

Chapter 24

Gender gaps in entrepreneurship persist

Key findings

- Women are less likely than men to be entrepreneurs. The gender gap in entrepreneurial activities has changed very little in most countries since 2012.
- The gender gap applies to all age groups, though it is narrower among young people than the population as a whole.
- Self-employed women are less likely than self-employed men to have employees. They also tend to earn less. Evidence suggests a slight narrowing in the gap between the proportion of self-employed men and women with employees. The evidence on self-employment earnings is too sparse to draw conclusions about whether the gap is closing.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Gender disparities in self-employment rates

Promoting female entrepreneurship is increasingly viewed as contributing to economic growth, job creation, income equality and social inclusion. Indeed, recent estimates suggest that if the entrepreneurship gender gap were eliminated, global GDP could rise by as much as 2%, or USD 1.5 trillion (Blomquist et al., 2014). Against that background, government institutions and policies should seek to ensure that men and women enjoy equal opportunity to set up and run businesses (Chapter 25). By pushing forward the principles of the 2013 OECD Gender Recommendation, the OECD has been instrumental in making women's entrepreneurship a global governance priority in the G20 and G7. The OECD supports G20 work addressing important gender implications for women's participation in SMEs and entrepreneurship, particularly addressing the barriers of access to finance and financial literacy (Chapter 10). The OECD supported the preparation of the G7 Roadmap for a Gender-Responsive Economic Environment, a key deliverable of the 2017 Taormina Summit, which builds on the G7 Principles on Women's Entrepreneurship agreed by G7 leaders at the 2015 Schloss Elmau Summit. The G7 has also mandated the OECD to monitor progress on promoting women's entrepreneurship.

One of the most commonly used measures of entrepreneurship activities – when entrepreneurship is measured through statistics on individuals – is self-employment (Box 24.1). The proportion of women who are self-employed is generally lower than the proportion of men. In 2016, the self-employment rate for women ranged from 4.1% in Norway to 23.5% in Mexico. As for the self-employment gender gap, Chile registered the smallest gap (1.9 percentage points) and Turkey the largest (14.5 percentage points) (Figure 24.1). In the Middle East and North Africa (MENA) region, the gap was even greater (Box 24.2).

Box 24.1. Measuring self-employment

The self-employed are defined as those who own and work in their own businesses (OECD, 2016). They include unincorporated businesses and own-account workers and declare themselves as “self-employed” in population or labour force surveys. Some work alone in their business, while others create jobs by hiring employees.

Self-employment has traditionally been thought of as a full-time labour market activity, but it is changing and now takes a number of different forms. Hybrid entrepreneurship (i.e. where self-employment is combined with employment, education and/or volunteer work), group entrepreneurship (i.e. self-employment in a team) and freelancers (i.e. self-employed people who undertake project-based work, often in creative industries) are emerging forms of self-employment that can provide increased flexibility in terms of balancing work and personal life and can support women's entrepreneurship.

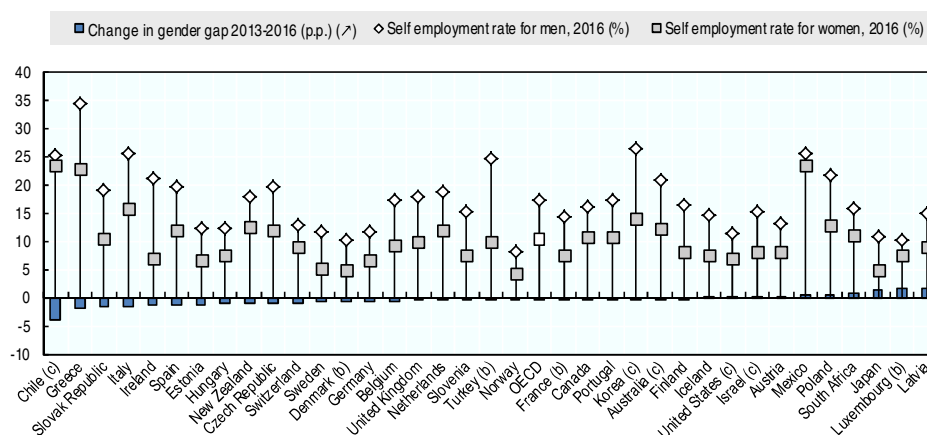
At the same time, there are some new forms of self-employment that are generally considered to be low quality work, e.g. the individual has low earnings and limited potential for career development. “Dependent” self-employment, for example, refers to arrangements whereby a worker is economically dependent and subordinate to one or two end-users (OECD/EC, 2017 forthcoming). Although self-employed, the individual does not have control over their tasks and typically earns less than they would if they were an employee in the client company. Further, the individual has less employment security and probably lower social security coverage.

Informal entrepreneurship (i.e. self-employment that is not registered with the tax authorities) is nothing new. But is a growing issue in developing countries where women's enterprises tend to be clustered in the informal economy with limited access to capital, financing, business support services or markets. Lengthy, costly and bureaucratically complex business registration procedures hinder the development of formal enterprises and hence the capacity of many women's enterprises to grow beyond the subsistence microenterprise level (ILO, 2016).

Between 2013 and 2016, the self-employment gender gap narrowed in many countries, though only slightly in most of them (Figure 24.1). The gap closed the most in Chile, where it narrowed by just over 4 percentage points, but widened the most in Japan, Latvia and Luxembourg.

Figure 24.1. Men are more likely to be self-employed than women, but the gap has narrowed slightly in many countries

Self-employment rates (%) by gender, 15-64 year-olds, 2016 or latest available,^a and changes in the self-employment gender gap (male minus female), 15-64 year-olds, 2013-16



Note: The self-employment rate is defined as the share of self-employed among all employed, i.e. the self-employed and those working as employees. To improve international comparability, the figures for Australia, Canada, New Zealand and the United States include the unincorporated and incorporated self-employed. The gender gap is defined as the difference between the male self-employment rate and the female self-employment rate in a given year. The change in gender gap is the percentage point difference between the gender gap in 2016 and the gender gap in 2013.

a) For Australia, Chile, Canada, Mexico, New Zealand, the United States, and the OECD average, data for 2016 refer to 2015. For these countries the change in the gender gap was calculated over 2013-15.

b) 2014 data for France and Turkey, 2015 data for Luxembourg and 2016 data for Denmark present a break in series.

c) Data for Australia, Chile, Israel and Korea refer to 15+ year-olds, and for the United States to 16-64 year-olds.

Source: OECD (2017), *Entrepreneurship at a Glance 2017*, OECD Publishing, Paris, http://dx.doi.org/10.1787/entrepreneur_aag-2016-en.

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Self-employed women also tend to operate different types of businesses than self-employed men. In most countries, 70% or more of self-employed women work in the services sector, compared to about 50% of men (OECD, 2016). Some of the traditional sectors in which many women's businesses operate are characterised by low barriers to entry, high competition, low productivity and low profit margins. Self-employed women tend to work fewer hours than self-employed men, but more hours than women who work as salaried employees (OECD, 2016).

The gender gap in self-employment tends to be smaller among young people (15-29 years old). In 2016, the largest gender gaps were those in Greece and the Slovak Republic (around 8 percentage points), while in Mexico young women were actually slightly more likely to be self-employed than young men. Since 2013, the gender gap in self-employed young people has narrowed in approximately half of OECD countries, particularly in Spain, Italy, the Czech Republic and the United Kingdom (Figure 24.2). However, the gap widened slightly in several other countries, with the greatest increases recorded in Luxembourg, New Zealand and Portugal.

Box 24.2. Women's entrepreneurship in the MENA region

In the MENA region, women's economic empowerment has tremendous potential for enhancing growth, competitiveness and social development. Governments in the region have introduced national gender strategies and measures to improve women's economic status.

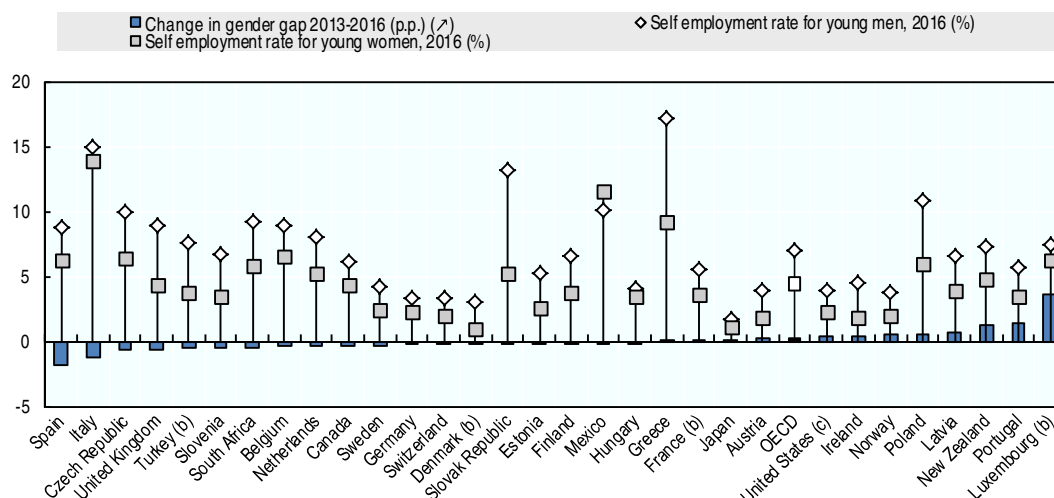
Despite advances in women's education over recent decades, less than one quarter of working-age women participate in the labour force and many are unemployed. Only one in eight is an entrepreneur, in contrast to one in three men, and less than 10% of incorporated businesses are women-owned.

Increasing women's economic empowerment would help develop the private sector and stimulate innovation and growth in the MENA region. Studies by the OECD-MENA Women's Business Forum have shown that stronger institutional support, greater awareness of available entrepreneurship training and support services for women, and better access to and start-up services financing would bolster female business creation in the region (OECD, 2014).

Business development services (BDS), such as counselling, coaching and mentoring, have proved effective in increasing women's access to support for starting and growing businesses. In the MENA region, BDS providers should seek to tailor and market their services to female entrepreneurs. To that end, they should be more attuned to women's specific needs. It is also important to schedule support at times that are not typically dedicated to family care, e.g. when children need to be taken to school. Gender-sensitive adjustments would allow a wider pool of women entrepreneurs to receive BDS support, increasing the chances of success for women entrepreneurs.

Figure 24.2. Gender gaps in self-employment tend to be smaller among young people

Self-employment rates (%) by gender, 15-29 year-olds, 2016 or latest available,^a and changes in the self-employment gender gap (male minus female), 15-29 year-olds, 2013-16



Note: See the notes to Figure 24.1 for definitions.

a) For Canada, Mexico, New Zealand, the United States and the OECD average, data for 2016 refer to 2015. For these countries the change in the gender gap was calculated over 2013-15.

b) 2014 data for France and Turkey, 2015 data for Luxembourg and 2016 data for Denmark present a break in series.

c) Data for the United States refer to 16-29 year-olds.

Source: OECD (2017), *Entrepreneurship at a Glance 2017*, OECD Publishing, Paris, http://dx.doi.org/10.1787/entrepreneur_aag-2016-en.

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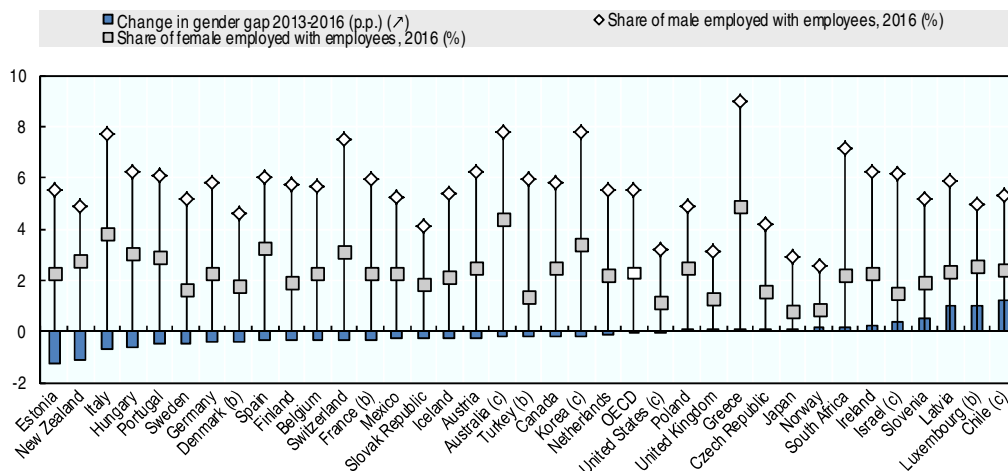
Self-employed with employees

Overall, women are much less likely than men to be self-employed and have employees – less than half as likely in 2016. At approximately 5 percentage points, the gap was widest in South Africa, Turkey and Israel. At less than 2 percentage points, the narrowest gaps were in Norway and the United Kingdom (Figure 24.3).

Between 2013 and 2016, the gap between the proportion of employed women and men with employees closed slightly in more than half of OECD countries (Figure 24.3). The gap narrowed the most in Estonia and New Zealand and increased the most in Latvia, Luxembourg and Chile.

Figure 24.3. Men are much more likely to be self-employed and have employees than women

Share of the employed who are employers (%) by gender, 15-64 year-olds, 2016 or latest available,^a and change in the gender gap (male minus female) in the share of the employed who are employers, 15-64 year-olds, 2013-16



Note: See the notes to Figure 24.1 for definitions.

a) For Australia, Chile, Canada, Mexico, New Zealand, the United States and the OECD average, data for 2016 refer to 2015. For these countries the change in the gender gap was calculated over 2013-15.

b) 2014 data for France and Turkey, 2015 data for Luxembourg and 2016 data for Denmark present a break in series.

c) Data for Australia, Chile, Israel and Korea refer to 15+ year-olds, and for the United States to 16-64 year-olds.

Source: OECD (2017), *Entrepreneurship at a Glance 2017*, OECD Publishing, Paris, http://dx.doi.org/10.1787/entrepreneur_aag-2016-en.

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Self-employment earnings

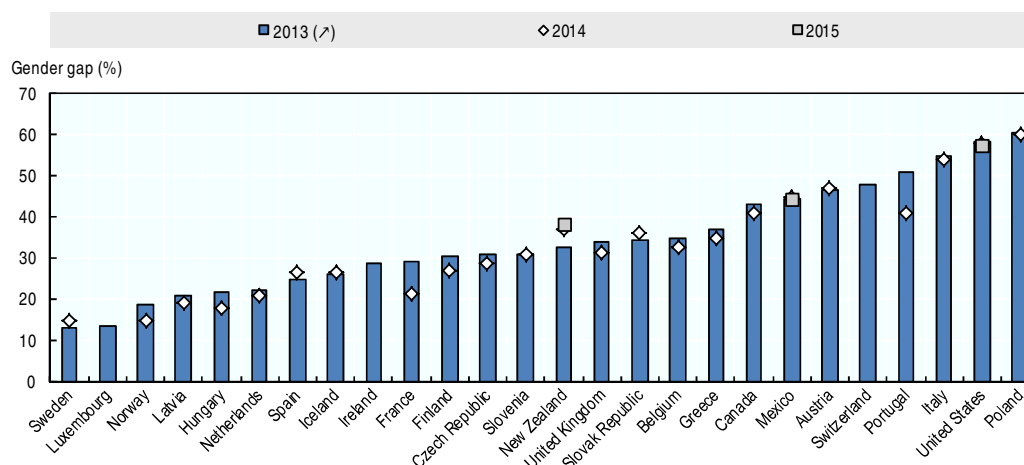
There continues to be an earnings gap between self-employed women and self-employed men (Figure 24.4). The earnings gap in 2014 was greatest in Poland (60%), the United States (58%) and Italy (54%). It is attributable to several factors:

- Women are more likely than men to work in sectors that are highly competitive and less profitable.
- There is evidence to suggest that women are less likely to take risks in order to earn more (OECD, 2012).
- Self-employed women are more likely to work fewer hours per week (idem).

Between 2013 and 2014, the earnings gap narrowed in France and Portugal by around 8 to 10 percentage points, while widening by more than 4 points in New Zealand. In most other countries for which data are available the gender gap in self-employment earnings essentially remained constant.

Figure 24.4. Gender gaps in earnings from self-employment are very wide in many OECD countries

Gender gap in self-employment income (%), all ages (18+ year-olds), 2013, 2014 and 2015



Note: The gender gap in self-employment income is unadjusted and defined as the difference between male and female average self-employment incomes divided by average male self-employment income and multiplied by 100. Self-employment income is defined here as the income received during the income reference period by individuals as a result of their involvement in self-employment jobs. It is calculated as gross receipts minus operating expenses, and can thus be either positive or negative (profits or losses).

Source: OECD (2017), *Entrepreneurship at a Glance 2017*, OECD Publishing, Paris, http://dx.doi.org/10.1787/entrepreneur_aag-2016-en.

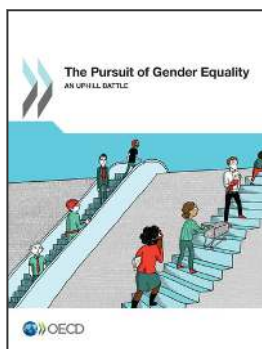
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Key policy messages

- Public policy must address persistent gender inequalities in entrepreneurship by addressing institutional barriers and closing gaps in access to finance and entrepreneurship skills (Chapter 25).
- Policy measures must seek to build entrepreneurship awareness and motivations among women as well as men. Public policy must reach out to women entrepreneurs to support their business growth, through targeted business development support (e.g. coaching, mentoring and business counselling) (Chapter 25).
- Policies supporting female entrepreneurs should be part of comprehensive social protection systems that empower all workers. Policies should enable female (and male) workers to balance paid and unpaid work by developing work-life supports like paid parental leave and good-quality and affordable childcare.

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