

POLICY BRIEF 3

SUPPORTING THE DIGITAL TRANSITION - WOMEN ENTREPRENEURS THRIVING IN THE DIGITAL ARENA

BY RESHAPING THE WOMEN ENTREPRENEURSHIP SUPPORT, WE CAN IMPROVE THE PROSPECTS FOR THE FUTURE GENERATIONS OF WOMEN ENTREPRENEURS AND CONTRIBUTE TO A BALANCED AND MORE INCLUSIVE EUROPEAN ECONOMY

This policy brief summarizes the findings of the WEGate Thematic Group on the Women Entrepreneurs and the Digital Transition.

It highlights the key challenges and provides recommendations for intervention at European and national level in the following key areas: Ethics in Artificial intelligence, Gender & Cybersecurity, Tech-readiness of female-led start-ups, Gender gap in digital skills, and Women & digital innovation



Co-funded by the COSME programme
of the European Union

Prepared by the WEGate Thematic Group 'Women entrepreneurs and the Digital Transition'

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Co-funded by the COSME programme
of the European Union

The project is co-funded by the European Union.

This publication has been made with assistance from the European Union. The content of the publication is the sole responsibility of the project implementers and can in no way be taken to reflect the views of the European Union.



ABOUT WEGATE

The European Gateway for Women's entrepreneurship, called WEgate, co-funded by the COSME programme of the European Union (EU), represents one of the key initiatives of the European Commission for supporting women entrepreneurship (WE), aiming to become a one-stop-shop where existing and potential women entrepreneurs can find assistance, inspiration, motivation and get in touch with peers and stakeholders for facilitating their growth and competitiveness. It features an online platform www.wegate.eu that offers information and networking opportunities; commissions pan-European annual survey on the needs of women entrepreneurs (WEbarometer); organizes numerous events, webinars and b2b sessions, as well as the WEgate training academy for building individual skills within the WE support eco-system.

One of the aims of the WEgate is to increase the visibility of women entrepreneurs and to promote discussion on important topics for improving the conditions for WE development. To achieve this, the WEgate consortium is promoting the creation of a large European WE community of practice that focuses on engaging a growing and diverse number of stakeholders supporting women entrepreneurs, with an emphasis on co-creation, networking and development of public policy resources. For addressing key areas of interest of WE development, dedicated WEgate Thematic groups (TGs) are formed as ad-hoc groups within the WEgate Community. The third WEgate TG is dedicated to digital transition for women entrepreneurs, analysing the challenges and providing concrete recommendations for reducing the digital gender divide in entrepreneurship.

WEgate Thematic Group "Women entrepreneurs and the Digital Transition"

Represents one of the WEgate expert groups with an advisory role to the WEgate community. The thematic group defines concrete recommendations for strategic policy framework for women entrepreneurship development in Europe.

INTRODUCTION

Digitalisation can serve as an opportunity to increase women's pay levels and leadership participation while also offering a better work-life balance. However, there is a strong need for protection against the systemic causes that cause the gender gap to continuously grow in access to digital technology and education

While the digital transition provides a huge opportunity for women entrepreneurs to access higher revenue sectors and attract investment, it also comes with risks associated with certain uses of new technologies.

The guarantee of safe and fair technologies for all can only be achieved with a reinforcement of the European Union (EU) regulatory framework as well as a better gender representation at every stage of the technology life cycle, from its creation to its access. The increase in participation relies on a European framework to guarantee excellence and trust in new technologies, ensuring that new technologies are at the service of all Europeans and supporting all entrepreneurs regardless of their gender. Only then, once trust is established, can all individuals appropriately leverage new technologies for themselves or their business.

Although progress in societies and in legislation has been made to overcome gender disparity, there are still barriers for women entrepreneurs, more specifically barriers to their digital transition and success. Besides access to finance, skills and networks, ensuring a fair

and safe digital environment is a key prerequisite for supporting women entrepreneurs and encouraging their growth.

There is a need for an overarching, strategic policy framework as a basis for actionable strategies and incentives for supporting women entrepreneurs including support to digitalisation and equal participation in digital economy. The WEgate Digitalisation Thematic Group jointly elaborated a set of recommendations on how to improve the strategic policy framework for digital transition for women entrepreneurship.

Ethics in Artificial intelligence (AI)

In the digital era, women entrepreneurs are heavily reliant on AI applications that can make life-changing decisions and impact the success of their business. Women entrepreneurs would sustainably benefit from the use of AI applications as they can make life-changing decisions. Their ability to fairly promote their content on social platforms or attract capital investment can be compromised by biased predictive models and deepen the gender gap in entrepreneurship. The under-representation of women in the tech workforce and the data imbalance inherited from historical, social and cultural inequalities as well as the lack of a dedicated framework and standardized approach for women entrepreneurs' data collection at EU and national levels make it impossible to establish an equitable digital society for all without a robust regulation on AI systems.

Despite gender mainstreaming remaining a priority for the European Commission, gender analysis and gender impact assessment in new technology is not done on a regular basis, and not across all policy areas. This is intrinsically linked to lack of a dedicated framework and standardized approach for women entrepreneurs' data collection at EU and national levels. Hence, The EU and national institutions should invest in the structural and long-term collection of high-quality key data that provide the evidence base for the effective gender analysis and impact assessment in new technology.

Recommendations

- Establish a robust compliance framework for all AI-based tools and technologies - for ensuring gender neutrality, it is essential to assess AI-based technologies and roll-out a certification that approves the safety and fairness of these technologies to its users. A certification establishes credibility and trust within consumers, stakeholders and other business partners. Such a framework would ease the compliance process at the local level as it would speed-up the review, reinforce the obligation of explainability to prevent Black-box AI, and provide clear guidelines to meet compliance requirements.
- Define a risk management methodology with mitigation measures - to ensure that there are solutions in place to tackle the misuse of AI. The monitoring of sensitive features during the training process should be automatically performed and various tests on different groups of the population should be run to measure the fairness of outputs.
- Reinforce Corporate Digital Responsibility (CDR) - as a potential collaborative mechanism at the European level between political actors, civil society and citizens to demystify governance complexity and establish ground rules for AI usage.

Gender & Cybersecurity

In terms of global cyber security, gender matters. It defines access and authority, forms and impacts online behaviour, and affects vulnerability - real or perceived - among other things. Studies of online gender-based violence demonstrate a disproportionate impact on women and girls. In fact, the dangers women confront online and offline cannot be readily or neatly separated. Women may be affected differently by data breaches and intentional disclosures of personally identifiable information even when they are not directed specifically at them due to underlying discrimination and inequality. This reality prevents women from thriving in the digital arena, strengthens the feeling that they are being singled out and undesired, and negatively impacts their curiosity to explore digital prospects and use them to expand their businesses.

The lack of women working in cybersecurity policy and diplomacy, including confidence- and capacity-building measures, at national, regional, and international levels prevents further focus on incorporating gender considerations throughout international cybersecurity policy and practice, ensuring that cybersecurity increases the security of people of all genders. This is in addition to the gender gap in participation within all aspects of the cyber security field.

Recommendations

- Implement Women-led cybersecurity policies at national and EU level - to avoid discrimination in security policy and diplomacy and ensure the incorporation of gender considerations. Roll-out a gender analysis of international cyber security to generate more nuanced understandings of the dynamics that shape policy and practice in this area.
- Increase regulatory framework to protect women against cyber violence - and reinforce stronger security methodologies for new technologies to avoid the breach of important and personal gender data.
- Increase financial support at a European, national and regional level to establish cyber security tools and ensure that women-led businesses are not exposed to gender-based cyber violence. Provide cyber security capacity building training for women in business to defend themselves against online threats.

Tech-readiness of female-led start-ups

One of the most prominent and pervasive issues in entrepreneurship is the gender funding gap. Women only co-found or are the founders of 15% of deep tech firms. Only 13% of venture capital (VC) partners are female, while 85% of investment committees are entirely composed of men. Deep tech start-ups tend to have longer R&D cycles and often take more time and capital to build than other start-ups. While much is done regarding increasing the opportunities for start-ups owned by women to access the capital and funding needed to grow sustainably, there is still a lack of women in investment committees and organizations.

Less money is raised by women-led firms than by their male counterparts; in Europe, about 2% of venture capital funds all-female teams, while about 5% funds mixed teams. Initiatives

like Supernovas by EIT Food, EIT Manufacturing, and EIT Urban Mobility have been developed in an effort to address these numbers. In order to achieve a more sustainable, connected, innovative and inclusive investment ecosystem in deep-tech, there is a need to increase the number of women on both sides: the investment decision-making panel and the deep-tech start-up scene.

While an increasing number of programs are actively working to close the gender financing gap, more may be done to prepare female-led businesses for the digital age. The growing proportion of VC investments in digital start-ups demonstrates that the problem cannot be solved just by accelerator programs that prioritize financial and international development support. For women entrepreneurs to have better access to financing, female-led businesses must become more tech-ready.

Recommendations

- Reinforce regulatory frameworks - to avoid abusive equity deals for women-owned deep-tech start-ups due to lack of knowledge, power and gender vulnerability. Release First-class training and coaching for women in business who are ready to enter the capital investment world to give them the tools to watch out for the contract terms and negotiate the agreement.
- Launch digital accelerators for VC investment readiness - improve the attractiveness of women-led enterprises by embedding technology in their business. The digital accelerator would follow the principles of a funding accelerator but will focus on closing the skill gap of women enterprises which will in turn attract more interests from various investment companies.
- Provide financing to support the cost of a technical workforce - public support for R&D activities have provided a tremendous help to women entrepreneurs. However, the cost to hire a technical team is quite heavy and prevents women from embedding technology in their products or services. A subsidy or a prime could be enforced nationally or regionally to encourage the growth potential of female-led start-ups and boost their enterprises scalability.

Gender gap in digital skills

Socioeconomic differences between men and women have always been at the centre of discussion for being a key factor perpetuating the gender gap in digital skills. While efforts to increase internet adoption, literacy and access among women have been put in place, there is still a need for a balanced and digitally-enabled society. This situation strongly affects women entrepreneurs, making it harder for them to succeed in a very demanding and tech-dominated world.

The digital gender divide is known to be generated during the very early years of education and it is usually strengthened during the university stage. The percentage of women who choose careers in the STEAM sectors are still very low compared to the percentage of men. Since most social and gender stereotypes are created during childhood, children should be exposed to adequate role models and to equal opportunities.

Equal digital training is therefore a must when reducing the digital gender gap. Legislative reforms and initiatives across Europe have significantly improved digital adoption and fluency among women entrepreneurs. However, women entrepreneurs are still at a disadvantaged

position when accessing digital training due to social, economic and cultural norms. This is even more accentuated for girls and women in rural areas and hard-to-reach regions where the lack of infrastructure and technology prevents them from owning or accessing digital technologies.

Recommendations

- Public-private partnerships to ensure that access to technology is available in all areas. Strong focus on creating the necessary infrastructure in rural and remote areas to provide equal access to technology for girls and women. This can only be achieved through national funding and cooperation with corporations. Provide financial support to vulnerable social families in rural areas to increase their accessibility to technology and the digital world.
- Strong awareness campaigns to sensitize children and adults about the need for digital equality.
- Ensuring gender mainstreaming since the early years of education, providing children with enough education tools and skills. Redesign European and national education and digital training methodologies to make them more inclusive and diverse.
- Capacity building for media professionals and regulatory frameworks to ensure that media consumed by the young generations reinforces the need to close the gender gap in digital skills. Providing support for women entrepreneurs and thus preventing the lack of work-life balance to be a barrier for them to participate in adequate digital training and education. Capacity building for educators at all levels in gender mainstreaming and equality.
- Provide digital access and technology for women entrepreneurs making e-skills, upskilling and reskilling available and accessible to all, including through paid apprenticeship programs that target mature women and women in transition.

Women & digital innovation

The lack of representation of women entrepreneurs in the digital and technological fields creates a digital innovation gap that is also increased by the worrying marginal percentage of women who participate in the society as founders and owners of start-ups, venture capitalists and investors. This digital bias directly affects the development of new potential technologies that would otherwise positively benefit communities and nations alike.

This hidden and untapped potential perpetuates the gender gap in all fields, boosting innovation in all male-related and dominated sectors. For example, while more women are driving innovation in e-health, there's still plenty of room for innovation in those areas that are directly linked to women's health.

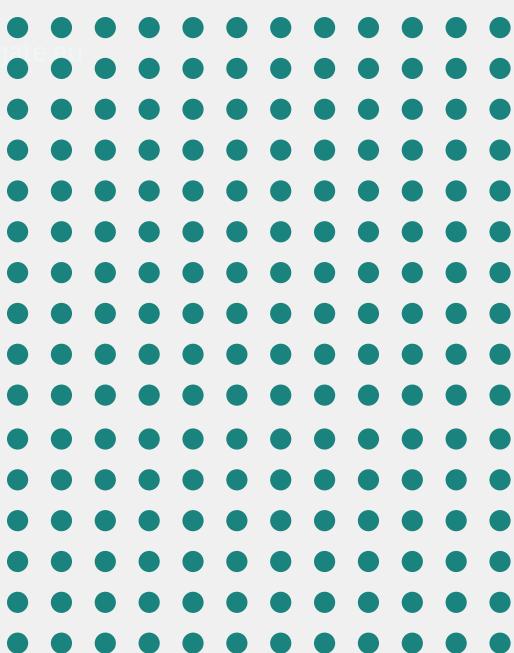
Work-life balance is also key when exploring the causes of the lack of women innovators in technology. Women entrepreneurs find it difficult to spend time experimenting with innovative solutions due to the amount of time they spend in unpaid care and domestic work. Women are still the main caregivers and the job market, led predominantly by men, favours

younger single male employees. This situation hinders innovative and entrepreneurial activities led by women.

European, national and regional authorities should focus their efforts in boosting entrepreneurship and innovation among women entrepreneurs by raising awareness of financing opportunities. Even though funding for innovation has increased over the years, the unequal access to digital information and technology prevents women entrepreneurs from applying. Hence why, financing institutions should grow their efforts to increase their visibility and investments for women entrepreneurs.

Recommendations

- Awareness campaigns reinforcing the need for innovations related to female problems. Promoting and celebrating innovations developed by women for women. Prevent under-representation of women innovators and entrepreneurs by raising awareness.
- Enabling access to technology for all women entrepreneurs via economic support, capacity building and policy making. Mentoring women entrepreneurs in innovative solutions for their businesses. Increase awareness, access and availability of e-learning platforms where disruptive ideas and solutions are encouraged and shared.
- Boosting high-impact innovations that would significantly benefit marginalized women by lowering the risk of research and development.
- Improve research and innovation where women are represented and taken into consideration. This is specifically more important in the medical and engineering fields where women are under-represented and could end in incorrect diagnoses and treatments.
- Ensuring work-life balance by providing parental leave for both men and women and equal job opportunities.



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WEgate 2020 – We open doors for women entrepreneurs
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