



L'ŒIL DU LAB

Female business creators in
underprivileged areas: key features
of their companies

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Having described the profile of the women creating businesses in underprivileged areas, this second article examines the profile of those businesses. Female entrepreneurs show great expertise in their markets, with ambitions that grow as the business continues to thrive. In underprivileged areas, women tend to start businesses in retail, restaurants/catering and accommodation, and in services to businesses and individuals (health and social care), with a local customer base. While they usually start on a small scale, their turnover subsequently increases more frequently than it does for their male peers. Their businesses survive just as long as male-run start-ups, and even longer than businesses started by women outside of underprivileged areas.

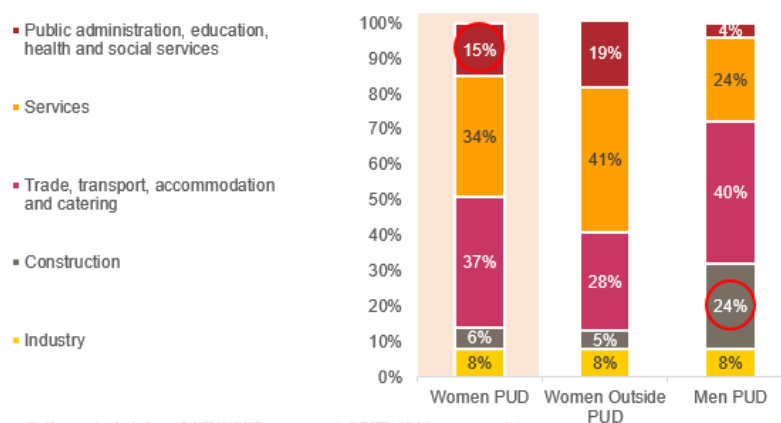
In which trade sectors are most female entrepreneurs found?

Female entrepreneurs in underprivileged areas operate mainly in services (34%), and “commerce, transport, accommodation and catering” (37%). Within this broad sector, the proportion in transport is minuscule, as only 0.9% of female self-employed and business owners in France are working in this sector according to the French national statistical office [INSEE](#).

The services sector includes services to businesses, such as legal and accounting services, and scientific and technical services. These require a certain standard of qualifications, which explains the larger proportion of female entrepreneurs than men (34% versus 24%). As the first article in this series explained, women entrepreneurs have typically attained a higher educational standard.

Moreover, in comparison with men, women are starting businesses in underprivileged areas to a greater extent in “public administration, education & training, healthcare and social” (15% versus 4%) and to a much lesser extent in construction (6% versus 24%). Within this broad sector, the social component includes domestic assistance services, while healthcare includes private nursing firms. Here too, the connection with qualifications is significant, with more female entrepreneurs in underprivileged areas entering higher education, being a recognised route into education, training and public administration. There is also a greater number of women who have obtained qualifications leading to professions in social services and healthcare (see first article).

Distribution of the population by sector of activity



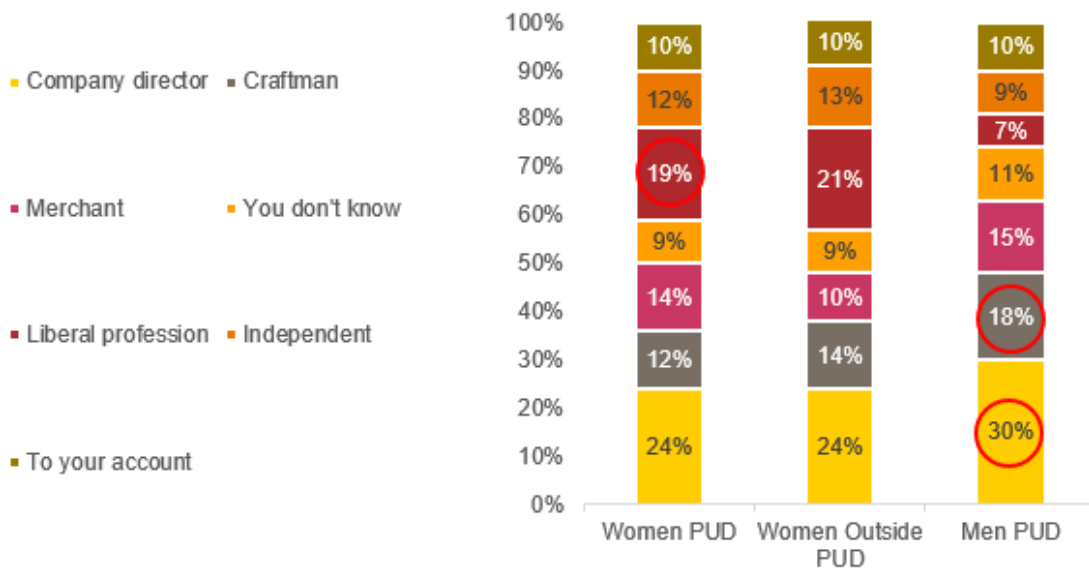
Women entrepreneurs in PUDs are more present in services sectors than men

Hence the trade sector within which women in underprivileged areas create (or take over) businesses is much influenced by gender, a finding that holds true everywhere in France. According to [INSEE](#), higher proportions of female than male self-employed and business owners are to be found in healthcare (25.4% versus 10.6%) and services to individuals (28.6% versus 15.7%). The opposite applies to construction (1.8% of women business owners compared with 21.2% of men).

The form of the business reflects the trade sector

Female entrepreneurs in underprivileged areas are not necessarily company managing directors, although a quarter of them are, compared with 30% of male entrepreneurs. Confirming their stronger presence in health and social services, women creating businesses in underprivileged areas are much more likely to operate as independent regulated professionals (19% versus 7%). Men, meanwhile, are more often registered as skilled tradesmen (18% versus 12%), connected to their greater presence in construction. As regards commercial trading entities (with “*commerçant*” status in France), men and women are found in similar proportions (around 15%).

Status claimed by the entrepreneur**



(**) Answer to the question: which term best defines you?

Source : Bpifrance Le Lab from SINE INSEE survey and CGET, 2017 company data

Women entrepreneurs in PUDs are more likely to be self-employed than their male peers

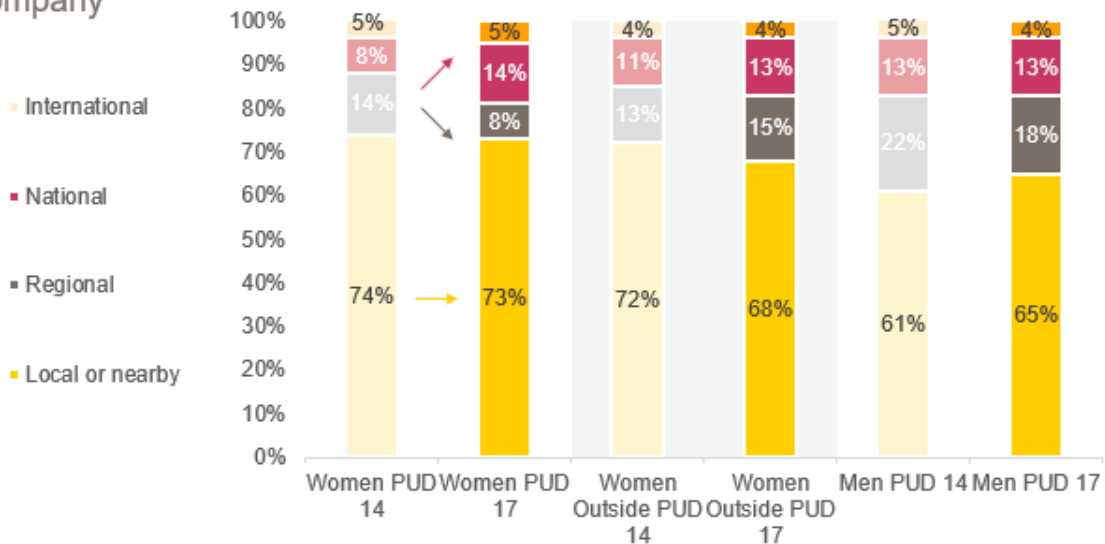
Predominantly local customer bases

The “glass ceiling” for commercial outlets, mentioned in the report, is a tougher obstacle for women. In fact, in the year their businesses are formed, three-quarters (74%) of the customers of female entrepreneurs in underprivileged areas are local. This figure is 13 points higher than for male entrepreneurs (61%), who sell more in the wider region (18% versus 8% of customers).

This situation tends not to have changed after three years of trading. Part of the explanation might be [the difficulty in accessing entrepreneur networks](#). This is an additional hindrance to business development in underprivileged areas as regards gaining access to markets elsewhere.

In addition, entrepreneurs in underprivileged areas are experts on their local market. In food retail, for example, this could be reflected in the selection of products meeting the specific tastes of local customers. This initially ensures the business generates sales and survives, but it is a potential obstacle to future expansion.

Geographical distribution of customers 3 years after the creation of the company

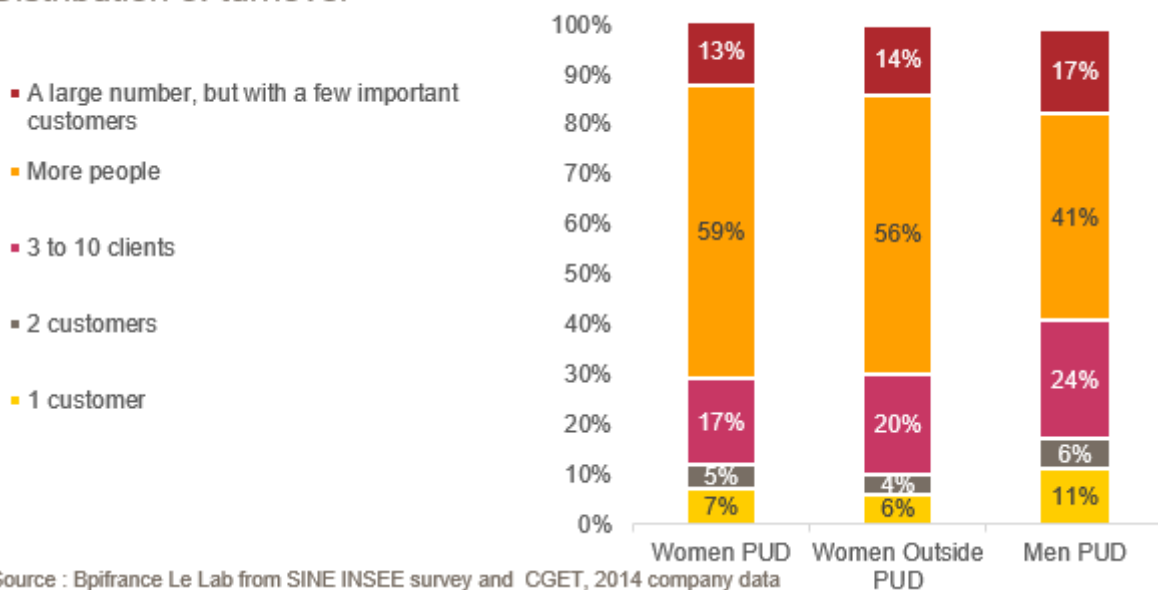


Source : Bpifrance Le Lab from SINE INSEE survey and CGET, 2017 company data

A local clientele much more present among women entrepreneurs in PUDs than among men

Looking at the customer portfolios, one phenomenon can be seen that is consistent with the fact that such businesses are mainly in commerce, restaurants/catering, healthcare and social services, which is that these businesses mainly have quite a wide and varied customer base, without necessarily having any particularly large customers (59% versus 41% for men).

Distribution of turnover



Source : Bpifrance Le Lab from SINE INSEE survey and CGET, 2014 company data

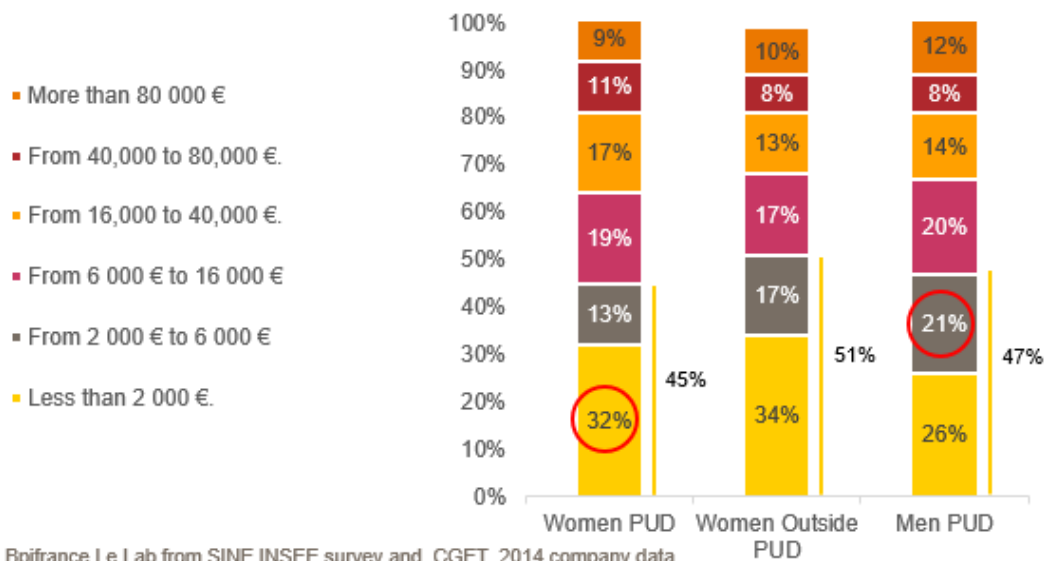
Women entrepreneurs in PUDs have a larger and more diverse customer base than men

Slow and steady wins the race

Female entrepreneurs in underprivileged areas see great buoyancy in their businesses' development in the first three years, while starting on a smaller scale.

There are more businesses started with a low level of initial capital by women in underprivileged areas than by men, with 32% starting with less than €2,000 versus 26%. In terms of other business sizes at start-up, the gender difference in underprivileged areas is minimal, except for those in the €2,000 to €6,000 bracket (13% versus 21%).

Financial resources to start

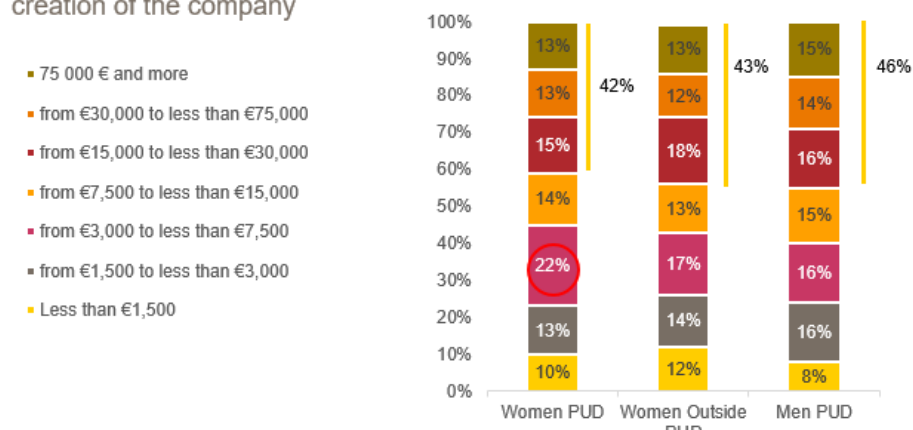


Source : Bpifrance Le Lab from SINE INSEE survey and CGET, 2014 company data

Initial investments are often lower for women entrepreneurs in PUDs than for their male counterparts

These starting differentials smooth out over time. Over the first years of their lives, businesses created by female entrepreneurs in underprivileged areas invest similar amounts to those run by their male counterparts. There is an even higher proportion of women business owners in the €3,000 to €7,500 investment bracket (22% versus 16%).

Total amount of investments committed during the 3 years following the creation of the company

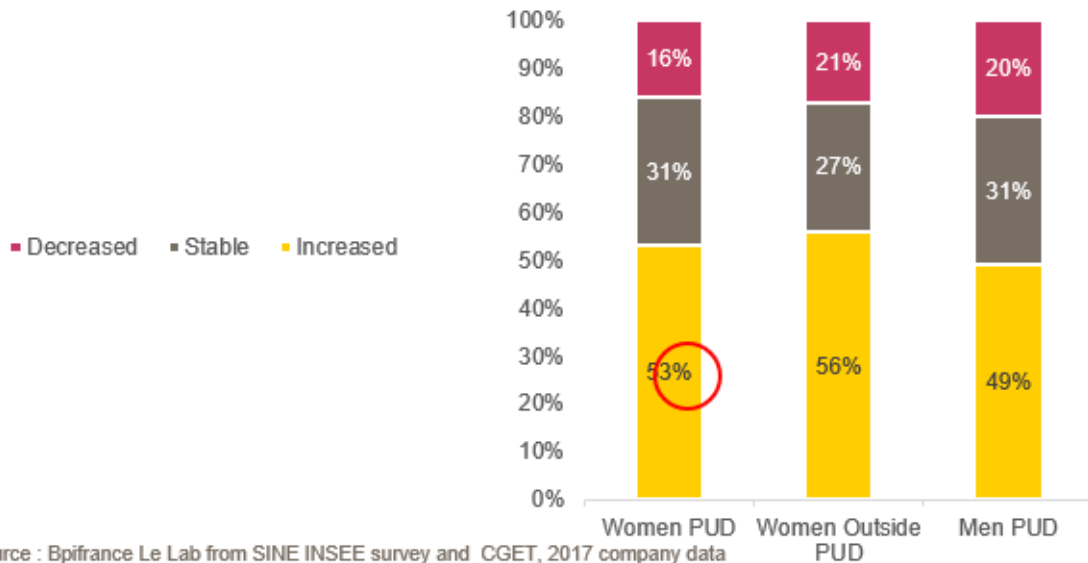


(**) For those who have declared having invested over the 3 years following the creation of the company.
Source : Bpifrance Le Lab from SINE INSEE survey and CGET, 2017 company data

Equal investments between men and women in PUDs in the first three years after the company's creation

Importantly, women entrepreneurs in underprivileged areas see a higher positive change in turnover after three years than men, with 53% experiencing sales growth compared with 49%. This finding was also seen in [another survey](#) of business owners based in Seine-Saint-Denis and Val-de-Marne.

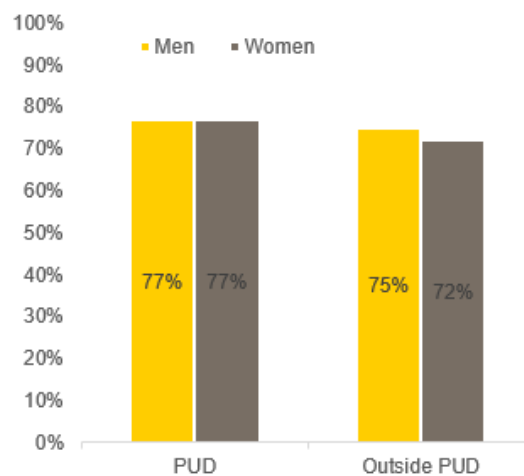
Evolution of the company's turnover compared to 2014



A more significant evolution of sales for women entrepreneurs in PUDs compared to men

This positive momentum for female entrepreneurs in underprivileged areas is also seen in the durability of the businesses they run. The three-year survival rate is as high as for their male counterparts, at 77%. It is, moreover, significantly higher than the figure for female-run start-ups outside underprivileged areas (77% versus 72%). This is further evidence of their expertise on their markets.

Three-year survival rate



A stronger sustainability for businesses founded by women entrepreneurs in PUDs than those of women outside

Beyond the factors emerging around specific trade sectors, it does therefore appear that businesses run by female entrepreneurs in underprivileged areas are particularly buoyant. Caution at the outset is followed by an upwards growth curve as shown by the level of investment and the high three-year survival rate.



Read our related study

**Entrepreneurship in
underprivileged areas:
Releasing all untapped potential**

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