

# ENTREPRENEURSHIP POLICY DIGEST

JULY 20, 2015

## WOMEN ENTREPRENEURS ARE KEY TO ACCELERATING GROWTH

“To the extent that half of the American population and more than half of our educated population are not fully participating in the engine of growth and innovation, it is an opportunity to avoid the ‘secular stagnation’ that is now expected for the American economy.”

— Robb, Coleman, Stangler  
*Sources of Economic Hope*

Entrepreneurship fuels economic growth, with new and young businesses accounting for [nearly all net new job creation](#). Increasing the number of entrepreneurs, and creating conditions for them to succeed, has the potential to improve economic opportunities for all Americans.

The [influx of women](#) into the labor force ushered in significant gains in economic growth and worker productivity. Research shows this rise in the women’s share of the workforce since just the 1980s is responsible for [as much as 11 percent of 2012 GDP](#). While more women sought and found employment in greater numbers, their participation as entrepreneurs was uneven. Fewer women became entrepreneurs, meaning their potential contributions to job creation, innovation, and economic growth were unrealized.

Today, women remain underrepresented among the ranks of entrepreneurs. In fact, they are [half as likely as men to start a business](#). This discrepancy is not just a gender or fairness issue—it is an issue of economic growth. By addressing the gender gap in entrepreneurship, policymakers can unleash a wealth of ingenuity and creativity that can spark a new era of entrepreneur-led growth in America.

### RESEARCH SHOWS WOMEN MAKE GREAT ENTREPRENEURS

Women entrepreneurs bring particular sets of skills that not only set them apart from their male counterparts, but also lend themselves to being successful entrepreneurs.

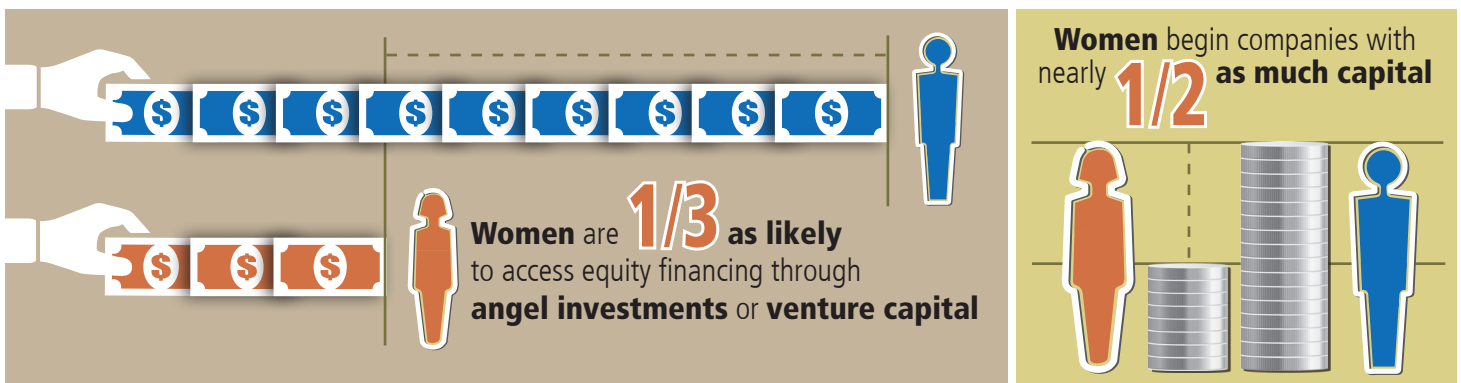
- Women entrepreneurs have a [more nuanced view of risk](#), identifying more strongly than men as financial risk takers, while remaining concerned about “fool hardy risks.”
- Women display [greater ambitions](#) to become serial entrepreneurs than their male counterparts.
- More broadly, an increase in the number of women in business leadership positions is correlated with increased business [returns](#) and [payout ratios](#).

### WOMEN FACE UNIQUE BARRIERS TO ENTREPRENEURSHIP

#### *Mentors are in Short Supply*

Nearly half of women entrepreneurs state that a challenge facing their business is the [lack of available mentors](#). Mentorship plays an important role in [developing successful entrepreneurs](#), for both men and women. If women are unable to find mentors, they may fail to reach their full entrepreneurial potential.

### IDENTIFYING THE GENDER FINANCING GAP



Kauffman Foundation

## Entrepreneurship is Perceived as a Masculine Activity

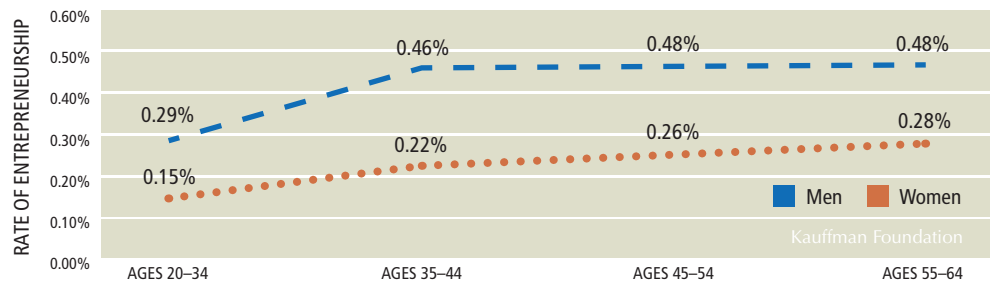
Research has shown that there is an [implicit bias against women as entrepreneurs](#), where people are less likely to believe that women have the skills to succeed as entrepreneurs. This perception makes it harder for women entrepreneurs to secure funding. In addition, this cultural assumption that entrepreneurship is a masculine activity [might dissuade women](#) from considering entrepreneurship in the first place.

## Women Face Additional Hurdles Maintaining a Work-Life Balance

[Nearly three-quarters of births](#) are to women between the ages of twenty and thirty-four. Women face additional pressures due to parenthood that result in lower rates of entrepreneurship. Research also has shown that [women with STEM Ph.D.s are significantly less likely](#) to engage in entrepreneurship if they have a child under age two, while there is no statistical difference in entrepreneurial rates of male STEM Ph.D.s with a child under age two.

### RATE OF ENTREPRENEURSHIP BY GENDER AND AGE

As women reach the peak age of entrepreneurship (35–44), they fail to see the explosive gains that their male counterparts see, and this effect widens the gap between men and women entrepreneurs throughout their working lifetimes.



Source: 2015 Kauffman Index: Startup Activity. Ewing Marion Kauffman Foundation.

## PAVE THE WAY FOR WOMEN ENTREPRENEURS

### Develop and Report Metrics for Entrepreneurship Programs and Initiatives

- To understand how entrepreneurship programming serves women, attendance, participation, drop off rates, and entrepreneurial outcomes should be [collected and reported by gender](#). Armed with this information, program coordinators and funders can make adjustments to better assist women entrepreneurs.

### Increase the Number of Women Represented in Entrepreneurship Programs

- When [women are leaders at organizations that support entrepreneurs](#), they can help develop gender inclusive events that attract women entrepreneurs, as well as use their networks to help women entrepreneurs access mentors and financial capital.

### Increase Small Business Innovation Research (SBIR) Funding to Women-owned Businesses

- In 2012, [only 15 percent](#) of SBIR awards went to women-owned businesses. Federal agencies should continue to [increase awareness of the availability of these awards](#) by partnering with women's professional organizations and unifying outreach efforts to women entrepreneurs.

### Celebrate Successful Women Entrepreneurs

- Stories of entrepreneurial success [tend to be male-dominated](#). Government leaders can help deconstruct the false narrative that only men are successful entrepreneurs by lifting up stories of successful women entrepreneurs.

### Decrease the Risk of Becoming an Entrepreneur

- Explore how various policies can help alleviate [pressures and risks](#) facing women, particularly those with young families, which can deter them from entrepreneurial ventures. For example, policymakers should [examine](#) whether subsidized child care or preschool, or other related policies, could create a stronger environment for entrepreneurship.

## FOR MORE INFORMATION

Click on the links for access to the following resources, or contact Jason Wiens at [jwiens@kauffman.org](mailto:jwiens@kauffman.org):

- Read [Sources of Economic Hope](#).
- Check out the infographic from [A Rising Tide](#).
- Read [Why Are There So Few Women Entrepreneurs?](#).
- Read [Growthology](#) blog posts about [women entrepreneurship](#).



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