

1.4 The “Discouraged Applicants”: Barriers for Women Entrepreneurs



3 MIN READ

Imagine being an entrepreneur or an aspiring entrepreneur and having to face so many obstacles that you wonder if pursuing your entrepreneurial dream is worth it. For many women entrepreneurs, or aspiring entrepreneurs, this is often the sad reality.

What Does “Discouraged Applicant” Mean?

Women entrepreneurs or aspiring entrepreneurs face barriers that may limit their access to financing. The term “discouraged applicant” refers to women who, for various reasons, decide not to apply for financing. With all the obstacles that lie ahead, it’s perfectly understandable that women entrepreneurs would become “discouraged applicants.”

The 5 C’s of Entrepreneurship

Experts believe that to succeed as an entrepreneur, you must gain access to several types of interconnected capitals. The following are five types of capital that are essential to entrepreneurs:

- **Financial capital:** funding, programs, etc.
- **Economic capital:** economic networks, transportation (goods/merchandise), exports, taxation, etc.

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- **Social capital:** education, communities, networks, mentors, organizations, entrepreneurial relationships, etc.
- **Human capital:** entrepreneurial characteristics, financial literacy, financial confidence, personal experience, financial acumen, attitude, motivation, etc.
- **Family capital:** families, life partners, children, friends, etc.

Unfortunately, women face more obstacles than men, so gaining access to the 5 Cs of entrepreneurship is often challenging for women entrepreneurs or aspiring entrepreneurs; it is therefore essential that they gain access to those types of capital.

Barriers for Women Entrepreneurs

In comparison to men, women entrepreneurs face many obstacles that may prevent them from gaining equal access to financing.¹



Biases and Stereotypes²

As we all know, everyone may be prone to conscious or unconscious biases and stereotypes. This can be a significant barrier to women entrepreneurs seeking financing.

- Unconscious biases
- Gender-based stereotypes
- Cultural and social norms



Access to Information³

For many women entrepreneurs or aspiring entrepreneurs, obtaining information on certain aspects of business financing may be difficult.

- Lack of clear information on business financing
- Lack of assistance when gathering information on financing
- Difficulty finding financing/support programs
- Doubts as to expectations and financing criteria



Loan Practices and Policies⁴

Loan practices and policies may also pose significant challenges to women entrepreneurs.

- Disqualifying factors for financing (credit history, insufficient collateral, lack of experience, etc.)
- Relationships between women entrepreneurs and lenders/lending institutions



Distinct Features of Women Entrepreneurship⁵

Women entrepreneurs and their businesses often have unique characteristics. If misunderstood or disregarded, these characteristics may become barriers.

- Specific characteristics of women-owned businesses (e.g. business size, years in operation, organizational structure, regional trends, etc.)
- Operating sectors (e.g. retail, hotel, food, tourism, etc.)
- Business intent and motivating factors
- Entrepreneurial risks and adversity
- Growth, innovation and export potential
- Life circumstances (e.g. maternity, division of housework, access to childcare, etc.)



Diversity⁶

Many women entrepreneurs come from underrepresented groups, which means they may face additional obstacles.

- Indigenous women
- Racialized Women
- Immigrant Women
- LGBTQI2SA+ Women
- Women with a disability
- Women in rural and remote areas



Financial Literacy⁷

In terms of entrepreneurship, a reasonable level of financial literacy (i.e. financial confidence, skills and knowledge) may play a key role. At times, women entrepreneurs face barriers that may affect their understanding of financial literacy issues.

- Level of financial confidence and knowledge
- Shortcomings of educational systems
- Lack of access to training, coaching, mentoring and networking

References

- 1 If you are interested to learn more about one or more of these barriers, we invite you to read the numerous tools that we have produced.
- 2 For more information about this barrier, see [tool # 2](#).
- 3 For more information about this barrier, see [tool # 3](#).
- 4 For more information about this barrier, see [tool # 4](#).
- 5 For more information about this barrier, see [tool # 5](#).
- 6 For more information about this barrier, see [tool # 6](#).
- 7 For more information about this barrier, see [tool # 7](#).

Disclaimer

All documents prepared for the LEADING LENDERS project were developed in line with the most appropriate and recent terminology. However, we recognize that terminology is subject to change over time. To the best of our ability, we have attempted to use terminology that respects the dignity and rights of all individuals.