



# Equality of entrepreneurship

Despite the fact that some of the biggest barriers to female entrepreneurship have been removed in Ireland in recent years, the dominant perception that women don't start significant businesses still prevails, writes **Lisa Matassa**

**I**F government policy makers have their way, the Ireland of the future will consist not only of a greater number of new start-ups but also more innovative, high growth-potential businesses.

Realising this dream, however, requires drawing on the growing talents of our resident population — both men and women.

Up until now, it has been well documented that Irish women lag significantly behind their male counterparts when it comes to entrepreneurial activity. The latest Irish Global Entrepreneurship Monitor (GEM) report for 2006 shows one in 10 Irish men (10.5pc) are early-stage entrepreneurs compared to only one in 24 Irish women (4.2pc).

This makes for bleak reading and is made even more dismal when one considers that the participation rates of women in the Irish workforce have increased hugely in the past 10 years. Women now represent almost half (42pc) of the working population and are staying longer in education. Yet, despite overcoming these two barriers, research shows there has been no real sustained increase in the number of female entrepreneurs over the past few years.

Drawing on an international comparison with the OECD countries, Ireland ranks 10th in terms of the rate of early-stage entrepreneurship by women; in the EU, it comes fourth.

Looking at what the landscape would be like if Irish females were to keep pace with their male counterparts, the recent GEM

report concluded: "If women were to establish new enterprises at the same rate as men in Ireland, there would be as many new businesses being set up in Ireland per capita as there are in the US."

There is no denying this would go a significant way towards Ireland Inc's future high-potential start-up goals. It is regularly argued that women are natural innovators — a view that is supported by Margaret Heffernan, professor of entrepreneurship at the Simmons Graduate School of Business in Boston.

"They are tremendous innovators because they are responsible for about 80pc of purchases. They are brilliant at spotting gaps in the market. Vast numbers of businesses are created because of this. I can take a room of 25 women and within an hour they will have more than 25 ideas," she says.

Heffernan herself is testament to the entrepreneurial spirit. She has held five CEO positions, authored numerous books and was a speaker at the recent Irish Female Entrepreneurs - The Engine of Future Economic Growth conference organised by the MBA Association of Ireland last month. Heffernan provided an overview of her experience of US female entrepreneurs — why they succeed and lessons for Ireland.

## Battling perceptions

Heffernan believes one of the most important developments in the US was the passing of legislation about 15 years ago to record gender ownership. "You have to state

whether the company is owned by men or women. Being able to measure success has really made a difference. People could see the whole sector was growing and could create other businesses to support these," she says.

When it came to female entrepreneurship, one prevailing perception in the US was that women only do things on a minute scale; they could run businesses such as bed and breakfasts and hairdressing salons, but could never go beyond this.

However, the legislation has facilitated the bigger picture, which shows that almost half (48pc) of private companies in the US are owned by women. While, similarly to Ireland, a large portion of these business owners are sole traders, Heffernan highlights the massive contribution female entrepreneurs make to changing women's perceptions of themselves. "They are a powerful economic force," she says.

Another barrier to working life often cited by the female PAYE employee is a lack of flexibility. Again, entrepreneurship seems like a good answer to this, so it's somewhat disappointing more Irish females don't follow in their American colleagues' footsteps. Perhaps the notorious 'can-do' attitude that prevails in America has a far tougher job infiltrating the Irish female psyche.

Having the right kind of support (and not just of the financial variety) is imperative, Heffernan believes. "Research shows women who belong to networks of other entre-

preneurs do better."

The predominant perception that entrepreneurs are typically male doesn't help either. "Only 8pc of venture capital goes to female-owned businesses. Venture capitalists have a mental model of what an entrepreneur looks like, and it's not female," she says.

Interestingly, the facts show female entrepreneurs are a safer bet when it comes to finance, according to Heffernan. "If banks were smart, they would look at the history of female entrepreneurs worldwide. Micro-financing of women has the lowest default rate," she says.

If the American example is anything to go by, women also enjoy a higher success rate in business. "The fact is, women in businesses in the US are more likely to stay in business for five years. More females cross that line and are doing it with less institutional funding," concludes Heffernan.

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**LESSONS FROM ABROAD:** Ireland would do well to follow in the footsteps of the US when it comes to encouraging female entrepreneurship, says Margaret Heffernan, professor of entrepreneurship at the Simmons Graduate School of Business in Boston, who spoke at a conference in Dublin last month