Investing in women: what women-led businesses in Italy and the UK need

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Foreword

Gender equality is a top priority for the UK government and we are taking action at every level to boost women's economic participation. As the first female British Ambassador to Italy I have high ambition on this agenda. On taking up my position in July 2016, I established a Women and Girls Network within the British Embassy and Milan Consulate to create and deliver new initiatives on gender parity issues. We have successfully worked together with many Italian partners on joint initiatives - sharing experiences, highlighting best practice, providing platforms for outstanding role models to inspire the next generation, and amplifying our voices by working together.

I am proud that we are examining these issues in depth with this report and particularly glad to have the opportunity to work in partnership with the University of Pavia and the Queen Mary University of London on this project.

Building a better business environment that encourages women's participation is an urgent global issue, and ensuring that women entrepreneurs have equal access to finance is an important part of that. Recognising the need to start from home, HM Treasury commissioned a national review of sources of finance for women in the UK, published in March 2019 - The Alison Rose Review of Female Entrepreneurship. It is good to see that this current report builds on that work.

According to the Global Entrepreneurship Monitor harnessing more of women's entrepreneurial talent could be the greatest opportunity for economic growth in the 21st century. This report shows interestingly that the rate of women's entrepreneurship is similar in both Italy and the UK despite the difference in background conditions. It also shows that "many banks, like listed companies, when addressing the gender gap focus on the diversity of their workforce and empowering women within their organisation.

This is commendable, but it should not overshadow the opportunity banks have to drive change in the markets by positively promoting access to credit facilities to women entrepreneurs."

Much more needs to be done to close the gender gap in entrepreneurship and access to funding. This research looks in more detail at this and concludes that a "three-pronged policy approach" is needed. Focussing on the international and domestic level and cross-organisation best practice. With the forthcoming UK G7 and the Italian G20 presidencies in 2021, we have an opportunity to work together and show leadership at an international level on these issues.

I hope that this research contributes to widening the discussion on entrepreneurial gender parity and creates more opportunities for Italy and UK to strive together for greater progress.

Jill Morris CMG
British Ambassador to Italy and San Marino
January 2020

Executive Summary

- Italy and the UK trail behind the other advanced economies when it comes to women's entrepreneurship — even if the UK has a more business-friendly system. There are just five women entrepreneurs for every ten men, compared, for instance, to eight women entrepreneurs for every ten men in the USA and Canada.

- Compared to businesses led by men, women-led businesses in both countries are smaller, less export intensive, more concentrated in low productivity sectors and have lower prospects for growth. Often women are motivated to start their own business because they want to achieve a flexible work-life balance, so this could explain some of these characteristics.

- Italy and the UK respectively rank the first and third lowest in the EU by number of women thinking they can access the funds necessary to start a business. In Italy men are 2.3 times more likely to think that they can access start up funds and UK men 1.7 times more likely to think the same.

- Women entrepreneurs receive less funding than men at every stage of the business life cycle. They are less likely to apply for a bank loan. Evidence shows that they are indeed discriminated vis-à-vis men.

- Women face higher barriers in accessing bank credit because they typically have lower incomes and are less likely to own traditional security assets. As a result, they face higher interest rates and collateral requirements, and their loan applications are more likely to be rejected even if evidence shows that they are more likely to repay their loans than men.

- Banks do not provide gender-disaggregated data about their business clients, and their gender diversity policies mainly focus on closing the gender gap internally within their own organisations.

- Gender quotas — as in the case of Italy — are a reasonable tool for reducing gender disparities within firms, but without pro-active and focused measures to positively drive change within the credit market, they have no impact to remove discrimination in credit allocation and to positively support women entrepreneurs.

- Equity finance is prevalent in the UK, but it is uncommon in Italy. The equity market in the UK is the largest in Europe and the fourth largest in the world. The Italian market is immature, but it is growing.

- VC investors perceive women-led business to be a riskier investment than men-led ones. While the latter are only required to demonstrate potential, the former need to demonstrate performance. In the UK, less than 1% of venture capital funding goes to all-women teams.

- The investment industry is heavily male-dominated. In the UK, 14% of investment roles in private equity and 20% of those in the venture capital industry are held by women. Evidence shows that investors tend to invest in people like themselves, and indeed VC firms with women founders and/or an unusually high percentage of women partners are more inclined to invest in women-led businesses.

- By the same token, women angel investors tend to back women-led businesses, while only a small minority of male investors back women-led businesses. In the UK, only 1% of early-stage women entrepreneurs receive angel investment compared to 10% of men.

- Crowdfunding is where women entrepreneurs are more likely to be successful than men, with women-led campaigns being 32% more likely to be successful than ones led by men.

- In both Italy and the UK there is a broad offer of programmes to train and fund women entrepreneurs. However, these programmes are limited and fragmented so more needs to be done to address the gender inequality in entrepreneurship.

- Policy action to close the gender gap in entrepreneurship should proceed along a three-pronged approach that focuses on the international level, the domestic level, and cross-organisation good practice.

Executive Summary (IT)

- L'Italia e la Gran Bretagna arrancano rispetto ad altri paesi avanzati per quanto riguarda l'imprenditorialità femminile, nonostante la Gran Bretagna presenti condizioni molto più favorevoli all'imprenditoria rispetto all'Italia. In entrambi i paesi ci sono solamente cinque donne imprenditrici ogni dieci uomini, mentre negli Stati Uniti e in Canada, per esempio, ce ne sono otto ogni dieci.

- Rispetto alle imprese maschili, quelle femminili in entrambi i paesi sono più piccole, meno orientate alle esportazioni, maggiormente specializzate in settori a bassa produttività e con meno prospettive di crescita. Spesso, inoltre, le donne decidono di creare un'impresa per avere maggiore flessibilità tra lavoro e vita familiare e questo fatto in parte spiega le caratteristiche che contraddistinguono le imprese femminili.

- Le donne imprenditrici considerano l'accesso al finanziamento come uno degli ostacoli principali alla creazione e alla crescita delle imprese. In tutti i paesi dell'Unione Europea in generale le donne ritengono di avere maggiori difficoltà ad accedere al capitale necessario per creare una nuova impresa.

- Tra i paesi europei, l'Italia e la Gran Bretagna sono quelli dove le donne imprenditrici fanno più fatica ad ottenere finanziamenti — rispettivamente all'ultimo e terzultimo posto. In Italia gli uomini hanno 2,3 probabilità in più delle donne di avere accesso ai fondi necessari per iniziare una nuova impresa; in Gran Bretagna ne hanno 1,7.

- Le donne imprenditrici iniziano una nuova impresa con meno fondi degli uomini e in generale hanno accesso a minori finanziamenti in tutte le fasi di sviluppo di un'impresa. L'evidenza empirica mostra che sono discriminate nell'accesso al credito bancario e quindi spesso non fanno neppure domanda.

- Le donne incontrano ostacoli nell'accesso al credito perché tipicamente hanno redditi più bassi e posseggono meno beni che possono essere utilizzati come garanzia. Inoltre, rispetto agli uomini, pagano interessi più elevati e hanno condizioni più stringenti. È più probabile che vedano la loro domanda di prestito rifiutata anche se normalmente ripagano i loro debiti e hanno una quota più bassa degli uomini di crediti in sofferenza.

- Le banche non forniscono i dati sui loro clienti disaggregati per genere. Le politiche di genere adottate sono dirette soprattutto a ridurre il *gender gap* all'interno delle loro stesse organizzazioni.

- Sebbene una maggiore presenza femminile nei consigli di amministrazione delle banche sia un punto di partenza fondamentale per una maggiore uguaglianza di genere nel sistema economico, le quote da sole non sono sufficienti per garantire una maggiore presenza femminile nel mondo dell'imprenditoria e in particolare per facilitare l'accesso al credito delle imprese femminili

- L'*equity finance* è molto diffusa in Gran Bretagna mentre in Italia è ancora in fase di sviluppo, sebbene sia in rapida crescita.

- Anche nell'ambito dell'*equity finance* le imprese femminili sono percepite come più rischiose rispetto a quelle maschili. Mentre nel caso degli uomini spesso ci si accontenta che dimostrino le potenzialità di crescita della loro impresa, per ottenere un finanziamento le donne devono essere in grado di fornire dati di performance. In Gran Bretagna meno dell'1% del *venture capital* va a imprese interamente femminili.

- Il settore finanziario è prevalentemente maschile. In Gran Bretagna, le donne ricoprono il 14% dei ruoli di investimento nel *private equity* e il 20% nell'industria del *venture capital*. Gli investitori tendono ad investire in persone simili a loro e infatti l'evidenza empirica mostra che le (poche) imprese di *venture capital* fondate da donne o con una prevalenza di donne fra i partner hanno una maggiore probabilità di investire in imprese femminili.

- Lo stesso vale per il mercato dei *business angel* dove solo una minoranza di investitori uomini investe in imprese femminili. In Gran Bretagna, solo l'1% delle donne imprenditrici nella fase di start up riceve finanziamento dai *business angel* contro il 10% delle imprese maschili.

- Il *crowdfunding* è l'unica forma di finanziamento nella quale le donne imprenditrici hanno più successo degli uomini; le campagne condotte da donne hanno il 32% di probabilità in più di quelle condotte da uomini di essere finanziate.

- Sia in Italia che in Gran Bretagna c'è un'ampia offerta di programmi di formazione, servizi e finanziamenti alle donne imprenditrici. Tuttavia questi programmi hanno spesso uno scopo limitato e tendono ad essere frammentati, quindi si dovrebbe fare molto di più per ridurre il *gender gap* che esiste nell'attività imprenditoriale.

- Sono necessari interventi di *policy* per aiutare l'accesso delle donne al credito e questi interventi devono essere strutturati su tre livelli: internazionale, nazionale e quello delle buone pratiche all'interno delle banche e delle altre istituzioni finanziarie.

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Contents

Section 1

Introduction

Any entrepreneur will tell you that funding is critical for starting or scaling up a business. Indeed, a business simply cannot stay afloat and grow if there is no money supporting it. Funding comes in a variety of different mediums, such as bank credit, venture capital, money from angel investors, and money from family and friends, each with their own unique set of conditions attached. How the funding system operates is critical for understanding its constraints and biases. Some businesses are more likely to face restrictions, such as those that are led by women. Women-led businesses (WLBs) face discrimination in funding markets more often than men-led businesses, every other condition being equal. As concluded in the 2011 World Development Report, the existence of a gender gap in access to finance prejudices the establishment and the growth opportunities of women-led businesses (World Bank, 2011). As a result, they are more likely to be less productive and profitable than male-led businesses, thus curtailing their ability to raise funds. This report investigates how the funding system addresses the needs of women-led businesses in Italy and the UK, two countries which are somehow paradigmatic cases. Italy trails behind the UK in terms of women's participation in the labour market, with one of the lowest rates among the advanced economies. Furthermore, Italy performs poorly in the Global Gender Gap Index in which it ranks 76th while the UK is 21st out of 153 countries (Table 1.1).

In Italy, the start-up ecosystem is weak and the funding system is limited. Most of the businesses managed or owned by Italian women are very small and tend to be concentrated in low productivity industries within the service sector. Italian women entrepreneurs mainly rely on personal savings, bank loans and public policy support because alternative funding sources such as venture capital are still rather underdeveloped.

The UK, on the other hand, has one of the strongest start-up ecosystems in the world and with over 1,100 new businesses set up every day,[1] entrepreneurship is booming. Supporting this strong entrepreneurial landscape, there is a diverse variety of funding on offer which extends far beyond traditional bank loans and government support, including private equity, venture capital, angel investors and crowdfunding platforms. According to the Alison Rose Review of Female Entrepreneurship (HM Treasury, 2019), however, women in the UK are half as likely to start a business as their male counterparts and women account for just a third of entrepreneurs in the UK. Importantly, almost twice as many women as men cite access to funding as the biggest obstacle to entrepreneurship.

Table 1.1
Italy and UK: some background information

	Italy	UK
GDP (€ bn) 2018	1,765.4	2,419.2
Real GDP per capita (€) 2018	26,760	32,710
Total population (ml) 2018	60.4	66.5
Population growth rate (%) 2018	-0.2	0.6
Human Capital Index (over 157 countries) 2017	19	15
Female labour force participation rate (%) 2019	40.0	57.0
Global Gender Gap Index (over 153 countries) 2020	76	21

Source: Eurostat, World Bank and World Economic Forum

In this report we explore the various funding options available to women entrepreneurs in Italy and the UK. Our key research question is whether the countries' different approaches to narrowing the gender gap and improving gender equality have resulted in significant differences in

1 Estimate by the Department for Business, Energy and Industrial Strategy for 2018 based on BankSearch data.

funding for women entrepreneurs. Italy has a mandatory quota for the representation of women on the boards of directors of listed companies, that was introduced with the Golfo-Mosca Law in 2011 and recently extended to 2022, whereas the UK has a market-led, voluntary approach to board diversity.[2] In addition to the differing approaches, we examine whether the presence of more women on the boards of publicly-listed banks would drive change and reduce implicit biases in how women-led business access credit facilities. In other words, would bank boards with a better gender balance act as agents of change in the market for credit?

Answering these questions has not been straightforward. Throughout our research, the lack of good, readily-available and internationally comparable gender-disaggregated data has been a recurring problem. Banks do not provide gender-disaggregated data relating to their business customers and even when data is available at the national level, it is often not comparable because the definition of women-led business varies country to country and even bank to bank.

To overcome the limited availability of data, we have combined sparse secondary sources relating to women-led businesses and how they get funded in Italy and the UK. For the UK, we have frequently used data from the Alison Rose Review of Female Entrepreneurship, which was published very recently during our project and has provided a helpful foundation for our research (HM Treasury, 2019). We have supplemented the information from secondary sources by conducting extensive online searches, using various combinations of keywords and examining the websites of all the major listed banks in Italy and the UK. In addition to this, we have undertaken a number of in-depth

2 Following the ‘comply or explain’ rule, the UK Corporate Governance Code encourages public listed companies to explain their approach to diversity (Financial Reporting Council, 2012).

open-ended interviews with women entrepreneurs in Italy and in the UK to learn about their experiences of funding their businesses, with a specific focus on their interactions with banks and other funding institutions.[3]

The report is organised as follows. The next section presents the landscape of entrepreneurship in Italy and the UK. Based on the available data, Section 3 offers an overview of the different types of funding available in each country, examines the discrimination faced by women in accessing funding and assesses whether the presence of women on the boards of banks helps to improve credit access for women-led businesses. Section 4 looks at the programmes available for women entrepreneurs in both countries and the initiatives aimed at closing the gender-gap among investors. Drawing on the empirical evidence collected, the final section puts forward our three-pronged strategy to overcome the main constraints faced by women-led businesses and makes policy recommendations to drive change and accelerate the process of closing the gender gap. Without significant policy initiatives, at the current pace of improvement it will take 108 years to close the overall global gender gap and 202 years to close the economic gender gap (World Economic Forum, 2018).

3 See Appendix 1 for a list of the interviewees.

Section 2

Women entrepreneurs in Italy and the UK

2.1 Women entrepreneurs and women-led businesses

The focus of this report is women entrepreneurs in Italy and the UK, but who exactly is a woman entrepreneur? The definition of 'entrepreneur' is fuzzy; it is often used to describe the founder of a new business, but at other times it refers to a member of the directing body of a company, or even a self-employed person inheriting a firm. Each of these options entails very different things, and thus the lack of a commonly shared definition of 'entrepreneur' impacts on how we measure and assess entrepreneurship.[4] This becomes even more complicated when considering gender disaggregation across countries and over time. Although we know that women entrepreneurs are under-represented in the OECD countries, it is hard to say how wide the gender gap actually is, for scattered and not easily comparable data hinder analysis, progress tracking and the ability to design implementable solutions.

Self-employment is widely used as a proxy indicator for entrepreneurship. The self-employed are those who own and work in their own business, either as employers or own-account workers. The self-employment rate is usually estimated through labour force surveys. Although women constitute 51% of the total EU population, they represent just 32% of the self-employed. In 2018, the self-employment rate in Italy was 22%, but the rate for Italian women was lower at 15%. Similarly, in the UK, the 2018 self-employment rate was 15%, but the rate for UK women was just 10%.[5]

4 The OECD-Eurostat Entrepreneurship Indicator Programme was launched in 2006 to develop policy relevant and internationally comparable indicators and since 2011 there is a yearly OECD publication *Entrepreneurship at Glance* presenting core indicators of entrepreneurship.

5 Data are available at Eurostat database.

The problem with looking at self-employment is that it fails to capture the essence of entrepreneurial activity. Indeed, the self-employed are a broad and heterogeneous group and not all self-employed people are entrepreneurs. For instance, professionals providing services on a freelance basis are self-employed but they are not entrepreneurs. Other attempts to capture entrepreneurial activity and gender differences have narrowed the focus on the self-employed with paid employees, or sole-proprietorship businesses (which are easily available in business registers),[6] and then split the groups according to gender.[7] However, these options present the opposite problem in that they fail to capture the full body of entrepreneurial activity, in particular, scalable businesses with multiple owners.

Although there are no internationally standardised criteria for distinguishing a woman- led business from a man-led one, establishing a certain threshold level of ownership — such as requiring at least half, or one of the owners to be a woman — could be helpful. However, the problem with this criterion is that it introduces a degree of arbitrariness and it doesn't account for different levels in decision-making in large firms. In small businesses, the owners and management tend to be closely aligned, but in large companies that have multiple owners, they don't necessarily overlap. As a result, breaking down ownership by gender may not be accurate for measuring the actual influence of women in the business. There are empirical surveys that collect data relating to the gender composition of management as well as that of the ownership. For instance, using the World Bank Enterprise Surveys for the Caribbean countries, Presbitero et al. (2014) find that using a more

6 Sole proprietorship firms are a specific category within self-employed. Solo entrepreneurs operate their own economic enterprise, engage independently in a profession or trade, and do not have employees nor family workers (OECD/European Union, 2017).

7 See Chart 2.1 below for data about Italy and the UK.

precise measure of gender composition of firms, women-led businesses are more likely to be financially constrained than other comparable firms.[8]

Box 2.1 presents the different definitions of women-led business (WLB) adopted in Italy and in the UK.

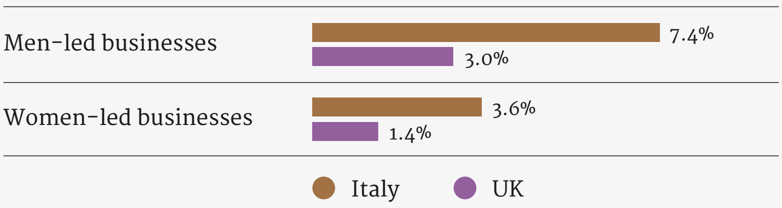
2.2
Women entrepreneurs in Italy and the UK

In this section we provide some details of the demography of women- and men-led businesses in Italy and the UK; we will then look at the factors behind the decision of many women to become entrepreneurs against each country's business and policy background (OECD/EU, 2017).

Business demography

The OECD-Eurostat Entrepreneurship Indicators Programme defines an entrepreneur as someone who is self-employed and also employs staff. Under this definition, the rate of entrepreneurship is overall higher in Italy, but the percentage of men entrepreneurs is more than double that of women entrepreneurs in both countries, as detailed in Chart 2.1 below.

Chart 2.1
Self-employed with employees (% of employement) | 2017



Source: OECD Gender Portal

Box 2.1
Definition women-led businesses in Italy and in the UK

Italy
The composition of ownership identifies women-led businesses in accordance with Law 215-1992 and some later legislative changes. Women-led business in Italy are those that satisfy at least one of the following criteria:
1. companies owned by a sole woman;
2. partnerships where more than 50% of the partners are women;
3. companies in which on average more than 50% of the shares are owned by women and women account for more than 50% of the administrative roles.

UK
There is no legal definition of women-led business so the definition varies from study to study. For example, the Department for Business, Energy and Industrial Strategy defines woman-led small and medium sized enterprises (SMEs) as those which are either:
1. controlled by a sole woman;
2. have a management team of which the majority are women.

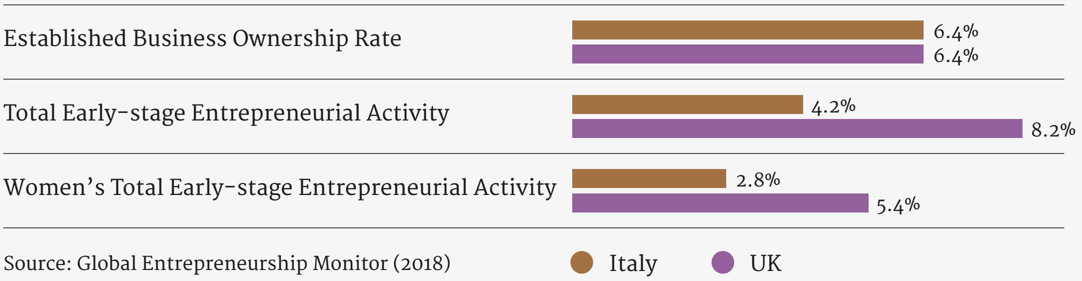
This differs from the definition set out in The Alison Rose Review of Female Entrepreneurship (HM Treasury, 2019) which defines a woman-led SME as one which has at least 51% ownership by one or more women and has a woman listed as CEO/COO.

8 The World Bank Enterprise Surveys collects information about the gender of the owners and the CEOs in businesses across 139 countries. The database is available here.

The Global Entrepreneurship Monitor[9] (GEM) measures entrepreneurship at different stages of the business life cycle across 49 countries under several different metrics, such as the Established Business Ownership Rate and the Total Early-stage Entrepreneurial Activity (TEA). The Established Business Ownership Rate is the percentage of the 18-64 population who are either an entrepreneur or an owner-manager of an established business that has paid (salaries, wages or other) the owner for more than 42 months, and the TEA rate is the percentage of the 18-64 population who are either a nascent entrepreneur or owner-manager of a new business that has paid (salaries, wages or other) the owner for more than three months and less than 42 months.
The Established Business Ownership Rate is the same in both countries (6.4%), but the TEA rate in the UK (8.2%) is almost double that of Italy (4.2%). This result holds when we look at the TEA rate for women alone, as in Chart 2.2 below.

Chart 2.2

Rate of entrepreneurship at different stages of the business life cycle | 2018



Source: Global Entrepreneurship Monitor (2018)

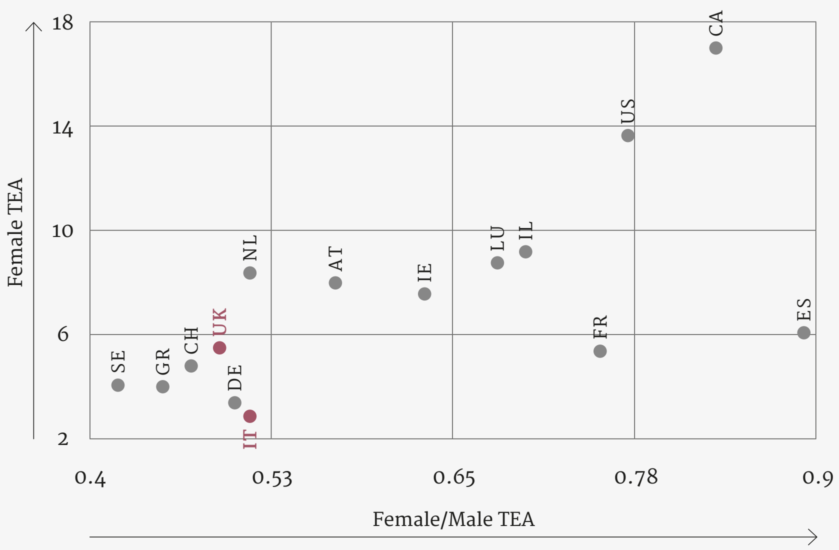
In both countries, women's entrepreneurship is low by international standards. Chart 2.3 below combines information about the women's TEA rate and the ratio of women's TEA/men's TEA and both Italy and the UK rank at the lower end of the spectrum alongside Greece, Germany,

9 The GEM publishes annual data on entrepreneurship, based on a population survey of at least 2,000 randomly selected adults (18-64 years of age) in each country.

Sweden and Switzerland. Canada and the USA score high in terms of their women's TEA rate, 17% and 14% respectively, with eight women entrepreneurs for every ten men. In Italy and the UK, there are just five women entrepreneurs for every ten men.

Chart 2.3

Women entrepreneurship and gender parity (%) | 2018



AT Austria
CA Canada
FR France
DE Germany
GR Greece
IE Ireland
IT Italy
IL Israel
LU Luxembourg
NL Netherlands
ES Spain
SE Sweden
CH Switzerland
UK United Kingdom
US United States

Source: Global Entrepreneurship Monitor (2018)

The business and policy environment for women's entrepreneurship

Italy and the UK similarly trail behind the other advanced economies in terms of women's entrepreneurship, but they substantially diverge when we look at the factors that foster women's entrepreneurship.

The Female Entrepreneurship Index (FEI)[10] produced by

10 The FEI is the combination of three sub-indices: 1) Entrepreneurial Environment assessing the culture of a society and the presence of institutions supporting start-ups; 2) Entrepreneurial Ecosystem measuring the access to resources supporting female entrepreneurship and 3) Entrepreneurial Aspirations focusing on individual characteristics and availability of resources needed for high potential female entrepreneurship. The three sub-indices stand on 15 pillars, each

the Global Entrepreneurship and Development Institute (GEDI) provides different measures relating to the conditions that foster high-potential women's entrepreneurship.[11] According to FEI (Terjesen and Lloyd, 2015), the UK ranks 3rd after the USA and Australia, whereas Italy ranks 30th out of the 77 countries included in the index. The Dell Global Women Entrepreneur Cities Index,[12] that ranks cities around the world by their ability to attract high potential women entrepreneurs, reinforces the Female Entrepreneurship Index ranking. According to the Dell Index, London is the 3rd best city for women entrepreneurs in 2019, whereas Milan is ranked in 35th place out of 50 cities (Table 2.1).

Table 2.1
Business and policy environment for women entrepreneurship

Ranking	Italy	UK
Female Entrepreneurship Index (over 77 countries)	30	3
Dell Global WE Cities Index (over 50 cities)	35 (Milan)	3 (London)

Source: FEI (2015) and Dell Women Entrepreneurs Network (2019)

The UK's high ranking in the Female Entrepreneurship Index is explained by the country's business and legal environment, as well as by the availability and reliability of corporate financial information. The UK also ranks highly in the availability of funding, particularly equity

of which containing individual and institutional variables. More information is available here.

11 High potential businesses are those with high growth outcomes associated with large job creation, high exports and strong innovativeness.

12 The Dell Global WE Cities index is based on two pillars: 1) operating environment (i.e. market fairness, human resources availability and equal access to financial capital) and 2) enabling environment (i.e. culture and enabling technologies). More information is available here.

capital and access to financial programmes. Looking at the percentage of women able to identify good opportunities to start a business, Italy's score is particularly lower than that of the UK. Access to training is also much lower in Italy than in the UK. According to the OECD Gender Portal, In Italy, only 12% of women and 19% of men get some training on entrepreneurship, while in the UK the shares are respectively 50% and 55%.

Participating in entrepreneurial networks is important for accessing key information. Compared to men, women entrepreneurs maintain smaller and less diverse networks that are more likely to include only family and friends and no other entrepreneurs (OECD/EU, 2017). This is confirmed by the Future of Business Survey that collects information on businesses in 90 countries about how entrepreneurs learn regarding business management.[13] In Italy, 46% of male respondents indicated other businesses as a source of information and learning, but only 28% of women respondents indicated the same. In the UK, there is no difference between the levels of men and women who indicate other businesses as a source of information and learning, but family and friends are a more relevant source of information for women entrepreneurs (41%) than men (28%).

The social welfare system, tax and family policies also impact on the costs and feasibility of entrepreneurship for women. The ability to reconcile domestic obligations with work outside the family affects women's entrepreneurship, and barriers are particularly strong in countries like Italy where traditional gender roles go hand in hand with a lack of public and private childcare and eldercare services (OECD/EU, 2017).

The overall business and policy conditions are reflected in

"My husband and I decided to start Millequerce together because we wanted a change in our lives. We produce olive oil, honey and essential oils—all organically certified—in Monte Gilberto in the region of Marche. We moved to this area some years ago and have loved living here; we hope that our business helps preserve the environment. I was 49 when we started the company and had no experience as an entrepreneur, so having some foreign partners onboard has been very important. Our partners, who are also our neighbours, have provided capital but also a lot of managerial and administrative experience as well as a good knowledge of the market in Italy and abroad, which I did not have at the beginning."

Fulvia Bosio
ENTREPRENEUR | MILLEQUERCE

13 The Future of Business Survey is a partnership between Facebook, OECD and The World Bank running twice a year and collecting a large array of information about SMEs in 90 countries. More information is available here.

the reasons why men and women start their own businesses. The Global Entrepreneurship Monitor provides two indicators of why people choose to start a business. The TEA Opportunity rate measures the percentage of those involved in Total Early-stage Entrepreneurial Activity who state that they are driven by opportunity as opposed to having no better options for work. The TEA Necessity rate measures the percentage of those who start their own business because they do not have better options for work. In both the UK and in Italy, men entrepreneurs are more motivated by opportunity than women: the TEA Opportunity rate among men entrepreneurs is 82% in Italy and 86% in the UK, compared to 79% and 81% for women respectively.
The percentage of entrepreneurs driven by necessity is the same for men and women in Italy (11%), but in the UK the rate for women (17%) is higher than that for men (11%).

2.3
Features of women-led businesses

Women entrepreneurs across the EU operate smaller businesses than men, with significant differences in the sectors in which they operate. The OECD Gender Portal shows that in 2018, 91% of women-led businesses in the UK and 88% in Italy operated in the service sector, compared to 59% of men-led businesses in the UK and 67% in Italy. Within the service sector, women-led businesses tend to be more concentrated in washing and cleaning services, hairdressing and beauty treatments, health and social work, and education. Risk aversion is often posited as a reason why women hold themselves back from going into riskier, but often more innovative and potentially more profitable sectors, or from seeking external funding which could create opportunities for expansion. However, empirical evidence on women's risk aversion is rather nuanced and there are more differences among men and among women than across gender. When women do show an aversion to risk, this behaviour is explained by the social context (social roles and norms) rather than it being an intrinsic feature of women's nature (Kaplan and Walley, 2016).

The Global Entrepreneurship Monitor (2018) indicates that women-led businesses are expected to grow less than men-led businesses: in Italy, 31% of women entrepreneurs expect to hire six or more employees in the next five years (with 9 women entrepreneurs expecting to do so for every 10 men) and in the UK, 26% of women-led businesses expect the same (with 6 women entrepreneurs for every 10 men). Women-led businesses are also more oriented towards the domestic market: only 26% of women entrepreneurs in Italy and 16% in the UK indicate that 25% or more of their sales are to customers outside their countries.

Furthermore, many studies suggest that family care responsibilities and achieving a better work-life balance have a greater influence on women entrepreneurs, particularly if they have dependent children (OECD/European Union, 2017).

Box 2.2 provides a summary of the characteristics of women-led businesses.

Box 2.2
Characteristics of women-led businesses in Italy and the UK

- WLBs are smaller than men-led businesses;
- WLBs are specialised in low productivity sectors such as washing and cleaning services, health and social work activities and education;
- WLBs are more risk-averse and this may be attributed to social roles and norms;
- WLBs expect to grow less than men-led businesses;
- WLBs are less export intensive than men-led businesses;
- Women entrepreneurs are strongly motivated by the search for flexible work-life balance.

Women-led businesses in Italy

In Italy, Unioncamere (the national association of the Chambers of Commerce) and the Ministry of Economic Development have set up the Observatory for Women Entrepreneurship, which publishes quarterly statistics on women-led enterprises legally registered with the Chambers of Commerce. In addition to this, every three years Unioncamere produces a comprehensive report on women's entrepreneurship in Italy.[14] This report and the underlying dataset provide detailed information on

14 The latest available Unioncamere report at the time of writing was published in 2016 (Unioncamere, 2016).

women-led businesses; this type of information is currently not available from other OECD countries (Piacentini, 2013).

According to the latest available data, there are 1.3 million women-led businesses in Italy, which account for 22% of the total[15] (Table 2.2). In the last five years, the number

Table 2.2

Women-led enterprises in Italy | 2019

	Number of enterprises	Number of women-led enterprises	Female ratio (%)	Female (%)	Male (%)	Total (%)
Total	**6,069,715**	**1,330,257**	**21.92**	**100.00**	**100.00**	**100.00**
Sectoral specialisation						
Primary sector	742,303	210,917	28.41	15.86	11.21	12.23
Secondary sector	1,412,099	151,320	10.72	11.38	26.60	23.26
Tertiary sector	3,496,081	877,439	25.10	65.96	55.25	57.60
Others	419,232	90,581	21.61	6.81	6.93	6.91
Legal form						
Limited Company	1,727,929	301,693	17.46	22.68	30.09	28.47
Partnership	981,469	157,904	16.09	11.87	17.38	16.17
Sole ownership	3,149,712	832,358	26.43	62.57	48.89	51.89
Other forms	210,605	38,302	18.19	2.88	3.64	3.47
Geographical distribution						
North-centre	4,218,579	895,605	21.23	67.33	70.11	69.50
South	1,851,136	434,652	23.48	32.67	29.89	30.50

Source: Unioncamere

15 The definition adopted for women-led businesses corresponds to the one presented in Box 2.1.

of women-led businesses has grown at a rate of more than 2%, while the total number of firms has increased by just 0.5%. 63% of women-led businesses are sole proprietorship companies, compared to 49% of men-led businesses. This highlights that women entrepreneurs operate smaller business than men, as further confirmed by data measuring size by the number of employees. In Italy, 95% of businesses have less than 9 employees; however, among women-led businesses the share of micro firms is higher at 96.6%, compared to 94.6% of those led by men. When considering larger firms with more than 20 employees, men-led businesses account for 2% of the total, while women-led businesses account for 1% (Table 2.3). Unioncamere also publishes information on the gender of the companies recorded in a special section of the business register as innovative start-ups, as for Law 221/2012.[16] In 2019, there were more than 10,600 registered start-ups, but only one in every 10 was a woman.

Table 2.3

Size of women-led enterprises in Italy | 2018

	Number of enterprises	Number of women-led enterprises	Female (%)	Male (%)	Total (%)
Total	**6,099,672**	**1,337,359**	**100.00**	**100.00**	**100.00**
9 or less employees	5,795,107	1,292,089	96.6	94.6	95.0
10-19 employees	187,567	30,630	2.3	3.3	3.1
20 or more employees	116,998	14,640	1.1	2.1	1.9

Source: Unioncamere

Women-led enterprises account for almost a third of businesses in agriculture, making it the sector with the

16 Innovative start-ups are defined on the basis of the intensity of research and development expenditures, the level of education of the managerial team and of the ownership of patents of software licenses.

highest ratio of gender diversity. However, the services sector has the highest concentration of women-led businesses, as 66% of women entrepreneurs operate in this sector. Hairdressers, laundrettes and beauty shops account for 51% of women-led businesses within the services sector. Two other sectors have a relatively high concentration of women-led businesses: health and social services (4 in every 10 firms) and education (3 in every 10). Looking at the manufacturing sector, the highest percentage of women-led enterprises make textiles, clothing and shoes (the so-called Made in Italy industries), but most of these firms are very small.

Considering the geographic distribution, over a third of the businesses in the South are led by women, making it the area with the highest ratio of women entrepreneurs. The unemployment rate in this area is very high, particularly among women. It currently stands at 18.4%, compared to 7.0% for women in northern Italy.[17] As such, many of the women-led businesses in this area have been created out of necessity rather than opportunity. In North and Central Italy, only a fifth of the businesses are led by women. A survey recently undertaken by the Italian National Confederation of Artisanal Firms and SMEs (CNA) found that, among the women entrepreneurs they interviewed, the main motivation to start a business was to have a higher income, with this goal being particularly prevalent among those in Central and Southern Italy.[18]

Women-led businesses in the UK

Unlike Italy, the UK does not have a standardised definition at the national level, hence it is difficult to quantify the number of women-led businesses. Looking at the self- employment rate, a widely used yet problematic proxy for entrepreneurship, women account for nearly a third of

17 The document can be downloaded here.

18 The findings of the survey can be downloaded here.

the self-employed in the UK.[19] The UK Department for Business, Innovation and Skills estimates that there are around 1 million women-led non- financial SMEs,[20] which account for about 20% of the total and contribute approximately £85 billion to the economy (in Gross Value Added, a measure of the income generated less expenditure).

Based on their annual survey of UK SMEs, the Department for Business, Energy and Industrial Strategy estimates that 23% of businesses with no employees were owned by women in 2018.[21] When considering businesses with employees, women account for 17% of micro-business (1-9 employees), 18% of small enterprises (10-49 employees) and 11% of medium-sized companies (50-249). Women-led businesses are concentrated in the services sector, accounting for 37% of the health sector, 31% of education, 27% of other services, 22% of accommodation and food services, and 21% of administration and support.

Even though the UK offers an innovation-friendly business environment, easy access to training programmes and a strong social acceptance of women in businesses, UK women are less likely than men to consider starting a business, and when they do become entrepreneurs, they are less likely to scale up their businesses and enter into the most productive sectors of the economy. The Global Entrepreneurship Monitor finds that fewer UK women (9%)

19 According the UK Labour Force Survey, self employment includes people "running a business", "doing freelance work" and "working for yourself". Therefore, the data does not reflect entirely entrepreneurship activity. Data are available here.

20 The majority women-led businesses are those where women make up more than 50% of the partners or the directors in a day to day control of the business or where the sole owner is a woman. The estimates are for non financial SMES and exclude public administration and the financial sector. They can be downloaded here.

21 In 2016 the Department for Business, Innovation and Skills became the Department for Business, Energy and Industrial Strategy (BEIS). The survey is available here.

than men (14%) express the intention of starting a business in the next three years. In 2017 just 5.4% of women did start a business (Chart 2.2). The Allison Rose Review of Female Entrepreneurship combines information from the Global Entrepreneurship Monitor with a YouGov Banking survey to assess women's entrepreneurship at different stages of the business life cycle (HM Treasury, 2019). Considering established businesses which have run for 3.5 years or more, data from the Alison Rose Review of Female Entrepreneurship shows that the proportion of women and men is the same, suggesting that women-led businesses are as stable and resilient as those run by men. However, the review also shows that women entrepreneurs are less likely than men to scale up their businesses to over £1 million turnover, with 29% of men-led businesses hitting this landmark compared to 13% of women-led ones.

A survey conducted as part of the Allison Rose report finds that, for both women and men, the main motivating factor to start a business is independence. However, women entrepreneurs were also motivated by the prospect of being able to strike a flexible balance between work and family life, with this being the main motivation for women entrepreneurs with children. The desire for flexibility is confirmed by a survey conducted by AXA, which finds that for women entrepreneurs is very important to be able to organize their working hours to take their children to school or to squeeze some housework during the day.[22]

2.4 Fostering women's entrepreneurship is good for the economy

The fact that men account for the overwhelming majority of entrepreneurs should prompt international organisations, national governments and private sector

22 The results of the survey can be downloaded here.

bodies to come together to actively promote women's entrepreneurship. There is a strong case to be made about the positive impact on the overall economy by bringing more women into entrepreneurship. Indeed, it has been widely proven that diverse groups are better at fostering creativity and decision making, as they have perspectives, knowledge and skills that more homogeneous groups may lack. For example, a recent study by McKinsey & Company analysed the level of gender diversity at the executive-level (which bears a direct influence on operations and business outcomes) in over 1,000 companies across 12 countries and found that the top quartile companies for gender diversity in their executive teams are 27% more likely than fourth quartile companies to register an economic profit margin above the national industry median (Hunt et al., 2018).
A recent analysis of investment and revenue data undertaken by the Boston Consulting Group and Mass Challenge, a US-based global network of business accelerators with the declared objective of sustaining women entrepreneurs, shows that companies founded or co-founded by women received on average $ 935,000 investment, which is less than half the average amount received by male entrepreneurs ($ 2.1 million) (Abouzhar et al., 2018). Despite the investment gap, women-led start-ups performed better over time, generating 10% more in cumulative revenue over a five-year period. For every dollar of funding, women-founded start-ups generated 78 cents while male-founded start-ups generated only 31 cents (Abouzhar et al., 2018).[23]
There is also evidence showing that women managers are positively associated with innovation. This is because their management style is more inclusive and communicative, which leads to knowledge sharing and increased innovative capability (Foss et al., 2019). A plausible explanation is the selection process since women who reach

23 Findings are statistically significant and controlled for other possible factors such as education levels of entrepreneurs and quality of their pitches.

high-level positions are very likely to be highly qualified. Foss et al. (2019) provide evidence for this interpretation, as they found that the positive innovative impact of women managers was greater in countries that didn't have mandatory quotas for women in management roles. In another cross-country study based on a survey of more than 1,700 companies across eight countries, Lorenzo and Reeves (2018) find that there is a statistically significant relationship between gender diversity in management positions and several innovation outcomes, with the highest impact in companies with high digital investments and in more global companies running operations in multiple countries.

As Italy and the UK have a level of productivity (measured as GDP per hour worked) lower than the average of the G-7 countries and well behind France, Germany and the USA (OECD, 2019), it is clear that increasing the number of women entrepreneurs and supporting existing women-led businesses to scale up and enter into more productive sectors would help to enhance productivity. In the case of the UK, the Allison Rose Review of Female Entrepreneurship estimates that around £250 billion of new value could be added to the economy (the equivalent of four years of Gross Value-Added growth) if women started and scaled businesses at the same rate of men (HM Treasury, 2019).

"My company specialises in Christmas and light decorations for big events. I think that women entrepreneurs are more careful in the management of their business and this is due to culture. In my experience, women are able to keep their businesses going for longer than men because more of the decisions have been carefully pondered. Businesses led by women are sustainable and make an important contribution to the growth of the economic system; for this reason, they should receive more public support.

When I have to hire a new employee, I see a woman with a family as someone who can cope with commitments, but many men would see this as a burden that might get in the way of their work.
For me, a diverse management team is the most valuable asset, because this increases creativity and provides different perspectives and solutions to problems."

Patrizia Bertoldi
ENTREPRENEUR | TECNOTEK COMPLEMENTS

Section 3

How do women entrepreneurs fund their businesses?

3.1
Women-led businesses and access to funding

For all stages of business, access to funding is critical. Which type of funding is the right type depends on a number of different factors, some related to the characteristics of the enterprise and some with the business environment in which this is embedded. Italy and the UK have very different models of business funding. In both countries, it is common for entrepreneurs to use some of their own or their family's savings to start up, but in Italy this is typically supplemented with a bank loan, as the other options are limited and the tradition of keeping businesses within the family naturally poses many issues against equity financing. Bank loans are also widely available in the UK, but alternative funding options — equity finance, in particular — are much more prevalent. Neither funding model alone seems to foster women's entrepreneurship.

According to a 2017 OECD and European Union report, women in all EU member states are less likely than men to feel as if they can access the funds necessary to start a business. In seven EU states, the perceived gap in access to finance is substantial, with men being more than 1.5 times as likely as women to report that they could access the funds needed. Italy ranks the worst in this respect, with Italian men being 2.3 times more likely to think that they can access start up funds, followed by Ireland where men are 1.8 times more likely to feel this way, with the UK ranking third with men being 1.7 times more likely to think they can get funded.

Evidence shows that women entrepreneurs are discriminated against in accessing funding, so this pessimism is justified. For example, research by Morgan Stanley (2018) shows that venture capital investors perceive women entrepreneurs to be a riskier investment than men, as men are deemed worthy of investment if they can demonstrate potential, but women are only considered as such if they can already demonstrate performance. This has resulted in women entrepreneurs being more reliant on their savings to start up a business, despite that they on average earn and therefore save less than men.

Women entrepreneurs typically start up with less funding than men and receive less money at every stage of the business life cycle. According to the Global Findex Database, globally the funding gap for formal women-owned small businesses stands at $300 billion, with over 70% of women-led businesses having inadequate or no access to financial services (Demirgüç-Kunt et al., 2018).[24] Various studies have concluded that access to funding is one of the biggest barriers that discourages and prevents women from starting and scaling their own businesses (OECD/EU, 2017).

In this section, we take a deep dive into the various funding options available for entrepreneurs. Based on various sources and given the limited availability of data, we intend to paint as complete a picture as possible of the different types of funding available in each country, discussing why an entrepreneur may favour one type over another, whether men and women's attitudes towards a particular funding type differs, the extent to which women are discriminated against in accessing this funding, and whether the presence of women on the supply side (with a particular focus on the banks) helps to improve credit access for women-led businesses.

3.2 Savings

If you have savings to spare, then using these is probably the easiest way to fund a business, as there is no application process and no possibility of being turned down. Using personal savings will be appealing to entrepreneurs who are unwilling to take on debt, don't want to be charged for

24 The Global Findex Database is a World Bank initiative collecting information about how adults save, borrow, make payments, and manage risk. It is available here.

interest rates or fees, and want to keep full control of their business. The obvious problem with this funding option is that not everyone is fortunate enough to have savings. Even for those who do, savings provide a person with a financial safety net, so careful consideration is needed before they are used. In addition, if an entrepreneur uses her savings instead of looking for other sources of funding, then she can end up missing out on valuable experience and advice. Although trying to find external sources of funding is challenging, for many it is also a steep learning curve.

As well as using her own savings, an entrepreneur may use savings from a spouse or another family member. Depending on the particular agreement, this could be money that doesn't need to be paid back, a loan extended with or without interest, or could even be in exchange for equity.

According to the Future of Business Survey (see Footnote 13), the percentage of entrepreneurs who use their savings to start their businesses is higher in the UK than Italy, but there is not much difference across gender in either country. In Italy, 57% of women entrepreneurs use their own money as start up capital compared to 58% of men, and in the UK 75% of women entrepreneurs do the same, compared to 73% of men. The problem with using personal savings as start up capital is that women have on average lower funds than men to invest in new ventures. In the UK the gender pay gap is as high as 20.8%[25] and women are estimated to earn £223,000 less on average during their working life than men (HM Treasury, 2019). In Italy, the pay gap is only 5% but, given the low rate of women in employment, this percentage does not reflect the overall inequality between men and women in the Italian economy.[26]

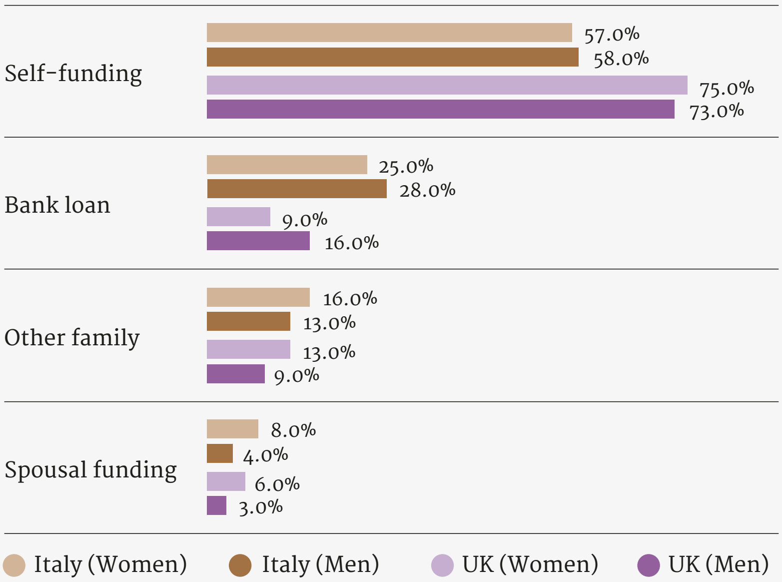
25 The gender pay gap is measured as the difference between average gross hourly earnings of male and female employees as % of male gross earnings.

26 In 2018, Italy had a female employment rate of only 53%, the lowest in EU28 after Greece (49%). The average for EU28 is 67% and in

Chart 3.1 breaks down sources of financing by gender. In both countries, the percentage of women entrepreneurs who rely on funding from their spouses or partners is double that of men, with this option overall being more prevalent in Italy. In Italy, 8% of women entrepreneurs rely on funding from their spouses/partners as start up capital, compared to 4% of men, whereas 6% of UK women and 3% of UK men do the same. Again, in both countries, more women than men use money from other family members as start-up capital. In Italy, 16% of women entrepreneurs start up with capital from other family members, compared to 13% of men. In the UK, this option is less prevalent with 13% of UK women starting up with capital from another family member compared to 9% of men.

Chart 3.1

Sources of financing to start a business | 2018



Source: The Future of Business Survey (2018)[27]

the UK is 74.%. The male rate of occupation is 79% for EU28, 73% for Italy (the third lowest) and 84% for the UK. So, the difference between male and female is 12 points for EU28, 20 for Italy and 10 for the UK. Data are available here.

27 Data for Italy can be downloaded here and for the UK here.

The risk with obtaining funding from spouses/partners is that it can put a strain on the relationship — a point that one of the entrepreneurs we interviewed raised. Typically, a woman will borrow from a financially stronger spouse/partner. If the relationship breaks down, this can create a hostile environment that can adversely impact on the company's ownership and even the sustainability of the businesses.

3.3 Grants

When relying on savings is not an option, an entrepreneur may look for grant funding. Grants don't have to be paid back and they don't require the business owner to part with any equity, so they are a good option for those who don't want to be in debt and want to keep full control of their business. Compared to other forms of funding, such as angel investment or venture capital, grants provide relatively small amounts of capital. Grants are often awarded for a particular purpose, such as innovation or social impact, so a business must be able to prove that this is something that it can achieve. Some grant funding will come in a package with other valuable resources such as mentoring, but others offer financial support alone.

According to the Young Women's Trust, grant funding is the most popular form of start up capital for women entrepreneurs in the UK, which on average provide a business with £7,000.[28] Men entrepreneurs in the UK are 10% less likely than women to use grants, with 41% of women entrepreneurs using grant funding as start up capital, compared to 31% of men. This reflects the fact that women entrepreneurs have a higher risk awareness than men, but also that men are much more likely than women to receive larger amounts of capital from angel or venture capital investors and so are less likely to seek out smaller grants.

28 More information is available here.

In Italy, it is common practice for regional and provincial administrations to offer business grants, but their characteristics greatly vary. The beneficiaries range from start-ups to established firms and are often targeted at selected industries. Some cover a percentage of the total cost of the project, usually between 50% and 80%, whereas others offer a fixed amount, varying from around €20/30k to over €100k.

3.4 Bank loans

For many entrepreneurs, a bank loan will be the first port of call for getting their business off the ground, as it provides a relatively straightforward funding option. Applications for bank loans can be made online, the decision-making process is quick, funds can be deployed immediately to successful applicants, and they allow the recipient to retain full control of her business. Unsecured bank loans allow businesses to borrow money without putting down an asset as a guarantee and can be a good option for businesses with an established trading history seeking small amounts of money. The majority of bank loans, however, are secured and therefore require that the business owner back up the loan with a personal or business asset, which is usually property. Compared to unsecured loans, secured bank loans tend to offer better conditions such as lower interest rates and longer repayment periods, provide larger amounts of funding, and are better for businesses with a poorer credit history. The administration and legal requirements surrounding the collateral for secured bank loans result in the application process being longer and the administration and legal charges being higher.

According to the European Institute for Gender Equality, women entrepreneurs do face higher barriers when it comes to accessing bank credit because women typically have lower incomes than men and are less likely to own traditional security assets such as property and land.[29] In addition, women-led businesses tend to be smaller than men- led ones and are more concentrated in low-productivity industries. Only 10% of women entrepreneurs in EU member states wish to receive bank support, which is a third lower than the figure for men. This is confirmed by the OECD,[30] which publishes gender-disaggregated statistics about the share of the population who report borrowing money to start a business. There are only five countries in which the percentage of women borrowers is higher than men: Canada, Estonia, Hungary, New Zealand and Slovenia. In the UK, the difference between the percentage of men and women borrowers is not significant (27.4% and 25.9% respectively). However, this is not the case in Italy (22.2% of men and 11.6% of women) which, together with Spain (41.2% and 30.3% respectively), has the largest difference among OECD countries. The Future of Business Survey presented in Chart 3.1 confirms that, in both Italy and the UK, bank loans are a more popular funding option for men starting their businesses than women. Nevertheless, in this survey, the difference between the percentage of men and women starting up with bank funding is significantly larger in the UK, with 16% of men taking out a bank loan compared to 9% of women. In Italy, 28% of men entrepreneurs take out a bank loan to start up, compared to 25% of women.[31]

The relationship between women entrepreneurs and bank loans is not clear-cut. According to the Alison Rose Review of Female Entrepreneurship, women in the UK have a higher risk awareness than men and so are less willing to take on

29 More information can be downloaded here.

30 See the OECD Gender Portal.

31 The different findings can be explained by the different sources of data used in the OECD Gender Portal and in the Future of Business Survey. For the OECD the source is the Global Findex Database (see Footnote 24) while for the Future of Business Survey see Footnote 13.

bank loans (HM Treasury, 2019). They are also less likely to know other entrepreneurs or have professional networks with which they can consult, so they stand a higher chance to fall back on bank loans or credit card debt than men. According to the Young Women's Trust, 10% of early-stage women entrepreneurs in the UK started their business with a bank or a start-up loan, compared to 5% of men.[32]

The Alison Rose Review found that the funding gender gap in the UK is even larger at the scale-up stage, with around 10% of women-led businesses achieving £1 million turnover or higher, compared to 21% of businesses led by men. At the scale-up stage, UK women entrepreneurs are less likely than men to take on debt and when they do they typically ask for much less than men. Women entrepreneurs in the UK are so pessimistic about their chances of receiving a bank loan for scaling up their business that many will not even bother applying. Indeed, 46% of potential women borrowers did not apply for a bank loan because they expected to run into issues during the loan process, compared to 25% of men in the same situation. Similarly, 39% of women did not apply because they outright expected their application to be turned down, compared to 31% of men (BDRC Continental, 2016). It is common in many countries for women entrepreneurs to be discouraged borrowers. Indeed, an empirical analysis undertaken by Moro et al. (2017) on SMEs in 13 European countries shows that women entrepreneurs apply for loans less often than men because they are less confident that their application will be approved.[33]

In addition to bank loans, entrepreneurs in the UK have the option of taking out a government-backed start-up

"I think it's difficult for women to get started so you have to learn on the spot and take the good with the bad. I had the idea for The Femedic when I was working at my old job in digital marketing; my boss at the time provided the initial investment because he knew that I was capable, but on the condition that I continue working for him. It was good to have a salary to fall back on but essentially, I was working two full-time jobs and that just wasn't sustainable.

Even if I hadn't received that initial funding from my boss, I'd never have approached a bank. Banks become ruthless if you default so it's just too risky. I'd probably have looked for grant funding instead, so I would've started out with much less than I did. It would've taken me much longer to get where I am today but I wouldn't have minded too much. I want to change the narrative around women's health — no one said it would be quick or easy, but that's not going to put me off."

Monica Karpinski
Entrepreneur, Writer and Activist
The Femedic

32 See Footnote 28.

33 The analysis is based on the Survey of Access to Finance Enterprise (SAFE), which is integrated with information from the quarterly Bank Lending Survey (BLS).

loan from the British Business Bank.[34] These are unsecured personal loans that provide between £500 and £25,000 (with the average loan amounting to £7,832) to start or grow a business.[35] There is no application fee for these loans and the repayment period ranges from 1 to 5 years, with no early repayment fee. The interest rate on these loans is fixed at 6% per year — note that the official interest rate in the UK is currently at 0.75%.[36] These loans come in a package with free support and guidance, with some successful applicants also receiving 12 months of free mentoring. Since 2012, the British Business Bank has provided over £500 million worth of loans to more than 63,000 entrepreneurs across the UK. The British Business Bank states that 39% of these loans have been awarded to women entrepreneurs, but data relating the gender of applicants is not provided and so it is not clear whether or not this is because only 39% of applications were made by women.

When women do get access to bank loans, they are more likely to pay it back than their male counterparts and they on average show a lower share of non-performing loans than men. The Financial Alliance for Women (2019) has investigated the performance of financial institutions serving women, finding that, although women are underrepresented as customers, savers and borrowers, they show a strong banking behaviour and represent a valuable business opportunity to financial services providers.

Women entrepreneurs are more pessimistic about their chances of securing a bank loan than their male

34 The Start Up Loans programme is funded by BEIS and is delivered by The Start Up Loans Company (SULCo), a subsidiary of the British Business Bank (an economic development bank established by the UK Government).

35 Information is available here.

36 More in formation is available here.

counterparts, but the question remains as to whether this pessimism stems from actual gender discrimination. This would occur if worthy women entrepreneurs were refused loans, or if they were granted loans with harsher conditions (such as higher interest rates or collateral requirements) than those granted to men in a similar position. The question of whether banks do in fact discriminate against women-led businesses has been the focus of an abundant empirical economic literature, but it is not an easy question to answer. Many different and interrelated factors influence the outcome of a loan application and gender alone can rarely be isolated to test whether this is a swaying factor. The distinction between taste- based discrimination and statistical-discrimination further complicates the picture (Box 3.1).

This being said, the empirical economic literature provides important albeit inconclusive evidence that is relevant for our discussion. Indeed, Alesina et al. (2013) found evidence of taste-based discrimination in Italian banks, as women entrepreneurs face significantly higher interest rates than men entrepreneurs without any observable characteristic that can explain this differential other than gender. Furthermore, loan requests from Italian women entrepreneurs are significantly more likely to be rejected than those from comparable men entrepreneurs. In their study of 7,800 small business loans made by a major Italian bank, Bellucci et al. (2010) also found evidence of taste-based discrimination, concluding that women entrepreneurs are discriminated against vis-à-vis men in terms of collateral requirements, although they are not charged higher interest rates.[37]

37 Bellucci et al. (2010) consider a unique proprietary dataset of over 7800 credit lines made available to individually-owned small businesses by a major Italian bank, part of a large Italian banking group listed on the Milan Stock Exchange.

Box 3.1
Are women entrepreneurs disadvantaged in accessing funding?

Taste-based discrimination
Banks and other financial institutions treat a loan application differently based on whether it comes from a male or a female entrepreneur, notwithstanding similar business and borrower characteristics because of preferences or cultural beliefs about gender (Becker, 1957).

Statistical based discrimination
Banks are averse to lending to women entrepreneurs because women-led business are different than male- led enterprises (Bruhn, 2009; Cole and Mehran, 2009; Bardasi et al., 2011; Aterido et al., 2013):
• they are smaller;
• they are expected to grow less;
• they are specialized in low productivity sectors;
• they are less export intensive.

Stefani and Vacca[38] (2013) show that women-led businesses across Europe do find it more difficult to access bank loans than men-led businesses, but that the conditions on loans granted do not vary across gender. Contrary to this, Cavalluzzo and Cavalluzzo (1998) and Blanchflower et al. (2003) do not find any significant evidence of gender-based discrimination in the credit market in the United States once riskiness is considered.[39] Country-specific characteristics reflecting the differences in institutional and cultural traits should also not be disregarded. Ongena and Popov[40] (2013) show that access to credit for women borrowers is more problematic in countries in which the cultural gender gap is more severe. In general, the existing evidence provides rather conflicting results about the existence of a gender gap in access to finance depending on possible individual differences among borrowing firms and on country specific characteristics.

3.5 Women in banks

It may be the case that women-led businesses are a riskier option for loan-officers as they are typically smaller, less productive and less likely to generate high added value. Even so, as we have already discussed, investing in women-led businesses is smart economics. Thus, how can

38 Stefani and Vacca (2013) focus on European countries and use data from a European Central Bank survey on the access to finance by small- and medium-sized enterprises.

39 Both studies are based on the U.S. Survey of Small Business Finances.

40 Ongena and Popov (2013) rely on a dataset on small business firms from 17 European countries and explore a comprehensive range of outcomes. These include whether female firm-owners: I) are more often denied credit, II) are discouraged from applying to credit, III) rely less on bank credit and more on alternative sources of finance and IV) are offered inferior loan terms. Their main finding establishes that in countries with higher gender bias, female-owned firms are more frequently discouraged from applying to bank credit and more reliant on informal finance.

"I lead a group of five companies that provide services to the steel industry. The first company in the group was created by my father; my eldest brother took over the company when he passed away in 2007 but, when my brother passed two years later, I took over the business together with my sister-in-law and my mother. I'm the CEO, my sister-in-law is the accounting director and my mum is the president.

In 2014 and 2015, we decided to establish two new companies to diversify our business so we needed to look for funding. We approached the banks with a very clear business plan and we didn't have any problem with fundraising thanks to the good and long-standing reputation of our company.

Although we did consider other sources of funding, we found bank credit to be the only viable option. In particular, we considered the regional financial fund but the support they offer in exchange for their capital participation was not worthwhile. So, when we need human resources which are internally unavailable, we rather prefer to hire a consultant although it is not always easy to find the right skills."

Alessandra Sangoi
ENTREPRENEUR | SANGOI GROUP

access to finance for women-led business be facilitated? Does the presence of women in the board of the banks enhancing the probability of women-led businesses being successful in their loan applications?

As discussed in Section 1, this question is central to our research because of the different approaches to gender-diversity and governance between Italy, where gender balance in the boardroom is regulated by law, and the UK where it is driven by a voluntary approach (see Box 3.2). We have not been able to provide an empirically robust answer to our question because banks do not provide gender-disaggregated data about their business customers. We have looked at the listed banks' Corporate Responsibility and Strategic Reports to find information on their gender diversity policies. For the majority of the banks, their gender diversity policy mainly concerns the internal organisation and it is aimed at reducing the gender gap in leadership roles, eliminating remuneration gaps and generally increasing the percentage of women in the employment base as well as in senior roles. A few of the reports from the Italian banks also provided some data on the gender breakdown of their customers, but none did so with the distinction between private and business customers.In the absence of this data, it is not possible to investigate the relation between the presence of women in bank boards and women-led businesses' access to bank loans. Here we present the evidence that we were able to access and look to other resources to provide as full an answer as possible.

We turned to data from the Bureau van Dijk (BvD) Orbis database to estimate the percentage of women in leadership roles across listed and unlisted banks in Italy and the UK.[41] In total, we analysed a sample of 101 banks, 54 from Italy

41 See Table A.1 and A2 in Appendix 2 for a list of the Italian and British banks considered in the analysis.

Box 3.2
The Golfo-Mosca law in Italy and the 'comply or explain' rule in the UK

Italy
Italy has introduced the Law 120-2011 (called Golfo-Mosca law in accordance with the name of its two proposers, Lella Golfo and Alessia Mosca) which introduced a gender quota for the members of boards of directors in public listed companies. The law requires a minimum of 1/5 of board seats for each gender with the first board appointment following August 2012 and a minimum of 1/3 with the following appointments. The law was renewed in December 2019 when the required target of representation was increased to 40%.

UK
There are no mandatory gender quotas for the boards of directors in public listed companies. Even so, the percentage of women on boards is not far from that achieved in Italy as a result of mandatory quotas. In 2018 the FTSE 100 boards had 30.2% women directors; seventy-six FTSE 100 companies had three or more women on their board. However, the share of women directors drops to approximately 25% for the FTSE 250 companies, while there are 74 companies in the FTSE 350 with only one woman on their board (Hampton-Alexander, 2019). Following the 'comply or explain' rule in the UK Code of Governance (2012) companies are increasingly put under pressure by investors, proxy agencies and trade bodies to improve the gender balance in their board.

and 47 from the UK (Table 3.1). 38 (70.4%) of the Italian banks we sampled are unlisted and 16 (29.6%) are listed. Out of the British banks, 35 are unlisted (74.5%) and 12 (25.5%) are listed. In total, 73 (72.3%) of the banks considered are unlisted and 28 (27.7%) are listed. In these banks, we looked at the gender distribution across board, committee and senior management roles, analysing in total 5,921 individuals, 3,206 in the Italian Banks and 2,715 in the UK banks.[42]

Table 3.1
Banks included in the analysis (# and %)

	Unlisted		Listed		Total	
Italy	38	70.4%	16	29.6%	54	100%
UK	35	74,5%	12	25.5%	47	100%
Total	73	72.3%	28	27.7%	101	100%

Source: authors' dataset

Table 3.2 shows the gender distribution across the different executive and managerial roles. Starting with the board of directors of listed banks, we found that women account for 37% of such roles in Italy and 30% in the UK.[43] In both countries, we found that women hold a larger percentage of all roles (board, committee and management) in listed banks than unlisted ones, with the largest difference between the average percentage of women in board/committee roles being between Italian listed banks (36.4%) and Italian unlisted banks (15.9%).[44] This difference (which equals 20.5 percentage points) is consistent with the "Golfo-Mosca" law.

42 See Table A.3 in Appendix 2 for details of the roles considered.

43 See Chart A.1 in Appendix 2 for a detailed breakdown by specific board and committee roles. In Italian banks, the percentage of women is generally larger, with the exception of executive and remuneration committees in unlisted banks.

44 See Table A.4 in Appendix 2 for test of statistical differences.

Table 3.2

Gender distribution in listed and unlisted Italian and British Banks (# and %)

	Country	Listing status	Women		Men		Total	
Any role	Italy	Listed	337	29.4%	808	70.6%	1145	100%
		Unlisted	540	25.1%	1610	74.9%	2150	100%
	UK	Listed	520	38.5%	832	61.5%	1352	100%
		Unlisted	406	29.7%	961	70.3%	1367	100%
Boards and Committees	Italy	Listed	123	37.2%	208	62.8%	331	100%
		Unlisted	66	17.0%	322	83.0%	388	100%
	UK	Listed	64	29.6%	152	70.4%	216	100%
		Unlisted	60	15.2%	335	84.8%	395	100%
Management	Italy	Listed	291	28.4%	733	71.6%	1024	100%
		Unlisted	486	26.1%	1375	73.9%	1861	100%
	UK	Listed	503	38.7%	797	61.3%	1300	100%
		Unlisted	395	29.8%	931	70.2%	1326	100%

Source: authors' dataset

When all board, committee and management roles are considered, the percentage of women is higher in the UK listed banks (38.5%) than in Italian listed ones (29.4%). However, this result is driven by the presence of women in management roles.[45] It appears that the effect of the "Golfo-Mosca" law does not extend to management roles, given that the difference between the average percentage of women in management roles between listed and unlisted banks is much larger in the UK than in Italy. In Italy, 30.8% of management roles in listed banks are held by women, compared to 19.9% of such roles in unlisted ones (a difference of almost 11 percentage points). In the UK, women account for 34.3% of management roles in listed

45 Considering management roles, Chart A.2 in Appendix 2 shows that women' shares in Italian and UK banks are quite similar in finance, accounting and senior management roles.

banks, compared to 17.2% of such roles in unlisted ones (a difference of over 17 percentage points).

When comparing the percentage of women in listed and unlisted banks across country, the only significant difference that we found is between the percentage of women in board/committee roles in listed banks, with the Italian result being 7.5% higher than the UK result.[46] This finding could help to isolate and confirm the effect of the Italian "Golfo-Mosca" law.

In order to answer the question of whether the presence of women on the board of banks makes it easier for women-led businesses to secure loans, we would need to look at data relating to the percentage of banks loans awarded to women-led businesses and men-led businesses by Italian and British banks (listed and unlisted) but, as already mentioned, this data is not available and so we have looked to the scarce existing literature on the topic to find some indirect evidence.

There is a growing body of literature that aims to assess the impact of increasing gender equality on boards, however, this mainly focuses on the performance of the companies rather than the overall market impact. Not only are women on average better qualified, but also their promotion to senior roles tends to push out less qualified men (Ferrari et al., 2018; Profeta, 2017). To the best of our knowledge, only one study (Maida and Weber, 2019) has attempted to assess whether the introduction of the gender quotas in Italy has had any spillover effects. The study concluded that, although the Golfo-Mosca Law has substantially raised the women component of corporate boards, there is no evidence of positive impact on the promotion of women to top executives or top-earning positions. Moreover, the study finds that the introduction of gender quotas has

46 See Table A.5 in the Appendix for tests of statistical differences.

not even reduced gender discrimination at lower levels within companies given that there is no evidence of implementation of more family-friendly policies.[47]

Another area of research that could provide some indirect evidence concerns the link between the gender of bank officers and access to credit for women-led businesses. For, are women loan-officers more sympathetic and more prepared to take the credit risk vis-à-vis women-led businesses? Bellucci et al. (2010) show that women loan- officers in Italian banks have some sympathy with women entrepreneurs — for example by being more flexible on collaterals — but on the whole, the gender of the loan-officer does not significantly affect the overall loan conditions. However, Bellucci et al. find that women loan-officers are more risk-averse (or less self-confident), as they tend to restrict the credit that they grant to new, un-established borrowers more so than their male counterparts. The fact that women decision-makers have a more conservative attitude in conceding access to finance is consistent with the finding by Masciandaro[48] et al. (2018) that central bank boards with a higher percentage of women set higher interest rates.

Given that women-led businesses statistically pose a greater risk for banks, it could be the case that women loan-officers are less likely to approve applications from women-led businesses than their male counterparts. However, in their study of loan transactions where the gender of the loan-officer and the borrower matches in the first instance,

47 The empirical analysis is based a dataset linking information about boards and boards directors in Italian listed companies with longitudinal administrative firm-worker records provided by Italian Social Security Institute (INPS).

48 The authors put together a new dataset by cherry picking information from a number of sources, which include - but are not limited to - central bank legislation, annual reports and Central Bank Directories.

Beck et al. (2018) find that the likelihood of the borrower returning to the same lender for further credit increases.

From this limited evidence, we come to the preliminary conclusion that, while increasing the representation of women on bank boards is certainly a starting point on the grounds of equality, the gender quota alone is not a sufficiently effective tool for reducing gender disparities within firms, nor does it make it easier for women-led businesses to secure loans.

3.6 Private Equity and Venture Capital

Entrepreneurs looking for larger amounts of capital than typically provided by start up loans or grants may decide to look for equity investment. Private equity investments are those where an individual investor or fund provides a private business with capital in return for a stake in the business. The majority of the private equity industry is made up of large institutional investors such as pension funds and private equity firms, which typically provide substantial amounts of capital for extended periods of time. Venture capital (VC) includes wealthy individuals, investment banks and other financial institutions. There are fundamental differences between the two: while private equity firms mostly invest in mature companies, venture capital firms tend to invest in high-risk early-stage companies that have high growth potential. Moreover, private equity firms sometimes look to buy 100% ownership of businesses, so provide an entrepreneur with an exit and potentially enabling them to start a new venture, while venture capital firms typically look for 50% or less.

Equity investments are typically provided along with other resources, such as experience, advice and networks, and they don't have high interest rates attached to them like bank loans. However, for some entrepreneurs, having to pay back

"When I first started StairSteady, my bank wouldn't even let me look at a leaflet for a business account because I was too young. My dad had sign for everything. We sat in the bank for hours getting everything transferred over into my name when I was older.

You really need to think about when you need funding and whether you actually do need it. I was told from a young age that borrowing money is bad and it took me a while to realise that this isn't necessarily true. I now have an overdraft on my business account and this can be useful for temporary cashflow. I think that things could have gone differently if I'd looked for more funding in the early stages of the business, but I'd never take out a bank loan. Private investors are a better source of funding because they're fully aware of the risk that they're subjecting themselves to. Most will only invest amounts that they can afford to lose or write off against tax, and if they do end up losing their money, well, that was their choice to make. But if you end up losing the bank's money and they take your house — that will hang over you forever. Especially if you have children, it just isn't worth it. Having the right investors can also be really valuable for your business. My manufacturer holds equity and this reassures me that corners will never be cut and the quality of the product will never be compromised."

Ruth Amos
INVENTOR AND ENTREPRENEUR
StairSteady, Kids Invent Stuff and Girls with Drills

interest will be a more favourable option than having to give up shares. Securing an equity investment is not easy. To begin with, entrepreneurs need to find an appropriate investor (or vice versa) and convince them that investing in their business will pay off. The price and number of shares is negotiated on a case-by-case basis, depending on future earnings and liquidity.

The private equity and venture capital market in the UK is mature; it is the largest in Europe and the fourth largest in the world, with €7.7 billion of venture capital invested in more than 1,000 investment rounds in 2018. In contrast, the Italian market is still rather immature, albeit rapidly increasingly, with €0.5 billion of venture capital funds invested in 208 rounds in 2018 (Dealroom.co, 2019).

Women entrepreneurs receive a tiny fraction of venture capital funding. In 2018, 93% of all funds raised by European venture capital-backed companies went to businesses with only men on their founding teams.[49] The venture capital market in the UK is thriving, but a study of over 220 early-stage digital start-ups found that men entrepreneurs in the UK are 86% more likely to receive venture capital funding than women.[50] Research published by the British Business Bank (BBB) in collaboration with Diversity VC and the British Private Equity & Venture Capital Association (2019) shows that less than 1% of UK venture capital investment goes to all-women teams, with 89% going to all-male teams, and 10% going to mixed-gender teams. Out of the number of venture capital deals agreed, women-only teams represented just 4%. Among the sample that they looked at, the British Business Bank found that 61% of venture capital firms in 2017 did not see a single all-woman team at the investment committee stage and 24% saw no women at all at this stage.[51]

49 More information is available here.

50 More information is available here.

51 As the market in Italy is far behind the one in the UK, we did not find any data relating to the gender gap in venture capital funding.

There is a growing body of evidence showing that the gender gap in venture capital funding does result from bias. As mentioned before, research by Morgan Stanley (2018) shows that venture capital investors perceive women entrepreneurs to be a riskier investment than men in a similar position and it is more difficult for women to attract investment because they are usually asked to demonstrate the performance of their projects, while men are only required to demonstrate potential. A study conducted in the USA looking at Q&A interactions between 140 venture capitalists (40% of them women) and 189 entrepreneurs (12% women) at a start-up funding event in New York, found that men and women entrepreneurs competing for funding were asked divergent questions. For instance, men were asked about potential gains from their businesses, while women were asked about potential losses (Kanze et al., 2017). The difference in questioning appears to have substantial funding consequences for start-ups. After controlling the other factors that may influence funding outcomes, the authors found a relation between the prevalence of negative questions and the allocation of less funding to start-ups led by women.

The fact that the private equity and venture capital industries are heavily male-dominated partially explains why women entrepreneurs receive so little of this funding. It has been shown that people generally tend to invest in people like themselves and, more specifically, that venture capital firms with investment teams comprised entirely of men are more likely to invest in projects and businesses led by men (Brush et al., 2014). Further to this, there is some evidence that venture capital firms with women founders and/or an unusually high percentage of women partners are more inclined to invest in women entrepreneurs (Teare and Desmond, 2016). Indeed, venture capital firms with women investment partners are four times more likely to invest in women-led businesses (DuBow and Pruitt, 2017).

The British Venture Capital Association (BVCA) and Level 20, a not for profit organisation seeking to improve gender diversity in the industry, recently conducted a study of 178 private equity firms with a presence in the UK to gather information on the gender composition of their teams (BVCA and Level 20, 2018). Based on an analysis of around 5,000 full-time employees, they found that women account for just 29% of the private equity workforce, compared to 48% of the UK labour force. Within the private equity workforce, women account for 60% of non-investment roles, such as HR and compliance and support staff, but make up just 14% of investment roles, such as deal team or investment group members.[52] Their study found the presence of women to decrease in relation to the seniority of the role, with women accounting for 15% of mid-level investment roles and 6% at the senior level.[53] They further found that 28% of private equity firms have investment teams that have no women at all, with 67% of teams in firms with 10 employees or less being entirely comprised of men.

Diversity VC, a non-profit partnership that promotes diversity in venture capital, has recently conducted a similar study in sponsorships with the Silicon Valley Bank looking at gender representation within the UK venture capital industry. Considering data from 171 UK venture capital firms, that employ 2,114 people, they found that on average women account for 30% of the venture capital labour force in the UK, but make up just 20% of investment roles.[54] Here, the percentage of women also drops with the seniority of the role, with women accounting for 26% of mid-level

"I founded MyTutela together with two partners in 2017. MyTutela is an application aimed at prevent things like cyberbullying by collecting and storing chats and screenshots in a manner in which they can be used in a legal trial. In the beginning, we applied for EU grants but we weren't successful, so we had to change our business model from a free app to make it appealing for private investors. We were then accepted into the acceleration program at LUISS EnLabs and funded with a first round of 150K by LVenture Group, an Italian Venture Capital Fund.

I have a Master degree in Health and Physical Activity, so I come from a very different background, but the start-up ecosystem attracted me when I was accepted at Innovaction Lab, a training programme for would-be startuppers. This programme made me understand the importance of having a diverse team in terms of competences, and also in terms of gender. Then, I spent some time as an intern at a venture capital fund in the States. I came back and learned about the idea developed by my two actual partners, I decided to help them to develop the business idea. We're now starting to look for seed capital to to look for funding our second round . We would like to find investors able to support our entry into the global market. The venture capital market in Italy is immature, but we feel that there are some potential investors and we will approach them as soon as we will be ready."

Susanna Testi
ENTREPRENEUR | MyTutela

52 Investment professionals are defined as individuals holding roles within investment teams, either as members of the deal teams or portfolio groups. Non-investment roles include individuals holding jobs in Investor Relations, Marketing, Accounting, Legal, Human Resources, Compliance and Support Staff.

53 Compared to 28% of board level roles in FTSE 100 companies.

54 Investment roles usually comprise two-thirds of personnel.

investment roles and 13% of senior investment roles.[55] Women also only account for 13% of investment committees, which have the ultimate authority over investment decisions. 83% of the firms reported having no women at all in their investment committees and 37% had all-male investment teams.

The private equity and venture capital market in Italy is not as mature as that in the UK, so we could not find any extensive studies on the gender gap in capital allocation. However, the gender gap is evident in the industry globally, with just 7% of partners at the top 100 venture firms worldwide being women (PwC and The Crowdfunding Centre, 2017). Therefore, we can infer that the venture capital and private equity industry is male-dominated in Italy too.

3.7
Angel investors

In addition to private equity and venture capital, angel investors also provide entrepreneurs with equity investment. Angel investors are individuals who use their own money to make equity investments in privately owned businesses. Angels can invest by themselves or they can pool their resources within a syndicate to share the workload and mitigate risk. A business can receive angel investment during any stage of its development, so it can be helpful for new businesses looking to launch, as well as for established businesses looking to grow. Angel investment will not appeal to those who are not willing to give up any part of their business, but it provides much more than money for those who are, and is a good option for entrepreneurs who don't want to be in debt. Angel investors are often experienced entrepreneurs and they tend to get involved in the business in which they invest. They therefore provide 'smart capital',

55 Mid-level roles are principals or equivalent and senior level roles are partners or equivalent.

"I decided to start Bellota Baby after my second child had a health scare and I realised that there was a gap in the market for good, fresh, nutritionally balanced baby food. When you have ideas and you don't act on them, and then you see someone else doing it instead — it kills you — so with this I knew that I just had to do it. I'd been working in international property for 11 years, but I quit my job and used my final pay cheque to start the business. Almost everything for Bellota Baby, I've done myself; from researching, developing the product range and pitching, to packing, delivering and selling at markets. It's a lot of work and it's not always easy to balance this with family life, but the thought of being able to pass this down to my children one day keeps me going.

I was recently approached by a big investment firm and they told me that they'd been tracking Bellota Baby for over a year. All of the investors were men and none had children, but they really knew their stuff when it came to the baby food market. Although I am interested in this opportunity, I don't think that now is the right time. I want to focus on building the brand and expanding our reach; once I'm happy with the growth I'll go back and negotiate the deal that works for me."

Jade Ireland
ENTREPRENEUR | BELLOTA BABY

i.e. capital along with business experience, strategic advice and networking opportunities and usually do so on a long-term basis.

The angel investor market in Europe is growing. In 2017, it reached €7.3 billion, up 9% from the year before, making it the main equity market for early-stage European SMEs and start-ups (EBAN, 2017). The UK has the most mature angel investor ecosystem in Europe, but it still has a long way to go before it catches up with the US (Centre for Strategy and Evaluation Services, 2014). Italy was a late-starter in the angel investor market and the Italian angel ecosystem is relatively immature. This being said, it is growing and the investments have increased by around 75% between 2017 and 2018.[56] In both Italy and the UK, angel investors favour hi-tech sectors. In Italy, 44% of the investments are made in the ICT industry whereas in the UK around 27% of the investments are in the Healthcare and Digital Health sector. Additionally, in both Italy and the UK, more than 10% of the investments are directed to the financial sector. As these sectors are dominated by men, it is not surprising that women entrepreneurs do not receive as much angel investments as their male counterparts.

As mentioned earlier, grant funding is the most popular form of start up capital for women entrepreneurs in the UK, but angel investors typically provide 20-28 times more capital than the average grant. However, only 1% of early-stage women entrepreneurs receive angel investment compared to 10% of their male counterparts, who received investments averaging around £150-200k (HM Treasury, 2019).

Just as with private equity and venture capital investors, angel investors tend to be men and to invest in other men.

56 The source of this information is the IBAN survey made by the Italian Business Angels Network Association) yearly. In 2018, the sample was composed by 200 business angels. The survey can be downloaded here.

Indeed, research from The Women Business Angels for Europe's Entrepreneurs (WA4E), a European Union funded project, shows that the majority of angel investors come from holding high positions in the corporate world and this clearly represents a barrier for women, who are less present in the top managerial roles and often feel that they lack the experience for such a kind of investments.[57] Moreover, the research shows that women angel investors have a strong propensity to back women-led businesses, while only a small minority of male investors back women-led businesses. As such, the deficit of women angel investors also needs to be addressed alongside the funding gender gap.

Angel investors in the UK[58] are not a diverse group, with the average angel investor being a white man in his early fifties, who has eight years of investment experience and lives in London. In 2017, women accounted for just 14% of angel investors in the UK (British Business Bank, 2018). In Italy, the typical business angel is a male entrepreneur with experience as a manager, between the age of 30 and 50 and with assets under €2,000,000 of which around 10% dedicated to start up investments. In 2017, 17% of Italian angel investors were female, a significant increase from 2012.[59]

57 The project ran from 2017-2018 and was focused on women angel investors in Belgium, France, Italy Portugal, Spain and the UK. It collected information via an online survey from 640 women across the six partner countries, 310 of them were already angel investors and 330 were not. The online research was accompanied by a qualitative survey based on detailed interviews among 225 women across the 6 partner countries who had completed the survey to give a more detailed personal perspective on women's approach to angel investing. This was accompanied by a proactive campaign to raise awareness of the research and encourage participation in the survey. The report can be downloaded here.

58 Angel investors in the UK are required by the regulator to have a salary of at least £100,000 a year or £250,000 in investable assets.

59 The source of this information is IBAN as reported in Footnote 56.

3.8 Crowdfunding

Crowdfunding is a relatively new form of funding[60] where a large number of individuals each provide a small amount of capital, normally conducted through an internet campaign. Crowdfunding campaigns can be divided into several different categories. Seed crowdfunding is when a business asks for capital to finance the creation, launch or development of a new product or service in return for a reward, which often reflects the amount contributed. For example, a large contribution is often an upfront payment for the finished product, whereas a small contribution may be rewarded with a thank-you card or some branded company merchandise. Equity crowdfunding is similar to seed crowdfunding, but the reward is an amount of equity proportionate to the amount contributed. Equity crowdfunding is not very common and is normally only an option for companies that can show strong projected growth. Crowdlending, or peer- to-peer lending, is when individuals pool their funds to provide loans that will be charged interest. Compared to more traditional financial products such as bank bonds, crowdlending allows lenders more visibility and control over what their money is used for and often produces higher returns.

Seed crowdfunding is the most common form of crowdfunding[61] and the benefits of this extend far beyond cashflow. Seed crowdfunding takes advantage of vast and easily accessible online networks and allows businesses to connect directly with the market and receive validation much earlier than those using more traditional forms of finance. This validation can then be used to convince more

60 Indiegogo, the first international crowdfunding website, was launched in 2008.

61 According to PWC (2017) there are 19 times more seed crowdfunding campaigns than there are equity crowdfunding campaigns.

traditional lenders such as banks to back projects that they wouldn't typically consider. Because crowdfunding balances supply with demand, it is also more likely to result in partnerships with other organisations and attract good employees (PWC, 2017). There is evidence that crowdfunded businesses are sustainable as there is significant agreement between the funding decisions of crowds and experts (Nanda et al., 2015). In the UK, which has one of the largest volumes of crowdfunding campaigns, the failure rate of equity-crowdfunded seed-stage companies is lower than that of non-crowdfunded start-ups (PWC, 2017).

PwC (2017) analysed two years of crowdfunding data over 2015 and 2016 from nine of the biggest crowdfunding platforms globally[62] and found that women are more successful at crowdfunding than men, with women-led campaigns being 32% more successful than ones led by men. The study found that 22% of women-led campaigns successfully reached their funding target, compared to only 17% of campaigns led by men,[63] with this result holding across all countries[64] and sectors. Even in the heavily male-dominated technology industry, 13% of women-led campaigns achieved their target, compared to 10% of men-led ones.[65] In addition, women-led campaigns attract a higher average contribution than men-led campaigns, with each individual contributing an average of $87 to women-led campaigns and $83 to men-led ones.[66]

"I set up my first business with a partner, but things didn't work out and in the end I decided that selling my shares was the best option for me. I started Luxtra around the same time as this and based on that first experience, I wanted to do my second business on my own. Luxtra brings together the things that I'm most passionate about — veganism, sustainability, and fashion — so right now it's important to me to keep ahold of as much of the business as I can. Because of this, crowdfunding appeals to me much more than angel or venture capital investment. I've always been a saver and I don't like the idea of being in debt, so a bank loan isn't really something that I'd consider."

Jessica Kruger
ENTREPRENEUR | LUXTRA

62 The study looked at data from more than 465,000 crowdfunding campaigns across 205 countries.

63 The funding target for men-led campaigns is on average higher than those for women-led campaigns, but women's lower targets are not correlated with their higher rate of success (Marom et al., 2016).

64 In countries with the largest volumes of seed crowdfunding, the UK and the US, 20% of male-led campaigns reached their targets. Yet, female-led campaigns outperformed, with 24% of women in the US and 26% of women in the UK successfully reaching their campaign funding target.

65 Although there are 9 male seed crowdfunders for technology ventures for every one woman.

66 This global trend is, however, greatly influenced by UK and US data,

The PwC study found crowdfunding to be significantly more prevalent in the UK than Italy, with a total of 19,066 campaigns initiated in the two-year period (13,053 by men and 6,013 by women), compared to 2,948 in Italy (2,407 by men and 541 by women) (Table 3.3).

Table 3.3

Crowdfunding campaigns in Italy and the UK | 2015-16

	Italy		UK	
	Women	Men	Women	Men
Number of campaigns	541	2,407	6,013	19,066
Successful campaigns (%)	11%	8%	26%	20%
Average contribution ($)	97.89	133.25	78.19	69.05
Total pledge (million$)	1	11	18	55
Total number of backers	10,000	84,000	228,000	798,000

Source: PwC (2017)

Looking at the UK, the study found that 26% of women-led campaigns successfully achieve their target compared to 20% of men-led ones. Although women-led campaigns receive a higher average contribution ($78.19) than men-led ones ($69.05), men-led campaigns overall get more money (a total pledge of $55 million) than women-led ones (total pledge of $18 million) and have a higher total number of backers (798,000 for men compared to 228,000 for women).

Similarly, in Italy, the study found that 11% of women-led campaigns successfully achieve their funding target compared to 8% of men-led ones but, contrary to the UK and to the global trend, Italian men-led campaigns receive a higher average contribution ($133.25) than women-led ones

where crowdfunding activity is by far most significant, with women on average obtaining close to ten US dollars more per pledge than their male counterparts in both markets.

($97.89). Men-led Italian campaigns also overall received more money ($11 million total pledge for men, compared to $1 million for women) and have more backers (84,000 for men compared to 10,000 for women).

The reason for women's higher crowdfunding success rate is partly explained by the language that they use. Compared to men, women use more emotive and inclusive language in their campaigns and this has been found to be more appealing to men and women contributors. However, the more important reason for women's higher success rate is that crowdfunding changes perceptions of who can be the people to drive business growth (PWC, 2017). With all other forms of funding, the decision- makers are typically 'men in grey suits', but crowdfunding enables and empowers more women decision-makers as well as a more diverse and open-minded set of men. Indeed, crowdfunding shows how the power of the crowd — which is more or less an equal number of men and women — can work to defuse bias.

Section 4

Supporting women entrepreneurs

4.1
Affirmative action for women entrepreneurs

In Italy, the UK, Europe and the rest of the world, men account for the overwhelming majority of entrepreneurs because, among others, access to funding is the biggest barrier that discourages and prevents women from starting and scaling their own businesses. As discussed in Section 2.4, balancing this disparity is good for the economy and good in itself. Affirmative action to direct funding towards women entrepreneurs is urgently needed.

In both Italy and the UK, there are a number of programmes directed towards women entrepreneurs that offer funding and other types of support. In this section, we examine the existing (and some past) programmes and assess what more needs to be done. Finding information on these programmes has not been straightforward,[67] as neither country has a single platform that provides exhaustive information on the programmes available for women entrepreneurs.[68] Although there have been various attempts over the years, there isn't a comprehensive and user-friendly one. For example, the Italian Ministry of Economic Development publishes guidelines that provide details of the government-regulated programmes and has a specific section for those available to women entrepreneurs, but the information here is not exhaustive.[69] Similarly, the UK Government Equalities

67 We have found the programmes discussed in this report by conducting internet searches using various combinations of keywords such as women business entrepreneur funding credit programmes support Italy and UK In addition, we have found information on various platforms such as the European Commission's *Gateway for Women's Entrepreneurship* e-platform.

68 The Alison Rose Review of Female Entrepreneurship (HM Treasury, 2019) has called for the private sector to collaborate with public bodies to create a comprehensive digital first-stop information shop for entrepreneurs, with a function to tailor the content for women entrepreneurs.

69 The list of incentives is available here where it is possible to find

Office set up the Business is GREAT: Women in Enterprise webpage[70] in 2014 to offer resources, advice and funding available to women looking to start, grow, or accelerate their business. Again, this platform does not provide exhaustive information and it lacks details on the existing gender-responsive schemes.

In this section, we start by looking at the programmes and funding that are available specifically for women entrepreneurs in Italy and the UK, also outlining the various ways in which banks in each country support women entrepreneurs. We then explore some of the programmes and platforms that aim to bridge the investor gender gap. To conclude, we look at networking in more detail, as having the right network can be a critical resource for enabling access to funding.

4.2
Funding for women-led businesses

For both countries, we have found programmes that aim to advance gender equality by providing funding specifically for women entrepreneurs. Most of these programmes are government-supported, however some have been developed by private sector organisations, including banks.
In Italy, there are many programmes supported by local governments and these tend to run for some years.
In the UK, however, the programmes are shorter-term and tend to be concentrated in London.

Italy

In Italy Law 215, which was implemented in 1992 to promote women's entrepreneurship, offers a variety of business development support that focuses on things such as

information about the programme *Nuove Imprese a Tasso Zero* described below.

70 More information is available here.

business creation, innovation, marketing and international expansion. This law is integrated by specific policies at both the regional and local level, with a specialised committee for women's entrepreneurship within each provincial Chamber of Commerce that supports the implementation of programmes and activities targeted to women. Unioncamere has created an online portal to provide entrepreneurs with relevant information and advertise the activities and projects promoted by local governments.[71] This includes a variety of grants that have varying conditions, such as who can apply, the industry targeted, the total amount awarded, or the percentage of the cost of the project covered by the grant. There are also significant regional differences. For instance, grants available for businesses located in the regions of Lazio and Friuli Venezia Giulia offer a total of up to €30k and cover between 50% and 80% of the total start up costs, while grants in Apulia offers a total of up to €150K covering 50% of the costs.[72]

The available grants are published on Unioncamere's online portal together with the other initiatives for women-led businesses such as awards, training sessions and workshops. Information on the grants, however, is scattered, which makes it difficult, if not impossible, to get a comprehensive overview of what is available. Some of recurring complaints among the women entrepreneurs we have interviewed are that it is very difficult to find the information about the calls for grants and the application itself is often too complicated and time-consuming.

Our search shows three government-initiated funding programmes for women entrepreneurs, two of which are run in partnership with several banks. The first programme is the *Fondo di Garanzia per Imprese Femminili* which is

"Rilegno was established in 2014 and was initially incubated in the accelerator programme Manifattura di Trentino Sviluppo. My husband and I came up with the idea for the business together; we're both engineers and we were working for a company that produced wood structures for buildings, so we decided to create a business for restructuring existing wood buildings instead of building new ones.

We started Rilegno with our personal funds but, one day, by chance, I heard about a grant for women entrepreneurs offered by a national support programme. I came across this opportunity when we were still in the incubator while chatting with someone at the coffee machine. The deadline was only a week away, but we managed to get the application together and we were awarded a grant of 50.000 euros, which helped us to invest in equipment that was critical for starting our company. Now that we have more experience, we understand that there are several funding opportunities available at the national and local level, but it is important to have some external support for information and help with the application."

Laviania Sartori
ENTREPRENEUR | RILEGNO

71 More information is available here.

72 More information about Lazio is available here, about Friuli Venezia Giulia here and about Apulia here.

a special component of the F*ondo di Garanzia per le PMI* and is promoted by the Department for Equal Opportunities, the Ministry of Economic Development, and the Ministry of Economy and Finance. It supports women-led SMEs with good financial fundamentals and growth prospects by offering a public guarantee of up to 80% of the loan, with a maximum of €2.5 million.[73]

The second programme is the *Protocollo d'intesa per lo sviluppo e la crescita dell'imprenditoria e dell'autoimpiego femminile*, a national programme promoted by the Department for Equal Opportunities, Ministry of Economic Development, the Association of Italian Banks (ABI), the main entrepreneurial bodies — Confindustria, Confapi, Confartigianato, Confcommercio e Confcooperative — in collaboration with 36 banks (corresponding to 40% of total bank branches in Italy). The *Protocollo* was signed for the first time in 2014 and in 2017 it has been extended until the end of 2019 with an endowment of €1.5 billion. The protocol has three lines of interventions:

- *Investiamo nelle donne* to innovate or scale up;
- *Donne in start-up* for the establishment of new firms;
- *Donne in ripresa* for refinancing firms affected by the economic crisis.

All loans, offered at competitive rates, can be guaranteed by the national fund and can be discontinued for up to 12 months in the case of maternity leave, illness or caring for a sick family member.[74]

Several Italian banks offer loans within the framework of the *Protocollo* under similar conditions. We have found information about some of them. Banco BPM runs the *Orizzonte Donna* programme which provides start-up loans for women-led businesses, covering up to 100% of the costs

73 Information about the *Fondo di Garanzia* is available here.

74 Information about the *Protocollo* is available here.

for buying new machinery or investing in innovative projects (for up to 10 years) at a comparatively low interest rate. Within the *Orizzonte Donna* programme, Banco BPM also offers loans for up to 3 years for women-led businesses in need of financial restructuring and for up to 5 years for women-led businesses in the agriculture sector, both with subsidised interest rates.[75] Intesa SanPaolo runs a similar programme, *Finanziamento Business Gemma*, which provides loans to women-led businesses in their initial phase of starting up, as well as those which have been running for less than two years. Other banks, such as BPER Banca, offer similar loan programmes, usually with the possibility to obtain a guarantee through the *Fondo di Garanzia*.

The third programme is *Nuove Imprese a Tasso Zero*, which is promoted by the Ministry of Economic Development, the national agency for investment attraction and economic development (Invitalia), and ABI in partnership with Intesa San Paolo, Banco BPER and ten other smaller banks. It aims to increase women entrepreneurs' access to credit by providing loans of up to €1.5 million (covering up to 75% of expenses) with zero interest for up to 8 years. The programme targets people aged between 18 and 35 and women of all ages. Other funds, such as personal funds or a bank loan, are required to cover the remaining 25% of expenses.[76]

A new initiative to sustain women's entrepreneurship has been launched by UniCredit, which has recently signed an agreement with the European Investment Bank (EIB)[77] for a fund of €200 million, with a commitment by UniCredit to match that sum. The fund therefore totals €400 million for SMEs, with up to 25% of the total amount intended

75 More information is available here.

76 Information about *Nuove Imprese a Tasso Zero* is available here.

77 This initiative is part of the EIB Strategy on Gender Equality and Women's Economic Empowerment, described in more details here.

for businesses managed or controlled by women.
This is one of the first initiative of this kind signed in Europe by the EIB and the biggest in terms of the amount of financing. UniCredit, which is in charge of selecting the projects, can finance up to 100% of the investment for an amount of €12.5 million and the maximum individual cost of such projects is €25 million.[78]

There also several initiatives run by the private sector and one of the most established is *Premio Gamma*,[79] which was created in 2004. This offers innovative women-led start-ups a type of grant consisting of training, mentoring, free access to an incubator, a communication and promotional campaign and an equity crowdfunding campaign.

The UK

In the UK, the website Business is GREAT collects information about initiatives and programmes aimed at supporting UK businesses in different stages of their life cycle, such as start up, growth and acceleration.
A section dedicated to Women in Enterprise provides information about resources, covering topics from finance to mentoring, networking and childcare.[80] In the section on finance, there is only general financial business advice and no information on the funding available specifically for women- led businesses.

The UK BEIS has a webpage, Finance and Support for your Business, which provides a database of the available financial support schemes that have been initiated or approved by the government. The results can be filtered by type of support, business stage, industry, number of employees and region, but there is no filter that relates to gender. The database has a search function and

78 Information is available here.

79 More information about *Premio Gamma* is available here.

80 The website is available here.

inputting 'women' or 'female' pulls up zero results out of 165 schemes.[81]

In our search, we found two government-initiated programmes, as well as two other non-government programmes. We also found one bank-initiated funding programme.

The first programme is the *Women in Innovation Award*,[82] run by Innovate UK, which is part of the national funding agency UK Research and Innovation (UKRI) which invests in science and research. Innovate UK launched Women in Innovation in 2016 after research revealed that just one in seven applications for its support came from women. By running a women-only competition, Innovate UK has increased the proportion of women applying for their support by 70%. The winners receive a £50,000 grant and a package of tailored support services.[83] After one round in 2016/17, the second round of the programme ran in 2018/19 and provided support to nine entrepreneurs.

We found a second government-backed programme — the *Aspire Fund* — which is no longer active.[84] This was set up in 2008 to support women-led businesses across the UK and to help those with real potential to access growth capital.[85] The total amount of the fund was £12.5 million

81 The information was accessed on January 8 2020 here.

82 More information is available here.

83 The award criteria require applicants to make a significant contribution to one of the Industrial Strategy Grand Challenges: artificial intelligence and data, ageing society, clean growth, future of mobility.

84 More information about the *Aspire Fund* can be downloaded here.

85 The criteria for the Aspire Fund stated that businesses must be incorporated in the UK, fit within the EU definition of an SME, operate entirely or substantially within the UK and not be in receipt of an equal or higher investment from a public sector fund. The ownership, board and executive committee composition (with the expectation of 30% women) and role of senior women executives in

and it provided equity investment between £100k and £1 million on a co-investment basis.[86] The programme helped women-led businesses to find co-investors by connecting them with angel investors and VC funds. The *Aspire Fund* was established under the aegis of Capital for Enterprise (CfEL), the old government agency for financial support of small and medium-sized enterprises. CfEL's operations were transferred to the British Business Bank in 2013, which now manages the existing Aspire portfolio. The fund is no longer considering new investments.

The other two programmes that we found were initiated by the Fredericks Foundation and everywoman. The Fredericks Foundation, a charity that provides loan finance to people typically turned down by mainstream lender, launched the *Women's Loan Fund* in 2017, offering loans of up to £10,000 for start ups and follow on loans of up to £35,000 for cash-poor women entrepreneurs. Particular attention is given to single mothers, women with disabilities, young women out of the education system and migrant women.[87] The Foundation aims to build a fund of £2 million for women with a viable business plan who have been turned down by mainstream lenders because of poor credit history or no entrepreneurial experience. everywoman is an international women's business network that has over 20,000 members across more than 100 countries. In response to the Alison Rose Review of Female Entrepreneurship (HM Treasury, 2019) and to mark its 20th birthday, everywoman has announced a new fund to help power up existing women-led businesses.[88] everywoman has also launched a new digital platform providing nationwide information about networking

the investments were monitored as part of the programme.

86 The co-investor had to provide half of the investment round. The funding round goal had to be between £200k and £2 million.

87 More information is available here.

88 More information is available here.

events, trade shows and profile-raising opportunities, advice and guidance tips from professionals to support women-led businesses from getting started to getting investment and an easy to build press room that enables women to get their business in the media.

Back Her Business is a collaborative crowdfunding programme supported by Crowdfunder and the RBS group (RBS, Natwest and Ulster Bank) and it is the only women-led businesses — specific funding that we could find from a UK bank.[89] Before applying to the scheme, women-led businesses[90] must successfully raise 25% of their crowdfunding target on Crowdfunder.[91] If their application is successful, an RBS group bank will match or top the funds already raised, providing up to 50% of the funding target, offering a maximum of £5,000. The programme also provides support in the form of coaching, mentoring and networking.

The *Women in Finance Charter*[92] is an initiative launched by HM Treasury that pledges to build a more fair and balanced industry. Firms that sign up to the charter voluntarily commit themselves to nominate a senior executive team member responsible and accountable for gender diversity and inclusion, setting internal targets for senior management roles, publishing progress annually online, and ensuring that senior team members' salaries are linked to these targets on gender diversity. Out of the 12 banks that we considered in the UK, all are among the initial signatories of the charter (joining prior to November 2018)

89 Up to £1,000,000 in grant funding will be available through the Back Her Business programme per annum. At least £500,000 of this will be provided as match/top-up funding and up to £500,000 will be distributed to target sectors of interest.

90 Eligible businesses must be majority women-owned (50-100%), controlled by women and/or women-led (i.e. a woman must be responsible for the day-to-day decision making).

91 From a minimum of 10 investors.

92 More information is available here.

apart Secure Trust, which at the time of writing has not signed up to this initiative.

In response to The Alison Rose Review of Female Entrepreneurship (HM Treasury, 2019), the HM Treasury launched the *Investing in Women Code*. Firms that sign up to this initiative voluntarily commit themselves to having a nominated member of the senior leadership team responsible for supporting equality in all interactions with entrepreneurs, providing the Treasury with data relating to women-led businesses, men-led businesses and mixed-gender-led businesses, and adopting internal practices aiming to improve women-led businesses access to the tools, resources, investment and finance needed to grow their business.[93]

4.3 Women who fund

Funding for women entrepreneurs and women who fund entrepreneurs are two sides of the same coin. Indeed, the disparity of women investors needs to be addressed alongside the disparity of women entrepreneurs. In our search for funding for women, we came across several initiatives that aim to attract more women to the world of investing. This section reiterates the importance of women investors and provides some details of the initiatives that are driving change in this area.

Private equity and venture capital

The equity industry is biased against women entrepreneurs, but increasing the levels of women on investment teams will

93 6 of the 12 British banks we considered in Section 3 are among the founding signatories of the Investing in Women Code, with Clydesdale, HSBC, Investec, Paragon, Secure Trust, and Virgin Money being the ones which have not signed. The list of signatories can be downloaded here.

help to counter this. The culture of the venture capital and private equity industry is still very much that of an 'old boys' club' and this is thought to play a large part in explaining why there are so few women. Women who hold mid- and senior-level VC roles[94] have a higher level of educational attainment than their male counterparts, suggesting either that the bar is set higher for women to be promoted within the industry, or that women have more to prove before they are given an opportunity to progress (Diversity VC and Silicon Valley Bank, 2019). The culture of the private equity industry as well as that of related sectors, such as finance, consulting and investment banking, is to blame for the gender disparity. A recent study by BVCA and Level 20 (2018) found that recruitment at the mid- to senior-level in private equity is driven by unconscious bias and "mirroring", i.e. the tendency to 'stick to who you know.' In this study, all participants highlighted the positive influence that investors can have if they raise the issue of women (and diversity in general) during fundraising and advisory board meetings. In addition, investors should lead by example and bring in more women from their side.

There are a number of UK based initiatives aimed at increasing and strengthening the role of women in the VC industry. Diversity VC, a non-profit partnership, is driving change in the venture capital industry by building a diverse network of venture capital professionals, helping venture capital firms to hire from diverse backgrounds, connecting the venture capital community to a broader network and collating data on diversity in the industry.[95] Diversity VC research confirms that the more diverse an investment team, the better its performance. Level 20 is a non-profit organisation founded by a group of women who hold senior roles in private equity that aims at inspiring women to join

94 Principals, partners and equivalent roles.

95 More information is available here.

and succeed in the industry by creating opportunities for them to interact and learn from the insights and experience of others.[96] Level 20 focuses on mentoring and development, networking and events, outreach and advocacy and research. The British Private Equity and Venture Capital Association (BVCA) is committed to promoting diversity in the industry[97] and, in collaboration with Diversity VC and the British Business Bank, has promoted a report on UK & VC Female Founders (British Business Bank, Diversity VC and BVCA, 2019). It also holds regular breakfasts and events for women in private equity that aim to provide a platform for a candid discussion about improving gender diversity within the industry. The Women's Private Equity Network is working to change the culture of the industry by connecting women within the industry through the organisation of a yearly European summit involving women with leadership roles in the private investment industry as investors, deal-makers, expert service providers or business leaders.[98] A recent initiative at the European level is European Women in VC, a community of senior women investors (Managing Partners and founders of VC funds and Business Angels) that brings together over 350 women from all over Europe. It is a joint initiative including 15 European countries and Israel, which aims to strengthen the presence of women in the VC industry.[99]

Looking at the venture capital industry, we found several firms that are paving the way for change. Voulez Capital, for example, is the first European woman-founded VC firm that invests only in companies with at least one woman founder or co-founder. Voulez Capital typically invests around £500,000 at seed stage and up to £2.5 million at Series A

96 More information is available here.

97 More information is available here.

98 More information is available here.

99 More information is available here.

rounds in European based companies. Merian Ventures is similarly a woman- founded VC fund that invests solely in women entrepreneurs in the UK and US, with a focus on innovative companies in the tech industry.[100] AllBright is primarily a member's club for women, but it also provides VC funding and education for women entrepreneurs.[101] As the VC industry is still in its infancy in Italy, we have not found initiatives specifically promoting women within the industry or any VC firms with the mission of funding women-led business.

Angel investors

The Women Business Angels for Europe's Entrepreneurs (WA4E) is an EU-funded project running from 2017, that aims to increase the number of women angel investors by raising awareness and offering training and mentoring. It represents a consortium of organisations from six European countries, including the UK Business Angels Association and Angel Academe in the UK and the Italian Business Angels Network (IBAN) in Italy.

According to the WA4E Barriers and Opportunities for Women Angel Investing in Europe study (Women Business Angels for Europe's Entrepreneurs, 2018), women angel investors have a strong propensity to back women-led businesses.[102] As discussed in Section 3.7, angel investors can be invaluable for entrepreneurs as they typically provide 'smart capital', i.e. capital along with essential experience, knowledge and contacts. The WA4E study found that women non-investors think

"I only felt comfortable looking for outside sources of funding once The Femedic was established as a viable idea. Most investors are men and most of the ones I engaged with found women's health either to be a turn-off or somehow 'less serious'. I've now secured VC funding from Voulez Capital, which only invests in women, and I don't think that it is a coincidence. My VC has invested so much more than money; she's engaged with the idea behind the business and gives me her time and knowledge. When we first met, I had a figure in mind for what I wanted to achieve, but she told me that I'd need more than double!

I'd say that I started The Femedic as an activist but have become an entrepreneur along the way; before I could run a publication but now I can run a business — and I'd definitely like to start more in the future. The start-up scene in London has been a great resource for learning and I've attended a lot of networking events and pitch days for women in business. Overall these have been really positive, but it does annoy me that there's a need for them. I felt like I'd have more of a chance when the lens was focused on women, but the normal channels should be just as welcoming. Sometimes with these events, there's an underlying tone that women entrepreneurs are inferior and this is something that we need to change."

Monica Karpinski
ENTREPRENEUR, WRITER AND ACTIVIST
THE FEMEDIC

100 More information is available here. In the US women-focused VC firms are many. A list including some of the can be found here.

101 More information is available here.

102 Information was collected via an online survey from 640 women across the six partner countries, 310 of which were already angel investors and 330 of which were not. The online research was accompanied by a qualitative survey based on detailed interviews.

that angel investing is too risky compared to other forms of investment, such as property or stocks and shares. The study found that many women angel investors are not investing through syndicates and their lack of access to syndicates is considered to be one of the main reasons why there are so few women angel investors compared to men.

Italy has only one syndicate that focuses on women entrepreneurs: Angel for Women (A4W). This is an association of Italian women angel investors that aims to promote women's entrepreneurship by providing financial and professional support to high growth potential start-ups founded or managed by women, offering investments between €100,000 and €500,000.[103]

In the UK, there are several women-focused angel syndicates, some of which only allow women investors to join and some of which only invest in women-led businesses. For example, Investing Women Angels[104] is a women-only syndicate that typically invests between £50,000 and £250,000 of seed capital in early-stage start-ups. Addidi Angels[105] is another women-only syndicate that has so far invested over £1 million in start-ups and businesses with growth potential. Angel Acadame[106] is mostly comprised of women and only invests in highly scalable tech companies that have at least one woman founder, typically providing between £30,000 and £350,000 in equity investment. Astia Angels[107] is a women-friendly international network of men and women who invest in start-ups with a preference for those that are led by women.

103 More information is available here.

104 More information is available here.

105 More information is available here.

106 More information is available here.

107 More information is available here.

At European level, there is Rising Tide Europe,[108] a movement involving 200 women business angels across five continents that organise training on early-stage investing. In three investment rounds, it has pooled over €3.5 million and invested in 16 European early-stage companies.

Crowdfunding

As discussed in Section 3.8, crowdfunding is the only form of funding where women entrepreneurs are more likely to be successful than men, because it enables and empowers women decision-makers, as well as a greater and more open-minded male reach than traditional forms of finance. This being said, the fact remains that the overwhelming majority of entrepreneurs are men and the overwhelming majority of crowdfunding campaigns are run by men and, as seen in Table 3.3, men raise substantially more money through crowdfunding than women.[109] As such, there is still a need for platforms such as iFundWomen,[110] a US-based platform owned and operated by women for women, which provides worldwide access to capital through crowdfunding and grants as well as expert start-up coaching.

4.4 Networking and mentoring

Networking is a broad term that applies to a variety of activities including (but by no means limited to) socialising, mulling over ideas and experiences, offering and receiving formal business advice, searching for a business partner or even potential clients. Personal and professional networks often overlap and provide critical support on both levels.

108 More information is available here.

109 According to PwC (2017) men are also more ambitious in establishing higher funding goals than their female counterparts. In fact, while there were 63 campaigns that raised over $1 million only seven of these were led by women.

110 More information is available here.

> *"A warm introduction makes a massive difference, but persistence is still key. You just have to keep on pushing and keep on chasing and not let a lack of responses get you down. I've met with some big names in the industry before and they've admitted that they'll only consider replying to someone once they've tried to get in contact several times"*
>
> Jessica Kruger
> ENTREPRENEUR | LUXTRA

A mentor who can provide sound and specific business advice is one of the most important components of an entrepreneur's network. Networks can be an incredibly helpful source for securing funding, whether they provide it directly or indirectly. In the UK (which has the largest venture capital market in Europe and the fourth largest in the world) the entrepreneurial landscape is strong as there are many enabling resources, yet even here a 'warm introduction' (when an entrepreneur and an investor are introduced by a mutual contact) is 13 times more likely to be passed to an investment committee and receive funding than a pitch deck submitted without any prior contact (British Business Bank, Diversity VC and BVCA, 2019). Women entrepreneurs in the UK receive less 'warm introductions' than men, with only 36% of all-women teams receiving one, compared to 40% for mixed-gender teams and 42% for all male ones (British Business Bank, Diversity VC and BVCA, 2019).

According to the Alison Rose Review of Female Entrepreneurship, women entrepreneurs in the UK consider networking to be a more valuable business skill than their male counterparts, but they are less likely to know other entrepreneurs or have access to mentors or professional support networks (HM Treasury, 2019). The study further found that women entrepreneurs just starting out perceive lacking a professional network to be a barrier to their success and that knowing at least one entrepreneur doubles the likelihood that someone will start their own business. In the UK, there is an abundance of women's business networks and clubs that aim to inspire, connect, support and advance women entrepreneurs. However, many of these networks charge for membership and the opinions on them are mixed. On the one hand, many women entrepreneurs find generic business networking events to be hostile, as the majority of the attendees and speakers are men, and they are often held in the evening or overnight in hotels, making them difficult for women with children to attend. On the other hand, others feel as if networking events for women deepen the divide by cutting them off from the mainstream.

In Italy, women's business networks are rapidly growing. Among them, there is the Young Women Network, which was established in 2012 under the umbrella of the Bocconi Alumni Association in Milan before opening another chapter in Rome in 2016.[111] This network organises networking events and offers a mentoring programme that puts successful women in touch with women just starting their careers. In particular, the programme aims to support newly employed women and professionals who have entered into a managerial role for the first time. The Professional Women Network opened in Milan in 2009 and organises mentoring, and networking events.[112] Another community, SheTech Italy, was founded in Milan and has recently also established a chapter in Rome. It is focused on technological and digital industries and promotes networking events and workshops aimed at building and strengthening the skills needed to be successful in the tech job market.[113]

At the European level, the European Commission supports several networks in order to advance their availability. Among these, there is the European Network to Promote Women's Entrepreneurship (WES), which involves policy makers responsible for promoting and supporting female entrepreneurship at the national level, the European Network of Female Entrepreneurship Ambassadors, which includes about 270 entrepreneurs acting as role models to raise awareness and encourage entrepreneurship as a career option for women, and the European Network of

"Networking events can be really valuable, but the amount on offer can be overwhelming and it takes a while to sift through them and find the ones that are actually worth going to. A lot of them only push a single vision of success — they tell you that you've made it when you have massive offices and hundreds of employees — but that isn't what I want. In the future, I'd like to have a portfolio of businesses, but I want to be able to focus on my son and developing projects that have a real impact. Alongside StairSteady, I run Kids Invent Stuff and Girls with Drills, which both encourage diversity and inclusivity in inventing and making. I'd like to dedicate more of my time to stuff like this."

Ruth Amos
INVENTOR AND ENTREPRENEUR
StairSteady, Kids Invent Stuff and Girls with Drills

111 More information is available here.

112 More information is available here.

113 More information is available here.

Mentors for Women Entrepreneurs, which provides advice to women who want to start up a business.[114]

In the UK, several banks are active in mentoring programmes directed towards women entrepreneurs. For example, the RBS group has over 500 Women in Business Specialists throughout the UK, who provide customised support designed to help women to start businesses, as well as to existing women-led businesses with their everyday needs.[115] In 2018, Santander launched its Breakthrough Women Business Leaders' Mentoring Programme which matches women business owners with selected mentors from a variety of industries and backgrounds.[116] In 2017, Barclays launched a nationwide programme of 'speed-mentoring' events, which match aspiring women entrepreneurs with experienced business leaders.[117]

In addition to matching entrepreneurs with mentors, several UK banks promote women-led businesses by running networking and pitching events. For example, Barclays has partnered with The Entrepreneurs Network to set up the Female Founders Forum, a group designed to encourage, support and promote women-led businesses. Through their On the rise project, Barclays also offer interactive roundtable discussions that focus on successful pitching,[118] leadership in crisis, and creating a company culture.[119] HSBC hosts women's forums and business breakfasts and have partnered with AllBright, a network for women entrepreneurs, to host monthly pitch days for women entrepreneurs. Clydesdale

114 More information is available here.

115 More information is available here.

116 More information is available here.

117 More information is available here.

118 The Entreprenuers Network is a think tank for the ambitious owners of Britain's fastest growing businesses and aspirational entrepreneurs. More information about the programme is available here.

119 More information is available here.

is the 2019 sponsor of the Women Who Inspire Network,[120] who host networking events throughout the East and West Midlands that highlight inspirational women in business. Lloyds's Breakthrough Network,[121] which held over 200 events in 2018 focusing on career development and mentoring, is the largest of its kind in the UK with 15,000 members and 4,000 mentors. Lloyds also host the ADHD Women in Business Network, a friendly and professional network designed to connect like-minded entrepreneurs. Barclays, the RBS Group, Santander and Secure Trust are all corporate partners of the everywoman network (see Footnote 88).

Various UK banks also sponsor (or distribute) awards that aim to raise the profile of women-led businesses and inspire more women to become entrepreneurs. For example, Lloyds and Santander sponsor the Women of the Future Awards, a platform for the pipeline of talented women which has categories for 'MBA star', 'entrepreneur' and 'business'. HSBC sponsors the Forward Ladies Women in Business Awards which supports and showcases the achievements of businesswomen in the UK. Clydesdale sponsors the Best Business Women Awards, a prestigious award that recognises great women in the business community, which further holds networking events for their winners. Barclays is the headline sponsor for the Women in Business Awards, which celebrates, encourages, and inspires successful and aspiring businesswomen in the south. Natwest has partnered with the everywoman network to create the Natwest Everywoman awards which have celebrated women in business for over 17 years.

120 More information is available here.

121 More information is available here.

Section 5

Conclusions and policy recommendations

Funding is the essential ingredient for a successful entrepreneur. In both Italy and the UK, access to funding is one of the biggest barriers discouraging and preventing women entrepreneurs from starting or scaling their own business. In addition, women entrepreneurs tend to be discriminated against vis-à-vis their male counterparts in accessing funding.

In this report, we have explored the constraints that hinder the full development of women-led businesses in both countries. Indeed, both countries trail behind other advanced economies in terms of women's entrepreneurship. In Italy and the UK, there are five women entrepreneurs for every ten men, whereas in Canada and the United States there are eight women entrepreneurs for every ten men. Furthermore, in both countries, women-led businesses tend to be smaller than men-led businesses, have lower growth expectations, are more concentrated in low-productivity industries and are less export intensive. When it comes to fostering women's entrepreneurship, neither Italy's quota-based system nor the UK's business environment seem to make a significant difference.

Throughout our project, we have combined sparse secondary sources on women entrepreneurs and how they get funded. In particular, we looked to collect information on existing public and private programmes that aim to facilitate women entrepreneurs' access to funding, with additional focus on the initiatives promoted by banks. We have supplemented this with a number of intensive in-depth interviews with women entrepreneurs to further understand the motivations and experiences behind the information.

We encountered two interrelated problems. The first is the absence of an internationally standardised definition of women-led business. As discussed in Section 2.1, there are various measures of entrepreneurship that have been used in different studies, such as self-employment and sole-proprietorship businesses, but these fail to properly capture the essence of what we are really talking about. The fact that the gender composition of ownership may not be representative of the actual influence of women within a business further complicates the matter. The second problem is the lack of gender-disaggregated data. Without an internationally standardised definition, there is limited data to provide the basis of a meaningful cross-country comparison. Indeed, there is limited or no data available from each country's respective governments and banks. As such, even though we found various funding programmes that aim to promote women's entrepreneurship, we could not assess their impact. In particular, the lack of available data from the banks relating to the gender of borrowers prevented us from assessing the impact of the Golfo-Mosca Law on women entrepreneurs' access to credit in Italy. It is still unclear, then, why the rate of women's entrepreneurship is similar across Italy and the UK, when the background conditions that enable entrepreneurship are so different.

Looking closely at the banks, we found that, like many listed companies, when addressing the gender gap they tend to focus mainly on the diversity of their workforce and on empowering women within their organisation. In this sense, having a diverse board is not trivial because diverse boards constantly ask questions about diversity and trigger good practice across organisations. Although this is commendable, the focus on driving change within their organisations should not overshadow the opportunity that banks should drive change in the markets in which they operate by 'affirmatively' promoting access to credit facilities to women entrepreneurs. How actively banks promote access to credit facilities to women entrepreneurs, if at all, is hard to say due to the lack of publicly available data on loans by gender. Some banks may have this data. If so, they should volunteer to make this available and be transparent about their lending practices and their commitment to drive diversity and change. If they don't collect this data, then they need to start doing so, first agreeing on a standard definition that allows comparison within and across country.

A lot more needs to be done to close the gender gap in entrepreneurship and access to funding. Based on our research, we conclude that action needs to proceed along a three-pronged policy approach that focuses on the international level, the domestic level and cross-organisation good practice. We outline our policy recommendations below and summarised them in Box 5.1.

1. Internationally driven policy action

a) Agree on an internationally standardised definition of women-led business

Without an internationally standardised definition of women-led business, it is impossible to collect relevant data, identify problems, provide solutions and track progress. As discussed in Section 2.1, the definition needs to be able to account for businesses with multiple founders and capture the actual influence of women within a business.

b) Collect comparable data to assess the pace of change

An internationally standardised definition of women-led business is essential for improving data collection and data availability. G7 and G20 leaders have stressed women's access to financial services as a global priority,[122] which is one of the targets of the gender equality goal in the SDGs, but without sex-disaggregated data in the financial sector — both at the global and national levels — it will be impossible to tell how far we have come and how far we still have to go.

122 More information available here and here.

Box 5.1
A three-pronged policy approach

1
Internationally driven policy actions
a) Agree on an internationally standardised definition women-led business;
b) Collect comparable data to assess the pace of change.

2
Domestically driven policy actions
a) Streamline programmes to support women entrepreneurs with a clear focus on scalable businesses;
b) Create a single online platform that outlines all of the information relevant for women entrepreneurs;
c) Use data to evaluate the impact of programmes and improve them when necessary;
d) Encourage investment in women entrepreneurs;
e) Increase educational activities in STEM and entrepreneurship;
f) Put pressure on the financial industry.

3
Cross organisation good practice
a) Banks and other financial institutions should collect gender-disaggregated data on access to credit facilities and make this publicly available;
b) Banks and other financial institutions should expand their reach making their intention to fund women entrepreneurs known.

We suggest that demand-side data be collected with surveys and focus groups from customers, and supply-side data be collected by financial institutions. The data collected needs to be granular and made available in a single publicly accessible database to facilitate cross-country comparisons. Gender-disaggregated financial data will help policymakers to design evidence-based policies, enabling the effective monitoring of progress made against targets, and will enable them to evaluate the impact of existing programmes.

2. Domestically driven policy action

a) Streamline programmes to support women entrepreneurs with a clear focus on scalable businesses

Women entrepreneurs and potential entrepreneurs don't feel as if they can access the funding necessary to start or scale a business, so often don't even bother applying. When they do apply, they are often discriminated against vis-à-vis their male counterparts. In order to positively change women's negative attitudes and to counter discrimination, we need more funding and capacity building programmes that are focused on women entrepreneurs' real needs at the different stages of business development. Italy and the UK's Female Entrepreneurship Index rankings, a measure of the context conditions that foster high-potential women's entrepreneurship, are largely driven by the context in London and Milan respectively. Therefore, both countries could benefit from programmes that are specifically targeted towards regions with particularly low levels of women's entrepreneurship.

b) Create a single online platform that outlines all of the information relevant for women entrepreneurs

It is important to have funding and capacity building programmes specifically for women entrepreneurs, but it is equally important that the information on these programmes can be found in one, easy to access place alongside all the other information that is relevant for advancing women's entrepreneurship. Currently, the information on these programmes is scattered and fragmented, which creates an unnecessary hinderance for women entrepreneurs.

c) Use data to evaluate the impact of programmes and improve them when necessary

As the data relating to women's entrepreneurship is limited, it is not currently possible to track the progress of the existing programmes and initiatives. Once the data is available, we need to ensure that governments and organisations keep track of what is effective and what is not, change the programmes that are not having any real impact and design new evidence-based policies. A specific focus should be on making applications for funding more user-friendly and not unnecessarily time-consuming.

d) Encourage investment in women entrepreneurs

Even though it has been widely proven that diverse teams perform better than non-diverse ones and that investing in women entrepreneurs is a good investment, women entrepreneurs still receive just a tiny fraction of capital. The UK government has successfully encouraged investors to invest in high-risk small and early-stage companies by offering tax reliefs. We suggest that the governments of both countries consider ways in which they could similarly incentivise investors to invest in women entrepreneurs.

e) Increase educational initiatives in entrepreneurship and STEM

To counter the possibility of statistical discrimination, we need more women entrepreneurs operating in high-productivity and high added-value industries. This is a long-term goal that requires educational initiatives that encourage more girls to engage with STEM subjects while at school and to stick with these subjects at each subsequent level of education.

f) Apply the 'comply or explain' rule to other financial institutions such as the VC industry to increase the level of women investors

The fact that the majority of investors are men partially explains why women entrepreneurs receive such a small proportion of capital. To foster women's entrepreneurship via access to funding, we need to push for gender equality within the investment profession. A voluntary code similar to the one embraced by public-listed companies in the UK should become the norm in the financial industry. Pressure should be put on the industry to disclose gender-disaggregated data relating to their staff as well as their investments, with a name and shame policy for those who refuse to comply. In addition to this, educational initiatives and women investor role models would be useful in helping women to perceive the investment profession as a career path that is open to them.

3. Cross-organisation good practices

a) Banks and other financial institutions should collect gender-disaggregated data on access to credit facilities and make this publicly available

Banks and other financial institutions have the power to drive change by increasing diversity across society as well as within their own organisations. To do this, they must collect gender-disaggregated data on their business customers and make it publicly available. This data should be used to assess and correct implicit biases and discrimination in the allocation of credit facilities and investments. In addition, this data will help banks to determine the size of the market, whether women are good customers, if there are product or service gaps that need to be addressed, and whether their existing programmes are having any real impact.

b) Banks and other financial institutions should expand their reach, making their intention to fund women entrepreneurs known

Banks and other financial institutions need to be aware of the structural biases built into funding decisions. For example, venture capitalists should seek to avoid the affinity bias that spurs them to invest in people and businesses that are familiar to them. To facilitate this, they should expand their outreach with women's entrepreneurial organisations and design appropriate communication campaigns in order to stimulate applications from women entrepreneurs. If women entrepreneurs are confident about the process and the criteria for securing an investment, they will be more willing to invest their time to prepare an accurate business plan and apply for funding.

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Section 7

Appendixes

Appendix 1

List of interviews

Italy

Cristiana Alderighi
CNA – Impresa Donna, Roma

Patrizia Bertoldi
Tecnotek Complements

Fulvia Bosio
Millequerce

Vania Fabbri
Sofinim

Lorenzina Falchieri
Spinbow

Paola Ligabue
Studio Ligabue

Alessandra Sangoi
Sangoi Group

Lavinia Sartori
Rilegno

Susanna Testi
MyTutela

Rosa Tibaldi
CNA – Impresa Donna, Bologna

UK

Ruth Amos
StairSteady
kidsinventstuff
girlswithdrills

Jade Ireland
Bellota Baby

Monica Karpinski
The Femedic

Jessica Kruger
Luxtra

Appendix 2

Sample and data sources

Tables A1 and A2 list the Italian and UK banks included in our sample, distinguished by listing status.The selection of Italian banks is based on a list provided by the Bank of Italy, including all banks incorporated in Italy.[123] Banks included in the analysis are selected adopting the following criteria:

1) legal status: only public limited companies (PLC, i.e. Società per Azioni) and cooperative companies with limited liability (Banche Popolari);

2) size: minor banks, as defined by the Bank of Italy,[124] are excluded;

3) main activity: only banks mainly engaged in commercial activities, according to the primary NAICS codes provided by the Orbis database, are included;[125]

4) listing status: based on the list of banks quoted on the Italian FTSE MIB Index.[126]

For the UK, the banks are selected from a list provided by the Bank of England[127] and only banks having a legal status of public limited companies are included. The identification of commercial banks is based on the same primary NAICS codes adopted for the Italian banks and the listing status

123 The list is available here.

124 'Minor' banks represent around 50% of PLC banks and 77% of cooperative banks.

125 We consider the NAICS 6-digit codes 522110 ("commercial banks"), for all banks, and 522130 ("credit unions"), for cooperative banks. Additionally, we have manually checked the list to verify the correct identification of banks' main activities. The same codes and manual checking are adopted to select UK banks.

126 The list is available here.

127 The list can be downloaded here.

is defined according to the list of companies quoted on the London Stock Exchange.[128] All the information about banks' boards, committees and management are sourced from BvD ORBIS database, which provides the name of each member of "boards and committees" and "management". Table A.3 lists all the roles considered in the analysis.

128 The list is available here.

Table A.1

Italian commercial banks

Unlisted banks	Listed banks
Aletti & C Banca di Investimento Mobiliare SPA	Banca Carige SPA
Allianz Bank Financial Advisors	Banca Generali SPA
Banca 5 SPA	Banca Mediolanum SPA
Banca Agricola Popolare di Ragusa	Banca Monte dei Paschi di Siena SPA
Banca Akros	Banca Piccolo Credito Valtellinese
Banca del Monte di Lucca SPA	Banca Popolare di Sondrio Società Cooperativa Per Azioni
Banca di Credito Cooperativo di Roma	Banco PM SPA
Banca di Imola SPA	Banco di Desio e della Brianza SPA
Banca di Sassari SPA	Banco di Sardegna SPA
Banca Nazionale del Lavoro SPA	BPER Banca SPA
Banca Popolare dell'alto Adige Spa	Credito Emiliano SPA
Banca Popolare di Cividale Società Cooperativa per Azioni	Finecobank Banca Fineco SPA
Banca Popolare di Puglia e Basilicata	Intesa Sanpaolo
Banca Popolare di Spoleto Spa	Mediobanca SPA
Banca Progetto SPA	Unicredit SPA
Banca Prossima SPA	Unione di Banche Italiane SPA
Banca PSA Italia SPA	
Banca Sella SPA	
Bancapulia SPA	
Banca Valsabbina Società Cooperativa per Azioni	
Banco di Lucca e del Tirreno SPA	
Cassa di Risparmio di Asti SPA	
Cassa di Risparmio di Biella e Vercelli	
Cassa di Risparmio di Bolzano SPA	
Cassa di Risparmio di Bra SPA	
Cassa di Risparmio di Orvieto	
Cassa di Risparmio di Ravenna SPA	
Cassa di Risparmio di Saluzzo SPA	
Chebanca SPA	
Compass Banca SPA	
Crédit Agricole Carispezia SPA	
Crédit Agricole Friuladria SPA	
Crédit Agricole Italia SPA	
Deutsche Bank SPA	
Farbanca SPA	
Findomestic Banca SPA	
Mediocredito Italiano SPA	
Unipol Banca SPA	

Table A.2

British commercial banks

Unlisted banks	Listed banks
Abc International Bank PLC	Bank of Ireland (UK) PLC
Ahli United Bank (UK) PLC	Barclays Bank PLC
Aib Group (UK) PLC	Clydesdale Bank PLC
Al Rayan Bank PLC	Hsbc Bank PLC
Atom Bank PLC	Investec Bank PLC
Bank Leumi (UK) PLC	Lloyds Bank PLC
Bank of London and The Middle East PLC	Metro Bank PLC
Bank of the Philippine Islands (Europe) PLC	Paragon Bank PLC
Bank Saderat PLC	Royal Bank of Scotland Group PLC
Bank Sepah International PLC	Santander UK PLC
Bmce Bank International PLC	Secure Trust Bank PLC
British Arab Commercial Bank PLC	Virgin Money PLC
Europe Arab Bank PLC	
Gatehouse Bank PLC	
Ghana International Bank PLC	
Habib Bank Zurich PLC	
Hampden & Co PLC	
Hampshire Trust Bank PLC	
Icbc (London) PLC	
Icbc Standard Bank PLC	
Icici Bank UK PLC	
Jordan International Bank PLC	
Melli Bank PLC	
National Bank of Kuwait (International) PLC	
Persia International Bank PLC	
Pnb (Europe) PLC	
Qib (UK) PLC	
R Raphael & Sons PLC	
Sainsbury's Bank PLC	
Scotiabank Europe PLC	
Tsb Bank PLC	
Union Bank UK PLC	
Unity Trust Bank PLC	
Vtb Capital PLC	
Wyelands Bank PLC	

Table A.3
List of roles

	Role
Boards and committees	Advisory Board Audit Committee Board of Directors Corporate Governance Committee Executive Board Executive Committee Ethics Committee Nomination Committee Remuneration/Compensation Committee Risk Committee Supervisory Board Other Board or Committee
Management	Administration department Branch office Customer Service Finance & Accounting Health & Safety Human Resources (HR) Information Technology (IT) & Information Systems (IS) Legal/Compliance/Risk department Marketing & Advertising Operations & Production & Manufacturing Product/Project/Market Management Purchasing & Procurement Research & Development / Engineering Sales & Retail Senior Management Other or unspecified department

Table A.4

Statistic test for differences of female share average across listing status

	Country	Number of banks	Average female share	Standard Error	Student's t-test (Listed-Unlisted)	Standard Error
All roles	Italy	16 Listed	0.320	0.016	0.128***	0.026
		38 Unlisted	0.192	0.015		
	UK	12 Listed	0.347	0.024	0.172***	0.041
		35 Unlisted	0.175	0.023		
Boards and Committees	Italy	16 Listed	0.364	0.018	0.205***	0.036
		38 Unlisted	0.159	0.022		
	UK	12 Listed	0.289	0.023	0.176***	0.040
		35 Unlisted	0.112	0.022		
Management	Italy	16 Listed	0.308	0.017	0.108***	0.031
		38 Unlisted	0.199	0.019		
	UK	12 Listed	0.343	0.025	0.171***	0.040
		35 Unlisted	0.172	0.022		
Multiple roles	Italy	16 Listed	0.255	0.069	0.191***	0.066
		38 Unlisted	0.064	0.032		
	UK	12 Listed	0.293	0.037	0.166***	0.048
		35 Unlisted	0.126	0.025		

Source: Authors' elaborations

*** p-value < 0.01

Table A.5

Statistic test for differences of female share average across countries

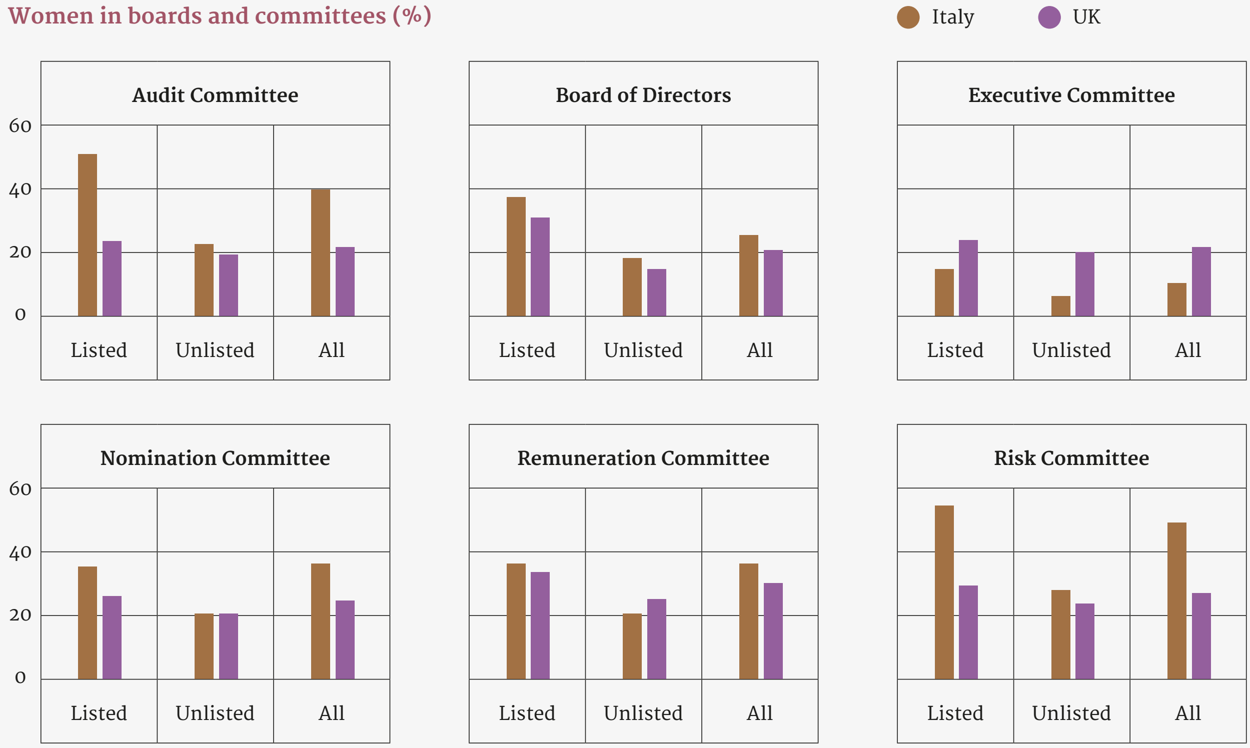
	Country	Number of banks	Average female share	Standard Error	Student's t-test (UK-Italy)	Standard Error
All roles	Italy	16 Listed	0.320	0.016	0.027	0.028
	UK	12 Unlisted	0.347	0.024		
	Italy	38 Listed	0.192	0.015	0.017	0.027
	UK	35 Unlisted	0.175	0.023		
Boards and Committees	Italy	16 Listed	0.364	0.018	-0.075**	0.029
	UK	12 Unlisted	0.289	0.023		
	Italy	38 Listed	0.159	0.022	0.047	0.03
	UK	35 Unlisted	0.112	0.022		
Management	Italy	16 Listed	0.308	0.017	0.035	0.029
	UK	12 Unlisted	0.343	0.025		
	Italy	38 Listed	0.199	0.019	-0.028	0.029
	UK	35 Unlisted	0.172	0.022		
Multiple roles	Italy	16 Listed	0.255	0.069	0.037	0.08
	UK	12 Unlisted	0.293	0.037		
	Italy	38 Listed	0.064	0.032	0.063	0.041
	UK	35 Unlisted	0.126	0.025		

Source: Authors' elaborations

*** p-value < 0.01; ** p-value < 0.05; * p-value < 0.1

Chart A.1

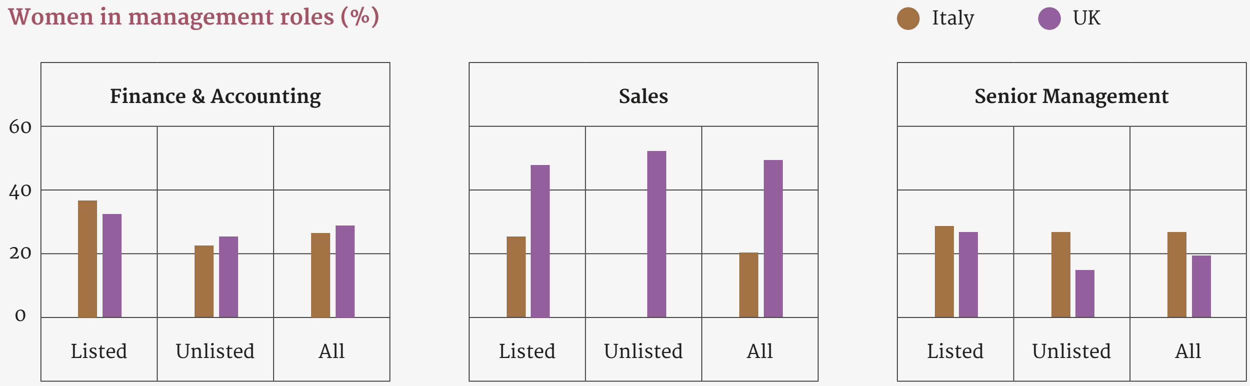
Women in boards and committees (%)



Source: authors' dataset

Chart A.2

Women in management roles (%)



Source: authors' dataset