project can use this knowledge when developing a gender-aware approach to business support and a sustainable means of stakeholder engagement as elements of project legacy.

W-Power: empowering women entrepreneurs in sparsely populated Northern communities

