



# WOMEN IN ENTERPRISE: THE UNTAPPED POTENTIAL

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# FOREWORD

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It is right that we should focus on developing an environment which facilitates the growth of women entrepreneurs. Understanding the challenges faced by women business owners, but also identifying solutions that will increase the number of women actually setting up a new business is vital to creating a dynamic and vibrant small business community.

As the leading business organisation for small businesses and the self-employed, FSB has an important role to play in promoting the value of business ownership and being a key champion for women's entrepreneurship. We undertook this report to enhance our understanding of women's business ownership both within our own membership and the wider business community and to explore ways to help this community flourish.

Although the report highlights how many of the challenges faced by women entrepreneurs are similar to those facing the small business community as a whole, it shows there are still specific and persistent barriers for too many women when setting up and growing their own business. To help address this, we include a series of recommendations for the UK and devolved Governments on how to help women entrepreneurs realise their full potential. We hope these recommendations will prove useful to policymakers at the local, national and European level who seek to develop solutions to boosting women's business ownership.

The report also highlights the role of business groups in promoting and supporting women in enterprise. In response to the findings, FSB is creating a new taskforce to support women entrepreneurs and small business owners. The Women in Enterprise Taskforce will run a series of regional events and networking opportunities, working with the existing regional women's networks to ensure FSB fully represents all of its diverse membership.

Small firms already make a huge contribution to our economy. If we were to harness the still largely untapped potential of women entrepreneurship and provide them greater support, it could lead to more jobs being created, economic growth and a more diverse and representative small business community.



**Martin McTague**  
Policy Director



**Helen Walbey**  
Diversity Portfolio Chair

# EXECUTIVE SUMMARY

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Research by the Women's Business Council has shown that the UK economy is missing out on more than 1.2 million new enterprises due to the untapped business potential of women.<sup>1</sup> This is despite a number of policy initiatives by the UK Government and the devolved administrations, and the business community to promote and facilitate women business leaders and enterprise.

In 2014, 20 per cent<sup>2</sup> of single-person businesses and 18 per cent of smaller firm employers in the UK were majority-led by women.<sup>3</sup> At the same time, self-employment in the UK is at the highest level in 40 years, with much of the recent growth among women.

This report explores the importance of women's entrepreneurship to the UK economy and the challenges women business owners face when starting up and growing their business, including the availability of business support, access to finance and childcare. The research for this report included both focus groups and a survey of 1,919 women business owners.

## KEY RECOMMENDATIONS

This report makes a series of recommendations designed to boost women entrepreneurship across the UK and help realise the individual, societal and economic benefits of business ownership and self-employment.

- **Development of a framework for women's enterprise:** The UK Government, Welsh and Northern Irish administrations could consider developing and implementing individual frameworks for boosting women's enterprise, like the Scottish Framework and Action Plan for Women's Enterprise. At the UK level, this framework could be based upon the work of the Women's Business Council and bring together all Government departments and agencies in an effort to grow and support women's enterprise.
- **Improving access to finance:** Awareness and take-up of alternative forms of finance is lower among majority women-led firms. Women need to be aware of the full range of finance options available to them, including alternative sources such as crowdfunding and angel investors. The Government could consider an awareness-raising campaign aimed at helping to inform women of their financing options.
- **Improved data collection on business ownership:** There is currently a lack of consistent and regular gender-disaggregated business ownership data. The Government could explore how to use existing business data sources to improve the scope and regularity of gender specific data on business ownership. This would help provide policymakers with a stronger evidence base on women entrepreneurship.
- **Raising awareness of support:** Visibility and awareness of resources, like the Business is Great website, which provides access to business support in England, is low including among women entrepreneurs. Working with local business networks and key local stakeholders, the Government could explore ways to maximise the effectiveness of these resources and raise awareness among women business owners.
- **Improving diversity in procurement practices:** Improved monitoring of awarding of public contracts on a gender basis to increase diversity in supply chains. Further to this, more large businesses in the UK could consider introducing supplier diversity programmes.
- **Increasing the visibility of role models for women business owners:** Role models have an important role to play in inspiring women and demonstrating that entrepreneurship is a viable career option. These role models must represent the diversity of the business community, including small businesses, and be relevant to a range of sectors and businesses.
- **Equalising maternity pay:** The current system of maternity pay disadvantages sole traders and the self-employed, who in most cases do not qualify for Statutory Maternity Pay. The Government should explore increasing the Maternity Allowance in the first six weeks to bring it into line with Statutory Maternity Pay.

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<sup>1</sup> Women's Business Council, Maximising women's contribution to future economic growth – two years on, July 2015

<sup>2</sup> Department for Business, Innovation and Skills, Small Business Survey – Businesses with no employees, March 2015

<sup>3</sup> Department for Business, Innovation and Skills, Small Business Survey – SME employers, March 2015

# WOMEN'S ENTREPRENEURSHIP IN THE UK

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## The current picture

The UK has seen a sustained increase in the number of women in self-employment since the 2008 recession, rising by approximately 40 per cent (or 427,000) from November to March 2008 to November to January 2016. This compares to a 13 per cent (or 358,000) increase in the number of men who are self-employed. As such, women now account for nearly a third (32%) of all self-employment compared with 28 per cent of self-employment before the recession.<sup>4</sup>

According to the Department for Business, Innovation and Skills, (BIS) in 2014 20 per cent of single-person businesses were owned and run by women.<sup>5</sup> A further 18 per cent of UK smaller firms that are employers were majority-led by women, (defined as controlled by a single woman or having a management team comprised of a majority of women).<sup>6</sup> This in total equates to around 1.1 million smaller firms. This figures includes businesses that have women within their management team but who are not in the majority, this amounts to 38 per cent of all smaller firms in 2014 – or around 2 million small and medium sized firms.<sup>7</sup>

## Defining and measuring women's enterprise

Defining and measuring the extent of women's enterprise in the UK continues to be complex. This is in part due to the fact that not all business owners are self-employed and not all self-employed are regarded as business owners. Self-employment is the most common form of business ownership for around 90 per cent of both men and women. Although there is no legal definition of self-employment, HMRC has created a set of behaviours in order to classify when someone is considered self-employed.<sup>8</sup> The Labour Force Survey allows individuals to decide their suitability for this classification and self-employment can include 'running a business', 'doing freelance work' and 'working for yourself'. As a result of the availability of this data and given that self-employment constitutes the majority of business ownership in the UK, it is often used as a proxy for business ownership. However, based on this methodology, the data captured does not reflect the true extent of entrepreneurial activity in the UK – including women's entrepreneurship.

The Governments annual business population estimates calculate the number of businesses of varying size in the UK. However, these do not include disaggregated data by firm size the number of women who majority own or partially own their business.

## The economic potential of women's entrepreneurship

Despite evidence that more women than men are choosing to move into self-employment, the RBS Enterprise Tracker - which tracks people's attitudes to starting up in business - has found that women continue to be less likely than men to want to start a business (30% vs. 38%) and that fewer women are in the process of starting their own business (3% vs. 5%).<sup>9</sup> Research suggests that 900,000 more businesses would be created if the UK achieved the same level of female entrepreneurship as in the US, resulting in an additional £23 billion gross value added to the UK economy. In England alone, 150,000 extra businesses would be created per annum if women started businesses at the same rate as men.<sup>10</sup>

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4 Office of National Statistics, UK Labour Market: February 2016 available at <http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes>

5 Department for Business, Innovation and Skills , Small Business Survey – Businesses with no employees, March 2015

6 Department for Business, Innovation and Skills, Small Business Survey – SME employers, March 2015

7 Ibid

8 A list of the characteristics such as putting in bids or giving quotes to get work, not being under direct supervision when working, submitting invoices for the work is available here: <https://www.gov.uk/employment-status/selfemployed-contractor>

9 RBS Enterprise Tracker, in association with the Centre for Entrepreneurs, 3rd Quarter 2014, August 2014

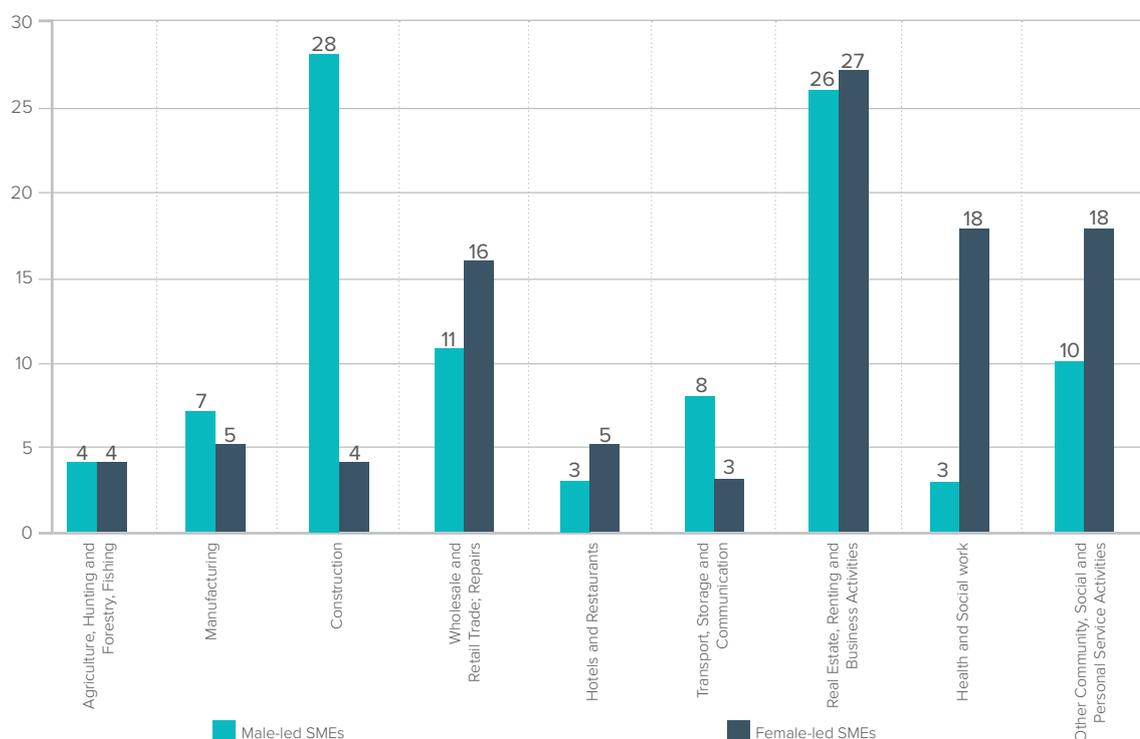
10 UK Women's Enterprise Taskforce, Greater Return On Women's Enterprise, 2012

## Common characteristics of women-led businesses in the UK

Women-led businesses tend to be more highly concentrated in health and social work and community, social and personal services (see Figure one). There is a clear deficit of women-led businesses in the construction and transport, storage and communications sectors, reflecting traditional gender segregation patterns discernible in the wider labour market. However, the sectors where there are greater numbers of female-owned businesses are also those that tend to have lower levels of business growth and have smaller turnovers<sup>11</sup>.

**Figure one:** Percentage of male-led and female-led small and medium sized enterprises.

**Source:** BDRC Continental, Women-led businesses - Analysis from the SME Finance Monitor YEQ1 2014.



There are many reasons why women decide to start their own business, however our survey of women business owners found that the most common reason was that they had experience of the sector (40%).<sup>12</sup> Other popular reasons include confidence in their skills in their chosen sector or industry (37%), believed the work is interesting (29%), and a gap in the market (26%).<sup>13</sup> The desire to achieve a good work-life balance was cited by a quarter (25%) of survey respondents, with flexibility and the opportunity to be more involved in childcare and family life an attractive proposition to many women.<sup>14</sup>

Greater numbers of women-led businesses operate from the home.<sup>15</sup> A recent survey by AXA found that 75 per cent of women business owners spent between three and five days working on their business from home.<sup>16</sup> The Office of National Statistics (ONS) has found that sector and business type account for most of the difference in the number of women business owners who work from home; however personal preference and family commitments can mean that more women than men will choose to run their business from home across all sectors.<sup>17</sup>

<sup>11</sup> Department for Business, Innovation and Skills, Contribution of women-led and MEG-led businesses to the UK non-financial economy, March 2015

<sup>12</sup> FSB, Women Entrepreneurs Survey, July 2015

<sup>13</sup> Ibid

<sup>14</sup> Ibid

<sup>15</sup> Causer, P, Park, N, Office for National Statistics, Women in business, 2009

<sup>16</sup> The study of 330 business owners was conducted by AXA Business Insurance and Taylor McKenzie in January 2016, available at <http://www.axa.co.uk/Newsroom/Media-Releases/2016/A-tough-day-in-the-life-for-Britain-s-female-entrepreneurs/>

<sup>17</sup> Causer, P, Park, N, Office for National Statistics, Women in business, 2009

Research suggests that on average women entrepreneurs tend to be younger than their male counterparts and operate newer businesses that are smaller in terms of annual turnover and employment size.<sup>18</sup> There is also a higher level of business churn amongst women-led firms, with women more likely to cite 'personal reasons' than 'business failure' as the reason for exiting their business than their male counterparts.<sup>19</sup>

Finally, while on average women owned firms have lower levels of growth and are under-represented in the fastest growing firms, evidence does not suggest that the women entrepreneurs who aim to grow will be any less successful than male business owners.<sup>20</sup> When firm characteristics, including sector and business age, as well as individual characteristics, such as education and age, are taken into consideration women-owned firms outperform those owned by men.<sup>21</sup>

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<sup>18</sup> Carter S, Shaw E, Women's Business Ownership: Recent Research and Policy Developments, November 2006

<sup>19</sup> GEM International Data 2011 (RBS)

<sup>20</sup> RBS Group, Women in Enterprise: A Different Perspective, November 2012

<sup>21</sup> Ibid

# WOMEN'S ENTREPRENEURSHIP: HOW THE UK COMPARES INTERNATIONALLY

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The 2014 Global Entrepreneurship Monitor (GEM) research consortium measures the entrepreneurial activity of individuals in 70 economies. The 2014 results show that the number of working age people in the UK involved in entrepreneurial activity or with intentions to start a business within the next three years is steadily rising.<sup>22</sup>

According to data collected by the GEM consortium, the UK's TEA rate or 'total early stage entrepreneurial activity' rate in 2014 stood at 8.6 per cent, which is significantly higher than the 2013 rate and higher than that of Germany (5.3%) and France (5.3%).<sup>23</sup> Despite this, the 'nascent entrepreneurial rate' and 'new business owner-manager rate' remain lower than that of the US at 13.8 per cent.<sup>24</sup>

Using this data, it is possible to calculate the difference between the rate of male and female entrepreneurship, or the gender TEA gap, in countries that participated in the economies covered by the GEM data. Further analysis by the UK Government (Figure two) compares the gender TEA gap in a range of selected countries. A positive gender gap denotes a higher rate of male entrepreneurial activity or intentions, whereas a negative gap indicates a higher rate of female entrepreneurship. In the UK, the gender TEA gap in 2014 was estimated to be 6.3 per cent.<sup>25</sup>

When comparing the UK to the other countries sampled - including France, Germany and the US, as well as Australia, Japan and a number of Scandinavian countries - its gender TEA gap is far more pronounced, placing it in the lower quartile along with Hungary, Poland and Canada and only slightly outperforming the Slovak Republic and Hungary. The only country with a greater proportion of female entrepreneurs to male entrepreneurs is Switzerland with a gender TEA gap of just over 0 per cent, however Spain, China and Italy are among those countries who report some of the highest levels of female entrepreneurship.

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<sup>22</sup> Global Entrepreneurship Monitor, United Kingdom 2014 Monitoring Report, Aston University, 2014 available here <http://www.gemconsortium.org/country-profile/121>

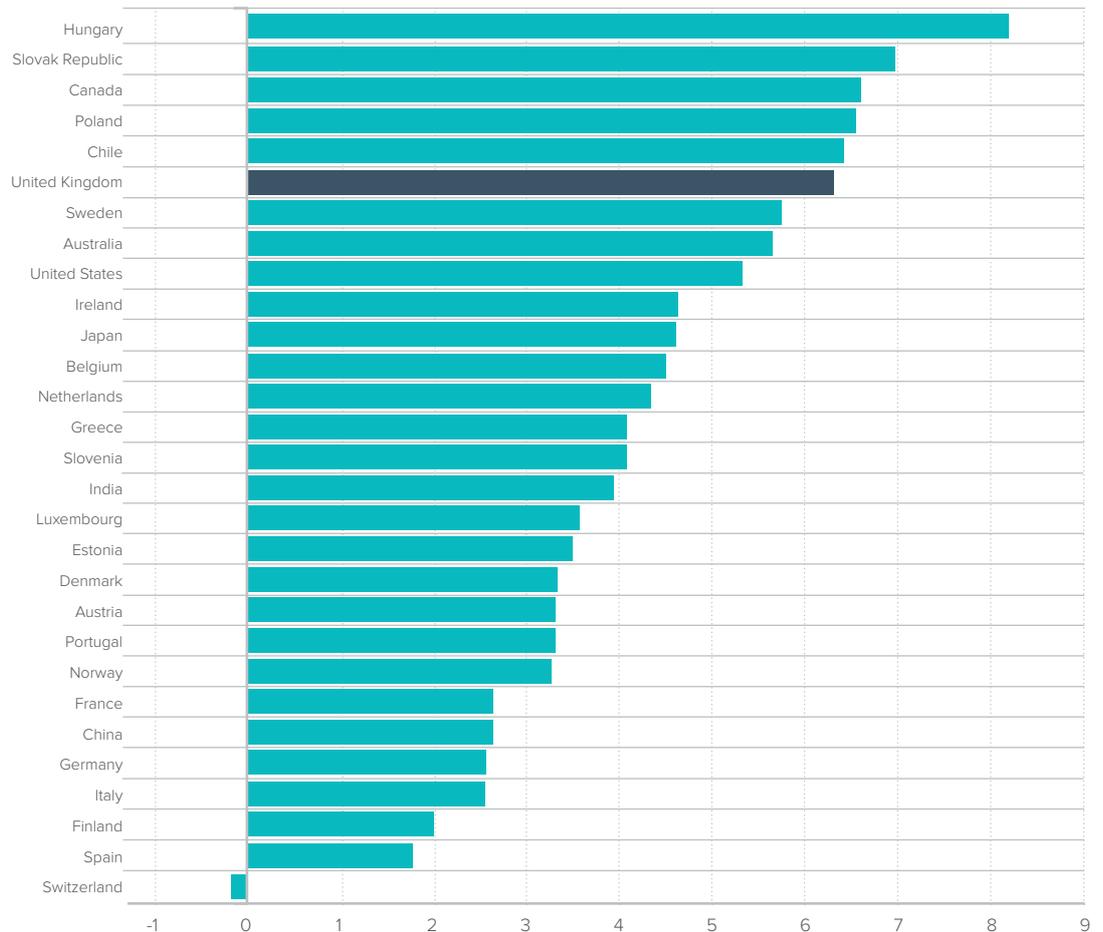
<sup>23</sup> Ibid

<sup>24</sup> Ibid

<sup>25</sup> Rhodes, C, Business Statistics, House of Commons Briefing Paper number 06152, December 2015

**Figure two:** TEA Gender Gap, percentage points, selected countries, 2014.

**Source:** Rhodes, C, House of Commons Briefing Paper, Number 06152, December 2015.<sup>26</sup>



In some countries the differences between the level of male and female entrepreneurship can be explained in terms of access to resources, including education, the internet, basic training for small and medium-sized enterprises and finance.

However, according to the 2015 Global Women Entrepreneur Leaders Scorecard - which measures, ranks and rates opportunities and challenges faced by female entrepreneurs in 31 countries and accounts for 70 per cent of the world's female population - the UK has the highest overall score for access to resources. This is largely driven by equal access to secondary education and training in the skills required to start and run a small or medium-sized business.<sup>27</sup> Receiving similar scores for access to fundamental resources are Australia, France, Sweden and the USA. By way of comparison, countries like Ghana and Pakistan perform poorly in this category on the basis that women have limited if any access to secondary education, the internet and a bank account, and there are significant barriers to smaller firms training programmes.<sup>28</sup>

<sup>26</sup> Rhodes, C, House of Commons Briefing Paper, Number 06152, December 2015

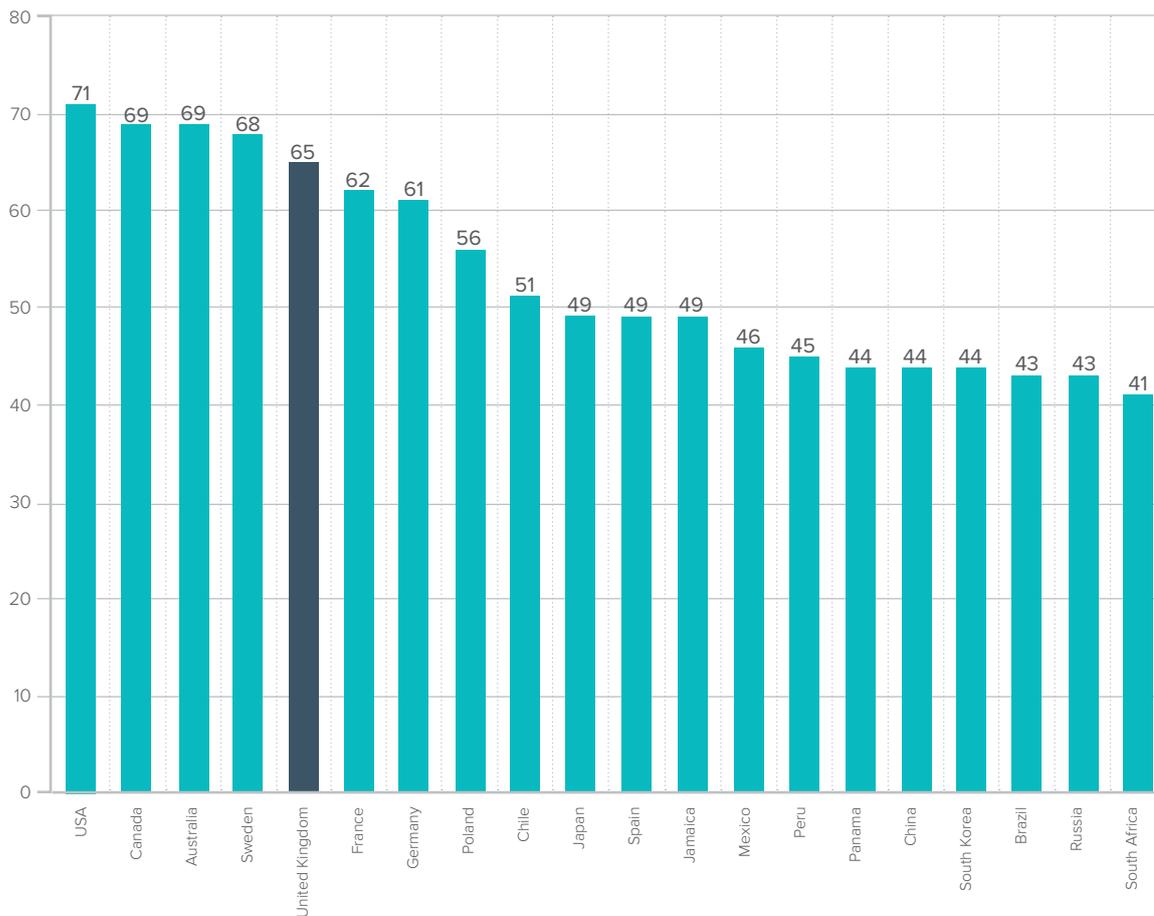
<sup>27</sup> Global Women Entrepreneur Leaders Scorecard - Executive Summary, ACG Inc., 2015

<sup>28</sup> Ibid

Factoring in additional analysis of the UK’s business environment, such as its approach to female leadership and equal rights, pipeline for entrepreneurship and potential to create entrepreneurial leaders, the UK ranks as one of the top 5 countries for women’s entrepreneurship.<sup>29</sup>

**Figure three:** Top 20 countries for support of high-impact women’s entrepreneurship.

**Source:** 2015 Global Women Entrepreneur Leaders Scorecard, Executive Summary, ACG Inc., 2015.



However despite the UK’s high overall ranking, more can still be done to boost women’s entrepreneurship and improve access to further support for women who want to set up and run their own businesses. Furthermore, although the UK may perform strongly in terms of access to resources, the fact that it does not rank first indicates that there are additional impediments to women entrepreneurship at play.

<sup>29</sup> Ibid

# POLICY INTERVENTIONS TO BOOST WOMEN'S ENTREPRENEURSHIP

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Recognition of the importance of the link between entrepreneurial activity by women to economic growth, particularly among policymakers and the business community, has increased over the last 20 years.<sup>30</sup> Yet despite this increased recognition, research by the Organisation for Economic Co-operation and Development (OECD) has found that women's entrepreneurship remains a largely untapped source of economic potential. If this was fully realised it could help to boost job creation - for women business owners themselves and others - and lead to greater understanding of alternative approaches to addressing management, organisational and business issues.<sup>31</sup>

In 2003 the UK Government published a Strategic Framework for Women's Enterprise. This represented the first coordinated and collaborative effort by the UK and devolved Governments to address the issues which could assist more women to become entrepreneurs and help others to grow. The framework advocated a collective, long-term approach to the development of women's enterprise and to increase significantly the numbers of women starting and growing businesses in the UK, to proportionately match or exceed the level achieved in the US.<sup>32</sup>

## Lessons from the US

The US has seen a long-term and sustained policy focus on women in businesses. In 1979, driven by an executive order, the US Small Business Administration's Office of Women's Business Ownership was established with the aim of increasing female participation in entrepreneurship. This was followed by the establishment of the Women's Business Center Program in 1988 to help women overcome continuing barriers to success. Today, the Women's Business Centers operate in almost every state, offering training in finance, management, marketing, and the internet, as well as access to financial and procurement assistance programs. This approach has led the US to top the list of countries for their support of high impact women's entrepreneurship.<sup>33</sup>

Another key strength of the US approach has been the emphasis on the importance of data collection where there has been a concerted effort to collect gender-disaggregated data on entrepreneurs. As far back as 2003, when the Strategic Framework for Women's Enterprise<sup>34</sup> was written, policymakers have been aware of the instrumental role of collecting this data in both understanding the challenges facing women entrepreneurs and developing policies to improve their numbers and situation.

## Supporting women's enterprise in the UK

Since the publication of the Strategic Framework for Women's Enterprise, various attempts have been made to support women to realise their entrepreneurial ambitions in the UK. For instance, the National Association for the Promotion of Women's Enterprise, established in 2002, was an independent non-profit commissioned by UK Government to produce the first UK national strategy and quality standards for women's enterprise support. After its closure in 2011 it was re-launched as the social enterprise, Prowess, to provide business support and information to women.

More recently in 2012 the Women's Business Council was launched to advise the UK Government on how women's contribution to growth could be optimised, culminating in the publication of a report and series of recommendations to the UK Government and a range of other stakeholders in June 2013.<sup>35</sup> A key strand of the work of the council centred on female enterprise, both in terms of women's understanding of the opportunities offered by enterprise and what is needed in terms of support to the necessary skills to set-up and run their own business. Difficulties identifying and accessing finance, a general lack of confidence in their business and personal skills, and a lack of visible role models were among the barriers to successful female enterprise identified by the Women's Business

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<sup>30</sup> Organisation for Economic Co-operation and Development (OECD), Women's Entrepreneurship: Issues and Policies, June 2014

<sup>31</sup> Ibid

<sup>32</sup> Small Business Service, A Strategic Framework for Women's Enterprise – Sharing the Vision: a collaborative approach to increasing female entrepreneurship, 2003

<sup>33</sup> 2015 Global Women Entrepreneur Leaders Scorecard - Executive Summary, ACG Inc., 2015

<sup>34</sup> Small Business Service, A Strategic Framework for Women's Enterprise – Sharing the Vision: a collaborative approach to increasing female entrepreneurship, 2003

<sup>35</sup> Women's Business Council, Maximising women's contribution to future economic growth, June 2013

Council.<sup>36</sup> As a result, the Council advised the UK Government to take steps to encourage girls and young women to learn about enterprise and self-employment, improve the pool of female enterprise role models, and make it easier for women to access information and finance.<sup>37</sup>

Supporting enterprise growth – including identifying and assisting the ‘missing million’ women entrepreneurs in the UK – was described as being central to the UK Government’s plans to create a stronger economy, in the Women and the Economy Action Plan in November 2013.<sup>38</sup> Using the recommendations from the Women’s Business Council, the UK Government committed to addressing not only the wider challenges faced by small business owners - including investment, red tape and the existing culture around enterprise – but also agreed to gain a better understanding of the diversity of entrepreneurs (including for female entrepreneurs). It also committed itself to improve web-based advice and support to reflect this diversity and ensure that female entrepreneurs have access to the finance they need to start out and grow. The action plan also highlighted the need to consider what more needs to be done to support those with caring responsibilities to set up their own small business – a key recommendation of the Women’s Business Council’s report.

Following the publication of the Women’s Business Council recommendations and the Government’s Women and the Economy Action Plan, steps have been taken to develop specific policies and initiatives to boost female enterprise in the UK. For example, in October 2014 the Government introduced a new webpage on the Business is Great website summarising the support available to women looking to start, grow or accelerate their businesses and set out the Government’s advice and resources. Topics covered include finance, childcare, mentoring and networking.<sup>39</sup>

A range of other policy initiatives have also been launched, as outlined in The Burt Report: Inclusive Support for Women in Enterprise, in February 2015.<sup>40</sup> These include a £1 million challenge fund (where 40 local broadband projects in England were invited to submit bids to develop local projects that support women-led businesses and potential women entrepreneurs to take their businesses online), £1.6 million to support women’s enterprise in rural areas, £150,000 to fund ‘Meet a Mentor’ events which will link up female-led businesses with mentors, and a 50 per cent contribution of up to £2,000 from the Growth Voucher programme to help female entrepreneurs pay for accounting or marketing advice.<sup>41</sup> More recently, the extension of Tax Free Childcare to the self-employed could enable many women to pursue a career in business where before they would not have been able to afford to do so due to high childcare costs. These developments, in conjunction with the introduction of Start Up Loans, the Enterprise Allowance and local growth hubs, are designed to help create the conditions for more women to start and grow a business.

## Interventions by the devolved administrations

Since the publication of the UK-wide Strategic Framework for Women’s Enterprise in 2003, each of the devolved Governments has developed their own approach to fostering women’s entrepreneurship:

- **Wales** - While there is no specific female entrepreneurship strategy in Wales, the Welsh Government continues to provide funding to Chwarae Teg. This is a charity which helps to ensure that women in Wales can start their own business or enter the workplace, develop their skills and build rewarding careers. The Women Adding Value to the Economy (WAVE) project (which ended in 2015) had a specific strand focusing on female self-employment and was funded by the European Social Fund (ESF) through the Welsh Government. Much of the good practice developed during the project has been mainstreamed. Further development of the holistic model for promoting female entrepreneurship (gender aware research, awareness raising, role modelling, networking, mentoring and learning opportunities) continues under the auspices of the Women’s Entrepreneurship Hub at the University of South Wales.

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36 Ibid

37 Ibid

38 Ibid

39 Women’s Business Council, Maximising women’s contribution to future economic growth – two years on, July 2015

40 Department for Business, Innovation and Skills, The Burt Report: Inclusive Support for Women in Enterprise, February 2015

41 Ibid

- **Scotland** - In March 2014, the then Cabinet Secretary for Finance, Employment and Sustainable Growth, John Swinney MSP and Minister for Youth Employment, Angela Constance MSP published Scotland's Framework and Action Plan for Women's Enterprise<sup>42</sup>. The aim of the framework is to increase the contribution of women's enterprise to the Scottish economy and outline actions that need to be taken to address the gender gap in entrepreneurial activity in Scotland. The actions contained within the framework focus on mentoring and networks, ambassadors and role models, markets and finance, and gender specific support, and their delivery will be overseen by the Women in Enterprise Implementation Group which is coordinated by Women's Enterprise Scotland.

Last year Women's Enterprise Scotland launched the Digital Gender Balance, a programme designed to allow organisations to review the gender balance in their current digital presence and identify gaps and anomalies. The programme sets out to enhance the skills of everyone from business advisors to content marketers to ensure that digital content is gender appropriate.

On International Women's Day 2016, Margaret Gibson, CEO of Women's Enterprise Scotland announced a microfinance pilot scheme. This scheme allows women to access small test trading grants of up to £250. The offer will provide support to women who are facing particular economic challenges and provide them with the small grants to explore the viability of their new business idea.

- **Northern Ireland** - The Government has recently outlined the important contribution of female entrepreneurship to the economy. At an event to mark Women's Entrepreneurship Day in November 2015, Office of the First Minister and Deputy First Minister (OFMDFM) Junior Minister Jennifer McCann said: "Commerce like politics needs diversity, fresh ideas and contributions from a wide range of people. We must not frustrate or waste the talents of women; instead we must harness talent and inspire women". There is a range of support for women starting-up businesses in Northern Ireland, including the Connect Programme provided by Women in Business NI. Information on these initiatives can be accessed through Invest NI and nibusinessinfo.co.uk, which is a free online service for business advice and guidance in Northern Ireland.

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<sup>42</sup> The Scottish Government, Women in Enterprise: a framework and action plan to increase the contribution of women's enterprise to the Scottish economy, March 2014

# CHALLENGES AND OPPORTUNITIES FOR WOMEN'S ENTREPRENEURSHIP

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This next section will examine the key challenges which can impact upon women's ability to fully realise their entrepreneurial ambitions, including access to business support and finance, skills and training and affordable childcare. In this section we draw on insights obtained from FSB focus groups conducted with 40 women business owners between June and August 2015. The focus groups took place in Cardiff, Edinburgh, Helmsley, London and Manchester.

## Business support

Being able to access external business support and advice is crucial to starting, running and growing a business. Despite the importance of this resource, less than half (44%) of smaller firm employers sought external information or advice in 2014 according to Government statistics. Where business support was sought, the most prevalent type of business advice and information related to growing a business and tax and general financial issues respectively.<sup>43</sup>

FSB research found that two thirds of women say they have accessed both private and Government-sponsored business support in the past in order to help grow their business.<sup>44</sup> These included professional business advisors (34%), online training and support (10%) and educational institutions, such as universities, further education colleges and schools (9%). Indeed, the majority of women who took part in our focus groups emphasised the importance of accessing business support services when starting-out.

"It can be an absolute nightmare getting your head around all the stuff you need to know when you look into starting a business. There are so many things you need to do, and you need help in the initial stages."

Woman business owner, Helmsley

Data from the Women's Business Council finds that women in the UK are more likely to access support from professional services, banks and governments than women entrepreneurs in Europe; this is particularly evident when comparing the percentage of women who turn to Government business support, with 38 per cent of women in the UK using these resources compared to just three per cent of women in Europe.<sup>45</sup> Interestingly, although a higher proportion of women in the UK compared to their counterparts in Europe use Government business support, the findings of our survey show that these types of support are some of the least accessed among respondents, including Growth Hubs and Local Enterprise Partnerships, or LEPs (5%), the Local Authority (6%) and Business Gateway (6%).<sup>46</sup> A forthcoming FSB report on self-employment also found that access to Government-backed schemes was significantly lower for the self-employed and one-person businesses, suggesting that the smaller the business (regardless of whether they are led by a man or a woman) the less likely they are to have accessed Government support.

One of the services least accessed by respondents to our survey is the Business is Great website with only 0.6 per cent of women claiming to have used the service to help grow their business.<sup>47</sup> This echoes the findings of the Government's Small Business Survey 2014 which found evidence of equally low usage (less than half a percent) among the general small firm employers population.<sup>48</sup>

Interestingly, there is evidence that women are more likely to use all forms of business support - including private and Government-sponsored organisations and schemes - than men.<sup>49</sup> Furthermore, with the majority of women business owners agreed that improved online and digital skills (55%), marketing expertise (56%) and business strategy skills (60%) would be most useful to growing their business.<sup>50</sup>

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43 Department for Business, Innovation and Skills, Small Business Survey 2014: SME Employers, BIS Research Paper Number 214, March 2015

44 FSB, Women Entrepreneurs Survey, July 2015

45 Women's Business Council, Maximising women's contribution to future economic growth, June 2013

46 FSB, Women Entrepreneurs Survey, July 2015

47 Ibid

48 Department for Business, Innovation and Skills, Small Business Survey 2014: SME Employers, BIS Research Paper Number 214, March 2015

49 Ibid

50 FSB, Women Entrepreneurs Survey, July 2015

“I’d like to be able to grow the online side of the business. We can now take orders when we’re on holiday, which is great, so that’s how I’m looking to grow.”

Woman business owner, London

Yet, despite many women business owners in the UK accessing the advice and information they need to grow, our survey found that a third (33%) haven’t received support of any kind.<sup>51</sup>

“I couldn’t find anything in my local area. In the end I found a personal coach, but it cost a load of money. I just found that there wasn’t much there...and at some point I won’t be able to afford it.”

Woman business owner, London

With this in mind, there could be scope to improve women’s awareness of both private and public sources of business support in these areas and review the existing business support landscape to ensure that services are relevant and deliver the support entrepreneurs – including women business owners – need to grow:

“There is a lot of stuff out there, and the internet is a big place. You just don’t know where to start.”

Woman business owner, London

## Mentoring

Mentoring can play a key role in helping entrepreneurs to grow vital business skills, provide insider insight, support and guidance to business owners at all stages of growth and assist in building a network of business contacts. However, for women business owners, mentoring can be particularly effective in building self-confidence and challenging perceptions of their own skills and capabilities.

As part of FSB’s research, we conducted a series of focus groups with over forty women business owners between June and August 2015 to explore their insights and experiences of starting their business. On the issue of self-confidence, one woman said:

“Men are so much better at promoting themselves and presenting themselves as the expert. I know I am vastly more experienced and frequently more competent than some of these men but am far too reticent to push myself forwards.”

Woman business owner, West Midlands

Evidence highlighted by the Women’s Business Council suggests that women are less likely than men to think they have the skills needed to start a business and are more likely to be prevented by a fear of failure. According to the Women’s Business Council, a key explanation for the gender entrepreneurship gap may be linked to wider issues of lacking self-confidence rather than an actual lack of skills.<sup>52</sup> This assertion is reflected in the findings of our recent survey, with 22 per cent saying a lack of confidence was one of the most significant challenges they faced when starting their business and 20 per cent claiming their lack of self-confidence has restricted their ability to grow.<sup>53</sup>

“...Access to high quality mentoring from successful business people who’ve actually set up their own business, on their own, with their own money.”

Woman business owner, Yorkshire

A number of the women who took part in our focus group discussed specific confidence issues arising from returning to or starting a new business after having children. One woman highlighted her perception that people in the community and her extended family felt she should be at home full time to care for her children.

<sup>51</sup> Ibid

<sup>52</sup> Women’s Business Council, Maximising women’s contribution to future economic growth, June 2013

<sup>53</sup> FSB, Women Entrepreneurs Survey, July 2015

“The first two months {of starting my business and returning to work after the birth of my children} I had a huge confidence crisis.”

Woman business owner, Helmsley

There have been specific business schemes designed to help both women returners, and women more generally to improve their confidence levels and move into business. The Women Adding Value to the Economy or WAVE project in Wales provides access to mentoring support to help women build skills and confidence to progress in their careers. The importance of this project in building confidence was highlighted by one member.

“I struggled with my confidence levels and I was worried I would fail if I tried... Attending the WAVE project really helped me see what I could achieve.”

Woman business owner, Wales

Women business owners can also find out about mentoring schemes and initiatives via the Business is Great website. Indeed, there has been a sustained and concerted effort by the Government and a range of stakeholders in the private sector to provide mentoring support to women entrepreneurs; for example, ‘Meet a Mentor’ events which link-up women-led businesses with mentors to help them grow, and the Mentorsme service to help businesses identify mentoring opportunities. However, our survey showed that less than one per cent of the female business owners who took part in our survey had used the service.<sup>54</sup>

In Scotland, the new Women’s Enterprise Ambassadors project – developed as a result of the Scottish Framework and Action Plan for Women’s Enterprise – will feature stories from over 30 of the most successful women entrepreneurs in Scotland over two years in order to inspire, motivate, engage and connect with women-led start-ups and growth businesses.

In Wales, Business Wales offers a mentoring service although this is not gender specific.

## Skills and training

Having the right skills and understanding the need to continue developing and updating expertise are key to strong business performance at all stages of growth and can help firms to avoid current and future skills gaps. The most recent UKCES Employer Skills Survey highlighted the increasing impact of the skills gap on the business and organisational performance of smaller firms. 23 per cent of employers with two to four staff reported experiencing ‘major impacts’ due to internal skills challenges<sup>55</sup>. Other reported impacts include a loss of business or orders to competitors and delays to the development of new products and services.<sup>56</sup>

Encouragingly, a separate FSB survey of over 2,000 business owners found that 59 per cent of business owners update their business skills every 12 months, demonstrating that the majority of the small business community are aware of the importance of skills to successful enterprise.<sup>57</sup>

“There was a big difference between going from employee to self-employed, then to business owner and manager. When I was on my own I was ok, but when you take people on board, for example, there are other issues that are completely new and I need to learn new ways of doing things.”

Woman business owner, London

54 FSB, Women Entrepreneurs Survey, July 2015

55 UKCES, Employer Skills Survey 2015, January 2016

56 Ibid

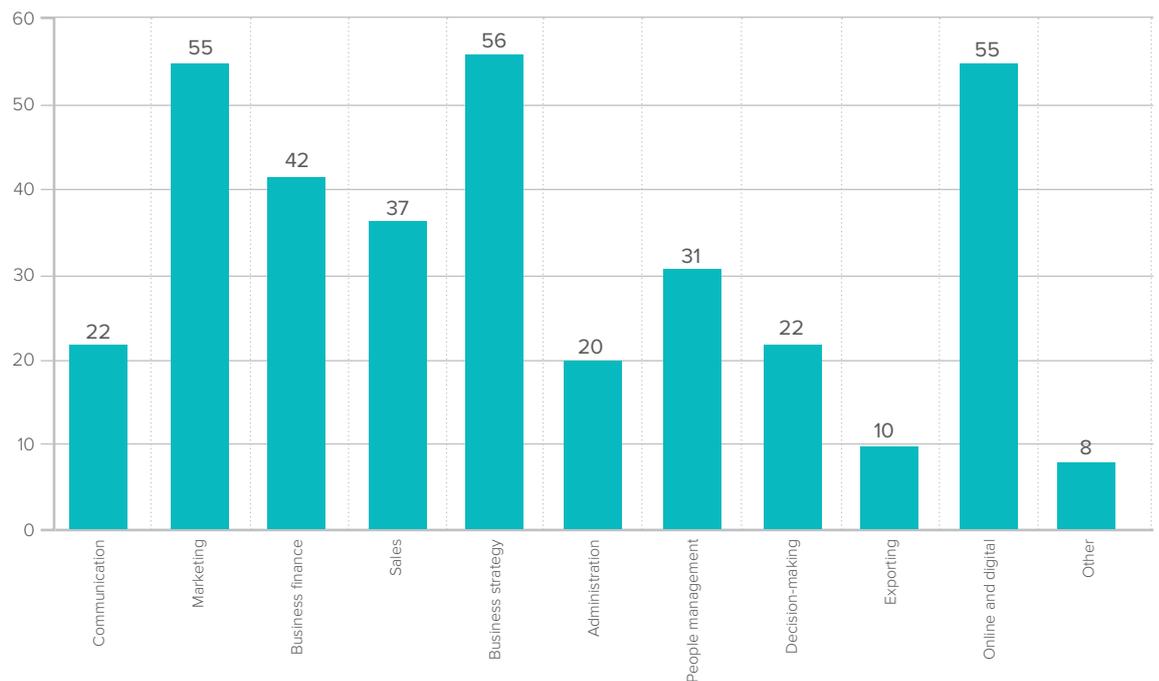
57 FSB, Leading the Way: Boosting leadership and management in small firms: Discussion Paper, March 2016

37 per cent of the women business owners who took part in our survey said they started a firm in their chosen area because they were confident in their skills in that particular industry<sup>58</sup>. Despite this, survey participants identified a number of skills which they believed would be most useful to develop to help them to grow their business, including – as this paper has already alluded to – online and digital skills, marketing skills and business strategy skills. However, two in five (42%) of respondents felt developing their business skills would be beneficial, and almost a third (35 %) of women business owners believed improving sales skills would be an advantage.<sup>59</sup>

The knowledge and skills women entrepreneurs considered to be the least useful to developing their business was regarding exporting (10%). However, as data from BIS's Small Business Survey 2010 shows, with only 16 per cent of women-led SME employers exporting goods or services outside the UK - a lower figure than the 23 per cent of SME employers overall – this finding is not entirely surprising.<sup>60</sup> A reason for this is likely to be the lower proportion of women-led businesses in the production sector than for small firm employers generally.<sup>61</sup>

**Figure four:** What skills would you find most useful to develop to help grow your business?

**Source:** FSB Women Entrepreneurs Survey, July 2015.



Although women business owners seem to understand the importance of skills, it's also worthwhile noting that only six per cent agreed that more business skills (non-specific and various) would help more women to set-up their own business<sup>62</sup>. As such, a greater focus on highlighting the benefits of skills development and acquisition could help to increase the number of successful, innovative and entrepreneurial women-led enterprises in the UK and address skills shortages as they look to grow.

<sup>58</sup> FSB, Women Entrepreneurs Survey, July 2015

<sup>59</sup> Ibid

<sup>60</sup> Department for Business, Innovation and Skills, BIS Small Business Survey 2010: Women-led business boost, June 2011

<sup>61</sup> Ibid

<sup>62</sup> Ibid

There are of course barriers which prevent many small firms benefitting from skills training, including issues around accessibility and a perceived lack of appropriate opportunities, identified by 12 per cent of women business owners.<sup>63</sup> Similar concerns around relevance of training and the risk that it might not be suitable were also raised by participants across all four focus groups:

“I wouldn’t mind paying for training if I knew I would get something back. But I find with a lot of these courses there’s around a 25 per cent success rate.”

Woman business owner, Helmsley

Difficulties accessing skills training can be a particular issue for those in rural areas, where organisations such as Women in Rural Enterprise (WiRE) aim to provide support to rural business women by providing support, skills and networks to women. As one focus group participant succinctly put it:

Training that takes place away from the business can also pose a challenge to some businesses; especially if a business is led by someone with existing childcare commitments, as this report will later explore. For others, it may be difficult to justify the expense or usefulness of training, as one focus group participant highlighted:

“Again it’s all about locality. There was a training course I really wanted to go on. It was in Manchester and it cost about £600 to go. I just can’t justify that. The time away, the train and the cost of the hotel. It’s a lot of money to lay out without the guarantee I’ll get something useful back.”

Woman business owner, Helmsley

However, the cost of training was one of the more significant barriers to skills training identified by the women who attended the focus groups; in particular, the inability of small businesses to benefit from training opportunities in the same way that large businesses can, as their comments highlight:

“In my sector, CPD is incredibly expensive. As part of my chartership, I need to pay it. I have to do a set number of hours, but there’s no lower rate for independent businesses.”

Woman business owner, Helmsley

One woman business owner also raised issues around disparities between the cost and availability of training courses open to organisations in different sectors.

“I found that through my voluntary project I was running at the same time as my business that I was inundated with offers of help and courses, left, right and centre. They were either very cheap or even free in many cases. I don’t get the same offers in my business.”

Woman business owner, London

Almost a quarter (25%) of women business owners claimed a lack of online and digital skills was a barrier to growth, while 18 per cent cited current management and business skills as a barrier. In light of this, ensuring women have access to training that meets their varying needs is key. Another limitation to growth identified by survey participants is their understanding of how to hire and manage staff (12%) which is a crucial set of expertise to business expansion.<sup>64</sup> Support and guidance on this and other aspects of employment and skills is available on the Women’s Enterprise pages of the Business is Great website. However, with less than one per cent of women business owners accessing this resource much of the advice contained within is going unused.<sup>65</sup>

“I thought it was really difficult to find information...You just, sort of, muddle through and do the best you can.”

Woman business owner, Helmsley

63 Ibid

64 FSB Women Entrepreneurs Survey , July 2015

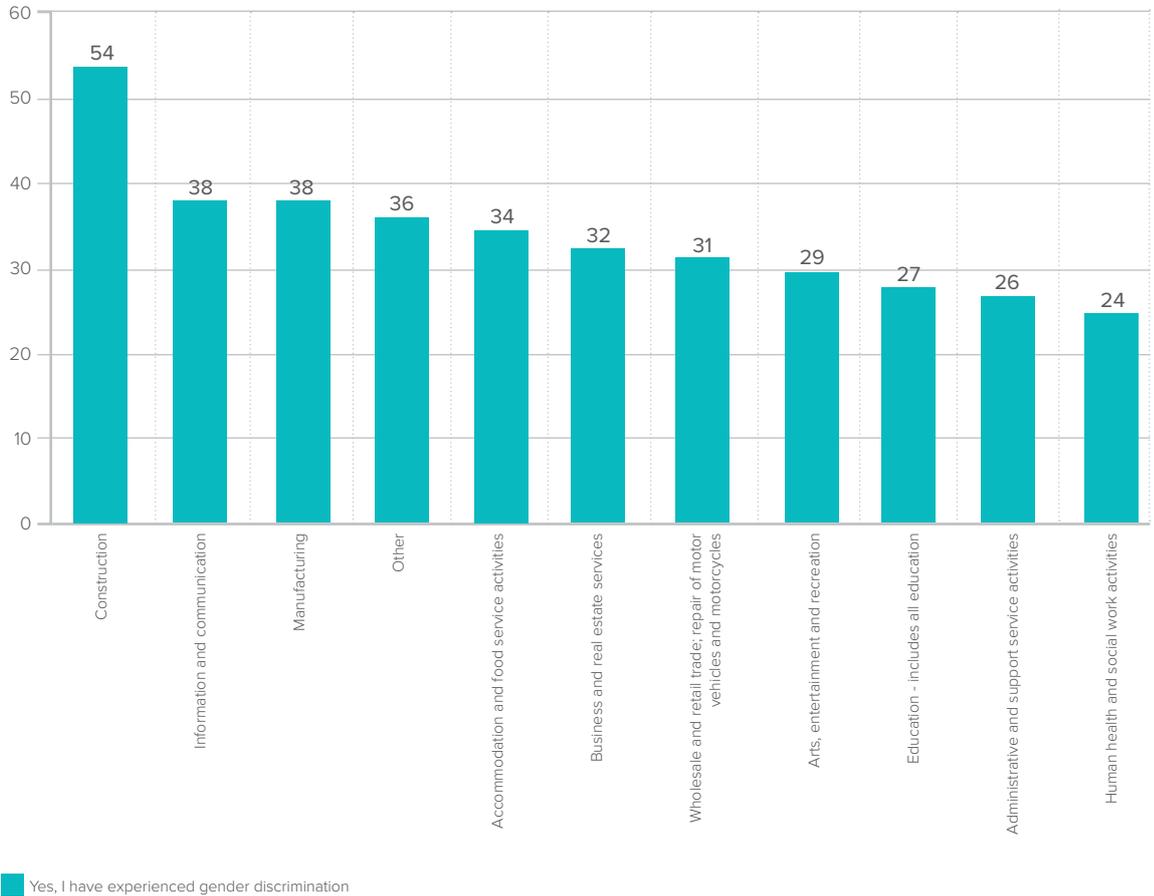
65 Ibid

### Perceptions and discrimination

A third (34%) of FSB women business owners says they have experienced discrimination as a business woman in the past.<sup>66</sup> In our focus groups and the survey, members recalled instances in which clients, suppliers and external contractors either mistook their role in the business or assumed that a male partner or employee was the business owner.<sup>67</sup>

“I’ve been called a receptionist, tea person, admin lady and everything else in between... but never the business owner.”  
Woman business owner, Wales

**Figure five:** Have you experienced gender discrimination as a woman business owner?  
**Source:** FSB Women Entrepreneurs Survey, July 2015.



Furthermore, FSB research has found that there are more cases of gender discrimination in sectors that are traditionally male-dominated; for example, 54 per cent of women working in the construction industry told us they had faced discrimination<sup>68</sup>. In contrast, in sectors traditionally associated with women-led businesses, gender discrimination was still evident. For example, in health and social work, 24 per cent of women said they had experienced discrimination on the grounds of gender<sup>69</sup>.

66 FSB, Women Entrepreneurs Survey, July 2015  
67 This echoes research in Wales as part of the Women Adding Value to the Economy (WAVE) project, a partnership between University of South Wales, Cardiff University and BAWSO. See Changing the Conversation: Research Analysis of Longitudinal Data on Patterns (Quantitative), Practice and Experience (Qualitative) of Women’s Self-employment in Wales (Trefforest, 2015).  
68 FSB, Women Entrepreneurs Survey, July 2015  
69 Ibid

Some women felt that across all sectors there appeared to be a continued perception that entrepreneurialism and business ownership is a male career.

“We have experienced men taking the view that we are ‘nice girls’ running a ‘nice, wee business’. It is not initially taken seriously by certain men. ...the complexities involved in running a large nursery and employing 25+ staff.”

Woman business owner, Wales

## Peer groups and role models

Research shows that women are less likely than their male counterparts to know a person in business and therefore have fewer opportunities to benefit from exposure to others with experience of business with whom they can identify.<sup>70</sup> 83 per cent of women who have started their own business have known someone else who has done the same<sup>71</sup>, suggesting that being exposed to entrepreneurship - in particular, women’s entrepreneurship - can have a significant influence on career choice.

Role models help people to view themselves in careers and to understand the skills and qualities needed to succeed. Many of the women in our focus groups wanted to see more role models of women ‘like them’. What’s more, participants also suggested that existing role models in the public domain do not adequately represent the majority of women working in small businesses in the UK.

“To celebrate more diverse women as role models, I think they need to be celebrated in the media a lot more – younger women, BME<sup>72</sup> women, LGBT<sup>73</sup> women and disabled women.”

Woman business owner, Wales

“Role models that are not international superwomen that you can’t relate to.”

Woman business owner, Helmsley

“Access to real local women who have made a reasonable success in running their own business rather than mega successful remote role models.”

Woman business owner, South West

In their findings and recommendations report, the Women’s Business Council highlighted the lack of diverse female role models to inspire and support women and girls to view entrepreneurship as a career option.

Schools, colleges and universities offer a unique opportunity to develop entrepreneurial aspiration among girls and young women by fostering links with women business role models who can give them the confidence to pursue opportunities by sharing relatable experiences and knowledge of a particular area.

“Talking to girls at school and empowering them to set up in the future. Encouragement of self confidence and self belief. More visible role models.”

Woman business owner, Helmsley

“More positive self confidence techniques being used in schools. I think this is where the stigma begins and where a young female is very impressionable and needs really powerful mentors or role models.”

Woman business owner, North East

There are a number of third sector organisations that help support schools to build links with female role models. Inspiring Women run by the Education and Employers Taskforce, is an initiative which links women from a wide range of occupations with state schools to tell girls and young women about their job, career and life experience. The Inspiring Women initiative is delivered by 16,500 volunteers, many of whom run their own business.

<sup>70</sup> Achieving the Vision: Female Entrepreneurship, BCC/GEM, 2004

<sup>71</sup> Women’s Business Council, Maximising women’s contribution to future economic growth – two years on, July 2015

<sup>72</sup> Abbreviated term for black and minority ethnic

<sup>73</sup> Abbreviated term for lesbian, gay, bisexual, transgender

## Enterprise Education

More needs to be done to inspire and support girls and young women to start their own business. This could form part of a wider focus on boosting enterprise in young people. Research conducted by Populus on behalf of RBS found that 47 per cent of 18-30 year olds say that they would like to start their own business.<sup>74</sup> Despite this relatively high figure, young people's interaction with enterprise and business while at school remains limited. In the June 2014 report *Enterprise for All*, Lord Young highlighted enterprise, innovation and entrepreneurship at the forefront of the educational agenda in England. Lord Young noted the importance of high quality enterprise and careers inspiration activities in boosting young people's entrepreneurial skills and preparing them for a potential future in business.<sup>75</sup> In addition to encouraging inspiring and creative approaches to teaching the curriculum and prioritising project work that builds entrepreneurial skills, the report makes a series of recommendations for improvements to enterprise education in schools, further and higher education to help prepare young people – including girls and young women – to be successful as individuals and entrepreneurs, including:

- The development of an Enterprise Passport which digitally records a young person's enterprise learning and work experience.
- The introduction of Enterprise Advisors to coordinate engagement between schools and business to provide real-life experience of the world of work.
- Recognition of the need for greater attention to be given to enterprise skills and activities in Ofsted school inspections, and
- Providing teachers with experience in business as part of their Continuous Professional Development.

The Lord Young report is focussed on England but there are implications and areas of good practice which may be applicable across the UK more widely. Small firms have a clear role to play in helping realise many of these measures and are well-placed to explore enterprise, entrepreneurship and self-employment with young people; furthermore, our research finds that 29 per cent of small business owners would like to be involved in providing guidance on working in business or industry<sup>76</sup>. FSB is already playing its part. We are helping to fund the Young Enterprise Company Programme – which has successfully supported over a million 15-19 year olds to launch and run a social enterprise over the course of an academic year - in six schools across the country in areas of high deprivation. Teams are supported by a local FSB member who will help them to explore some of the key barriers faced by small business owners over the course of the academic year.

Finally, access to information on the full range of education and training options and career pathways is key to shaping young people's understanding of, and attitudes towards, certain careers and professions. This is particularly crucial to challenging traditional gender stereotypes around business ownership. For example, Big Ideas Wales has a well-established network of role models from a range of different businesses and backgrounds who act as guest speakers in schools and colleges in Wales, promoting entrepreneurship.<sup>77</sup>

<sup>74</sup> Lord Young, *Enterprise for All: The relevance of enterprise in education*, June 2014

<sup>75</sup> *Ibid*

<sup>76</sup> FSB, *Education and Skills Survey*, May 2015

<sup>77</sup> Available at: [businesswales.gov.wales/bigideas/insights-and-inspiration](http://businesswales.gov.wales/bigideas/insights-and-inspiration)

## Access to finance

Funding is crucial to launching and growing a successful business. For many of the women we spoke to the ability to access finance was a challenge all business owners faced. However, some focus group participants highlighted that they felt banks were less receptive to their application due to their individual circumstances.

“It’s difficult to get banks to support a new business especially when you are female, over 40 and have childcare responsibilities.”

Woman business owner, East Anglia

Although some studies have pointed to on-going perception among some women that banks discriminate against them,<sup>78</sup> other reports suggest that there is no longer an issue of bankers or other credit agencies in the UK refusing to provide finance to women due to prejudice.<sup>79</sup> Despite this, women-led small businesses are less likely than smaller firms led by men to be using any form of external finance, including loans, overdrafts and credit cards.<sup>80</sup>

The ability to access finance was highlighted by a quarter of women business owners as a key challenge to them starting their own business. Evidence has shown that women on average start their business with a third less capital than those of their male counterparts.<sup>81</sup> Under-capitalisation limits enterprise growth by constraining business investments in key assets such as equipment, employees, or inventory necessary for growth. Furthermore, under-capitalisation during a business’s start-up phase can have a long-term and negative effect on business performance and growth.<sup>82</sup> One focus group participant highlighted the concerns they had in accessing debt finance at the start of their business

“I didn’t want one [a loan]. It is about control. I didn’t want someone else to have that amount of control. So I funded it from my savings.”

Woman business owner, London

Another focus group participant highlighted she felt she had more responsibility to protect the family finances as a woman and a mother than her partner.

“You have partners. You are not about to put your house at risk to start a business. You do not want the bank coming after joint assets.”

Woman business owner, London

Fear of debt, financial responsibility for a family and a perception that approaches to financial institutions for funding will be unsuccessful contribute to an increased tendency for some women business owners to source initial capitalisation from friends and family, which in turn leads to lower capitalisation of women’s businesses on start up. Even where bank finance is sourced, evidence shows that there is a tendency towards use of a single type of finance rather than a funding package.<sup>83</sup>

Research shows that on average women tend to be more risk adverse than their male counterparts, and as a result will apply for less finance, or refuse to accept finance if it comes at a high price.<sup>84</sup> Women are more likely to apply for loans from banks or loans or grants from government-backed enterprise schemes than to apply for alternative forms of finance.<sup>85</sup>

78 RBS Group, Women in Enterprise: A Different Perspective, November 2012

79 Women’s Enterprise Taskforce, Myths and realities of Women’s Access to Finance, July 2009

80 BDRC Continental, Women-led businesses: Analysis from the SME Finance Monitor YEQ1 2014, February 2015

81 Carter S and Rosa, P., The Financing of Male and Female Owned Businesses, Entrepreneurship and Regional Development, 1998

82 National Policy Centre for Women’s Enterprise, Evidence Paper Women’ Enterprise and Access to Finance, July 2009

83 Women Owned Businesses. US department of Commerce survey, October 2010

84 Ibid, and Women Owned Businesses. US department of Commerce survey, October 2010

85 Women’s Enterprise Taskforce, Myths and realities of Women’s Access to Finance, July 2009

The ability to access finance to maintain and grow their business was a key concern for the women business owners we approached. The need to use personal finance and the ability to access finance was identified by 33 per cent and 20 per cent of women business owners respectively as exerting pressure on their business; a further 42 per cent reported access to cash flow as a key constraint on their ability to grow.<sup>86</sup>

The UK Survey of SME Finance 2007 illustrates how a lack of financial education can undermine potential access to equity, and so can impact on the growth prospects for the enterprise involved. For example, 17 per cent of women majority-led businesses did not know how to go about applying for equity finance compared to 4 per cent of male majority-led companies.<sup>87</sup>

Business angel investment provides not only the finance to grow, but also access to experienced businessmen and women who can give important advice. Research has found that women investors are marginally more likely to invest in women-owned businesses.<sup>88</sup> As women investors only represent a small percentage of the total investor population in the UK, this represents an untapped potential for growth finance. Research also shows that increasing the number of women business angels would have a positive effect on the flow of finance to women entrepreneurs.<sup>89</sup> Moreover, if women business angels were more visible as a consequence of their greater numbers, this might encourage more women entrepreneurs to approach them for funding. Higher visibility in the business world of women business angels could help encourage the uptake and understanding of alternative forms of finance.

Crowdfunding - the raising of finance through a number of investors each offering relatively small amounts - could also have a positive effect on women's access to finance. Research exploring the crowdfunding market in the US has shown that women on crowdfunding platforms, including CircleUp and Kickstarter, are on average more successful than male-led firms.<sup>90</sup> One reason given for this is the higher proportion of women investors, who are more likely to invest in projects led by women.<sup>91</sup> However, evidence shows that women entrepreneurs are less likely to access crowdfunding platforms than their male counterparts.<sup>92</sup>

## Access to new markets

There are many benefits to small business in being able to access procurement opportunities, including greater potential for innovation and increased likelihood of business growth. In recent years, governments at both UK and devolved level have taken steps to simplify the tendering process for public sector procurement for small business owners.

Currently, only estimations can be made about the numbers of women-led businesses that are benefiting from public or private sector procurement opportunities. Women-led businesses are typically younger, smaller and often located within services sectors<sup>93</sup> - all factors that can limit their success in winning public contracts. Access to these contracts therefore may be constrained as a result, which can have knock-on implications in terms of the growth and success of these business, and ultimately the economic contribution of women's enterprise.<sup>94</sup>

In the UK there has been an increasing focus on encouraging greater inclusion of groups that have traditionally found it difficult to break into the systems that large organisations have set up to buy in goods and services. This is known as 'supplier diversity'. In the US supplier diversity is well established and ingrained in legislation, with federal law mandating a five per cent government-wide procurement goal for women-owned small businesses. Furthermore, the Small Business Administration offers valuable support to ensure that women led businesses have the skills, knowledge and access to benefit from voluntary, private and public sector procurement. There are also a number of initiatives

86 FSB, Women Entrepreneurs Survey, July 2015

87 Centre for Business Research, Financing UK Small and Medium-sized Enterprises The 2007 Survey, August 2008

88 Harrison, RT and Mason, CM., Does gender matter? Women business angels and the supply of entrepreneurial finance, *Entrepreneurship Theory and Practice*, April 2007

89 Ibid

90 Stengal G, How Women (and Men) Benefit From Equity Crowdfunding, April 2015

91 Marom D, Robb A, Sade O, Gender Dynamics in Crowdfunding: Evidence on Entrepreneurs, Investors, and Deals from Kickstarter, 2013

92 Stengal G, How Women (and Men) Benefit From Equity Crowdfunding, April 2015

93 BDRC Continental, Women-led businesses analysis from the SME Finance Monitor YEQ1 2014, February 2015

94 National Policy Centre for Women's Enterprise, Procurement: Fostering Equal Access for Women's Enterprise, March 2009

aimed at helping women secure better access to procurement opportunities, such as online procurement training; training events; and matchmaking events, which target both public and private procurement.

There is a strong business case for larger companies to focus on supplier diversity. Evidence suggests that companies that focus on supplier diversity can generate 133 per cent greater return on procurement investment than typical business.<sup>95</sup> Such companies spend on average 20 per cent less on their buying operations and have procurement teams half the size of their peers whose supplier programmes are not as diverse.<sup>96</sup> Furthermore, corporations dealing with minority suppliers in both the UK and USA claim that having diverse suppliers allows them to reach previously untapped markets. This can help establish and enhance their reputation among current and potential ethnic minority customers by demonstrating their commitment to greater diversity in their procurement policies. Dealing with diverse suppliers can also help enhance an organisation's capacity to understand, access, and meet the needs of new markets.<sup>97</sup>

In 2013 the Royal Bank of Scotland, supported by WEConnect International, developed the Supplier Diversity and Inclusion Code of Conduct.<sup>98</sup> The Code supports the growth of inclusive sourcing and asks firms to commit to providing equal opportunities within their procurement processes to ensure that diverse suppliers have access to procurement opportunities throughout the supply chain. There are other firms that have voluntarily signed up to the Code including Accenture, Cisco Systems, Coca Cola, EY, Gibbs S3, IBM, Intel, Interpublic Group, Marriott International, MSD (Merck), SDI Limited, The Sourcing Team and Wyndham Worldwide.<sup>99</sup>

## Work-life balance

For many women in the focus groups, starting a business offered the opportunity to achieve more control over their work-life balance, allowing them to spend more time with their family, caring for children or elderly parents and having a better quality of life - an option they felt was not available to them in traditional employment.

"I felt I was working very hard with not enough options for getting the pay I deserved or a decent work-life balance."

Woman business owner, South East

"[Starting a business] allowed me at the time to give my father a better quality of life; as he was of ill health."

Woman business owner, East Midlands

However, as many of the women in our focus group discovered, starting and growing a business presented short-term difficulties achieving the work-life balance they had hoped to gain, with 40 per cent of survey respondents citing balancing work and family commitments as the biggest challenge to setting up a business.<sup>100</sup> A further 56 per cent said that maintaining their work life balance was the most significant challenge of running a business.<sup>101</sup>

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<sup>95</sup> The Goldman Group, *The Economics of Supplier Diversity: Examining Areas of Potential Interest for GLI*, August 2010

<sup>96</sup> Ibid

<sup>97</sup> *Business in the Community, Business Action on Supplier Diversity*, 2007

<sup>98</sup> Available at <http://www.weconnecteurope.org/sites/default/files/documents/SDICCAadopters.pdf>

<sup>99</sup> Available at <http://www.weconnecteurope.org/supplier-diversity-and-inclusion-code-conduct>

<sup>100</sup> FSB, *Women Entrepreneurs Survey*, July 2015

<sup>101</sup> Ibid

## Childcare

Despite changes in attitude to parenting and wider caring responsibilities, women remain the primary carers in our society.<sup>102</sup> A survey of 4,443 parents in 2009, carried out as part of a study for the Equality and Human Rights Commission Working Better initiative,<sup>103</sup> found that three quarters of mothers believe that they have primary responsibility for childcare in their home. As a result, it is often women who face the greatest difficulties in reconciling caring responsibilities and demands of work.

Moving into enterprise and business ownership for many women can present both opportunities and difficulties for reconciling this challenge. Owning a business can allow women more control and in the hours they work, often making it easier to balance the demands of work with child caring responsibilities.

“I have managed to attend every sports day and carol concert, which I wouldn’t have managed to do if I wasn’t self-employed.”

Woman business owner, Scotland

Indeed, studies have found that women running businesses employ strategies often not available to those in employment such as trading while caring for children simultaneously, working non-standard hours, or working from home.<sup>104</sup> This was consistent with the views of the business owners we spoke to, who felt they were not working fewer hours, but instead worked after their children had gone to bed or at weekends.

“Customers do not want you to work 9-12... I work mainly in the evenings and at weekends.”

Woman business owner, Helmsley

There are business sectors and business models that do not offer the same flexibility. Childcare in the UK is already amongst the most expensive in the world and childcare prices have continued to rise above inflation.<sup>105</sup> However, despite the flexibility that can be offered through business ownership, the lack of available and affordable childcare was raised by a quarter of our members as a key barrier preventing more women from moving into business.<sup>106</sup>

“I struggle with affording adequate childcare to allow me time to work. It falls to me to finance childcare out of my business but it is a new business battling start-up costs.”<sup>107</sup>

Woman business owner, East Anglia

“There is no private nursery in Helmsley, all the child-minders have waiting lists and there are no before or after school clubs.”

Woman business owner, Helmsley

To help address this, in 2014 the Government announced the introduction of the Tax Free Childcare scheme. Unlike the previous Employer supported Childcare (ESC) voucher scheme, Tax Free Childcare will be available to all working parents, regardless of whether their employer is signed up to the scheme or they are self-employed. The Tax Free Childcare scheme has the potential to support women to explore opportunities they may have previously considered beyond their reach due to pre-existing family commitments, such as starting a business. The introduction of the scheme has been delayed and is timetabled to begin in early 2017.

<sup>102</sup> Equality and Human Rights Commission, *How Fair is Britain Equality, Human Rights and Good Relations in 2010*, October 2010

<sup>103</sup> Equality and Human Rights Commission, *Childcare - a review of what parents want*, November 2010

<sup>104</sup> Rouse, J and Kitching, J, *Do Enterprise Support Programmes leave women holding the baby?*, Environment and Planning C: Government and Policy, Volume 24, Issue one, 2006

<sup>105</sup> Family and Childcare Trust, *Childcare Costs survey 2015*, February 2015

<sup>106</sup> FSB, *Women Entrepreneurs Survey*, July 2015

<sup>107</sup> *Ibid*

## Maternity leave

Entitlement to maternity benefits for small business owners is complex and often depends on their individual circumstances. Small business owners who are classified as Directors of their companies – and therefore employees for tax purposes - are entitled to Statutory Maternity Pay (SMP) and qualify for 10 'Keeping in Touch' or KIT Days.

In contract, women who are sole traders or freelancers are entitled to the Maternity Allowance, which is less generous than the support available via SMP. Not all women are able to receive the full Maternity Allowance either, for instance those that have not paid enough national insurance contributions prior to their due date. For many women attempting to run a business whilst taking time out to care for a baby, the levels of entitlement to them fails to deliver the financial support and flexibility they need.

The recent Self Employment Review by Julie Deane, commissioned by the UK Government, recommended enhancing the level of Maternity Allowance provided to the self-employed in the first six weeks<sup>108</sup> - an idea FSB support.

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108 Julie Deane, Self Employment Review: An Independent Report, February 2016

# RECOMMENDATIONS

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The evidence in this report demonstrates that women continue to encounter barriers that prevent them from moving into business ownership and impede their ability to grow their businesses. Many of the barriers they face are common challenges faced by all small business owners. Our recommendations reflect this reality. However, in some cases we have suggested specific policy interventions which aim to boost entrepreneurship among women.

## **The development of a framework for women's enterprise**

The Scottish Government has introduced the Scottish Framework and Action Plan for Women's Enterprise, to provide a strategic and co-ordinated approach to boosting women's entrepreneurship. The actions contained within the framework focus on mentoring and networks, ambassadors and role models, markets and finance, and gender specific support. There is an opportunity for other parts of the UK to share expertise in this area and learn from the Scottish experience by introducing frameworks of their own.

We recommend that the other devolved nations and the UK Government implement their own frameworks for boosting women's enterprise. At the UK level, this framework could be based upon the work of the Women's Business Council and bring together all Government departments and agencies in an effort to grow and support women's enterprise. This framework should have key targets and milestones aimed at closing the gender gap in enterprise.

## **Improving access to finance**

Awareness and take-up of alternative sources of finance is lower among majority women-led firms. Women need to be aware of the full range of finance options available to them, including alternative sources such as crowdfunding and angel investors. The Government could consider an awareness-raising campaign aimed at helping to inform women interested in starting or growing businesses of the full range of financing options now available on the market. One option could be to use the ICAEW and British Business Bank's Business Finance Guide to improve awareness further, by working with partners, such as FSB, to help share their guide.

## **Improving data collection on business ownership**

There is currently a lack of consistent and regular gender-disaggregated business ownership data.<sup>109</sup> Policymakers have to rely on the biennial Small Business Survey published by BIS, and other data sources (referenced in this report) to estimate the numbers of women business owners, while the Labour force Survey provides data on self-employment.

To address this gap in the data, the Government could explore the potential of adding a voluntary tick-box to the VAT Return form, which businesses are required to submit to HMRC every three months, or the Annual Returns form submitted to Companies House to determine the gender of business owners (the company director(s) in the case of limited companies, as well as sole traders and partners in business partnerships). This would improve the scope and regularity of gender specific data on business ownership and in turn help to provide policymakers with a stronger evidence base on women entrepreneurship on which to create new initiatives and interventions

## **Raising awareness of sources of support**

Currently, the Government offers support and advice for women entrepreneurs in England, including providing opportunities to develop business skills, find a mentor and access training. These resources can be accessed on the Business is Great website. However, our research shows that awareness and use of this portal is low. Therefore, Government could explore further ways to maximise the effectiveness of the resource and raise awareness among women business owners. Central to this will be working with local business networks and key local stakeholders, including LEPs, Local Authorities and Growth Hubs to promote and signpost women business owners to relevant support that addresses their needs.

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<sup>109</sup> The need for better gender disaggregated data was also a recommendation of the WAVE report in Wales. See Executive Summary - Changing the Conversation: WAVE WISER Research Analysis of Longitudinal Data on Patterns (Quantitative), Practice and Experience (Qualitative) of Women's Self-employment in Wales (Trefforest, 2015).

Related to this, the careers service websites are a widely recognisable source of information and advice on learning, training and work opportunities and play a key role in directing more traffic to resources sought by individuals in business. The National Careers Service, Skills Development Scotland, Careers Wales and Careers Service Northern Ireland could consider featuring a prominent link to their national business support websites for those seeking information related to skills and training for women entrepreneurs and advice on embarking on a career in business.

Support for businesses in Wales is delivered via Business Wales; this includes a mentoring service. There is the potential for Business Wales to have a more specific focus on women's entrepreneurship and business support for women.

### **Improving diversity in procurement practices**

There needs to be greater monitoring of awarding of public contracts at all levels of Government – UK, devolved and local authority in order to monitor the success of strategies to increase diversity in the supply chain.

Further to this, large businesses in the UK could consider introducing supplier diversity programmes, drawing-on the Royal Bank of Scotland and WEConnect International's Supplier Diversity and Inclusion Code of Conduct. As part of the programme businesses could measure annually the number of women-owned businesses registered with them to supply business products and services, the number of women-owned businesses on their Preferred Supplier Lists (PSL), and the volume of expenditure per annum with women-owned businesses.

Our evidence has suggested that women have responded well to being provided with tailored advice and training on accessing procurement. As a result, the business support initiatives alluded to above could also include training and support on procurement.

### **Increasing the visibility of role models for women business owners**

There is overwhelming support for increasing the visibility and accessibility of female role models for women in entrepreneurship.

At the European level, there are a number of notable support networks for women. For example WES (the European network to promote women's entrepreneurship) is a policy network providing advice, support, information, and contacts regarding existing support measures for women entrepreneurs.<sup>110</sup> Membership includes national government representatives and institutions from 31 European countries. In 2009, The European Network of Female Entrepreneurship Ambassadors – made-up of around 270 entrepreneurs from 22 European countries - was established to provide role models who could raise awareness and encourage entrepreneurship as a career option for women of all ages.<sup>111</sup>

Networks and groups like these play an important higher level role. However, there is a need for local solutions at the grassroots level. FSB endorses the recommendation of the Women's Business Council to increase the number of female role models for women entrepreneurs and boost their visibility. These role models must represent the diversity of the business community, including small businesses, and be relevant to a range of sectors and businesses. We also support the establishment of local business networks to encourage peer-to-peer mentoring, information and ideas exchanges and informal business support. FSB can use its regional network to help facilitate women's business networks and informal mentoring.

Role models have been shown to play an important role in inspiring young people to explore different career options and opportunities. FSB is supportive of the work of The Careers and Enterprise Company to create a network of business volunteers in England who will become mentors to 25,000 young people by 2020. This project, and others like it, can also support engagement between young people and business to inspire and motivate young women to consider all the opportunities available to them – including business ownership and entrepreneurship.

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<sup>110</sup> [http://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/women/support-networks/index\\_en.htm](http://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/women/support-networks/index_en.htm)

<sup>111</sup> Ibid

**Equalising maternity pay**

The current system of maternity pay disadvantages sole traders and the self-employed, who in most cases do not qualify for Statutory Maternity Pay. The Government could consider increasing the Maternity Allowance in the first six weeks and bring it more closely in line with Statutory Maternity Pay. As is the case with Statutory Maternity Pay, the remaining 33 weeks would be paid at the flat rate of £139.58 or 90 per cent earnings if lower.

# METHODOLOGY

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FSB research was carried out by Verve, an independent research agency. Verve carried out an online survey of 1,919 women business owners in July 2015. The research was carried out across England, Wales, Scotland and Northern Ireland. In most cases, there was little evidence of a statistically significant variation between devolved nations. For this reason, this report does not seek to highlight such geographical differences, but acknowledges that the specific politics, geography and demographics of each nation may produce variations within the overall results.

To further inform the report and understand the views of our membership, FSB also carried out five focus groups with 40 women business owners between June and August 2015. The focus groups took place in Cardiff, Edinburgh, Helmsley, London and Manchester.

This report is led by the views of the women who participated in the focus groups and took part in the online survey. All quotes referenced within the report come from the focus group and the online survey. It is designed to inform the ongoing policy debate about encouraging women's entrepreneurship. This report also provides FSB with a better understanding of our own membership.

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