



OECD Report to G7 Leaders on Women and Entrepreneurship

A summary of recent data and policy developments in G7 countries



G7

1. Introduction

Thanks to Federal Chancellor Angela Merkel's outstanding leadership during Germany's G7 Presidency, the promotion of women's economic empowerment through entrepreneurship, education and employment has gained considerable momentum. Joint G7 Principles, new role models and a new G7 platform for successful women in politics, economy and society raised the potential to further support gender equality in G7 countries and beyond.

The Leaders Declaration of the G7 Summit of 7-8 June in Schloss Elmau, Germany, identifies women's entrepreneurship as a key driver of innovation, growth and jobs, but also recognises that, across G7 countries and around the world, far fewer women than men run their own businesses often due to additional barriers that women face in starting and growing businesses (German G7 Presidency, 2015).

G7 leaders also agreed on common principles to boost women's entrepreneurship making girls and women aware of the possibility of becoming entrepreneurs, and addressing specific needs of women entrepreneurs, e. g. by promoting their access to finance, markets, skills, leadership opportunities and networks.

G7 leaders asked the OECD to monitor progress on promoting women's entrepreneurship, and this note provides a bird's eye view of developments regarding women and entrepreneurship. It first summarizes recent evidence on women's entrepreneurship and then discusses policies to boost women's entrepreneurship along the lines of the G7 Principles on Women's entrepreneurship.

2. Evidence on women's entrepreneurship

There is increasing recognition across G7 countries and beyond that women entrepreneurs create new jobs for themselves and others and "[...] can provide society with different perspectives and approaches to management, organisation and business issues". The returns for economies and societies from pro-active policies for women entrepreneurs are multiple and sizable. Women-owned businesses represent already, in all countries, a dynamic economic resource. For example, there are currently 11.3 million women-owned businesses in the United States, employing nearly 9 million people and generating over USD 1.6 trillion in revenue (Womenable and American Express OPEN, 2016).

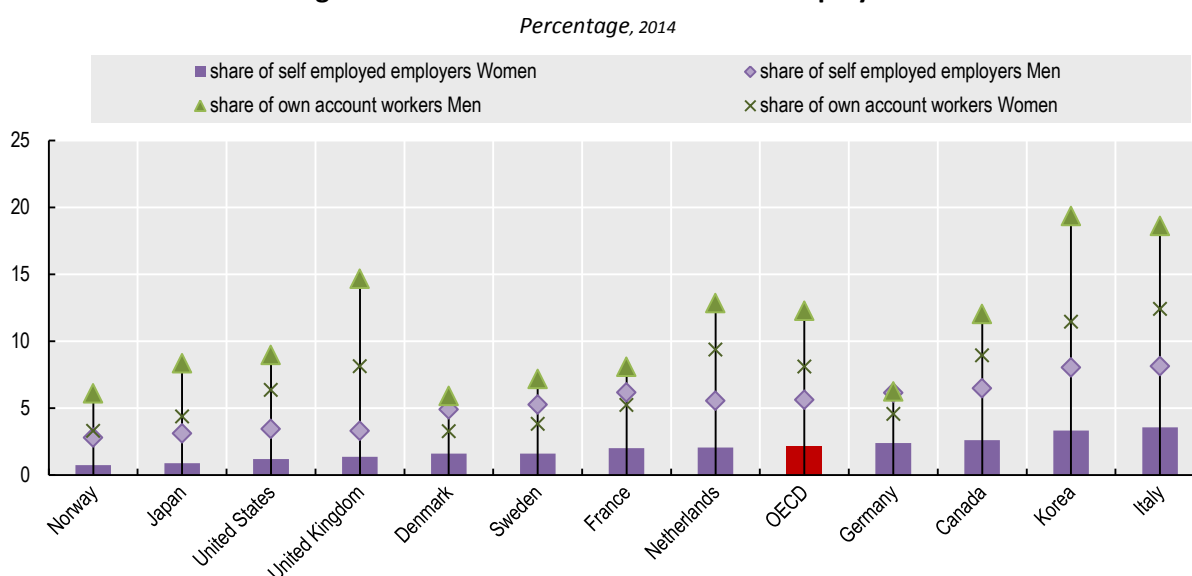
A mix of cultural and economic barriers generates differences in business ownership rates and entrepreneurial "success" of women and men. Stereotypes - such as the belief that entrepreneurship is a man's job - and lower exposure of women to role models can explain why women report a lower interest in an entrepreneurial career, and often believe they are not capable to become successful entrepreneurs. And these cultural barriers may also play a systemic role in creating specific market failures. A critical one is the under-provision of credit to less wealthy or less experienced investors. Women rely more heavily on internal than on external sources of capital for start-ups, and raise smaller amounts of capital for financing their activity. The fact that women raise less external financing than men can stifle the potential of their enterprises to innovate, develop new products and services, hire skilled employees, and grow and access international markets.

Key facts

Self-employment statistics are one of the measures commonly used to assess changes in entrepreneurial activity. They reveal considerable gender differences among the self-employed, particularly those self-employed who are employers. For example across the 28 EU countries only 25% of business owners with employees are women. And this proportion has only marginally increased over the past decade; a phenomena also seen in other countries too, such as Canada and the United States.

Own-account employment levels did rise during the crisis both for men and for women but set against a backdrop of falling employee numbers at least part of this increase may reflect push (adjustment strategies) rather than pull factors as the driving force (Figure 1).

Figure 1: Share of women and men self-employed



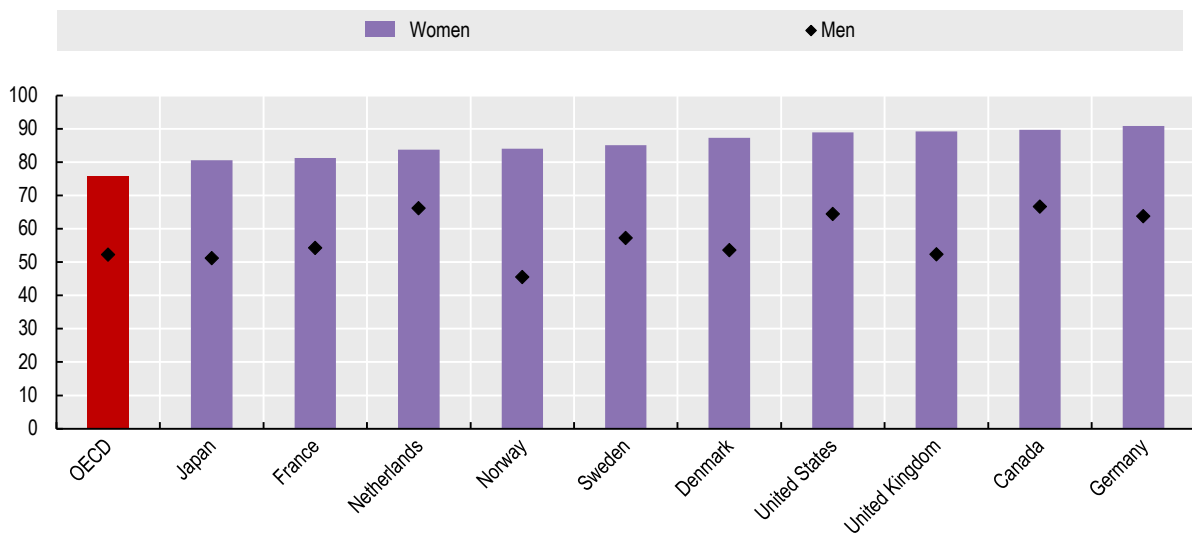
Source: Entrepreneurship at a Glance 2016(OECD, 2016), forthcoming

In all OECD economies **self-employed women are more likely than men to work in the service sector**, in particular, wholesale and retail trade and accommodation and other low-skilled service activities (Figure 2).

Self-employed women earn significantly less than men across countries. A number of factors can explain this, including the characteristics of their activity and the time they actually work on their businesses. Typically, female entrepreneurs have “double assignments” (i.e. they are running an enterprise and a household at the same time), and this may limit the time female entrepreneurs can devote to their businesses and also affects the choice of the business they want to start, excluding activities that are more demanding in time. For example, gender differences in the number of hours spent working on the business are large in Germany and the United Kingdom. The gaps in mean earnings from self-employment are substantial everywhere (35% on average) and wider than those observed in wage employment (15% on average) (Figure 3).

Figure 2: Self-employed whose activity is in services

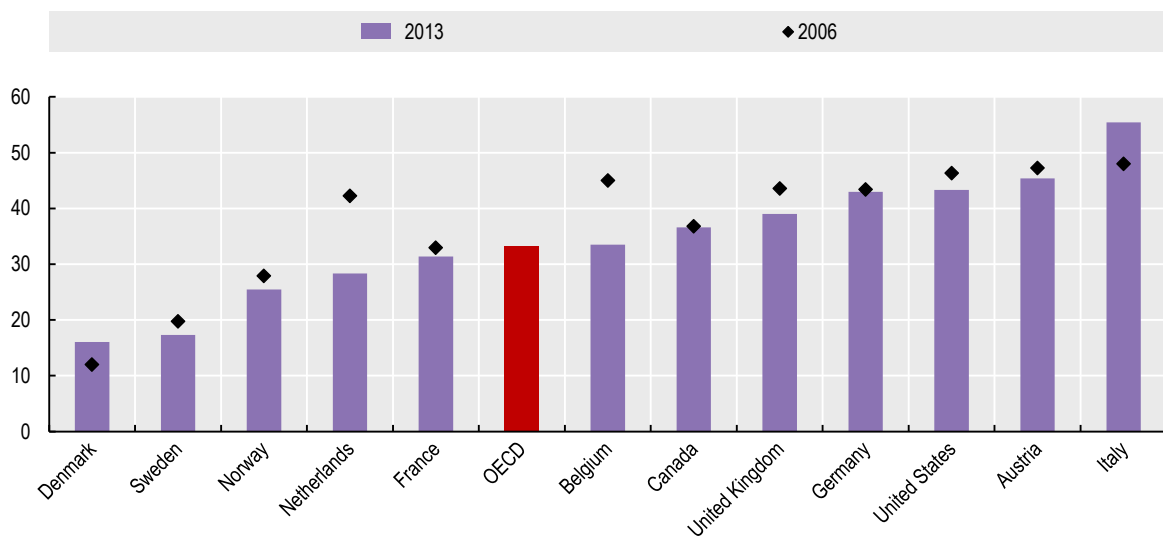
Percentage, 2014



Source: Entrepreneurship at a Glance 2016 (OECD, 2016), forthcoming.

Figure 3: Gender gap in self-employment earnings

Percentage



Source: Entrepreneurship at a Glance 2016 (OECD, 2016), forthcoming.

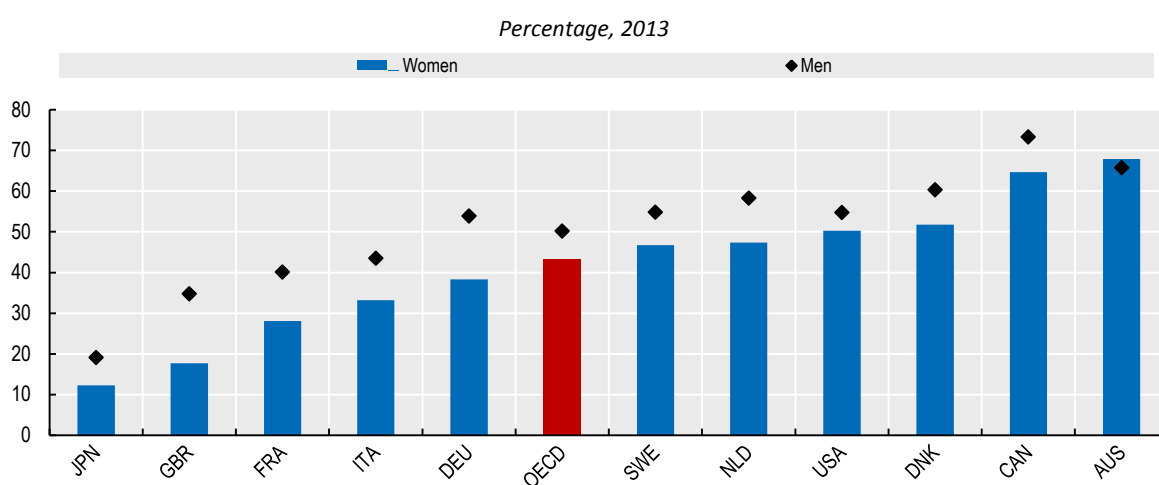
In terms of motivations, women entrepreneurs typically value the time flexibility that come with being their own boss; however, women consistently rate self-employment as being less feasible than men do, partly because of cultural attitude and partly due to higher perceived barriers .

Women are more likely than men to cite work/life balance as their motivation for becoming an entrepreneur and traditional performance measures, such as growth and profits do not always reflect the top priorities for women entrepreneurs. When a comprehensive system of public work/life balance supports is available, such as in Denmark and Sweden where working parents can access a continuum of supports during early childhood (parental leave, then pre-school supports followed by out-of-school-hours-care around primary school), this may well contribute to relatively low gender gaps in self-employment earnings.

Survival rates for female owned businesses are typically lower than those for men, which may partly reflect cultural and economic barriers that hamper survival, for example more restrictive capital financing, as well as the sectors in which women generally open businesses. The evidence also suggests that given the right conditions, and despite the barriers that act as impediments to starting-up, women owned enterprises can be as successful as men owned enterprises. In many countries the evidence suggests that those female owned enterprises that survive the early and difficult start-up period generate more employment growth than male owned enterprises (OECD, 2012).

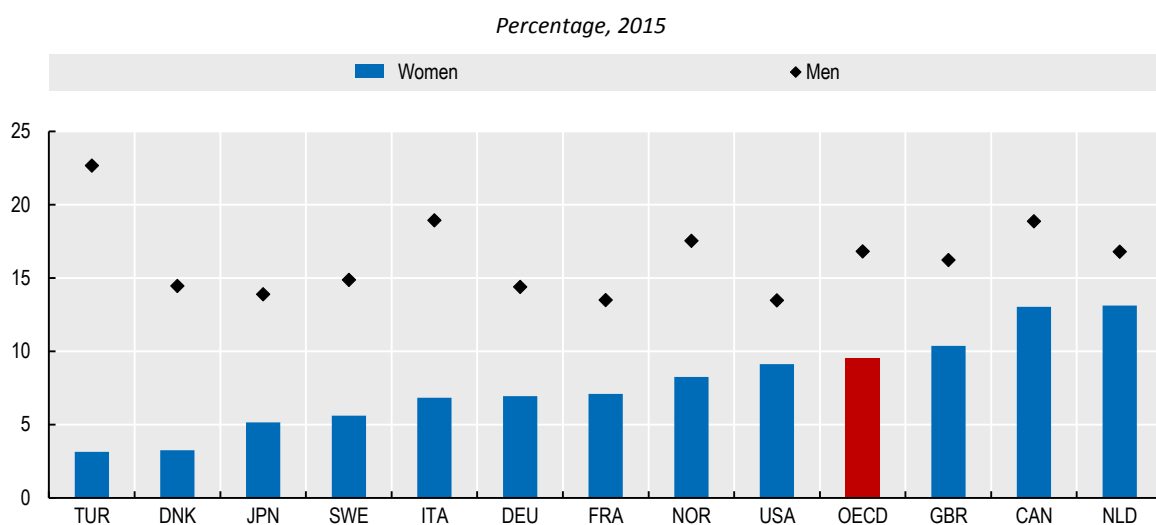
It is important to ensure that adequate support to business creation is available and accessible to interested individuals. Most countries in the OECD area exhibit a significant gender gap with regards to access to training to create and grow a start-up, and, similarly high gender gaps exist regarding access to finance (Figures 4 and 5).

Figure 4: Do you have access to training on how to start or grow a business?



Source: Entrepreneurship at a Glance 2016 (OECD, 2016), forthcoming.

Figure 5: Do you have access to money to start a business?



Source: Entrepreneurship at a Glance 2016 (OECD, 2016), forthcoming.

3. Policies to boost women entrepreneurship in G7 countries and beyond

Governments in G7 countries are placing increasing attention of the gender dimension of entrepreneurship, recognising that greater levels of entrepreneurship among women and better access to resources by women entrepreneurs can contribute to innovation, job creation and social inclusion. As a result, many government programmes have been launched in recent years or currently are under development. However, their scale, scope and coordination vary significantly. Only a few countries have designed and implemented a comprehensive action plan for fostering women entrepreneurship or have put in place a clear co-ordination strategy among the different players that offer services to women entrepreneurs.

All G7 countries have endorsed the OECD's Gender Recommendation which includes specific policy principles and provides a roadmap to improve gender equality in education, employment and entrepreneurship (Box 1). This section presents examples of recent policy actions taken in G7 countries to support women's entrepreneurship as presented along the G7 Principles on Women's Entrepreneurship (in bold below), that were agreed at the G7 Summit on 7-8 June 2015.

Box 1: The OECD Gender Recommendation

In addition to a range of policy recommendations in the Education and Employment areas, the OECD Gender Recommendation includes the following specific measures to reduce the gender gap in entrepreneurship activity by:

- Designing appropriate responses to gaps and market failures, including: policies to reduce barriers to women entrepreneurship, administrative burdens on firms and excessive regulatory restrictions; policies to support firm growth, internationalisation and innovation; support for the development and implementation of awareness campaigns, training programmes, mentoring, coaching, and support networks, including professional advice on legal and fiscal matters;
- Ensuring equal access to finance for female and male entrepreneurs through actions that influence both the supply of and demand for finance by: easing access to finance for viable businesses owned by men and women; taking steps to improve the knowledge and attitudes of financial institutions; increasing awareness of finance sources and tools among women entrepreneurs; and, encouraging more women to join business angel networks or venture capital firms.

Recent policy actions

“Make girls and women aware of the possibility of becoming entrepreneurs and actively encourage them to transform their ideas into business cases – starting at early stages, e.g. in schools, vocational training and universities by promoting tailored information.” - *Annex to the Leaders' Declaration G7 Summit, 7–8 June 2015*

In March 2015, the Government of Canada announced the Action Plan for Women Entrepreneurs. The Action Plan is led by Status of Women Canada, an agency with the mandate to promote equality for women and their full participation in the economic, social and democratic life of Canada. The Action Plan includes measures to foster networking (e.g. a national forum and an online platform to bring together women entrepreneurs), encourage mentorship, enhance access to international markets through trade missions (through the Canadian Businesswomen International Trade

Programme within Global Affairs Canada), and provide finance (e.g. CAD 700 million have been earmarked over 3 years by the Business Development Bank (BDC) for women-owned businesses). This financial support will cover both working capital loans and investment loans and will allow for 300-400 additional loans to majority-owned women's businesses seeking financing over the 3-year period. As part of its renewed focus on women-owned business, BDC will also aim to increase the share of its specialised financing (e.g. Growth and Transition Capital Offering and Venture Capital) and consulting services being accessed by female entrepreneurs. To be in a better position to meet the needs of the evolving women's business market segment, BDC has also designated "a national champion" to lead and progress initiatives that positively impact on women-owned businesses.

In France, the Women's Entrepreneurship Plan (*Plan « Entreprendre au féminin »*) was launched in August 2013 by the Ministries of Women's Rights, Education, Science and Higher Education, and SMEs, Innovation and Digital Economy. The goal is to increase the rate of women starting businesses from 30% currently to 40% by 2017. The Plan works through three pillars. The first is to increase the promotion of women's entrepreneurship and improve the information provision on available supports. Promotion activities occur largely through actions in the national education and higher education systems. This includes an entrepreneurship awareness week for students with the participation of more than 400 women entrepreneurs. The Plan also launched a new website to improve the availability of information on existing supports for women entrepreneurs (www.ellesentreprennent.fr). The second pillar is to strengthen individual support for women entrepreneurs so that they can develop and grow their businesses, including 14 new support networks. The third pillar is to improve access to finance with a guarantee fund (*Fonds de garantie à l'initiative des femmes*) that operates through a partnership with Caisse des dépôts, BPCE and BNP Paribas. The guarantee fund supported 2 075 women in 2015, an 11% increase over 2014 and is expected to continue to see growth since its ceiling increased from EUR 27 000 to EUR 45 000 in September 2015.

The U.S. Small Business Administration (SBA) hosted a series of online events that highlight women in business during Women's History Month in March 2016. This included a Twitter Chat on "Tips to Help Women Entrepreneurs Start and Grow a Business", a Google Hangout on "Women in Small Business: A Conversation with the SBA", and webinars on "How to Take Your Woman-Owned Small Business Global" and "How Women Entrepreneurs Can Get the Funding They Need to Grow". Each event was free and open to anyone. These events were also used to promote the SBA's Small Business Learning Center, which has a suite of self-paced online courses that cover financing, accounting, marketing, internationalisation and more.

"Counter gender stereotyping, and develop specific measures for girls to enrol in and complete education in STEM (Science, Technology, Engineering, and Mathematics) disciplines early on." - Annex to the Leaders' Declaration G7 Summit, 7-8 June 2015

There is growing awareness of the importance of career opportunities in generating interest among students, especially among students who are under-represented in certain fields. Raising the profile of career opportunities and role models, and improving the work-life balance, particularly in STEM fields, can help to promote greater gender equality in all fields of study.

Some countries support programmes to review teaching materials and practices to ensure that they are free of gender stereotypes. For example, in 2012, Germany launched a training tool to help eradicate stereotypes based on gender, culture and religion in textbooks. The Department of Education of Alberta, Canada has produced guidelines to help education staff to review educational

resources to ensure that they foster diversity, including gender diversity. Through the Women's Educational Equity Act, the United States Department of Education has supported research and development of innovative curricula and teaching and learning strategies to promote gender equality. Washington and Alaska are two states that require that local school districts eliminate gender bias from their instructional materials.

Various programmes promote interest in the study of STEM subjects among female students. In the United States, the Department of Education's "Race to the Top" programme prioritises improving STEM achievement overall and within under-represented groups – including women and girls – in awarding grants to states. The same approach is used in the Department of Education's "Investing in Innovation" programme, which focuses on increasing the number of individuals from groups traditionally under-represented in STEM – including minorities, individuals with disabilities, and women – among those who teach STEM subjects, and provide them with high-quality preparation and professional development. In Canada, two regions support programmes specifically aimed at promoting non-traditional jobs among girls. The "Futures in Skilled Trades and Technology Programme" supports greater participation of women in skilled trades in the Newfoundland and Labrador Province by piloting modules targeted at girls in grade school. The Ontario "Youth Apprenticeship Programme" reserves some of its funding to promote skilled trades among women through conferences and hands-on activities. As one of four key elements under its "Restoring the focus on STEM in schools" initiative, the Australian government is expanding summer schools for STEM students with the aim of increasing the number of girls and disadvantaged students participating in these activities.

The National Aeronautics and Space Administration (NASA) in the United States has two programmes that focus on attracting female talent. Through the NASA/Girls Scouts of the USA partnership, NASA scientists provide training sessions, led by NASA scientists, for girl scouts. Some 100 000 girls have participated in these sessions to date. Under the "NASA G.I.R.L.S" programme, female NASA professionals provide online lessons in STEM fields to girls selected through a competitive process. Surveyed countries support many other programmes that foster interest in STEM careers, but these are not specifically targeted to women. Some countries also support initiatives to attract interest among male students in female-dominated professions. Germany, for example, funds a nation-wide network and information platform to support gender-sensitive career and life orientation for boys through the programme "New Paths for Boys and Boys' Day". The programme provides information and material to education and social work professionals, career advisers, human resource teams, education and training specialists, and parents. Nationwide conferences and meetings are also organised to facilitate exchanges between researchers and practitioners.

Finally, with respect to entrepreneurship specifically, in Germany, the *Frauen unternehmen* network was launched in October 2014 by the Federal Ministry of Economic Affairs and Energy and the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth to raise visibility of successful female entrepreneurs through the establishment of a network of ambassadors for female entrepreneurship. The network is composed of 180 "model" female entrepreneurs from across Germany, including self-employed women as well as women entrepreneurs who employ several hundred staff. Their role is to participate in events to share their entrepreneurship stories to inspire students, graduates and women interested in entrepreneurship. The objective is to provide realistic and personal insights into a life of a female entrepreneur and to highlight the contribution that female entrepreneurs make to economic growth and competitiveness. The "model" entrepreneurs

can be booked for events in schools, other educational institutions, chambers, business associations and local/regional offices, unions and media. In addition, the initiative provides access to a database that lists all role models, including contact information. A national co-ordination office has been established with the support of the National Agency for Women Start-ups Activities and Services (*Bundesweite Gründerinnenagentur*).

“Make successful female entrepreneurs more visible, e. g. as role models for new generations of women founders.” - *Annex to the Leaders’ Declaration G7 Summit, 7–8 June 2015*

In Canada, the federal ministry for Aboriginal Affairs and Northern Development funded a non-profit organisation, the Native Women’s Association of Canada, to create the Aboriginal Women’s Entrepreneurship Business Network in 2012. It aims to provide a safe, supportive, collaborative, empowering and culturally supportive environment that addresses the unique challenges of women Indigenous entrepreneurs and aspiring women Indigenous entrepreneurs. It also offers programmes and resources to help women Indigenous entrepreneurs develop and grow their businesses and to promote community leadership.

“Address the specific needs of female entrepreneurs, e. g. by providing them with tailored information, skills, mentoring and coaching and promoting networks for women entrepreneurs.” - *Annex to the Leaders’ Declaration G7 Summit, 7–8 June 2015*

In February 2016, the France’s Secretary of State for Women’s Rights and Ministry of Women’s Rights launched the Plan for Women Entrepreneurs in Rural Areas (*Plan « Entreprendre au féminin » dans les territoires ruraux*) to respond to the challenges faced by women entrepreneurs in rural areas (e.g. isolation, logistical challenges, difficult accessing networks and support. As a result, the Plan has set up online platforms for discussions and networking, a YouTube Channel to present role models and network members and digital tools, including *MonBureauVirtuel*, which is an online tool that includes a training platform for business creation, web conferences and individual advisory services.

In the United States, the U.S. Small Business Administration (SBA) launched the Women’s Business Center Program Initial Grant in 2014 to provide funding to non-profit organisations to start a new, community-based Women’s Business Centers. These Centers provide technical assistance to women entrepreneurs in the areas of finance, management, marketing, and other areas as defined in the Program Announcement. It was expected to fund up to 11 Initial Phase Awards for up to USD 143 959 each in Alaska, Arizona, California, Delaware, Florida, Georgia, Guam, Louisiana, New Hampshire, Tennessee, Texas and West Virginia. Projects are funded for 12 months and can be extended for up to another 48 months. The amount of the grant during the additional 48 months will not exceed USD 125 882. Recipient organisations are required to match awarded funds on a 1:2 ratio for the first 2 years and a 1:1 ratio for the next 3 years.

In addition, the Defence Department, the General Services Administration, and the National Aeronautics and Space Administration issued an interim rule on 31 December 2015 to amend the Federal Acquisition Regulation (FAR) to provide for authority to award sole source contracts to economically disadvantaged women-owned small businesses and to women-owned small businesses eligible under the SBA’s Women-Owned Small Business (WOSB) Program. In keeping with the tenets of the WOSB Program, the sole source authority may only be used in industry sectors that SBA has determined to be under-represented by WOSB concerns. The same eligibility requirements for participating in set-asides under the WOSB Program, set forth in SBA’s regulations, also apply to sole

source acquisitions. In general, an award under the WOSB program may be pursued on a sole source basis when the contracting officer does not have a reasonable expectation, through market research, that two or more eligible WOSB will submit offers at a fair and reasonable price, but identifies one responsible WOSB that can perform at a fair and reasonable price. The dollar thresholds for sole source awards are equal to or less than USD 6.5 million for manufacturing requirements and equal to or less than USD 4 million for all other requirements, including all options.

Further, DreamBuilder is an online business skills development curriculum for women who are thinking of starting a business, as well as those who are already business owners. It was launched by the U.S. Small Business Administration (SBA), in partnership with the Thunderbird School of Global Management. The platform contains a series of online business courses which can be completed at the participant's own pace. It covers core business management topics such as business planning, market research, marketing, budgeting, accounting, financial reporting, branding, pricing, customer service, human resources, and goal setting. Through these modules, participants are guided through the development of their own business plan. The material is available in both English and Spanish. In addition, the platform a series of videos of success stories from inspiring women entrepreneurs.

Similarly, ChallengeHER is an initiative that aims to boost government contracting opportunities for women-owned small businesses. It delivers free events and workshops, online training, mentoring and access to government buyers to provide women entrepreneurs with the knowledge and connections they need to successfully compete in the government marketplace. It was launched by the financial services company American Express, the U.S. Small Business Administration (SBA) and Women Impacting Public Policy (WIPP), which is a national non-partisan public policy organisation.

“Facilitate women entrepreneurs’ access to finance, e. g. alternative sources of funding as well as the banking system, to technology and innovation and to domestic and international markets.” - Annex to the Leaders’ Declaration G7 Summit, 7–8 June 2015

To increase the range of financing opportunities for very small businesses and new start-ups in Germany, the Federal Ministry for Economic Affairs and Energy launched a Micro-mezzanine Fund (*Mikromezzaninfonds Deutschland*) in 2013 with EUR 35 million. In 2015, the size of the Fund was increased to EUR 85 million. The Micro-mezzanine Fund provides small and young enterprises and company starters with equity of up to EUR 50 000 to improve their credit ratings and increase their chances of securing new loans. The Fund offers financing for up to 10 years at a fixed rate of 8% per annum and with a profit-sharing component of 1.5% per annum. It is open for all business starters but women and people with migrant background have priority access. The Fund receives support from the European Regional Development Fund and the European Social Fund.

In Italy, a Special Section of the Central SME Guarantee Fund at the Ministry of Economic Development was set up on 14 March 2013 to improve access to credit for women entrepreneurs. The endowment of the Special Section is EUR 30 million, approximately half of the total fund. The fund can be used to provide direct guarantees, co-guarantees and counter-securities. The guarantee can be accessed by self-employed women, women-owned micro, small and medium sized businesses, co-operatives and partnerships where women account for at least 60% of ownership and companies whose administrative boards are at least two-thirds women and where at least two-thirds of profits are distributed to women. Eligible businesses can operate in any sector, except for the automobile industry, shipbuilding, man-made fabrics, coal industries, steel and iron industry and financial sector. Businesses in the agriculture sector can only access counter-securities.

The U.S Small Business Administration (SBA) announced an one-year extension of the SBA Loan Guarantee Fee waiver for loans under USD 150 000 on 1 October 2014. This fee relief came into effect on 1 October 2013 and had been set to expire on 30 September 2014. The fee relief reduced the upfront guarantee fee and the annual servicing fee (“on-going guaranty fee”) to zero on loans USD 150 000 and under. For loans larger than ESD 150 000, the annual servicing fee was 0.519 percent of the guaranteed portion of the outstanding balance of the loan. The upfront guarantee fee depended on both the amount and the maturity of the loan. This fee relief also included other measures that were not specific to women, including fee relief for Veterans.

In addition, InnovateHER was launched in 2015. It is a competition to for innovative products and services that help impact and empower the lives of women and families. InnovateHER provides an opportunity for entrepreneurs throughout the U.S. to showcase products and services that have a measurable impact on the lives of women and families, have the potential for commercialisation, and fill a need in the marketplace. Participants must be at least 18 years old, U.S. citizens or permanent residents, and meet other requirements per the Challenge Rules. The competition began with local competitions that were organised through universities, business accelerators, Microsoft stores and other local organisations. Each local competition then submitted a local winner to the SBA, which selected 10 Finalists who were invited to Washington D.C. on 17 March 2016 for a live pitch competition where USD 70 000 was awarded, which was provided by Microsoft.

“Improve framework conditions, e. g. by providing ample policies to support the reconciliation of work and family life for both men and women, including access to parental leave and childcare.” - Annex to the Leaders’ Declaration G7 Summit, 7–8 June 2015

The French government launched an initiative in August 2014 to increase women’s participation in the labour market, including through self-employment, and to increase work-life balance for fathers. *Prestation partagée d’éducation de l’enfant* (PREPARE) is a benefit entitlement to each parent for a period, depending on the age and number of children in the family. The monthly entitlement ranges from EUR 390.92 (completely interrupted activity) to EUR 145.78 (part time between 50% and 80%) and both parents need to make a claim to maximise their benefits. Furthermore, those who work as entrepreneurs have more protection against breaches of contract during and after periods of maternity and paternity leave. In addition, expectant fathers are permitted to be absent from work to accompany the mother to 3 ultrasound examinations, and are better protected under labour law following birth.

Germany has also made recent changes to family policies to support women in the labour market, including in business creation and self-employment. These measures include public funding for childcare, parental allowances and tax deductions for childcare. These efforts have increased recently with a new parental allowance (*Elterngeld Plus*) and a new partnership bonus (*Partnerschaftsbonus*). The new parental allowance aims to address disadvantages associated with part-time work in the previous parental allowance scheme. The new partnership bonus extends the new parental allowance by 4 months per parent and will be provided when both parents work between 25 and 30 hours per week and care for their child together. Furthermore, the federal government has increased funding to states and municipalities to make more childcare spaces available and to improve the quality of care provided.

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