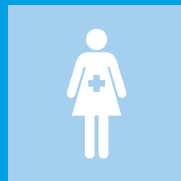
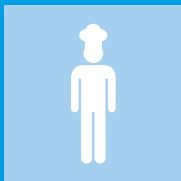


2014

REPORT ON THE IMPACT OF MICROCREDITS



Report on

THE IMPACT OF MICROCREDITS 2014

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Presentation **04**

1

**Introduction: presentation of the
study and the methodology applied** **06**

2

**MicroBank, the social bank
of "la Caixa"** **08**

3

Women and entrepreneurship **12**

4

Main results of the study **20**

- 4.1. Profile of the microbusiness owner 20
- 4.2. Features of the businesses promoted with microcredits 30
- 4.3. Functioning of the businesses 37
- 4.4. Economic and social impact of the microcredits 40

5

Conclusions **46**

- 5.1. Microentrepreneurs and the businesses set up with the backing of MicroBank. Brief description 46
- 5.2. The impact of microcredits 51
- 5.3. Microcredits and female entrepreneurs 52

6

Bibliography **56**

7

Annexes **57**

- 7.1. Questionnaire used 57
-

Presentation

We are pleased to present the latest edition of our annual report on the impact of microcredits. As this is the fifth edition of the report we will be able compare the current data with the data compiled in previous reports and draw conclusions on the evaluation of the work that MicroBank carries out as a social banking model, the market leader in microfinance in Spain and a reference point in Europe.

It should be pointed out that 2014 has seen the highest rate of growth since MicroBank started its business. The number of microcredits granted has increased by 48% compared to the previous year, while the number of microcredits in the portfolio has risen by 35%. Against a backdrop of strong business expansion, the trend in financing for entrepreneurs and microbusinesses since 2009 has been an average annual growth of 35%.

While the previous report was mainly focussed on the value and need for financial support to entrepreneurs under the age of 35 to kick-start a renewed increase in employment and move more positively towards recovery, this year our thematic focus is based on women, who make up for 40% of entrepreneurs in Spain.

Aware of the important role that women play in starting up entrepreneurial initiatives, MicroBank has launched different initiatives to support the projects of female entrepreneurs. One of these is the collaboration agreement with the Secretariat of State for Social Services and Equal Opportunities to provide financing for female entrepreneurs' projects, with the aim of promoting production and job creation. Since the programme began, MicroBank has provided financing for 694 business projects presented within the framework of this agreement for a total amount of €10,500,000.

The methodology used to draw up this report is the same as that used in previous editions: to do this, a random sample was taken of the microentrepreneurs and a telephone survey was then conducted with them. In this way, we intend to offer a vision of how the microcredits have affected the people selected in the sample to take part in the survey. At the same time, the analysis will also give us greater awareness of other aspects, such as the profile of the entrepreneurs and other issues related to the functioning of the businesses that have been financed with microcredits. All of this is carried out for the purpose of continuing to learn and improve their efficiency.

We would once again like to express our gratitude to all of the entrepreneurs who have been so generous as to share their experiences to help us structure the document we are now presenting and also we express our appreciation to all the professionals who have made this possible.

1 Introduction: presentation of the study and the methodology applied

Although it may seem as through we are seeing the first signs of economic recovery, what is certain is that at the moment this recovery has been shown mainly in the global macroeconomic indicators. The real situation that most households in Spain are facing however is still marked by high levels of unemployment and difficulty finding job opportunities, especially for the most vulnerable social groups or those in disadvantageous situations: situations that women and young people may well find themselves in.

Against this backdrop, the interest generated by entrepreneurship continues to grow. For many unemployed people, especially for the long-term unemployed, it seems to be basically the only alternative. This is the case for many women, who decide to return to the labour market after having dealt with their family obligations and find it difficult to get back on track. Furthermore, for many other people it is an ever more attractive option for improving their employment situation, to achieve a higher level of job satisfaction and to be able to work under conditions that are more suited to their personal needs. This last point is particularly relevant for women who need to juggle their work with caring for their young children.

Access to credit is absolutely fundamental for these women not to be kept out of labour market and so that they can start up their own entrepreneurial projects. This is particularly relevant in a period of recession like the current one, when, as shown from the latest GEM report, access to financing is one of the main obstacles and reasons for which entrepreneurs close or give up on their companies. It is in no way surprising then that the demand for microcredits is growing as a tool for financing small projects and investments without needing any *in rem* guarantees.

Therefore, in this document our aim has been to analyse the features and situation of female entrepreneurship in detail, both in Europe and specifically in Spain. Following on from our previous reports, this analysis has been structured with an initial section and at the same time with special emphasis being placed on analysing the variables that affect female entrepreneurs as a collective.

For such purpose, the same methodology has been followed as in previous editions. In order to conduct this study, an initial sample of 12,250 people was taken as a reference, corresponding to people granted microcredits granted by MicroBank between 1 July 2007 and 30 June 2004.

Technical details of the study

- 801 interviews conducted
- 3,110 people contacted (3.88 phone calls per valid survey)
- Minimum quotas set: 200 microcredits for female entrepreneurs.
- Error margin for the entire sample: 3.28% (reliability level: 98%)
- Methodology: telephone survey

The interviews were carried out in October 2014. The study was conducted based on an analysis of the questionnaire results already used in previous editions, with some added or modified questions.

The questionnaire is broken down into five large blocks:

The blocks that make up the questionnaire

Block 1

Data about the business financed by a microcredit

Block 2

Data about the microcredit scheme

Block 3

Economic and socio-cultural changes

Block 4

Satisfaction with the scheme

Block 5

Categorisation. Entrepreneur profile



2 MicroBank, the social bank of “la Caixa”

MicroBank was incorporated in 2007 as the social bank of “la Caixa” to channel the microcredit business, which up until that point had been carried out through its Social Work Department, with the aim of this work rigorously and sustainably promoting this work of a banking institution. By creating MicroBank, “la Caixa” implemented the strategic intention to provide a solution for those social groups whose needs were not being sufficiently covered, through a new social banking model that provides access to high quality financial services with the aim of contributing towards the following:

- Promoting production and job creation by providing financial support to professional freelancers and microbusinesses.
- Self-employment, by granting microcredits to new entrepreneurs for them to start up small businesses.
- Personal and family development, covering people’s needs and helping them overcome hard times.
- Greater possibilities to obtain financing, providing new customers access to banking services through the institution’s extensive commercial network.

All of these factors are especially related to social cohesion and the level of well-fare of individuals and families, specifically for the most vulnerable social groups.

MicroBank’s activity is specifically distinguished by the following values:

- Social commitment: promoting production, creating and consolidating employment and personal and family development.
- Greater possibilities of obtaining financing: offering specially adapted products and services aimed at providing access to banking services to those sectors of the population that find it difficult to obtain loans.
- Accessibility: providing our customers with over 5,200 customer-service points through the “la Caixa” branch network and offering additional services thanks to agreements signed with 560 participating organisations across the country.
- Security: establishing a strict financial and risk management policy that has earned the trust and support of reference-point European financial institutions.
- Sustainability: generating profits that ensure the bank can continue its business and cover the necessary requirements for its future growth.
- Integrity and transparency: instilling trust and value in our customers and in those around us, always working from a position of integrity.



MicroBank offers financial products and services that are specifically adapted to meet the needs of entrepreneurs, microbusinesses and families. Although it specialises in microcredits, MicroBank also has a wide range of basic financial services available for its customers, such as bank accounts, cards and other services. The loans that MicroBank offers can be broken down into three types of microcredits:

Microcredits for entrepreneurs and microbusinesses

- **Financial microcredit:** A personal loan aimed at professional freelancers and microbusinesses that need financing to start up, expand or consolidate their businesses or to cover their needs for current capital. The maximum amount is €25,000, they are granted with no *in rem* guarantees being required and the maximum term to pay back the loan is six years, with a six-month optional grace period. As a basic requirement, they must submit a business plan so that the viability of the project to be financed can be assessed. Professional freelancers with an annual income of less than €60,000 and microbusinesses with less than 10 employees and an annual income of less than €2,000,000 can apply for this type of microcredit.
- **Social microcredits:** These are personal loans aimed at financing self-employment projects promoted by entrepreneurs who may have difficulties in accessing the traditional credit system and that have already received advice from one of MicroBank's collaborating institutions before being granted the microcredit. The maximum amount is €25,000, they are granted with no *in rem* guarantees being required and the maximum term for paying back the loan is six years, with an optional six-month grace period. A business plan must also be submitted for these transactions, which, in this case, must be accompanied by a viability report issued by the collaborating institution that provided the customer with advice.



- **Social business credits:** These are personal loans aimed at entrepreneurs who aim to make a social impact through economic and environmentally sustainable businesses. Through these loans, investments or current capital can be financed to start up, consolidate or expand a social business. Social businesses are considered to be those that involve creating jobs and those that operate in the following sectors: promoting independence and care for disabled and dependant people, combating poverty and social exclusion, multiculturalism and social cohesion, social action projects and cultural projects with a social impact.

Personal and family microcredits

- **Personal and family microcredits:** These are personal loans aimed at people with an annual income of less than €18,000 to finance projects related to personal and family development and at those in a situation of need caused by temporary and unexpected circumstances. Among the most common reasons for taking out these loans, we should mention the costs incurred for housing, health, education, the needs of disabled people, family reunification or acquiring the required transport means. The maximum amount is €25,000, they are granted with no *in rem* guarantees being needed and the maximum term for repayment is six years with an optional 12-month grace period.

Eco-microcredits

- **Business eco-microcredits:** These loans are aimed at freelancers and microbusinesses that are seeking to invest in the environmental sustainability sector (ecological farming and food production, renewable energies, waste management, and treatment, the production or distribution of recycled or ecological products,



ecotourism) and/or products or services that imply an improvement in the efficient use of resources and/or a reduction in environmental impact (buying eco-friendly vehicles for professional use and/or renovations to improve energy efficiency). The maximum amount for these loans is €25,000 and the term for repayment is up to six years.

- **Personal eco-microcredits:** These are personal loans for obtaining sustainable products (domestic appliances with a class A energy efficiency certificate or higher) or eco-friendly vehicles (cars, motorbikes, electric bicycles and commercial vehicles) and to improve home energy efficiency (financing solar panels, waste water treatment, etc.). The maximum amount of these loans is €25,000 and the term for repayment is up to six years.

Since it began operations, MicroBank has granted a total of 307,691 loans for a value of €1,793,300,000 for the purpose of financing different types of projects and creating new opportunities. In 2014, 18,527 microcredits were granted to entrepreneurs, meaning an increase of 18% compared to 2013. The economic development of MicroBank stands out, among other factors, because of the growth and quality of its credit portfolio, which is one of the essential elements for the sustainability of the project.

Some of the institution's competitive strengths are its high level of capitalisation and liquidity, its extensive distribution network, the support of its sole shareholder – CaixaBank – and the backing from European financial institutions. In fact, MicroBank is a unique institution made up of all these elements aimed at continuing its business expansion and launching new products and services adapted to our customers' needs.

3 Women and entrepreneurship

Female entrepreneurs in the European Union

With self-employment representing 15% of the total employment in the 27 Member States of the EU in 2012 and only 36% of citizens wanting to be their own boss – compared to 56% in China and 51% in the US – the EU seems to be lagging behind as far as entrepreneurship is concerned. Europeans seem to be more reticent more often due to their fear of failure, because they lack information or financing and because of the complex administrative processes in place. Within this context, in 2012, women only made up for 31% of the total number of self-employed European citizens, meaning that **only 10% of all working women are self-employed.**

The 2012 Eurobarometer shows that even if women see entrepreneurship as a good career move, on the whole they prefer to work in salaried positions (63% of women compared to 53% of men). The same survey showed that 29% of men compared to 17% of women had already started their own business or were planning to do so. Promoting the entrepreneurial spirit in women goes along the lines of the EU's Gender Equality targets and stimulates economic growth by creating new opportunities.

Adapted from: *Women's entrepreneurship in the European Union*. Willemijn de Jong, Library of the European Parliament. April 2013.

Since the world economy is recovering from the global recession, the importance of the entrepreneurial spirit is gaining more and more recognition as a driver for economic growth and welfare. This boom is set against a backdrop of changes taking place in the markets and the employment structure caused by a shift from an industrial to a service-based economy, which has a much more intensive focus on personnel and businesses in technologically innovative fields that often need a more flexible organisational structure. There is exceptionally fertile terrain for the entrepreneurial activity of microbusinesses and freelancers to grow, two areas in which female entrepreneurship has an important role to play.

In 2012, it is estimated that 126 million women were starting up businesses in 67 economies across the world, while 98 million were at the helm of businesses that have already been set up.¹ These are very significant figures, but they show that, although the number of women involved in entrepreneurial activities differs around the world, in **practically every country there are fewer female entrepreneurs than men.** Spain is no exception, the data from the latest GEM² report show that in **2013 six out of every 10 entrepreneurs at any phase in the entrepreneurial process were men.** Spanish men were more inclined towards entrepreneurship in the period 2004-2013, with rates of entrepreneurial activity between 5.4% and 9.7%, while for women the figures were between 2.9% and 6%.



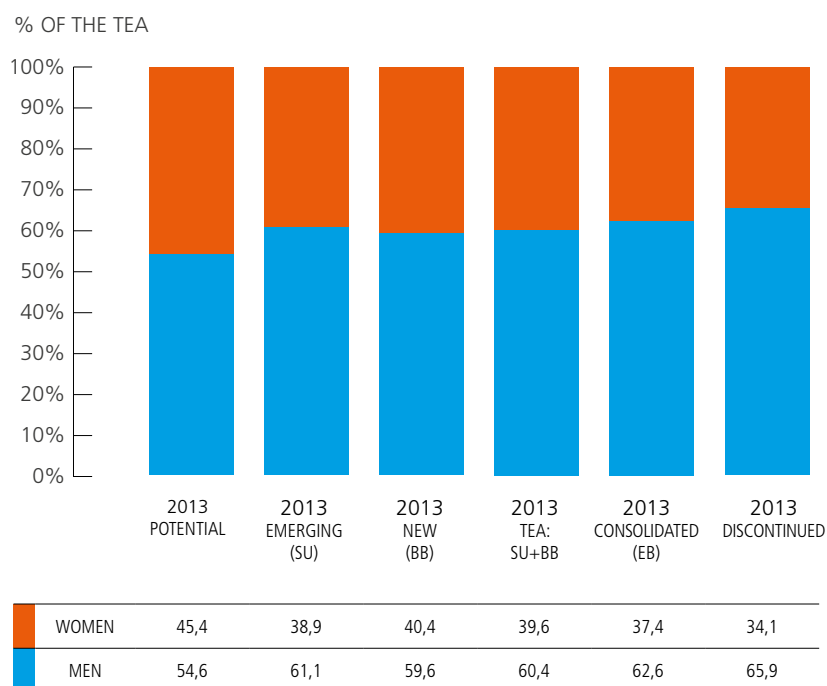
1 GEM Women's Report 2012.
2 GEM Report Spain 2013.

Despite this, **Spanish women have much more of an entrepreneurial spirit than many of their counterparts in other countries:** Spanish women start up their own businesses much more than German, Japanese and French women do, although less than their American, Brazilian, and Nigerian counterparts (the latter occupy the highest position in the world rankings).³

Similarly, it is interesting to note that this difference between entrepreneurship among men and women is reduced if we look solely at the entrepreneurial intentions of men and women. The number of potential female entrepreneurs in Spain is similar to that of potential male entrepreneurs (45.4% against 54.6%), which shows that many women, at some point in the process of setting up their own businesses; in the end decide not to do so.

This is also shown through analysing the user profile of those who turn to support from municipal services in order to set up their businesses, showing that men and women use these services in equal proportion. However, seven out of every 10 men who resort to these services end up putting their ideas into practice, in the case of the women, only three out of 10 do so. What is the reason for this? What is holding women back at the moment from setting up their own businesses?

GENDER DISTRIBUTION OF THE ENTREPRENEURIAL GROUPS IN SPAIN IN 2013



Source: GEM report 2013.

Potential entrepreneurship: Part of the population aged between 18-64 years old that has expressed their intention to launch an entrepreneurial project over the next three years.

Start Up (SU): initiatives in the launch stage (salaries not paid for more than 3 months) out of the population between 18-64 years old.

Baby Business (BB): initiatives in the consolidation phase (between three and 42 months of economic activity) out of the population between 18-64 years old.

Established Business (EB): businesses that have now passed through the previous phases and have been operating on the market for more than 42 months, out of the population between 18-64 years old.

BARRIERS TO FEMALE ENTREPRENEURSHIP

Personal factors

All the experts agree there are many reasons that can explain why many women choose to leave their business projects by the wayside. As Guernica Facundo, the author of *El libro rojo de las mujeres emprendedoras* (The female entrepreneurs' Red Book), points out, "women take more time to adopt decisions, because, compared to men, we tend to take many more factors into consideration, and of many different types. Men tend to be focussed on whether the project is economically viable or not, how much they can invest and how long they can get by before they start earning money. **Women, on the other hand, assess the economic aspects, but also to a large extent the social and personal aspects.**"⁴

In fact, women's personal circumstances, and specifically **the pursuit of a balance between their working lives and their family, are a determining factor when it comes to explaining the lower rate of entrepreneurship among women**, as well as explaining some differential factors concerning entrepreneurship by men. This is called the "glass ceiling" that prevents women progressing along their career path because they must choose between their work and their families, a ceiling that women tend to hit precisely when they reach average age when most career paths offer the possibility of growth. The data are clear in this respect: 54% of European women in managerial positions do not have children compared to 29% of men in the same position.⁵

We are still very far away from real equality. Shared responsibility is still extremely unequally distributed in domestic life and in sharing childcare between men and women, which is what causes the greatest difficulty for women to give their all to setting up a business.

Greater fear of risk among women

One of the other causes always pointed out to explain the lower rate of entrepreneurship among women is their greater fear of risk, a fear that is directly linked to their lack of self-confidence as entrepreneurs. The GEM Report also provides interesting data on this issue, pointing out that, since the start of the economic crisis in 2008, while male entrepreneurs responded to this crisis by increasing the seed money in their business initiatives, women lowered it considerably. The Eurobarometer data for 2012 show that while 53% of women think they should not start up a business if there is any risk of failure, this percentage among men is 46%. Kerry Healey, the president of Babson College, one of the leading business schools in the world, stated: "Sometimes as women we have too high of standards, we want to be perfect and we don't think about how to accept failure or how to learn from it. It's about being passionate, not perfect. There is nothing wrong with making several attempts."⁶ **The fear of failure is, therefore, one of the main barriers for female entrepreneurs.**

4 "Mujeres Emprendedoras", ("Women Entrepreneurs") article by Cristina Sáez in La Vanguardia, 01/02/2013.

5 "¿Mujer Emprendedora? Cinco claves para potenciar su negocio". ("Woman Entrepreneur? Five Key Factors for Boosting Your Business") *The Economist*, 4/6/2014.

6 "La internacionalización, principal barrera para la mujer emprendedora española". ("Internationalisation, the Main Barrier for the Spanish Woman Entrepreneur") *Santander Noticias*, Press note. **Mexico, 3 November 2014.**

Access to financing

Some analyses also question whether women actually have the same access to financing as men do and they suggest that credit institutions require more collateral guarantees from them, higher interest rates are applied and they are rejected more often when applying for a loan.

On the one hand, women certainly own less financial assets in general and have shorter credit histories (due to their having less business experience), factors that are highly valued by credit providers. On the other hand, some researchers point out that the lower access to financial capital by female entrepreneurs is a rational response to the risk they perceive. More so than men, women prefer not to have any doubts and keep full control over their business, they therefore prefer internal sources to external ones and make less use of financial instruments, such as overdrafts and bank loans. Finally, reference is also made to the fact women are often unaware of the sources of financing that could be available to them.

Other analysts however attribute the difference in access to financing between men and women simply to the business areas in which they set up their businesses; the sectors determine whether a smaller or larger amount of capital is needed. Businesses set up by men tend to be in more complex and in more competitive sectors that require greater financial support. Therefore, this is also related to sectors that have greater growth potential, which is also positively valued by credit institutions.

Access to networks and contacts

Another reason used to explain the lower rates of female entrepreneurship is the **smaller size and lower quality of the networks of contacts that women have compared to men.**

A growing number of studies are suggesting that female entrepreneurs are facing more disadvantages compared to their male counterparts because they lack sufficient and efficient social networks. Some studies consider this is due to the fact that women's social networks are much smaller and much less diverse or made up of a greater number of women. Others note that female entrepreneurs tend to seek support more often in networks predominantly based on family ties. It is also considered that women have greater difficulties in building up a solid network of professional contacts due to the family responsibilities in their lives.⁷ Women also have fewer models for success and, those that exist, are not sufficiently visible or recognised.

⁷ Navarro, J. R.; Camelo Ordaz, M.^a C.; Corduras Martínez, A.: *Mujer y desafío emprendedor en España. Características y determinantes*. (Women and the Entrepreneurial Challenge in Spain: Features and Determining Factors) Universidad de Cadiz and the IE Business School.

REASONS FOR FEMALE ENTREPRENEURSHIP

It is not that women just set up fewer businesses than men but that they also do it for different reasons; however existing studies do not provide any conclusive data on this issue. Men as such seem to be more driven by the so-called “pull factors” (attractive aspects, such as the desire to earn a higher financial income) while women are driven by the so-called “push factors”. In other words, **men go into business more because of the opportunities and women more so out of necessity**. Among the main motivating factors for women to set up their own entrepreneurial initiatives, the following stand out:

- The need to find a balance between their family and working lives, whether this is work fewer hours, for a more flexible schedule or to get back into the labour market after having completed their family obligations.
- The difficulty they face in reaching management positions and the frustration this causes them, leading to some women starting up their own projects.
- Difficulty in entering the labour market and redundancy, especially over the last few years, which is turning out to be an opportunity for some women.

PROFILE OF FEMALE ENTREPRENEURS

What are the defining features of Spanish women who start up entrepreneurial projects? The latest study by Adecco⁸ on working women shows that the total number of working women in 2013 reached 7.63 million, out of which one in eight was an entrepreneur, with a total of 948,500 women (12.4% of the total).

Out of this group, approximately 75% were freelancers and therefore had no employees, while the remaining 25% employed workers. In other words, **3.4% of all working women in Spain were entrepreneurs with employees working for them** (which implies 1 in 30).

A study conducted by the ESADE Entrepreneurship Institute provides two pieces of information about Spanish female entrepreneurs, pointing out that the average age is **38, she has medium-high level of education** (65% of female entrepreneurs have higher education and 35% completed their secondary education) **the majority are married and have children**, a profile that matches the profile of female entrepreneurs in countries with higher earnings.⁹

The highest rate of female entrepreneurs is in Catalonia, followed by Andalusia, Valencia and then Castilla-La Mancha, behind them are the Basque Country, Murcia and Asturias.

⁸ VIII Perfil Adecco de la Mujer Trabajadora, (“VIII Adecco Profile of the Working Woman”), Adecco. March 2014.

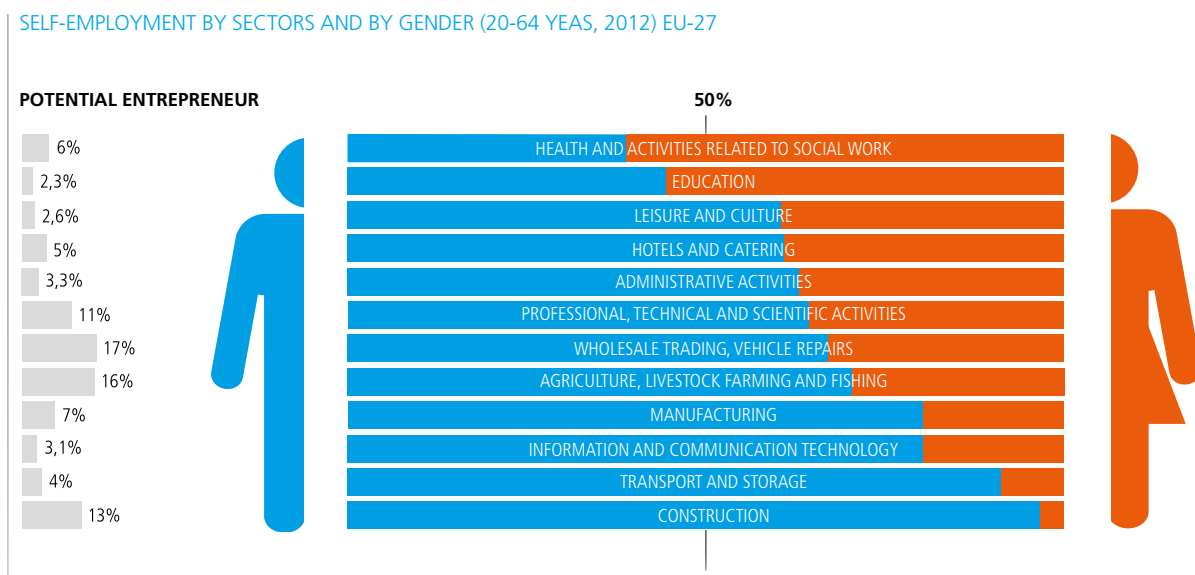
⁹ Valencia, M.: *Los factores que influyen en los resultados de las empresas creadas por mujeres*. (The factors that influence the results of companies set up by women), Doctoral Thesis, ESADE, 2010.

There is no real imbalance in terms of gender when it comes to having a specific entrepreneurial education among the collective of people involved in the entrepreneurial process, but when a woman is not a businesswoman she tends not to have this type of education as much as her male counterpart. Furthermore, business women have fewer years of working experience or experience in managerial positions before embarking on their entrepreneurial projects. They also have less knowledge of the sector they are entering than men do.

MAIN FEATURES OF BUSINESSES SET UP BY FEMALE ENTREPRENEURS

What are the businesses like that Spanish women set up? **They are generally smaller businesses on a smaller scale than those set up by men.** According to data from Womenalia, a social network with more than 250,000 professional women as members, businesses set up by women have an average of 1.7 employees working for them and 62% are based in the consumer sector.

In fact, the choice of business sector by female entrepreneurs is significantly different from the one of male entrepreneurs. A choice that, as far as women are concerned, is mainly based on the need to combine it with their family life and to have greater flexibility in their work, meaning that many women opt for sectors that require less time and allow them to balance their business with their personal and social lives. Therefore, whereas men tend to opt for more industrial, technological and competitive fields, women tend to aim for fields connected with the public, leisure, education, trade or tourism. In addition to this, when looking at the women with higher educational backgrounds, they more often have qualifications in humanities rather than in business, engineering or technical fields, placing them at a disadvantage compared to men when entering certain sectors. This is something that, apart from just in Spain, can be seen in basically every country, as the following figure represents.



Source: *Female entrepreneurship in the European Union*. Willemijn de Jong, Library of the European Parliament, April 2013



The next challenge for female entrepreneurship is, without a shadow of a doubt, the technological sector. This sector has more possibilities but requires spending more time on it, greater financing and a higher level of education than the service sector. Women seem to be more conservative and have a greater fear of risk, which explains why fewer decide to go into such a competitive and complex sector. However, female entrepreneurs do choose to take advantage of the opportunity offered by new technologies. What stands out in this respect is the increase in the number of women who decide to set up their business completely online, so that they can work from home and fit it in with their family lives. The new 3.0 work models imply an excellent alternative for generating higher income for many of these female entrepreneurs.

The choice of business sector therefore determines the features of the businesses set up, especially regarding their size and their potential for growth and internationalisation. This explains why companies set up by women are smaller, in general do not have potential to create jobs and have a lower frequency of internationalisation. In addition to this, another contributing factor is the shorter time in general that women spend on their businesses compared to men. According to a study conducted by the European Commission, in OECD countries, 22% of female entrepreneurs work fewer than 40 hours a week, while this rate is 10% for men.¹⁰

However, if we look further into the functioning of the companies set up by women, compared to those set up by men, we can see that there is no significant difference, and they have even shown a greater resilience to the rate of closure or transfer: only 14.3% of the freelancers whose businesses closed down in 2012 were women, compared to 85.7% for men.

The aforementioned study conducted by the ESADE¹¹ provides significant data for understanding the factors influencing the results of companies set up by women. The study points out that there is significant evidence regarding the positive impact that support given by the families of female entrepreneurs has on the outcome of their businesses. At the same time, these results also depend to a large extent on the entrepreneur's targets: whether for economic, social or personal reasons. The study shows that female entrepreneurs, whose objective is not economic, do not necessarily pay less attention to the economic indicators regarding their perception of the results of their new businesses. In other words, for these female entrepreneurs, the indicators of their financial and non-financial results are not two mutually exclusive alternatives but rather complimentary factors that provide mutual feedback.

10 De Jong, W.: *Women's Entrepreneurship in the European Union*. Library of the European Parliament. April 2013.

11 Valencia, M.: *Los factores que influyen en los resultados de las empresas creadas por mujeres*. (Factors that influence the results of companies set up by women), Doctoral thesis, ESADE, 2010.

Relationships with external institutions also have a positive effect on entrepreneurial results; whereas variable factors, such as professional experience, do not affect them. Research shows that previous experience in setting up companies, in management positions or in the same business sector as the company started up have no positive relation with the results of the new company.

THE FUTURE OF FEMALE ENTREPRENEURSHIP

In spite of the barriers and limitations analysed above, what is certain is that the presence of female entrepreneurs on the entrepreneurial stage continues increasing and all the indicators seem to show that it will go from strength to strength in the coming years.

Various factors have an impact on the speed at which women are making their way into the entrepreneurial business world. Bearing in mind what we have explained up to now regarding the importance of reconciling their family and working lives, it is obvious that the existence of an institutional framework **offering more benefits to allow for such reconciliation is a great area of opportunity**. Not only will this have an influence on the number of businesswomen, but also the quality of the companies they set up.

Furthermore, **the huge challenges that still need to be addressed for female entrepreneurs are mainly focussed on improving diversification and risk-taking capacity**, apart from also improving their presence in sectors with greater added value and with more potential for employment and market growth, without overlooking the important target of internationalisation. In this respect, one of the main recommendations is to **redirect parts of the current policies focussed on an increase in the number of women's entrepreneurial initiatives towards others, for which the emphasis should be on the modernisation and quality of these initiatives**. It will therefore be necessary to support innovation and help women access sectors that in the past they have not approached, for such purpose it is important to aim for specific consulting services by sectors. All the foregoing without overlooking improvement in the spread of the aid and support measures already existing.

Such support for the diversification of women's entrepreneurial initiatives definitely must go hand in hand with **helping them obtain financing**. Furthermore, the fact women tend to go into debt less must be compensated with financing policies that are more in line with businesswomen's possibilities, mainly in the initial phases and that work well with the rhythm at which the company is growing.¹²

Another issue that has been pointed out as being important for achieving greater equality is the level of implementation of **entrepreneurial training** for the population in general. Since the majority of the population with this type of training has received it voluntarily and after the having left school, it is important to promote their development as a compulsory subject, both during the school years and afterwards. Furthermore, such training should not be focussed solely on improving entrepreneurial skills among women, but also reinforcing key factors such as confidence in their own abilities.

Finally, the importance of **developing suitable support and contact networks** and providing greater visibility to success stories of female entrepreneurship are also key factors that can similarly contribute towards increasing the number of female entrepreneurs.



12 Navarro, J. R.; Camelo Ordaz, M.ª C.; Corduras Martínez, A.: *Mujer y desafío emprendedor en España. Características y determinantes*. (Women and the Entrepreneurial Challenge in Spain: Features and Determiners), University of Cadiz and IE Business School.

4 Main results of the study

4.1. PROFILE OF THE MICROBUSINESS OWNER

Continuing along the same line as the previous reports, this section will analyse the demographic variables, such as nationality, age and gender, as well as issues related to economic and family circumstances, with the aim of sketching an outline of the profile of the microentrepreneur who has been granted a credit by MicroBank. These variables have also been specifically analysed for the group of female entrepreneurs, comparing them with male entrepreneurs to detect the similarities and differences in the profiles of both groups.

Gender

Men continue to make up the majority of the group of entrepreneurs, with a figure of 59% compared to 41% for women.

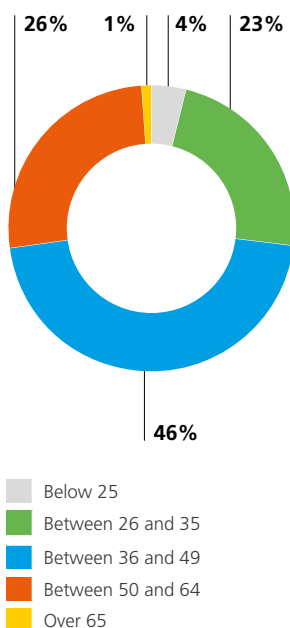
Confirming the data from previous reports, these results allow us to conclude that **women request microcredits to set up a new business more often than men:** 59% female entrepreneurs compared to 45% for men, among the latter the majority are those who intend to expand an existing business.

Age and marital status

The largest group is formed by the entrepreneurs between the ages of 36 and 50, making up 46% of the whole sample, followed by the group of entrepreneurs over the age of 50, making up 26% of the total. Young entrepreneurs (under the age of 35) make up 23% of the total, while at the same time we can also see a minority group of entrepreneurs who decide to set up their businesses after the age of 65. The data definitely follow the trends of previous years, showing that Spanish investors, depending on their age, have some previous experience before setting up their business, something that can be seen especially since the economic recession began.

If we look closely in terms of gender, we can see that there are no overly significant differences, since for both the male and female entrepreneurs, the majority age group is between the ages of 36 and 49 (with 47% for men and 44% for women).

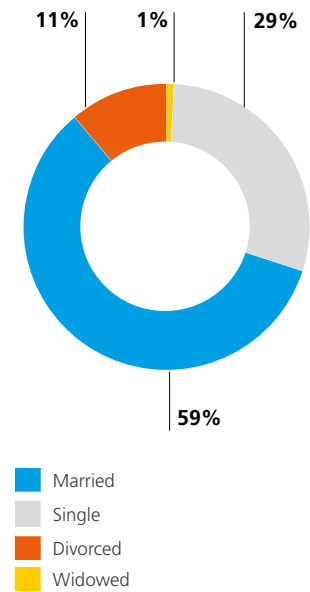
AGE OF THE ENTREPRENEURS



However, we do not see any entrepreneurs over the age of 65 in the group of women, while on the other hand the percentage of entrepreneurs under the age of 36 had a higher percentage of women (30% compared to 25% in the case of the men).

Regarding marital status, the same as in previous reports, **most of the entrepreneurs are married** (59%), and there are no significant differences between men and women in this respect. The second largest group is single people (29%), although here the number of men is slightly higher than that of women. On the other hand, in the case of divorced people, the percentage of women is higher than that of men, which shows the fact that these women opt for entrepreneurship when they become more dependent on their own income.

MARITAL STATUS OF THE ENTREPRENEURS



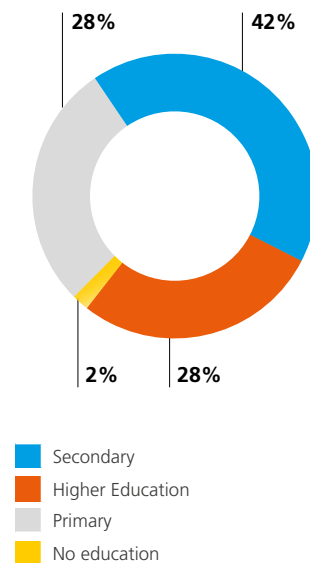
Education

Following the pattern used in previous reports, the data show that the majority of the entrepreneurs have completed secondary education (42%). After this we find the same percentage of entrepreneurs who have completed primary education and further education (28%). As with the previous reports, the percentage of entrepreneurs with no education at all is very low, at 2%.

Looking closer at gender, we can see that the differences are not overly significant, although the rate of women who have completed secondary or higher education is slightly higher than that of men (73% compared to 69%).

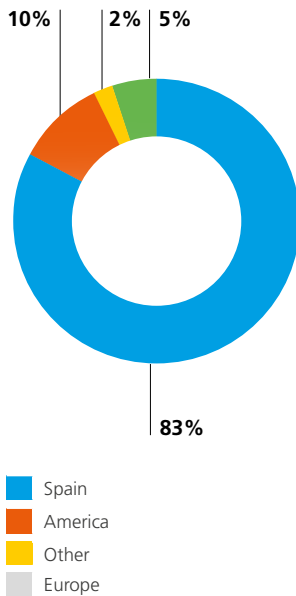
If we analyse the functioning of the business in relation to the level of education there are no significant differences to be seen, with very similar rates between the businesses that stay open and those that have now closed down, which seems to suggest that the level of education is not a decisive factor influencing the results of the business.

LEVEL OF EDUCATION OF THE ENTREPRENEURS



Origin

ORIGIN OF THE ENTREPRENEURS



Just as we have stated in previous reports, **Spain is still the country where the vast majority of the entrepreneurs come from: 83%** of the total, a continued increase can even be seen in this percentage (the percentage in the previous year was 81%). After that, also in line with the pattern in previous years, are entrepreneurs from Latin American countries, albeit the percentage is dropping, from 15% in 2012, to 12% in 2013, to 10% in this report. Entrepreneurs from other European countries make up 5% of the total, while those from Asia and Africa are an even smaller minority, with percentages that do not even reach 1%.

Broken down by countries, after Spain, Argentina is the country where the largest number of entrepreneurs come from, followed by Romania, Colombia and France. These are then followed by Ecuador, Peru, Venezuela, Uruguay and Cuba and, in Europe, Italy and Portugal. The number of entrepreneurs from Morocco has dropped considerably and this year we have found African entrepreneurs from countries such as Nigeria, Angola and Algeria. No significant differences were detected in terms of gender.

Moreover, the vast majority of foreign entrepreneurs have been living in Spain for between five and fifteen years (72%).

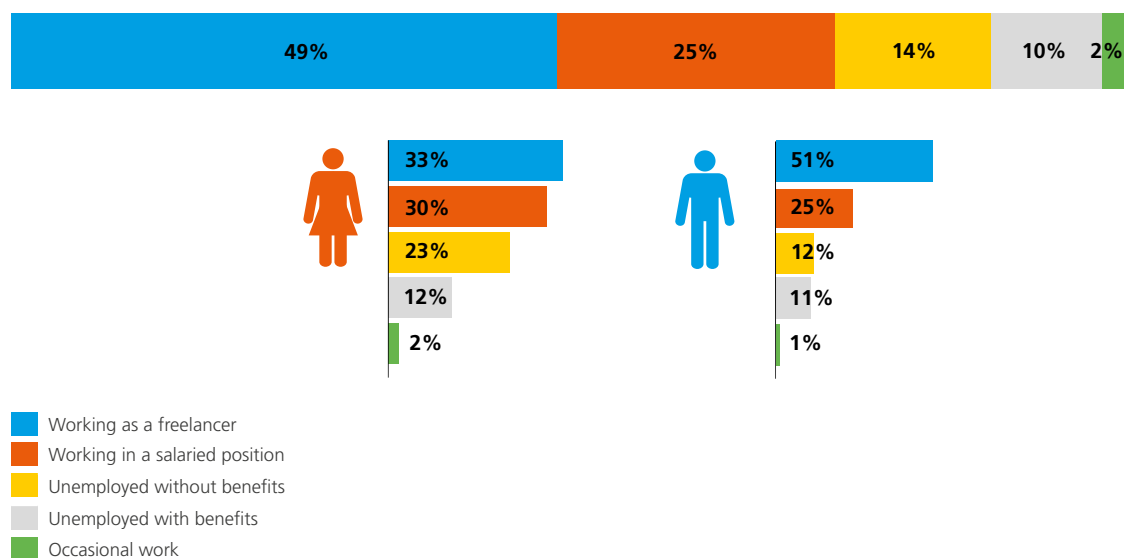


Previous employment situation

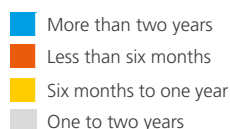
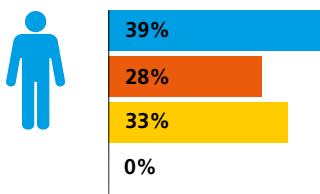
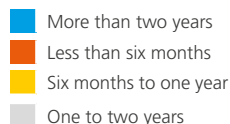
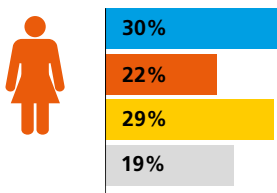
The majority of **the entrepreneurs were already working as freelancers before they were granted a microcredit (44%)**. The percentage of entrepreneurs who were previously working in salaried positions is also significant (27%). The number of entrepreneurs coming out of a situation of unemployment (with or without unemployment benefits) makes up 28%, showing the fact that, despite the signs pointing towards recovery, unemployment is still an unresolved issue for the Spanish economy.

If we analyse this data in terms of gender, we can see **there is a higher proportion of men who were previously working as freelancers: 51% compared to 33% of women**. The latter, on the other hand, were more frequently working in salaried positions (30% of women compared to 25% of men). **The number of women coming out of a previous situation of employment is also much higher** (with or without unemployment benefits) is much higher than that of men: 35% compared to 23%, proving that, for many women, setting up their own business more often appears to be one of the very few professional solutions available to them.

PREVIOUS EMPLOYMENT SITUATION BEFORE BEING GRANTED A MICROCREDIT



TIME UNEMPLOYED BEFORE APPLYING FOR A MICROCREDIT



Finally, it is important to point out that there are differences between the previous employment situation of the entrepreneurs whose businesses are still running to those who have had to close them down. The percentage of people who were previously working as freelancers is much higher in the group of entrepreneurs whose businesses are running than among those who have closed them down: 49% compared to 23%. This might be the reason for the importance of previous experience when launching a new entrepreneurial project. **While the percentage of entrepreneurs whose businesses are still open and who have come out of unemployment is 25%, for those who have closed down their businesses, the percentage reaches 43%.** These data could lead us to consider the importance of going into business when a business opportunity has been detected instead for reasons related to need, because the former, without a shadow of a doubt, is a much sounder basis for setting up a business.

58% of the entrepreneurs coming out of unemployment had been out of work for less than a year, a figure that follows the pattern in previous years. Furthermore, it should be pointed out that 17% of the entrepreneurs had been unemployed for more than two years when they decided to set up their businesses. This percentage increases to 30% if we focus solely on the group of female entrepreneurs, as there are zero in the group of men, which again shows the greater difficulties faced by women when looking for a job and the crucial importance for them to set up their own businesses. While 39% of male entrepreneurs who came out of unemployment had been out or work for less than six months, in the case of women this figure drops to 22%.

Finally, it should be pointed out that 36% of those interviewed were receiving welfare benefits when they attended the interview, mainly unemployment benefits –in 44% of all the cases– although what also stands out is the 24% of people who were receiving benefits of some kind (widowhood, disability, pensions, etc.) and 22% who were receiving family support. It should be pointed out that the percentage of women who were receiving welfare benefits is slightly lower than that of men: 33% of women compared to 40% of men. Furthermore, in the case of the women who did receive welfare benefits, this was more frequent than in the case of the men with family support and, on the other hand, less frequent than unemployment benefits, (30% compared to 57% in the case of men).

Previous experience

In line with the data included in previous reports, **61% of entrepreneurs had never managed a business before.** The differences are not significant in the case of businesses that are still running and those that have closed down: 61% of the business owners interviewed whose businesses were still running had not run a business before the one in question, compared to 63% of entrepreneurs whose businesses had closed down. We cannot draw any conclusions from this difference regarding the importance of previous experience in company management for the success of the business, despite the fact that, as we pointed out before, we can see that there is higher proportion of people who were working as freelancers before setting up their business among those whose businesses remain open.



Furthermore, in the case of the entrepreneurs who had previous experience, it should be pointed out that in 56% of these cases the experience was related to the business that was set up.

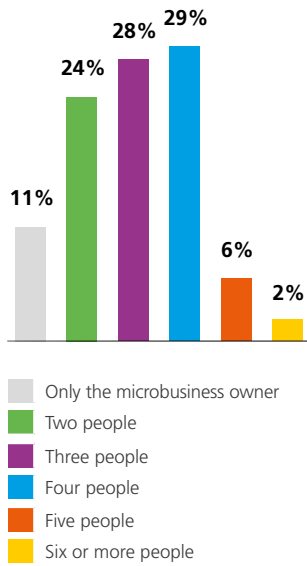
If we look at this data in terms of gender, we can see that **the percentage of women who did not have previous experience is slightly higher than that of men in the same situation**: 64% compared to 59%.

Although, as we have just seen, we cannot draw any final conclusions on the influence of previous experience on the results of the businesses set up, it is obvious that a starting point characterised by a lack both of education and entrepreneurial experience does not seem to be the most suitable situation to ensure business success and does little more than highlight the weakness of the entrepreneurial culture still existing in Spain.

Economic situation and household income

Following in line with the previous reports, **80% of the households of the entrepreneurs interviewed are made up of between 2 and 4 people** and in only 11% of the households is the entrepreneur the only member. It should be pointed out that the latter percentage is slightly higher in the case of the men than in that of women (13% compared to 8%).

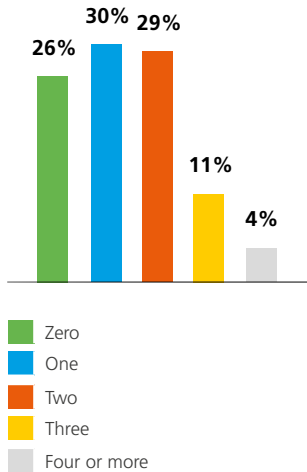
PERSONS LIVING IN THE HOUSEHOLD



In 26% of the cases, there are no members that depend on the income generated by the business set up using the microcredit, whereas in 30% of the cases there is one dependant person and in 29% there are two. These figures, following in line with previous reports, show the crucial importance, in many cases, of the success of the business set up by these entrepreneurs.

The variations shown in these percentages are not very different between male and female entrepreneurs, although a greater number of men can be seen that stated they had a family of two or more members depending on their income: 48% compared to 40% in the case of the women.

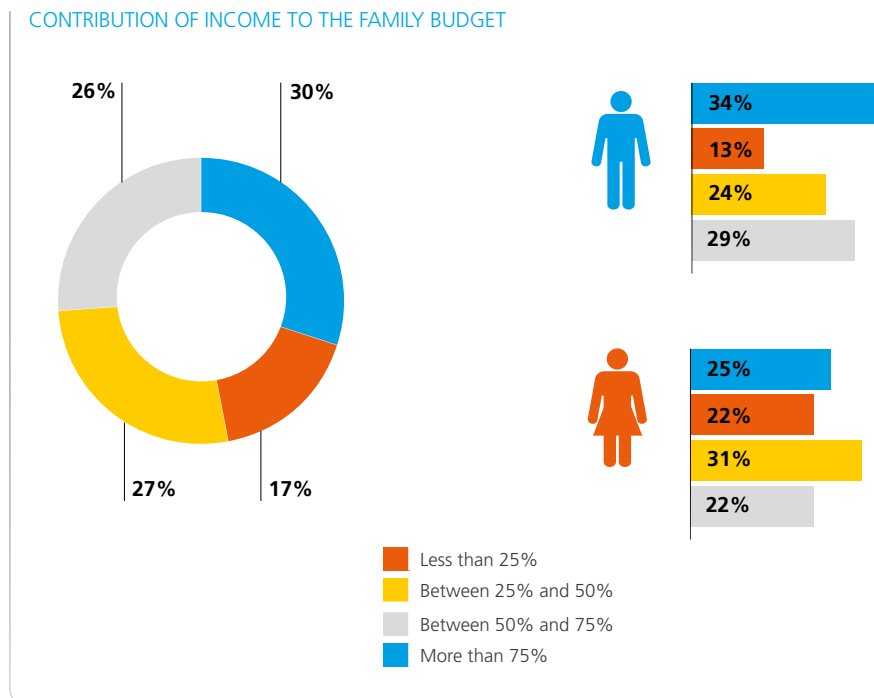
ECONOMICALLY DEPENDANT PERSONS IN THE HOUSEHOLD



In 30% of the cases, the contribution of the entrepreneur's income to the family budget is more than 75%, while another 26% makes up for between 50% and 75% of these budgets. This shows the importance of the success of the business for its owner. Only in 17% of all cases did this contribution make up for less than 25% of the family budget.



If we look at these data in terms of the entrepreneurs' gender, we can see that there is a slightly lower percentage of women whose income contributes to more than 75% of the family budget: 25% compared to 34% for men. Similarly, the percentage of women who contribute towards less than 25% of the family budget is greater than in the case of men: 13% compared to 22%. Such data hence reflect the typical situation of the domestic economies in our country, where it is still normal for the man to play the predominant economic role.

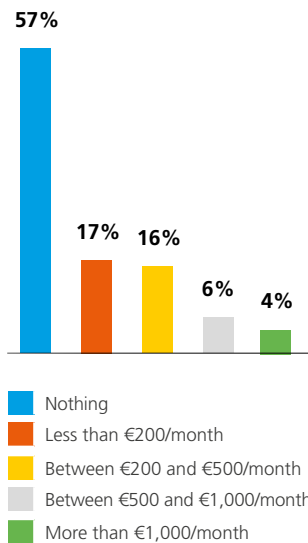


Only 26% of the entrepreneurs interviewed confirmed that they were comfortably making ends meet, data that, however, show a positive change from the previous year, when the percentage was 22%. **Most entrepreneurs are just making ends meet** (in 51% of the cases); whereas 16% stated that they were not making ends meet.

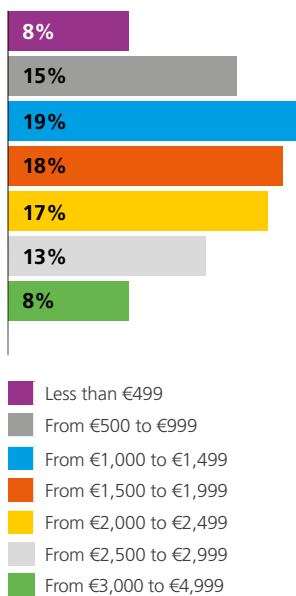
As pointed out above, although the situation in general is not considered to be getting worse for the microbusiness owners, the data show that female entrepreneurs are in a worse situation compared to men, with high proportions of female entrepreneurs who confirmed they were not making ends meet (20% compared to 13% for men) or just making ends meet (54% compared to 49% for men).

Furthermore, it should be pointed out that most households, both of male and female entrepreneurs, were not able to save more than €200 a month, with **57% who stated they were not able to save anything at all**. This proportion is significantly higher in the case of female entrepreneurs: 65% compared to 51% of male entrepreneurs who stated they were not able to save anything at all.

MONTHLY SAVINGS



LEVEL OF MONTHLY INCOME IN THE ENTREPRENEUR'S HOUSEHOLD



The data analysed up to now enable us to see that, **for the majority, the net monthly income in the households of entrepreneurs does not exceed €2,000**. The larger tranche is made up of households with earnings between €1,000 and €1,499 (19% of the cases) or between €1,500 and €1,999 (18% of the cases).

Once again, if we analyse the levels of income with regards to gender, it can be seen that female entrepreneurs are in a worse situation than male entrepreneurs. There is a larger proportion of households in every low income strata in the case of female entrepreneurs than men. For example, while the number of women who stated to have a net monthly income higher than €5,000 did not even reach 1%, the percentage is 3% in the case of the men.

The analysis of the asset situation of entrepreneurs before setting up their businesses shows that the majority had some mode of transport before starting up their business (67% of the cases) and/or some real estate property (in 59% of the cases). Only 7% of those that took part in the survey stated that they had a second home. Once again the data are worse in the case of female entrepreneurs, with lower rates in all the categories than in the case of male entrepreneurs.

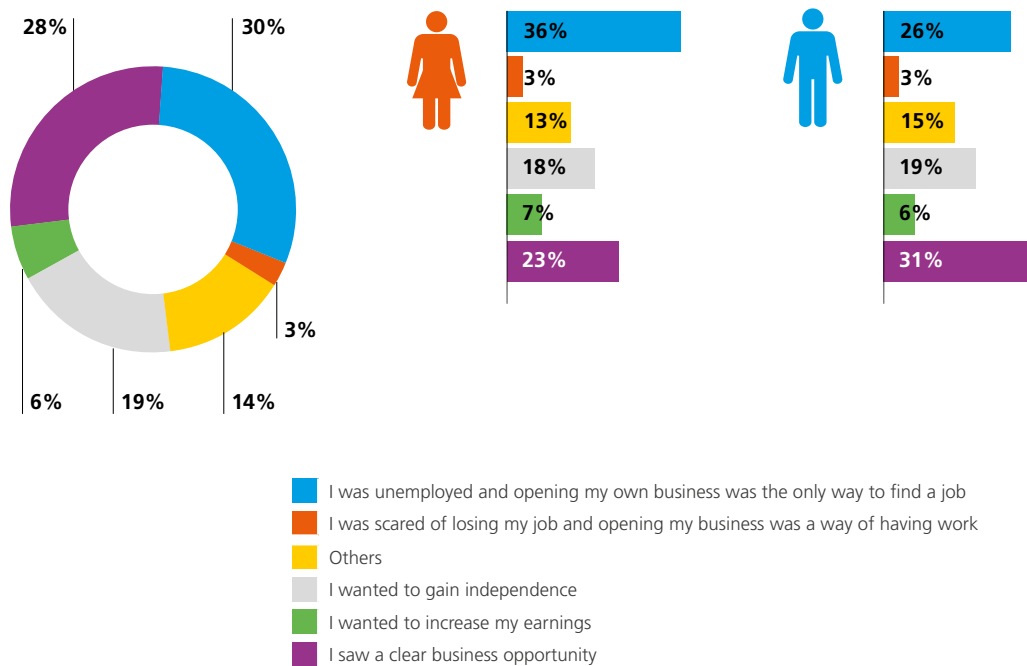
Finally, it should be pointed out that the vast majority of entrepreneurs who took part in the survey had not applied for any other credit after having been granted the microcredit from MicroBank (in 73% of the cases). The proportion is slightly higher in the case of the female entrepreneurs, which is in line with the information that we presented in the initial section of this report related to greater risk aversion among women concerning going into debt.

Reasons for opening the business

Determining the main reason that has led the entrepreneurs to start up their own businesses could provide relevant data on their functioning. While an entrepreneur out of necessity is the one who begins the entrepreneurial process due to not having any better option for finding a job, an entrepreneur based on an opportunity is the one who chooses to set up a company stemming from the idea there is a business opportunity that can still be exploited or that has not been fully taken advantage of by the companies already in the market. Entrepreneurship for necessity accounts for 30% of entrepreneurs who have been granted a credit by MicroBank. For this 30%, opening their businesses was a way of finding a job and avoiding a situation of unemployment, since opening a business was one way to ensure work. The entrepreneurs who stated they went into business because they had seen a clear business opportunity accounted for 28%, while there was also a significant percentage of business people who wanted to become independent. Furthermore, the main reason chosen in the "Others" section was to continue running a family business.

The results of the survey also seem to confirm one of the claims that is often made when referring to female entrepreneurship, pointing out that women usually go into business more out of necessity than because of an opportunity, compared to men. In fact, while 31% of men interviewed stated that they had gone into entrepreneurship due to having seen a clear business opportunity, this percentage drops to 23% in the case of women. On the other hand, 36% of women stated to have gone into business due to being unemployed, while this percentage drops to 25% in the case of men.

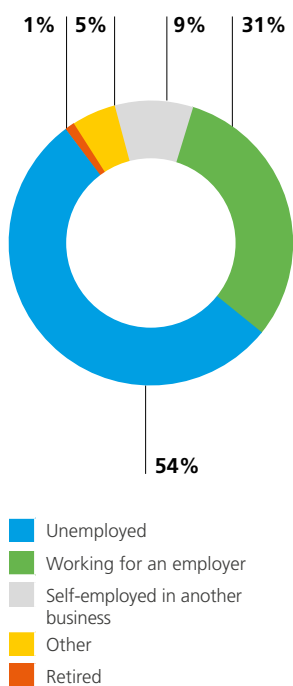
REASONS FOR OPENING A BUSINESS



Current employment situation of microbusiness owners (men and women)

94% of those interviewed whose businesses remained open were currently self-employed in their own business, while 4% were working for an employer. Obviously, these data show significant differences in the case of the entrepreneurs who have been forced to close down their businesses compared to those who still had them open.

CURRENT EMPLOYMENT SITUATION OF MICROBUSINESS OWNERS WHOSE BUSINESS HAS CLOSED DOWN



We can therefore see that, **in the case of entrepreneurs whose business has closed down, their current employment situation is characterised by being out of work**, which affects 54% of those interviewed, showing a slight increase compared to the previous year, when this percentage was 49%.

If we take a closer look at gender, we can see a higher proportion of female entrepreneurs are currently unemployed, compared to men (15% compared to 9%).

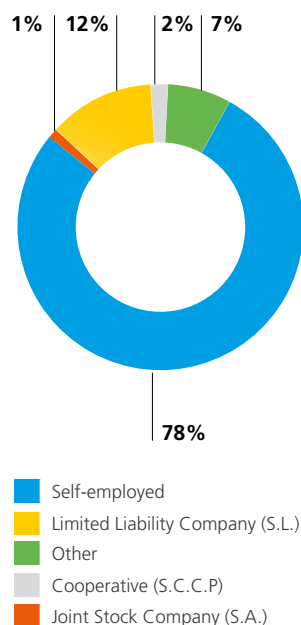
4.2. FEATURES OF THE BUSINESSES

In this section, the main features of the businesses set up with the microcredits granted will be analysed. In the same way as in the previous section, special attention will be paid to the results in terms of gender with the aim of determining whether the businesses set up by female entrepreneurs have different features to those started up by male entrepreneurs. Furthermore, this section will analyse the differences between the businesses that are still open and those that have been forced to close down, attempting to determine the critical factors for their success.

Legal status and number of partners

78% of the businesses do not have their own legal status and the entrepreneurs are self-employed. A limited liability company, in 12% of the cases, is the most common legal status, while other forms only account for very small percentages.

LEGAL STATUS OF THE BUSINESSES SET UP WITH A MICROCREDIT



Women, more so than men, opt to work as freelancers (80% of the women interviewed compared to 76% of the men interviewed). They also seem to prefer forms that are traditionally associated with more social initiatives, such as cooperatives (4% of women compared to 1% of men). However men more often than women tend to set up limited liability companies (14% compared to 8%).

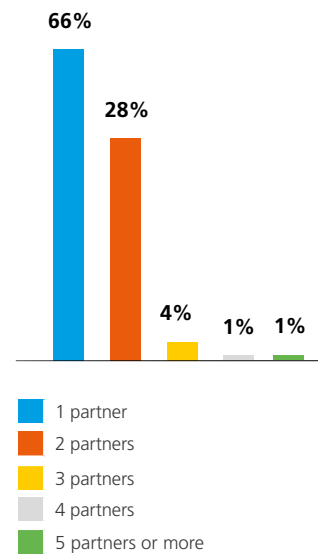
It should also be pointed out that the **majority of the businesses set up only have one owner (67%) or two (28%)**, which corresponds with the majority presence of freelancers as we have just seen. It should also be pointed out that there are not overly significant differences to be found if this is analysed in terms of gender.

Business Sector

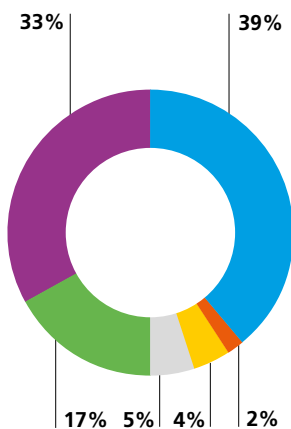
39% of the businesses set up with microcredits provide professional services, while 33% are in the retail sector, following in line with the results of previous studies. Businesses to the hotel and catering sector continue to be significant with 17% of the total, while those that are more innovative, related to new technologies, are still a minority at 2%.

If we look at the success rate in terms of sector, we can see that there is a greater presence of businesses (53%) related to the hotel and catering sector (22%) among those that have closed down. Among the businesses that are still open, on the other hand, there is a higher proportion providing professional services (45% of the initiatives launched compared to 20% of businesses closed down).

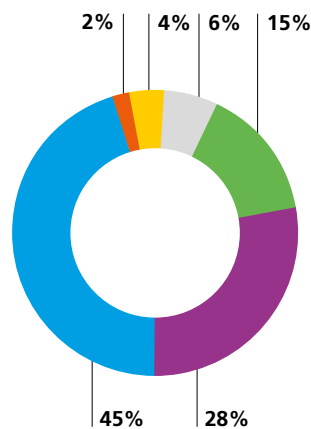
INCLUDING YOURSELF, HOW MANY PARTNERS ARE [WERE] THERE IN YOUR BUSINESS?



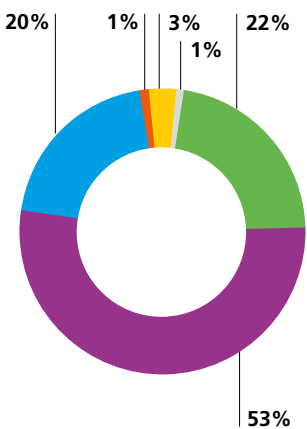
SECTOR OF THE BUSINESSES SET UP



SECTOR OF THE BUSINESSES STILL OPEN

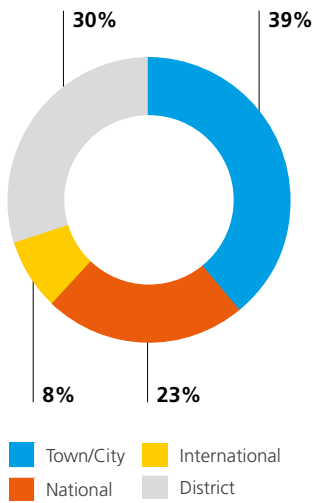


SECTOR OF THE BUSINESSES THAT HAVE CLOSED DOWN

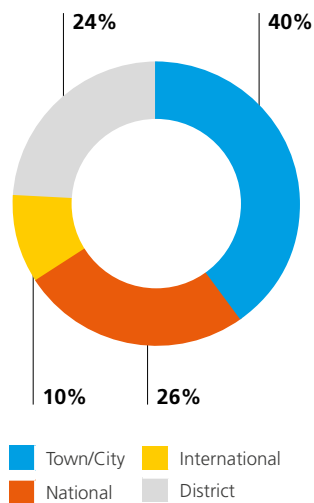


- Primary sector (agriculture, livestock, etc.)
- Hotel and catering sector
- Retail trade
- Professional services
- Businesses related to new technologies
- Others

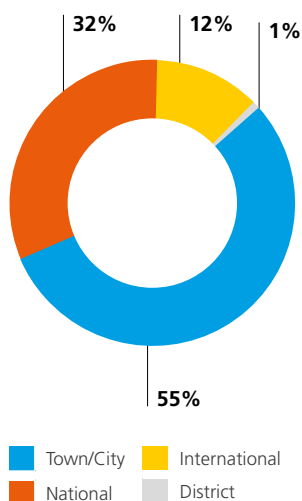
SCOPE OF THE BUSINESSES SET UP



SCOPE OF THE BUSINESSES STILL OPEN



SCOPE OF THE BUSINESSES THAT HAVE CLOSED DOWN



There are also differences between the businesses set by men and women. The latter on the whole tend to opt for the retail sector (41% against 27% in the case of men). The former, on the other hand, opt more often for rendering professional services (44% compared to 33% for women), as well as businesses related to the primary sector (6% compared to 3%). The percentages for both genders are similar for initiatives related to the hotel and catering sector, while men have only a slightly higher figure in the sector of new technologies.

Business scope

69% of the businesses set up are local (district and/or town/city). International businesses continue to represent a low percentage of the total, only 9%.

Another feature that is often mentioned when referring to businesses set up by women compared to those set up by men is their lower rate of internationalisation. The results of this analysis seem to confirm this claim, while the percentage of businesses with an international scope set up by men is 10%, while those set up by women drops to 6%. Initiatives launched by female entrepreneurs are, for the most part, district-based, in line with the predominance of businesses related to the retail sector, as we pointed out before (38% of initiatives launched by women compared to 24% launched by men).

The level of internationalisation also seems to have certain importance in the results of the businesses, with a significantly lower percentage of initiatives with an international scope among those that have closed down: 1% of the businesses closed down compared to 10% of the businesses that are still open. On the other hand, the majority of the businesses that have closed down were district-based: 55% of the total businesses closed down compared to 24% of the businesses still open.



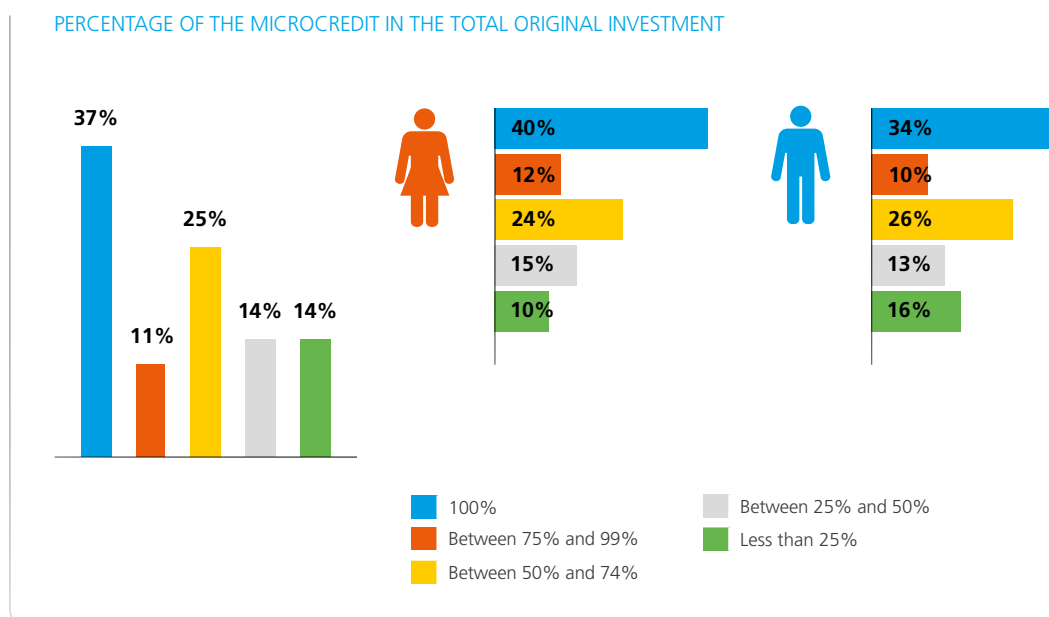
Investment and financing the businesses

51% of the microcredits granted have been used to open a new business while 49% have been for the purpose of expanding an already existing one.

These percentages show some variations in terms of gender, with a greater percentage of women having used the microcredit to open a new business (59% of the cases compared to 45% for men). Men, on the whole, have used the microcredits to expand an existing business (55% of the cases).

In 37% of the cases, the microcredit accounted for 100% of the investment to open or expand the business. Only in 14% of the cases has the microcredit accounted for less than 25% of the total investment.

Women seem to have been more dependent on microcredits than men, since for 40% of them the microcredits accounted for 100% of the investment compared to 34% for men.



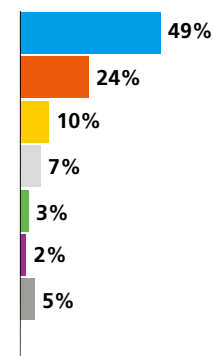
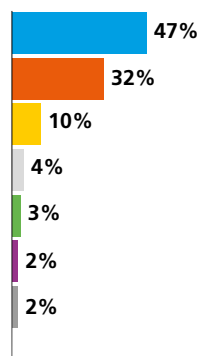
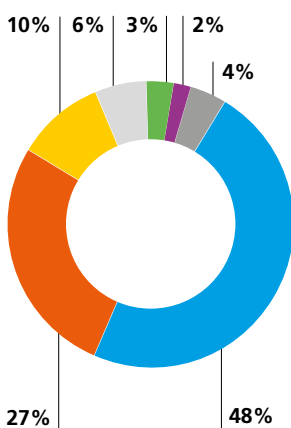
Other sources of financing such as commercial banking, ICO credits or loans from family and friends were much lower, while personal savings have, after microcredits, been the main source of financing for both male and female entrepreneurs.

Size of the businesses

Although, on the whole, the businesses set up with microcredits are based on self-employment, what can definitely be seen this year is a significant increase in initiatives employing another person apart from the entrepreneur. Therefore, while the data in this report show 48% of the businesses generate self-employment and 27% only have one employee, these percentages in the previous report were, 57% and 18%, respectively. **The average number of jobs in the businesses from the sample is 2.2.**

One of the differences between companies set up by women and those by men, highlighted in the initial section of this report, is also visible here with the size of the companies. In fact, although the differences are not very great, it seems that on average the companies set up by men are slightly larger than those set up by women: while the former employ an average of 2.4 people, the latter in this index employ an average of 2 people.

NUMBER OF EMPLOYEES



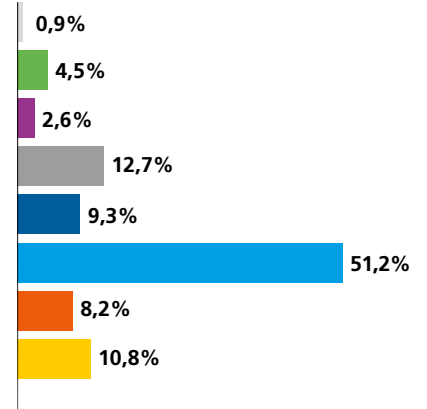
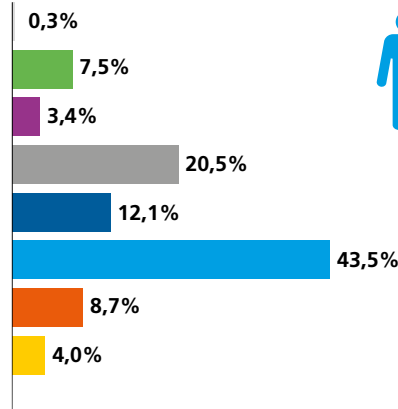
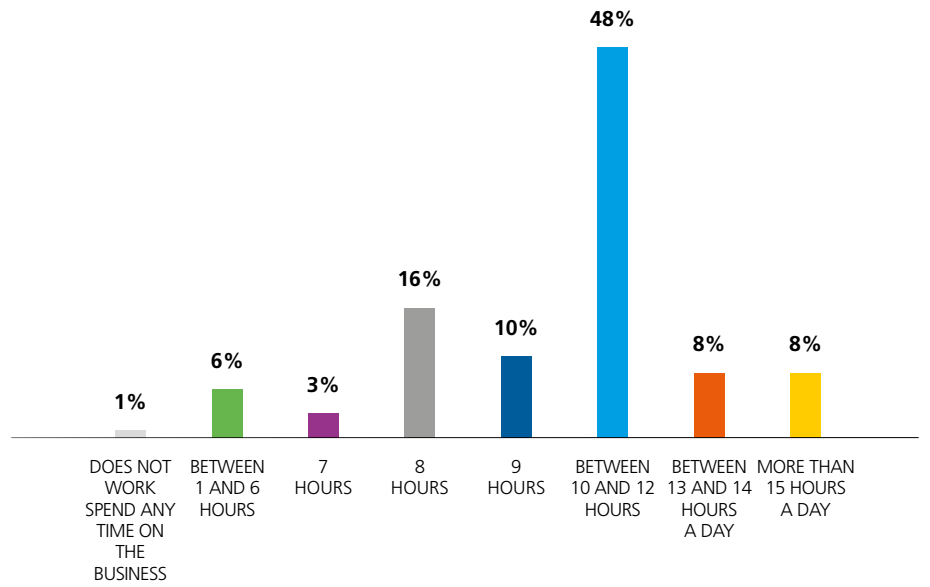


Working conditions

If we focus on the working conditions of the entrepreneurs we interviewed, in line with the previous reports, we can see that **48% of the interviewees worked between 10 and 12 hours in the business** and 8% even stated that they worked 15 hours every day.

Although the differences are not very substantial, **female entrepreneurs, on average, certainly seem to work fewer hours a day in the business than male entrepreneurs.** Such as for example, the percentage of the women who stated they worked more than 15 hours a day is 4%, whereas, in the case of the male entrepreneurs, the figure is 11%. Many of the female entrepreneurs have certainly taken into account the greater work flexibility or the time they need to spend on their business when setting it up to be able to make it fit into the time they need for their family responsibilities, especially child care.

TIME IN HOURS WORKED



- Does not spend any time on the business
- Between 1 and 6 hours
- 7 hours
- 8 hours
- 9 hours
- Between 10 and 12 hours
- Between 13 and 14 hours a day
- More than 15 hours a day

The hard working conditions for many of these entrepreneurs is not only reflected in the long working hours, as we have just seen, but also 43% of those interviewed stated that they worked on Saturdays and Sundays, while another 40% worked only on Saturdays, 17% stated that they did not work on weekends. In the latter case, it should be pointed out that the proportion of women who said they did not work on weekends is lower than that for men: 14% in the case of women and 19% in the case of men. Furthermore, the vast majority of entrepreneurs do not or did not have the support of any family member in their businesses (76% of the interviewees). The data follow the same pattern as those obtained in previous reports and show the huge amount of time required to set up a microbusiness, especially against the backdrop of a recession like the one we are now facing.

4.3. FUNCTIONING OF THE BUSINESSES

In this section we will analyse the functioning of the businesses financed with microcredits, especially their success rate as well as the entrepreneurs' perception about the future of their businesses.

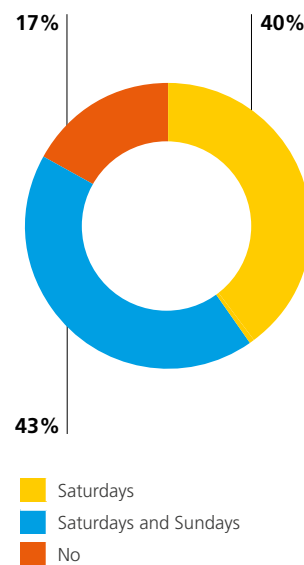
Success and continuity of the businesses

79% of the businesses that received a microcredit are still open, while 19% have closed down and a further 2% are being transferred. The figures show a slight improvement from the data obtained in the previous report, when the survival rate of the business was 73%. Businesses set up by men seem to be more resistant, with a rate of businesses still open at 82%, while that of women is at 76%. Gender, therefore, seems to have a certain influence on the businesses' possibilities for success, although the difference is not really very great.

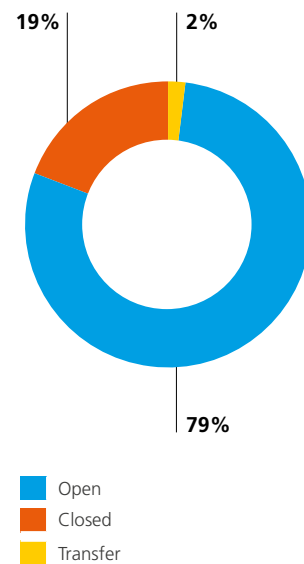
As stated in the previous reports, the businesses that were expanded using a microcredit stay open to a much greater extent than those in which the microcredit was used to set up the business. Therefore, while in 71% of the cases the businesses opened with microcredits are still open, this figure increases to 88% in the case of the microcredits used to expand a business. This obviously shows that launching a new initiative involves greater risks than consolidating an already existing business. In any case, as mentioned before, the figures are showing an improvement compared to those contained in the previous reports.

Most entrepreneurs interviewed had annual profits of between €10,000 and €25,000, and what stands out is the 9% stating to have obtained annual profits of more than €50,000.

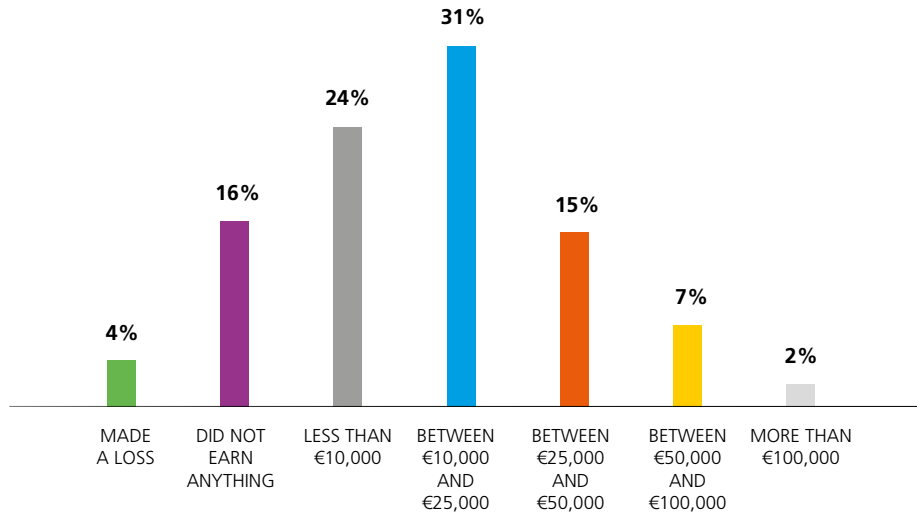
DO YOU WORK ON SATURDAYS AND SUNDAYS?



SITUATION OF THE BUSINESSES THAT HAVE RECEIVED A MICROCREDIT



ANNUAL PROFITS

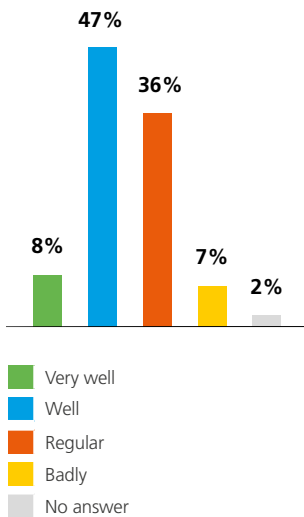


The average amount of profit is €24,818. The data are significantly worse for businesses set up by women, for which the average annual profits are only €14,076.

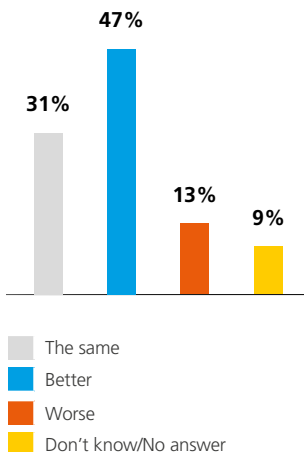
55% of the entrepreneurs interviewed believed their business worked well or even very well, this data that also shows a significant difference compared to that obtained in the previous year, in which it was 46%. It therefore seems entrepreneurs are also mirroring the indicators of economic recovery that seem to be characterising the Spanish economy. Women are slightly less positive than men in this respect, with 53% stating that their business was going well or very well compared to 59% of men in this respect.

Furthermore, **most entrepreneurs considered that their businesses were going better than in the previous year,** with only 13% who thought it was not doing as well. In this respect, there is no real difference between the perception of the male and female entrepreneurs, although the percentage of women who thought it was going worse is slightly higher than that of men (15% compared to 13%).

HOW WELL THE BUSINESS OPERATES



DEVELOPMENT OF THE BUSINESS FROM THE PREVIOUS YEAR



Furthermore, regarding the entrepreneurs' forecasts, it is important to point out that they were also optimistic, with **55% who thought their business would grow moderately or quite a lot**, while 37% thought theirs would remain stable. Only 2% thought they would need to close down and 1% that sales would drop. In this respect, we do not see any significant differences between the forecasts of the male and female entrepreneurs.

Closure of businesses

As we pointed out in the previous reports, the main reason for closing down the businesses was a **lack of profitability**. Family or personal problems or too much time needed appear as much more minor causes. There were no differences detected in this respect between the male and female entrepreneurs.

The experience of business failure discourages most entrepreneurs from any wish to start up a new entrepreneurial venture: **80% of those interviewed said they were not thinking about opening another business**, a percentage that goes up to 84% in the case of women and down to 75% in the case of men. Furthermore, most of those interviewed did not think their business had helped them find their current job.

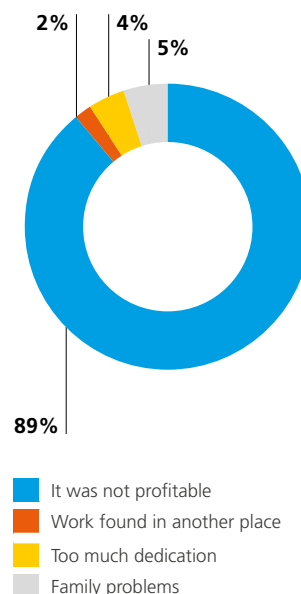
Ability to pay back the loan

66% of the businesses generated sufficient income to pay back the loan right from the start, a higher percentage than what we found in the previous report (63%). Another 14% stated that the business generated sufficient income to pay back the microcredit, but after a certain period of time or with a lot of difficulties. In this aspect the female entrepreneurs are also somewhat worse than men. While for 69% of the men, the business generated sufficient income to pay back the loan, for women this percentage was 62%. On the other hand, 20% of female entrepreneurs stated that the business did not generate enough income to pay off the instalments, while for the male entrepreneurs this percentage was 14%.

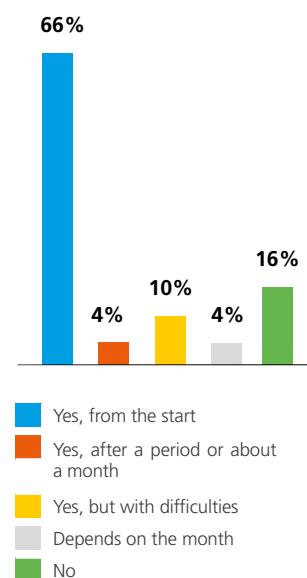
As we saw in the previous reports, this data are different depending on whether the microcredit has been used to open a new business or to expand an existing one. While in the case of setting up new businesses, 72% have generated sufficient income to pay back the loan; this percentage rises to 88% in the case of expanding an already existing business.

20% of the entrepreneurs interviewed stated that in some months they could not pay the instalment due to a lack of cash flow, a percentage which is similar for both men and women. If we only look at the businesses that have stayed open, this percentage drops to 16%.

REASONS FOR CLOSING DOWN THE BUSINESS



DO YOU OBTAIN ENOUGH INCOME FROM THE BUSINESS TO PAY BACK THE LOAN



4.4. THE IMPACT OF MICROCREDITS

In line with the previous reports, different variables have been analysed to obtain information on the role microcredits play in creating jobs, as well as in the economic and social circumstances of the male and female entrepreneurs.

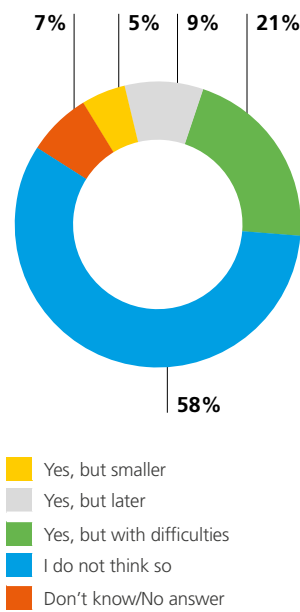
Impact on setting up the business

As we have mentioned in previous editions, the results of the analysis prove the value of the microcredits as instruments for setting up companies. In this respect, **58% of those who took part in the survey did not believe they would have been able to start up or expand their business if they had not been granted a microcredit and a further 21% thought that they would have been able to do it, but with great difficulties.** Furthermore, the data show that, for the group of female entrepreneurs, the microcredits were of even greater importance, since the percentage that stated they would not have been able to open their business if they had not been granted a microcredit rises to 66%, while this is at 53% in the case of men.

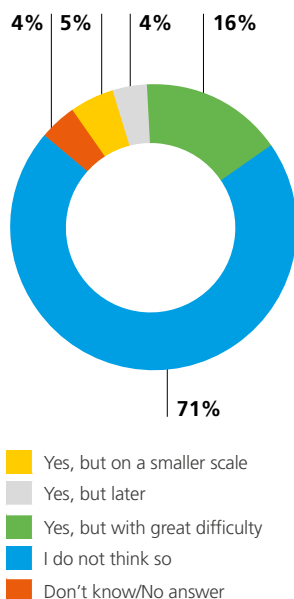
These data are shown to be even more significant if we focus solely on the group of entrepreneurs who have started up a new business initiative. In this case, 71% of the entrepreneurs stated that it would not have been possible to open their business without a microcredit.

Moreover, if we analyse the importance of the microcredits in the initial financing of the business we can see that, as we have already pointed out, in 37% of the cases the microcredits accounted for 100% of the initial investment. To this percentage another 11% should be added, of those for whom the microcredits accounted for more than 75% of the total investment. The data analysed therefore confirm that the microcredits have been a crucial instrument to launch new entrepreneurial initiatives.

DO YOU THINK YOU WOULD HAVE BEEN ABLE TO OPEN/EXPAND YOUR BUSINESS IF YOU HAD NOT BEEN GRANTED A MICROCREDIT?



SETTING UP NEW COMPANIES: DO YOU THINK THAT YOU WOULD HAVE BEEN ABLE TO OPEN/EXPAND YOUR BUSINESS IF YOU HAD NOT BEEN GRANTED A MICROCREDIT?



Impact on creating jobs and employment

If we analyse the jobs created by newly-opened businesses we can see that 47% recruited some employees, most of these were companies recruiting one employee, apart from the entrepreneur (in 29% of the cases).

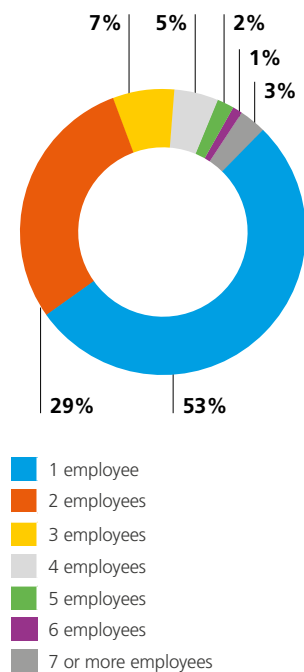
The average number of job positions created (including the entrepreneurs themselves) by the new companies set up thanks to the microcredits was two positions. While in companies set up by men 2.1 job positions were created, in those created by women, the average figure was 1.8 job positions.

Moreover, if we focus solely on the group that used the microcredit to expand an existing business, we can see that 35% recruited an employee after applying for the microcredit, a percentage that does not have significant variation in relation to gender. Among these entrepreneurs, the majority recruited one employee (in 46% of the cases), although what stands out is the 12% that stated to have recruited six or more employees. **The companies that used the microcredits to expand their business and recruited new employees, an average of 3.1 employees.** While the companies of male entrepreneurs recruited 3.6 people on average, female entrepreneurs recruited an average of 2.1 people. This supports one of the other statements we made in the initial section of this report on the lower capacity for job creation in the entrepreneurial initiatives set up by women.

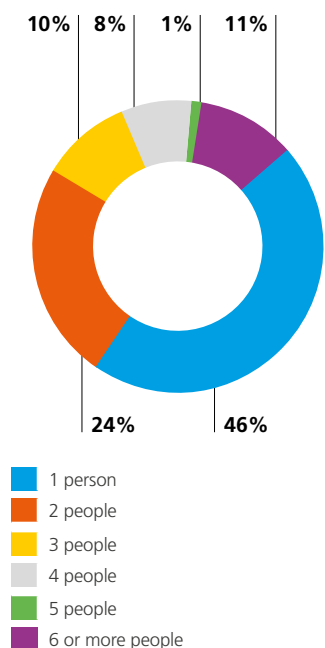
If we calculate the overall average number of jobs created, taking into account both the newly-opened companies and those that used the microcredit to expand their businesses, and of the latter, including both those that recruited a new employee and those that did not, we find an **average number of 1.55 jobs created by all the companies that took part in the survey.**

Moreover, 32% of those who took part in the survey stated they were planning to recruit a new employee in the coming 12 months, a percentage that is at 28% in the case of women and 34% in the case of men. Most of these entrepreneurs were planning to recruit one employee, although what stands out is the 4% that were planning to recruit six or more employees. In the latter case, it should be pointed out that these were in companies set up by male entrepreneurs. Female entrepreneurs, in 76% of the cases, were only planning to recruit one employee; this percentage is 57% for men.

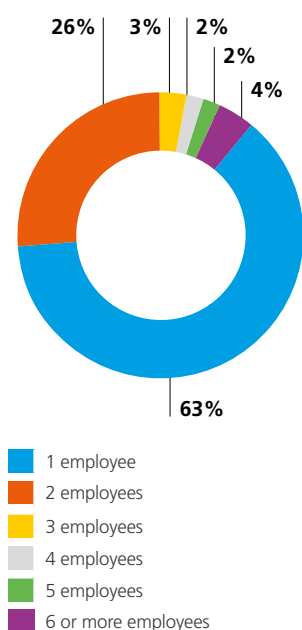
NEW COMPANIES: HOW MANY PEOPLE DO [DID] YOU EMPLOY IN THE BUSINESS, INCLUDING YOURSELF?



FOR THOSE THAT HAVE EXPANDED THEIR BUSINESSES AND HAVE RECRUITED NEW EMPLOYEES SINCE APPLYING FOR THE MICRO CREDIT: HOW MANY EMPLOYEES HAVE YOU RECRUITED?



HOW MANY EMPLOYEES ARE YOU PLANNING TO RECRUIT OVER THE NEXT 12 MONTHS?



Moreover, if we look at dismissals, we can see that 20% of the entrepreneurs have been forced to dismiss one or more employees over the last 12 months, a figure that was also present in the previous report. In this case, the data are slightly more positive for female entrepreneurs, who are less often forced to dismiss an employee than men (17% compared to 21%).

Apart from the direct impact of creating jobs, it should be pointed out that **63% of those who took part in the survey believed they were more prepared to face the future than before being granted the microcredit.** The data are different for the cases of the businesses that are still open and those that have closed down: while 66% of the entrepreneurs whose businesses were open felt that they were more able and prepared, in the case of those whose businesses had close down, this percentage drops to 47%. It should also be pointed out that the data do not show any significant differences between male and female entrepreneurs.

In addition, it is important to note that 90% of the entrepreneurs who feel more prepared and able, believed that having been granted the microcredit had contributed to this improvement, a percentage that, even in the case of those whose businesses have closed down, is 73%. Microcredits can therefore clearly play a crucial role, not just in directly creating jobs, but also on the employability of the entrepreneurs, both those who have been successful in their business initiatives and those who have been forced to close down their businesses.

DO YOU FEEL MORE OR LESS ABLE AND PREPARED NOW TO FACE THE FUTURE THAN BEFORE BEING GRANTED THE MICROCREDIT? OPEN BUSINESSES



DO YOU FEEL MORE OR LESS ABLE AND PREPARED NOW TO FACE THE FUTURE THAN BEFORE BEING GRANTED THE MICROCREDIT? BUSINESSES CLOSED DOWN



- Yes, now I feel more prepared and able
- I feel just as prepared and able
- No, now I feel less prepared and able
- Don't know/No answer

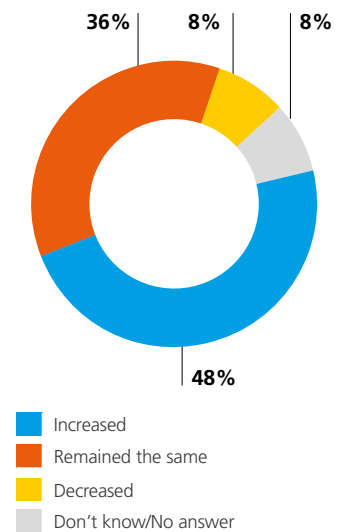
Impact on the entrepreneurs' socio-economic situation

Obviously, the results obtained from analysing the variables related to the economic impact of microcredits vary considerably if we analyse the businesses that are still open or those that have been forced to close down.

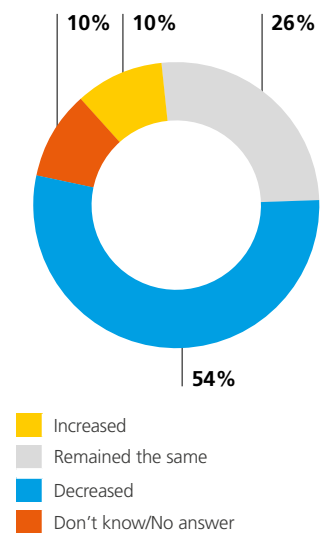
48% of the entrepreneurs whose businesses are still open stated that their available income had risen thanks to being granted a microcredit. In the case of those whose businesses had closed down, on the other hand, most thought their income had dropped.



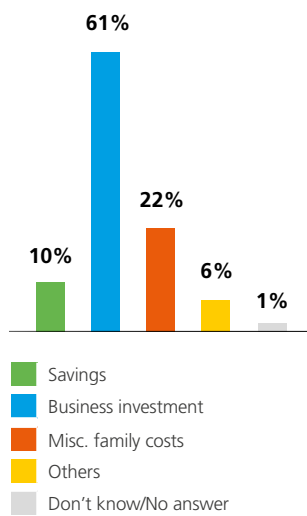
OPEN BUSINESSES: WOULD YOU SAY THAT THANKS TO THE MICROCREDIT YOUR AVAILABLE INCOME HAS INCREASED OR DECREASED?



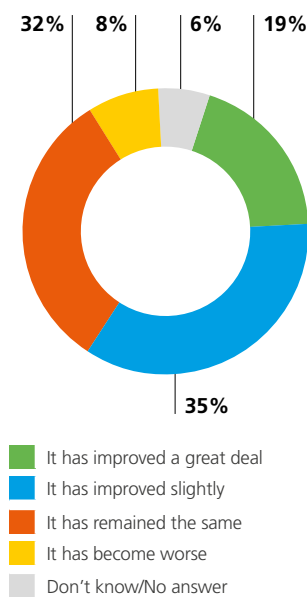
OPEN [SIC] BUSINESSES: WOULD YOU SAY THAT THANKS TO THE MICROCREDIT YOUR DISPOSABLE INCOME HAS INCREASED OR DECREASED?



WHAT HAVE YOU USED THE INCREASE IN YOUR INCOME FOR? (MULTIPLE CHOICE)



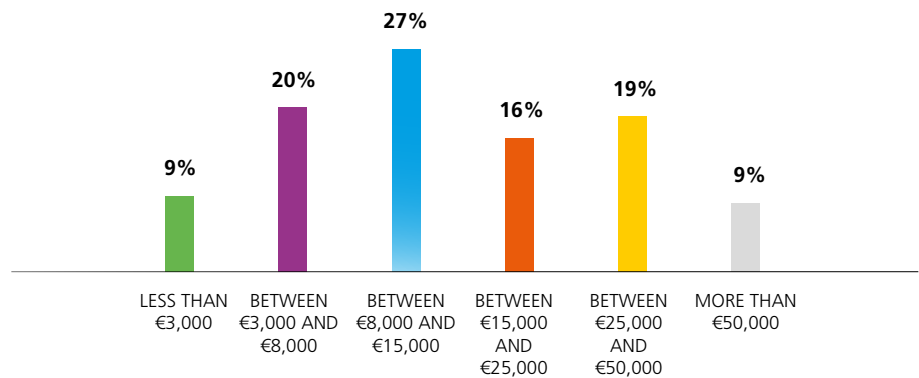
HAS YOUR QUALITY OF LIFE IMPROVED THANKS TO THE MICROCREDIT?



61% of the entrepreneurs whose income increased had reinvested it in the business, while 10% saved it.

Among the entrepreneurs who have reinvested in their own businesses, most made an investment of between €8,000 and €15,000, what also stands out is the 27% (sic.) that reinvested more than €25,000.

INVESTMENT



If we analyse the perception of the improvement in quality of life for these entrepreneurs, we see that 46% (sic.) believe that it has improved, a percentage that increases to 54% if we focus on those who still have their business open. The data do not show any significant differences if we focus on gender.

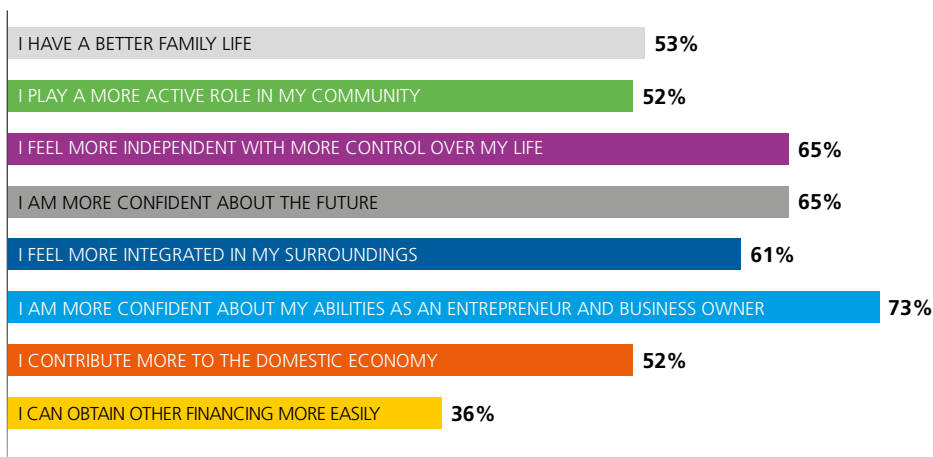
In addition, **46% of the microentrepreneurs believed their current situation is better than it would have been if they had not been granted a microcredit**, this percentage increases to 51% if we only take into account those who still have their businesses open.



The results for the entrepreneurs who have been forced to close down their businesses are obviously much less positive, however 28% did state that they believed their current situation was better than it would have been had they not applied for the microcredit.

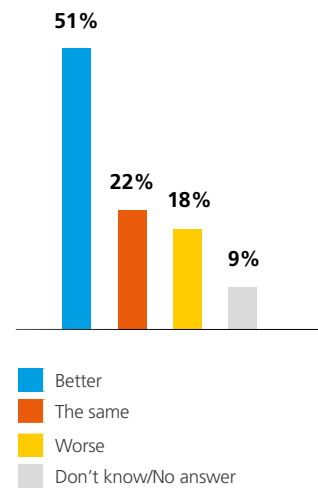
The positive impact of the microcredit is not only shown at an economic level, but it is also evident in other social aspects. 73% of the interviewees now felt more secure in their ability as entrepreneurs and business owners, while 65% stated that they felt more independent, with more control over their own lives and more confidence to face the future. The impact of microcredits even had a positive impact by improving family life and greater integration in the community. These data only show some variations with regards to gender that are not very significant.

PERSONAL BENEFITS

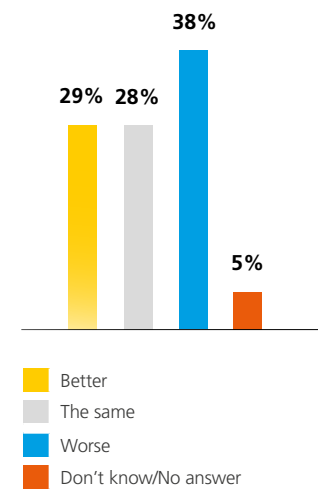


The results show that even if the microcredits have a different economic impact depending on whether or not the business is successful; even when the businesses fail, **there is a significant number of entrepreneurs who value the role of the microcredits and the impact they have had on their socio-economic, professional and even personal circumstances.**

ECONOMIC SITUATION IF I HAD NOT APPLIED FOR A MICROCREDIT (OPEN BUSINESSES)



ECONOMIC SITUATION IF I HAD NOT APPLIED FOR A MICROCREDIT (CLOSED BUSINESS)



5 Conclusions

In this section we will present the key ideas from the previous sections regarding the profiles of the entrepreneurs and the features and functioning of the businesses set up or expanded using microcredits. Special attention will be paid to highlighting the most relevant data regarding the impact of microcredits on creating jobs and on improving the entrepreneurs' socio-economic circumstances. Bearing in mind this is the fifth edition of the report, we will compare the results with those obtained in previous reports to draw conclusions on the changes to the profile of the entrepreneurs who chose to obtain a microcredit from MicroBank, as well as on the functioning and features of the businesses set up with these microcredits.

As we pointed out at the beginning of the report, this year we wanted to conduct an analysis with more attention being placed on female entrepreneurship; therefore in this section we will compile all the data that we have been mentioning throughout the analysis. This is aimed at determining, on the one hand, the main defining aspects of female entrepreneurship and, on the other hand, the similarities and differences found in male entrepreneurship.

5.1. MICROENTREPRENEURS AND THE BUSINESSES SET UP WITH THE BACKING OF MICROBANK. A BRIEF DESCRIPTION

Profile of the beneficiary of MicroBank microcredits

Over the last few years, at the same time as the current economic recession, a clear change can be seen in the micro financing sector. If, before the crisis, microcredits were instruments that had been designed mainly to handle situations of social exclusion, their value has gradually been increasing, not just to promote social inclusion but also as a key instrument to promote entrepreneurship, generate wealth and create jobs.

This change is clearly shown in the increase in MicroBank microcredits for entrepreneurs that, since 2009, have undergone an average growth of 35%. Although social inclusion for those at risk of exclusion continues to be a priority objective for the microcredit schemes, it is obvious that other objectives have increased in importance, such as creating jobs and employment and contributing to setting up and consolidating companies. Due to this, the profile of microcredit

beneficiaries has also changed and, apart from the traditional clients of microcredit schemes (people at risk or in a situation of social exclusion), we now find that the majority are for entrepreneurs who want to launch their own small entrepreneurial initiatives. This is especially relevant for sectors of the population that have greater difficulties in accessing the labour market, which can be young people, older people who have lost their jobs or women. In this respect, the profile of the MicroBank microcredit beneficiary has been standardised and increasingly coincides with the profile of the Spanish entrepreneur shown in the annual GEM report, for example.

Confirming the data obtained in previous reports, this profile corresponds predominantly to men (59%), **Spanish (83%), married (59%), between 36 and 50 years old (46%), with secondary education (42%) who were working as freelancers before setting up their own business (44%) and who had not run a business before (61%).**

If we look closely at the main reasons for entrepreneurship we can see that, due to the economic situation caused by the crisis, **the reasons related to necessity have been gaining ground over those related to opportunities, the percentage being 30% of the cases.** Entrepreneurs who have been granted a MicroBank microcredit and stated that this was because they had found a business opportunity accounted for 28%, while there is also a significant percentage of those who set up their business to gain more independence (19%).



Regarding the personal and economic situation of the entrepreneurs supported by MicroBank, it should be pointed out that **80% of the households of the entrepreneurs interviewed were made up of between two and four members**; in only 11% of the cases did the entrepreneur live alone. In 26% of the cases there were no family members depending on the income obtained from the business set up using the microcredit, while in 30% of cases one dependent person and in a further 29% of cases there were two dependent people, figures that prove the crucial importance that the success of the businesses has for the entrepreneurs in many cases.

In 30% of the cases, the contribution of the income of the entrepreneur to the family budget is more than 75%, in another 26% it accounted for between 50% and 75% of this budget. This figure has dropped slightly compared to the previous year, when the percentage of households in which the contribution that the income of the microbusiness owner made to the family budget was higher than 75% was 37%. Despite this slight improvement, what is certain is that these data are still worse than those found in the first editions of this study, which shows the greater instability of Spanish household economy as a result of long-lasting crisis.

Only 26% of the entrepreneurs interviewed stated that they were comfortably making ends meet, a figure that also shows a positive change compared to the previous year, when such percentage was at 22%. Most entrepreneurs just about make ends meet (in 51% of the cases); whereas there are 16% who stated that they were not making ends meet. In line with this data, 57% of the entrepreneurs interviewed stated that they could not manage to save anything.

For the most part, the net income of the entrepreneurs' households did not exceed €2,000. The larger tranche of these households were those with income between €1,000 and €1,499 (19% of the cases) or between €1,500 and €1,999 (18% of the cases).

The vast majority of the entrepreneurs who took part in the survey had not applied for any other loan since being granted the microcredit by MicroBank (in 73% of the cases).

Finally, it should be pointed out that 94% of those interviewed whose businesses remain open are currently self-employed in their own business, while 4% are working for an employer.

Microbusiness profile

51% of the microcredits have been used to launch new initiatives, whereas 49% were used to expand existing businesses. In the previous report however most microcredits had been used to expand businesses (in 53% of the cases). 78% of the companies did not have their own legal status, instead the entrepreneurs were self-employed. Most businesses that had been set up or expanded only had one owner (66%) or two (28%), which corresponds with the dominant presence of freelancers, as we have just mentioned.

Regarding the business sector financed by microcredits, it should be pointed out that **the majority are in the field of professional services (39%) or retail**

trade (33%). Initiatives related to new technologies only accounted for 2% of the total. If we compare these data to the first editions of this report, we can see that on average the presence of companies providing professional services has increased and the hotel and catering sector has dropped.

Most of the businesses promoted by microcredits are of a local nature (district or town/city). The international businesses still account for a very low percentage of the total, only 8%, a figure that shows no improvement compared to previous years.

In 36% of the cases, the microcredit has accounted for 100% of the investment to open or expand a business. Only in 14% of the cases did the microcredit account for less than 25% of the total investment.

The initiatives promoted by microcredits are on a small-scale. The average number of jobs at the companies in the sample is 2.2, although 48% continue to be focussed on self-employment.

Regarding the entrepreneurs working conditions, it should be pointed out that **48% of those interviewed stated they worked between 10 to 12 hours a day in the business**, to which it should be added that 8% said they worked between 13 and 14 hours and a further 8% stated they even worked 15 hours a day. The hard working conditions for many of these entrepreneurs is not just shown in their long working days during the week, as we have just seen, but also, 43% of those who took part in the study stated they also worked on Saturdays and Sundays, while 40% did so just on Saturdays. In addition, the vast majority of the entrepreneurs did not have or had not had any family support in the business. The data definitely follow the pattern of those obtained in previous reports and show the huge amount of time required to start up a microbusiness, especially in the current context still tainted by recession.

We therefore see a company profile that is no different from the one predominating the Spanish economy: small scale and local companies, focussed on providing professional services and basically generating self-employment.

Functioning of the businesses

The survival rate of the businesses opened or expanded using the microcredits still shows the usual levels in a microbusiness, although **a slight improvement has been found** compared to the results obtained in the previous edition of this report. While in the previous year the survival rate of businesses was 73%, this year it has increased to **79%**. 19% of the businesses have closed down and the other 2% are currently being transferred.

Just as we recorded in the previous reports, the businesses that have been expanded using a microcredit remain open more often than those using a microcredit to set up a business. While in 71% of the cases the businesses set up using a microcredit remain open, this figure goes up to 88% in the case of the microcredits granted to expand businesses. **Setting up a business therefore seems to involve more risk factors.**

The results of the study also show that the businesses set up by women have a somewhat lower rate of success, although the differences are not very significant.

As we have reported in previous editions of this report, the main reason for going into business also influence the chances of success of the business. While 30% of the entrepreneurs whose businesses remain open set them up due to having found an opportunity, in the case of the entrepreneurs whose businesses have closed down, this figure drops to 18%. On the other hand, 42% of the entrepreneurs whose businesses failed claimed to have gone into business due to being unemployed, a percentage that drops to 26% in the case of those whose businesses have been successful. This hence proves that **entrepreneurship out of necessity and not due to an opportunity always involves a greater risk of business failure and is not the best starting point for setting it up.**

If we focus on the business success rate in terms of sector, it should be pointed out that a greater presence can be seen of businesses related to retail trade and the hotel and catering sector among the businesses closed down, whereas there is a greater percentage of those related to professional services among those that remain open. There is also a greater proportion of district-based businesses among those that have closed down.

The previous employment situation of the entrepreneur also seems to have an impact on the success rate of the business. The data show that the percentage of people who were self-employed among those whose businesses remain open is much higher than that of those whose businesses have closed down: 49%, compared to 23%. The data therefore seem to suggest that having had some kind of previous experience in launching personal initiatives contributes to the success of new businesses. The proportion of people who had previously been unemployed is very higher among the entrepreneurs who have been forced to close down their businesses than among those whose businesses remain open: 43% compared to 25%.

Most entrepreneurs interviewed had annual profits of between €10,000 and €25,000, 9% of which stand out due to having stated they had obtained annual profits of more than €50,000. **The average amount of profits is €24,818.**

The entrepreneurs also seem to be optimistic about the current and future situation of their businesses. **55% of the entrepreneurs interviewed believed that their business was operating well or very well**, a figure that also shows a considerable improvement compared to the previous year, in which it was 46%. Most entrepreneurs also believed their businesses were doing better than in the previous year, with only 13% who thought it was going worse. Regarding future forecasts, **55% believed their business would grow substantially or moderately**, while 37% thought it would remain stable. In addition, 66% generated enough income from the start to begin paying back the loan.

The main reason for business closure is a lack of profitability. Family and personal problems or an excessive amount of time spent on the business are much more marginal causes. The experience of business failure leaves most entrepreneurs discouraged about starting up a new business venture: 80% of those who took part in the survey stated they were not considering opening another business.

5.2. THE IMPACT OF MICROCREDITS

The socio-economic impact of microcredits is obviously different for those entrepreneurs whose businesses remain open from those who have been forced to close down their businesses.

If we focus on the impact of microcredits on setting up companies, we can see that 58% of those who took part in the survey did not believe they would have been able to start up or expand their business had they not been granted the microcredit. A further 21% thought they would have had great difficulties in opening it. Furthermore, in 36% of the cases, the microcredits accounted for 100% of the initial investment, to which 11% should be added of those for whom the microcredit accounted for more than 75% of the total investment. The analysed data hence allow us to confirm that the **microcredits have been a crucial instrument in launching new entrepreneurial initiatives**.

As far as creating jobs is concerned, their impact is undeniable since it was found that 90% of the entrepreneurs with their businesses open are employed in such business. The average number of jobs created in the new companies set up thanks to the microcredit is 2, including the entrepreneurs themselves. Moreover, if we focus solely on the group of business owners who used the microcredit to expand an existing business, we can see that 35% recruited new employees after applying for the microcredit, with an average recruitment rate of 3.1 employees. Overall, the number of jobs created, both by new-created companies and those that were expanded using a microcredit, is an average of **1.55 jobs per company**.

32% of those that took part in the survey also confirmed they were planning to recruit a new employee in the following 12 months. Most of these entrepreneurs were planning to recruit one employee, although of these 4% said they were planning to recruit six or more employees.

Apart from the direct impact on job creation, it should be pointed out that 63% of those that took part in the survey believed they were better prepared to face the future than before having been granted the microcredit, a factor that also has a positive impact on the entrepreneurs' employability in the future.

Finally, if we analyse the direct impact the microcredits have on the social and economic circumstances of the entrepreneurs, we can see that **48% of the entrepreneurs whose businesses remain open stated that their available income had risen thanks to having been granted a microcredit**. 61% of the entrepreneurs whose income had risen reinvested it in their own businesses, while 10% saved it. Among the entrepreneurs who reinvested it in their own businesses, most did this for an amount of between €8,000 and €15,000 and a further 27% reinvested more than €25,000.

Despite the fact that the impact on an economic level differs between the successful business owners and those who have needed to close down their businesses, **the perception of the contribution the microcredit has had on the entrepreneurs' lives is, on the whole, positive**. 46% believe their quality of life has improved: a percentage that increases to 54% if we focus solely on the replies of those entrepreneurs whose businesses remain open.

This positive perception on the usefulness of a microcredit is also expressed by **46% of entrepreneurs who think their current economic situation is better than what it would be if they had not been granted the microcredit**. This percentage increases to 51% if we focus solely on the entrepreneurs whose businesses remain open. The results for the entrepreneurs who have been forced to close down their businesses are, obviously, much less, nevertheless 28% stated that they believed their economic situation was better than it would have been had they not applied for the microcredit.

The positive impact of microcredits is not just visible on an economic level but is also shown in other aspects of a social nature. 73% of those interviewed felt more certain about their abilities as entrepreneurs and business owners, while 65% stated that they felt more independent, with more control over their lives and greater confidence to face the future. The impact of microcredits is even positive in aspects such as the improvement of family life and integration in the community. This hence proves **the value of microcredits is not merely economic, but also aids the social inclusion** of the entrepreneurs.

5.3. MICROCREDITS AND FEMALE ENTREPRENEURS

As we have been pointing out throughout this report, special emphasis has been placed on an analysis of the specific features of female entrepreneurship. The data show us that, although female entrepreneurs provide the same results for many variables as male entrepreneurs, there are some results that are interesting for analysis.



Firstly, if we can look into the profile of the female entrepreneur, we can see that she has the same traits as we pointed out for the general profile of entrepreneurs who have been granted microcredits from MicroBank. **They are mainly Spanish women, between 36 and 49 years of age, married, with secondary education and without any previous experience in launching entrepreneurial projects.**

One feature where we see a difference from male entrepreneurship is their employment situation before becoming an entrepreneur. While men were mainly working as freelancers (in 51% of the cases), apart from working as freelancers (in 33% of the cases), women were also working as employees at the same percentage as men (30% of the cases). **The percentage of women who were previously unemployed is also much higher than it is for men: 35% compared to 23%.** This proves that for many women, in general, starting up their own businesses is one of the few solutions that they have to find a job.

30% of female entrepreneurs had been unemployed for more than two years before starting up their own business, a percentage that is zero in the case of men, which once again shows the greater difficulties women face when job hunting and the vital importance opening their own business can have for them. While 39% of male entrepreneurs had previously been unemployed for less than six months, in the case of the female entrepreneurs this drops to 22%.

Regarding the family situation of the female entrepreneurs, these are mainly households with two to four members and one or two of them dependent on the entrepreneur's income. The contribution this income makes to the family budget is somewhat lower for female entrepreneurs than it is for male entrepreneurs. While for the latter the income of the majority tranche contributes to more than 75% of the family budget, for women they contribute to between 25% and 50% of the family budget.

There is also a larger percentage of women than there is men who stated that they were only just making ends meet (54% compared to 49%), as well as those that stated that they were not making ends meet (20% compared to 13%). The net monthly income of the female entrepreneurs was also somewhat lower than that of the male entrepreneurs, with a greater presence of women in all of the low income segments. More female entrepreneurs stated that they could not save anything compared to the male entrepreneurs (65% of women versus 51% of men).

If we focus on the reasons that led the female entrepreneurs to set up their businesses, it should be pointed out that the results seem to support one of the statements that is often made when referring to female entrepreneurship: it stands out that **women tend to go into business more out of necessity than because of an opportunity than men.** In fact, while 31% of the men interviewed stated they had gone into business because they had seen a clear opportunity, this percentage drops to 23% in the case of women. On the other hand, **36% of women stated they had gone into business because they were unemployed**, whereas this percentage is 26% in the case of men.

If we look at the type of business set up by female entrepreneurs, we can see that

there is a higher proportion of businesses related to retail trade (41% compared to 27% in the case of men). Regarding the legal status of the businesses set up, it should be pointed out that women, more often than men, seem to choose to work as freelancers (80% of the women interviewed versus 76% of the men), as well as in forms traditionally associated with initiatives of a more social nature, such as cooperatives (4% of women compared to 1% of men).

The results of this report support some of the statements made in the initial section of the report. Firstly, although the differences are not very significant, it seems that the **businesses set up by men are on average on a slightly larger scale than those set up by women**: whereas the former have an average number of 2.4 jobs, for the latter the figure is an average of 2 jobs.

Furthermore, another statement that is often made when referring to businesses set up by women about **their lower capacity for growth and creating jobs**. The average profits from the businesses funded with microcredits is €24,818, whereas the data are considerably worse for companies set up by women, for which this average amount is €14,076. In addition, while the businesses expanded using microcredits and run by men have created an average of 3.6 jobs; those run by women have created an average of 2.1 jobs. The proportion of women who are planning to recruit a new employee in the next 12 months is lower than the figure for men: 28% compared to 34%, and of those women that are considering it, the majority of them are only planning to recruit one employee, compared to a higher proportion of men who were considering recruiting two or more.

Although the differences are not very substantial, female entrepreneurs on average definitely seem to work fewer hours in their businesses than male entrepreneurs. For example, the number that stated they were working more than 15 hours a day was 4% whereas, in the case of male entrepreneurs, this is 11%. Data that are understandable is we take into account women, more so than men, need to juggle their professional career with their family obligations.

Finally, it has also been confirmed that **companies set up by women tend to have a lower rate of internationalisation**. The results show that, while the percentage of businesses set up by men with an international scope is 10%, this percentage for those set up by women drops to 6%. Initiatives launched by female entrepreneurs are more often than not district-based, in line with the much greater presence of retail-related businesses, as mentioned above.

Another crucial aspect that is interesting for the analysis is the **success rate of the initiatives launched by women, which is somewhat lower than for the initiatives launched by men: 76% compared to 82%**. More often than men, women have used the microcredits to launch a new initiative: in 59% of the cases compared to 45% for men. This may also partly explain their lower success rate, due to the greater risk this implies. Women also appear to be less optimistic in their current evaluation of their businesses. While 59% of men consider that their businesses are going well or very well, this percentage drops to 53% in the case of women.

The impact of microcredits on the socio-economic circumstances of the female

entrepreneurs mainly depends on the success or failure of the initiatives they launch. In this respect, there are not so many differences from the group of male entrepreneurs.

In fact, the data presented up to this point support to a large extent our statements in the initial section of this report. Women who have received a credit from MicroBank generally coincide with the profile of the Spanish woman entrepreneur: middle-aged, married and with some dependent children, and most of them do not have previous experience. Furthermore, companies set up by female entrepreneurs are usually of a smaller scale and have lower growth potential than those set up by men, and more often than not they are in the service or retail sector.

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7 Annexes

7.1. QUESTIONNAIRE USED

BLOCK 1: Data about the business set up with a microcredit

Data about the business financed by a microcredit...

Please specify the activities carried out in your
business?

--	--	--

Primary sector (agriculture, livestock, etc.)
Hotel and catering sector
Retail trade
Professional services
Business related to new technologies
Other

Is the business still open?

- Yes
- No
- Transfer

What was your employment situation before
applying for the microcredit?

- Never worked in Spain before
- Unemployed with welfare benefits
- Unemployed without welfare benefits
- Working as an employee
- Self-employed
- Occasional work
- No answer

How long had you been out of work before
applying for the microcredit?

- Less than 6 months
- Between 6 months and 1 year
- Between 1 and 2 years
- More than 2 years
- No answer

What is your current work situation?

- Self-employed in the business
- Self-employed in another business
- Working as an employee
- Unemployed
- Retired
- Other
- No answer

Do you currently receive any welfare benefits
from the State?

- Yes [What kind?](#)
- No

1. Benefits (widowhood, disability, pension, etc.)
2. Job seekers allowance
3. Family allowance
4. Other

What legal status does [did] your business have?

- Freelance
- Joint Stock Company (SA)
- Public Limited Liability Company (SAL)
- Limited Liability Company (SL)
- Cooperative (SCCP)
- Other

Including yourself, how many partners are [were] there in your business?

--	--

Could you please indicate the date you started up your business?

--	--	--	--	--	--

Could you please specify your main reason for starting up the business?

- I wanted to gain independence
- I wanted to increase my income
- I saw a clear business opportunity
- I was unemployed and opening a business was the only way I could find a job
- I was scared of losing my job and opening a business was a way of having a job
- Other

And when did you have to close it down?

--	--	--	--	--	--

What was the reason for closing it down?

- It was not profitable
- I found work in another place
- It required too much of my time
- Family problems
- Other

What scope of activity does [did] your business have? In other words, where are [were] your customers from?

- District
- Town/City
- National
- International

Was the microcredit you applied for from MicroBank to open a new business or expand an existing one?

- Open
- Expand

How did you finance the *start-up/expansion* of your business?

Out of 100%, what percentage of the investment/expansion was made up by...

Commercial banks (other banks)	<table border="1"><tr><td></td><td></td></tr></table>		
MicroBank	<table border="1"><tr><td></td><td></td></tr></table>		
State Scheme (ICO)	<table border="1"><tr><td></td><td></td></tr></table>		
Suppliers	<table border="1"><tr><td></td><td></td></tr></table>		
Individuals (friends/family members)	<table border="1"><tr><td></td><td></td></tr></table>		
Savings (own resources)	<table border="1"><tr><td></td><td></td></tr></table>		
Other	<table border="1"><tr><td></td><td></td></tr></table>		

Do you think that without the microcredit you would have been able to *open/expand* your business?

- Yes, but of a smaller scale
- Yes, but later
- Yes, but with great difficulty
- I don't think so
- Don't know/No answer

In the business, including yourself, how many people do [did] you employ?

--	--

Have you recruited [did you recruit] any other employee after applying for the microcredit?

- Yes 1 How many?

--	--
- No 2

How many are working [were working] full-time?

--	--

When you set up the business, how many employees were there, including yourself? Take into account all the other partners and people that collaborate with no remuneration.

--	--

Apart from yourself, how many...

Permanent workers did you employ?	<input type="text"/>	<input type="text"/>
Temporal or occasional workers did you employ?	<input type="text"/>	<input type="text"/>
Partners were there?	<input type="text"/>	<input type="text"/>
Non-remunerated workers were there?	<input type="text"/>	<input type="text"/>

Do you plan to recruit any more employees in the next 12 months?

Yes How many?

No

Have you needed [did you need] to dismiss any of your employees in the last 12 months?

Yes How many?

No

Do [did] you have the support of anyone in your family that works [worked] free of charge to help make the business successful?

Yes

No

No answer

On average, how many hours do [did] you work a day?

Do [did] you work on Saturdays and Sundays?

Saturdays

Sundays

Saturdays and Sundays

No

Would you say that the business is working...

Very well

Well

Normally

Badly

It is being transferred

No answer

Compared to last year, would you say that the business is functioning...

The same

Better

Worse

Don't know/No answer

What forecasts do you have for your business over the next year?

It will grow moderately

It will grow substantially

It will remain stable

Sales will fall substantially

Sales will fall moderately

I will need to close it down

Other

Would you say that the business has helped you get your current job?

Yes

No

Don't know/No answer

Would you consider opening another business?

Yes

No

Don't know/No answer

Could you please specify the average annual sales figure for your business?

 €

Could you please specify the average expenses of your business?

 €

Could you please specify the approximate profits you made last year? In other words, the difference between income and expenditure.

 €

BLOCK 2: Data about the microcredit scheme

Does your business generate or has your business generated [did your business generate] enough income to pay back the loan?

- Yes, from the start
- Yes, after a period of about one year
- Yes, but with a great deal of difficulties
- It depends on the month
- No

Has there been [was there] any month in which you could not pay the instalment?

- Yes
- No
- Don't know/No answer

What would you say was the main reason you could not pay the instalment?

--	--	--

Do you know which institution you took out the microcredit with: MicroBank or "la Caixa"?

- "la Caixa"
- MicroBank
- Other

Which one?

--

- Do you confuse LCx with MB

Why do you confuse them?

--

Before applying for the credit from MicroBank, had you already requested one from another institution? (Multiple choice)

- No, I applied for it directly from MicroBank
- Yes, but it was refused
- Yes, but I was not interested in it
- Other: please specify

Regarding MicroBank of "la Caixa"...

How did you find out about it?

- Through the branch
- Communication media
- Through a friend, family member, etc.
- Through the council or another social institution
- Through the Internet
- Others: please specify

BLOCK 3: Economic and socio-cultural changes

Related to the microcredit from MicroBank...

Economic impact

Would you say that, thanks to the microcredit, your available income has increased or decreased?

- Increased
- Remained the same
- Decreased
- Don't know/No answer

How have you used the extra income? (Multiple choice)

- Savings
- Investment in the business

Approximately how much have you invested in the business?

--

- Misc. family expenses
- Others

Please specify

--

- Don't know/No answer

Regarding the economic situation you would be in you had not applied for the microcredit, would you say it would be better or worse?

- Better
- The same
- Worse
- Don't know/No answer

Socio-cultural impact

Due to the microcredit, would you say that your quality of life has improved or become worse?

- It has improved a great deal
- It has improved a little
- It has remained the same
- It has become worse
- Don't know/No answer

Do you feel more or less capable and prepared to take on the future than before being granted the microcredit?

- Now I feel more prepared and capable
- I feel equally prepared and capable
- Now I feel less capable
- Don't know/No answer

Has being granted a microcredit contributed to this improvement?

- Yes
- No
- Don't know/No answer

Have you taken any training course since being granted the microcredit?

- Yes
- No
- Don't know/No answer

What kind?

- Languages
- Professional, related to the current business
- Professional, related to a future business
- Personal interest
- Don't know/No answer

Could you please tell me if you agree with the following statements: As a result of having applied for the microcredit, now...

- I have more possibilities to obtain other types of financing
- I contribute more to the domestic economy
- I am more confident about my skills as an entrepreneur and business owner
- I feel more integrated in my surroundings

- I am more confident about the future
- I feel more independent and I have more control over my own life
- I participate more actively in my community
- I have a better family life

BLOCK 4: Satisfaction with the scheme

Rate on a scale from 0 to 10, where 0 is completely dissatisfied and 10 is totally satisfied, your satisfaction with the services offered by MicroBank (we refer here to the service received, the information provided, etc.)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

Would you like to make any suggestions that could help us improve the service provided by MicroBank related to microcredits?

--	--	--

Did the procedure to obtain the microcredit seem complicated or simple to you?

- Simple
- As it should be
- Complicated
- Don't know/No answer

BLOCK 5: Categorisation

Lastly, I will just ask you a series of question that will help us to better analyse your answers. Could you please tell me...

If you have applied for any other credits since being granted the microcredit?

- Yes
- No
- Don't know/No answer

Have you obtained any other financial service, such as...

- Consumer credit (personal loan)
- Mortgage
- Insurance policies (car, home, life, etc.)
- Savings products (pension plan, investment fund, term deposits, etc.)
- Other

What was your asset situation before applying for the microcredit?

- Real estate (primary residence, other rented residences, etc.)
- Business premises
- Second home
- Equipment
- Means of transport (vehicle, motorbike, etc.)

Could you please tell me your country of origin?

--	--	--

In which year did you begin living in Spain?

--	--	--	--

Had you ever run a business before?

- Yes
- No
- Don't know/No answer

In Spain or abroad?

- In Spain
- Abroad
- In Spain and abroad
- Don't know/No answer

Was there any connection between your previous experience and the business you used the microcredit for?

- Yes
- No
- Don't know/No answer

Could you please tell me your marital status?

- Single
- Married (Common law marriage)
- Divorced (Separated, etc.)
- Widow/er
- No answer

What is the last level of education you completed?

- No education
- Primary
- Secondary
- Higher Education
- No answer

Including yourself, how many people live in your household?

--	--

How many people in your household are economically dependent on your income or that of other members of your family with an income? In other words, those who have no income of their own.

--	--

What contribution does your income approximately make to the family budget?

- Less than 25%
- Between 25% and 50%
- Between 50% and 75%
- More than 75%
- Don't know/No answer

In general, would you say that you are making ends meet?

- Yes, comfortably
- Yes, only just
- I'm not making ends meet
- Don't know/No answer

Could you please tell me if the total net monthly income in your household is above or below €2,000?

< 2.000 €	1	Below 499 €
	2	From 500 to 999 €
	3	From 1.000 to 1.499 €
	4	From 1.500 to 1.999 €
>2.000 €	5	From 2.000 to 2.499 €
	6	From 2.500 to 2.999 €
	7	From 3.000 to 4.999 €
	8	Above 5.000 €
	9	Don't know/No answer

On average, how much do you put away as savings each month?

 €

Have you taken/are you taking any kind of course related to business management or setting up a business?

- Yes
- No

Had you ever set up a business or entrepreneurial project before?

- Yes
- No

Could you please tell me if you agree with any of the following statements: setting up your own business...

Allows you to increase your income

Allows you to face new challenges and develop new professional skills

Involves more risk than working for someone else

Is an alternative when you cannot find a job working for someone else

Is a more attractive option and gives you more personal satisfaction than working for someone else

Means more working longer hours and having less security than working for someone else

Which of the three statements I am about to read to you do you think are the three key factors to success when setting up a business?:

The business idea is exceptionally good

The business idea is innovative

Experience in business management

Spending a lot of time on the business

Setting up a business that you are passionate and enthusiastic about

Good marketing skills

Being surrounded by a good team and/or good partners

Strict control of the business costs

Authorisation

Would you please authorise us to send your answers and personal opinions to the relevant department?

- Yes
- No

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We believe in you

