

fostering
gender quality

Meeting
the entrepreneurship
& microfinance challenge

Country report: Spain







**Fostering Gender Equality: Meeting the Entrepreneurship and
Microfinance Challenge
VS/2006/0424**

**Entrepreneurial Environment Study:
Spain National Report**

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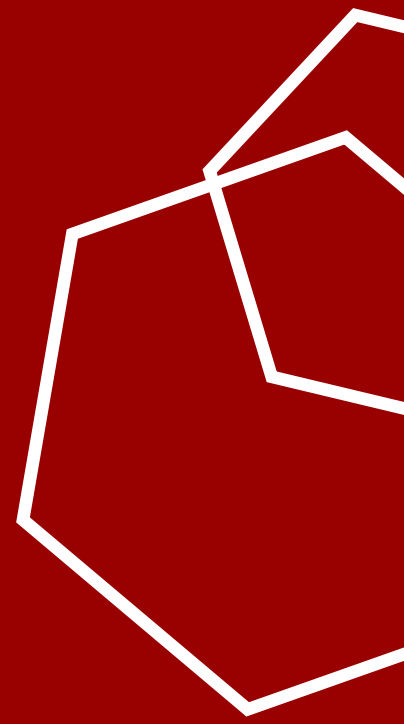
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Executive Summary

Women represent only 30% of entrepreneurs in Europe and cite access to finance as the most significant constraint affecting the launch, growth and sustainability of their businesses. With businesses clustered in the very competitive service sector, higher poverty levels, greater unemployment rates and fewer assets than men, it can be difficult for women to access traditional bank lending to start their businesses. Microfinance addresses this challenge by offering business loans of 25,000 euros and less to persons excluded from bank lending. Moreover microfinance providers often accept alternative or no collateral or guarantees and provide training and support services to their clients. In contrast to most other regions of the world, however, most microfinance providers in Europe are reaching women at a rate barely above national female entrepreneurship rates.

The EU funded project, **Fostering Gender Equality: Meeting the Entrepreneurship and Microfinance Challenge** aims to address this shortcoming by improving the sector's understanding of women's enterprise and identifying and exchanging on good practice. The project involves implementation and evaluation of a series of pilot projects, best practice exchange visits and comparative studies carried out by nine network members under the coordination of the European Microfinance Network.

This report is part of the comparative studies carried out in the eight countries represented in the project. The purpose of the study is to evaluate the business environment for women entrepreneurs in the following European countries: Belgium, France, Germany, Hungary, Norway, Spain, Slovakia and the UK.

The eight study teams have collected data on the following six dimensions which represent key factors affecting female self-employment and entrepreneurship:

- General National Context for Entrepreneurship
- Gender Equality in Society
- Gender Equality in Labour Market Inclusion and Welfare Bridges to Self-Employment
- Gender Equality in Entrepreneurship and Self-Employment
- Gender Equality in Support Structures for Entrepreneurship
- Gender Equality in Access to Finance

The Spain national report presents the Spain ScoreCard Diagram which summarises the study results. The report explains and justifies the scores, highlights good practice examples and provides short case studies on innovative gender equality and entrepreneurship initiatives.

General context for entrepreneurship

General business conditions are pretty good in 2006, with a GDP growth and employment rate in the OECD countries' average. But entry into new markets remains difficult and many entry barriers to starting a business still exist (length of administrative burden, high number of procedures to register a company).

The quality of entrepreneurial education is improving but remains insufficient, although 50,1% of the adult population believe they have sufficient skills and capacity to start their own business.

Public support for entrepreneurship scores quite high, because many structures exist to help entrepreneurs (new programmes have been set up). On the contrary, governmental policies remain an obstacle for entrepreneurs. Entrepreneurship seldom becomes a main pillar of local economic development strategies: it is generally mentioned in the context of other issues.

Education is still the most important issue for promoting entrepreneurship. Entrepreneurship is not included in the national curriculum of primary education. Policy measures have been undertaken at this level with the development of different projects both in elementary education and in universities. A political, social and intellectual change favourable to modifications in entrepreneurial norms and values is observed, as well as a rising spread of information aimed at sensitizing society to entrepreneurship. This impact of risk avoidance is quite important in Spain, because of a conservative attitude towards entrepreneurial risk. Nevertheless, it is inferior to the EU average.

Policy incentives for entrepreneurship are worse than the average score of OECD countries due to administrative burdens, tax regulation and ease of hiring and firing. Self-employed people also suffer a social discrimination in comparison with other workers. They are not recognised as they should and do not have access to an adequate Social Security Cover. A new law on self-employment has just been approved and will modify these aspects, in order to improve living conditions and social recognition of self-employed people.

In Spain, inactive people do not receive any income support when they aim to create their own business. The income support scheme is very specific and only registered unemployed people who still receive any allowance can access it. Many non-financial support measures for self-employment exist throughout the country. Unemployed and inactive people can access free training courses.

Promotion of self-employment by job centres / employment agencies is not used nationwide as an equal alternative to wage employment for all suitable cases. Wage employment is still the usual answer to unemployment. Spanish entrepreneurs usually use own funds to start their businesses. Families and friends also are an important source of funding. If we consider the external funds used by entrepreneurs, bank loans are the first-used source. About 20% of entrepreneurs use public subsidies.

Access to financial resources for start-up finance remains a problem. Access to microfinance is satisfactory in Spain, mostly because of the high number of institutions (savings banks with their own programmes and programmes from the Public Administration) that offer these programmes nationwide. The Spanish microcredit system is quite distinct in its characteristics: high number of actors involved, diversity of their profile and role. An analysis of the number of microloans disbursed shows the microcredit ratio per million inhabitants is 46.07.

Gender Equality in Society

Gender equality is a recent concern in Spain. This topic was introduced in legislation in the 1978 Constitution. During the following decades, modifications were made to the civil and penal codes. Labour and social regulations have also changed, to better include female workers and topics that affect them.

In recent years, legislation included new tools to promote gender equality:

- 1999: Act to promote reconciliation of work and family of employed persons.
- 2002: Tax relief for working mothers: 100 euros a month per child
- 2004: Protection Order of Victims of Domestic Violence
- 2006: Dependency Law
- 2007: Gender Equality Law

This is the last and the most important law on gender equality. The aim of this law is to prevent gender discrimination and to become a new code for gender equality. Gender equality is treated as a transverse issue and concerns all public policies (national, regional, local).

A National Plan for Equality, which places gender equality on the national government agenda, exists in Spain. It includes gender mainstreaming in public policies as a fundamental issue. The regional governments usually use this national plan as a basis for developing their own plan, after an adaptation to the local conditions and specific needs of women living in those regions.

In order to implement laws on gender equality and objectives from the national plans for gender equality, an organisation was created. The Instituto de la Mujer (Women's Institute) is the structure in charge of creating specific policies in favour of women. Many regional governments have created similar organisations within their territory. At a municipal level, Women's Departments are a key element in achieving the inclusion of gender mainstreaming in local policies.

Gender equality is a priority in different policy areas at a national level and is based on active measures with quantified goals. At a local / regional level, it is a priority in some local development strategies.

The new Equality Law will modify the system presented here, because new tools will be created: a Strategic Plan for Equality and an Interministerial Commission for Equality.

Existence of these policies is a result of the existing inequality between men and women. Women are the first victims of poverty, social vulnerability and socio-economic risk. A gender difference in revenues can also be observed.

According to the Gender Empowerment Measure "UNDP, Human Development Report 2006", Spain is number 15 in the established ranking. This measure looks at women's representation at different decision-making levels and shows an existing gender gap. Anyway, gender percentages should change in the next years, as a result of the application of the recently approved equality law, which fixes quotas.

A gender gap is observed in access to education, schooling, results and election of study field. The actual educational attainment of the Spanish female population is lower than that for men. Women form the main part of the illiterate population and of people with primary education. Female presence in technical studies remains very low.

Gender Equality in Labour Market Inclusion and Welfare Bridges to Self-employment

During the last ten years, the female activity rate has increased by 26% and the male rate by only 5,9%. Women usually focus on jobs from the tertiary sector.

The female unemployment rate is still higher than the male unemployment rate for each age bracket, but the drop in female unemployment rate has been significant during recent years, in comparison to the EU-25 average rate tendency. The inactivity situation also varies for men and women. 46,7% of inactive women are housewives, due to the low incorporation of women into the labour market in the past. This prevents them from getting a retirement pension.

Income is another aspect of gender inequality. Women get 86,56% of male income. Inequality exists in part-time employment: the gender gap is greater than 6. Moreover, this precariousness of women is not a choice: 51,6% of part-time female workers are looking for a full-time job.

In the employment impact of parenthood, we observe a gender gap of 19.1 points. Work-life balance achievement is difficult, and gender roles are slowly changing. But most of the time, women are still in charge of children and home.

The low fertility rate is another consequence of the impact of parenthood in the labour market. The average number of children per woman was 1.34 in 2005.

Public provision of childcare is insufficient and is a barrier to entry in the labour market for women. The childcare coverage rate for children aged 0 to 3 is only 10%. Women usually work full-time, so that there is an increase in the demand for non-parental care of preschoolers, but childcare cost is the main barrier that parents face. Women who care for children and dependent persons part-time and wish to work more cannot do so as adequate care services do not exist, are too expensive or their quality is not satisfactory. There are not sufficient social services available so that women can continue to work even after they start a family.

Economic support is also insufficient: for a Spanish married couple with two children it only covers 5% of the cost of their children, and only 10% of Spanish families are entitled to child benefit.

Ley de dependencia (Dependency Law)

This law recognises the universal right of people who cannot fend for themselves to be cared for by the state and for them to be guaranteed a series of benefits. 84% of carers are women, who are not paid and cannot access Social Security Services. This situation is a real problem for women's insertion into the labour market because necessary care infrastructures do not exist, or because families cannot pay for these services: 80% of dependant people are unable to pay for private care services. By 2010, this new law should have improved living conditions for 1,125,000 dependant persons and allowed 115,000 carers to insert themselves into the labour market. 450,000 full-time jobs are expected to be created to ensure the care services foreseen in this law.

A new gender inequality exists in the access to welfare benefits. Characteristics of women's work are the main cause of the gender gap in the receipt of unemployment benefits. Income support for self-employment out of unemployment is designed to give equal support (amount and length of support) to both male and female entrepreneurs.

Gender Equality in Entrepreneurship and Self Employment

The share of self-employed persons out of the total number of workers is very high in Spain, for both men and women. These data show the Spanish entrepreneurial culture, especially of women, because the existing gender gap in self-employment is low. Analysing the Early Stage Entrepreneurial Activity indicators, we see that 39% of total entrepreneurial activity is carried out by women. The gender gap is bigger in existing business owners' statistics. Only 30% of established businesses are led by a woman.

There are no substantial differences in the socio-demographic and economic profile of male and female entrepreneurs. The average age is similar. The educational attainment of entrepreneurs (both men and women) is high: most of them have university degrees. This fact marks a difference with non-entrepreneurial women, who usually have a much lower educational level than men.

The female entrepreneurial activity rate is increasing because women's entrepreneurial motivation is less and less caused by the search for a subsistence business: necessity motivation is being replaced by opportunity motivation.

Gender gap is hardly measurable in terms of size of entrepreneurial projects determined by employees and turnover because such data does not exist by gender.

Female entrepreneurs mainly work in the service sector and in retail trade. Business success is affected by the characteristics of the chosen activity sectors: fewer entrance barriers, more competition, and low profit margins.

Female entrepreneurs are present in the media, but not exactly as much as male entrepreneurs. Most of them are microenterprise owners, who usually started their business with a microcredit. This image is not comparable with an IBEX-35 company board member, which is the usual image of a male entrepreneur.

In Spain, self-employment of women is quite accepted in the society. But women are more affected by risk avoidance than men. Male entrepreneurs also are better integrated into professional contact networks, where they receive valuable information and resources for their business start-up. These barriers limit women's perception of business opportunities.

Gender Equality in Support Structures for Entrepreneurship

Self-employment promotion activities multiplied during recent years. Consideration of the specific needs of women and men in the design or promotion activities for entrepreneurship is fairly well developed.

Specific offers targeting women entrepreneurs have been created by the public administration, but also by other organisations that have received public subsidies or European grants to fund their activities.

In Spain, research on gender aspects of entrepreneurship is carried out but not systematically. The lack of attention paid to entrepreneurs is an "analytical invisibility". In national statistics, a gender variable is present in most of the official statistics, but as an added variable instead of a transverse one. The necessity of introducing gender mainstreaming in statistics is scarcely mentioned in strategic planning documents. Data on entrepreneurship is much reduced in Spain.

Anyway, this situation should change soon, with the application of the new Equality Law.

The use of gender research results to influence and improve policy and practice of the support structure for entrepreneurship scores medium, because little research is done but there is a political will for change.

Most of information on entrepreneurship is not focused on a specific gender group (men or women), so that there is no real consideration of men-specific and women-specific necessities in the design of these programmes.

But many specific BDS activities have been designed in order to help women entrepreneurs. Programmes are specific because of their women-focused content but the real difference with usual programmes is the group they are aiming to help. Few programmes that foster local networking between established and potential women entrepreneurs exist in Spain because, although there are many female business owners' associations, they barely promote direct contacts between their members.

Gender Equality in Access to Finance

An analysis of the financial resources and external finance used by male and female entrepreneurs has been included as an indicator in the present study. But these data do not exist by gender. This is valuable information: gender mainstreaming is not taken into account.

Only specific financial resources that focus exclusively on women entrepreneurs are visible. Spanish regional governments often open public schemes aimed at financing women's start-ups. Other specific programmes have been launched in order to provide a better access to bank loans for women:

Gender equality in the access to microfinance is very good because most microcredit beneficiaries are women. In 2004, the female/male client ratio for Spain was 58%. This level approaches those observed worldwide and is much above the EU average share of loans to women: 39%.

Many specific programmes focusing on women entrepreneurs exist nationwide and even "generalist" lenders, those lending to both men and women, undertake gender-sensitive programmes.

Recommendations

Despite all the gender inequalities, some positive elements demonstrate a progressive change is appearing which could change the present situation and help achieve gender equality in society, employment and self-employment.

The most important change has been the adoption of three laws: the Equality Law, the Dependency Law and the Self-Employed Statute. The importance given to gender equality in politics is a positive first step.

A challenge will be to improve the global context for entrepreneurship, in order to attract more women, but the real challenge for the future will be the application of the recently approved laws. These laws can bring many changes favourable to gender equality, in society and in entrepreneurship. But without execution of the measures that have been designed in the legal texts, there will not be any significant change.

Recommendations:

- To the government:

It should ensure the correct execution of the new laws, and change policies in order to make entrepreneurship conditions more flexible and to improve social conditions of self-employed people.

Entrepreneurship education should be another key issue for the government.

Information about self-employment at job centres should become usual.

Social problems that especially affect women should be solved by specific measures: public childcare, child allowances.

Last, governments should make better use of research results on gender equality, to include them in the design of new laws and specific measures.

- To practitioners:

Practitioners have created many valuable gender-specific programmes for women entrepreneurs but they should take more into account the specific situation of female entrepreneurs and business owners and create concrete actions according to these difficulties.

Support should be extended to situations of business failure.

Practitioners should work more closely with job centre services, in order to better orientate women in their labour decisions.

- To finance and funding providers:

Start-up finance is still missing in Spain and should become a priority. Access to bank loans and the number of public schemes should be improved, with easier conditions and requirements. Risk capital ventures are still missing.

Income support in case of movement from unemployment into self-employment should become available for inactive people.

Gender equality in microfinance is pretty good, but the microcredit ratio per inhabitant could be improved. Microfinance providers should promote transparency in their statistics, to allow a correct representation of the Spanish microfinance market.

Confidence-building and gender-specific support are important aspects of microcredit that should not disappear with the present changes in the microfinance sector, if we intend to improve the access of women to such programmes.

- To researchers:

The absence of statistics on gender equality, in society and in entrepreneurship, has limited the provision of information on this topic in the present study.

Researchers should follow the new Equality Law and adapt their methodology according to these recommendations, in order to provide more information on gender equality in society and on gender equality in entrepreneurship.

1. Introduction

1.1. Project Background

This study is one of eight country studies undertaken in the context of a transnational project financed by the European Union Directorate General (DG) for Employment, Social Affairs and Equal Opportunities. The project, Fostering Gender Equality: Meeting the Entrepreneurship and Microfinance Challenge, falls within the DG's Strategy and Programme for promotion of gender equality in local development. The project is coordinated by the European Microfinance Network and includes research, pilot project implementation and exchange of knowledge and good practice amongst nine network members operating in eight countries and under the coordination of the European Microfinance Network (EMN).

Representing more than 94% of enterprises in Europe, microenterprises (those with less than nine employees) and self-employed people represent an essential element in local development. The number of women who are self-employed in Europe is much smaller than that of men and the number of women entrepreneurs with employees is smaller still. As such, women's potential to contribute to local economic and social development is not being realised.

Microcredit¹ has been proven across the globe to be an effective tool for the development of self-employment and microenterprise. It has been particularly successful in engaging and assisting women to take their first steps into self-employment. However, in Europe, microfinance providers are not reaching proportionally as many women as in other parts of the world. There is a need to further improve European microfinance providers' understanding and methodology in order to strengthen their capacities to better serve women who are or who wish to become self-employed or microentrepreneurs.

In this light, Objective 1 of the project aims to assist microfinance providers, national governments and a European-wide audience to better understand the external environment affecting women's entrepreneurship, as well as the specific issues related to gender equality in entrepreneurship and female entrepreneurship initiatives in the eight participating countries.

1.2. Purpose of the Study and Report

The primary purpose of the Entrepreneurial Environment Study is to describe and analyse the environment in which women entrepreneurs start businesses in Spain. The environment is summarised in a ScoreCard Diagram. The report explains and justifies the scores assigned in the diagram and highlights good practices. The report is also meant to provide a springboard for discussion and debate on how best to encourage and support women's enterprise. Recommendations are made to policy makers, government, the research community, business development service providers and financial institutions such as banks, guarantors and microcredit providers.

The secondary purpose of the report is to provide the basis for a cross-country comparison amongst the eight countries participating in the project. The cross-country comparison will enable policy makers and practitioners to identify strengths and weakness and good

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¹ The EU defines microloans as loans of 25,000 euros or less disbursed to microenterprises, businesses with nine or fewer employees. EMN further emphasises that the purpose of microlending is to assist socially and financially excluded people to start a business or to grow an existing microenterprise.

practices that can be adopted from other countries in order to promote gender equality in entrepreneurship and microfinance in their own countries.

1.3. Gender and Equality Concepts and Definitions²

This report uses a number of concepts to describe differences between women and men and to describe programming approaches to inequality. Often these terms are used inaccurately in the equality discourse. The purpose of this section is to define several of these concepts, many of which are used in this report.

Gender - Gender is a concept that allows one to distinguish between sex, which is a biological condition, and the characteristics, attributes and roles assigned by society to girls and boys, men and women. These characteristics and roles are not innate. They are learned through both formal and informal education and through messages and images presented in cultural traditions and celebrations, religion and the media. Roles and attributes associated with men and women differ from one society to the next and evolve over time.

Gender Roles refers to a set of behavioural norms associated with women or men in a given social group, society or culture. Gender roles are divided into productive, reproductive and community management roles. The type and concentration of men's and women's activities in these three areas change from one society to another and evolve over time.

Gender Relations refer to culturally and historically defined systems that regulate interactions between women and men.

Gender is an important concept because gender roles and gender relations directly and indirectly influence the level of an individual's ability to take decisions and to have access to and control over resources. Gender roles and relations have a direct impact on vulnerability to poverty and exclusion.

Gender Equality - This term refers to a belief in the basic equal rights and opportunities for members of both sexes within legal, social or corporate establishments.

Gender Mainstreaming - Mainstreaming a gender perspective is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels. It is a strategy for making the concerns and experiences of women as well as of men an integral part of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres, so that women and men benefit equally, and inequality is not perpetuated. The ultimate goal of mainstreaming is to achieve gender equality. Mainstreaming includes gender-specific activities and affirmative (positive) action, whenever women or men are in a particularly disadvantageous position (United Nations Economic and Social Council 1997).

Gender Neutral - Gender neutral refers to designing policies and providing services without regard to the gender of those who participate. Where differences and inequalities exist, gender neutral approaches can inadvertently entrench and perpetuate inequalities.

Equal Opportunities – This is an approach intended to give equal access to an environment or benefits, often with emphasis on members of social groups which might

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² Gender concepts and definitions adapted from "Gender Concepts and Definitions", Hazel Reeves and Sally Baden, 2000 and UN Economic and Social Council, "Mainstreaming the Gender Perspective into all Policies and Programmes in the United Nations system", 1997; Encyclopedia Britannica

have at some time suffered from discrimination. Equal opportunities policies that are gender neutral can inadvertently perpetuate inequalities.

Affirmative Action - Also referred to as positive action or positive discrimination, Affirmative Action is an approach promoting the representation of groups who have been traditionally discriminated against. The theory is that adoption of gender neutral approaches may not be sufficient because past discrimination limits access to education, job opportunities and other opportunities hence the ability to achieve based upon merit.

1.4. Methodology

The research methodology of the study is based on a multidimensional ScoreCard tool, that was originally developed for a past EU-funded study on “Policy measures to promote micro-credit as an instrument for social inclusion”³ by FACET B.V., EVERS & JUNG and nef. The main benefits of using such a tool are

- 1) the combination of a sophisticated analysis of national environments for gender equality in entrepreneurship with the production of clear and easy to read outputs
- 2) the build up of a transparent basis for comparisons between different national situations
- 3) the possibility to identify national strengths and weaknesses as a starting point for policy recommendations based on mutual learning

Therefore we believe that the methodology of this study is apt to produce results which are relevant for national policy makers in their ambitions to reach the goals of the European Pact for gender equality and the renewed Lisbon Strategy for growth and jobs⁴.

Under the leadership of EVERS & JUNG, project partners developed a ScoreCard to evaluate the entrepreneurship environment in the eight project countries. It is based on an extensive literature research, expert interviews and the experiences of practitioners in the field. The ScoreCard enabled each country team to collect information and assess the environment for women entrepreneurs against the following six dimensions:

- General National Context for Entrepreneurship
- Gender Equality in Society
- Gender Equality in Labour Market Inclusion and Welfare Bridges to Self-Employment
- Gender Equality in Entrepreneurship and Self-Employment
- Gender Equality in Support Structures for Entrepreneurship
- Gender Equality in Access to Finance

These dimensions represent key factors affecting female self-employment and entrepreneurship. Each of these dimensions was divided into equally weighted subdimensions that deal with specific aspects of the situation in the country.

During data collection, each country team also gathered information on gender equality and entrepreneurship initiatives. These are presented throughout the report as good practice examples and short case studies.

To rate the application of gender equality in a country, indicators and scoring tables were determined for each subdimension. A scale from 1 to 5 was used to score each indicator. A 5 indicates gender equality or the best support to reach gender equality in a certain aspect, while a 1 indicates a very high degree of gender inequality or high hurdles for

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³ FACET BV, Evers & Jung, nef (2005): Policy measures to promote the use of micro-credit for social inclusion: Study conducted on behalf of the European Commission DG Employment, Social Affairs and Equal Opportunities, unit E/2,Zeist.

⁴ A scorecard methodology is also used by the Centre for European Policy Reform to measure the progress of EU countries in achieving the Lisbon goals (see CER 2006).

reaching gender equality. As much as possible, the scores given are based upon quantifiable indicators and comparable data available from the World Bank, OECD, Eurostat, Eurobarometer and the Global Entrepreneurship Monitor's global, national and women's entrepreneurship reports⁵. If no such data sources were available, national data sources were used.

Some of the indicators were based on expert interviews. These interviews were conducted with two standardized expert questionnaires⁶ (see annexe) to allow comparable ratings on these indicators. The expert interviews additionally included a more open part to collect more 'qualitative' information about the analysed issues and dimensions as well as hints for best practice examples.

After collecting national data and expert opinions, the results were calibrated by EVERS & JUNG to make sure that the scores featured in the country reports are given on the same basis. The results are displayed in an easy to read radar diagram for each country. The scoring of those indicators based on national sources proved to be a somewhat cumbersome process, as the data available to the project partners was often patchy or incomplete. Some of the scores given, therefore, rely on a more 'subjective' rating than envisaged. Given the general problem of availability of gender disaggregated data in Europe⁷, and the character of this scorecard as a 'first shot'⁸ to measure the gender equality in issues connected with entrepreneurship and microfinance, this problem didn't come as a surprise.

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⁵ Since France and Slovakia didn't participate in the GEM 2006, the partners in these countries interviewed experts on the basis of the original GEM questionnaire to produce comparable scores.

⁶ The design of of the questionnaire was based on the design used by the GEM consortium for their National Expert survey

⁶ The design of of the questionnaire was based on the design used by the GEM consortium for their National Expert survey

⁷ The unsatisfactory state of availability regarding gender disaggregated data in the fields of entrepreneurship and other crucial aspects of social and economic inclusion was regularly highlighted in the international discussion of these issues in recent years (see e.g. UNECE 2002).

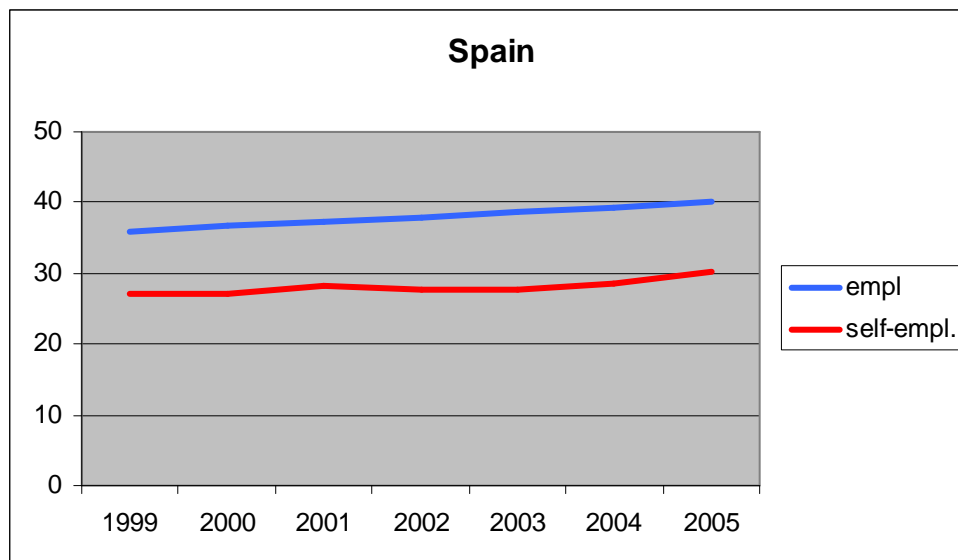
⁸ To develop a sustainable base for further work, the project aimed to include in the scorecard as many relevant indicators as possible that could be tested for comparability. Further developments of the scorecard will feature a reduction in the number of indicators, concentrating on indicators that can be consistently scored over a wider range of countries.

2. General Country Information

2.1. Basic Statistics Table

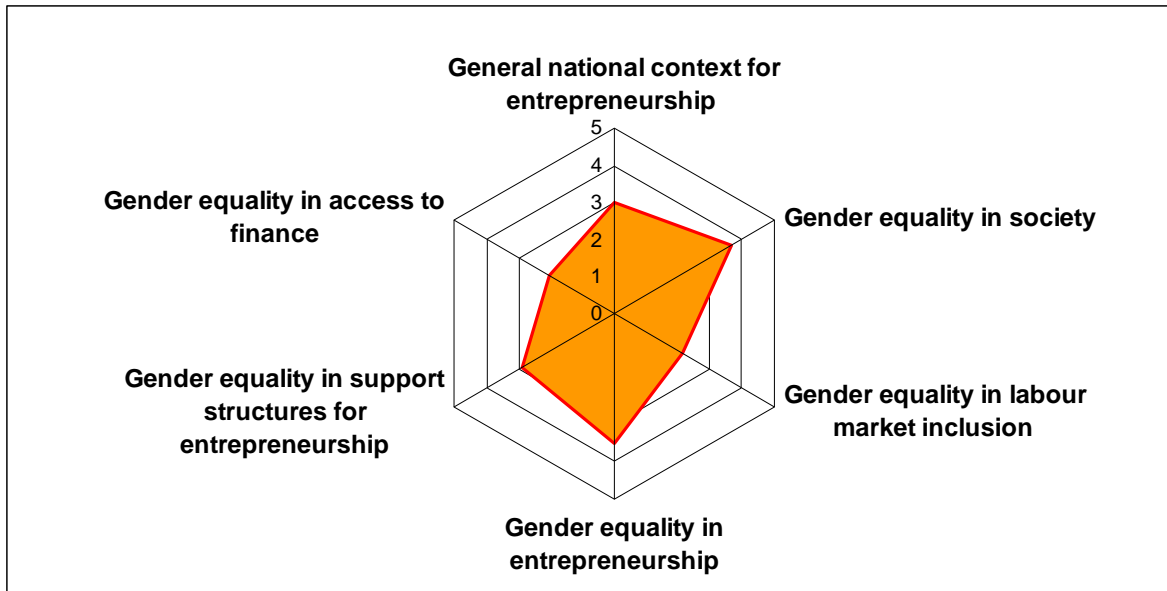
- 2.1.1. Growth rate of real GDP per capita 2006: 1.99% (Eurostat)
- 2.1.2. Spain Gini Coefficient 2005 = 32; EU 15 = 30; EU 25 = 31 – measure of income inequality Eurostat
- 2.1.3. 11.6% unemployment rate for women and 6.3% unemployment rate for men as of 2006 (Eurostat).
- 2.1.4. 21% of the female adult population versus 19% of the male adult lived at risk of poverty in 2005
- 2.1.5. 2006 GEM Country Total Early Stage Entrepreneurial Activity (TEA): women 5.7 ; men 8.83 (GEM Report on Women and Entrepreneurship 2006)
- 2.1.6. UNDP HDR Gender Empowerment Measure 2006 – Rank: 15, Value: 0.776
- 2.1.7. Spain's EU 25 rank for women's representation in national legislative bodies both upper and lower houses in 2006 is 5th place out of 25 (July 2006, Inter-Parliamentary Union).

2.2. Graph: Evolution of female share of self-employment in total employment

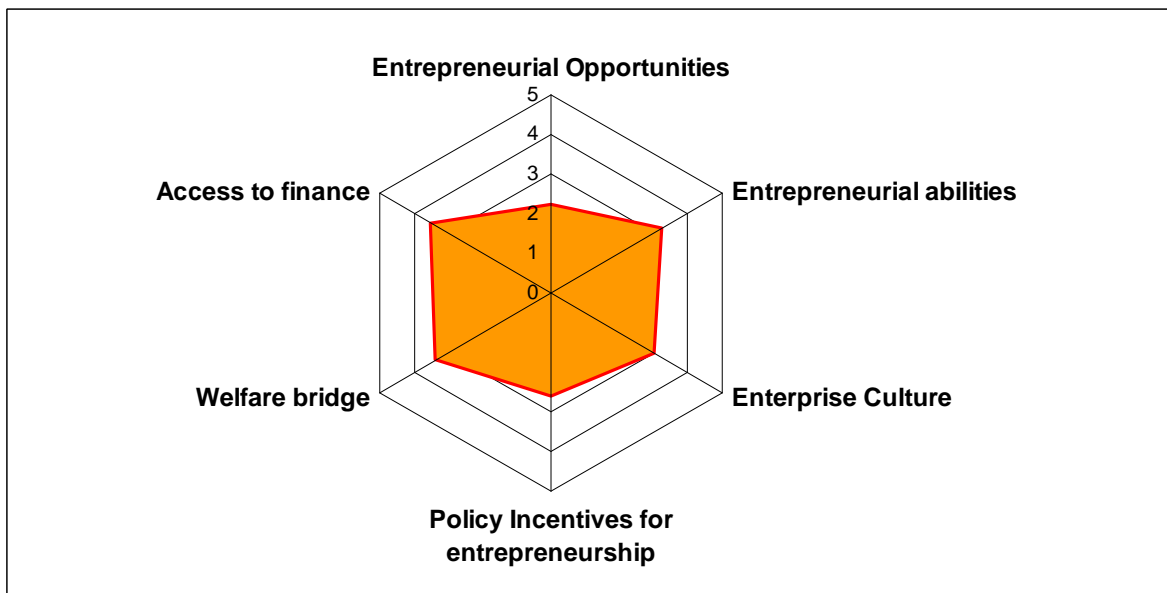


3. ScoreCard

3.1. ScoreCard Diagram of the six Dimensions



3.2. General National Context For Entrepreneurship – Score 3,0



The score assigned to this dimension is based upon an assessment of **entrepreneurial opportunities; entrepreneurial abilities; enterprise culture; policy incentives for entrepreneurship; welfare bridges and access to finance.**

In 2006, experts who prepared the GEM 2006 Report Spain⁹ considered that a few factors had contributed to create a favourable context for entrepreneurship. Access to infrastructure and commercial infrastructure increased, although inflation started to limit its effects, especially in the real estate and services sectors. Support to women is increasing with the number and efficacy of governmental programmes.

A slight increase in the perception of public policies, promotion of entrepreneurship and access to markets has also been observed.

Remaining factors have not passed any of the context conditions, although a few improvements appear.

Experts make different recommendations based on the context analysis: the following aspects should be improved:

- Education: raise entrepreneurial education, by working at each educational level: from primary school to universities, to managers, in order to spread the entrepreneurial culture and integrate this notion into the norms and values of society.
- Governmental policies: start actions to promote entrepreneurship and fight against the actual barriers with more information, a better design of integral support systems and an adaptation of the actual system to better fit entrepreneurs' real necessities (adequate financial tools, social improvements).
- Governmental programmes: promote coordination between organisations and local action; go on with the organisation of events and expert meetings to share relevant information.

3.2.1 Entrepreneurial opportunities – Score 2.3

This sub-dimension looked at the following indicators: **general business conditions** related to GDP per capita, the employment rate and per capita real income; **entry barriers** such as the amount of time required to register a sole trader business and **market opportunities**.

General business conditions are pretty good in 2006: GDP growth (average 1990-2004: +2,3% annually) and employment rate (63,3%) are in the OECD countries' average. Only the GDP per capita remains lower than this average. It is growing but this growth is based on construction and private consumption¹⁰, two factors that could become weak in the near future because of the high level of debt among the population, who are beginning to use 50-year credits to buy a house.

According to the GEM report 2006, entrepreneurial opportunities have improved in comparison with 2005 data, but there is still a lack of innovation, and **entry to new markets** remains difficult because of established businesses that block new companies.

There are many **entry barriers** to starting a business in Spain: the Index on starting a business¹¹ is much higher than the OECD countries average. A Spanish entrepreneur needs 47 days to carry out the 10 procedures (16,6 days and 6,2 procedures for



⁹ Global Entrepreneurship Monitor, *Informe Ejecutivo GEM España 2006*, april 2007.

¹⁰ *Informe de Sostenibilidad 2006*, Observatorio de la Sostenibilidad en España, August 2007

¹¹ *Doing Business Database*, Worldbank: www.doingbusiness.org, 2006

OECD countries). Many organisations coexist at different levels (governmental, regional, local administration) without effective cooperation between them. There is no single procedure pattern: each local government can fix its own requirements and taxes.

This length of the administrative burden does not help in building a favourable entrepreneurship context. Anyway, it is quite easy to create a sole trader business, because it is possible to start working just after having presented the required documents to the authorities, without waiting for an answer. This can be done in less than a week.

Remote Procedures and CIRCE¹²

A new law (Real Decreto, March 2007) approves the creation of Limited Responsibility Societies through remote systems. In 2006, 98% of new companies adopted this judicial form.

Since 2003, it has been possible to create a specific form of Limited Responsibility Society through the internet, sometimes in only 48 hours! This system is now available for any Limited Responsibility Society.

The Spanish Ministry of Industry, Tourism and Trade offers services through its PAIT network (Puntos de Asesoramiento e Inicio de Tramitación). There are 150 PAIT in Spain, in 15 regions. In these offices, entrepreneurs are given advice about their business plan and can undertake all necessary procedures to legalize their company. The main objective of this new system is to support entrepreneurs with an integral system for procedures, which simplifies the administrative conditions for starting a business. The entrepreneur fills in a single electronic document, and specific software exchanges the information with the relevant organisms to register the company.

Many local governments and organisations that are trying to simplify procedures have adhered to this system. It is a good example of coordination between public administration and civil society: all relevant administrations in business development offer their services in a single place and other organisations, like the Chambers of Commerce provide personalized business advice.

3.2.2 Entrepreneurial abilities

– **Score 3.3**

This sub-dimension examined the **quality of entrepreneurial education, whether there is national policy support** for entrepreneurship and a **national public support structure** and whether **entrepreneurship is a priority in strategies** for departmental and regional development. The study intended to rely on GEM indices for these indicators, but some elements were determined through expert interviews.

Quality of entrepreneurial education remains insufficient according to the GEM 2006 experts, despite a small increase in comparison with 2005 results.

A new attempt at linking university research with business innovation needs has been observed. It is still necessary to improve managers' skills and knowledge.



¹² Como montar una empresa en el menor tiempo posible, Consumer Eroski, April 2007

Entrepreneurial education scored medium for each indicator: business administration education, quality of business management, quality of technical education, university business courses.

50,1% of the adult population believe they have sufficient skills and capacity to start their own business. This percentage is nine points higher than in 2005. Experts put this result down to the success of public programmes that create a favourable context.

Public support for entrepreneurship scores quite high because, although policy support is not given enough importance, many structures exist to help entrepreneurs. New programmes have been set up since 2003 as a result of a political, economic and social change, helping to improve the entrepreneurial context. This element shows the rising interest of the authorities for entrepreneurship and has been the best opportunity for entrepreneurs in 2006, according to GEM experts. Public support has promoted many initiatives, like the following examples: creation of Local Development Agencies, collaboration between entities, organisation of events and experts' meetings, information on entrepreneurship, cooperation between universities and the private sector.

The Entrepreneurs' Day²

This event recognizes and promotes entrepreneurship as an innovative way of economic development and aims to support the growth of new businesses.

During this day, many activities are organised: entrepreneurs can build business relations, learn new skills, identify new collaboration opportunities, improve their management capacity, meet other entrepreneurs, investors, potential clients, providers and university research groups, learn about available governmental support, etc.

The first Entrepreneurs' Day took place in 2001 in Barcelona, promoted by a local development agency called Barcelona Activa and then was considered a good practice by the European Commission and the Spanish Ministry of Industry, Tourism and Trade. Therefore, it was extended to other cities: 19 regions participated in the 2007 event.

On the other hand, governmental policies remain an obstacle for entrepreneurs: experts denounce the lack of coordination between entrepreneurship programmes and support policies. Many barriers still exist, because policies have not changed: high taxes, lack of social improvements for self-employed people, supply of unnecessary support, complex procedures.

New programmes have been created and awareness of the importance of promoting entrepreneurship does exist, but entrepreneurship seldom becomes a main pillar of local economic development strategies. Generally, **entrepreneurship is mentioned in the context of other issues.**



² www.emprendemosjuntos.es

3.2.3 Enterprise culture

– Score 3.0

This sub-dimension examines whether **entrepreneurship is on the curriculum in primary schools**, the **impact of risk avoidance** on entrepreneurship and **entrepreneurial norms and values**.

Education is still the most important issue for promoting entrepreneurship. There is a lack of enterprise culture, so it is necessary to create more courses in primary and secondary schools, as well as in universities.

As a matter of fact, **entrepreneurship is not included in the national curriculum of primary education**. Only some elementary schools are taking initiatives at this level, and could become an example to expand.

Policy measures have been taken. The General Direction for SMEs (DGPYME), a specialised department from the Ministry of Industry, Tourism and Trade, developed different projects to promote entrepreneurship both in elementary education and in universities. The Education Law (Ley Organica de Educación) has been modified to include initiative and enterprise thinking as key skills for permanent learning. That means these values should form part of children's learning. Didactic material has been developed to help professors in teaching these values through specific games. At the university level, a study has been carried out on entrepreneurial initiatives in universities, in order to improve knowledge of business and entrepreneurship. Cooperation with the private sector to give an economic value to research knowledge is also promoted.

A study carried out in 17 countries by Kairos Future³, a Swedish research consultancy, on "European Youth in a Global Perspective" shows that Spanish young people have a more entrepreneurial mind than in other countries. 82% of them say they have an entrepreneurial project (European average: 58%), and 24% plan to start up their own business in the next 15 years.

Entrepreneurial norms and values scores medium, but a political, social and intellectual tendency favourable to change is observed, as well as a rising spread of information aimed at sensitizing society to entrepreneurship.

According to the GEM report 2006, 6.3% of the adult active population in Spain are thinking about starting their own business in the next three years. This tendency is growing and Spain is reaching the other EU countries' level, but 21% of experts still believe enterprise culture in society is insufficient.

This **impact of risk avoidance** is quite important in Spain, because of a conservative attitude towards entrepreneurial risk. Fear of failure limits the appearance of new ideas, innovation and business creation.

Anyway, this impact (44%) is inferior to the EU average, according to Flash Eurobarometer n°160⁴.



³ European Youth in a Global Perspective, Kairos Future, March 2007

⁴ Flash Eurobarometer: www.gemconsortium.org/category_list.asp

3.2.4 Policy incentives for entrepreneurship

– Score 2.6

This sub-dimension is scored based upon government policy initiatives with respect to **administrative burdens, tax regulation, labour law and bankruptcy legislation**.

This subdimension scores quite low, because many barriers remain and limit business development and management.

According to the World Bank Doing Business Index, difficulties due to **administrative burdens, tax regulation and easiness of hiring and firing** are higher than the average score of OECD countries.

High taxes affect the first phases of business project development and innovation, administrative burdens and licence obtaining are too complex, there is a lack of integral support systems for entrepreneurs providing training, following and information, and of resources to promote enterprise growth. Sometimes, support is not available for people who need it, so that the present system should be modified.

Self-employed people also suffer social discrimination in comparison to other workers. They are not recognised as they should and do not have access to adequate Social Security Cover. According to Self-Employed Federation (ATA) statistics, in 2004, self-employed persons received a retirement pension 40% inferior to the other workers' pensions: €417,50 /month, instead of €689,72/month.

A new law on self-employment has just been approved and will modify these aspects, in order to improve living conditions and social recognition of self-employed people. As a result, self-employment will be more attractive for potential entrepreneurs.

Estatuto de Autonomos (Self-employment Status)

For 40 years, a specific Social Security Service exists for self-employed people. But conditions and benefits are not as good as those of the General Social Security Service (for employees). There are more than 3 million self-employed in Spain. With this new law, they will get recognition of their individual and collective rights, more social protection, support from the public authorities in their entrepreneurial projects and recognition of their status by Spanish society.

Several new rights of the self-employed are:

- *Protection in case of disease and industrial accident*
- *Right to unemployment benefits in case of business closure*
- *Right to early retirement*
- *Equality and non-discrimination, right to work-life balance*
- *Right to Health and Security in work*
- *Economic guarantees to get paid by clients*
- *Protection of housing in case of debts*
- *Possibility to hire his/her children under 30 years old*
- *Possibility to create associations and trade unions*
- *Better protection for parents (maternal and paternal leave)*

Policy incentives have also been created: information and training incentives, reductions in Social Security contributions, innovation support, financial support programmes, and adequate fiscal policy.

3.2.5 Welfare bridge

– Score 3.4

This sub-dimension is assessed based upon the following indicators: existence of **income support programmes** for people out of the labour market and registered unemployed; **non financial measures** encouraging self-employment out of unemployment; the **share of registered unemployed starting businesses** and the degree to which **self-employment is promoted as an alternative to wage employment** at job and employment centres.

In Spain, inactive people do not receive any **income support** when they attempt to create their own business. As a matter of fact, the income support scheme is very specific and only registered unemployed people who still receive any allowance can access it.

This scheme depends on the Social Security services. When an unemployed person wishes to start his/her own business, he/she can ask for the “Pago Unico” (Sole Payment), which is based on the person’s outstanding allowance. This person will receive up to 40% of his/her remaining allowance amount, to finance his/her initial investment in the business. The rest will be given each month, under a specific concept: the entrepreneur must use it to pay his/her Social Security contribution.

Therefore, this system does not offer a fixed amount: it is different for each person and depends on the outstanding allowance, which depends itself on the amount the entrepreneur is entitled to, according to the time he/she had been working and his/her salary level.

Many **non-financial support measures** for self-employment exist throughout the country. Unemployed people can access free training courses, funded by the national or regional authorities, and given by training professionals.

Other associations and NGOs, especially those focused on employment support, provide free advice to interested people, without any specific requirement, so that unemployed but also inactive people can get this training.

These programmes also are funded by the public administration (regional governments, town councils,...).

IMADE (Madrid’s Development Institute)⁵

This programme belongs to Madrid’s regional government. Its aim is to inform entrepreneurs about the available tools that can help them in starting their own business and about available support and public subsidies related to economic development of SMEs.

Entrepreneurs and business owners are looked after by a professional team, in face-to-face meetings, phone interviews and email contacts.

One of the services of IMADE is called IDEAM and focuses on advice to entrepreneurs during the business creation process: from the viability diagnosis of their business plan, to the legal creation and the beginning of the activity.

IMADE collaborates with other organisations, in the business plan preparation. Entrepreneurs follow a training course and prepare their business plan. After an evaluation, “viable projects than can be improved” and “viable projects that need financing” are directed to Women’s World Banking, that helps the entrepreneurs in improving their project and/or getting microcredits to finance it.

□

⁵ www.imade.es

It was not possible to measure the **movement into self-employment** in Spain (share of economic inactive, registered unemployed and social welfare beneficiaries that get to self-employment) because such statistics are not available, either in the National Institute of Statistics (INE) or in business organisations.

Therefore, this indicator has been measured with an estimate: the share of unemployed that ask for the “Pago Unico” out of the total number of registered unemployed people. The result is a 6.18%.

According to the interviewed experts, **promotion of self-employment by job centres / employment agencies** is not used as an equal alternative to wage employment for all suitable cases and at a national level. Wage employment still is the usual answer to unemployment.

3.2.6 Access to finance

– Score 3.6

This sub-dimension is assessed according to the following indicators: **access to bank loans, use of public subsidies, access to microcredit and access to start-up finance in general.**

According to the GEM 2006 report, the average seed capital for a company is €66,157. This amount has increased (it was around €50,000 during the previous years), but the median amount is only €40,000 and the most frequent one is €30,000.

Spanish entrepreneurs usually use own funds to start their businesses: 41.5% used them to fund the whole investment. Families and friends also are an important source of funding: 29.8% of the entrepreneurs interviewed in the GEM 2006 report received money from this group, and this share remains constant.

If we consider the external funds used by entrepreneurs, **bank loans** are the first used source: in 2005, 55% of interviewed persons went to banks in order to finance their business investment, although that share dropped in 2006, to reach only 28%.

67% of Spanish entrepreneurs declare that access to bank loans is easy (46% is the average in the EU), but this is 2005 data. It would be interesting to analyse the 2006 data, when available, to understand if the lower 2006 use of bank loans is due to a greater difficulty in access to banks⁶.

About the **use of public subsidies**, both sources provide similar data. According to the Flash Eurobarometer, 20% of entrepreneurs use them; 19.5% in the GEM 2006 report. This result is higher than the EU average (14%). It can be partly explained by the large amount of European funds that Spain is receiving and is using in this kind of project. This situation may change in the near future, because of the access in the EU of 12 new members, who should receive most of the EU funds from 2008.

□

⁶ Flash Eurobarometer: www.gemconsortium.org/category_list.asp

Access to microfinance is satisfactory in Spain, mostly because of the high number of institutions that offer these programmes nationwide.

Almost all of the 46 savings banks disburse microcredits, according to the Spanish Confederation of Savings Banks 2005⁷, with their own programmes, as a new activity integrated into their traditional social objective. But other financial entities, principally commercial banks, are also collaborating in programmes from the Public Administration (ICO credit line and specific programmes focused on women entrepreneurs).

The Spanish microcredit system is quite distinctive in its characteristics: high number of actors involved, diversity of their profile and role (authorities for funding, savings banks and commercial banks for financial management, social entities for social management, contact with the beneficiaries and viability diagnosis). This special system ensures a good territorial coverage, because social entities and savings banks usually act at a local level, near to their headquarters.

An analysis of the number of microloans disbursed shows that there is little transparency at this level. It is difficult to find consolidated statistical data for Spain. According to the report "Microcredit in Spain"⁸, about 4,700 microloans have been disbursed by banks and the public administration since 2001/2002, but the names of the different institutions that offer these loans have been removed "for reasons of confidentiality".

The EMN report 2006 gives us an approximation to microcredit in Spain: the microcredit ratio per million inhabitants is 46.07.

After an analysis of the **situation of start-up finance**, GEM 2006 experts conclude that access to financial resources remains a problem, because most businesses are financed by the entrepreneur with his own funds. They recommend increasing the administration support for initial finance and new technology development, to work on solving the problem of guarantee requirements for accessing bank loans, and declare that venture capital entities are not sufficiently developed and that financial support is not always adapted to the entrepreneurs' real necessities.

The general national context for entrepreneurship scores medium (3 out of 5) in this scorecard. Many limits remain, but it is important to underline the positive evolution that has been observed during recent years and the upcoming changes due to recently passed laws and new tendencies that should lead to positive results soon.

The greatest progress is the coming into force at the end of 2007 of the "Estatuto de Autonomos", which recognizes new rights for self-employed people and should lead to a great social improvement for this group. This will also attract more young people to entrepreneurship.

Moreover, the ease of new procedure systems (remote procedures and PAIT) will progressively remove entrance barriers to entrepreneurship.

These new changes signal better results in the coming years in the context of entrepreneurship.

□

⁷ Memoria RSC 2005, Confederación Española de Cajas de Ahorros.

⁸ Microcredit in Spain, Foro Nantik Lum de Microfinanzas, 2007

3.3. Gender Equality in Society

– Score 3.6

The Score assigned to this dimension is based upon an assessment of **gender equality as a policy issue** and **social economic equality in society**.

Gender equality is a recent concern in Spain. This topic was introduced into legislation in the 1978 Constitution, where “the principle of equality as a superior value to the legal order and no sexual discrimination as a fundamental right”⁹ were established.

The next step to reach gender equality was the adoption of two laws in 1981, which declare the “legal equality between husband and wife, that offers the possibility for the spouses to agree on a separate marital economic model after the celebration of the marriage” (law 11/1981) and authorise divorce: this law “modifies the regulation of marriage, its nullity, separation and divorce”. It is based on the principle of equal rights and duties for husband and wife (law 30/1981).

During the following decades, modifications were made to the civil and penal codes, to add concepts of non-discrimination, equality within the family, protection against gender violence and crimes against sexual freedom.

Labour and social regulation have also changed, to better include female workers and topics that affect them: maternity leave in case of adoption, no discrimination.

In recent years, legislation included new tools to promote gender equality:

- 1999: Act to promote reconciliation of work and family of employed persons.

At that time, the female employment rate was 29.4% and the female unemployment rate was 22.9%. There were many resignations of pregnant women and difficulties in reaching work-life balance. The fertility rate was the lowest of EU countries: 1.07 children per woman.

With this law, the legal job guarantees for expectant and new mothers were improved: dismissals related to such reasons are declared null and void. The mother gets the right to transfer to the father up to 10 of her 16 paid weeks of maternity leave. In the case of multiple births, she is entitled to two additional weeks per new born child. New adoptive parents of children under six years old or older children with special difficulties gained the same leave entitlements as new biological parents.

- 2002: Tax relief for working mothers: 100 euros per month per child

Due to the extremely low birth rate in Spain and the insufficient effect of immigration on this rate, the population pyramid is ageing. Therefore, this law was adopted to support women who are employed or self-employed and who have children under three years old. These mothers receive tax relief of €100 per month or €1,200 per year.



⁹ Policy frames and implementation problems: the case of gender mainstreaming. State of the Art and Mapping of Competences in Spain, Mageeq, July 2003

- 2004: Protection Order for Victims of Domestic Violence
Gender-based violence is an increasingly widely-known and visible problem, which has generated a social alarm. In 2004, there were 92 deaths due to violence against women in Spain. Between the beginning of 2007 and the end of August, 76 more women were killed. Different measures have been taken: work with advertising companies to reinforce the image of respect for the equality and dignity of women, support of the victims through information, specialised social assistance, early detection and assistance of victims, free legal assistance, financial aid and social protection.
- 2006: Dependency Law
According to the White Book on Dependency, 1,125,000 people are dependent, which means that they need support in order to be able to exercise their rights as citizens, access social services and benefits and carry out the essential activities of everyday life. They are either old people or people with serious disabilities. This law aims at responding to the needs of families who take care of dependent people, especially women, and increasing their participation in the active population. It also establishes the right of people who cannot fend for themselves to be cared for by the state and to be guaranteed a series of benefits.
- 2007: Gender Equality Law
This is the last and the most important law on gender equality. It has been approved by Parliament at the beginning of 2007. These new measures were presented as one of the most ambitious laws of the socialist government.
The aim of this law is to prevent gender discrimination and to become a new code for gender equality. Gender equality is treated as a transverse issue and concerns all public policies (national, regional, local). It is a new framework for working on gender equality issues, and new laws should appear in order to undertake the foreseen reforms and measures.
Some of the most important measures are the 15 days of paternity leave given to fathers (from 2013, it will be a month) and the establishment of quotas in elections and in company boards: women must make up at least 40% of the list of candidates that parties field in elections, and there must be an equal representation of women on company boards, within a 8-year period. Hiring of women in the private sector and for government jobs will also be promoted.

3.3.1 Gender equality as policy issue – Score 4.2

This sub-dimension looks at the following indicators: the **position of gender equality** on the national government agenda, the **sustainability of policy measures** on gender equality and gender equality as an issue in **local development**. For the first indicator, the study looked at whether gender equality is a **priority** in different policy areas. For the second indicator, the study examined the policy measures in place to determine whether there are **quantifiable goals** and whether the measures are **results-oriented**. For the third indicator, the study looked at whether gender equality in entrepreneurship is **the cornerstone of all local development strategies**.

There exists in Spain a National Plan for Equality, which places **gender equality on the national government agenda**.

The last National Plan¹⁰ contains measures in the following eight areas:

- Introduction of gender mainstreaming in public policies
- Equality in economic life and in employment policy
- Empowerment and participation of women in political, economic and social decisions, decisions in the public sector
- Promotion of women's living conditions: health, education and culture, exclusion and poverty
- Promotion of equality in civil life
- Transmission of equality norms and values, for a lasting change in social structures, especially in advertising
- Work-life balance: legal measures to make it easier
- Cooperation between the public sector, the private sector, NGOs and international organisations, and development cooperation

For the first time, the IVth Equality Plan between women and men, 2003-2006 includes gender mainstreaming in public policies as a fundamental issue. In previous documents, this topic was mentioned in other policy areas, without being a global **priority**.

Regional governments usually use this national plan as a basis to develop their own plan, after adaptation to the **local conditions** and specific needs of women living in those regions. Local governments have also created new tools for reaching gender equality.

In some regional areas, like Castilla-y-León and Valencia, equality plans have been completed with the promulgation of equality laws, since 2003 (that means before the adoption of the national equality law).

In order to implement laws on gender equality and achieve the goals defined in the national plans for gender equality, an organisation was created with the law 16/1983. The Instituto de la Mujer (Women's Institute) is an autonomous entity, which belongs to the Ministry of Labour and Social Affairs, through the General Secretary on Equality Policies.

The Instituto de la Mujer is the structure in charge of creating specific policies in favour of women. Many regional governments have created similar organisations within their territory. At a municipal level, Women's Departments (administered by a specialised Councillor) are a key element in achieving the inclusion of gender mainstreaming in local policies.

□

¹⁰ "IVth Equality Plan between women and men, 2003-2006"

The Instituto de la Mujer runs different programmes, on the following matters:

- Employment
Improve the participation of women in the labour market, by the promotion of female entrepreneurship, training programmes, financing and support of business projects, programmes for disadvantaged women.
- Education
Research, training to promote equality and prevent gender violence, preparation of information to enhance the status of women's experience and skills, participation in debates on teaching to women, collaboration with the media to give a better image of women.
- Health
Preparation and propagation of specific information on women's health, training and sensitization of health service professionals' support to women at risk of exclusion or disease.

Gender equality is an important issue in Spanish policies. Experts interviewed in this study agree that it is a priority in different policy areas at a national level and that it is based on **active measures with quantified goals**. At a local / regional level, it is a **priority in some local development strategies**.

The new Equality Law will modify the system presented here, because new tools will be created: a Strategic Plan for Equality and an Interministerial Commission for Equality, which will be in charge of coordinating the work of the different Ministries and preparing reports on gender impact.

3.3.2 Socio-economic gender equality in society – Score 3.0

This sub-dimension looks at the following indicators: gender equality in **socio-economic risks** and **gender empowerment** in society. For the first indicator the study looked at **poverty risk** and the differential between the number of men and women at risk of poverty in Spain. Gender empowerment was assessed by using the UNDP Human Development Report's (HDR) **Gender Empowerment Measure**.

There are many policies aimed at achieving gender equality in Spain, as a result of the existing inequality between men and women.

According to a study written by the Spanish Red Cross¹¹, nearly 8.8 million people live at risk of social vulnerability, out of 44.7 million inhabitants. This is about 20% of the Spanish population. Eurostat 2005 statistics¹² show that a gap exists between men and women: 21% of women are at risk of poverty, whereas only 19% of men are.

Social vulnerability has been defined as a lack of economic, political, cultural and social participation of a part of the population that lacks the basic resources to care for itself.

□

¹¹ "Informe Annual sobre la Vulnerabilidad Social 2006", Red Cross, april 2007

¹² Eurostat:

http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=sdi_ps&root=sdi_ps/sdi_ps/sdi_ps_mon/sdi_ps1111

Two profiles of persons at risk of vulnerability have been identified, which represent 53% of this group:

- Spanish and immigrant women, between 25 and 39 years old, unemployed or with family problems,
- Women above 65 years old, with a low pension.

Women are the first victims of social vulnerability and **socio-economic risk**. Generally, this situation is due to a monthly income under 500 euros, because they are prostitutes or live alone with a widow's pension, whereas vulnerable men are generally immigrants, without a work permit, working without any contract and social security entitlement or in illegal activities.

The reports "Mujeres y hombres en España 2007"¹³ and "Encuesta de Condiciones de Vida 2005"¹⁴, observe a gender difference in revenues. The average annual net revenue of women is inferior to that of men. In 2004, women received only 66% of men's income (€9,215.80 instead of €13,897.90). The only revenue component where women receive more money than men is the widow's pension.

This gender difference in revenue has dropped 7 points in 10 years (1994-2004 period), thanks to women's insertion into the labour market and to the improvement in their professional education.

But the remaining difference is influenced by the home life situation. Families composed of a woman over 65 years old and single-parent families led by a woman are those who receive the lowest revenues per capita, so that they suffer a higher **risk of poverty**. Women represent 53.8% of the population at risk of poverty, but only 50.8% of the total population in the country.

According to the Gender Empowerment Measure "**UNDP, Human Development Report 2006**", Spain is number 15 in the established ranking. This measure looks at women's representation at different decision-making levels.

In Spain, women hold 30.5% of seats in Parliament. 32% of legislators, senior officials and managers are women, as well as 47% of professional and technical workers. The estimated female to male earned income ratio is 0.50.

This share of power is the result of a recent change, but it varies depending on the Spanish region and on the political party (socialists started this tendency).

Job position is also influenced by gender: the national average of women councillors was 25.53% in 2003 (16.45% in 1995), but there were only 12.56% of female mayors (2% in 1983).

In 2006, 37.77% of the members of regional Parliaments were women (29.47% in 1999), and they were 36% in the National Parliament (4.57% in 1982).

Since 2004, there have been as many female Ministers as male Ministers in the government, although men still hold the other high responsibility positions in the State Administration (44.8% of women in the judicial authority, 16.67% in the Constitutional Tribunal and 9.42% in other constitutional entities).

In the armed forces and embassies, women's presence is still reduced: 9.10% and 7.50% of the total strength respectively.

Not as many female civil servants reach the highest positions as do men. In the upper levels, they are less than 40% of the total worker numbers.

In big companies, power remains in men's hands: they are 96.54% on company boards.

□

¹³ Mujeres y hombres en España 2007, INE and Instituto Mujer, 2007

¹⁴ Encuesta de Condiciones de Vida 2005, INE

Anyway, these percentages should change in the coming years, as a result of the application of the recently enacted equality law, which fixes quotas:

- At least 40% of the list of candidates that parties field in elections must be women,
- Within an eight-year period, there must be an equal representation of women on company boards.

The same report on “Mujeres y hombres en España 2007” provides information on **educational attainment**.

A gender gap is observed in access to education, schooling, results and election of study field. The actual educational attainment of the Spanish female population is lower than that of men. Women form the main part of the illiterate population and of people with primary education. There are nearly as many female as male students at university graduate level (22.6% of men attain this educational level, 21.5% of women) but the gap is much bigger at doctorate level (only 0.6% of men study for a doctorate, 0.3% of women).

This global situation is changing with time. Only 39% of people with tertiary qualifications and who are more than 70 years old are women, while they are 67% of people aged 20-24 years old. About 12% of Spanish women between 24 and 64 years old obtained a university degree (men: 13.9%).

Female presence in technical studies remains very low. Only 30.2% of architecture and engineering students are women, and 25.4% of technical architecture and engineering students.

3.4. Gender Equality in Labour Market Inclusion and Welfare Bridges to Self-employment – Score 2.2

The Score assigned to this dimension is based upon an assessment of **gender equality in participation in the labour market**, the **social infrastructure for gender equality** in labour market inclusion and **gender equality in welfare bridges**.

3.4.1 Gender equality in participation in the labour market – Score 1.7

This sub-dimension looks at **women’s economic activity rate** as a percentage of the male rate, **gender equality in income** and **gender equality in part-time work**. Gender inequalities are many, especially in economic activity and atypical work.

During the last 10 years, the active population increased by 30.9%, with a greater increase for women: + 43,6% for them, and only 23% for men. Therefore, the **female activity rate** has increased by 26% and the male rate by only 5.9%.

This labour market transformation is very significant for gender mainstreaming: an advance in female participation has been observed nationwide. The male activity rate reached the EU average in 2000. The female rate is increasing and is only 5.1 points below the EU-25 average.

Women usually work in services, university degree related jobs, technical and support jobs and no employee business management, which demonstrates that they focus on jobs from the tertiary sector.

The female unemployment rate (11.4%) is still higher than the male unemployment rate (6.1%) for each age bracket. The drop in the female unemployment rate has been extremely significant during recent years, especially in comparison with the EU-25 average rate tendency.

The inactivity situation also varies for men and women. The main reason for male inactivity is retirement (60.1% of inactive men). Retirement only explains 16.4% of female inactivity, while 46.7% of inactive women are housewives. This tendency is due to the low incorporation of women into the labour market in the past, which prevents them from getting a retirement pension.

The impact of immigration during recent years (+202% between 2001 and 2006) on the labour market is also significant. In the 4th quarter of 2006, immigrants represented 13% of the active population. They usually come from South America, and more than 80% of immigrant women work in the service sector.

Income is another aspect of gender inequality. The report “Encuesta de condiciones laborales 2005” compares the average hourly gross income of men and women in 2005. Women only earn €7.47 / hour, while men get €8.63: this means that women only get 86.56% of men’s income.

These differences are due to diverse reasons: difference in educational attainment, different composition of age brackets, different types of contract, professional skills, and activity.

These differences depend on the age: the youngest women (16-29 years old) earn 94% of the male income, while the oldest ones (45-64 years old) only get 82%.

Educational attainment has an influence: gender difference is only 4 points for people with tertiary qualifications.

Inequality exists in **part-time employment**. In 2006, 23.2% of women worked part-time while only 4.3% of men did.

Moreover, women’s precariousness is not a choice: 51.6% of part-time female workers are looking for a full-time job.

These are their reasons for working part-time:

- 31.9% could not find a full-time job
- 16.1% take care of dependent people
- 31.4% for other reasons
- 11.5% do not want a full-time job

The analysis of Eurostat data shows there is a very high gender gap in involuntary part-time work. The female rate is 6.9% and the male rate only 1.2%.

3.4.2 Social infrastructure for gender equality in the labour market

– Score 2.5

This sub-dimension evaluates **gender equality in the employment impact of parenthood, public provision of childcare** and the **general social infrastructure for gender equality in the labour market**, a Global Entrepreneurship Monitor index.

If we consider gender equality in the **employment impact of parenthood**, we observe there is a 7.5% negative labour market participation gap between women with and without children in Spain. Amongst men with and without children, there is a 11.6% difference in the opposite direction. These data mean that, comparing the situation of women and men, there is a gender gap of 19.1 points.

Achieving work-life balance is difficult, and gender roles are slowly changing, thanks to women's insertion into the labour market and to the slight percentage increase of occupied active men who help in home tasks.

But most of the time, women are still in charge of children and home. 1.41% of women care for their children full-time (0.58% of men) and 24.72% do it part-time (6.39% of men)¹⁵.

63.55% of occupied active women also are in charge of home tasks, but only 16.31% of occupied active men participate in those tasks.

The low fertility rate is another consequence of the impact of parenthood in the labour market. The average number of children per woman was 1.34 in 2005. This number dropped from 1975 (2.8 children per woman) to 2002 (1.25). Then, it increased again, because of the growing immigration phenomenon in the country¹⁶.

Public provision of childcare is insufficient and is an entrance barrier to the labour market for women. According to the EU report "Making Work Pay"¹⁷, childcare coverage rate for children aged 0 to 3 is only 10%.

The report "Female labour participation and child care choices in Spain"¹⁸, provides more information at this level, but also denounces the existing lack of adequate public provision of care services for children under 3.

Women usually work full-time, so that there is an increase in the demand for non-parental care of preschoolers. Working mothers use different arrangements to alleviate this lack of public provision of childcare. They use:

- Day care centres
Run by firms, local public authorities or private organisations. Some of them receive public subsidies which are dependent on the income of the family but are mostly financed by parental fees.
- Care by relatives
Usually unpaid grandparents who live nearby
- Babysitters

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¹⁵ Encuesta de Población Activa 2005, Modulo de Conciliación, INE

¹⁶ "Indicadores demográficos básicos" INE

¹⁷ Making Work Pay, Debates from a Gender Perspective: A Comparative Review of some Recent Policy Reforms in 30 European Countries, European Commission DG Employment, Social Affairs and Equal Opportunities, 2005

¹⁸ "Female labour participation and child care choices in Spain", Centro de Estudios Andaluces, Cristina Borra Marcos, 2006

Childcare costs are the main barrier that parents face: a one-euro increase in the hourly price of day-care centres reduces the probability of employment by 32%. The poorest families that cannot pay for these services call upon relatives or parental care. The authors of this report on Spanish childcare services identified price as the most efficient way of orienting family choices away from internal sources of care (parental care, care by relatives, baby-sitting) towards institutional sources of care and therefore recommended to the public administration to subsidize the cost of childcare services.

According to EPA 2005 statistics, women who care for children and dependent persons part-time and wish to work more cannot do it, as adequate care services do not exist, are too expensive or their quality is not satisfactory. Experts interviewed for this study agree with this fact: they think there are not sufficient **social services available** so that women can continue to work even after they start a family.

Economic support is also insufficient¹⁹. The monthly social allowance, for each child under 18, is €24.25 (or €0.80 a day) and only families whose annual income is lower than €9,328.39 are entitled to this child benefit (less than 10% of Spanish families). Income limits, amount of the allowance and updating of these conditions are quite incoherent and make Spain one of the last EU-15 countries in child cost coverage, very far from the EU average. A Spanish married couple with two children only covers 5% of the cost of their children, while in Luxembourg, they would get 67% of this cost through the existing allowance.

In the EU, the average GDP share dedicated to family policy support is 2.1%. Denmark spends 3.9% of its GDP on this concept and Luxembourg 3.7%. Spain is the 15th country in the EU countries' ranking, because it only spends 0.52% of GDP.

Ley de dependencia (Dependency Law)

This new law, in force since 2007, has been created to recognise the universal right of people who cannot fend for themselves to be cared for by the state and for them to be guaranteed a series of benefits based on the principles of equality, equity and universalism. About 1,125,000 dependent people live in Spain and will benefit from this law (200,000 during the first year and the others progressively till 2015). Usually, relatives take care of dependant people and 84% of carers are women. They are not paid and cannot access Social Security Services²⁰. This situation is a real problem for women's insertion into the labour market because necessary care infrastructures do not exist, or because families cannot pay for these services: 80% of dependant people are unable to pay for private care services.

Three different action levels have been designed:

- *Priority will be given to care services provided by public care centres.*
- *If this option cannot apply, dependent persons will receive an economic allowance, in order to allow them to hire these care services in the private market. The amount of this allowance will be fixed according to the dependency level of each person.*
- *Last, if none of the previous options is adequate, an economic allowance will be given to relatives who care for the dependant person and they will be included in the Social Security System.*

By 2010, this new law should have improved the living conditions of dependant persons and allowed 115,000 carers to insert themselves into the labour market. Moreover, about 450,000 full-time jobs are expected to be created to ensure the care services foreseen by this law.

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¹⁹ "Ayudas a los hijos en España", Instituto de Política Familiar, February 2007

²⁰ "Encuesta sobre cuidados a las personas mayores en los hogares españoles", IMSERSO, 2005.

3.4.3 Gender equality in welfare bridges – Score 2.3

This sub-dimension looks at gender equality in **receipt of welfare benefits**, **gender equality in movement from unemployment to self-employment** and **gender equality in the manner in which welfare programmes are designed**.

A new gender inequality exists in the **access to welfare benefits**. As of 2005, 72% of unemployed men received unemployment benefits and 64% of unemployed women did so.

These benefits are based on the previous job salary, on the length of social contributions and on the family situation. The characteristics of female work (more participation in part-time work, recent insertion into the labour market, temporary contracts) are the main cause of this gender gap in the receipt of unemployment benefits.

Interviewed experts consider it is somewhat true that **income support for self-employment out of unemployment** is designed to give equal support (amount and length of support) to both male and female entrepreneurs.

Actually, gender has no effect on the calculation of the income support amount, nor in the granting conditions of financial support for self-employment.

The same “Pago Unico” system applies to men and women and is based on the unemployment situation of beneficiaries and on their outstanding entitlements, although equality in requirements is not the same as gender equality: specific women’s difficulties are not taken into account (higher inactivity and unemployment rates, more temporary jobs).

It is difficult to find hard data on a potential **gender gap in movement into self-employment** (unemployed and inactive becoming self-employed) in Spain, because such statistics by gender do not exist. The only data we could find is the number of persons who change their employment status (work, unemployed, inactive) from one year to another. This data is based on the EU Commission Household Panel EHCP, Eurostat, but does not present results by gender²¹.

3.5. Gender Equality in Entrepreneurship and Self-employment – Score 3.5

This dimension assesses **gender equality in self-employment** and **gender equality in entrepreneurial characteristics and entrepreneurial culture**.

3.5.1 Gender equality in self-employment – Score 3.0

This sub-dimension looks at the following indicators: **gender equality in total self-employment**, **gender equality in start-up activity** and **gender equality in existing business owners**.

The share of self-employed persons out of the total number of workers is very high in Spain, where 20.4% of male workers and 15.8% of female workers are self-employed. The EU-25 average is 18.7% of self-employed male workers and 10.8% of self-

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²¹ Transitions by employment status, 2004, Indicators for monitoring the employment guidelines, 2006 Compendium, EUROSTAT.

employed female workers. This data shows the Spanish entrepreneurial culture, especially of women, because the existing **gender gap in self-employment** is low.

Analysing the **Early Stage Entrepreneurial Activity** indicators²², we come across similar results: the gender gap is low in comparison with other countries studied. In 2006, Spain was for the first time the first EU country in the ranking list on female entrepreneurial activity: 39% of total Spanish entrepreneurial activity is carried out by women.

The gender gap is bigger in **existing business owners'** statistics. Only 30% of established businesses are led by a woman.

Globally, a general improvement in female entrepreneurial activity has been observed in 2006, as a result of the work of different entities on women entrepreneurs.

GEM researchers declare there are no substantial differences in the **socio-demographic and economic profile** of male and female entrepreneurs.

The average age is similar (about 38 years old), although male and female proportions vary depending on the age bracket. In the 35-44 years' bracket, men are over-represented because at that age, women are focused on their family (birth of children, childcare during the first years of their life) and get into the labour market later. On the contrary, in the 45-55 years' bracket, women are over-represented.

The **educational attainment** of entrepreneurs (both men and women) is high, because most of them obtained university degrees. This fact marks a difference with non-entrepreneur women, who usually have a much lower educational level than men.

But men and women do not choose the same study fields. Women get university degrees in literature and humanities and very few in business administration and engineering, so that they often get a less useful preparation for starting their own business than men. However, the share of women who have participated in an entrepreneurial training is similar to that of men: about 31%.

As in other countries, women are modest in their self-evaluation: men and women do not have an equal perception of their own abilities, knowledge and skills.

3.5.2 Gender equality in entrepreneurial characteristics – Score 4.0

This sub-dimension assesses **gender equality in entrepreneurial motivation** and **gender equality in the size of entrepreneurial projects**.

The female entrepreneurial activity rate is increasing. The reason for this increase is the advantage women have taken of identified market opportunities. Their **entrepreneurial motivation** is less and less produced by the search for a subsistence business, with little growth potential: necessity motivation is being replaced by opportunity motivation.

Gender gap is hardly measurable by **size of entrepreneurial projects** in terms of employees and turnover because such data does not exist by gender. Eurostat presents data on the share of solo-entrepreneurs in the service sector. Most businesses are individual companies: 65.4% of women-led companies and 70.8% of men-led companies. This gender gap is not really high.

Female entrepreneurs mainly work in the service sector and in retail trade and they are under-represented in the industrial sector, B-to-B services and construction. Only 3%

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²² [Report on Women and Entrepreneurship 2006](#), Global Entrepreneurship Monitor

of female businesses that deal in the technological field have a medium/high technological component (men: 8%).

Business success is affected by the characteristics of the chosen activity sectors: fewer barriers to entry, more competition, low profit margins.

Women are increasing their presence in business failure statistics (companies that have been closed in the last 12 months). Female activity survival was harder in 2006 than in 2005: 39.1% of failing businesses were owned by a woman, and only 32.3% the year before²³. The Chambers of Commerce Superior Council indicates that 50% of Spanish companies close within a 4-year period. Each year, 335,000 new companies are created and 82% of them close.

3.5.3 Gender equality in entrepreneurial culture – Score 3.5

According to interviewed experts, female entrepreneurs are **present in the media**, but not exactly as much as male entrepreneurs. This is due to fact that few women lead big and successful companies: only 3.46% of such companies' board members are women.

Moreover, although the presence of female entrepreneurs in the media has increased during recent years, these women are most of the time micro-enterprise owners, who usually started their business with a microcredit. This image is not comparable with an IBEX-35 company board member, which is the usual image of a male entrepreneur.

In Spain, **self-employment of women is quite accepted in the society**, according to the interviewed experts. As a matter of fact, perception of female entrepreneurship by the female entrepreneurs themselves is a curb to their labour market insertion.

Women are more affected by risk avoidance than men. Entrepreneurial activity risk (high profit expectation but strong loss probability) and the second class role usually devoted to women in the economy become barriers when starting a business.



²³ Spain National Report 2005 and 2006, Global Entrepreneurship Monitor.

Male entrepreneurs also are better integrated into professional contact networks, where they receive valuable information and resources for their business start-up. 49% of female entrepreneurs do not know any entrepreneurs (men: 41%). These psychological barriers limit women's business opportunity perception. 48% of women do not see any business opportunity in their area (only 40% of men). But these attitudes and perceptions are less and less pronounced and should disappear with the new cultural changes that can be observed in Spanish society.

3.6. Gender Equality in Support Structures for Entrepreneurship – **Score 2.9**

This dimension assesses whether **entrepreneurship promotional** activities and **local support measures** aim for gender equality in entrepreneurship.

3.6.1 Entrepreneurship promotional activities aim for gender equality in entrepreneurship – **Score 3.0**

This sub-dimension evaluates whether **promotional activities** are designed with the different situations of women and men in mind and whether there are also **specific promotional activities aimed at women**. It also examines whether there is **systematic and regular research** undertaken on the gender dimensions of entrepreneurship and whether the **results of research are used** to influence policy and practice.

As we said in the first part "Global context for entrepreneurship", self-employment **promotion activities** multiplied during recent years: meetings of professionals, events such as entrepreneurs' fairs, entrepreneur's day...

According to interviewed experts, consideration of the specific needs of women and men in the design of promotional activities for entrepreneurship is fairly developed. General information is not focused on specific gender-related needs, but deals with general problems that affect each entrepreneur. Images and discourses being used allow both men and women to identify with the programmes.

Apart from this general information, **specific offers targeting women entrepreneurs** have been created by the public administration, but also by other organisations that received public subsidies or European grants to fund their activities.

On the internet, many websites are dedicated to female entrepreneurs:

- www.emprendedoras.com
- www.autoempleomujer.com
- www.mujeremprededora.net
- www.e-empresarias.net
- www.muieresdeempresa.com

With these websites, women entrepreneurs can find information on entrepreneurship and self-employment, meet other female business owners and discover their experiences, and get help in preparing their business plan.

Specific events are regularly organised to increase awareness of female entrepreneurship, such as conferences and female entrepreneurs' trade fairs. For example, Madrid City Council organises each year a "Meeting of Entrepreneur Women". Women's World Banking in Spain has also organised its "Entrepreneur Women's Trade Fair" since 1989.

Despite these initiatives, interviewed experts scored medium the existence of self-employment promotional activities, mostly because of their local action (few national programmes exist).

In Spain, **research on gender aspects of entrepreneurship** is carried out but not systematically. GEM experts describe as an "analytical invisibility" the lack of attention paid to entrepreneurs, especially in Spain.

They identify two reasons to this fact:

- Andro-centrism of studies (analysis is based on the premise that the normal entrepreneurial pattern is the masculine one).
- Small number and low economic importance of female companies.

GEM has included a specific chapter on women entrepreneurs since 2002 and in the last report, after five years, aims to describe the observed evolution and detect future tendencies.

In national statistics, the gender variable is present in most of the official statistics, but as an added variable instead of a transverse one. Moreover, the introduction of this variable is a recent process²⁴.

The necessity of introducing gender mainstreaming in statistics is scarcely mentioned in strategic planning documents.

The Instituto de la Mujer, with the National Statistics Institute (INE) has just published a report on "Mujeres y Hombres en España 2007", with data by gender related to the following issues: population and family, education, employment, income, health, offences and violence, power and decision-making. But the employment chapter does not include information on self-employed people, apart from a percentage distribution of occupational situation by gender.

Data on entrepreneurship is much reduced in Spain: it is easier to find information on how to start a business than statistics on self-employment, especially data by gender. GEM report is the most interesting document on entrepreneurship but it provides few data by gender.

Anyway, this situation should change soon. Awareness of the difficulty of solving invisible gender inequalities (because they do not appear in statistics) is rising. In the recently approved law on gender equality, an article is devoted to "Adjusting Statistics and Studies"²⁵, with two important measures aimed at improving statistics:

- Elaboration of data by gender for all information related to people: public authorities will systematically include the gender variable in all statistics, surveys, inquiries and data collection they carry out.
- Necessity of creating new indicators, in order to increase knowledge about the different values, roles, situations, conditions, aspirations and necessities of men and women, their demonstration and interaction.

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²⁴ "De las estadísticas de género a la inclusión de las perspectivas de género en el sistema estadístico: mandatos de la ley de igualdad", Revista Índice nº 23, "La paridad en las estadísticas" July 2007.

²⁵ Ley de Igualdad, "Adecuación de las estadísticas y estudios, art.20", 2007

According to the GEM 2006 Report, proliferation of governmental programmes focused on women entrepreneurs is leading to a focus change by academics and professionals, who intend to adjust the existing measures to the specificities of women entrepreneurs and begin to lend their attention to high growth potential female companies, which had not been done by public authorities till now.

Interviewed experts scored medium the **use of gender research results** to influence and improve policy and practice of the support structure for entrepreneurship, because, on the one hand, little research is done on gender equality in entrepreneurship, but on the other hand, there is a political will for change, which is shown by the high number of public administration support programmes for women entrepreneurs.

3.6.2 Local support measures aim for gender equality in entrepreneurship

– **Score 2.8**

This sub-dimension examines whether **business development services** are designed with the specific needs and circumstances of women and men in mind and whether there are **specific business development services** for women in place when deemed necessary. It also assesses the **density of programmes fostering networking** between established and potential women entrepreneurs.

Most of the information on entrepreneurship is not focused on a specific gender group (men or women), so that there is no real **consideration of necessities specific to men and women** in the design of those programmes.

But many **specific BDS activities** have been designed in order to help women entrepreneurs. Websites listed earlier have been created by entities, whose objective is to facilitate women's integration into the labour market through self-employment. They are usually female business owners' associations and social entities focused on women: different individual initiatives and actors, in several regions. Programmes are specific because of their women-focused content but the real difference with usual programmes is the group they are intending to help.

Usual BDS activities are: training, business advice, help with the business plan, help with procedures, alternative finance.

The EU Equal programme funds this kind of initiative, as well as public authorities' equality departments and women and employment departments (at a local, regional and national level).

FEMENP (Federación Española de Mujeres Empresarias)

The Spanish Federation of Female Business Owners was created in 1986 and its objective is to integrate women into business activities, promoting female entrepreneurship.

It offers different services to its members:

- *Training in female SME management, business development, financing, human resources and new technologies,*
- *Advice on entrepreneurship and self-employment promotion*
- *Training and conferences for women with problems in their labour market insertion*
- *Meetings and recommendations to politicians in favour of women business owners*

Women's World Banking in Spain

This organisation was created in 1989 and is a member of an international network. Its mission is to foster female entrepreneurship, so that all the activities are focused on helping women in their entrepreneurial projects (personalised advice, business training, access to financial resources, trade advice) and in their business development. A trade fair is organised each year for female business owners to establish new professional contacts and get into new markets and share their experience with other women. The Trade House project also helps craftswomen in selling their products.

Since its creation, WWB has helped in the creation of more than 3,000 women-led companies, 10,000 job positions, and made 900 bank loans and 280 microcredits. More than 2,200 female entrepreneurs have participated in the 12 Trade Fairs.

Experts believe that few programmes that foster **local networking between established and potential women entrepreneurs** exist in Spain, because although there are many female business owners' associations, they barely promote direct contact between their members.

Two examples of these networks are FIDEM, based in Barcelona city and E-empresarias.net, a virtual network.

FIDEM

This organisation was created in 1997 in Barcelona. Its aim is to give visibility and recognition to women business owners and to create an international female entrepreneurs' network. FIDEM promotes self-employment and provides microcredits to entrepreneurs. Its also fosters female management style.

Through the network that has been established in Spain, female business owners and entrepreneurs can find trade channels, in monthly meetings organised with political and famous business persons, find psychological support when necessary and establish relationships with other women. FIDEM also creates business owners' associations' networks and organises events to promote female entrepreneurship (women entrepreneur awards, conferences, trade missions).

E-Empresarias.net

This service is promoted by the Instituto de la Mujer and the Chambers of Commerce Superior Council and aims at fostering female business owners' and entrepreneurs' use of new technologies, by giving them free online advice and establishing a network for creating relationships.

This project helps women to become familiar with new technologies, and overcome the lack of information and isolation of women-led companies. In the virtual network, female business owners and entrepreneurs can share their experiences, find associates, offer help to new entrepreneurs and find a company catalogue.

3.7. Gender Equality in Access to Finance – Score 2.1

This dimension assesses the degree of gender equality in **financial resources used to start a business, access to external finance** and **access to microcredit**.

3.7.1 Financial resources – Score 1.0

This sub-dimension looks at **gender equality in businesses started with the business owner's personal funds** and **gender equality in overall start-up resources**.

3.7.2 External finance – Score 1.0

This sub-dimension evaluates **gender equality in access to bank loans** and **gender equality in access to public loan schemes**. This section will also look at publicly supported guarantee schemes which facilitate access to bank lending.

Women's access to financial services is very important, so that an analysis of the **financial resources and external finance** used by male and female entrepreneurs has been included as an indicator in the present study.

In preparing the Spanish report, this dimension's rating has been difficult, because data do not exist. A few reports present a brief profile of newly-created businesses but data are rarely presented by gender.

We believe this is an important point, because the non-existence of data is valuable information: gender mainstreaming is not taken into account. That is why we gave this indicator the lowest rating (1= no data available).

Due to this absence of information, we cannot say if there are gender differences in the share of businesses started with own funds, in the share of start-ups with few financial resources, in access to bank loans or to public schemes.

Only specific financial resources that focus exclusively on women entrepreneurs are visible. Spanish regional governments often open **public schemes** aimed at financing women's start-ups, often through their regional Instituto de la Mujer. The National Instituto de la Mujer also has a nationwide public subsidy schemes for women entrepreneurs.

"Emprender en Femenino"

This public subsidy scheme, which belongs to the Instituto de la Mujer, is used to promote women's insertion into the labour market through self-employment.

Self-employed women who meet the statutory provisions can access this scheme:

- *Business activity related to services to dependent people, new technologies, environment, industry or construction,*
- *Are contributing to the Social Security System*
- *Have invested at least €6,000 in their business (+ taxes)*
- *The company employs less than 50 workers*
- *Only female directors*
- *Female share: 100%*

Priority targets have been identified: gender violence victims, handicapped women, immigrants, single-parent families, and unemployed over 45 years old.

In 2007, the Instituto de la Mujer launched the 12th "Emprender en Femenino" scheme. The amount of this financial support is between €6,000 and €12,000.

Other specific programmes have been launched in order to provide better **access to bank loans** for women:

Bank loans from Women's World Banking in Spain

WWB was created in 1989 and since that date has tried to give better access to financial resources to women entrepreneurs. In its first year, the organisation signed collaboration agreements with different Spanish banks and savings banks, in order to allow women to access bank loans under favourable conditions. These loans are not microcredits because the collateral requirement still exists and because there is no ceiling amount. These agreements give entrepreneurs access to classic banks (La Caixa, Caja Madrid, Banco Popular) with preferential conditions.

3.7.3 Access to microfinance – **Score** **4.3**

This sub-dimension looks at **gender equality in access to microcredit, the impact of microcredit sector** and whether there are **microcredit schemes that target gender specific needs**.

Gender equality in access to microfinance is very good because most microcredit beneficiaries are women.

According to the report "Women and microlending in Western Europe"²⁶, the 2004 female / male client ratio for Spain was 58%.

This level approaches those observed worldwide and is much above the EU average share of loans to women: 39%.

Many **specific programmes focusing on women entrepreneurs** exist nationwide and even "generalist" lenders, those lending to both men and women, undertake gender-sensitive programmes.

At a national level, the most important specific microcredit programme is the collaboration agreement signed between the Instituto de la Mujer, the General Direction for SMEs (Ministry of Industry, Tourism and Trade), la Caixa and six social microcredit support organisations.

Microcredits for entrepreneur women

The aim of this programme is to finance female entrepreneurial projects with favourable conditions and without collateral requirements, providing them with the necessary business advice.

Women who meet the following criteria can access this programme:

- *To be a female entrepreneur or business owner starting up her business or having started it within the previous year*
- *To present a business plan prepared according to an established format and obtain a validation certificate from one of the social support organisations involved in the project*
- *Women must own more than 50% of the company*

The most interesting point is the collaboration between very diverse entities: social support organisations, governmental entities, a savings bank. Each organisation is responsible for its own area: social entities contact beneficiaries and help them in preparing the business plan; the savings bank is in charge of the financial management, etc. This specialisation enlarges the duration of procedures but women are sure to receive professional support.

Another very interesting programme is the Aval Madrid programme, which can be used as a microcredit support, but also applies to other female entrepreneur profiles.

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²⁶ Women and microlending in Western Europe, European Microfinance Network, 2006.

Aval Madrid

This programme is exclusively available in the Madrid region. One of its credit lines is devoted to financing female self-employment projects and SMEs (that means that the female share is higher than 51%), when the activity is exercised or the investment is made in the Madrid region.

Conditions are really interesting for women entrepreneurs: 0% interest rate, amount up to €60,000, but the entrepreneur must be able to give 20% of the total investment amount (+ taxes).

Aval Madrid's programme has been very interesting for female entrepreneurs who could bring a part of the investment and who live in this region. But the actual internal reorganisation may change these conditions and the credit would become less interesting for its beneficiaries.

This programme can be related to microcredit programmes because of the absence of collateral and the usually low loan amount. But the 20% contribution requirement limits access to the richest women with higher growth capacity projects.

The good gender equality rating in access to microfinance obtained in the scorecard has to be related to the general socio-economic gender inequalities.

The female early activity rate is 39%, while 58% of microcredits benefit women entrepreneurs. This high share of female microcredit loans could help to reduce the self-employment gender distribution. It also demonstrates the excellent coverage of women's microcredit needs.

Women also suffer gender inequalities in poverty, unemployment and risk of vulnerability: they are poorer than men, more women are unemployed and women experience a greater vulnerability risk. This situation confirms the existing needs of women in the Spanish society and reinforces the idea that microcredit can be a helpful solution for this group.

4. Conclusions, Gender Specific Challenges and Recommendations

Entrepreneurship contributes to local and social development in any country. But women are still underrepresented in entrepreneurship. In order to improve this situation, the present study has attempted to provide a better comprehension of the external context that affects women's entrepreneurship.

In Spain, causes of low women's entrepreneurship are related to other aspects of gender equality. Gender equality still does not exist either in society, employment or self-employment.

In Spanish society, women experience a higher socio-economic risk than men:

- They represent 53.8% of the population at risk of poverty but are only 50.8% of the national population.
- Their revenue is only 66% of men's revenue, and their income 86.56% of men's income.
- Very few women are represented at decision-making level: women occupy 30.5% of seats in parliament and they are 12.56% of mayors, and 3.46% of company board members.
- Their educational attainment is lower than that of men: they form the main part of illiterate people and those with primary education. Women who study at university usually choose literature and humanities fields and not technical fields and useful fields for entrepreneurship.

Genders gaps also appear in employment and self-employment:

- Female activity rate is lower than that of males, and women's unemployment rate and inactivity rate are very high, which demonstrates that employment insertion is more difficult for women.
- They work part-time more often (23.20% of women work part-time, 4.3% of men) and this situation is mainly involuntary.
- Women's inactivity is related to the traditional female role in society. Most inactive women are housewives, while inactive men are retired.
- Childcare and home tasks remain women's responsibility and have an impact on their employment possibilities. Public provision of childcare is insufficient and becomes a barrier for women's employment.

In self-employment, gender equality has not been achieved either.

- Women's risk avoidance is higher
- They usually do not belong to entrepreneurs' and business owners' networks and cannot meet other entrepreneurs, share experiences and get help as easily as men do.
- Access to welfare benefits in the movement into self-employment is based on gender-neutral conditions, which are sometimes indirectly unequal, because they do not take into account female employment situation specificities.

Despite all these inequalities in comparison with the situation of men, some positive elements demonstrate that a progressive change is appearing which could modify the present situation and help to achieve gender equality, in society, employment and self-employment.

The most important change has been the adoption of three laws: the Equality Law, the Dependency Law and the Self-Employed Statute. The first one will promote a change in society towards more gender equality. Measures will have an effect on every aspect that can affect men and women in a different way: work-life balance, representation in decision-making centres, research...

The Dependency law will help in changing the situation of dependent people and of their carers (mainly women) who will be able to insert themselves into the labour market if their dependent relatives get the necessary care services.

At last, the Self-Employed Statute will give new rights to self-employed people and improve their social situation, which should turn entrepreneurship into a more attractive activity.

The importance given to gender equality in politics is a positive first step, as well as the example of gender equality in the government (same number of male and female ministers).

Gender equality in self-employment is also improving. Spanish women's activity rate is the highest in the European Union, and women choose self-employment more and more because they have identified an opportunity in the market. The gender gap in self-employment has been reduced, and many specific programs have been created, which focus on women and offer BDS and microfinance services.

In the future, new improvements will be necessary to achieve gender equality in entrepreneurship. The first challenge will be to improve the global context for entrepreneurship, in order to attract more women, because of their higher fear of risk.

Entrance into new markets and existing entry barriers should be improved, as well as social conditions of self-employed and development of an entrepreneurial culture in society, through education and promotion at job centres. External finance should also be extended in order to facilitate business start-ups.

Programmes created during recent years are a first positive development for entrepreneurship. Procedures are easier, public support has improved and non-financial measures are available for all entrepreneurs. First results of entrepreneurship education also have appeared: Spanish young people are more entrepreneurial than the EU average and the general view on entrepreneurship is slowly changing.

The new law on Self-Employment should bring the necessary conditions for a real improvement in entrepreneurship conditions.

The real challenge for the future will be the application of the recently approved laws. These laws can bring many changes favourable to gender equality, in general and in entrepreneurship. But without the implementation of the measures that have been designed in the legal texts, there will not be any significant change.

4.1. Government

It should be government's responsibility to ensure the correct implementation of new laws, to check their application and adopt necessary derivative laws to achieve fixed objectives.

Starting new initiatives, such as the possibility to complete the legal procedures for business creation through the internet, should be reinforced. Other measures that can promote entrepreneurship and allow more flexibility for start-ups (in taxes, administrative burden) should be designed. Income support measures in movement into self-employment should be improved and extended to inactive people.

The present programmes available for female entrepreneurs are very interesting and really help in building a favourable context for entrepreneurship. But the government should still improve its policies.

Entrepreneurship education should be another key issue for the government. Actual programmes still have a low impact on entrepreneurial culture in society, so that initiatives in primary and secondary schools should be extended. Women's education in technical fields, engineering and business should also be promoted, in order to improve their entrepreneurship capacity.

Information about self-employment at job centres should also become usual, to present self-employment as a valuable alternative to employment for unemployed people.

Social problems that especially affect women should be solved by specific measures. Insufficient public childcare and low child allowances are two barriers to women's inclusion in the labour market: each family should be entitled to this kind of allowance and receive the necessary childcare services or a benefit that could cover such cost in a private structure.

Last, governments should make better use of research results on gender equality, to include them in the design of new laws and specific measures.

4.2. Practitioners

Practitioners have created many gender-specific programmes for women entrepreneurs. Those programmes are valuable but they should take better into account the specific situation of women entrepreneurs and business owners: their lack of information, of entrepreneurial education, the difficulties of achieving work-life balance. Concrete actions should be taken related to these difficulties: networks for support between female entrepreneurs, regular special events for exchanging their experiences, specific services adapted to work-life balance difficulties, psychological support to deal with female high risk avoidance, better adaptation of BDS to women's real necessities.

Support should also be extended to situations of business failures, because women often stay alone at these moments, cannot find help and see this situation as a personal failure.

Last, practitioners should work more closely with job centre services, in order to better orientate women in their labour decisions, towards employment or self-employment.

4.3. Finance and Funding Providers

Start-up finance is still missing in Spain and should become a priority. Entrepreneurs mostly invest in the business with their own funds, instead of using external finance. Access to bank loans and the number of public schemes should be improved, with easier conditions and requirements. Access to banks is often limited by collateral requirements that many women are not able to meet.

Risk capital ventures also are missing.

Income support in case of movement from unemployment into self-employment should become available for inactive people who want to enter the labour market through entrepreneurship. Women are the first group affected by the lack of such a support programme.

Gender equality in microfinance is pretty good, but the microcredit ratio per inhabitant could be improved.

Microfinance providers should promote transparency in their statistics, to allow a correct representation of the microfinance market in the country. For example, the Spanish Confederation of Savings Banks (CECA) could include a microcredit market description in its annual report, with the total number of people who have received a microcredit, the market share of each entity, and gender details on beneficiaries. Regional evaluation of the microcredit coverage would also become easier if these data were available.

Last, we observe a new tendency in the microcredit market. Microcredit programmes in Spain were introduced in the last decade by social entities, which signed agreements with banks and savings banks. For a few years, saving banks have become the main funding providers for microcredit schemes and are progressively becoming independent from social entities. It is important that they do not forget the social aspect of microcredit in this process, because the social link created between social entities and entrepreneurs is very important, especially for women, who usually lack self-confidence and have a higher fear of risk.

Confidence building and support are important aspects of microcredit that should not disappear, if we intend to improve the access of women to such programmes.

4.4. Researchers

Absence of statistics on gender equality, in society and in entrepreneurship, has limited the provision of information on this topic in the present study.

The new Equality Law declares that statistics by gender should be obtained by all public organisms and that new indicators on gender equality should be developed. Researchers should follow this law and adapt their methodology to these recommendations, in order to provide more information on gender equality in society and on gender equality in entrepreneurship.

Women will gain visibility, as will their specific difficulties and it will be easier to take new measures based on this information.

In gender equality in entrepreneurship, it would be particularly interesting to collect information on the profile of women's entrepreneurship and of their companies, and on their access to finance. The movement into self-employment by gender could help in understanding who are the female entrepreneurs and why they choose to start their own business.

Creation of new indicators would allow research to go further on gender specific differences and consequences.

5. Sources

5.1. Experts Interviewed

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Mar Echenique, Cruz Roja
María Elena Francia Guevara, Fundación Tomillo
Gustavo Lejarriaga Pérez de las Vacas, Universidad Complutense de Madrid
José María Llorente Gozalo, SECOT
Rosa María Marina, Instituto de la Mujer
Cristina Martín García, Agencia para el Empleo, Ayuntamiento de Madrid
Silvia Rico, Fundación Nantik Lum
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5.3. Useful Websites

Ministries :

Ministry of Industry, Tourism and Trade, SME´s General Direction: www.ipyme.org

Ministry of Labour and Social Affairs: www.mtas.es

Business Support Programmes and Associations:

Chambers of Commerce and Industry: www.camaras.org

IMADE: www.imade.es

Emprendemos juntos: www.emprendemosjuntos.es

Ventanilla Unica: www.vue.es

CIRCE: www.circe.es

Aval Madrid: www.avalmadrid.es

Business Support Programmes and Associations for Female Entrepreneurs:

EU EQUAL Programme : http://ec.europa.eu/employment_social/equal/index_en.cfm

Instituto de la Mujer: www.mtas.es/mujer

FEMENP: www.fenemp.net

Women´s World Banking: www.bancomujer.org, www.autoempleomujer.org

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