

# Stay Hungry, Stay Foolish? Inertia in Female Entrepreneurship across Countries

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International organizations and governmental institutions have long recognized the relevance of women for the economic and societal progress of a country. Yet women's participation in the labor force, leadership positions, and entrepreneurship remains low around the world. Hence, practitioners and policymakers focus on supporting women-owned businesses as a means of increasing economic and societal development. To create effective schemes that can help women, researchers, policymakers, and policy implementers require appropriate information on how to best serve female business owners. Do they know what female entrepreneurs need? Do they aim for societal well-being and/or economic performance with their measures? Discussing these questions, we offer a new, thought-provoking perspective by focusing on cross-country differences of female entrepreneurs and presenting the counterintuitive result that a more challenging business environment and stricter role expectations foster rather than hinder female entrepreneurship. We use this to open up the discussion on what weighs heavier: individual well-being or economic performance? Can measures introduced by companies or governments to support women even be harmful in some cases?

In the following, we will discuss cross-country differences in entrepreneurship, before leading over to a three-country comparison of China, Germany, and the United Kingdom (UK). In addition to current statistics on female entrepreneurship, we present preliminary insights from an ongoing project, where we have conducted more than 80 interviews within these three countries.

## The Importance of the Country Context

The country context has a profound impact on the role of gender in business. One approach to understanding country differences in entrepreneurship has been the study of culture. Research focusing on women in entrepreneurship has found that culture affects the engagement of women in the private

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sector; further, an interesting question is which types of cultures facilitate or hinder entrepreneurship. Findings suggest that cultural uncertainty avoidance and individualism values facilitate entrepreneurship. We would therefore expect higher numbers of entrepreneurship in more individualistic countries

such as the UK, while more collectivistic ones such as China should have lower levels of entrepreneurship.

Additionally, in many countries, women still face institutional limitations and role expectations that might affect their career choices (Kemper, Bader, & Froese, 2019). Understanding the influence of her family network is also important for a woman's business development because a women's social group may support or hinder her career take-up (Bullough, Renko, & Abdelzaher, 2017). This suggests that women in countries such as China, where family roles are more traditional than in Europe, have less flexibility to found a company.

A third important component believed to influence entrepreneurial activity is the business environment. The more stable and favorable the environment, including public policies, political stability, access to resources, etc., the more start-ups, especially those owned by women, generally perceived as more risk-averse than men, should prosper. This would lead to the assumption that countries from the comparatively stable environment of Europe should be leaders in female entrepreneurship. Taken together, the few studies on comparative female entrepreneurship and related research suggest substantial variance across countries, yet the underlying reasons and consequences are not well understood. To move this field forward, we present

**Table 1. Three Country Comparison**

	China	Germany	UK
New registered companies (2017)	110,000,000	560,000	600,000
Female entrepreneurship rate (2017/18)	45%	33%	33%
Policies	<ul style="list-style-type: none"> <li>• government launched mass entrepreneurship and innovation strategy in 2014; easier to register companies, tax breaks, government-backed venture capital funds etc.</li> <li>• support perceived as rather weak and volatile, government aims change quickly</li> </ul>	<ul style="list-style-type: none"> <li>• no. 1 country to be an entrepreneur in global ranking (entrepreneurial, innovative, provides easy access to capital, transparency, infrastructure, and legal framework)</li> <li>• access to resources and funding; expertise is perceived as easy</li> </ul>	<ul style="list-style-type: none"> <li>• loans up to £50,000, special grants for job creating or innovative start-ups</li> <li>• not enough access to risk capital, higher business rates and increasing regulation</li> </ul>
Policies supporting women	<ul style="list-style-type: none"> <li>• 128 days of paid maternity leave</li> <li>• recent study on family life: 38/50 in availability of child care, 47/50 in cost of child care</li> </ul>	<ul style="list-style-type: none"> <li>• 43 weeks paid maternity leave</li> <li>• 6/41 in national family-friendly policies 2016 Unicef ranking</li> </ul>	<ul style="list-style-type: none"> <li>• 12 weeks paid maternity leave</li> <li>• 27/41 in national family-friendly policies 2016 Unicef ranking</li> </ul>
Culture	<ul style="list-style-type: none"> <li>• collectivist</li> </ul>	<ul style="list-style-type: none"> <li>• rather individualist</li> </ul>	<ul style="list-style-type: none"> <li>• highly individualist</li> </ul>
Family roles	<ul style="list-style-type: none"> <li>• campaign to encourage women to return to traditional roles and “good family virtues”</li> <li>• traditional, women responsible for child care and household</li> </ul>	<ul style="list-style-type: none"> <li>• evolving into more modern family roles</li> <li>• women still take the majority of paid leave</li> <li>• women perceive a double burden and do most household work</li> </ul>	<ul style="list-style-type: none"> <li>• recent survey claiming that traditional views have continued to decline</li> <li>• work–life balance suffers due to founding</li> </ul>

Source: Global Entrepreneurship Monitor (2018), Unicef (2016), CNBC (2018), interviews with more than 80 entrepreneurs

preliminary findings on comparative female entrepreneurship in China, Germany, and the United Kingdom.

## Comparison of Entrepreneurship in China, Germany, and the UK

Taking three countries from different cultural clusters as defined by the GLOBE project, i.e., the Confucian Asia cluster (China), Anglo cluster (the UK), and Germanic Europe cluster (Germany), will provide a broad basis for comprehending cross-country differences in female entrepreneurship. While Germany and the UK are longstanding entrepreneurial hubs, China's founding community has grown recently, making it an interesting selection of countries for study. As illustrated in Table 1, the founding landscape for women is highly differentiated in the three countries.

China has seen an increasing number of female entrepreneurs in the last few years, with 45% of all founders in 2018 being female, amounting to 9% of the overall female population, a sign of encouraging progress in women's participation in the Chinese economy. More women than men founded opportunity-driven start-ups in 2018, and more women than men use a new technology in their business. In China, women are usually the main person in the family taking care of housework and children, with little support from their partner or the government, while the role of the grandparents is declining. This causes a double burden for women, having to work overtime to establish their company while balancing their family duties: "It's completely different for females to do business than for males. [...] in Chinese society people define men's success as their career success. But for women, they request a lot more, for example you need to take care of your family and you often need to have a job" (Mei, China).

Entrepreneurs in general, but women in particular, perceive the environment as highly volatile with quickly changing laws and regulations. While the government has introduced support programs over the last few years, women perceive they have limited access to these. This poses additional hurdles for women in entrepreneurship because a career in a state-owned company is perceived as more secure and prestigious. Despite these hurdles for women, entrepreneurship has flourished and grown into an important hub for start-ups and innovation with international relevance.

In Germany, official statistics show a different picture. While the overall number of new business formation in Germany has been decreasing since 2014, the percentage of female founders has increased slightly in comparison with their male counterparts. Still, less than 33% of new businesses are run by women, with only a slight increase since 2013. This is significantly less than in China. Female entrepreneurs in Germany receive a lot

of support from the government and usually share household duties with their partners, while still perceiving this balancing act as stressful and holding main responsibility for child rearing. "I think the majority of women go for security and keep family planning in the back of their head, so that founding could pose a risk. In my opinion, competence and dedication can compensate for any disadvantage" (Helen, Germany).

Germany has a high start-up failure rate, and companies view the business climate as less favorable than in earlier years, although many new policies to increase entrepreneurship have been recently introduced. This is surprising, since Germany was ranked as the world's best country to be an entrepreneur in a global ranking last year.

In the UK, 600,000 new companies were founded in 2017, down from the record set in 2016 of 660,000, illustrating a decrease in entrepreneurial activity and hinting at a beginning change of direction for the UK's start-up culture. Further, in 2018, only 33% of businesses in Britain were run by women, despite there being one million more women than men in the UK. Not only has the current government encouraged entrepreneurship less, but it has also introduced changes that small businesses struggle with, including higher tax on business properties and increasing regulation. Gender role expectations seem to be even more favorable than in Germany, with a recent survey claiming that traditional views have continued to decline, with 72% of respondents disputing the conservative view that women should dedicate themselves to housework. However, paid maternal leave is only 12 weeks, and the UK ranks low in family-friendly policies, making it quite surprising that the percentage of women entrepreneurs is similar to Germany's.

Despite having a less favorable entrepreneurial culture in general, and higher role expectations on women in particular, the share of females in entrepreneurship is much higher in China than in Germany and the UK. Female entrepreneurs in China receive very little support from the government but still manage to start their businesses. We see here that promoting entrepreneurship seems to be more complex than merely introducing support programs. The above overview provides counterintuitive insights, raising several questions:

- Why is there less female entrepreneurship in Germany and the UK?
- Why is there much less support for female entrepreneurs in China?
- Why do women in China found businesses despite the double burden of caring for their family and business?

## What Can We Gain from Country Comparisons of Female Entrepreneurship?

Our cross-country comparison of female entrepreneurs yields new and surprising insights. First, it is puzzling to note that there are more female entrepreneurs in China than in the UK and Germany, as a percentage of overall start-ups, despite the public policy landscape being much less favorable. Second, perceived gender roles vary significantly in the countries but seem to influence women in China to a lesser extent than women in Germany. These findings seem to resonate the ongoing debate about the effectiveness of public policies in promoting entrepreneurship (Shane, 2009). Do policies aimed at supporting women increase or decrease the rate of female entrepreneurship? From the comparison above, it might just seem as though extended maternity leave and household support might, if not actively decrease, at least leave female entrepreneurship rates stagnant. What might be the reason for this? Could it be that women who are “spoiled” with extensive support do not feel the pressure or “hunger” for achievement, or even the financial need to start a company and grow it? Within our study, we asked women about their goals for the company, and here, too, saw striking differences. Women in Germany aimed to accomplish something for themselves, following dreams with less of a drive for extended growth or personal wealth: “For example, or something like this ... and [many women] do this, because they need flexibility after having children or so. Well that’s what I perceived, that there were so many [women], that this applied to, [...] they did not have the ambition to grow bigger” (Lena, Germany).

Chinese entrepreneurs, however, were more dedicated to reaching ambitious goals. They seemed more pressed to achieve something, perhaps due to a less comfortable living situation and high societal pressure: “And then keep the company, keep your business, and run as fast as you can. And that will make your company go to the next stage. [...] If I wouldn’t have changed just like a few years ago, like last year, what we have done, I think that would have been it” (Ai, China).

Thus, would it be better to provide less support to women, forcing them to work harder to earn a living and balance family and work? For instance, despite having almost nonexistent mothers’ protection policies, the United States has a high rate of women returning to work soon after childbirth and a high rate of women in management positions. Hence, less family friendly policies and support mechanisms could indeed be one of the reasons for increased workforce participation and found-

ing activity of women in China. However, in this context, we need to ask ourselves, where this thought experiment might lead us. What should be more important to a country when considering public policy? Should we care more about economic performance or individual well-being? Is the primary aim to increase a country’s output and create equality in numbers or aiming at creating equal opportunities and increased well-being of men and women? These are vital questions to consider not only for local governments but also for women support networks and entrepreneurship advisors. By further exploring this contradiction and better understanding their own goals, all actors within entrepreneurship can improve support programs

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and results. Practitioners might consider two things: On the one hand, a high rate of female entrepreneurship is not necessarily a sign of success, as individual well-being and happiness should also be considered. On the other hand, policies should not make it too easy for aspiring entrepreneurs to found their business, as some kind of “hunger” for achievement, and foolishness is needed to succeed. Hence, these two sides should be weighed against each other when making decisions.

## Conclusion

Comparing female entrepreneurship in China, Germany, and the UK, we illustrate how many facets of entrepreneurship in general, and female entrepreneurship in particular, are still hidden underneath our common understanding of “the entrepreneur,” and what policies might help or hinder women in this context. The most surprising here might be that what we would expect to be more effective in creating new businesses (high government support and modern family concepts) did not prove to be true. There is still a lot we need to learn about female entrepreneurs around the world, and more comparative research is needed. Introducing the discussion around the effectiveness of policy support into female entrepreneurship and asking whether countries should focus more on increasing their economic performance or supporting the well-being of their people, we finish on an open note, leaving it to the reader and future research to explore this dilemma.

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