

Women enterprise policy and COVID-19: Towards a gender-sensitive response

OECD Webinar – 9 June 2020

With participation of delegates from the Working Party for SMEs and Entrepreneurship (WPSMEE) and Local Economic and Employment Development (LEED) Committee

The issue: While recessions tend to affect male-dominated sectors more acutely (e.g. manufacturing, construction), the COVID-19 crisis and associated policy responses (e.g. shelter at home, social distancing) have significantly impacted female-dominated sectors, such as hospitality and retail. The crisis has also reduced access to paid childcare affecting many women entrepreneurs' time availability and business continuity. Women-owned small businesses are, on average, smaller in terms of revenue and employment. Women entrepreneurs are also more likely to rely on informal financing versus bank financing compared to men. As such, women entrepreneurs are at risk of "falling through the cracks" with respect to eligibility and access to COVID-19 relief programmes, given that many governments' small business measures rely on pre-existing relationships with commercial lenders for speed of delivery, and do not include provisions for micro or very small businesses. Policymakers need to ensure that short and medium-term relief programmes account for the needs of women entrepreneurs. To date, most COVID-19 small business policy responses have not been gender-sensitive. What are the best strategies to respond to the needs of women entrepreneurs in an efficient manner?

The webinar aimed to address the following issues:

1. What do we know about how the current crisis is affecting women entrepreneurs?
2. How can governments collect data on the gendered effects of the crisis on entrepreneurs?
3. What measures have been taken to tackle the specific challenges faced by women entrepreneurs? What can government do to ensure that women entrepreneurs can benefit from generic relief packages?
4. What would be the features of a gender-sensitive entrepreneurship policy response to the COVID-19 crisis?
5. What can governments do to maintain the pipeline for women entrepreneurs and avoid setbacks in women's participation and success in entrepreneurship?

1. Context and policy options

David Halabisky, Policy Analyst, Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), OECD provided a brief overview of recent OECD work on women's entrepreneurship policy. He highlighted the expected benefits of leveraging the untapped potential of the "missing" women entrepreneurs, including boosting economic growth (up to 2% of global GDP according to estimates) and increasing workforce participation (contributing to reaching the G20 Leaders' commitment to reduce the gender gap in workforce participation by 25% by 2025). He recalled the 2013 OECD Council Recommendation on Gender Equality in Education, Employment and Entrepreneurship, which calls on governments to design appropriate responses to market failures affecting women entrepreneurs and ensure equal access to finance. He reflected on the OECD's extensive work on women's entrepreneurship policy, highlighting recent work (see [Read More](#)).

Mr. Halabisky provided a brief overview of female entrepreneurship indicators. Across OECD countries, women are only two-thirds as likely as men to be working towards starting a business. Moreover, once in business, women entrepreneurs tend to operate different types of businesses than men. On average, female entrepreneurs are less likely to pursue growth ambitions and concentrate in different sectors. Women also face different and greater barriers to business creation than men. It is important to note that these averages mask a wide range of realities and that many women operate highly successful businesses.

The COVID-19 crisis has disrupted the environment for all entrepreneurs, and pre-existing differences in business structures and obstacles are likely to cause gender-differentiated impacts. However, most initial policy responses have not used a gender-lens. To ensure an efficient recovery, policies going forward would benefit from being gender-sensitive, e.g. responding to the needs of entrepreneurs of all genders.

Professor Barbara Orser, Telfer School of Management, University of Ottawa (Canada) discussed how gender equality – and women’s entrepreneurship – have slipped off the policy radar with the introduction of COVID-19 relief measures. The majority of small business emergency relief policies do not reflect gender aspects of entrepreneurship, although the evidence suggests that women have been most impacted by the pandemic. She argued that recovery planning presents the opportunity to introduce policies to address the needs of women entrepreneurs.

Professor Orser highlighted several differential characteristics of businesses owned by women and men that affect their resilience to the COVID-19 crisis. Women entrepreneurs are more likely than men to engage in sectors that are hit hard by decline in customer demand (e.g. retail, hospitality). Women bear a disproportionate share of unpaid care responsibilities, which have increased due to shelter-in-place orders. These problems are compounded by the fact that on average women-owned businesses are smaller and younger. They are more likely to be self-funded, or funded by friends and family, and have fewer financial assets. Women have less access to external finance, and lower levels of small business financial knowledge and confidence compared to men. Women entrepreneurs retain fewer professional contacts, including advisory boards or professional advisors, to share advice about managing through the pandemic. Women are less likely to use commercial digital solutions, which impacts on their ability to transition to online commerce.

She argued that such differences are not reflected in most small business COVID-19 relief measures. Many women do not qualify for the standard relief programmes so far introduced – due to the structure of their business, a failure to meet payroll or revenue thresholds, or a lower tendency to use bank loan finance, which is one of the preferred routes for channelling emergency financial support to small firms.

Prof. Orser argued that COVID-19 recovery policies present the opportunity for governments to evolve their enterprise policies from a one-size-fits-all approach, based on what has traditionally worked for male entrepreneurs, to gender-aware support that encourages the sustainability and growth of women enterprises, and to pivot policy focus from increasing the number of women entrepreneurs to supporting the sustainability and growth of their businesses.

Professor Orser highlighted seven priorities for gender-sensitive COVID-19 entrepreneurship policy responses:

1. **Focus relief support on sustainability and growth** for women entrepreneurs rather than pushing women into business creation in uncertain times;
2. **Increase access to capital** for women entrepreneurs, including targeted women-focused relief and sector-specific funds) and support for women-focused small business financial literacy programmes;
3. **Invest in strengthening entrepreneurship ecosystems**, including assistance to women’s entrepreneurship and small business support organisations, and incentives for mainstream small business organisations to proactively engage and support diverse women beneficiaries, e.g. through quotas for women-owned ventures;
4. **Increase women entrepreneurs’ access to public procurement contracts** through set-asides and quotas (e.g. as a percentage of contract funding awarded);
5. **Support for digital transformation of small businesses to online commerce;**
6. **Investment in small business support infrastructure, including integration of women-focused policies and programmes, and gender-based analyses mainstream small business programmes;**

7. **Evidence-based small business policies and programmes**, informed by consultations with diverse stakeholders, women in paid advisory roles, and use of gender- and sex-disaggregated data.

Discussants narrowed in on two COVID-19 priority areas for supporting women entrepreneurs.

Professor Colette Henry, Head of Department of Business Studies, Dundalk Institute of Technology (Ireland) underlined the importance of networking for all entrepreneurs, to access business advice, customers, suppliers, human and financial capital. With physical networking opportunities coming to a halt, many initiatives have gone virtual, carrying a higher risk of dropping out for women, who tend to hold lower digital skills and have less free time at home to engage in these activities due to disproportionate household responsibilities. Networking organisations (especially women-centred ones) often rely on membership and event fees, and may struggle to continue their activity beyond the crisis. Financial and technical support to these organisations is needed in the COVID-19 policy response. Dedicated protocols could also be designed to help women entrepreneurs engage with virtual platforms.

Emeritus Professor Susan Coleman, Department of Economics, Finance and Insurance, University of Hartford (United States) reminded participants that women are less likely to run growth-oriented businesses, with access to finance often cited as a factor for this under representation. She mentioned that the current crisis is foreseen to lead to a reduction of available risk capital, which is expected to affect women entrepreneurs more than men, as has been observed in previous recessions. She called for policymakers to consider measures to increase the number of female business angels and women in leadership positions in venture capital organisations. Establishing mechanisms to ensure women entrepreneurs have sufficient access to publicly managed growth capital initiatives (e.g. through investment targets) is also important.

The discussion covered a range of topics. **Participants discussed issues of communication around women's entrepreneurship programmes**, noting that some women entrepreneurs felt that the term "women entrepreneur" could be dismissive as male entrepreneurs are simply called "entrepreneurs". Professor Orser highlighted the need to increase "gender literacy" among entrepreneurs, as some underestimate gender imbalances in entrepreneurship due to a focus on personal experience.

Participants also reflected on designing effective women's entrepreneurship policies. Participants explored options for the transfer of good practices, and the role of the OECD in this process was highlighted, with the mention of [the Better Entrepreneurship Policy Tool](#), an interactive toolkit with guidance notes on women's entrepreneurship policy and a database of best practices case studies. Participants also reflected on "programmes without policies", agreeing on the importance of co-ordinated policies for impact. Participants discussed the role that smaller women's business organisations can play in engaging with the governments to call for gender-sensitive entrepreneurship policies. Professor Orser highlighted the experience of direct engagement (as exemplified by women chambers of commerce) as well as the role of task forces as a channel of engagement for identifying issues and making concrete suggestions.

Participants also considered different options to increase access to risk capital for women entrepreneurs. Professor Coleman highlighted that the development of the market for risk capital was best done through incentives, relying on market mechanisms, while public funds should track participation rates and consider setting targets.

2. Examples of country policy responses

Canada: Mr. Etienne-René Massie, Director General, Small Business Branch, Innovation, Science and Economic Development Canada provided an overview of Canada's approach to supporting women entrepreneurs during the COVID-19 crisis.

Women are under-represented among entrepreneurs in Canada, with only 16% of businesses being led by women-majority teams and 21% by equal gender teams. However, women-owned businesses have similar rates of exporting and high growth to male-owned enterprises. In 2018, prior to the COVID-19 crisis, Canada's Women Entrepreneurship Strategy was introduced to address the gender gap in business ownership. It is a whole-of-government programme with a CAD 5 billion budget allocated across four pillars. The strategy allocated funding to (i) support growth of women-led businesses and support organisations which provide business support to women entrepreneurs, (ii) increase access to capital through loans and financing and insurance solutions, (iii) improve access to federal programmes and (iv) enhance data and knowledge through the establishment of the Women Entrepreneurship Knowledge Hub to disseminate research and best practices. A range of stakeholders are engaged in delivering the strategy, including in the financial sector.

In response to the COVID-19 crisis, the Canadian government rolled out a comprehensive Economic Response Plan with measures accessible to all eligible businesses, including women entrepreneurs. It includes interest-free loans, temporary income support, deferred taxes and regional and local relief.

In addition, some targeted support for women entrepreneurs has been introduced as part of the COVID-19 relief measures. This has been achieved through allocating CAD 15 million of new funding to existing beneficiaries of the Women Entrepreneurship Strategy Ecosystem Fund, which supports non-profit organisations providing a range of supports to women entrepreneurs (e.g. advisory services, coaching mentoring, peer support). This additional funding complements the CAD 85 million allocated in 2018 and aims to maintain and strengthen capacity among these organisations to expand the range of services they provide to women entrepreneurs to help them adjust, adapt and pivot their business in light of the pandemic.

Going forward, Mr Massie underlined the importance of mainstreaming gender literacy in small business and industrial policy and more systematic gender data collection in all government funded business support programmes, to reduce unconscious barriers.

Ireland: Ms. Sheelagh Daly, Entrepreneurship Manager, Enterprise Ireland provided an overview of entrepreneurship support programmes available to women in Ireland and how activities are adapting to the COVID-19 crisis.

A six-year strategy, the Women in Business 2020 Action Plan was launched in early 2020 to address the deficit of women entrepreneurs. Previous policy efforts (e.g. targets for investments, role models and female-specific mentoring programmes and funding calls) had led to a tripling of the share of women-led high potential start-ups (HPSUs) among Enterprise Ireland beneficiaries during 2011-18, but the gender gap in entrepreneurship remained high in the population as a whole. The Women in Business strategy aims to improve the environment for women entrepreneurship through four interconnected objectives: (i) increasing the number of established women-led businesses growing internationally, (ii) increasing the number of women in leadership positions in Irish companies, (iii) increasing the number of female entrepreneurs and (iv) increasing the number of women-led HPSUs. Increasing the number of women in leadership positions is expected to positively affect the pipeline of women entrepreneurs, as women with senior management experience in a sector are more likely to become growth-oriented entrepreneurs in that sector and hold the means to succeed (networks, etc.). It also makes for more profitable companies.

The strategy describes 6 actions for each objective, and sets quantitative targets to be reached by 2025:

100% increase in number of women-led internationally trading companies; 100% increase in participation rate of women on Enterprise Ireland Management Development programmes; 50% increase in women participants on start-up programmes; 50% increase in Local Enterprise Office supports to women in business; increase the proportion of female-founded High Potential Start-Ups to 30%.

The strategy is available at: <https://www.enterprise-ireland.com/en/Publications/Reports-Published-Strategies/Action-Plan-for-Women-in-Business.pdf>

The COVID-19 crisis led to the development of a wide range of (gender agnostic) emergency support for entrepreneurs, and is likely to affect the timelines for the implementation of different elements of the Strategy in order to adapt to the changing conditions. While no specific data on the COVID-19 impact on women entrepreneurs is yet available, certain risks and opportunities have been identified in the new context (e.g. childcare challenges, increased risk of financial pressure, risk that companies deprioritise gender equality). To address these needs and ensure support to women entrepreneurs remains a priority during the crisis, Enterprise Ireland has identified policy areas of opportunity to develop in priority:

1. Monitoring relief programmes and ensuring support goes to women-led and -founded firms;
2. Raising awareness of the benefits of gender diversity among Irish companies, including through the Part Time Key Manager grant;
3. Increasing the promotion of female role models;
4. Engaging more women in online support;
5. Launching a female-specific funding call online.

In addition, Enterprise Ireland is continuing to take gender into consideration in its wider activities (e.g. requiring gender-disaggregated data when working with external partners on venture capital programmes).

The discussion delved into access to finance for women entrepreneurs, considering both increasing dedicated women-entrepreneurship financing programmes, facilitating access of women to mainstream financing programmes and increasing diversity in funding organisations.

Participants discussed the need to raise awareness about gender among finance providers (e.g. pitching styles are believed to differ by gender, with men being more ambitious and women more conservative about their expectations) and good practice options to support the venture capital sector (e.g. the Female Funders programme in Canada). Dedicated funding channels were seen as an important stepping stone. Best practices cited included the Competitive Start Fund (CSF) for female entrepreneurs (Ireland). Getting more women active in leadership positions in banks and investment firms and active as business angels was also discussed as an option to increase funding for women entrepreneurs. Participants discussed best practices to support financial institutions in helping women in their careers in the sector and as potential funding recipients.

Access to public procurement was also brought up, and Mr. Massie provided additional information about the Canadian policy experience in improving women's access to public tenders.

Participants also expressed interest in approaches to adapting other forms of support for women entrepreneurs to the COVID-19 context. Ms. Daly provided additional details on transferring one-on-one counselling to online platforms in Ireland while Mr. Massie discussed measures to support ecosystem actors in Canada. Participants agreed on the importance of collecting more data to better understand the challenges of women entrepreneurs, and how different policy supports are taken up by them.

The discussion also touched on the connection between the entrepreneurial ecosystem and the wider environment, and how underpinning socio-economic inequalities (e.g. unequal care responsibilities) may affect women entrepreneurs in ways not addressed by support focused solely on entrepreneurship resources. Participants agreed on the importance of considering gender in integrated policy approaches, beyond the entrepreneurship policy portfolio.

3. Key takeaway policy messages

Dr. Jonathan Potter, Head, Entrepreneurship Policy and Analysis Unit, CFE, OECD highlighted three main takeaways from the event:

The crisis may exacerbate the gender gap in entrepreneurship. There is an important gender entrepreneurship gap in most OECD countries. Across the OECD area, women are less likely to be working towards starting a business (only 5% of women compared with 8% of men were involved in nascent entrepreneurship in 2014-18), and less likely to operate growth businesses (16% of male entrepreneurs had high growth expectations compared with only 9% of female entrepreneurs in 2014-18). This gap can be expected to increase due to the COVID-19 crisis. This is because women entrepreneurs are more likely to work in hard-hit sectors, may be less financially resilient and have less finance skills and confidence, bear a disproportionate share of care responsibilities in households and are less equipped to pivot their businesses (e.g. less access to external advice, less likely to be already online).

The large-scale COVID-19 liquidity support measures that governments have introduced have been fast but may not be gender-sensitive. Governments had to act quickly to support small business and the self-employed with major liquidity support tools (e.g. loans and wage subsidies to all businesses). However, these have generally been simple undifferentiated tools following a one-size fits all approach and the support may not filter equally to all small businesses. Women-owned enterprises might not benefit as much as male-owned enterprises because they are less likely on average to use bank loans (many programmes rely on existing bank products) and are smaller on average (some supports have size thresholds). Differences in financial literacy also play a role.

Key features of a gender-sensitive policy response to COVID include:

- **Increase access to finance.** This may include dedicated funding streams or a reserved share of loan programmes. Access to public procurement is also important.
- **Increase business advice and consultancy to women entrepreneurs.** This can include advice on how to stabilise businesses that are in difficulty and help to women entrepreneurs to pivot their businesses. It is also important to build the pool of women entrepreneurs as advisors and mentors.
- **Transfer existing entrepreneurship training and mentoring to online channels,** and include an offer of training and mentoring for financial literacy and digital technology use.
- **Support growth-oriented women entrepreneurs,** for example by increasing the pool of women business angels and decision-makers in venture capital funds, ensuring that growth-oriented women entrepreneurs have dedicated support programmes, increasing accountability for gender balance in mainstream business growth programmes, and increasing the pipeline of women growth entrepreneurs by supporting women in leadership senior management positions.
- **Take a broader approach by supporting women enterprise ecosystems.** Women entrepreneurship is supported by a whole ecosystem of business support organisations – often in the non-profit sector – offering access to finance, advice, peer learning, mentoring, etc. to women entrepreneurs. These organisations may be suffering at this time due to COVID-19 and may need support to continue their level of services.
- **Help maintain women entrepreneur networks.** Networking is a very effective entrepreneurial activity for men and women offering access to markets, finance, knowledge, suppliers etc. However, men and women network differently and there are therefore many dedicated networks for women entrepreneurs. In the COVID-19 context, face-to-face events have been cancelled and

networking organisations may require financial and technical support to survive and to transfer activities online.

- **Develop gender-disaggregated data for monitoring of COVID-19 impacts and enterprise support programme participation and impact.** This is a vital resource for ensuring gender-sensitive enterprise policies going forward.
- **Adopt more inclusive policy-making processes**, involving women entrepreneurs, experts and advisers to develop COVID-19 support that adequately address entrepreneurs' needs. This could include for example setting up a high-level women entrepreneurship committee and women expert policy advisors to advise government on COVID-19 recovery programmes.

What's next?

Related webinars are planned on:

- 23 June 2020: **Financial relief for SMEs: Avoiding long-term over-indebtedness.**
- 30 June 2020: **The silver lining – How policy responses can help SMEs fast-track their recovery and growth**

Read More

The OECD has produced extensive work on inclusive entrepreneurship policy, including policies and programmes that support women entrepreneurs. Much of this work has been produced as part of a long-standing programme of work exploring the untapped potential of entrepreneurship among under-represented and disadvantaged demographic groups, in collaboration with the European Commission. Outputs include a module on women's entrepreneurship policy in the [Better Entrepreneurship Policy Tool](#), an online tool for policy makers who are designing and delivering inclusive entrepreneurship policies and programmes, as well as the following recent reports covering women entrepreneurship:

- [The Missing Entrepreneurs 2019](#) the last edition of the biennial report series;
- [Policy Brief on Women's Entrepreneurship](#) (2018);
- [The pursuit of gender equality: an uphill battle](#) (2017);

Webinars and policy reviews will also be organised over 2020-21 with interested countries and regions. For more information about this work programme, please click [here](#). To learn more about the CFE Women's Entrepreneurship Initiative, click [here](#).

The recently launched **OECD COVID-19 portal**, provides analysis of the impact of the COVID-19 crisis and reports on policy responses, including a note on SME policy responses <https://www.oecd.org/coronavirus/en/>

OECD contacts

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