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How the Work of Women Has Changed – Female Entrepreneurs

Submitted by ISTAT[1]

Invited Paper

1. Introduction

An analysis of female-run companies has been carried out by attempting to integrate various sources that the National Institute of Statistics has available.

In recent years, the participation of women in the labour market has increased and female-run companies represent now an important phenomenon in Italy. This paper investigates female entrepreneurship in Italy by exploring various sources of statistical information, giving us a better vision of women who have decided to conduct an enterprise without reducing their responsibility in the family and at home.

The understanding of the different dimensions of the everyday life of the female entrepreneurs and the performance of the female-run companies offers new important perspectives for those social policies aimed to remove the gender–related barriers.

2. Sources for the analysis of female-run companies

We will begin by concentrating our efforts on the Industry and Services Census carried out in 1997 which contained a whole range of questions allowing for the analysis of company data in a general picture. A second source of data were the results of the survey carried out on the labour force which traditionally provides a picture of how female and male employment varies, how independent components are growing, with which characteristics and in which sectors. The third source of data was the ISTAT Multipurpose Survey, a survey based on everyday life which provides for a picture of how female entrepreneurs and independent female professionals live, how they manage to reconcile this work with family life and on the whole how they manage to handle everyday life.

Our intention is not to create a real report but a collage of flash news on female-run companies. It is an initial exercise which will be followed by a more in depth analysis.

3. The Nineties: services drag female-run companies

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During the Nineties, one of the most important transformations in the Italian labour market was related to the growing participation of women. According to data taken from the Labour Force Survey, the rate of female activity increased from 33.5% in 1993 to 35.8% in the year 2000. In comparison with other main European countries, the structural delay in female participation in the Italian labour market has remained very significant. In 1999 the female activity rate was still lower by approximately 16 percentage points compared with France and Germany, and some 4 percentage points compared with Spain. Even in the age group between 25 and 34, corresponding to the peak of female labour market participation, the difference is between 10 and 15 percentage points.

With regards to female employment, two periods can be distinguished: a three-years period from 1993 to 1995 during which women's employment rose little due to the Italian economic crises, and a period of expansion of female employment over the last five years. Companies offering services have been identified as a lever for the development of female employment, and women in the last few years have managed to take a step forward, in relation to men, due to the growth of the services sector.

The total number people employed grew from 1993 to 2000 by 596 000 people. However, this growth was the result of a decrease of 99 000 in male employment and an increase of 695 000 in female employment.

The level of employment of independent female workers (where entrepreneurial professions are found) has remained more or less the same. There have been strong reductions, especially in agriculture and trade, and a limited decrease in industry, compensated by an important development in autonomous employment in the field of services. Briefly, services have cancelled out the loss of employment in other sectors.

This stable data with regards to independent workers reveals the underlying dynamics of various sectors and professions: The number of unpaid family workers has fallen, especially in agriculture and in small commercial distribution, but traditional self-employment activities are increasing (doctors, architects, engineers etc.) together with the number of independent female professionals, and female cooperative associates. The tertiary sector, therefore, has provided women with the best opportunities for the creation of new companies.

4. Female entrepreneurs and self-employed women

Along with independent female workers it is very important to consider the category of "self-employed women" who comprise the bulk of autonomous employment. In terms of definitions "self-employed women" are those who run, with or without employees, a company, an artisan workshop, a shop or a public activity by participating directly with personal manual work.

It is this aspect of female or male manual work that tends to differentiate the "self-employed" from entrepreneurs. However, in many cases the professional figure of entrepreneurs spills over into the second, as the limits are not always very clear or well defined. It is difficult to separate, for example, "independent female professionals" in company services from entrepreneurs in the same sector, considering that in both cases the emergence of new professions related to financial or information technology markets, has favoured the growth of small production units.

It is vital to understand the increase, with regards to female employment, in the figures of self-employed women and independent female professionals.

A push towards entrepreneurial activities is emerging. It is easy enough to look at two fundamental data: from 1993 to the year 2000 the number of female entrepreneurs increased from 50 000 to 108 000 and the number of self-employed women fell from 905 000 to 803 000.

The number of female entrepreneurs has grown in all sectors including agriculture, industry and most other services.
The number of self-employed women has fallen in all sectors, in agriculture, in industries and in trade, but not in other services.

The trend towards entrepreneurial activities still remains male oriented, but the rate of increase is higher for women.

Furthermore, the concentration of entrepreneurial activities tends to be particularly in the services sector but goes through all sectors.

For both sexes the growth of entrepreneurs goes across all areas of the country, but it is much more prominent in Central-Northern Italy. For example, for women in Central-Northern Italy there has been a 186% increase in the sector of various trade services; there has also been an increase in the South, but lower (59%). The number of self-employed women, however, fell between 1993 and 2000, in Central Northern Italy and in the South. The only increase for self-employed women has been in the field of services excluding trade. The decrease in self-employed women in agriculture has been larger in the South where services (excluding trade) have grown compared with Central-Northern Italy. Thus, there has been a push towards entrepreneurial activities in different sectors and different areas of the country.

5. The profile of female-run companies

Let us analyse the situation in terms of companies starting from the industry and services census. There are 3.5 million companies in Italy, 885 000 of which are female-run, 25% of the total number. The two worlds, male and female, are completely different. Female-run companies include, in the following order: retail sales, services to companies, services to family, public activities and wholesale trade. Among male-run companies the most important are services to companies, trade, automobile services and public activities.

From further separation of the manufacturing industry it emerges that men are involved in companies in the steel, food, electrical, wood and mechanical industries while women are involved in textiles, followed by footwear, food and metal.

By creating a distinction between companies with one employee and those with more, it becomes clear that female one-person companies tend to be oriented toward services to families and public activities, and male one-person companies toward construction and transport. If, however, we consider companies with more than one employee the difference is further underlined because construction is predominant for men, while retail, then public activities followed by services provided to families is predominant for women. It is interesting to note that in the female-run companies with more than one employee textile production emerges, which is not highlighted in companies with only one employee. Among male-run companies, automobile service prevails.

6. Female-run companies throughout the country

Even from a territorial point of view differences emerge. In female-run companies retail, services to companies and services to families are three important sectors in the first place in various areas. Only in the North East the ranking is slightly different with public activities reaching second place and services to companies reaching fourth place. Particularly interesting is the emergence of female-run real estate services in the North, textile companies in Central Italy (the main area for this sector), and the production of food products in the South.

For male-run companies the differences between areas are slightly more noticeable, and a greater variety emerges according to the area of the country: construction is in first place, except for *the* South, where it falls to third position. Public activities in the North East and the automobile market in Central-Southern Italy are very important for men.

7. Female impact per sector

If we consider the companies involved in various sectors equal to 100, the only case in which we can find the majority of companies female-run is the sector related to services to families. Public activities follow together with trade and so on.

With regards to the manufacturing industry the textile sector has the greatest female impact, followed (above average) by the leather and footwear industries, food, rubber and plastic. With regards to trade, which comprises about 30%, the highest level of female presence can be found in retail. Wholesale and repair garages have a strong male connotation.

By analysing the dimensions of the companies we can see that female-run companies are smaller compared to male-run companies, even if the difference is not very substantial. In general we can say that the presence of female-run companies is more important among those with between one and four employees, i.e. the smaller ones. Female-run companies become more rare as the size of companies increases.

8. Training, research and computer equipment

Let us now move on to examine some aspects that may change the activity of a company: training, research, computer equipment and technology. All of these activities can be found in male-run companies, female-run companies' disadvantages are clear in all sectors with some exceptions. For example, in services to individuals, the need for personal staff to be well trained is much higher in male-run companies, for particular sectors such as the wood and steel sectors. We must underline, however, that these sectors are characterised by male-run companies such as those in the field of carpenters and blacksmiths, and are substantially different due to the high proportion of male employment in these professions. In the field of monetary services, approximately 60% of female-run companies use computer equipment, against 70% used by male-run companies.

The use of technology and research and development activities is also much higher in male-run companies. A high percentage of female-run companies which carry out research and development has emerged in the chemical field. Despite the fact that there are few, they are very dynamic.

The analysis of impact as a percentage of companies that have signed agreements or projects with other companies highlights the extent to which female-run companies are less integrated within the market: they sign few agreements, they receive and request fewer orders. It is interesting to underline just a few generalities. Up against average data that sees women in a disadvantaged position, there are specific situations in which female-run companies are much more active. This is the case in the textile industry. Female-run companies receive and request more orders than male-run companies.

9. Recourse to incentives

During the year 1997 8.8% of companies relied on investments to finance labour and running costs, or employment of the young. For female-run companies this percentage is 7% only. The difference, however, is not so high.

The level of recourse to incentives is much higher if we consider manufacturing industries as a whole where the difference between men and women does not seem to be remarkably high. This means that difficulties of access to information or, in any case, access to these incentives does not vary greatly between men and women in some sectors, while it may be difficult in others.

Again in this case the steel sector emerges as a sector where access to incentives is the greatest. It is a small niche that shows potential for female-run companies in various indicators.

10. Turnover, production costs and company income

In general, turnover per employee of female-run companies is 32% lower compared with male-run companies: 197 million against 291 million. The fields that have the best results compared to “females” are the “male” ones, where there are small niches, such as transport and wood. The fields in which women overtake men are services provided to individuals, services provided to families, and public activities. The situation is a little more drastic in textile industries and food industries where there is a difference of 49% or 51%, with a much higher difference in average returns per employee.

Production costs per employee in female-run companies are 22% lower compared with male-run companies. Female-run companies have much lower costs but this in turn means that male-run companies, in proportion, have more returns and lesser costs that female-run companies.

Considering company profit, we can see how female-run companies - besides having profits that are on average lower than male-run companies - have a much lower turnover-cost ratio than the ones calculated for male-run companies. With reference to the year 1997, female-run companies, in fact, have a company income of approximately 37 million per employee against 85 million in male-run companies. As a percentage female-run companies achieve a company income per employee equal to 43% compared with that of male-run companies.

This ratio between company income per employee reaches 51% in manufacturing industries and 57% in public activities.

The turnover, per employee, of female-run companies with between one and four components, is very similar to that of male-run companies. By controlling for the size of company the situation seems to be better in smaller female-run companies despite the extremely low profits for women in the textile and clothing industries. Profit per employee is reduced to a bear minimum when the size of the company increases and the comparison with men becomes extremely disadvantageous. Even in products costs there are figures that are much closer to those of men in small sized companies and a greater disadvantage compared with larger male-run companies.

Company profit per employee, or the difference between turnover and costs, once again highlights the lower level of profitability in female-run companies, even small sized ones, with some exceptions related to services provided to individuals.

11. Everyday life

The number of hours worked per week by women and men is very different. Male entrepreneurs (who work the most among the active population) work 46 hours or more per week in 58.5% of all cases. Female entrepreneurs work 46 hours or more per week in 40.6% of all cases. Therefore they work less than men. However, this is a higher percentage than all other female workers.

In 51% of all cases female entrepreneurs work more than 40 hours per week. For men this figure is even higher as it reaches 65%. The same occurs for the self-employed but not for factory workers, office workers or professionals. To run a company, therefore, means dedicating plenty of time to the company itself.
Despite working a lot, women still work less than men. If we examine the everyday life of female entrepreneurs and self-employed women, there is no doubt that it is much more demanding than the life of men who may carry out the same profession, as well as the life of other females. These women, in fact, live more than others in close contact with children, they have much greater family commitments, they see their friends less (compared with men in the same condition as well as other busy women), they go less often to the theatre, cinema, museum and concerts and they read fewer newspapers and books.

Despite this, women who run a company state that they are satisfied with their everyday life. This information reflects an earlier survey of female entrepreneurs in agriculture which highlighted a great enthusiasm for work in spite of huge sacrifices.

In general women as well as men are satisfied with the results achieved in their work, but they are not satisfied with their free time, as they do not have any.

The most important difference between female and male entrepreneurs is not related to work outside of the home but is related to the amount of work done in the home.

53.3% of female entrepreneurs or self-employed work more than 60 hours a week, taking into consideration work inside and outside the home, against 26% of male entrepreneurs. The difference between the average number of total hours worked by men and women is very high: 54 hours for men against 64 hours for women.

12. Summary

We should not be surprised if the situation of female entrepreneurs is still at a disadvantage compared with male entrepreneurs. On the one hand we can find a lower average age for women, 43.1 years of age (two or three years younger compared with men) which means both a more recent entrance into the world of companies and less experience.

On the other hand, and more importantly, we can find a lower amount of time dedicated by women to company management. Women who do these jobs are much more involved than men in family work and have less time to dedicate to their own company. This must have consequences for the performance of the company itself.

In Italy the majority of families, approximately 70%, own their own home. Female entrepreneurs and self-employed women own their own home only in 30% of all cases. This may create quite a few problems in terms of access to credit for a woman who wants to create her own company.

Female entrepreneurs also have a smaller family tradition from an entrepreneurial point of view: 15% against 28% of male entrepreneurs or self-employed males.

In brief, the picture provided indicates that there is an important dynamic indent, the strong thrust towards entrepreneurial activities by women, together with the pressure on women in the employment market.

This thrust does not only exist, but it is crosscutting across various sectors. This is so especially in services, but also in agriculture and industries.

Important niches also emerge which must be studied, such as the wood and steel sectors, which illustrate that the dynamic under way is positive. Other more specific difficulties are added to the structural difficulties that small sized companies are up against in our country, problems with which women must come to terms. There remains a complex problem which must be resolved and which politicians must confront: the overload of work inside and outside of the home that prevents female entrepreneurs from dedicating themselves entirely to their work. We are faced with the problem of women with two activities where they are forced to live an everyday life without any free time whatsoever. They are under pressure due to work inside and outside of the family but they are still committed to their work. Politicians should take this problem into consideration by not necessarily paying attention to the company but concentrating on what it means generally to be a female entrepreneur in everyday life. This is a vital initiative which would allow women to take a step forward in company management.

Table 1 – Female entrepreneurs and self-employed women in 1993 and in 2000
(figures indicated in thousands)

	ENTREPRENEURS	SELF EMPLOYED WOMEN
Agriculture		
1993	5	167
2000	12 +140%	104 - 38%
Industry		
1993	16	118
2000	31 + 94%	95 - 19%
Trade		
1993	22	450
2000	47 + 114%	400 - 11%
Other services		
1993	7	172
2000	18 + 157%	204 + 19%
Total		
1993	50	905
2000	108 +116%	803 -11%

***Source**:* ISTAT, Labour Force Survey