

Harnessing THE HIDDEN



Women entrepreneurs are an untapped resource in the quest for global economic security and more needs to be done to support and develop them. **By John Scharges**

Although more women entrepreneurs are starting or running new businesses in countries around the world, it is still not enough to meet the need for increased entrepreneurial activity in order to assist global economic stability, a new report by the Global Entrepreneurship Monitor (GEM) has found.

The GEM project is widely recognised as the most comprehensive and authoritative study of entrepreneurship around the world. South Africa, under the auspices of the GEM South Africa team at the UCT Graduate School of Business, has been participating in this prestigious study since 2001 and has, over the years, gained much insight into the country's entrepreneurial context as compared to other similar economies.

According to Mike Herrington, executive director of GEM and lecturer in entrepreneurship at the UCT Graduate School of Business, while entrepreneurship is increasingly recognised as a broad-based driver of economic growth and societal well-being,

not enough is being done to support women entrepreneurs, who are one of the most underutilised resources in the entrepreneurship ecosystem.

"Unless more is done to actively engage and support women as entrepreneurs, the job creation capacity of almost half the world's population will be lost," he said. The report states that more than 126 million women entrepreneurs were starting or running new businesses in 67 economies in 2012.

Published in July 2013, the inaugural GEM 2012 Women's Report is the most comprehensive research ever undertaken into the entrepreneurial activity of women across the globe. Conducted in 67 economies – including South Africa – the report examines the rates and nature of female participation in entrepreneurship and contrasts these findings with male rates. This unique research analyses how many women are participating in entrepreneurship, the types of businesses they are starting or operating, their motives and aspirations

for this endeavour, and their attitudes about entrepreneurship.

The report shows that while women's participation in entrepreneurship differs around the world, as does their impact on job creation and innovation, in nearly every economy there are fewer female than male entrepreneurs, and they appear to show reluctance to scale their businesses or to enter new and less tested markets. The research highlighted that women entrepreneurs need more resources and better programmes in order to build new collaborations and leverage ideas; develop entrepreneurial abilities and attitudes; and access the means necessary to expand their businesses and generate jobs.

According to the report, an estimated 48 million female entrepreneurs and 64 million female-established business owners currently employ one or more people in their businesses. Furthermore, seven million female entrepreneurs and five million established business

owners are expected to grow their ventures by at least six employees in five years.

However, Herrington said that this number is still inadequate in proportion to what it should be. "In most economies around the world, there are fewer women than men starting and running new businesses, but there are even fewer running mature ones," said Herrington. "This raises a red flag about the ability of women to easily transition from starting to sustaining their own businesses."

In South Africa in general, entrepreneurship is not flourishing. Research released earlier this year by GEM showed that Total Early-Stage Entrepreneurial activity (TEA) in South Africa dropped to 7.3% from a high of 9.1%, an almost 20% drop from the previous year and the lowest in four years.

The pool of intentional entrepreneurs was only 14% – far below the average of 27% among similar efficiency-driven economies. Of particular concern was that only 5% of South Africans in the 18-24-year age group are involved in early-stage entrepreneurial activity, another decrease from 2011.

In Europe and the United States, women are as highly-educated, or more so, than men – yet despite this they are less likely to believe they have the capabilities for starting businesses. In fact, the research shows that in every economy, women have lower perceptions of their entrepreneurial capabilities than men.

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Herrington said that findings in the report such as this can be used by policy-makers to tailor initiatives and programmes in their countries to help aspiring women entrepreneurs overcome the unique challenges they face.

For example, the research will enable them to: assess the state of

women's entrepreneurship by tracking over time key indicators, such as the gender of those who start and run businesses, the mix of industries in which women entrepreneurs participate and the contribution to job creation by women entrepreneurs; design targeted initiatives, such as government procurement programmes that provide women entrepreneurs with equal access to opportunities as suppliers of goods and services; and deliver education and training.

"Both high impact and small-scale entrepreneurs are garnering the increased attention of educators, policymakers and practitioners. The spotlight on entrepreneurs has revealed that much more can be done throughout the world to build local ecosystems in which they can better thrive," said Herrington.

He said that government and policy-makers must acknowledge that steps need to be taken to transform the underutilised resource that is female entrepreneurial activity, into a fully-fledged contributor to economic development, innovation and enhanced societal value throughout the world.