

EU SERVICE DIRECTIVE: ENTER THE *EUROFEMMEPRENEUR*: NEW
OPPORTUNITIES FOR FEMALE ENTREPRENEURS IN EUROPE AND IRELAND

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Abstract

This paper seeks to highlight and discuss three related issues pertaining to European and Irish economic development policy and the impact on female entrepreneurs. The paper consists of three strands of related argument. The first strand of the argument seeks to critically evaluate the impact of European and Irish economic policy on female entrepreneurs. The central theme of this discussion is that both sets of policies, which are interrelated, impact negatively on female entrepreneurs based on the economic policy aspiration of becoming the most competitive and dynamic knowledge-based economy in the world within a decade. The stated aspiration of *moving up the value chain* involves the development of more technologically orientated industries with women minority stakeholders, clearly marginalising the participation of female entrepreneurs.

The second strand argues that the EU Directive on services in the Internal Market provides new opportunities for female entrepreneurs in Europe, with its emphasis on the provision and delivery of services across borders within Europe.

The third strand scopes the opportunities created by the EU Directive and argues these may produce a new business species in Europe – the *eurofemmepreneur*. This paper will define the *eurofemmepreneur* and draws on recent Irish and European research to develop *eurofemmepreneur* profile. The main conclusions drawn in the paper is that the business and growth opportunities available for the new *eurofemmepreneur* are significant.

Introduction

This paper is based on three inter-related lines of argument, which explore the rationale for developing a business case for the promotion of the European Union's Draft Directive on Services with the potential of providing new opportunities for female entrepreneurs in Europe. The first section the paper argues that the Lisbon strategy which is the driver of current European Union economic policy, with its emphasis on the knowledge-based economy, risks marginalizing a significant group of entrepreneurs, e.g. females. The E.U. economic policy objective of 'becoming the most competitive and dynamic knowledge based economy in the world within a decade' is very ambitious with the implicit assumption that all E.U. economic participants will be in a position to participate and share in the achievement of this objective. The '*one size fits all*' approach risks marginalizing some groups. This paper argues that a significant proportion of female entrepreneurs operating in the E.U. risk becoming one such marginalized group.

A second line of argument explored in this paper is the benefits accruing from the introduction of the E.U. Draft Directive on Services as a vehicle for the promotion female entrepreneurs in Europe. This paper argues the Draft Directive provides the potential for creating new opportunities for female entrepreneurs in the E.U. and, when fully operational, could reverse the marginalization effects of the Lisbon strategy.

A third issue addressed in this paper introduces, for the first time, the concept of the *eurofempreneur* and argues that the draft Directive on Services will create new business opportunities for female entrepreneurs in Europe, through the removal of trade barriers and the simplification of business regulations. This paper predicts that the female entrepreneur profile will greatly improve with the delivery of services elevated to become the '*new ICT*' of Europe. The introduction of the 'eurofempreneur' as the child of the Directive on Services – or perhaps more accurately *the precarious toddler* - brings a new dimension to the European entrepreneurial narratives. International and European literature on entrepreneurship has placed female entrepreneurs firmly within the service sector, where low turnover, low profit margins and limited growth opportunities are the norm. This paper argues that the female entrepreneur profile will improve significantly

following the introduction of Service Directive. The birth of the *Eurofempreneur*, breathes new life and aspirations into services delivery with the prospect of high growth potential, and will contribute to Europe's economic vision of competitiveness.

The Lisbon Strategy

The Lisbon Strategy (2000) is a commitment to bring about economic, social and environmental renewal in the EU. In March 2000 the European Council in Lisbon agreed a ten year plan, aiming to position Europe as *'the most competitive and dynamic knowledge-based economy in the world capable of sustaining economic growth with more and better jobs and greater social cohesion'*. The Council recognized the need for a radical transformation of the economy in order to create some 15 million new jobs by 2010. The Commission recognize the importance of entrepreneurship for the development of the European Union and it has recognized that entrepreneurship can deliver important benefits, both economically and socially. Not only is entrepreneurship a driving force for the creation of jobs, competitiveness and growth, it also contributes to personal fulfilment and the achievement of social objectives.

Evidence of the E.U's commitment to supports for women entrepreneurs is reflected in *'Challenges for Enterprise Policy in the Knowledge-Driven Economy' (2000)* which argues that "enterprise policy will aim at improving the start-up rate among women, young and unemployed, encouraging networks and customer orientation".

To further the aims of the Lisbon Charter, the EU Commission published an "Action Plan – the European Agenda for Entrepreneurship" (2003). The key priorities of the plan refer to:

- Fuelling entrepreneurial mindsets
- Encouraging more people to become entrepreneurs
- Gearing entrepreneurs for growth and competitiveness
- Improving the flow of finance
- Creating a more SME-friendly regulatory and administrative framework.

The OECD (1996) definition of the knowledge based economy refers to 'an economy in which the production, distribution and use of knowledge is the main driver of growth, wealth creation and employment across all industries – not only those industries classified as high tech or knowledge intensive'.

Reservations have been expressed regarding the knowledge based economy and its potential to create inequality, referred to by some as the digital divide. Cullen's (2001) review of a number of research and policy papers which address the issue of the digital divide, identifies specific groups of people as being especially disadvantaged in their uptake of ICTs. In particular Cullen identifies such groups as consisting of: underdeveloped areas, ethnic minorities, disabled, unemployed and women. According to Cullen such groups risk being disadvantaged with the advent of the digital divide in terms of equal participation as European citizens with regard to: access to information, access to business processes and access to on-line services. The digital divide also threatens to define a new economic order, where some groups are assigned and isolated within the lower rungs of the new economic order. This paper argues that female entrepreneurs currently operate within the lower economic groups. The Draft Directive on Services provides real and substantive opportunities to grow and expand beyond national boundaries through the provision and delivery of a variety of services across the European Union.

The Lisbon Council has highlighted the importance of services in the economy in the context of their potential for growth and employment creation. The importance of the services sector is justified by its sheer weight in the economy (around 70% of EU 15 GDP)

New Opportunities for Female Entrepreneurs: EU Draft Directive on Services

In December 2000, in response to the Lisbon Summit, the Commission set out "An Internal Market Strategy for Services". The proposal for a directive on services is part of the process of economic reform launched by the Lisbon European Council, with a view to making the EU the most competitive and dynamic knowledge-based economy in the

world by 2010. The European Parliament and the Council have emphasized that the removal of legal barriers to the establishment of a genuine internal market is a matter of priority for achieving the goal set by the Lisbon Economic Strategy. The removal of internal barriers is recognized as an essential requirement for the rejuvenation and growth of the European economy.

This arrival of *eurofemmepreneur* has created a unique window of opportunity for female entrepreneurs in the services sector, and failure to respond positively may jeopardize the opportunity to escape from world of low turnover, low profit and limited growth potential. The objective of the proposed Directive on Services is to provide a legal framework that eliminates the obstacles to the freedom of establishment for service providers and the free movement of services between the Member States, giving both the providers and recipients of services the legal certainty they need in order to exercise these two fundamental freedoms enshrined in the Treaty. The proposed Directive offers significant opportunities for female entrepreneurs on two levels. In the first instance, the proposed Directive covers a wide variety of economic service activities - with some exceptions, such as financial services. Second the proposed Directive applies only to service providers established in a Member State.

A recent E.U. report (2004) identified the users of services within the EU as comprising mainly of consumers and SMEs and used the term “victims “ in referring to the lack of a genuine internal market in services. The report stresses that these groups cannot currently benefit from a wide variety of competitively priced services. They are deprived of the chance of a better quality of life which they might expect due to current restrictive barriers to the operation of a free internal market.

An underlying rationale of the Directive is that by creating the conditions and legal certainty necessary for the development of service activities between Member States, and extending the range of services available, the Directive will be of direct benefit to the recipients of services, including SMEs. Furthermore, when the Directive becomes operational in the E.U. it will guarantee better quality in the services by enabling (at

European Community level), an increase in the efficiency of the supervision of service activities. This paper argues the new draft Directive offers unique business opportunities for entrepreneurs operating in the E.U. particularly for female entrepreneurs.

The current profile emerging from the research on female entrepreneurs locates them in the services sector, with low turnover, low profit margins, limited opportunities for growth, business networking and limited access to credit. This Draft Directive on services, offers significant business development opportunities for service sector participants to trade across national boundaries within the E.U., and provide opportunities to explore innovative strategic alliances with other EU partners. In addition, the Directive simplifies business processes within Europe, for example:

- Simplifies the administrative procedures and formalities to which service activities are subject (Sections 1 and 2 of Chapter II), particularly by means of single points of contact (Article 6), the use of electronic procedures (Article 8) and simplification of the authorisation procedures for access to and the exercise of service activities (Articles 10-13); it should be noted that the obligations to communicate information (Article 7) and to make available electronic procedures (Article 8) do not prevent Member States from maintaining other procedures and methods of communication in parallel;
- Eliminates from national legislation a number of requirements listed in the Directive that hamper access to and the exercise of service activities (Articles 14, 21, 29);
- Guarantees the free movement of services from other Member States and consequently adapt any rules that would hamper such movement (Articles 16, 20, 23 and 25);
- Evaluates the justification and proportionality of a number of requirements listed in the Directive which, where they exist in their regulations, may significantly restrict the development of service activities

Enter the Eurofemmepreneur

The new opportunities provided in the draft Directive on Services in the Internal Market have escaped the attention of European and national business women's networks. The lack of engagement with the potential gains from the Directive is disappointing. This paper argues that the proposed Directive will introduce a new genre and narrative to current entrepreneur discourse – the '*eurofemmepreneur*' defined as a female entrepreneur operating in the services sector on a trans European basis.

A wide variety of services are included in the draft Directive, most of which are mainly carried out by women. For example, included in the draft Directive are business services such as management consultancy, certification and testing; facilities management, including office maintenance and security; advertising; recruitment services, including employment agencies; and the services of commercial agents. The definition of services can be extended also to include services provided both to businesses and to consumers, such as legal or fiscal advice; real estate services such as estate agencies; construction, including the services of architects; transport; distributive trades; the organisation of trade fairs; car rental; travel agencies; and security services. Consumer services are also include, such as those in the field of tourism, including tour guides; audio-visual services; leisure services, sports centres and amusement parks; health and health care services; and household support services, such as help for the elderly. Those activities may involve services requiring the proximity of provider and recipient, services requiring travel by the recipient or the provider and services which may be provided at a distance, including via the Internet. The era of the *eurofemmepreneur* has arrived. Based on the list of potential services included under the new Directive, a new era of entrepreneurship is about to unfold for women. To fully gain from the opportunities offered by the Directive call for a proactive response from female entrepreneurs if they are to claim and inhabit the niche of the *eurofemmepreneurs*.

Evidence from Ireland

Female self –employment is still predominantly located in the low-tech service sector. Of the working women in Europe, 73 per cent are employed in the service sector in part-time

and temporary employment. Marlow and Carter (2003:4) comment that even in the “new economy” sectors, initially believed to offer gender neutral opportunities for entrepreneurship, the number of firms owned by men significantly outnumber those owned by women and traditional patterns of gender representation and stereotyping would appear to persist (Wilkinson, 2001). Ireland boasts one of the fastest growth rates of women’s workplace participation in the EU over the last decade. CSO Labour market statistics for the period (March to May 2004) show that 49.4% of women participate in the labor force in Ireland.

From the Irish perspective, research conducted by the Gender Equality Unit (2003) concurs with the international findings and shows that those enterprises set up by women in Ireland tend to be in the services sector, are smaller, and their owner managers have fewer growth aspirations and are less often engaged in exports. Market saturation is a major problem for small and micro enterprises related to a lack of access to higher value markets and a lack of innovation (Dawson 1997; MacIsaac 1996). Many entrepreneurs, particularly women, are located in low value markets which tend to be crowded leading to saturated markets and little room for growth. Without innovation through new product development and access to higher value markets, the potential for success for small and micro enterprises in these sectors is low. This paper argues the Directive on Services presents Irish female entrepreneurs with the opportunity to participate and trade in a free European market for services. Not only does the draft Directive open up a vast new market in services, it also removes the barriers to trade. Doing business in the E.U. will be effortless and rewarding.

Conclusions

This paper presents a broad overview of the new opportunities for female entrepreneurs through the operation of the Directive on Services, and introduces a new genre to the entrepreneur discourse – the new *eurofemmepreneur*. It should be noted, not everyone shares the vision presented in this paper regarding the positive spin offs from the Directive. There is evidence that the debate had become polarized, and ideological positions are now being formed. For example, some of the European trade unions are strongly opposed of the draft Directive on the basis that it is a direct threat to the

'European social model' without taking account of democratic rules. Some trade unions are convinced that the quality of public services will diminish if the Directive achieves its aim of removing as many regulations as possible. The European Commissioner for the Internal Market and Services, Commissioner McCreevy, responding to these concerns has assured Europeans that conditions and standards for workers will not be affected in any way and rebutted the prospect that 'social dumping' and the end to the Social Model could result from the introduction of the Directive.

To-date the European and national business women's networks have been slow to articulate a view regarding the Directive's potential for business development or otherwise. This view is awaited with interest. This paper commends the draft Directive on Services to female entrepreneurs in Europe and seeks to bring to their attention the considerable opportunities this Directive can deliver – from a business and citizenship perspective. We commend the *Eurofemmepreneur* – may she have a long, rewarding and fulfilling life.

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