



Women Entrepreneurs, Women in Technology, Skills Needs and Balanced Regional Development

ISME Presentation to Joint Committee on Jobs, Enterprise and Innovation

10th February 2015

Madam Chairman and members of the Committee, ISME welcomes the opportunity to discuss the various subjects outlined in your invitation of 23rd December 2014.

- Women entrepreneurs
- Women in the technology industry
- Skills needs
- Balanced regional development.

ISME, the Irish Small & Medium Enterprises Association, is the INDEPENDENT body representing owner managers of small & medium businesses in Ireland. SMEs constitute 99.7% of all businesses in Ireland, employ over 800,000, which equates to 68% of Private Sector employees and 52% of total employees, 50.3% of Turnover and 46.2% of Gross Added Value.¹

The Irish Small and Medium Enterprises Association (ISME) was formed in 1993 to guarantee that Small and Medium Enterprises in Ireland have an **independent voice**. The Association represents in excess of 9,000 SME businesses throughout the 26 counties. Our independence stems from the fact that as a business organisation we uniquely rely on the resources of our members. We are not reliant on big business which compromises other representative organisations. We are the only independent representative body for SMEs in Ireland.

Our organisation's members employ over 225,000, from the one woman and her dog operation right up to businesses with 250 employees. We also are a 'broad church', representing all sectors, from importers to exporters, agri-food to engineering, retail, manufacturing, distribution, service industries, including accountants, solicitors and other professions.

The defining feature is that the businesses are run by the very people who own them and invest their life savings and their family's' life savings in their enterprises.

¹ *Business in Ireland 2012 CSO.*

Women Entrepreneurs - Women in the Tech Industry.

Ambition knows no gender.

It has long been acknowledged that entrepreneurs will be the people to lead Ireland out of recession and back to a period of sustainable growth. Unfortunately, though entrepreneurship is becoming a more attractive career path for Irish adults, women still lag behind their male counterparts when it comes to making the risky decision to start their own business. The most recent Global Entrepreneurship Monitor found that:

- Irish men are 1.9 times more likely than Irish women to be an early stage entrepreneur. Rates of early stage entrepreneurs for males are 12.1% and for women are 6.4%.
- Irish men are more than three times as likely as Irish women to be an owner manager of an established firm.
- In Europe, the number of women granted a patent is extremely low level: 8.3%.
- In Europe, the percentage of women accessing venture capital for setting up a business is only 20.3% compare with 79.9% of men.

Quote from National Policy statement on Entrepreneurship in Ireland.²

“The gap between the numbers of males and females starting their own businesses each year has narrowed (the ratio is currently 1.9 males: 1 females) but there is scope for further progress. A gender breakdown of Enterprise Ireland high potential startups (HPSUs) in recent years shows a far larger gap between the numbers of male-led HPSU companies to female-led companies.

Analysis undertaken in 2012 of the previous 10 years of HPSU companies in Enterprise Ireland’s client base indicates an average of only 5% of HPSU startups were led by female entrepreneurs.

In 2012, female led enterprises accounted for just 7% of HPSU investments.”

These figures are enough to prove that there is a problem in this area. The figures are even more surprising when you consider the fact that females tend to fare better in the Irish education system than males. Why then, are women not aspiring to be entrepreneurs in the same numbers as men are?

However, targeted actions are showing positive change.

“In 2013, 57% of participants attending core training programmes in Local Enterprise Offices (LEOs) were female. In 2013, Enterprise Ireland invested in 103 HPSUs and 41 of these companies were female-led projects, up from 16 in 2012. The focus now must be to help these young companies to realise their full potential to achieve significant scale and become major international businesses in markets across the globe.”³

² National Policy statement on Entrepreneurship in Ireland

³ National Policy statement on Entrepreneurship in Ireland

ISSUES

The reasons for female aversion to entrepreneurship are numerous and a complex combination of external, internal & psychological issues.

- Women's educational choices result in the number of women that could potentially set up a business in science and technology or turn an invention into a profitable market product being lower than the number of men.
- Entrepreneurship, science and technology, innovation and inventions are concepts mostly associated with men and male areas making these fields less attractive to women, resulting in women-related ventures, invention and innovation being less recognised as valuable business ideas.
- Pervasive stereotyping of women's capacity for leadership: entrepreneurship, science and technology, innovation and invention are male dominated sectors, in which women are perceived by market stakeholders as less credible or less professional. This means that women entrepreneurs are sometimes seen with scepticism by potential clients, suppliers, bankers, financiers and business partners and have to be more persistent to prove their knowledge, skills and capacities.
- They are traditionally the home-makers within Irish families and tend to absorb most of the child minding responsibilities. These traditional views about the role of women in society and the greater difficulties in balancing family responsibilities with working in fast-moving and competitive sectors that expect long and flexible working hours and constant training to be up-to-date with new technological development and market opportunities.
- Difficulties in accessing finance: in general women entrepreneurs find it more difficult than men to access finance. The issue of accessing adequate finance is a greater problem in science and technology sectors and when a woman is trying to develop an innovation or invention for two main reasons, firstly these sectors often require substantial investments (i.e. product development, product marketing, etc.) and, secondly, women attempting to operate in these sectors are seen as less credible by financial stakeholders and investors.
- Exclusion from informal networks. In many sectors jock-talk and late-night boozing still oil the wheels of commerce. Lack of access to relevant technical, scientific and general business networks. Access to these networks is essential to develop business ideas, meet potential clients, suppliers and business partners, understand the market with its developments, opportunities and weaknesses, and get strategic information, cooperation and support.
- Lack of business training when undertaking technical and scientific studies presenting entrepreneurship as a possible and achievable employment opportunity for women.
- Women tend to be reluctant to take the gamble of starting their own business and are more sensitive to the risk of failure. Women's perception that they lack personal/entrepreneurship skills such as self-confidence, assertiveness and risk-taking. In general, women more than men report the lack of these personal and entrepreneurial skills as being an issue in starting a business. This is potentially a greater obstacle in science and technology sectors where both male dominance and levels of risk and uncertainty are higher.
- There is a lack of role models. There are too few women in top jobs to show how it is done and send positive messages that women can be successful in these sectors and fields of activities and to whom women could turn for mentoring and advice.
- The flattening of organisations in recent years, as layers of management have been stripped out, has meant that promotions now are far steeper steps than they used to be. This leaves fewer opportunities for people to re-enter the workforce at higher levels. And many women inevitably need to take time off during their careers.
- Behaviour, which in men is seen as assertive or principled in a woman can be seen as overbearing or strident.
- Access to Social Welfare for female entrepreneurs is discriminatory in that the entrepreneur must have 52 weeks contributions in a relevant tax year rather than 39 weeks for an employee. (A 33% difference)

- The discrimination continues in that a self-employed woman must give 12 weeks' notice of intention to commence maternity leave; employees must give 6 weeks. (A 100% difference).

SOLUTIONS.

Change won't just happen. It needs specific interventions—intervention that is led from the top. Opportunities for flexible working are particularly helpful in keeping women in the workforce. Within the SME sector three-quarters of all requests for flexible working over the past 12 months have been from women.

Mentoring is also helpful. The sad thing is that sometimes we can't find a woman to put forward for mentoring however from experience women are enthusiastic mentors of each other.

So how can we harness the potential that exists among Irish women to be entrepreneurs? There is progress of a sort—but of a glacially slow sort. The glass-ceiling phenomenon is proving peculiarly persistent.

In general the solutions must start at the top, at government, industry and education to change the overall culture. It would be important to formulate a clearer policy objective for the promotion of women inventors/innovators' entrepreneurship at national level, both by prioritising innovative entrepreneurship in general support for female entrepreneurship and by raising gender awareness in innovation policy as follows;

- Take a joined up approach by working in partnership with all stakeholders, from innovation, to business support, financial institutions, women's associations, academia and research centres.
- Educate stakeholders on women specific needs (i.e. the obstacles that they encounter in becoming entrepreneurs in science and technology).
- Introduce gender awareness or gender mainstreaming in government enterprise policy.
- Implement specific measure for attracting women in those sectors (i.e. in promoting business incubator and spin-off stating clearly and visibly the principle of equal opportunities, using female-focussed language, images and pictures.
- Ascertain the number of female entrepreneurs currently in place. Set targets for increases within the National Enterprise Policy within specified timeframes.

The specific measures must include;

- Improving the data and information available on women entrepreneurs in business, science and technology by promoting studies and research on this topic, including having specific surveys or focus groups.
- Undertaking a gender assessment of innovation policies to assess how big the gender gap is and identify sectors that are more problematic (i.e. having data on the number of women participating at activities of business incubators, spin-off, and on the number of women receiving research grants, post-doctorate research scholarship, etc.).
- Planning for informative events and specific training to encourage women to consider entrepreneurship as a viable and feasible career choice. For example, entrepreneurship training could be introduced in scientific and technical colleges, universities, research centres and academia.
- Improving women's self confidence in entrepreneurship by providing specific training in leadership, assertiveness, negotiation.
- Planning for activities aimed at facilitating women's networking with market stakeholders (potential clients, bankers, suppliers, business partners, etc.)

- Planning for child care provision or other forms of help for balancing work and life in any activities for the promotion of entrepreneurship (i.e. in business incubators, in entrepreneurship training, in the organisation of specific events). If a woman entrepreneur wants to go on maternity leave, who takes care of the business. In Belgium you call in the ‘flying entrepreneurs’ and you get replaced during your absence.
- Providing financial grants and loans to all entrepreneurs in science and technology, especially at the most critical pre-start-ups and start-ups stage.
- Training on the variety of finance available, especially on venture capital.
- Facilitating women’s networking with financial providers (banks, venture capitalists, etc.) and at the same time increasing the understanding of financial stakeholders on women’s entrepreneurship potential. For example, regional forums with female entrepreneurs, business development centres and financial stakeholders could be created in order to understand needs and to give aspiring female entrepreneurs a chance to present their business ideas to financial stakeholders.
- Encouraging the creation of networks of female business angels as the evidence suggests that women more easily understand the economic potential and business value of other women’s ideas.
- Supporting measures to help women to enter venture capital and related financial stakeholder industry.
- Providing for individual mentoring, including from another successful female entrepreneur in the same industry.
- Raising the visibility of successful female entrepreneurs and providing for role models (for example, promoting awards for female entrepreneurship, creating a collection of successful women entrepreneurs’ life stories, and producing female entrepreneurship benchmarking).
- Supporting women’s development of their business ideas (for example by providing for business and scientific coaching)

Education

Culturally, Ireland is not a nation that encourages entrepreneurship sufficiently. Far more esteem and encouragement is placed on attaining a ‘permanent and pensionable’ job over the decision to create a job of your own (and hopefully many others). Achieving cultural change is a lengthy endeavour and one which is difficult to establish and measure. It begins by introducing entrepreneurial education into the school system at primary level, a move that would benefit both boys and girls. A 2012 report on entrepreneurship education in Europe⁴ noted that there is no specific national strategy for entrepreneurship education in general education in Ireland. Many of our European counterparts have already commenced entrepreneurship education. For example, the government of Belgium launched the *Action Plan for Entrepreneurship Education 2011-2014* at the end of 2011. This is a shared initiative between the Prime Minister, Minister for Economy and Agriculture, Minister for Education and Minister for Employment. The objective is to prepare students for self-employment as well as providing teachers with the training needed to help them create positive attitudes towards entrepreneurship and self-employment. Similar initiatives have been undertaken in Denmark, Estonia, Lithuania, Sweden and Norway. It is highly probable that these initiatives will lead to a stronger entrepreneurial culture in the future though of course this will only be verifiable with time. It is essential that Ireland follow suit and develop a system of entrepreneurial education in our school system immediately.

Irish Universities must also play their part by providing entrepreneurial training as a compulsory element of every course so that students, upon finishing their studies, have the necessary skills to capitalise on their learning and turn it into a business opportunity. This is a key recommendation in a recent European Commission study⁵ which examined the effects of entrepreneurship education in

⁴ *Entrepreneurship at School in Europe: National Strategies, Curricula and Learning Outcomes*. Eurydice, March 2012.

⁵ *Effects and Impact of Entrepreneurship Programmes in Higher Education*. European Commission. Brussels: March 2012.

universities. This recommendation was based on entrepreneurship alumni scoring higher in 10 out of 12 characteristics of the entrepreneurship key competences. Entrepreneurship alumni were also found to be more likely to search for opportunities and had a stronger desire for transition towards self-employment. Additionally, entrepreneurship education was found to have a positive effect on employability even for those who did not go on to be entrepreneurs. It is vital that this recommendation be implemented immediately so future graduates are properly prepared and motivated to commence entrepreneurial activities.

In conjunction with entrepreneurial training, IT and software development should be introduced into the curriculum from a young age. This will help to reduce those skills gaps and encourage more females to view IT as an attractive career choice.

Promoting Available Schemes

There is a large number of support schemes available to entrepreneurs and to start-ups. However, these schemes tend to be under-promoted and under-utilised. ISME has been attempting to increase awareness of these schemes through nationwide business briefings but much work must be done at Government level to ensure that they are effective. The SME online tool, which was intended to be the solution to this issue, appears to be having little impact. There is also an abundance of Start Your Own Business courses taking place around the country, hosted by various skillnets, libraries, LEOs etc.

ISME believes that a National Marketing Strategy to educate potential entrepreneurs on the supports available must be devised and promoted. This strategy should pay particular attention to ensuring that it targets women. Publications, programmes and websites with a largely female audience must be utilised to ensure women are fully aware of the options available to them.

Female Mentoring Network

When considering how to increase the numbers of women becoming entrepreneurs it is important that we do not discriminate against men. However, the establishment of a *National Female Mentoring Network* is unlikely to disadvantage men but could certainly help women to overcome the obstacles that prevent them from establishing a business. ISME proposes that the Department of Jobs, Enterprise and Innovation set aside funding to establish this network immediately. The network should be a primarily virtual endeavour which is open to all women to join. Features of the network should include:

- A website with up-to-date information on supports and courses.
- A forum where female entrepreneurial role models are appointed to answer questions and to provide advice.
- Videos of prominent female entrepreneurs telling their success stories and offering experience based advice.
- The option for regional groups to form and meet offline, if there is sufficient interest.
- Skype networking sessions.

The *Going for Growth* Programme for female entrepreneurs already has a community forum but it is based on participation and an annual membership fee. Many of other fora in this area focus more broadly on women in business and not just on women entrepreneurs.

We are proposing a free virtual network that would hopefully allow groupings to form and establish regional mentoring and networking opportunities.

LEO Liaison Officer

Aspiring Entrepreneurs are encouraged to attend their Local Enterprise Office (LEO) to get advice and support on how to move forward. ISME suggests appointing at least one staff member in each LEO as the Female Entrepreneur Liaison Officer. This officer should have extensive experience/training in supporting women entrepreneurs and should be au fait with any resources available to them. The officer should make connections with entrepreneurs in the locality who would be willing to act as a mentor or provide advice. They should focus on encouraging women to think globally when setting up and growing their businesses as female owner-managers are less likely to be exporting.

The Childcare Question

Unfortunately, no discussion of encouraging women to engage in entrepreneurship, or even in the workplace, is complete without discussing the provision of childcare. Aspiring female entrepreneurs are often bound by family duties and do not have the time required to establish a successful business. ISME suggests establishing a scheme whereby nascent female entrepreneurs, whose business was established in a certain time period, be given a tax break on childcare costs.

General Taxation and Welfare Concerns

The issues of inequitable taxation and social welfare entitlements are also factors in discouraging female entrepreneurship and must be addressed.

The bottom line is that, while the issue of women in business and tech is seen as a GENDER challenge, the reality is that it is a COMPETITIVENESS ISSUE. The solutions must be viewed through that prism.

Skills Needs

The Irish economy will not recover properly unless the labour force has the requisite skills. Education standards, training and upskilling are essential components for the future of enterprises. The future recovery largely depends on capitalising on the full potential of our main national resource, i.e. our people. It is essential for Ireland as an economy and individual enterprises that we have a first class education system and training system that facilitates increases in productivity and provides individuals with employment opportunities. It is essential that we continue to develop skills within the workforce, which will help underpin productivity growth on which our long term economic prosperity depends.

Apart from the ICT and language deficits perpetually highlighted by the Expert Group for Future Skills Needs, ISME has been highlighting the need for management and financial training for SMEs for many years.

ISME recommends the following:

- Ensure that Solas engages fully with all SME employer groups to ensure that public policy is properly informed.
- Ensure matching of needs with supply. In this area there is an imbalance between the academic offering and the needs of industry. We teach accountancy (because we can) but not logistics (because we can't), similarly French and German but not Mandarin.
- Sufficient resources should be applied to introducing entrepreneurial studies throughout the education system, from primary to third level.
- A double taxation allowance should be provided to companies for their training requirements in order to promote upskilling and development in the workforce to take advantage of future economic growth.
- The third level sector should be encouraged to play a more significant role in meeting the demands of SMEs, particularly in the area of Management Development training.
- The introduction of a national development network of managers to assist in increasing participation rates in management development programmes among SMEs should be prioritised.

Balanced Regional Development

The capital city of most countries tends to attract the majority of investment and employment growth. This is particularly prevalent in Ireland where even now, in the very early days of recovery, two-tier growth is being reported and rural Ireland is being left behind. The latest iteration of the Action Plan for Jobs contains several actions to address this but many are lacklustre and deficient in ambition. For example, the action "continue to work to attract Foreign Direct Investment in areas outside of Dublin and Cork" is hardly a measurable goal and is most certainly not an innovative or new idea. The establishment of three regional assemblies may prove beneficial as will the provision of broadband to all parts of Ireland that cannot be serviced by commercial providers, a measure ISME has been calling for persistently.

It is likely to always be the case that Dublin, Cork and the larger cities will be more attractive business locations. However, the relatively poor infrastructure and public transport connectivity that exists throughout the country, particularly in the west, is exacerbating this issue. Any capital expenditure projects embarked on in the coming years must be focused on improving this problem. Every county should be linked by a suitable, efficient rail system and/or road networks, which must be properly maintained with traffic congestion resolutions introduced where possible.

Social justice demands that rural communities be treated equitably in the provision of public services. The Government must commit to providing essential public services in rural areas to ensure a proper environment for economic development, promote social inclusion and support dispersed, viable rural communities.

The Government must provide a strategic framework, within which the range of modern infrastructure in rural areas can promote sustainable economic growth and the maintenance of the rural population. The Government must increase support for a programme of investment in infrastructure, including roads, rail, sewage, water, telecommunications and transport, in support of the regional development approach. All options for ensuring that investment in infrastructure takes place must be explored, to include joint initiatives between the Government and the private sector.

E-commerce is creating revolutionary change in how business is conducted. Ireland's development as an Information Society is being hampered by lack of appropriate broadband and high speed telecommunications infrastructure. The provision of nation-wide access to new E-services means that those living in rural areas will be on an equal footing vis-à-vis their urban counterparts and will be able to participate fully in the Information Society. For the purposes of enterprise development, the disadvantages traditionally associated with a remote geographical location can be substantially redressed.

However, without the necessary investment, rural areas are at a serious disadvantage in availing of development opportunities. To that end it is good to see some movement in this area in the Action Plan for Jobs 2015.

In July of last year ISME presented to this Committee on the issue of town centre revitalisation. The issue of unbalanced regional development would be greatly assisted by tackling the gradual decay of our town centres. ISME believes that by implementing the recommendations discussed the vitality of Irish town and village centres would be restored. This would inevitably lead to the creation of jobs and greatly enhance community life for locals and tourists. **Examining local authority rates and charges and the way in which they are spent, introducing town teams, improving the mix of businesses and services available and exploring ways in which to exploit the opportunities available online will all work together to restore town centres to be at the heart of community life.**

Thank you Chairman and committee for this opportunity and be assured that the Association will co-operate with your committee in whatever way that you decide to advance the solutions proposed for these issues.

ISME. 10th February 2015.

