

# Challenges faced by women entrepreneurs in Malta

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Opinion

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In general, individuals who are involved in entrepreneurial activity, at any stage, tend to be confident in their own skills, are likely to know and network with other entrepreneurs, are alert to the existence of unexploited opportunities, and are less likely to let fear of failure prevent them from starting a new venture.

However, there are pronounced differences between women and men when comparing them as separate entrepreneur groups.

This article concentrates on findings about women entrepreneurs, the challenges they face in the innovative sectors of the economy, and concludes with implications for policy.

## International scenario

While self-employed women are increasingly recognised as having an important impact on the economy, both as a source of employment and of potential economic growth, in no country in the world are women more active than men in starting and owning businesses. Indeed, men are twice as likely as women to engage in entrepreneurial activity.

Scholars of entrepreneurship generally agree that women across the globe are less optimistic and less confident in their entrepreneurial skills, than their male counterparts.

Moreover, fear of failure is a major concern for prospective women entrepreneurs. Research suggests that the gender gap in innovation exists globally both for early-stage entrepreneurial participation, and established business ownership.

These findings have important implications for policy makers, educators and researchers. For example, the European Commission signals that women often face more difficulties than men both in business start-ups, as well as in accessing finance and training.

Women account for an average of 30 per cent of entrepreneurship in the EU. It is within this context that increasing the number of women starting businesses and becoming entrepreneurs in their own right was identified as one of the six priority areas in the Roadmap of the European Commission for EU action on gender equality for the period 2006-2010.

## **The gender gap**

As in other economies, entrepreneurship plays an important role in the evolution of Maltese society, as it contributes to job creation, economic growth, innovation, the creation of skills, and also towards social cohesion that allows individuals to express their creativity and ambitions.

Despite the many advantages of narrowing the gender gap in micro and small enterprises and in self-employment, however, NSO Labour Force indicators show a constant low in women's entrepreneurial venture. Women account for 14 per cent of entrepreneurs in Malta, and an average of two per cent of total persons in employment in Malta compared with 12 per cent of men.

## **Entrepreneurial motivation**

Additional analysis of selected data suggests that it is not only important to know the number of women who start and own businesses, but also to know what motivates them to do so in the first place. While there is general agreement among scholars of entrepreneurship that age, gender, work status, education, income and an access to finance are all significant socio-economic factors in a person's decision to start a business, there are specific gender differences in entrepreneurial motivation.

Women entrepreneurs often quote reasons associated with greater flexibility in their lives, new opportunities, and lack of better job alternatives. However, studies report that women often have to cope with unique obstacles that confront them.

## Key challenges

In today's economic climate, setting up in business, remaining solvent and achieving economic success is no easy feat. However, there is consensus in the literature that women face additional challenges and pressures, often associated with discrimination and prejudice, not necessarily experienced by their male counterparts.

For example, literature review makes evident that a primary and continuing obstacle faced by women in innovation sectors appears to be difficulty in securing capital funding for new business ventures, and when trying to secure economic support from financial institutions.

Negative attitudes from banks towards women entrepreneurs often threaten their confidence and credibility, and because of this discrimination, women's businesses suffer disproportionately from being undercapitalised.

A common complaint is the patronising attitude of bankers towards prospective women entrepreneurs, particularly those with domestic commitments.

Another key challenge for increasing women's participation in new venture creation are networking opportunities and availability of role models. Knowing other entrepreneurs is found to be particularly important for women, and access to market information is essential in accelerating business growth. However, women are traditionally excluded from men's business networks.

Another struggle is lack of business knowledge that is found to keep women away from early-stage entrepreneurial participation. The OECD points out that management and training programmes are commonly gender neutral, and as such fail to take account of women's training requirements, which tend to differ significantly to men's, particularly with respect to risk-taking propensity.

A continuing challenge faced by women entrepreneurs appears to be difficulty with Malta's national insurance contribution that is imposed on self-employed persons. Women often have smaller financial resources, and adverse obligations militate against their potential and tenacity in highly competitive markets.

Another key struggle for women entrepreneurs, more than men, is managing family and work life. The most vulnerable group in this respect are women with dependent children who commonly express problems with child care.

There is consensus in the literature that while male partners give women verbal support and encouragement, there is little evidence that in practice men are moving with equal enthusiasm into the area of care in the family. Seeking a balance between work and familial responsibility may have a powerful influence on women's entrepreneurial decisions.

## **Implications for policy**

Finally, the principal role of a government interested in fostering innovative female entrepreneurship lies in providing better support for women in terms of access to finance, implementation and development of entrepreneurial networks crucial to the access of global markets, programmes drawn on examples of best practices that address women's training and mentoring needs, suitable targeted tax benefits, and more effective care policies.

In parallel, future analysis of women entrepreneurs in Malta would be well served with more qualitative research to balance current large-scale labour force indicators. Understanding the differences and challenges in Malta's enterprise culture, through in-depth approaches in research, is an important first step to eliminating gender specific barriers, and to formulating sound strategies that promote female entrepreneurial activity, and help women meet challenges and achieve success.

This article draws on a presentation made by Dr Camilleri-Cassar at the NCW annual conference, 'Equal Opportunities 2007: The Agenda for Maltese Female Entrepreneurship', held on November 25.