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ACE Research Vignette: Woman Entrepreneurs

This series of research vignettes is aimed at sharing current and interesting research findings from our team of international Entrepreneurship researchers. In this vignette, Associate Professor Paul Steffens, Dr Michael Stuetzer and Professor Per Davidsson investigate where Australia ranks on the world stage in terms of female entrepreneurship, and discover that Australia is in a very healthy position.

Background and research focus

It has been often argued that entrepreneurship is male dominated. Recently a report was published by the Global Entrepreneurship Monitor (GEM) reviewing the state of female entrepreneurship globally. Based on the data and findings of this report we ask two questions: Where does Australia rank in female entrepreneurship when compared with the US, UK and other developed economies? And what are the differences between female and male entrepreneurs?

How we investigated this

ACE is the Australian partner for GEM which measures entrepreneurial activity in more than 80 countries. Each national team conducts a survey of at least 2,000 adult individuals (a representative sample) annually using a proven methodology (see <http://www.gemconsortium.org/>). The main indicator of entrepreneurship is the Total Early-Stage Entrepreneurial Activity rate (TEA) which measures the proportion of a country's adult population that is currently involved in start-up businesses. In this report, we compare Australia with other developed economies (denoted innovation-driven economies by GEM).

Female entrepreneurship is thriving in Australia

With 7.8% of the adult female population involved in setting up a new business or owning a newly founded business (female TEA rate) Australia ranks number one among the developed economies. Furthermore, Figure 1 shows that Australia is the only developed economy where men and women are participating equally in this important economic activity.

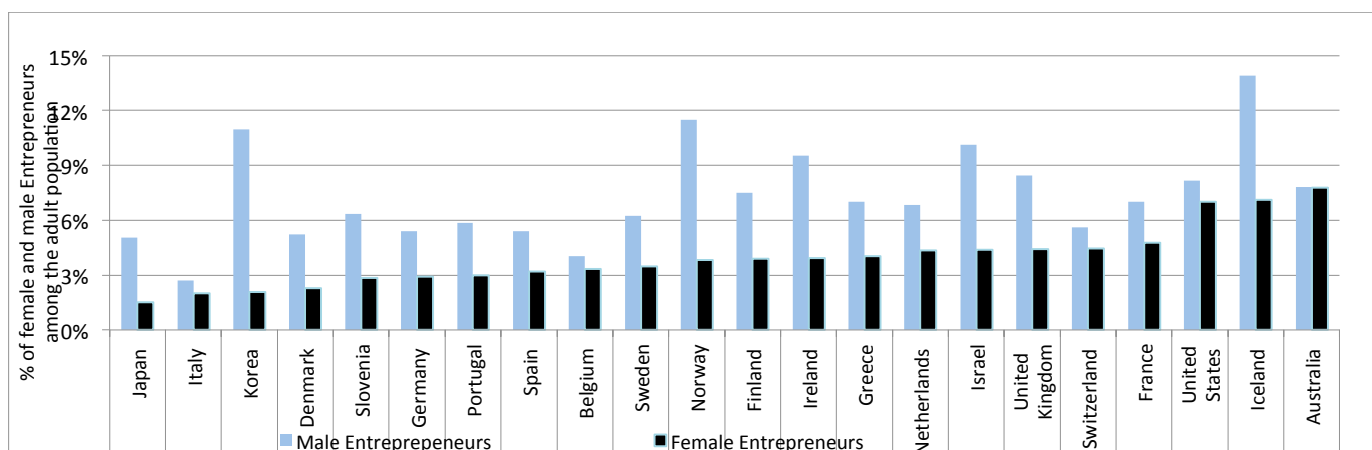


Figure 1: Percentage of Female and Male Entrepreneurs in 2010 in Innovation-Driven Economies: Source GEM 2010 Women's Report

So what are the reasons for high rate of woman entrepreneurs in Australia? The data suggests that this due to a

The Australian Centre for Entrepreneurship Research



combination of both business opportunities and entrepreneurial skills. Approximately 40% of the female population identify opportunities for new ventures and believe that they have the necessary skills to start a business. Furthermore a majority of the Australian women report that the high media attention for entrepreneurship in Australia provides successful role models for prospective entrepreneurs. These numbers are all well above average when compared to the other major economies (Table 1).

Table 1: Selected Statistics for Drivers of Entrepreneurial Activity from the GEM 2010 Women's Report

	Perceived Opportunities	Perceived Capabilities	Media Attention for Entrepreneurship
Australian Women	40.1	44.0	69.2
Women in other Innovation-Driven Economies (average)	29.5	35.2	54.7

Differences between female and male entrepreneurs

While there is no distinct gender gap in the number of entrepreneurs, there are important differences between female and male entrepreneurs' aspiration. With respect to expectations regarding job growth, 42% of Australian male entrepreneurs but only 24% of women entrepreneurs indicate that they want to grow their business larger than 5 employees within the next five years. Women entrepreneurs are also less ambitious in terms of internationalisation of their business. Only 6% aim to have a substantial share of customers from international trade compared with the 13.7% of their male counterparts that do.

These differences can partly be explained by virtue of the fact that, like in many other countries, women and men start businesses in very different industries. Manufacturing, mining, finance and information technology – industries where size does seem to matter – are dominated by businesses founded by males. By contrast Australian women are more likely to start their business in the service industry. Furthermore, the GEM report also reveals that women utilize networks to develop their business less than men do. Additionally female entrepreneurs comparatively rely on the advice from family members more often. By contrast male entrepreneurs are more likely to receive advice from work colleagues and professional advisors which is arguably more valuable to grow a business.

Business and Policy Advice

The approx. 500,000 female entrepreneurs paint a healthy picture of access to entrepreneurial opportunities for Australian women. With female participation in entrepreneurship ranked number one amongst developed nations, this vindicates Australia's policies and institutional support for our female entrepreneurs. However, there is not yet equality in the type and industry of businesses started. One potential reason for this is that women are still underrepresented in the workforce in growth oriented industries. From a policy and business development perspective it would seem that a renewed focus on extending the industries in which potential female entrepreneurs work, could have significant positive impact on the creation of additional ventures in industries that typically demonstrate growth.

This research vignette was written by: Associate Professor Paul Steffens, Dr Michael Stuetzer and Professor Per Davidsson. ACE is the Australian research partner in GEM (www.qut.edu.au/research/research-projects/global-entrepreneurship-monitor-gem)

Check the source & learn more from:

Global Entrepreneurship Montior 2010 Women's Report. (2010).

<http://www.gemconsortium.org/download/1325814368647/GEM%202010%20Womens%20Report.pdf>