



Women Entrepreneurs:

Issues and Barriers

A Regional, National and International Perspective

Toni Eastwood

Women Entrepreneurs - Issues and Barriers

A Regional, National and International Perspective

Produced by:

**Toni Eastwood
Exemplas Ltd
Tel. 01727 813 538
Fax. 01727 813 404
Email tonie@exemplas.com**

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www.exemplas.com

email: info@exemplas.com

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Report 1

Key Issues and Barriers pertaining to Women's Entrepreneurship and Business Growth

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Introduction

"In comparison with men, when women enter self-employment they do so with fewer financial assets, less experience in management, while their enterprises tend to be under-resourced in terms of human and social capital." "...women entering self-employment generally lack hard resources (finance, assets, etc) and soft resources (management experience, training, etc)." (1) pg.12

The purpose of this report is to highlight the main problems that women experience when setting up and growing their business. Research suggests that there are a number of contributing factors.

Methodology

The information within this report has been sourced from secondary research provided by organisations such as Prowess, The Industrial Society, the University of Strathclyde, the United Nations, the United Nations Economic Commission for Europe, the National Women's Business Council, the Danish Agency for Trade and Industry, the Centre for Women's Business Research and Eurostat. Additionally the Global Entrepreneurship Monitor 2002 was used extensively.

Key Findings

The research suggests that there are a number of barriers that are faced by women setting up in business, a number of which can also affect business growth. These include:

- Pre-start up experience of the labour market.
- Traditional views on women's roles.
- The financing of female owned firms.
- The use of networks in the management of firms.
- Lack of knowledge and training in business and IT skills.
- Low self-esteem / perception.

Pre-start up experience of the labour market

Shaw, Carter and Brierton (2001), suggest that the different labour market experiences of men and women including the sectors in which they work, the managerial levels that they achieve and the remuneration they receive, is replicated among the self-employed and business owner.

"Most women hold low-paid, unskilled or semi-skilled positions. Employment is often part-time and concentrated in the service sectors. Twenty-five years after Equal Pay legislation was introduced, women still only earn on average 72% of male earnings" (Breitenbach, 1999) (cited in (1) pg.12)

"The average female entrepreneur will have less managerial experience, poorer access to financial and other networks, and – usually thanks to their labour market disadvantages – less capital to invest. The result? Significantly worse growth prospects for the businesses they start."

Hutton W, Chief Executive, The Industrial Society (2001) (cited in (1))

Additionally, women are under-represented in management and in the boardroom. Shaw, Carter and Brierton (2001) cite that *"At the executive level, only 10% of the UK's 200 largest companies have female board members."* (1) pg.12

It appears therefore that even before women consider setting up in business there are barriers that exist based on their previous experiences in the labour market. Lack of sufficient managerial experience, capital and access to business networks, can have a detrimental effect on the success of a business. A number of these barriers will be looked at in further detail, later on in this report.

Traditional Views on Women's Roles

Research has identified that a key problem that women experience when setting up in business concerns their 'traditional' responsibilities, such as family commitments. This is often a reason why women wish to start up in business as it offers increased flexibility however it can also be detrimental to the success of the business.

The ONS Labour Force Survey showed that *"although the most popular reason for becoming self-employed for both women and men was to be independent, the widest difference between the two groups concerned family commitments. Two percent of men cited this as a reason compared to 21% of women."* (cited in (2))

Similarly Carter and Anderson (2001) (3) pg.12-13 state that

"For women – much more so than men – there is an additional attraction of having increased flexibility and a greater ability to balance professional accomplishments and family responsibilities."

More specifically they state that

"The ability to choose when and what hours were worked and to be able to combine caring responsibilities with their work were key motivators for women." (3) pg. 13

Whilst this is positive in that it is a reason why some women start up in business, it could also be seen as a negative factor in that family commitments could affect business performance. Indeed, in the study 'Women as entrepreneurs in Sweden and the UK' (4) it was found that

"over half UK women entrepreneurs work under 30 hours per week and they are more likely than men to use their home as their business base."

To support this notion, Brown (2002) states:

"It would seem reasonable to suggest that definitions of success of business rely heavily on motivation for business start-up... It is likely, however, that traditional social roles for females, and the perception that entrepreneurship / entrepreneurial growth and traditional roles are mutually exclusive (in terms of availability, perception of business as involving aggressive ambition, etc.) are a contributory factor." (5) pg. 12

Nevertheless, this certainly does not apply to all female entrepreneurs, as different women will have different motivators for setting up in business. Goffee and Scase (1985) (cited in (6)) pg. 26, identify four different types of female entrepreneur: Conventional entrepreneurs, Innovative entrepreneurs, Domestic entrepreneurs and Radicals, with only the Domestic entrepreneurs organising their business life around the family situation and believing very strongly in conventional female roles.

The Financing of Female Owned Firms

Shaw, Carter and Brierton (2001) (1) have found research that suggests women face more difficulty when seeking finance to set up and grow their business. They note the following:

- Women use only one third of the starting capital that men do, irrespective of sector.
- On-going growth finance may be less available for female owned firms than it is for male enterprises, largely due to women's difficulty in penetrating informal financial networks.
- Guarantees required for external financing may be beyond the scope of most women's personal assets and credit track record.
- Female entrepreneurs' relationships with bankers may suffer because of sexual stereotyping and discrimination.

In a further study Carter, Tagg and Brierton (2002) (9) pg. 8 found that

"women businesses were more likely to use informal sources of finance to start and sustain their business. More women-owned businesses, for example, used family savings, household income, inheritance, grants and friends as sources of business finance."

Additionally, a survey by the University of Strathclyde for the Federation of Small Businesses (FSB), based on over 18,000 of its members, found that *"women are not using banks for financial support."* (cited in (7)) The survey found that women are more likely to use personal savings when starting up in business, rather than finance from a bank. In fact, Carter and Anderson (2001) (cited in (1)) found that women's personal savings constitute between 80% and 99% of initial capitalisation, compared to men where the figure is between 30% and 59%. (1) pg. 5. Although this may seem admirable it can often have a negative effect on the business. Indeed the Fourth Annual Report of The European Observatory for SMEs (8) found that women often wish to borrow smaller amounts than men and are denied loans due to this, not due to the fact that they are women. This is purely because financiers would rather lend large amounts since this is more profitable for their own businesses than small advances.

Rosa et al. (1996) found evidence to suggest that the resources organised at the start-up stage affect a businesses long-term growth performance (cited in (1)) pg. 13. Shaw, Carter and Brierton (2001) state that as a consequence

"women's businesses employ fewer core staff, are less likely to have grown substantially in employment after 12 months in business, have a lower sales turnover, and are valued at a lower level than male owned businesses." (cited in (1)) pg.13.

This is reflected in Carter, Tagg and Brierton's study (2002) (9), which found that within their sample, 63% of female-owned business had a turnover of £100,000 or less, compared to 54% of male-owned businesses who had a turnover of £100,000 or more.

The Use of Networks in the Management of Firms

"Networks are known to assist in business start-up and growth by providing access to information, advice and finance as well as much needed business contacts."

Aldrich and Zimmer (1986) (cited in (1))

If this is the case then it appears that all entrepreneurs would benefit from accessing networks. Unfortunately, however, Aldrich et al. (1989) (cited in (1)) pg.13 found that women have difficulty in gaining access to networks. One of the reasons for this could be due to the fact that women are under-represented in management and in the boardroom and therefore do not build up the sufficient contacts, that would be useful when starting a business.

Lack of Knowledge and Training in IT Skills

These days it is vital that businesses embrace new technology, as it opens the communication channels. If businesses do not adopt new technologies they run the risk of being left behind.

Although the current school curriculum actively embraces IT training, this is only something that has been introduced in the last 15 – 20 years. Before this it was very much a male interest. As a result women in their thirties, forties and fifties who are thinking of going into business may not necessarily have the IT skills necessary in today's business world.

A study carried out by Prowess found that *"women business owners are less likely to use IT, Internet and online services to communicate and cite an inability to understand new technology as an issue."* (7)

"One area where the UK is still falling woefully short is the number of female entrepreneurs who have fully embraced IT and E-Commerce." (7)

This needs to be addressed and women in the UK should be encouraged to further embrace the opportunities offered by these technologies.

Low Self Esteem / Self Perception

Brown (2002) (5) pg. 12 suggests that one reason for the lower numbers of women entrepreneurs could be due to a lack of self-esteem and low self-perception amongst females.

Similarly, the Global Entrepreneurship Monitor 2002 (10) study found that whilst women had the skills to become entrepreneurs, they themselves could not actually see this.

Brown 2002 (5) pg. 8 also found that the most common barrier to entrepreneurship for females is lack of self-confidence. 82% of female students cited this as a barrier, compared to 71% of male students.

Similarly, the Global Entrepreneurial Monitor 2002 (10) identified that, whilst women entrepreneurship is increasing, especially amongst graduates and higher income categories, one of the reasons that stops women from starting up in business is fear of failure.

The above could be the reason why

"more women than men are concerned with obtaining training and education in business, management and technology issues. Additionally women are more likely to rate government funded business support services as either a very or extremely important business issue." (11) pg. 2

Indeed, Brown 2002 (5) found within their sample that females were more concerned than men about lack of support for business start-up and ownership. In fact 41% of females compared to 24% of males cited this as a barrier. This is supported by Carter and Anderson (2001) who found that *'female business owners were more likely than males to rate government-funded support services as either a very important or extremely important business issue.'* (cited in (5))

This demonstrates a need for the UK to provide further business start-up support to women entrepreneurs and as a result could overcome some of the barriers around fear of failure, low self-esteem and self-perception.

Regional / National Perspective

Business start-up numbers do vary amongst regions. The following statistics are supplied by NOP (2002) and represent the geographic regions where female entrepreneurs start up their businesses. (12)

Region	Overall %	Women %	Men %
Greater London	12	12	12
South East	24	22	25
North West	10	12	9
South West	11	9	11
West Midlands	10	13	8
East Anglia	6	6	6
East Midlands	10	9	11
Wales	5	7	4
Yorkshire	9	7	9
North	5	4	5

We can see from this study that the greatest concentration of female entrepreneurs starting up their business in 2002 was in the South East (22%), the next nearest West Midlands (13%), followed by Greater London and North West (12%). These regions also show some of the greatest concentration of male entrepreneurs.

In a recent report the FBS (Federation of Small Businesses) in the UK found that

"9-12% of businesses are wholly owned by women, compared with 44% owned by men and 42% owned by a mix of men and women." (cited in (13))

These figures will be compared later to figures in the United States.

A number of the barriers cited earlier in this report are also reflected in a local study, carried out for Business Link Hertfordshire. It found that:

"... men were much more motivated by the need to provide an income with 37% rating this most important, whilst women were more influenced by flexibility, with this being their top factor and quoted by 35%." (4)

This demonstrates that flexibility is again one of the main motivators for women setting up in business and this could be due to their family commitments.

The study also found that only 4% of female-owned businesses, compared to 14% of male-owned businesses had achieved a turnover of £100,000 or more. Additionally, two male-owned businesses had achieved a turnover of over £100,000,000, compared to no female-owned businesses. These findings again, reflect those of previously mentioned national studies, which show that female-owned businesses tend to have lower turnovers than male-owned businesses.

These figures appear to reflect the national trends in that:

- 1) Female-owned businesses are not as financially successful as male-owned businesses. Could this be due to their lack of capital at the start-up stage? Indeed, 36% of female-owned businesses, compared to 26% of male-owned businesses stated that the reason for business cessation was 'low turnover / lack of business'.
- 2) Women often enter into self-employment / business ownership to gain increased flexibility. Could this be due to family commitments?

International Perspective

Europe

Research conducted in Europe suggests that women entrepreneurs in Europe are faced with similar barriers. CEEDR (2000) (15) conducted a survey on entrepreneurs in Europe and found that the most common barriers faced by women entrepreneurs in Europe included:

- access to start-up finance that is related to perceived discrimination by finance providers.
- limited skills in management, sales and marketing and the use of technology and
- lack of awareness of appropriate business support.

All the above are similar to the problems experienced by women entrepreneurs in the UK.

Additionally, when speaking about Eastern European countries, Brigita Schmognerova, Executive Secretary of UNECE (United Nations Economic Commission for Europe), states:

"Women face not only general barriers for SMEs (weak institutional support to SMEs, lack of access to credit) but also gender specific barriers – such as lack of collateral due to uneven sharing of privatisation gains, lack of networks and traditional views on women's role. They have greater difficulty in obtaining credit, finding business partners, getting information on business opportunities." (16) pg. 2

Developing Countries

Research suggests that women entrepreneurs from developing countries face similar barriers as those in developed countries.

According to a report by UNIDO (United Nations Industrial Development Organization

"...despite evidence that women's loan repayment rates are higher than men's, women still face more difficulties in obtaining credit often due to discriminatory attitudes of banks and informal lending groups." UNIDO (1995b) (17)

Hisrich & Ozturk (1999) (cited in (17)) found that even in the advanced developing economy of Turkey, where 67% of female entrepreneurs have a university education, 41% of entrepreneurial women surveyed reported experiencing difficulty in obtaining loans.

Seymour (17) also cites family obligations as barriers for women wanting to become successful entrepreneurs.

"Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to the business." Starcher (1996 pg. 8) (cited in (17))

Seymour (17) believes that this is further exacerbated by the traditional gender role expectations and sexist attitudes in many developing nations, which make it even more difficult for women to relieve themselves of family responsibilities.

Another major barrier facing women entrepreneurs in developing nations is that they lack the education required to spur successful entrepreneurship. UNIDO (1995b), (cited in (17)) pg. 1, found that

"...they are ignorant of new technologies or unskilled in their use...."

We have seen that women in developed nations also face this problem, however it may not be quite as prevalent.

United States

"Despite considerable social and cultural change in the last two decades, the proportionate increase in numbers of women starting their own business in the UK has been half that of other countries such as the United States." (2)

The Prowess website provides statistics on the number of women-owned businesses in the US compared to the UK.

"Women-owned businesses represent 28% of total business ownership in the US, compared to 12-14% in the UK." (2)

Weeks (2002) (18), states that between 1997 and 2002, the number of women-owned firms in the US grew by 14%. She also states the following:

"There are now 6.2 million majority-owned, privately held women-owned firms in the US, accounting for 28% of all businesses, employing 9.2 million workers and generating nearly \$1.2 trillion USD in revenues" and if jointly-owned and publicly traded firms are included then the figures increase to "9.1 million women-owned firms, accounting for 38% of all businesses, employing 27.5 million workers and generating \$3.6 trillion in revenues." (18) pg.2

A possible reason for this success is the 300 plus women's business centres that exist in the US, which focus on advice, business training, networking, procurement and access to finance.

Prowess also provides some key facts on women-owned business in the US:

- *"Women and men business owners are equally likely to be using the Internet for business." Does this suggest that the US has a better approach to IT education and training for women / girls?*
- *"From 1997 – 2002, the number of women-owned firms in the US grew at twice the rate of all US companies."*
- *"There has been significant improvement in access to capital for women business owners in the States – but a survey in 1999 showed that less than 9% of venture capital / equity went to women." (13)*

The Office for Women's Business Ownership (OWBO) has established at least one Women's Enterprise Centre in each US State, delivering support and advice to women entrepreneurs. Shaw, Carter and Brierton (2001) state that the success of the OWBO

"can be seen not only in the numbers of women entrepreneurs running businesses in the USA, but by the very different rates of women-owned businesses in other developed economies without the benefit of such an organisation." (1)

Nevertheless despite this growth in the number of women-owned business in the USA Fredman (2000) states:

"Despite these great increases, women business owners receive only 2% of the Federal procurement dollar and 2% of the venture capital dollar..." (cited in (6) pg. 19

Conclusion

We can conclude that there are several barriers faced by women wishing to set up in business and these barriers are similar for women all over the world, even though some may be more prevalent in some countries as opposed to others. As stated by the International Labour Organisation

"In the United States, the main difficulty is for women to be taken seriously, but in most developing countries the main constraint is still access to credit." (15) pg. 3

We have seen that the major barriers faced by women entrepreneurs include the following:

- Pre-start up experience of the labour market
- Traditional views on women's roles
- The financing of female owned firms
- The use of networks in the management of firms
- Lack of knowledge and training in business and IT skills
- Low self-esteem / perception

Nevertheless the US has demonstrated that, whilst these barriers exist, women can still become successful entrepreneurs. This can be seen in the increasing numbers of women-owned businesses in the US.

Research suggests that the UK is on a par with most European countries when it comes to numbers of women entrepreneurs. A report published by the Small Business Service (2002) (20) states:

"...women's participation in self-employment and business ownership in the UK is on a par with that of most European countries, but lower than in the USA, where women's share of business ownership is estimated to be 38%."

As we have seen this could be due to the 300 plus women's business centres that exist in the US, which focus on advice, business training, networking, procurement and access to finance. Research would thus suggest that the UK would do well to follow the example of the US by providing increased support to women start-ups.

Finally, various international economic reports, such as the Global Entrepreneurship Monitor (GEM), highlight the correlation between economic growth rates and female entrepreneurship. With this in mind it would suggest that we should be actively encouraging women to set up as entrepreneurs. The 2001 UK GEM report concluded that:

"...one of the clearest ways for the UK to increase its level of entrepreneurship would be by encouraging and supporting more women into business."

The report also highlighted the

"differences between male and female entrepreneurs... when designing responsive and appropriate future initiatives."

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Report 2

Issues and Barriers to Establishing a Network of Business Support Centres for Women Entrepreneurs

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Introduction

Networking is sharing and/or exchange of information, ideas, products, services, finances, resources, opportunities and social aspects (*Lundgren, 1995*). (1) Through networks women can advocate for policies that address their needs in addition to sharing information. Firms are linked together in a dense network of cooperation and affiliation. To suggest or even imply that firms do not have relationships is to ignore this fact. The critical factor however is that relationships cost time and effort to establish and maintain and are sometimes referred to as "market investments" (*Johansson and Mattsson, 1985*) (2) and assets. A growing number of women have joined business networks like industry associations and local women's groups. The available data shows that there are still fewer women in such networks compared to men. This is primarily due to two key factors. Firstly, the fact that many sectors are dominated by men and hence women find it more difficult to gain access and effectively participate. Secondly, the responsibility of family commitments in many cases means that fully exploiting and interacting in such networks often comes at too high a price with insufficient time and energy being given to the enterprises they manage. Networks therefore have a challenge of addressing how best women owned enterprises can be facilitated amidst the constraints.

Methodology

The information within this report has been sourced from secondary research provided by organisations such as Prowess, the University of Strathclyde, the United Nations, the United Nations Economic Commission for Europe, the National Women's Business Council, UKBI, the Danish Agency for Trade and Industry, the Centre for Women's Business Research and European Commission.

Key Findings

Dedicated research on networks at international, national and local level is limited however that which does exist indicates that women experience difficulty or lack confidence in accessing official networks, a problem made more difficult by weak, inflexible childcare and family commitments. They are also often excluded from the unofficial networks, which benefit men and facilitate access to unofficial sources of investment and finance. Unlike the United States support specifically for women's entrepreneurs remains piecemeal in much of Europe and the UK. That said, there are a growing number of examples of best practice through out the world. Local networks for women are beginning to emerge, expand and often link up via the Internet. This development comes with the introduction of strategic European initiatives focused on inclusion, which are helping to foster networks and put the necessary infrastructure in place to create an environment for entrepreneurship, which is better targeted towards the specific needs of women.

Issues

The following points are common themes throughout the body of research on female entrepreneurship and need to be considered when setting up a network to support women entrepreneurs:

Tradition and Perceptions and Self Perceptions

Several surveys are based on the assumption that men and women have different conceptions of such concepts as rationality and ethics, which influence the type of business to be established, the goals to be set, how the enterprise is organised and managed and the type of networks set up. It is assumed for example that women are motivated more by consideration for others and about doing something for others. This categorisation may seem very conservative and generalised but it can be used in an attempt to understand underlying motives. We encounter the problem that the person in question will often let these tradition bound ideas influence his or her self concept and thereby the motives that the person states as their inducement to establish themselves as an entrepreneur. (*The Circumstances of Women Entrepreneurs – International surveys and research*). *OECD Proceedings (1998:158)* (3) state that “Men may be motivated by a desire “to be an entrepreneur” or not to work for someone else, whereas women may wish to have “flexibility” in balancing work and family or to “help others”.

These are just two examples of research, which attempts to characterise and to divide entrepreneurs into various typologies. However, many researchers take up the attitude that entrepreneurs are as different as all other persons regardless of employment and social group. See *Cf. Kjeldsen (1999)* (4) for an overview of various theoretical and methodical ways of approaching entrepreneurial research, on the basis of which it is possible to argue that generally entrepreneurs are as different as all other individuals and that this also applies to women among themselves and when compared to men. *Cf. Carter (1997)* (5).

While this is obviously the case to a great extent it is impossible to avoid the attempts to stereotype women entrepreneurs made by researchers and in society. This may have as a result that the lines of business in which women traditionally set up in will continue to be perceived as of lesser importance and therefore the existing advisory networks as a whole may not take applications from women as seriously as from men. The benefits of a support network targeted specifically at women are evident in this context.

These gender stereotypes and differences, whether perceived or actual, do exist and their influences are not being addressed by the currently integrated business support networks that exist in the UK. Support networks directed specifically to encourage female owned businesses exist on a piecemeal basis only where pockets of funding have been awarded. If women entrepreneurs are to be seen as the equally important economic force that they are and their potential maximised then steps need to be taken to include the particular issues facing women in business at the highest level of policy making. Indeed the apparent low priority the needs of women entrepreneurs has been given is highlighted by *Sara Carter et al. in the report Women’s Business Ownership: A Review of the Academic, Popular and Internet Literature* (6) which highlights

“the general absence in the UK of any kind of public debate regarding the mechanisms to support women owned business”

in popular literature compared with the US.

Longer Incubation Period for Businesses Started by Women

Women's Business Ownership: A Review of the Academic, Popular and Internet Literature: Report to the small business service Sara Carter, Susan Anderson, Eleanor Shaw August 2001 (6): says that the analysis of processes and structures has generally been undertaken through comparative studies: contrasting women and men at start up, contrasting women in various cultural settings, or different groups of women. The diversity of studies undertaken has led to some ambiguity in the research findings. Nevertheless, most studies conclude that the processes used by women tend to be slower and the incubation period for new businesses longer but that the structures of business used by women are generally similar to that of men. The analysis of the acquisition and mobilisation of resources at start up has shown the greatest differences between men and women. Overall, the majority of studies show that women find it more difficult to access resources (Finance, human capital and social capital) than men. Difficulties in accessing start up resources lead many women to start businesses that are under resourced. The effect of under resourcing on long-term business performance is an important research theme. Although research evidence is ambiguous a growing number of studies suggest that start up constraints have a long-term effect on business performance. The smaller size of women's businesses and the lack of high growth performance are often seen as a direct result of constraints experienced at start up. Thus women oriented incubation units geared to take these constraints into account or overcome them could enable women owned businesses to grow and compete more directly in the marketplace. Studies about description and evaluation of policies and policies to encourage women into business have been a comparatively minor theme. However the main lesson that can be learned from these is the length of time needed between the intervention of the support network and effect. Consequently there is a need to focus on long-term policies rather than short-term initiatives when considering the most effective type of network support.

The Different Types of Networks Created by Women and Men

Gender differences in the way networks are created and used have been cited as having an influence on certain aspects of the management process, for example enabling improved access to finance and development of strong relationships with financial backers. Some studies suggest that distinct gender differences occur in both the establishment and management of networks (i.e. the process of networking and in the contents of social networks i.e. what networks are used for). This research area has been seriously under researched and no firm conclusions can yet be drawn. Only one issue has drawn consensus and that is that women are more likely to have networks composed entirely of other women and men are more likely to have networks composed entirely of men. (7)

Variations in Network Usage

According to a study "*Support Services for Micro, Small and Sole Proprietors Businesses*" on behalf of the *European Commission, DG Enterprise. April 2002 Vienna* (8), female entrepreneurs are using support services more often than their male counterparts and are also slightly better informed on this kind of support. Whereas 27% of the enterprises owned by women are well informed on support services, the corresponding share of enterprises owned by men amounts to 22%.

On a similar theme the report, *Restricted Access: Women Owned Business in Profile* (9), says that women are comparatively more willing to seek assistance from their local business support services. Of the factors considered important to the future success of their business women entrepreneurs gave higher priority than men to external factors such as government funded business support, business advice, finance and banking and education and training. Women owned businesses were more likely to use local public sector advice but less likely to use national and regional sources. Results of this report identify a challenge to successfully engage the government, regional agencies, banks, business organisations community sector and others in coordinated and strategic support for women's business ownership.

Inconsistency of Current Networks of Support for Women Entrepreneurs

The issues most widely reported in popular literature also seen with academic literature are firstly the often contradictory business support information that is available through existing networks and in different regions. And secondly that women learn better from women and a lot of the business support networks are operated by men. There is also the problem that the networks are so wide ranging and general that women are unclear as to which network to use.

Unofficial, informal networks whether in the form of magazine subscriptions or websites play an important role in offering business advice, practical tips and support to women in business. Typical articles range from those giving advice on preparation prior to meetings with potential lenders, guides for women entrepreneurs – including lessons learned from successful women entrepreneurs, to resource and reference information. The range and nature of online information available to women business owners in the UK is enormous. The report *Women's Business Ownership: A Review of the Academic, Popular and Internet Literature: Report to the small business service Sara Carter, Susan Anderson, Eleanor Shaw August 2001* (6) lists 124 Internet sites relevant to women in business. Some sites are solely dedicated to women in business while others are relevant to all business owners. Some sites offer a full array of business advice and support online while others are a portal for woman's issues in general. The extent of advice and support available online varies significantly. A selection of websites provides access to written information online for users to read from the screen or print for future reference (Busy girl, Scottish Business Women, Real Deal). Some web sites provide links to relevant sources of information (the Bag Lady, Business and Professional Women in the UK Ltd, Everywoman) while others are predominantly an online promotional tool for a network, business association or educational/training package (Phoenix Network, British Association of Women Entrepreneurs, Rural Women in Business). The web sites that do provide information and support online also vary in terms of focus and expertise. A minority could be described as full service online support offering advice to women on start-up, growth, and sources of finance, legislation and marketing. Several web sites are mainly a forum for a network of women business owners and are used to keep members informed of news and events and provide contacts for other business services operated by women. Other sites specialise in particular issues (careers, equal pay), offer a particular service (online business press, education and training) or are targeted at quite specific industries e.g. technology (Busy girl, Digital Eve, High Tech Women, Ebiz4women).

The selected websites indicate that support networks are available for women in business at local, national, international level. The majority of the websites are available to businesses throughout the UK (Seed fusion, the Bag Lady, Everywoman) or nationally in Scotland or Wales. High profile local initiatives include those in North East England, South East England (Rural Women in business), Hereford and Worcester and Cardiff. The review also identified a number of international networking groups for women entrepreneurs (Global Women, Webgirls International, Advancing Women). (10, 11)

Small business support websites appear to be sponsored by a combination of public and private organisations. The UK government hosts a selection of sites to support small businesses owners including the Small Business Service, the Women's Unit and DTI websites. Local government also supports online initiatives to encourage small business and enterprise – Scottish Business Women, Welsh Development Agency, and regional Business Links. There is also evidence of European funded support for small business initiatives, for example Women into the Network and Women in Rural Enterprise. (12)

Barriers

"Women entrepreneurs face the same difficulties common to all entrepreneurs but in certain cases these issues appear to be more significant to them. Women also frequently lack the necessary confidence and skills to successfully start a business and run it. There are a variety of reasons for this including the choice of activity, information gaps, perceived discrimination, lack of networks or difficulties in combining work with family obligations." (Best Project on Promoting entrepreneurship amongst women and the study "Young Entrepreneurs, Women Entrepreneurs, Ethnic Minority Entrepreneurs and Co-Entrepreneurs in the European Union and Central and Eastern Europe", Centre for Enterprise and Economic Development Research (CEEDR), March 2000) (13)

Family Obligations

Many women start a business because it offers them the flexibility to look after children at the same time. However inadequate and inflexible childcare facilities in the UK may make it difficult for them to attend a support network or operate the business from an incubator site rather than from home.

The report *Women's Business Ownership: A Review of the Academic, Popular and Internet Literature: Report to the small business service Sara Carter, Susan Anderson, Eleanor Shaw August 2001* (6) recommends a national strategy assist with areas such as a business women's credit union, online support building on the success of scottishbusinesswomen.com, monitoring discrimination by banks etc, childcare support, introduction of standardised recording by the business support networks to enable future maximisation of potential of this economic sector and impact of policies.

Low Priority of Sectors of Business in which Women Traditionally Set Up

In Northern Europe women's businesses still tend to be concentrated in sectors such as services and retailing in however in the USA women have broken into non-traditional sectors such as construction, wholesale and transportation. Between 1987 and 1992, the number of women owned businesses operating in these sectors in the USA grew by 94%, 87% and 77% respectively (*Brush and Hisrich 1999*) (14).

UKBI continues to play an important role in encouraging and assisting in business incubation projects and assuring best practice is available for use elsewhere. Every year UKBI undertakes a national mapping survey of the UK incubation industry. The survey conducted in the winter of 2000/2001 details 64% of incubators who describe themselves as 'sector specific'. Of the named sectors technology, biotech, knowledge based, IT, software and E-business are the most frequently targeted sectors by incubator units. All but two of the incubators questioned operate a selection policy entry criteria are generally based on the viability of the business proposal but they are also based on the 'fit' of companies in terms of sector, their links with a local university or their stage

of development. There is evidently a gap between the type of high growth, high tech businesses favoured by the incubator networks and the typically slower growing service or retail businesses started by women. This means that women entrepreneurs are unwittingly excluded from an invaluable network of support which could enable them to become more competitive and participate more actively in the economy. (15)

Social Barriers

If we study the UK labour market, perhaps we shouldn't be surprised at the low levels of female entrepreneurship in 2002. Women's employment is still concentrated in the service and retail sectors and women still lag behind men in terms of pay, training, qualifications and promotion. They are underrepresented in management and in the boardroom. So the average female entrepreneur will have less managerial experience and less access to business networks and finance.

Despite stronger networking and interpersonal skills (*Wilkinson 2001*) (cited in (6)), there is some evidence to suggest that women face challenges in gaining access to networks able to provide resources to support new venture creation and firm growth (*Aldrich, 1989; Aldrich et al 1989*) (16) (17). Networks are known to assist in business start up and growth by providing access to information, advice and finance as well as much needed business contacts (*Aldrich and Zimmer, 1986; Shaw, 1998*) (cited in (6)). As a result of their employment experiences, women may not have such resources within their personal networks. Many networks have traditionally been developed by men and there may also be an unwillingness to provide women with access to some networks. As *Brush (1997:22)* (14) states

"women are less welcome in social networks and are left out of some of the loops, meaning they do not have access to as much information."

So social structures and the way that women socialise influence the human and social capital endowments with which they start their businesses.

No Strategy to Stimulate and Foster Entrepreneurship in Women and Overcome Social Barriers

According to *Baker et al. (1997)* (18) surveys with the focus on women entrepreneurs still account for only 6-8 per cent of international research into entrepreneurship. This reflects a lack of focus on active encouragement of women into business. The climate is currently changing as a rapid increase in social and industrial policy focus on the potential which motivating more women to start their own business would presumably produce. The *OECD Proceedings 1998:18* (cited in (3)) report

"there is a major challenge for policy makers to improve the conditions for the establishment and growth of women-owned SMEs. Governments by themselves cannot make firms grow and employ staff. However they can work to put in place conditions and incentives which allow firms and individuals to do the job".

In the USA, for example, there has been a rise in the number of business started and developed by women. Allegedly this is the result of a determined effort:

"The growth of women owned enterprises in the last decade has been a driving force in the revitalisation of the American Economy. Their contributions have been duly recognised and the executive branch of the US federal government is aggressively pursuing forward-looking initiatives that will actively assist more women in starting and growing their businesses. In order to build a strong infrastructure that supports entrepreneurial development the government must involve all the nations resources both public and private in this effort. Consequently, women who will own more than 40% of business and comprise 60 per cent of the work force by the year 2000, are being asked to play an increasingly important role in fashioning a new economic blue print." OECD Proceedings (1998:122) (3)

"To better understand the phenomena of entrepreneurship, populations of women need to be included or studied separately in both academic and government investigation and this research must be grounded in theory or conceptual framework. From this a better understanding of the similarities and differences between women and men entrepreneurs will emerge, as will areas where public policy assistance is needed." OECD Proceedings (1998:156) (3)

Therefore in order to assess the feasibility of a Hertfordshire network of business support for women more research needs to be done to understand women's business needs so that any networks set up will be effective in meeting those needs. The OECD Proceedings, 1998 point to a need for more knowledge in the following fields:

- Surveys throwing light on the number of enterprises started by women in various lines of business and especially also in untraditional women's lines such as industrial production.
- An answer to the question: How is the type of business started by women influenced by education and training in general, social and cultural factors, including women's frequent lack of tradition and inclination to work with new technology?
- Do women learn best from other women? Information should be shared on women entrepreneurs and their enterprises, which may serve as role models.
- How does the type of enterprise, line of business or gender influence the environment and thereby the way the advisory system reacts? Surveys show that men and women use different personal, social and professional networks when they start a business, and that it may often be a problem for women that they have no contact with the persons who hold the purse strings.

In continuation of this, various surveys conclude that the above factors cause a number of differences in the way men and women organise the enterprises they start and manage. At the present moment the existing surveys are too sporadic on the following points:

- How are women motivated to start professional and social networks with a special focus on prospects, barriers and the development of skills in women owned enterprises?

- American surveys show that women have a natural talent for creating networks, flexible organisational structures and for employing persons with the right resources in the enterprise, but that in most societies the women must be motivated and encouraged to break into traditionally male dominated areas. Since information and communication technology reduces the importance of geographical distances, several researchers find that this may turn out to be an advantage for enterprises started and managed by women. This is a very interesting – culturally conditioned – problem, which is not backed up by research.

Lack of Dedicated Research about the How Networks are Used

Research investigating the management of female owned enterprises has often stressed the important role of networks in the survival and success of individual firms (*Aldrich et al, 1989; Rosa and Hamilton, 1994; Aldrich et al, 1997*) (17)(19)(18). Gender differences in the way networks are created and used are cited as having an influence on certain aspects of the management process, for example enabling improved access to finance and the development of strong relationships with financial backers (*Millman, 1997; Rosa and Carter, 1998*) (20). This view has been largely influenced by studies, investigating entrepreneurial networks, which have unequivocally demonstrated that the quantity and quality of external linkages between a firm and its environment are crucial to its success. Some have suggested that distinct gender differences might exist both in the establishments and management of social networks (i.e. the process of networking) and in the contents of social networks (i.e. what networks are used for). (*Olm et al, 1988; Aldrich, 1989*) (21)(22) Others have contested this view however. In a review of the research into entrepreneurial networks, *Starr and Yudkin (1996:40)* (23) concluded

"the few studies that compare the networking activities of women and men business owners show differences in the sex composition of the networks of women, but not in how men and women use their networks."

The influence of gender on the networking activities of business owners has been subject to very little dedicated investigation, and remains a highly contentious issue. Not only is there debate regarding the relative influence of networking activities on the performance of small firms generally and on female owned firms in particular, researchers have yet to even conceptualise an appropriate starting hypotheses for research. This debate has occurred largely because of conflicting guidance on research literature that has separately considered gender effects on business ownership and the influence of gender on networking activities. Researchers such as *Rosa and Hamilton (1994)* (19) have argued that networking is both more critical and should be greater among female entrepreneurs than male entrepreneurs. This approach is however countered by earlier research conducted by *Aldrich (1989)* (17) which suggested that women's networking levels are lower than men's. In a study specifically designed to investigate the influence of gender on networking, *Katz and Williams (1997)* (24) analysed data from 361 respondents separated into four categories: self employed females, self employed males, salaried females, and salaried males. Overall however salaried managers regardless of gender showed higher levels of networking than either of the self employed groups. *Katz and Williams (1997)* (24) concluded that the greatest differences in social networking activities were caused by employment status rather than gender. Moreover, they asserted,

"despite the centrality of social networking studies in entrepreneurship research, social networking is not a particularly powerful way of explaining gender differences." (1997:195) (cited in (24))

While it is clear that this remains a seriously under researched area, the range of studies that have investigated gender differences in networking activities has enabled the emergence of a consensus on some elements of the networking debate. Studies undertaken in a diverse variety of contexts and countries, including the USA, Italy and Northern Ireland have all concluded that there is a great deal of similarity in the networking behaviour of men and women although the sex composition of the networks does vary by gender. Women are more likely to have networks composed entirely of other women, and men are more likely to have networks composed entirely of other men (Aldrich et al, 1989; Smeltzer and Fann, 1989; Cromie and Birley, 1992; Aldrich et al, 1997) (22)(25)(26)

New Trends

Influencing mainstream Provision

Prowess is leading research towards the mainstreaming of networks and support to assist women entrepreneurs. They say,

"Despite the challenges ahead, there are many positive signs that the women's enterprise agenda is now being taken seriously by the key players. In Wales and Northern Ireland, strategic frameworks for women's enterprise are being developed with strong/regional input. Many of the RDA's in England are developing fresh strategic plans and new initiatives, and in Scotland, the Scottish executive commissioned a study on women's enterprise earlier in 2002, which is due to be published soon. The Department of Trade and Industry and the Small Business Service have made a strong commitment to a policy framework and the implementation of effective programmes and measures to enable the kind of results we know are possible." (27)(28)

"It has been demonstrated that public sector support targeted at women owned businesses is successful in increasing both the numbers of start-ups and the long term growth potential of women's business. The experience of the United States Office for Women's Business Ownership illustrates the type of success that could be emulated in the UK. A National Centre for Women's Enterprise should be established. The Centre should collaborate closely with Prowess in partnership with other relevant bodies and engage in advocacy, R&D, networking, dissemination of best practise and awareness of women's enterprise. It should broker relationships between local and regional support organisations and provide a focal point for the development of these. The Centre should exchange and disseminate information to a range of relevant stakeholders including the media, banks, businesswomen's networks and funding partners. Like the Prowess organisation, the Centre should not work with women entrepreneurs directly, but support, facilitate and enhance the organisations currently seeking to encourage women's enterprise. It should work closely with the UK Government and the devolved executives in Scotland and Wales but be independent and self-sustaining after three years. A UK policy for women's business ownership should be established. This strategy needs commitment at the highest levels of government to overcome the piecemeal approach to support for women's enterprise in the UK. The strategy should recognise the needs of women as a heterogeneous group and seek to encourage initiatives particular to specific areas and situations. For example support for women's businesses in socially and economically marginalized areas should be developed with consideration for the particular challenges faced by women in these areas. The strategy should also ensure that small business

support is sufficiently flexible to include all women and at times which suit women's lives. Finally the strategy should critically rethink how small business programmes and initiatives are delivered and evaluated to ensure that they are appropriate to the needs and experiences of women. Projects to improve women's experiences of small business need to become a political priority, centrally and locally." (29)(30)(31)

Recognition at policy making level that we need to put in place formal schemes and funding to encourage women to go into business. Schemes, such as the Gender-quake fund, targeted at all levels of business growth. This will include founding of the 'Payback Club', a network of women entrepreneurs and angel investors who have made it and are prepared to give back, innovative use of ICT to create a forum and business network for change agents committed to feminising the new economy and delivering equality and 'Friends of Genderquake.org' for promoting diversity in the new economy through the creation of a member based network. (32)

Margaret Jay, addressing a summit on "Women and the new Economy" (33), said

"There are a number of barriers to self employment faced by women – access to capital, issues around childcare and the availability and suitability of training and support may put women off 'going it alone'. Women will benefit from the moves to strengthen our enterprise culture announced by the chancellor in his pre budget report. The development fund will provide innovative support, such as incubator units combining workspace with advise, training and financial help. Funding for Community finance initiatives will release more money for business start up and a new national network of mentors will assist those starting businesses. We can now build on these initiatives and learn from US experience. As minister for Women, I am particularly interested in their women's business centres and the US approach to ensuring the transition from welfare to enterprise". (33)

The Government also set up the Women's National Commission which is the official, independent, advisory body giving the views of women to the government. It ensures that women's views are taken into account by the government and are heard in public debate.

Growth in Networks via the Internet

On a positive note, recent research has found that the Internet has provided a new opportunity for women to build their own business networks (Carter and Anderson, 2001) (34). The growing number of virtual networks, like High-TechWomen.com and DigitalEve.com and an increasing number of websites dedicated to providing women with business advise such as everywomen.co.uk provide firm evidence of women's desire to network and make the most of new technology to help them achieve their business objectives. This said there is a lot of anecdotal evidence to suggest gender differences both in the way networks are constructed and used and this is a subject which has received little rigorous research attention.

Best Practice and Excellence

Wellpark Enterprise Centre, based in Glasgow is the UK's only integrated women's enterprise centre to provide information and business counselling to women in business.

Women's Employment Enterprise and Training Unit (WEETU), based in Norwich, is a locally based organisation which delivers a range of practical services which enables to improve their employment practises.

Women in the Network (WIN) is a networking project that aims to facilitate the development of women's Enterprise, providing specific services for women entrepreneurs and providing advice on mainstream business support services and networks.

Women's Business Network (WBN) are set up on an ad hoc basis but increasingly working together. Most offer start-up advice and training courses and business support delivered by women for women.

"In some cases the barriers for women can just be the men in suits and their attitudes" says Livesey "our courses are designed and structured for women. We make sure they are timed for those with children, or provide childcare facilities on site."

Train 2000 in Liverpool is delivering the Power programme which provides a fully integrated gender specific business advice, training and employment service. It is supported by objective 1 funding, Phoenix and private sector funding.

The Accelerating Women's Enterprise Partnership, formed as part of the Equal programme, brings together a number of agencies operating at the cutting edge of women's enterprise development spanning the English regions. They include the Women's Employment and Enterprise Training Unit, the Princes Trust, Voluntary Action Cumbria and Bolton Business Ventures.

Australian Glenda Stone established the **Busy girl network (now Aurora)** to advance the economic status of women through business and career development. It is a corporate and entrepreneurial network of over 7750 women sponsored by Price Waterhouse Coopers, HSBC and Globix. She quickly built membership to make 'Busygirl' the UK's largest business technology network for women. In July 2001 Busygirl was announced in the Sunday Times as the 'best site' for women entrepreneurs.

Network Ireland – A survey "Business Women of Ireland Concerns, Plans and Expectations" reveals that 63% of the entrepreneurial members of Network Ireland plan business expansion by increasing sales and employment, opening new stores or expanding their part time businesses into full time businesses." (35)

ESF funding provided the resources to set up '**Now**' projects. These identified access to start up loans and legal advice as two of the main obstacles to female business creation. 'Now' projects have proved successful in helping women overcome such barriers. They offer counselling, guidance, training, and support as well as helping to build networks among women entrepreneurs all over Europe. During the seminars participants discuss new types of partnerships between banks, government agencies and social partners as a way of facilitating loans for women's business start up and growth. Margerita Winberg, Swedish Minister of Labour (36), commented that it was crucial to transfer successful models, developed in schemes such as '**Now**' and other ESF activities into the mainstream labour market and training systems and into business creation and SME support structures.

In 2001 DG Enterprise launched a '**BEST**' project (37) to promote entrepreneurship amongst women – a study entitled "*examination and evaluation of good practices in the promotion of female entrepreneurship*". The project aims at the identification and evaluation of national measures related to start ups, information and advice, funding, training, mentoring and networks relative to the promotion of female entrepreneurship. These measures will be evaluated in order to identify good practices adopted by Canada, USA, Japan, Australia and New Zealand. These good practices will be presented to all interested parties including representatives from candidate countries during a European Forum to be held at the beginning of 2003.

The commission is actively cooperating with the **European Network to Promote Women's Entrepreneurship (WES)**. WES is composed of administration representatives involved in the promotion of women's entrepreneurship. The commission participates regularly in its meetings where information on new initiatives and good practices covering economic support, networking, mentoring, gender based statistics research etc is exchanged.

European Chambers' Women Network. Best Practices Report, Support of Women Business Interests in European National and Regional Chamber Organisations (ongoing ECWN project). Founded in March 2002 its purpose is to support the wide professional women's network in European Chambers and their member organisations. This covers Austria, Croatia, Cyprus, Germany, Italy, Slovenia, and Spain. (38)(39)

Women's Business Ownership A Review of the Academic, Popular and Internet Literature: Report to the Small Business Service: Sara Carter Susan Anderson Eleanor Shaw Department of Marketing University of Strathclyde August 2001 (6) cites the US as ahead of the rest of the world in providing networks for women entrepreneurs. The most sophisticated and advanced mechanisms specifically designed to assist women in business can be seen in the United States of America's **Office of Women's Business Ownership**. Established in 1979 the Office of Women's Business Ownership was made a permanent office within the US Small Business Administration in 1988 with a remit "to aid and stimulate women's business enterprise" (*SBA, 1998*). The Office for Women's Business Ownership has taken the lead in establishing at least one Women's Enterprise Centre in each state, through which programmes of support and advice are delivered at the local level. Locally delivered initiatives are specifically designed to assist women starting and growing businesses. Its success can be seen not only in the numbers of women entrepreneurs running businesses in the USA, but by the very different rates of women owned businesses in other developed economies without the benefit of such an organisation.

The National Commission on Entrepreneurship in its update No 62, Tuesday, October 29, 2002 published an article Angels to the Rescue (30). This cites a new Ewing Marion Kauffman Foundation study, Business Angel Investing Groups Growing in North America (October 2002) (31), which assesses the current state of the angel investor marketplace. It recognises that the angel investing is becoming more institutionalised helping to stabilise the industry and stem a decline in investing. As organised groups have emerged they have also taken on more diverse orientations. Angel groups targeting women or ethnic minorities are growing. Angel networks also appear to be sprouting in rural areas and other regions outside of the traditional technology hotspots. Formal procedures and industry 'best practices' have accompanied the rise of the business angel groups. Most of the groups seem to use similar investment screening procedures. At the same time, groups still utilize a wide range of organisational and legal structures. This more organised network of funding could benefit women entrepreneurs in the UK whose exclusion from networks means they find they are often excluded from traditional sources of funding.

The many examples of private sector companies joining together with women's business organisations represent a step forward and a sign that these organisations are taken seriously in the business world e.g. BT and Aurora Women's Network providing regional business women's events in 2003 to accelerate women owned businesses. Trade Partners UK and Meridien Hotels have also produced an audio CD designed to help British Business women tackle business challenges and opportunities offered by the gulf markets.

Conclusion

Networks are popularly regarded as a key factor in business success. Articles acknowledge that limited networking and poor development of business relationships may be holding women back. Some state that women are less likely to be involved in committees and other traditional networking opportunities, partly because of family commitments. Others suggest that only half of the women belong to business networks. Networking is seen as being particularly important for the 46% of women running home based small businesses. However there is evidence of women helping other women, and the Internet is seen as a support group, balancing the scales for women:

"women will go out of their way to do just about anything for another woman entrepreneur" Women's Business Ownership A Review of the Academic, Popular and Internet Literature: Report to the Small Business Service: Sara Carter Susan Anderson Eleanor Shaw Department of Marketing University of Strathclyde August 2001. (6)

The value of effective networks targeted to address the very specific needs of women owned businesses and their owners cannot be underestimated. This is seen in the US where the integration of policies to stimulate and support entrepreneurship in women has led to a huge rise in the numbers of businesses set up by women. In the UK there is a specific research gap in the regional variations in female start-ups.

"The success of the new venture creation process hinges on the ability of the entrepreneur to leverage her social and human capital to create a new organisation" OECD Proceedings (1998:160). (3)

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New Horizons

45 Grosvenor Road St Albans Hertfordshire AL1 3AW United Kingdom
Telephone +44 (0)1727 813 813 Facsimile +44 (0)1727 813 706
Minicom +44 (0)1727 813 555
E-mail newhorizons@exemplas.com Web www.exemplas.com

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