

Female Entrepreneurship: Towards an Urban Agenda for the Economic Downturn

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■ There is increasing recognition that the success of the European Strategy for Growth and Jobs depends on the involvement and contribution of both men and women across the Union. There is also increasing evidence that women's entrepreneurship can be a key factor in the economic development of modern cities. The current economic crisis may, however, be threatening the capacity of female entrepreneurs to develop the sectors where they have proved they can make a contribution. It is more important than ever to avoid creating a climate that could disadvantage women as entrepreneurs or workers. This paper draws on the work of the URBACT WEED project and explores how policies, tools and mechanisms within the URBACT partners and other cities across Europe can be extended to strengthen the capacity of cities to use gender sensitive entrepreneurial support as a way of becoming more dynamic and competitive environments.



■ In 2008 the Renewed Social Agenda reaffirmed the European Commission's commitment to creating more and better jobs within the framework of the European Strategy for Growth and Jobs alongside a belief that gender equality is a key factor for the success of the strategy. [1] The involvement and contribution of both men and women across the Union was once again recognised as a factor that can make a significant difference to economic growth; indeed some estimate that closing the gap between male and female employment rates could boost Eurozone GDP by as much as 13%. Women have already proved themselves to be capable of making a greater contribution to GDP in Europe through increased participation in the job market. Female employment in the EU is now close to the Lisbon objective of 60 per cent by 2010 [2], but extending the full potential of women's entrepreneurial activities requires urgent attention if women's contribution is to be fully realised. [3] Self employment levels amongst women in most countries

has not increased at the same rate as increases in employment [4] despite evidence that women starting their own business can be a key factor in increasing overall business start-up rates.

Municipal-based practices and strategy have a role to play in changing this picture. Despite increased understanding of what is needed to encourage and support women into enterprise, municipal involvement remains not only a new but seldom sustained approach although an important area for progress. Developing a better relationship between women and entrepreneurship has only recently been seen as offering significant opportunities for city economies at a time of economic crisis. Two reasons for this change of heart can be identified. Firstly, the areas where women have been developing enterprise or entrepreneurial capacity are those that make cities attractive places to stay and work in the long term. Care, retail, hospitality and knowledge-intensive sectors are the areas where women tend

to be active. They are also important parts of modern city economies, and are areas where services to reconcile family and work life can be developed in ways that can protect many families from poverty. Secondly, supporting women's entrepreneurial activities has been proven to be a way to engage women from the more deprived areas and socio-economic groups of cities in economic activity prior to employment or full-blown enterprise responsibility. The question we have to engage with now is whether new ideas to increase the strength and contribution of women—disadvantaged and less disadvantaged—to growth and job creation can be found. Cities can be successful in promoting business development but for policy development to work, clearer institutional frameworks and structures and ideas are needed. This is precisely what the Women, Enterprise and Economic Development (WEED) URBACT II project explores.

Women's enterprise: a key concern for cities in the current crisis

The GEM Monitor Report of 2007 highlights the different rates of entrepreneurial activity between OECD countries and the consistently lower rate for women. [5] Differences between countries suggest that a raft of social, economic and political factors affect entrepreneurship – how else, for example, do we explain the very low rates for both men and women in France against the high rates in Spain, and the fact that some cities are growing faster or are more inclusive for women than others [6]? Examining this is essential in the current economic climate as women will be hit harder than in previous recessions as employees and as businesswomen. And although they are unlikely to be harder hit than men, it is important to recognise this impact when women's involvement in the economy has grown so enormously in the last two decades. Furthermore, the long-term positive significance of a feminised economy, and the increased potential amongst female-headed businesses to lead some sectors out of recession should not be put at risk. A failure to really address the barriers to women's enterprise and employment or to make sure their capacity is maintained for future periods of growth will be a long term loss for the whole economy.

It is not just economies that will lose out in the recession. Women are more directly exposed as employees and business owners to the impact of the current recession than ever before: women's earnings have become increasingly important to the household economy and the impact on families of women's job losses and business failures is greater than in previous recessions.

However female entrepreneurs' reaction to the downturn provides a glimmer of hope within this picture. Research carried out in February 2009 by Prowess [7] into the impact of the downturn on women-headed businesses found that amongst 350 Prowess member organisations a 40% rise in enquiries for business advice was recorded in 2008, i.e., interest in setting up new businesses was continuing despite the devastating effect of significant reduction in the availability of bank finance on client firms.

According to a *Natwest Everywoman Report, The Hidden Growth of Female Enterprise* [8], not recognising the potential contribution of women represents a highly significant risk for the future growth potential of SMEs in the UK, and an even more important risk than before the economic downturn. It is a conclusion that has been made elsewhere in the world. The International Trade Centre concluded in March this year that "women's entrepreneurial abilities can play a major role in leading the way towards revitalisation of national economies and world trade". Such growth, however, will not happen unless action to support and help female entrepreneurs is taken. It can be done. A sustained policy of commitment to general business support and focused provision for women entrepreneurs over the last thirty years [9] in the USA helps to explain the astronomical rise in woman-owned businesses there between 1988 and 2008; nearly half of all privately-held firms are now at least 50% owned by women. This is twice as high as any country in Europe and highlights the difference that effective policy can make.

Meeting the Challenge: a European Endeavour

It is not that Europe has failed to engage in efforts to increase women's involvement in entrepreneurial activity. Supporting a change in women's economic and social role has been on the policy map in various ways over the last thirty years in Europe. There has been significant investment in women's education and labour market insertion and this is commonly associated with women's increased economic activity. Positive action programmes of the sort that characterised the 1980s and 1990s, however, were largely in the form of training and employment projects for women returners, and were less focused on women wanting to set up their own businesses. They were often very successful at incorporating women into the newer sectors of city economies but seldom focused on entrepreneurship. Nevertheless a few clear initiatives that focused on business creation in a way that supported women did exist. EU co-financing spawned a range of initiatives such as the New Opportunities for Women (NOW) which provided support and funding for a wide

business creation range of projects in the mid to late 1990s.

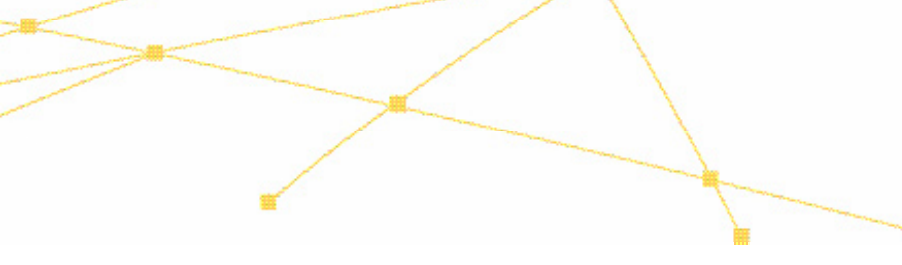
The European Social Fund EQUAL Initiatives of 2002 to 2007 also had as one of its themes business creation but specifically amongst disadvantaged groups. It funded over 600 entrepreneurship projects under that theme. The EQUAL Compendium on Active Inclusion draws together the lessons learnt on the subject of inclusive entrepreneurship during the EQUAL programme and includes details on one of its initiatives that focused on women – the Accelerating Women's Enterprise Development Partnership (AWE) [10]. AWE brought together a number of leading agencies in women's enterprise development in the English regions to develop a programme of activities and interventions to ensure that mainstream business support was developed to meet the needs of excluded groups of women. Since 2005 the Commission has also been supporting WES, the European Network to Promote Women's Entrepreneurship. The network has members from 30 European countries (EU, EEA and Candidate Countries) and its members provide advice, support, information and contacts regarding existing support measures for female entrepreneurs at national and regional level as well as help in an annual identification of good practices and research at national and regional level [11].

Despite this evidence of interest, initiatives have often been piecemeal, precariously funded and inadequately integrated with city regeneration policies. It is essential that policies and interventions that have worked best in the past to drive female enterprise activity in different environments are explored – an approach which must be local. A lot can and needs to be done at sub national level and significant achievements could be gained by individuals, communities and cities working with such a focus.

Bringing innovation to municipal level

Unfortunately, as suggested at the beginning of this paper, despite increased understanding of what is needed to encourage and support women into enterprise, municipal involvement remains if not a fairly new then a seldom-sustained approach, even though it is an important area for progress. The 9 cities working within the WEED network include Alzira, Spain; Amiens, France; Celje, Slovenia; Crotone, Italy; Karvina, Czech Republic; Enna, Italy; Medway, Kent; Santiago di Compastella, Spain; Umea, Sweden. The network is part of the URBACT II Programme and has been looking for the policies, tools and measures that have and could be developed to achieve the better relationship between women, entrepreneurship and local economic development so necessary at a time





of economic downturn. In particular, examples of good practice amongst the WEED partners and others in cohesion and competitive regions show how:

1. Promoting the culture and conditions for entrepreneurship amongst a wide range of women including those furthest from mainstream economic activity can be assisted by well planned locally based training innovations;
2. Providing higher quality financial and business support services that bring together and bridge private, public and semi-public agencies to ease women's access to financial and business support services and provide ongoing support is possible with municipal involvement;
3. More women-friendly business incubators can be achieved through municipal business and university partnerships; and
4. Changing public procurement procedures to include social clauses can prove successful in widening markets for family-based businesses.

1 Promoting the Culture and Conditions for Entrepreneurship

Earlier it was pointed out that women entrepreneurs are not a homogenous group. The 2007 Prowess report *Business Support with the F factor* argues that integrating start up support with training and providing transformational support with female friendliness at its core could and should be adopted by local and regional bodies involved in business support. If mainstream business support improved its family friendliness and “bottom up” solutions driven by local demographics, and economic priorities were developed, customer satisfaction and local economic development could be improved. Moreover, if the diversity of women were recognised the impact would be even greater.

Business Link Kent has developed a very **comprehensive programme of women's business support** in the Medway area of the UK to encourage and support women to become entrepreneurs. The agency recognised that the threshold to become an entrepreneur is higher for women than for men. They wanted to get women to consider the idea of turning their hobby or passion into a business or using their transferable skills to enter the labour market or training. A programme of events has been designed to offer a range of integrated training, enterprise and development services for women in a friendly and supportive environment. The format is relaxed and provides a supportive and encouraging environment where women from different groups and backgrounds and business types can talk to other women and find out whether working for themselves is right for them. This provides local women with real exposure to the possibilities of self employment

or further training that Business Link can offer them. At the same time the material and trainers are highly professional and focussed on providing guidance at key stages. The result is high quality, attractive, and effective support for the real choices that women can make.

In Sweden most efforts supporting women's entrepreneurship are made through the Women's Entrepreneurship programme of the Swedish Agency for Economic and Regional Growth. It has become a coherent and structured approach to the problem of low levels of entrepreneurship amongst women in Sweden since its inception in 1993, but one of its strengths is that it also allows local initiatives to have a place within a wider scheme of national economic development. The **Women are Great** programme in Umea is an example of such a local initiative. It targets existing entrepreneurs as well as women who currently have a job but who want to start a business. The programme is run by the Chamber of Commerce and financed by the national Promoting Women's Entrepreneurship programme. Marketing of the project is done through advertisements in local newspapers and the response was extremely positive, particularly among women who wanted to start businesses. Most of the women see the project not only as a possibility to acquire more knowledge, but also as a forum for networking and exchanging of experience, because most do not have natural networks that they can utilise for matters related to business and entrepreneurship. For those already in business, the project is seen as an excellent opportunity to create networks to find people they can build relationships with in their continued work as entrepreneurs. The project takes place over one year. During the project period, each participant is offered a structured programme to develop skills and ideas for business progression and is also offered 4 individual coaching opportunities in order to develop the business idea. Key to the programme's success is the difference in interventions for women who want to start businesses and for women who are already employed.

2 Providing Higher Quality Financial and Business Support Services

An environment that promotes women's enterprise has to recognise that over 80 per cent of women's businesses are micro enterprises. Focussing support on small enterprise means recognising their small scale financing needs. In **Amiens**, France, the municipality is one of the partners involved in the community-based **micro finance initiative** of the *Association pour le Droit à l'Initiative économique* (ADIE). The municipality's aim is to assist those who normally have little access to credit or markets to build a route into self employment, and it has taken advantage of the well developed national micro credit scheme of ADIE. ADIE is a socially focused finance and support micro finance initiative for the entrepreneurs of very

small businesses throughout Europe who do not have access to bank loans. In Amiens, ADIE supports largely female unemployed participants and relies on a network of a small staff paid by the local authority and local volunteers to support and advise entrepreneurs in their business approach to build routes out of unemployment and the informal economy. The result is adapted support services that meet the needs of women, such as mutual support, courses at appropriate times, and adapted finance such as low amounts, peer group lending and reduced interest rates. It has increased the local rate of enterprise creation. The availability of finance is a key to this program's success but as Philippe Guichard of the European Finance Network suggests “Co-ordinating training, mentoring and finance are all part of the essential picture for supporting inclusive entrepreneurship”. Finding the right way to support women locally across their needs is essential. Amiens is currently looking at new ways of enabling women entrepreneurs to combine business and family life—essential as the maternity rights and benefits of employed women do not currently extend to self employed women.

Access to quality and business-focused mentoring is particularly valued by women starting and growing an enterprise. Mentoring helps them to build belief in a positive vision for the development and growth of their business and provides a conduit to business support and information. In **Celje**, Slovenia two of the measures supported by the municipality to improve the growth potential of women's businesses have been the **Voucher Counselling Programme** and the **One Stop Shop**. The Counselling programme is delivered in partnership with the Chamber of Commerce and is available for new start ups and established businesses. Established business owners can receive 50 per cent funding towards 4000 Euros spent in any one year to receive one to one or group counselling for improving an aspect of their business (typically marketing or business planning). Unemployed women and men can receive 100 per cent of 1500 Euros towards business advice and support for start-ups for one year. Neither of these are loans, they are grants. The One Stop Shop is located in the Municipal offices and provides information and training for entrepreneurs in all aspects of business development. It has concentrated over the last few years on providing free, on line easy access to all the registration and tax forms that are needed to set up a business and thus reduced considerably the costs of registration etc. What is unique about this One Stop Shop is the combination of financing and business development allied to knowledge of regional conditions. It highlights the value of developing local knowledge for appropriate services.

3 Women friendly business incubators

Developing effective partnerships between universities, business and local economic develop-

ment departments of municipalities is essential if cities are to make the most of innovation coming from research and development. However, despite the rising number of female undergraduates, the use of the services, networking and space of such incubators amongst women is small [12]. We know that successful completion of a business incubation program increases the likelihood that a start-up company will stay in business for the long term but a key challenge is how to encourage and support women in their use. Whilst women's education and training levels have gone up in all Member States, their involvement in research and in a knowledge based or knowledge intensive economy has not gone up proportionately; they remain under-represented in enterprise central to the knowledge economy[13]. Since January 1999, the **Council of Santiago has been supporting the University of Santiago** to develop innovative technology-based companies coming from R&D projects. The impact has been the constitution of 120 companies between 1999 and 2008, of which 92% still exist. Until recently, however, the number of women involved in such companies has been small despite the fact that over 70 per cent of students in the university are women. In order to address this problem the Woman Emprende programme was developed in 2006 as a partnership between the university and municipality to increase the visibility and relevance of female entrepreneurship and to develop tools used to foster female entrepreneurship. An example of a company supported in this way is GalChimia, a leading Spanish company in the area of Synthetic Organic Chemistry, which is a supplier to the Chemical and Pharmaceutical Industry offering services of custom synthesis, contractual research and process development. The company was constituted by four female Doctors of Chemistry and they expect to have a turnover of 5 million euros by 2011. Woman Emprende is the creation of a national and international network and in this local implementation it has proved successful.

4 Changing Public Procurement Procedures

To support the development of gender equality in entrepreneurship it is important to recognise the nature of family dynamics and the potential of families to form small family enterprises that could be supported by procurement strategies of municipalities. Unemployment in **Alzira, Spain** has hit levels unimaginable in the previous ten years. Initially, much of the unemployment was concentrated in the construction sector, but there is a growing realisation that whole families are affected by the downturn. Since 2008 the State Fund for Local Investment in Spain has made funds available to local authorities to encourage them to undertake public works and investments in order to reactivate the economy and to favour small to medium sized companies. Previously a company would have to present a project and it would be judged on price and project. Now

to have a project approved by the municipality a third consideration is included – its social impact. Although not yet fully established, the Alzira municipality is considering refining the “social impact” to include the impact on families and specific groups of women.

Conclusions

In exploring how policies, tools and mechanisms within URBACT cities across Europe have extended their capacity to use gender sensitive entrepreneurial support, the intention here has been to show how this constitutes a route not just for a more inclusive approach to entrepreneurship but also as a way for cities to become more dynamic, socially just and competitive environments. Policy and innovation developed by municipalities and their partners have much to offer in terms of how to effectively promote gender equality. And despite the fact that entrepreneurial activity remains a challenge for all, there is considerable practice that could be drawn on to combat the effects of the economic downturn, lay the basis for more attractive cities of the future, and use the dynamism of women entrepreneurs to move along the road out of recession. While there is some evidence that women business owners have overtaken their male counterparts for “growth ambition”, the lessons from supporting women could prove useful for other non-gendered enterprise support initiatives [14].

But it is not a single solution or simple route to get there. There are dangers in localised entrepreneurial development when tied to local regeneration if it is the only route and is accompanied by no increase in income. [15] Current innovations regarding entrepreneurship often start to break down when it comes to applying them to those furthest from mainstream economic activity and when project funding runs out. As Peter Ramsden, a founder member of Community of Practice on Inclusive Entrepreneurship (CPOIE) has said, “Entrepreneurship can certainly be a tool for inclusion, but only if we have the right tools and a real commitment to inclusion. Employed women have the greatest chance of being successful entrepreneurs so there is still a great deal to do if unemployed women and particularly unemployed women in marginalised groups are to be included in change.” [16] There are measures which could stimulate more women-headed firms, such as public authority procurement policies with targets for women-owned small and medium-sized enterprises (SMEs) that have not yet been tried by public or private authorities to any great extent in Europe. The contribution of women entrepreneurs is also not fully understood because it is not well documented or researched. [17]

The challenge for municipalities and their partners in economic development in Europe now is how

to develop strategies to stimulate innovation and how to understand and exploit the potential that women offer for sustainable economic growth. Amongst WEED partners the next step is the development of time specific local action plans to address these challenges—to build on existing strengths and address the gaps preventing the use of women's capacity to contribute to dynamic and competitive environments. Showing what can be done at city-level is a first step, but it must evolve into a set of principles and strategy to have real impact. ●

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[2] Report from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - Equality between women and men - 2009; COM/2009/0077.

[3] European Foundation for the Improvement of Living and Working Conditions Women at Work: Paths to equality - Back-ground paper 2008 Available at www.eurofound.europa.eu

[4] Allen E, Elam A, Langowitz N, Dean M (2008) Global Entrepreneurship Monitor (GEM) 2007 Report on Women and Entrepreneurship. London, Global Entrepreneurship Monitor.

[5] *ibid* (see footnote “4”).

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[12] Prowess and UK Business Incubation report Women-friendly incubation environments and managed workspaces estimates that most science and technology business incubators today contain less than 5% of women owned businesses.

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