The face of SMEs is becoming more masculine again. The share of small and medium-sized enterprises (SMEs) headed by a woman fell once more in 2017. Of the roughly 3.76 million SMEs in Germany, 15.4 % recently had a female owner. The number of women-led businesses dropped to some 580,000.

Since the high of the year 2013, the share of SMEs managed by a woman has fallen continuously and is now a cumulative four percentage points lower. That means more than 100,000 fewer businesses were headed by a woman in 2017. The proportion of women moving to SMEs’ executive floors is definitely not growing anymore.

Declining share of female business founders is a dampener
The good labour market situation is still the main driver of the decline. Women increasingly favour salaried employment over self-employment. As a result, start-up activity has generally dipped sharply with new business start-ups down to only 557,000 in 2017.¹

The very good labour market prospects for women in particular are slowing the growth in the number of women-led SMEs. Thus, the share of women in all business founders in 2017 fell to 37 % (-6 percentage points on 2015). Their participation decreased most in full-time start-ups, to 29 % (-10 percentage points on 2015).

Female employment has grown massively since the turn of the millennium
Women in Germany see salaried employment as an increasingly attractive option over self-employment and entrepreneurship. This is reflected in the female labour force participation rate. In Germany it increased from 61 to 75 % between 2000 and 2017 (Figure 2).²

Profile of female-led businesses
On average, female business owner-managers are 56 years old, about two years younger than their male counterparts. Around 78 % of female owner-managers have children, roughly 25 % of them have underage children (males: 31 %).

Nearly half of female owner-managers (49 %) (males 43 %) have a tertiary degree (university of cooperative education/university of applied sciences/ university degree). Another 34 % have completed an apprenticeship/traineeship, passed a trade exam or earned a technical school certificate (males: 25 %). Eleven per cent of female bosses have master craftsperson qualifications or an engineering diploma (males: 28 %).

Women prefer to run service enterprises and 85 % of female owner-managers managed such a business in 2017 (including retail) (men: 76 %)

Female owner-managers are more likely to use existing business structures when they start up. Around one third of women took over an existing business (33 vs. 23 % for men). By contrast, 64 % founded a new business (men: 72 %).³

¹ Metzger, G. (2018), KfW Start-up Monitor 2018 – Start-up activity remains in a trough but growth, innovation and digitalisation are gaining importance, KfW Research.

² Source: Eurostat.

³ In the EU that is the third highest rate, surpassed only by Sweden and Lithuania. Male labour force participation ‘only’ increased from 77 to 83 % during the same period. The gap in male and female labour force participation has thus roughly halved since the turn of the millennium.