

Female ownership decreases further in Germany's SME sector



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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).

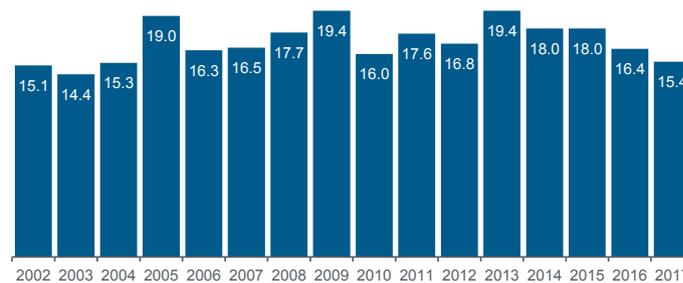
Female employment has grown massively since the turn of the millennium

Women in Germany see salaried

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.

Figure 1: Share of female SME owners drops further

Percentage of women-led businesses

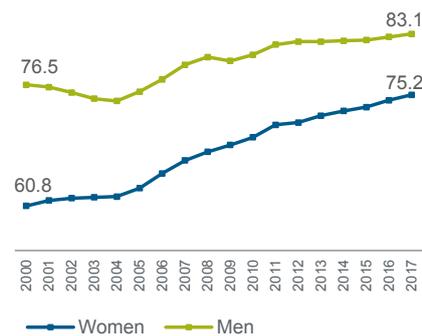


Source: KfW SME Panel 2003–2018.

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).

Figure 2: Labour force participation by gender in Germany

Labour force participation in per cent (share of economically active persons aged 20 to 64 in the total population of this age group)



Source: Eurostat.

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.

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%). ■