

# Opportunities and challenges faced by women entrepreneurs



If you are to venture into entrepreneurship, the possession of an MBA degree certainly helps.

No one said building a company is easy. Yet the challenges women entrepreneurs face are often greater and very different from those encountered by their male counterparts. Over the last decades, more attention has been brought to the underrepresentation of women in entrepreneurship and economic leadership. They are still struggling to find their way onto the boards of large firms, and women-owned companies are still in the minority.

## More women entrepreneurs

While entrepreneurship remains a male-dominated domain, there have been some encouraging developments. The number of firms owned by women in the US has surged by nearly 3,000 percent since 1972, according to the *2018 State of Women-Owned Businesses Report* commissioned by American Express. The share of women-owned businesses leapt from 29 percent in 2007 to 40 percent in 2018. In Europe, women make up 34.4 percent of the EU self-employed and 30 percent of start-up entrepreneurs, according to the European Institute of Innovation & Technology.

The latest research suggests that tapping

the entrepreneurial and leadership potential of women would inject fresh impetus into the economy. Helping women start their own businesses could immediately increase global economic output by as much as US\$5 trillion, about the size of Japan's economy, according to a study by consulting firm Boston Consulting Group (BCG) and the Cherie Blair Foundation for Women. The study found that more working-age men start businesses than women in every country except Vietnam, Mexico, Indonesia and the Philippines.

## Challenges galore

It is widely presumed that socio-cultural norms play a big role in deterring women from entrepreneurship. The European Institute of Innovation & Technology states that: young girls' interest and enthusiasm in digital entrepreneurship and leadership are often damaged over time by stereotyping, cultural discouragement, peer pressure, and lack of inspiration and role models resulting in a lack of confidence to engage with entrepreneurship, leadership and technology."

Even if they manage to establish themselves as successful entrepreneurs, women are surprised to find out that they are still not being taken seriously. "As a female en-

trepreneur in a male-dominated industry, earning respect has been a struggle," Alison Gutterman, CEO of US chemicals firm Jelmar, told *Business News Daily*.

Unequal access to finance is another key factor holding women back. Companies founded or co-founded by women receive US\$935,000 in investment capital on average, compared with \$2.1 million invested in companies founded by men, according to BCG analysis of 2018 data from MassChallenge, a US-based global network of accelerators. A study by Pitchbook found that female founders received only two percent of the total

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amount invested by venture capitalists in 2017.

And of course, there is the eternal work-life balance dilemma. Those women ambitious enough to found their own company still have to figure out how to balance work with the feeling of responsibility for raising children. Entrepreneurship typically requires the utmost dedication and long hours, but so do children.

### How can an MBA help?

Research suggests that if you are to venture into entrepreneurship, the possession of an MBA degree is not crucial, but it certainly helps. MBAs have better access to funding thanks to alumni and peer networks and various forms of support from business schools, e.g., incubators, etc. Startups formed by MBA graduates from Wharton (US), Harvard Business School (US), and Stanford Graduate School of Business (US) collectively raised \$15.8 billion from 2010 to 2015, *Forbes* reported. In addition, the MBA Fund's data shows that MBA-backed companies are 60 percent more likely to raise \$10 million or more in their lifetime.

The benefit of the MBA degree for women and women-led companies is also substantiated by evidence. Women who have an MBA see pay gains of 55-65 percent of their pre-MBA salary within five years of graduation, according to Forte Foundation. Companies with female board directors experience on average a 53 percent higher return on equity. About 85 percent of MBA graduates attribute their MBA to advancing their careers.

The link between MBA and entrepreneurship is often questioned, but for Samantha Henderson, co-founder & president of US drop ship solution provider RevCascade, the degree can be very useful in entrepreneurship. She finds it extremely useful that an MBA exposes you to differ-



ent ideas, which you should embrace even if they run counter to your initial business plan. "Whether that means leaving a company to develop a startup idea, or ditching a startup idea to pursue a career in an industry you've just become excited about, you should be open to ideas that flip your original assumptions on their head," she told *Entrepreneur.com*.

The value of MBA studies can come at different stages of the entrepreneurial journey. Some use the degree to springboard their business ventures. Others step into an MBA once their business has gained speed and it becomes clear they need the comprehensive knowledge of leading and growing a business, the rich diversity of perspectives in the MBA classroom, and the support network.

For female entrepreneurs, the strong support network has even more added value. Men still outnumber women in MBA programmes, although some business schools already strike an almost perfect balance. In a safe learning environment such as an MBA programme, women learn to hold their own, as well as to step up and reveal their value. This is of great use in the real business world. Today's society is making strides in empowering women in various fields, including business and entrepreneurship. Yet a lot more needs to be done for women to gain a foothold in business. They have proved their worth in setting up businesses and running them successfully over the years. All they need is a level playing field.

Learn more about what an MBA has to offer and meet top business schools' admissions directors in person at the next Access MBA One-to-One event in London. Check the next date on: [www.accessmba.com](http://www.accessmba.com). Online registration is free. By registering at least 10 days before the MBA event, participants will receive a profile evaluation and a personalised consultation to identify the most suitable business schools at the event.

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