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# Exchange of good practices on gender equality

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Comments Paper – Poland

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# Comments paper - Poland

**Anna Jancewicz**

Center for the Advancement of Women Foundation

## 1. Introduction

### 1.1. Policy context

Women's entrepreneurship is progressing as an important factor of economic growth and is gaining increasing recognition from policymakers in Poland. While there is a strong emphasis on promoting entrepreneurship and numerous actions and legislative procedures have been undertaken on behalf of MSE support and development, hardly any of them specifically focus on female entrepreneurship. At the central level policy for entrepreneurship in Poland is carried out by five Ministries: Economic Affairs, Regional Development and Infrastructure, Labour & Social Policy, Education, Science and Higher Education.

The only entity with legal status to deal with women issues is the Office of the Government Plenipotentiary for Equal Treatment at the Chancellery of the Prime Minister. However, women's entrepreneurship within its mandate only indirectly falls under "equality of women and men on the labour market", one out of ten various grounds for discrimination. The Plenipotentiary has the rank of the Secretary of State, but she doesn't participate in the Council of Ministers meetings.

The history of gender issues in post-communist Poland has been rather turbulent. After the first free elections in 1989, government policy underwent many changes regarding formal attachment of the office (Chancellery of the Prime Minister, Minister of Labour and Social Policy, none) and the scope of its mandate, whereby name changes reflected priorities depending on the political party in power (Government Plenipotentiary for: Women and Family; Family and Women; Family Affairs; Equal Status of Women and Men; Equal Treatment). The Office of the Plenipotentiary until December 2010 was a temporary governmental body that existed under an ordinance of the Prime Minister and was based within and financed by the PM's Chancellery, thus being vulnerable to political changes, including its suspension and closure by the government (07.1992-12.1994; 11.1997- 12.2001; 11.2005 - 03.2008).

With the "Act of 3 December 2010 on the implementation of certain provisions of the European Union on equal treatment" entering to force, the legal status of the Office of the Government Plenipotentiary changed to a legally established permanent body. This new status secures continuity of national machinery and renders the Office immune to political change. However, the Plenipotentiary does not have a separate budget and receives administrative and financial support from the Chancellery of Prime Minister. Numerous projects conducted by the Office are co-financed with European Funds.

At the parliamentary level bodies involved in women's issues have been as well vulnerable to the political climate, thus evolving from a parliamentary commission on women's issues in 2005 through a sub-commission to neither of these bodies after the parliamentary election in 2011. Currently, there are two parliamentary teams: the

Parliamentary Group of Women and the Parliamentary Team for Equality of Women and Men, which, however, have no mandate of parliamentary control.

## 1.2. Economic & social circumstances

Polish women at the rate of approximately 35% are some of the most entrepreneurial women in the European Union. Yet, there are still noticeable disproportions with regard to women and men entrepreneurship –the percentage of women and men operating businesses as well as the experience and scale of their companies.

Female entrepreneurship in Poland has tremendous growth potential. Participation of women-owned companies is steadily growing, although it is still lower than the true potential of women (measured by the share of women in the population or in the working age group). With only 53.1% of women economically active there is a great pool of untapped resources. More than one-half of women who are unemployed, economically inactive or working would consider starting their own business if they could not find employment.

Women are better educated than men. They share similar motivations to become an entrepreneur, but with one significant difference: when building and developing their firm they take into account their home and childcare responsibilities that disproportionately fall upon women. They are very resourceful in terms of perceived opportunities, but lack confidence and exhibit low self-esteem. Both factors contribute to a disproportionate fear of failure.

Regardless of gender, all owners of small and medium-size companies encounter similar challenges in business: access to capital, complex business procedures and legislation, etc. There is only one additional factor to the disadvantage of women entrepreneurs– home and childcare responsibilities.

### 1.2.1. Data collection

Data collection with regard to women's entrepreneurship is fragmented into individual initiatives, thus lacking consistent long-term strategy and commitment of adequate resources. Since 1995, the Central Statistical Office (GUS) has had a legal obligation to gather data disaggregated by sex, but it does not cover all aspects pertinent to female businesses analysis.

Information on female entrepreneurship, size of business, self-employment, revenues as well as on barriers, challenges facing women in starting and managing a business etc. can be obtained from several sources such as the annual PARP publication "Report on the condition of SMEs in Poland", the Ministry of Economy's "Entrepreneurship in Poland", or the Ministry of Labour's Dept. of Analysis and Statistics report "Situation of women and men on the Labour market", GEM, and many others. However, due to different methodologies there are noticeable discrepancies even when comparing information on the overall number of businesses in Poland reported by GUS, the Social Insurance Office and the Ministry of Economy.

### 1.2.2. SMEs in Poland

The Polish economy managed the economic crisis quite well, experiencing per capita GDP growth from slightly over 40% of the EU average when joining the EU in 2004 to 67% in 2012<sup>1</sup>. This result can to a large extent be attributed to Polish SMEs, which generate 47.3% of GDP (29.4% micro-firms, 7.8% small and 10.1% medium-sized enterprises), create jobs for nearly three-quarters of employees and represent 99.8% of all companies in Poland. They mainly operate in the service and trade sector (76%), whereby 52% of employees work in micro and small-sized companies. A micro-firm statistically has two employees.<sup>2</sup>

SMEs managed considerably well through the economic downfall. In 2012, the year-to-year gross financial result of SMEs more than doubled, whereas in medium and large companies it decreased. In the same year the number of enterprises grew by 3.5%, with an 80% share of micro and small.<sup>3</sup> Among these start-ups entrepreneurs are young and female more often than in the general business population.

### 1.2.3. Economic activity

The female economic activity rate in Poland, despite its increase by 10.4% in 2005-2012, is rather low with only 53.1% of women economically active (vs 66.3% of men).<sup>4</sup> In the same period the unemployment rate among women decreased in value by 8.1%, while the average value for EU countries remained unchanged with the result that in 2012 the intensity of female unemployment in Poland was only about 0.7% higher than the average for EU countries.<sup>5</sup>

Gender differences in economic activity are particularly large in the 24-35 age group, varying by approximately 20% (small child care) and for women 50+, it increases to 60% (grandchildren, aging parents; earlier retirement age for women). Most economically active are women aged 35-44 as compared to 25-39 for men. Women more often than men work part-time (13% vs 5%) as well as in the public sector (33.7% vs 18.7%). These two factors often equal lower earnings.

### 1.2.4. Education

Economically active women are statistically better educated than men. Almost 70% of working women have at least secondary education as compared to 52% of men. Although there is almost no difference between women and men in post-secondary and secondary vocational education (respectively 27% and 28%) women dominate among university graduates (almost 40% vs only 24% of men).<sup>6</sup> These numbers are considerably higher in the age group 30-34 (45.6% vs 31.9% men). As much as

<sup>1</sup> <http://www.ekonomia.rp.pl/artykul/1102616.html>

<sup>2</sup> Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce a latach 2011-2012, PARP 2013.

<sup>3</sup> Report „Entrepreneurship in Poland”, Ministry of Economy 2013.

<sup>4</sup> „Sytuacja kobiet i mężczyzn na rynku pracy w 2013 roku”, MPiPS, Dept. Rynki Pracy, Wydz. Analiz i Statystyki.

<sup>5</sup> Global Entrepreneurship Monitor report – Poland 2012, PARP 2013

<sup>6</sup> „Sytuacja zawodowa kobiet - podstawowe wskaźniki”, Sedlak&Sedlak <http://rynekpracy.pl/artykul.php/wpis.741>

34% of women graduate from technical studies and constitute as much as 45% of graduates in mathematics and other sciences.<sup>7</sup>

According to labour office data, women are more vulnerable than men to long-term unemployment and neither younger age nor higher level of education accelerate their exit from unemployment.

### **1.2.5. Motivations, capabilities, fear of failure**

In Poland, about 22% of established entrepreneurs, regardless of gender, have chosen self-employment by seizing a business opportunity and 18% of women and 20% of men due the lack of employment offer. Another 15 % of both women and men have chosen to become entrepreneurs in order to achieve greater autonomy, flexibility and independence, professional development or for financial reasons. The only significant difference between women and men in motivation for starting a business is manifested in women's need for flexibility related to childcare. However, contrary to these expectations two out of three surveyed entrepreneurs, both women and men stated that operating a business limits time dedicated to household duties and childcare. Moreover, 46% of female entrepreneurs declare that all or almost all home and childcare related work is solely done by them.<sup>8</sup>

Among early stage entrepreneurs 41% are necessity-driven and only 39% opportunity-driven.

In terms of perceived opportunities, Poland does not score very high in 20th place among surveyed European countries and the U.S. However, the difference in favour of women is the greatest in Poland. Among women the rate is 23% and 18% among men. Although Polish respondents in general highly assess their knowledge and capabilities, Polish women assess their potential much lower than men (65% to 43%). Fear of failure is very high among Polish respondents. Here, the difference between women and men is also significant with fear of failure experienced by 64% of women and 53% of men.

Nevertheless, the percentage of adults who wish to start their own business within the next three years is 22% compared to the 13% EU average.<sup>9</sup>

### **1.2.6. Female-led businesses**

In Poland, every third business is run by a woman and 33% of companies are women-owned (self-employed and employers). Among the total number of working women, 14.4% are self-employed, thus surpassing the EU-27 average of 10.2%.<sup>10</sup>

Statistically, female-managed companies incur higher salary and operational costs than male-managed companies, have equal expenditures on fixed assets, and generate higher revenues. However, they are less profitable, mainly due to the sectors in which they operate (agriculture, trade, social and health services,

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<sup>7</sup> Eurostat, 2013.

<sup>8</sup> Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce a latach 2011-2012, PARP 2013.

<sup>9</sup> Global Entrepreneurship Monitor report – Poland 2012, PARP 2013.

<sup>10</sup> Ekspertyza „Prawo sprzyjające przedsiębiorczości kobiet. Rekomendacje zmian”, PARP 2011.

education). Their businesses are smaller than men's and are less focused on business development and job creation. Only one out of four female owners has employees - the remaining part are self-employed entrepreneurs. Whereas male entrepreneurs (excluding one-man companies) employ approximately nine persons, the rate in case of women is five employees. Women are also very rarely owners of large companies, i.e. with 250 employees or more.<sup>11</sup>

Women entrepreneurs are significantly better educated than men - 23% of them have a university degree, whereas only 14% of men have a corresponding diploma.

The higher education of women in the long term can compensate for the observed weakness of women's enterprises (small scale action, activity in less profitable industries). It can also affect a further increase in the number of enterprises run by women and become a special competitive advantage of this social group.

### **1.3. Institutional & legal background**

#### **1.3.1. "National Programme for Equal Treatment for 2013-2016"**

The Office of the Government Plenipotentiary for Equal Treatment in cooperation with NGOs and other social partners prepared the document "National Programme for Equal Treatment for 2013-2016", approved by the government in December 2013. It lists principal goals, objectives and recommended actions for each thematic area, indicating entities responsible for implementation, bodies recommended for cooperation and a timeframe. Most consultation mechanisms with NGOs and other social partners are currently in place and are employed.

In the area "Improvement of the situation in the area of equality between women and men on the labour market", related to the issue of female entrepreneurship these actions include: (1) promotion of legal solutions for sharing parental leave by both parents and (2) rights of employed and self-employed parents relating to parental leave, (3) the development of day-care facilities for children and dependent persons to support women's and men's activity on the labour market, (4) promotion of equal participation of women and men in decision-making positions, (5) the elimination of a gender pay gap for work on the same position requiring the same quality and expertise, (6) support for women in choosing their career and for young women in developing leadership skills, (7) promotion of the principle of equal treatment of both parents in their care-taking and upbringing roles as well as a partnership model of the family. All issues related to these actions have been subject of fierce public debate in recent years.

## **2. Policy debate**

In the last few years, several topics concerning issues directly or indirectly conditioning female entrepreneurship have instigated heated public debate. In some areas, success can be reported, as well as failure in others. In each case the benefit is the awareness-raising process.

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<sup>11</sup> GUS, „Kobiety i mężczyźni na rynku pracy”, Warszawa 2012.

## 2.1. Zipper system

Since January 2011 and the introduction of the Quota Act, political parties' electoral lists must comprise of at least 35% of either gender. In the last elections the effectiveness of this measure proved to be symbolic as the percentage of female parliamentarians increased by a mere 4%. There is discussion about increasing the participation of women in politics, e.g. by introducing a parity and "zipper system", i.e. placing women and men in alternate order on electoral lists. In January 2013, the Parliamentary Women's Group filed a "zipper" bill in parliament that is still pending.

## 2.2. Women on boards

In November 2012, the number of women on boards of publicly listed companies was 11.4% and 17.5% in supervisory boards. The issue of women's participation on boards of publicly listed companies has been addressed in an Ordinance of the Minister of Treasury of March 7, 2013 recommending a target of 30% participation of an underrepresented sex by 2015. Such "soft law" thus far has not produced desired results. Recently, the Minister of Economy announced that a parity mechanism similar to the one on electoral lists (min. 35% women) would be a desired solution in both public and private companies, thus constituting an element of the women's entrepreneurship support system.<sup>12</sup> Such legislation is perceived by the public at large with much reservation.

## 2.3. Gender pay gap

Women in Poland in all occupational groups earn less than men with the greatest disparities among industrial workers and craftsmen (women earn on average 67% of men's earnings), as well as in the public sector in senior and medium management positions (73% of men's earnings). The highest difference in earnings is observed among women and men with tertiary (30%) and higher vocational education (26%). In other groups, the difference oscillates at 19-21%.<sup>13</sup> These disparities are, among others, due to women's educational choices (low-paid professions), access to training, female "auto-discrimination," i.e. underestimation of own work value resulting in lower wage expectations, work in auxiliary and peripheral positions where experience necessary for promotion is not acquired, and cultural patterns resulting in promotion of men in even female-dominated occupations.

## 2.4. Education

There are no standards governing the principle of non-discrimination in the educational system. Since autumn 2013, right-wing circles have been conducting an intensive "anti-gender" campaign directed against the idea of gender equality and aiming to reinforce traditional social female and male role models. "Gender" is called a major threat to traditional family values. Women-empowerment initiatives have therefore suffered as a result.

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<sup>12</sup> Deputy -Min in Ilona Antoniszyn-Klik, at 25 of April '14 press conference.

<sup>13</sup> Ogólnopolskie Badanie Wynagrodzeń (OBW) by Sedlak & Sedlak carried out in 2013.



## 2.5. Childcare

A lack of sufficient institutional childcare makes it harder for Polish women to reconcile family responsibilities and work life. Only 33% of children are in nursery care, 50% in kindergartens in urban and 14% in rural areas, whereas the EU average is over 80%.

Pro-family policy has become the government's priority. Since 2011, successive Acts aiming to improve the situation have been introduced such as regulatory changes regarding the organisation of nurseries, the introduction of a state budget contribution to cover social and health insurance for legally employed nannies, local government subsidies to mini-kindergartens (up to 5 children), introduction of two-week fraternal leave (100% paid), the possibility of both parents sharing maternal leave (the first 6 months) as well as the introduction of consecutive six-month long parental leave that can be shared by both parents at their discretion (60% of salary).

## 3. Transferability issues

The UK good practice adopts a very broad perspective on female entrepreneurship. It addresses a spectrum of complex issues, formulating a kind of a strategic action plan for women's enterprise support. The issues are complementary and address identified barriers, needs and deficiencies. Replicating such model would help to coordinate efforts and undertakings on behalf of women's business endeavours and allow monitoring of the efficiency of adopted methods and actions. Due to financial and organisational requirements specific actions would need to be approached as separate units (e.g. web-based support; access to finance / information on available financing; pilot programme at universities). The strong point of the UK practice is the existence of WBC, a body appointed by Government Equalities Office and functioning since 2012.

The U.K. and German best practices overlap and are complementary. The German good practice is a blueprint to carry out a single subject focused action, with the expected outcome being awareness rising. It is consistent, focused, takes into account that much more than one impulse is needed to achieve the desired effect, and that it requires time, work and resources. It adopts a range of methods to reach the target group (the video documentary of role models, round tables, counselling, training and networking). The selected subject matches both the existing female potential and business area with minimal representation of women leaders.

Transfer of the best practices on the level of models is possible and the same applies to the specific activities undertaken or suggested on executive level. However Poland, in contrast to U.K. and Germany, does not have an entity dedicated to female enterprise. Therefore while the German model would be easier to transfer as it can be implemented by women NGOs, civil society organisations & institutions and social partners in cooperation with responsible body (e.g. ministry of Economy, Office of the Plenipotentiary), in case of the U.K.'s best practice the first step to assure success would be the establishment of a working group responsible for female enterprise.