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## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

### FOREWORD – ISABELLA MOORE, PRESIDENT, PROWESS

Growing the number of women-owned businesses in the UK is essential for increased economic development, greater innovation and creativity. Encouraging women's entrepreneurship is also about providing more flexible opportunities for women of all ages and from all backgrounds.

This report builds on the progress made in the UK in recent years, and provides interesting new insights which can inform future policy and practice. And one of the messages which comes over loud and clear is that we need a sustained commitment to supporting women's enterprise if we are to see real progress. This commitment needs to come from central Government, regional agencies, the private sector and everyone concerned with economic growth.

The case studies featured in this report illustrate the talent, ideas and skills women from all over the country are bringing to the business world. But many of them would have struggled to get off the ground if they hadn't been able to source business advice, training and mentoring. The Government is currently embarking on the simplification of business support across the English regions, and this can only be applauded – but there's also a real danger that support options for women will be reduced, and this must be avoided. The economic case for increasing women's business ownership has been made - let's all work together to ensure that it becomes a reality.

### FOREWORD – SIMON WAINWRIGHT, HEAD OF BUSINESS BANKING FOR HSBC BANK PLC

HSBC is delighted to sponsor this Global Entrepreneurship Monitor Women's Enterprise Report. This report is an important source of data and information on entrepreneurial activity of women in the UK. It provides a valuable insight into women's entrepreneurship in the UK - highlighting current successes as well as future challenges.

A strong SME sector is vital to a flexible and buoyant economy, creating jobs, providing the foundations for large companies of the future and contributing to the UK's long term growth and international competitiveness.

Women entrepreneurs are already making a significant and growing contribution to the sector. However, they remain under-represented in the SME world. They offer a very real pool of potential, talent and economic opportunity. Yet there are major challenges ahead if we are to substantially increase the level of women's entrepreneurship in the UK. At HSBC, we recognise the importance of women's entrepreneurship and we are long term sponsors of organisations and initiatives that encourage and support women in business.

Doing more to encourage women to consider enterprise as a career choice is not just about equal opportunities - it also makes economic sense.

HSBC has long been a supporter of business in the UK. We believe that, by taking the time to understand our customers and their businesses we can provide the right financial solutions whatever their aspirations for the future.

At HSBC, we understand that all businesses are different.

Many businesses, at first glance, may look to have much in common, but if you care to take a closer look you will see a world of difference. We appreciate that woman entrepreneurs can differ from men. This includes their reasons for starting up, their attitude to borrowing money, the sectors they choose, and their willingness to network and seek advice.

Women in business also have much in common with their male counterparts. They demand respect, equality of opportunity, fairness, responsiveness and perceptiveness. They need a banking partner to understand them as individuals and as a business. They want a bank that will anticipate their needs and work with them to help to achieve their business goals. They value a bank that helps them to get ahead of the game wherever in the world they want to do business.

That's why at HSBC we make a point of listening to all our customers and the very different concerns and ambitions they have. We value these differences.

Maybe that's the reason why so many businesses, big and small, choose to bank with us.

HSBC Bank is a principal member of the HSBC Group, one of the world's largest banking and financial services organisations with over 9,500 offices in 76 countries and territories. We offer a full range of business banking solutions, delivered locally, and drawing on the unparalleled global network of the HSBC Group and a range of local specialists, from insurance brokers to experts in asset finance.

We believe in a business world without boundaries.

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## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

# 1.0

EXECUTIVE SUMMARY

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## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

In 2003, the Government published the Strategic Framework for Women's Enterprise. That document laid out a set of aspirations and intentions to close the gap between female entrepreneurial activity in the UK and the US. Actions, outcomes and targets were built around demand-side measures, such as business support, mentoring and coaching and training and supply side measures to improve women's access to finance.

The research for this report is based on statistical analysis of the GEM UK data since 2002 and on a qualitative, in-depth survey of 20 practitioners, academics and analysts. GEM is the world's largest single country survey of entrepreneurial activity covering, by 2005, some 32,500 adults of working age.

### OVERALL LEVELS OF ENTREPRENEURIAL ACTIVITY

- The GEM data demonstrate sustained levels of women's total early stage entrepreneurial activity (or TEA) for the last three years at 3.8% of the female population of working age. However, men's entrepreneurial activity has fallen from 9.8% to 8.1%. Men are now twice as likely to be entrepreneurially active as women but in 2001 were two and a half times more likely to be entrepreneurially active.
- The gap between male and female activity is narrowest at the very earliest stages of start up but becomes wider as the businesses grow. Men are 52% more likely than women to be involved in some form of start-up activity that is not older than 3 months old, but 72% more likely to be the owner or manager of an entrepreneurial business older than 42 months.

- Women are less likely than men to think that they have the skills to start a business, to know an entrepreneur and to think that there are good business opportunities. Nearly 37% of women said that fear of failure would prevent them from starting a business in 2005 compared to 32% of men. The rate of growth in women expecting to start a business over the next three years is higher for women than for men since 2003.
- Women are proportionately more likely to set up a business for social rather than financial purposes in the first instance.

### GATEWAYS TO GROWTH

- Nearly 50% of female entrepreneurs said they were setting up a business in an area that was new to some or all customers compared to just over 45% of men. Nearly twice the number of female entrepreneurs compared to male were setting up around a technology that was not available a year ago (20.9% compared to 10.6%). All the experts interviewed agreed that technology provides an enabling mechanism for women. Home working and flexible working provide the potential for more women to engage in the labour market without facing the financial and personal issues around full time child/elder care. A flexible workforce is an entrepreneurial workforce and women are well-suited to this type of labour market engagement.

- The gap between men and women who set up businesses with high growth expectations (i.e. they will create 19 or more jobs over the next 5 years and have export and market expansion potential) is lower than it is between men and women generally (men are 49% more likely to have high expectations of growth and 53% more likely to be setting up a business overall).
- However, women expect to create fewer jobs (men expect to create a median of five while women expect to create just three jobs over the next five years) and turnover growth expectations of male businesses over five years are three times higher than female businesses.
- Female businesses are under-capitalised requiring £10,000 on average in start-up funding compared to £15,000 for men. However, both men and women require £5,000 in external finance since men put in two thirds of the finance themselves and women just half.
- Women have lower failure rates in accessing overdrafts and unsecured loans to finance their business than men, but it should be borne in mind that fewer women than men are applying.
- Women who are not likely to set up a business cite getting finance as the main barrier for them, although lack of interest, time commitment and lack of confidence are also important.
- There is no evidence for women's enterprises being less scalable than men's. The gap between male and female high growth potential entrepreneurship is narrower than for all early stage entrepreneurial activity (female high growth entrepreneurial activity is just under half of male high growth entrepreneurial activity compared to over half of male mainstream activity).

### THE GEOGRAPHY OF FEMALE ENTREPRENEURSHIP

- Women's entrepreneurship has grown in most regions of the UK since 2003 and substantially in the East of England and the South West.
- There are no statistically significant differences overall in female entrepreneurship in areas of England classified by the Index of Multiple Deprivation. However, women in the most deprived wards are proportionately more likely to be opportunity entrepreneurs than their male counterparts (for women, just 5.1% of all entrepreneurial activity is necessity-based while for men the equivalent figure is 9.6%).
- Differences in entrepreneurial activity by urban-rural split are statistically significant overall. Female entrepreneurial activity is higher in the most deprived rural wards than male entrepreneurial activity (6.6% compared to 5.1%). Women are also more entrepreneurial than men in more affluent wards (13.9% compared to just 8.4% of men).
- The gap between male and female entrepreneurship has narrowed, and the UK no longer has one of the widest gaps between men and women.

### ENTREPRENEURSHIP IN MINORITY COMMUNITIES

- Women in ethnic minority communities are more likely to be entrepreneurial than their white counterparts for all categories except "other Asian". Black African women are more likely to be entrepreneurial than men (18.9% of women compared to 15.7% of men) and are nearly four and a half times more likely than their white counterparts to be entrepreneurially active. The equivalent figure for white respondents was 3.6%.
- Non white women in more deprived and most deprived communities are less likely to be entrepreneurially active than white women (2.1% compared to 4.0% in most deprived wards and 2.8% compared to 4.9% in more deprived wards). However, as wards become more affluent, the propensity of non-white women increases. Thus women in average and less deprived wards are over two and half times more likely and in least deprived wards over twice as likely to be entrepreneurs as compared to white women.
- Women born outside of the EU but resident in the UK are less likely to be entrepreneurial than women born inside the UK but, critically, nearly a fifth as likely to be entrepreneurially active as their male counterparts born outside the EU.

### POLICY

- Government strategy: although the momentum generated by the publication of the Strategic Framework for Women's Enterprise has led to increased levels of activity within the regions and at local level, central government is perceived as having not done enough to further develop and resource women's entrepreneurship at a strategic level. A Women's Enterprise Task Force was announced in November 2005 but has not yet been appointed, leaving a critical policy gap at a time of rapid change within the business support environment.
- De-proliferation: the Government's aim to reduce the number of business support schemes to around 100 is likely to adversely affect the type of support schemes which currently assist women to start businesses. Combined with the regionalisation of business support and the outcome of the current Comprehensive Spending Review (CSR), policies and flexible programmes to encourage women into enterprise need to be further developed.
- Training: the GEM UK 2005 report noted that where women had accessed enterprise training courses at school or university it increased their likelihood of being TEA active by two and a half times compared to those who had taken no enterprise training.
- Understanding women's enterprise as a continuum: women's enterprise in disadvantaged or minority communities is a necessary condition to providing access to high growth potential at a later stage. However, funding and mentoring "stairways" are vital to guide women through from the very earliest stages of their business idea to the stage where it has growth potential.



- In terms of their business support, women need three things: appropriate finance, mentoring and access to “network” or social capital. This holistic approach to the demand and the supply side is key to an effective approach to women’s enterprise and examples of best practice exist that could be rolled out at a national level.
- There is still qualitative evidence to suggest that women need greater incentives to move into enterprise, to “take the chance”, than their male counterparts. This includes measures such as promoting role models but, more tangibly, tax relief on childcare and clear incentivisation through the New Deal.
- There is no evidence for women’s enterprises being less scalable than men’s. The gap between male and female high growth potential entrepreneurship is narrower than for all early stage entrepreneurial activity (female high growth entrepreneurial activity is just under half of male high growth entrepreneurial activity compared to over half of male mainstream activity).

## POLICY RECOMMENDATIONS

This report calls for renewed momentum to address the challenges ahead in supporting the ascent of women’s enterprise in the UK. The evidence suggests policy could ‘add value’ by focussing on:

### **Government Strategy:**

- -A Women’s Enterprise Task Force was announced in November 2005 but has not yet been appointed, leaving a critical policy gap at a time of rapid change within the business support environment.
- There is a need for sustained long term Government commitment to women’s enterprise development. There is also a need for “stairways” between different levels of policy making and different Government departments.

### **Training:**

- When women have accessed enterprise training courses at school or university it increases their likelihood of being TEA active by two and a half times compared with those who have undertaken no enterprise training.
- Current Government focus on young enterprise needs to be enhanced by a particular understanding of the needs of young women. The data suggest that the biggest gender gap is in the 18 – 24 year old age bracket, where female TEA is 2.2 compared with male TEA of 8.4

### DISCLAIMER

The quantitative data for this research is based on the GEM Global and GEM UK Adult Population Surveys, 2002-2005. The analysis and interpretation of the data are the responsibility of the author and not of GEM.

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

### **Growth:**

- It is necessary to understand women's enterprise as a continuum: women's enterprise in disadvantaged or minority communities is a necessary condition to providing access to high growth potential at a later stage. However, funding and mentoring 'stairways' are vital to guide women through from the very earliest stages of their business idea to the stage where it has growth potential.

### **Business Support:**

- Women need three critical things: appropriate finance, mentoring and coaching and access to 'network' or social capital. This holistic approach to the demand and supply side is key to an effective approach to women's enterprise and examples of best practice exist that could be rolled out at a national level.

### **Incentives:**

- There is still qualitative evidence to suggest that women need greater incentives to move into enterprise, to "take the chance", than their male counterparts. This includes measures such as promoting role models but, more tangibly, tax relief on childcare and clear incentivisation through the New Deal.

- The "take the chance" challenge is particularly severe for women from hard to reach groups and ethnic minority communities in deprived areas. Here there are profound issues of split loyalties between childcare and domestic responsibility and self-actualisation through entrepreneurship. The poverty trap is very real for this group and although there have been initiatives to provide tax relief or support for childcare, these do not help the women who are excluded from the labour market. Addressing this is a key to engaging these women in entrepreneurial activity.

# 2.0

## INTRODUCTION

Women's Entrepreneurship three  
years on from the Strategic Framework

**CASE STUDY:**  
**WOMEN IN ENTERPRISE NI**

Women in Enterprise (WIE) is a network membership organisation which delivers far more than a networking service. WIE is committed to providing an impressive range of regular face to face business support services including pre-enterprise training, assistance with accessing finance and ICT training. The WIE network facilitate regular contact with over 1800 individuals, groups and organisational members and through the new BWN NI – Business Women's Network Northern Ireland bring together all other existing networks of women in business across Northern Ireland – providing members with increased opportunities and contacts.

WIE work progressively with other existing bodies to forge partnerships and ensure other networks meet women's needs more proactively, such as the Chambers of Commerce, Chartered Management Institutes and other business support programmes.

Their support services include the GROW Micro-Enterprise Loan Fund (loans from £500-£10,000), the GROW (Growing Real Opportunities for Women) Business Series and Mentor Training and Matching.

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In May 2003 the government launched the Strategic Framework for Women's Enterprise which laid out the challenges for policy in encouraging women into self-employment or entrepreneurship as a means of meeting the government's objectives of closing the enterprise and productivity gap with the US. As Martin Wyn Griffith, Chief Executive of the DTI's Small Business Service, argued in his speech to the World Bank in February 2005<sup>1</sup>, if the UK had the same level of female business ownership as the US, then we would have some 750,000 more businesses – with obvious consequences for economic development, wealth creation and opportunities for all.

The Strategic Framework put in place a number of objectives and targets towards increasing the level of female business ownership in the UK. These measures were on the demand side (support mechanisms to encourage more women to think about entrepreneurship and self employment as a viable career option) and on the supply side (enabling mechanisms to improve access to finance, skills and networks in particular). Alongside this, the Strategic Framework laid out the aspirations for "holistic" childcare facilities, childcare allowances and support for those entering childcare as a business, while encouraging women through the New Deal to move from benefits to self employment.

Three years on, the evidence from Global Entrepreneurship Monitor (GEM) UK data, does not suggest that there has been much change in the levels of female entrepreneurship (it has remained stable at around 3.8% of the female population), although there is evidence that there is more activity outside of London and the South East. Women's attitudes towards entrepreneurship have improved over the period but are still

less positive than their male counterparts, particularly in relation to their perceptions of their own skills and the opportunities out there for start-up activity. Female entrepreneurs have smaller, less scalable businesses, have noticeably lower expectations in terms of future turnover and job creation and still are less likely to succeed in accessing growth finance compared to men.

More than this, the qualitative research undertaken for this report amongst women's support groups and women entrepreneurs, suggests that there is a large degree of disappointment with progress over the past few years. While the potential was great, and plaudits for the intentions contained within the Strategic Framework continue, the progress on the ground is seen as limited. While more women are seeking advice and expert evidence suggests that attitudes are improving, actual business support is still patchy across the UK and, critically, under-resourced. As a result, leading women from their earliest ideas through to scalable business propositions is limited so the role models of tomorrow are not emerging. In short, as one expert said, "Where are the women?"

There are plenty of reasons to be optimistic and it would be disingenuous to paint a bleak picture that presented the issues as insurmountable. Women in rural locations are leading the charge in creating new businesses in comparison to women in urban locations, and there is real evidence that training has an important role to play in helping women through to setting up their own business, both qualitatively and quantitatively<sup>2</sup>. The typical characteristics of female businesses are different. Many claim to be in areas of the market that are new to some or all customers and hence can be seen as being more innovative.

<sup>1</sup> 15th February 2005, Martin Wyn Griffith, speech to the World Bank on Women's Enterprise.

<sup>2</sup> Harding et al (2006): GEM UK 2005 report, London Business School



This makes intuitive sense since women often establish businesses in areas of the market that concern their daily lives and that are under-served by male-owned businesses. As a result, women often see their businesses as socially as well as financially motivated. Accordingly, the gap between men and women is much narrower for social entrepreneurial activity than it is for mainstream entrepreneurial activity.

This report is an appraisal of women's enterprise following the Strategic Framework for Women's Enterprise in the light of GEM evidence, case studies and in-depth interviews. It looks first at the policy framework and argues that the intentions with the Strategic Framework were the correct ones. It goes on to examine the data on women's entrepreneurial activity in comparison with other G7 countries over the past five years. The gap between male and female entrepreneurship has closed, and the UK no longer has one of the widest gaps between men and women.

More detail is provided in subsequent sections which point out the complexity of women's enterprise. This complexity means that no one picture of the "typical" female entrepreneur can be drawn with the logical conclusion that any policy should be sufficiently flexible to allow flexible access.

The policy agenda is discussed in the final section. It is clear from the material gathered that there are grounds for optimism but this should be tempered with a very real appreciation of the challenges ahead. Radical changes to the business support landscape will take place in the next three years as a result of the Business Support Simplification Programme. Budget cuts to public sector enterprise support are likely as a result of the 2007 CSR,

and further regionalisation could result in fewer access points for information, training and advice for potential women entrepreneurs. Women are a half of the potential workforce and would benefit from a real debate about the structural and endemic problems that they face in labour market participation through to self employment and entrepreneurship. The Women and Work Commission action plan starts to address these issues, and there is more to achieve there for women's entrepreneurship.

Intrinsically, female owned businesses are frequently based on development of products and services for markets which currently do not exist in women's daily lives – for example, around families and communities. This entrepreneurial activity is both socially and economically valuable. But if women are to fulfil their potential as the drivers of economic growth through their entrepreneurial activity, the challenge for everyone in the sector is to enable the transition from social wealth creation to economic wealth creation through appropriate and targeted supply and demand side measures. The mechanisms for doing this are as diverse as the female population itself. Policy, with its current focus on de-proliferation, should take care to embed sufficient flexibility into new enterprise measures to ensure a) that the women's enterprise agenda is not lost in the mainstreaming exercise and b) that as many women as possible are able to adapt support to their own particular needs.

## CASE STUDY:

### BALVINDER DHANJAL – 'YOUR VOICE' TRANSLATION AND INTERPRETING SERVICES

Balvinder was born and bred in Birmingham. When she was five her father bought a shop and ever since, she has had the idea that she should set up and run her own business. She has gained work experience in High Street stores but became frustrated at her limited prospects for promotion. She began teaching English as a Foreign Language to ethnic communities and realised there was a business opportunity providing translation and interpretation support for migrants into the UK. She now has 40 associates on her database allowing her to offer support in any language to people attempting to start a business.

She is a beneficiary of training provided by the WBDA, the Women's Business Development Agency. She went on a Women Entrepreneur's Programme and believes that this was instrumental in giving her the confidence, self-belief and business know-how to carry on. Although her business is still relatively small, she believes that there is the potential to scale it but is wary of the next step because the financial resources are hard to find.

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STAIRWAYS TO GROWTH:  
Supporting the ascent of  
Women's Enterprise in the UK

# 3.0

METHODOLOGY

## REGAINING THE INITIATIVE: Sustaining the vision for Women's entrepreneurship in the UK

This report is based on the following approaches:

- Policy review
- In-depth, semi-structured interviews with 20 independent experts, commentators, analysts and entrepreneurs to form case studies and a qualitative, attitudinal evidence base.
- Analysis of the Global Entrepreneurship Monitor (GEM) UK data (see side bar texts), where possible between 2002 and 2005.

### WHAT IS GEM?

GEM global has been running since 1999, and has grown from ten countries in its first year to 35 countries and more than 150 scholars from across the globe in 2005. GEM has three main objectives:

- To measure differences in the level of entrepreneurial activity between countries
- To uncover factors determining the levels of entrepreneurial activity
- To identify policies that may enhance the level of entrepreneurial activity

### HOW DOES GEM MEASURE ENTREPRENEURSHIP?

GEM measures entrepreneurial activity in a country through its key indicator, Total Early Stage Entrepreneurship (TEA). This indicator is calculated in an identical way in each country:

- A telephone survey of a representative sample of the adult population in each country is conducted between May and September.

- Respondents are asked to respond to three questions that are the basis of the TEA index: Are you, alone or with others, currently trying to start a new business independently of your work? Are you, alone or with others, currently trying to start a new business as part of your work? Are you, alone or with others, currently the owner or manager of a business?
- Those who respond positively to these questions are also asked filter questions to ensure they are actively engaged in business creation as owners and managers, how long they have been paying wages to employees, and other questions about cost and time to start up, sources of finance and numbers of jobs created. A distinction is made between two types of entrepreneurs: nascent entrepreneurs (those that have been paying salaries for less than three months) and baby business owner-managers (those that have been paying salaries for between three and 42 months).
- The TEA index is the sum of the nascent entrepreneurs and baby business owner/managers minus any double counting (i.e. those who respond positively to both).
- We can also look at more established businesses older than 42 months
- In addition the GEM survey asks all respondents about their attitudes to entrepreneurial activity, the motivations in setting up a business activity and types of business.



## GEM UK

GEM UK is the largest single study of entrepreneurial activity in the world. Since 1999 it has grown from a survey of 2,000 adults to a survey in 2005 of some 32,500 adults. It uses the same methodology as the GEM global project to calculate TEA, but in addition asks questions about barriers to entrepreneurship, access to finance and, critically, social entrepreneurship that other countries generally do not. In 2005, an additional boost was made to the sample to understand better ethnic minority entrepreneurship, and further demographic questions were added to better understand graduate entrepreneurship and enterprise education<sup>3</sup>.

<sup>3</sup> The distribution of respondents is not even across the UK as some RDAs choose to boost their sample in order to have more detail about entrepreneurship in their region. Results are checked against other metrics of entrepreneurial activity (including Barclays bank surveys and VAT registrations/de-registrations). Full methodological details are appended at the end of the report.

Because of its size, GEM UK has the capacity to analyse the entrepreneurs captured in the survey and their business in more detail. For example, we are able to understand access to finance, reasons for failing to gain finance and types of business (for example innovative, technology and high expectation).

A number of government departments, and particularly the Small Business Service, use GEM to help measure progress towards their enterprise targets. Every attempt is made to ensure that the results as reported are as reliable and robust as possible. Hence the weightings used to report on UK-only results are designed to take into account the differential regional sampling. Where results are compared internationally, the same protocol is used as that of the GEM global report, i.e. the comparative results are unweighted, and the sample size is that used by GEM global (9,167). This sample size is smaller because of the sheer size of the UK sample. Only one-third of the UK data had been gathered by the cutoff date set by GEM global.

Despite this, the difference between TEA calculated on the unweighted UK sample used by GEM global (6.2%) and TEA calculated on the full weighted UK sample of 27,277 working age adults (6.0%) is minimal.

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# 4.0

WOMEN'S ENTERPRISE:  
Policy Overview

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

### CASE STUDY: AN-VIET FOUNDATION

An-Viet is a support organisation for the refugee community in East London. It is part of the Association of Community-Based Business Advisers and provides start-up support to the Vietnamese community based in the UK. Services range from the interpretation and translation of legal or financial documents to acting as a "bridge" between the entrepreneur and the provider. An-Viet's clients are often poorly educated first generation migrants who find access to the mainstream labour market in the UK difficult because their English is poor.

Huong-Dao, An-Viet's business adviser, finds that many of the entrepreneurs coming to her for support need financial help to access training even before they start up a business. For women, this means access to childcare support as well because their family priorities take precedence over everything else. This, she argues, often acts as a brake on women's enterprise in these groups.

[www.anvietuk.org](http://www.anvietuk.org)

There were three principle aims of the Strategic Framework of May 2003:

- To tackle the underlying issues affecting female participation in women's enterprise (both at the start-up and the growth stages)
- To develop "customer focussed services" including business support and financial services and
- To change attitudes across the board to women's enterprise through promotion in the media, in schools and in local communities.

Specifically the government wanted to increase female participation to US levels, improve business support, encourage change-oriented strategic partnership between agencies at stakeholders at a regional level and to promote inter-regional learning.

Policy was built on evidence that women lacked appropriate business support, had poor access to finance and were disproportionately impacted by their responsibilities as carers. In addition, research suggested that women on income support measures found it difficult to move from benefits into self employment and that this needed specific measures. The absence of role models meant that women had no social or cultural "lead" or ideals and this undermined the likelihood of their getting involved with any form of entrepreneurial activity.

The resultant action plan of supply and demand side measures contained clear actions against specified outcomes and measurable targets to assess delivery along the way. The approach was comprehensive and covered measures such as greater access to support networks, information, advice, training and incubation facilities alongside a general desire to improve access to

finance and start-up loans and grants, regional loan funds and dedicated microcredit funding for "excluded" groups such as the ethnic minority or lowest income communities. The Phoenix Fund was to increase its support for women-focused enterprise projects. Research to monitor and evaluate strategy as it was implemented was to be conducted. Provision within the New Deal was to be made to make entrepreneurship easier for women generally and lone parents in particular.

The government's own assessment of its progress towards its small business action plan targets<sup>4</sup> confirms the general measures to support enterprise undertaken by the government but does not specifically assess where progress has been made in support of the Strategic Framework:

- Women are included within a number of measures to support enterprise in disadvantaged communities and underrepresented groups. Since 2005 much of this support runs through the Local Enterprise Growth Initiative (LEGI) and increasing the participation of women in entrepreneurship features in many of the successful bids for support under this programme.
- Five regional women's enterprise pilots have been established and the implementation of the Framework is now heavily focused on regional delivery through collaborative projects such as the Regional Women's Enterprise Unit in the West Midlands. The South East England Development Agency (SEEDA) is the RDA lead on women's enterprise, and other RDAs also have identified policies and initiatives specific to their regions through Business Link, enterprise agencies and local women's support organisations and networks.

<sup>4</sup> SBS, June 2006, "Status report on the Government Action Plan for Small Business"

- Support structures and networking activities target specific groups or activities, such as Women in Rural Enterprise (WiRE), Women's Business Development Agency (both involved in the West Midlands pilot) and the Association for Community Based Advisers (ACBA) who target hard to reach groups such as refugees or ethnic minority communities.
- A quality standard for women's business support has been developed by Prowess (Flagship Award for Best Practice in Women's Enterprise Development) and organisations in each region have now achieved the award with many more committed to working towards it.
- A Women's Enterprise Task Force has been announced but not yet appointed.
- A substantial amount of research has been and is being conducted to assess the issues that women face in setting up businesses and, as the government moves now into a period of business support consolidation (or de-proliferation, from 3000 schemes to 100), the construction of the evidence base becomes more critical in determining the correct structures for future policy mechanisms and interventions.

## SUMMARY AND EXPERT VIEWS

Progress towards achieving the targets laid out in the Strategic Framework cannot be dissociated from the de-proliferation targets laid out in the last Comprehensive Spending Review of 2005. The measures to support women, particularly in hard to reach groups, have had a degree of success in promoting the availability of entrepreneurship as a means to self-actualisation, additional income and

reduced dependency on benefits. In the words of one expert, "There is a success story here. There is a lot of activity going on, especially locally, and we need to celebrate all of that." Time and again, experts interviewed for this research argued that women are not a homogeneous group, however, and that this should be borne in mind as interventions are reviewed and mainstreamed. "You wouldn't treat all men as a group," said one, "and if another group, say an ethnic minority or a particular religious group were subject to the same labour market differences that women are, there would be a public outcry, a major national scandal."

Even so, many of the experts interviewed as part of this research expressed great disappointment that there was not more concrete evidence of success. They saw the key challenge to streamline services and mainstream women's enterprise (effectively making it an integral part of existing measures) but without compromising texture and depth in the support measures for such a diverse group.

Experts, then, identified three main areas of concern in relation to the strategic framework, each of which are analysed in more detail below:

1. The regionalisation/decentralisation of the women's enterprise agenda: experts saw this as potentially undermining national cohesion of the implementation strategy. While it would create pockets of best practice across the country, it would make learning and experience sharing between these pockets more difficult and, more importantly, take the women's enterprise agenda off the priority list for central government and place the responsibility for it with regional actors.

2. The focus on "women as a disadvantaged group": while there is, quite rightly, attention placed on excluded and hard to reach groups in deprived areas or particular socio-cultural groupings, the implementation of the Strategic Framework was perceived by experts to have focused on these women at the expense of developing a strategy, "across the continuum" of women's enterprise. Any attempt to mainstream the women's enterprise agenda and reduce the numbers of support initiatives available would, it was argued, exacerbate the problem in that it would not address the real issues of women's enterprise as a whole and would potentially damage existing support to groups that are currently helped.
3. Women are not one homogeneous group and the challenges of finding appropriate policy towards women's enterprise has to be seen in the context of the fact that there is no "one size fits all" policy that will work for what is actually half of the potential labour force. As one expert argued, "There are embedded societal level issues about women's roles which are still more relevant to women than men. Nevertheless, we tend to talk about 'women's needs' and ignore the plethora of issues within that broad label. As policy and support measures are reviewed, this should be remembered."

# 5.0

UK ENTREPRENEURIAL ACTIVITY  
IN ITS COMPARATIVE SETTING

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

Entrepreneurial activity generally in the G7 economies between 2004 and 2005 increased slightly in the wake of emerging economic confidence as illustrated in Figure 1<sup>5</sup>.

Five of the seven G7 countries saw slight increases in TEA rates in the past 12 months: US (from 11.3% in 2004 to 12.4% in 2005), Germany (from 4.5% in 2004 to 4.8% in 2005), Italy (from 4.3% in 2004 to 4.9% in 2005), Canada (from 8.9% in 2004 to 9.3% in 2005), and Japan (from 1.5% in 2004 to 2.2% in 2005). The two exceptions to this were the UK which saw entrepreneurial activity fall very slightly from 6.3% in 2004 to 6.2% in 2005 and France from 6.0% in 2004 to 5.4% in 2005.

### ENTREPRENEURIAL ACTIVITY BY GENDER

The US and Canada, who out-perform the other G7 economies in terms of entrepreneurial activity generally, have both seen slight drops in entrepreneurial activity amongst women, as illustrated in Figure 2. Levels of female entrepreneurship in Italy, France, Germany and the UK were very similar in 2005.

Indeed, over the past three years, women's enterprise in the G7 countries has been remarkably stable with slight increases in Germany (from 2.6% in 2004 to 3.8% in 2005) and Italy (from 2.3% in 2004 to 3.7% in 2005) and slight decreases in the US (from 10.7% in 2004 to 9.7% in 2005), France (from 3.8% in 2004 to 3.3% in 2005) and Canada (from 6.1% in 2004 to 5.6% in 2005). Levels of female entrepreneurial activity in Japan and the UK stayed the same between 2004 and 2005.

The issue of the stark gender gap between male and female entrepreneurship was first raised in the GEM UK report for 2001 when it was reported that the UK ranked 18th in the world with men some two and a half times more likely to be setting up a business here than women. By 2005 women are just over half as likely to be involved in early stage entrepreneurial activity as men and the gap between male and female TEA has narrowed to 47%. The US has the narrowest gap, with female entrepreneurship being 63% of the level of male entrepreneurship compared to 29% in 2004. Japan has the widest gap. Here, female entrepreneurship is just 38% of the level of male entrepreneurship.

### A BREAKDOWN OF ENTREPRENEURIAL ACTIVITY IN THE UK

GEM breaks total early stage entrepreneurial activity into necessity entrepreneurship (those who set up businesses because they have no better choice for work) and opportunity entrepreneurship (those who set up businesses to take advantage of market opportunities that the entrepreneur perceives).

<sup>5</sup> Figure 1 uses the unweighted global dataset to compare rates of total early stage entrepreneurial activity (TEA). The results presented here are identical to those reported in the main 2005 GEM global report. This approach is taken because the government requires a figure for TEA that is based on the same calculation as that used in other countries for comparative purposes.

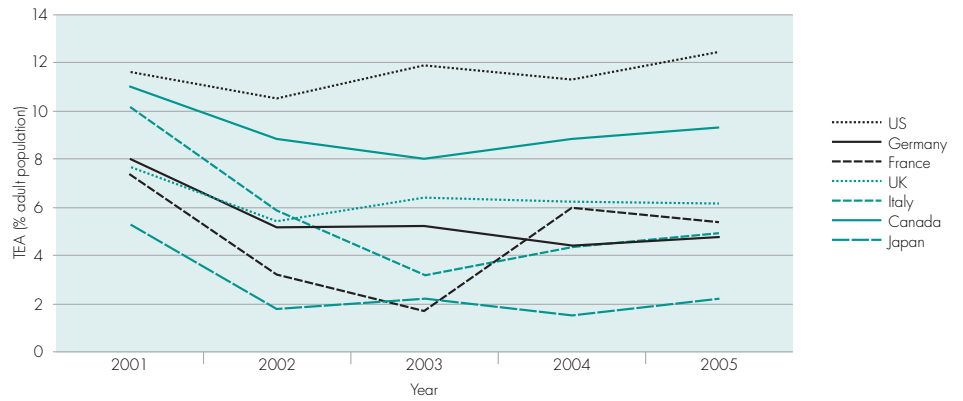


# UK ENTREPRENEURIAL ACTIVITY IN ITS COMPARATIVE SETTING

**Figure 1**

Early stage entrepreneurial activity (TEA) in the G7 countries, 2001 – 2005

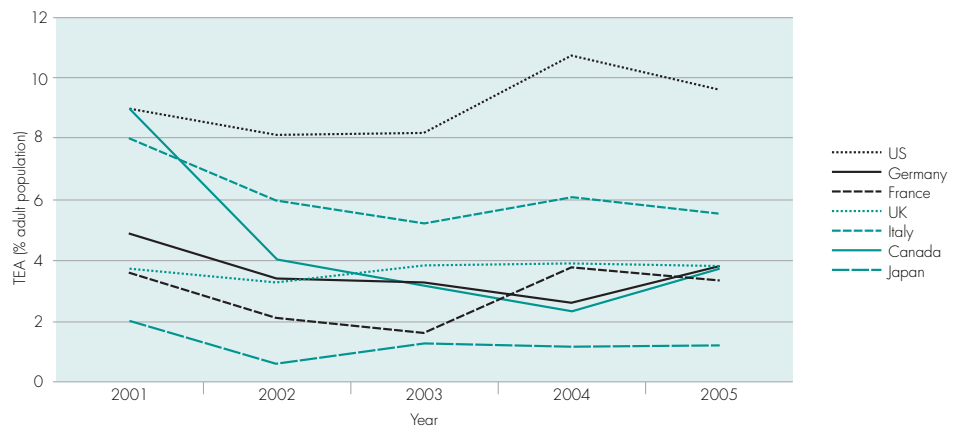
Source: GEM global adult population surveys 2001-2005



**Figure 2**

G7 Female Entrepreneurial Activity, 2001-2005

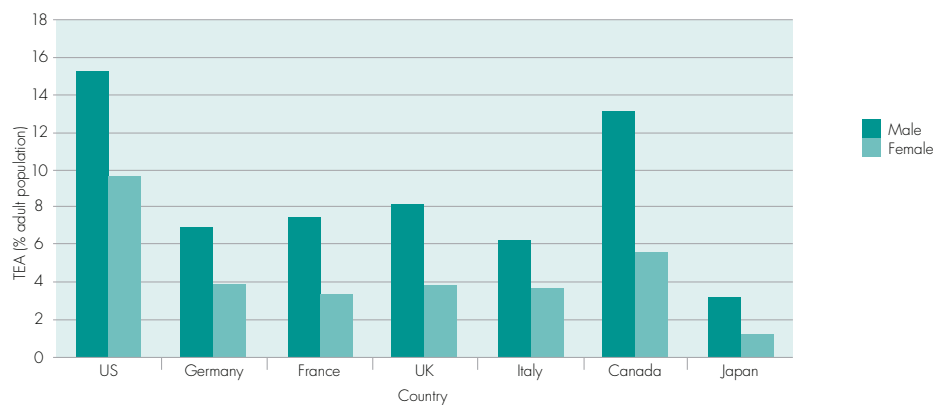
Source : GEM global adult population surveys 2001-2005



**Figure 3**

The gap between male and female entrepreneurial activity in the G7 countries (2005)

Source: GEM global adult population survey 2005



## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK



### CASE STUDY:

#### LINDA RATHBONE, QUALITECH COMPONENTS LTD

Linda is one of a team of three people who set up Qualitech Components in 1990. Qualitech Components creates bespoke manufacturing solutions in chemical etching which, because of the technology used, means rapid prototyping and short production runs are possible. Growth at the outset was rapid: 25% in year one and 45% in year 2 fuelled by the rapid advance of telecommunications technology. With the collapse of the dotcom era, however, the firm lost 33% of its turnover almost overnight and has had to rebuild from there.

Linda's priority for building Qualitech centres around a very real focus on people. She prioritises getting the best people for the job and makes sure they have first class access to training and life-long learning. She recognises that businesses get tired if they are run by the same entrepreneur for ever and her personnel strategy is based on a firm commitment to energy and renewal in her core management team. The 18% growth in order book over the past year alone tells its own success story!

Linda's tips for any entrepreneur: recognise that people are a long term investment and need to be developed, keep talking to your business advisers so you don't shock them and, as a woman, make sure you have back-up domestic support structures in place because you never know when you will need them.

[www.qualitetch.co.uk](http://www.qualitetch.co.uk)

### Figure 4

Necessity and opportunity entrepreneurship in the UK: men and women compared (2003-2005)

	2003		2004		2005	
	Women	Men	Women	Men	Women	Men
TEA	3.9	9.8	3.8	7.8	3.9	8.1
TEA opportunity	3.4	8.6	3.2	7.0	3.5	6.9
TEA necessity	0.5	1.2	0.6	0.8	0.4	1.1

Source: GEM UK APS 2003-2005<sup>6</sup>

What is interesting here is that while female entrepreneurial activity overall has remained very similar, male activity generally has fallen over the period since 2003 and male opportunity entrepreneurial activity has dropped substantially. In other words, the gap between male and female entrepreneurial activity in the UK has narrowed, but this is because male activity has dropped and not because female activity has risen.

Given that levels of necessity entrepreneurship are so low in both groups, however, it is interesting to compare the relative sustainability of male and female businesses. Figure 5 illustrates the components of TEA: those who are involved in nascent businesses (0-3 months old) and baby businesses (4-42 months old) and compares this with the number owning or managing more established businesses (over 42 months).

<sup>6</sup> Data are weighted to ensure year on year comparability, thus results may differ to those contained in previous published material.

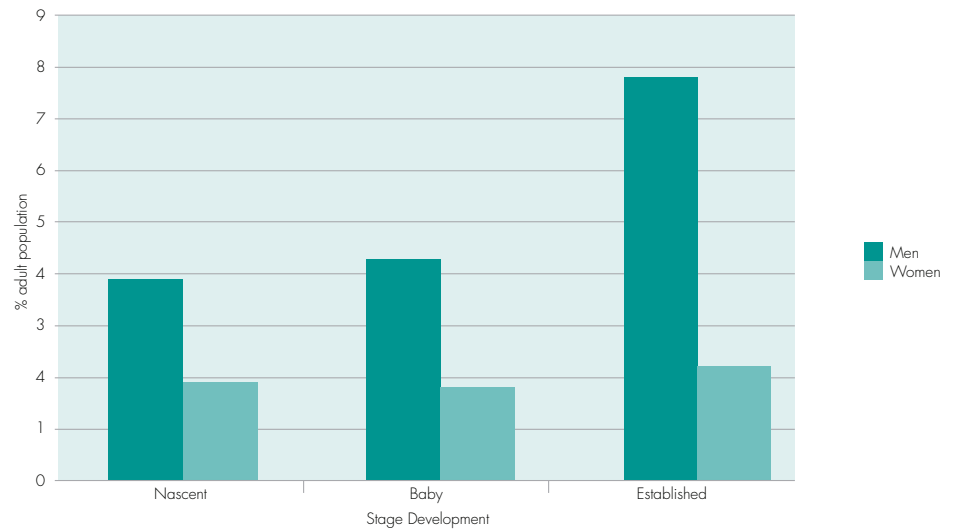
**Figure 5**

Gender comparisons of stages of entrepreneurial activity, 2005

Source: GEM UK APS 2005

While this is for one year only, the results are nevertheless interesting. At the very earliest stages of start-up activity, women are just over half as likely as men to be engaged in entrepreneurship: female entrepreneurship is 48% of male entrepreneurial activity. As the businesses start to grow and become baby businesses (4-42 months) female activity falls as a proportion of male activity to 42%. However, by the time the businesses are established the gap has widened substantially. Female business ownership has fallen to some 28% of male entrepreneurial activity.

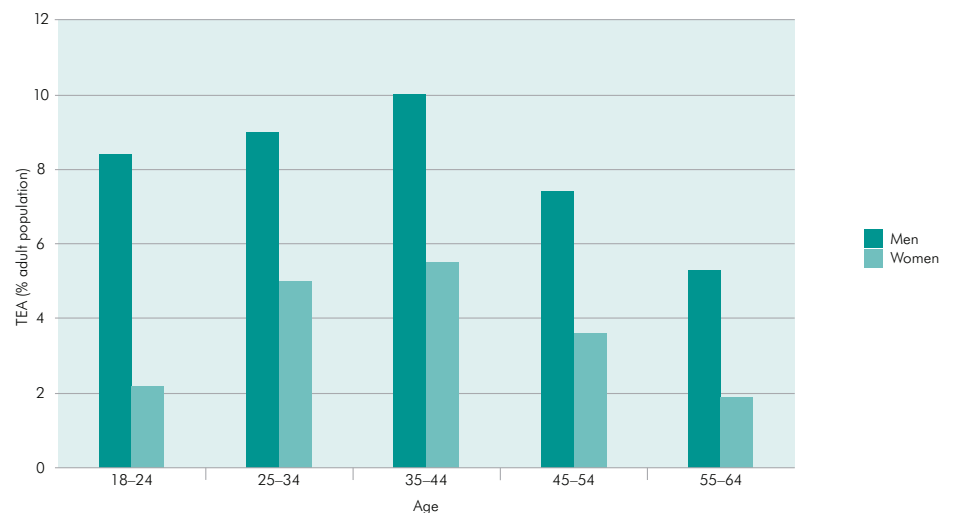
This pattern is reflected in the age distribution of female and male entrepreneurial activity, illustrated in Figure 6.

**Figure 6**

Gender, Age and Total Entrepreneurial Activity

Source: GEM UK APS 2005

Figure 6 shows two things; First, male and female activity peaks at the same age, in the 35-44 year old age range (Male 10.0%, Female 5.5%), with second highest levels at 25 to 34 (Male 9.0%, Female 5.0%). But second, the male rate is third highest at 18 to 24 (8.4%), whereas the female third highest rate occurs at 45 to 54 (3.6%). The 18-24 year old age group is also the age group where the gap between male and female activity is the widest.



### ATTITUDES TOWARDS ENTREPRENEURSHIP

Despite efforts over time to improve attitudes towards entrepreneurship, it remains the case that women are generally more negative. The experts interviewed for this study came from a variety of different organisations but nevertheless provided remarkably similar perspectives on the characteristics of women as potential entrepreneurs:

- They are equally as likely to see opportunities.
- Educationally, they are slightly better qualified.
- They are excellent at developing those social skills which are essential at smoothing business relations.
- They lack confidence in their skills and their own capacity to build a business.
- Their businesses lack scalability: they tend to think safe and small rather than in terms of growth.
- Their ideas are often focused on social or community problems to which there is an economic solution but which often get restricted to small scale, social ventures.
- They often feel isolated.
- They lack knowledge of financial and legal language to grow their businesses.
- They tend to set up businesses that are less capitalised because of structural weaknesses in the labour market which means that they have less to invest.

- They are frightened of failing but even more frightened when they succeed because it challenges their own perceptions of themselves and where their societal role can be made to fit with their economic one.

It follows, then, that some of the lower levels of female entrepreneurial activity generally and ownership at later stages of development in particular may be due to differing attitudes between men and women. These are presented in Figure 7.

**Figure 7**

Attitudes towards entrepreneurship,  
2003-2005, men and women  
compared

	Men			Women		
	03	04	05	03	04	05
Expect to start up in next 3 years	10.3	9.0	11.0	5.1	5.4	6.4
Personally know entrepreneur	33.6	31.1	32.9	23.9	22.4	22.3
Good start up opportunities	44.0	42.4	43.7	33.1	32.5	33.0
I have the skills to start a business	63.2	62.0	60.9	42.9	41.5	40.3
Fear of failure would prevent start up	29.8	28.1	31.9	33.9	34.0	36.7
Entrepreneurship: good career choice	51.3	53.4	54.0	51.1	54.0	54.5
Entrepreneurs: high status in society	71.2	71.5	71.3	70.7	72.4	72.1
Entrepreneurship: good media coverage	57.7	57.4	55.7	54.4	56.1	53.0

Source: GEM UK 2003, 2004, 2005

Much of the focus of the Strategic Framework was to improve attitudes towards entrepreneurship amongst women and to promote skills training and networks. As a result, the evidence presented in Figure 7 is interesting:

- Between 2003 and 2005, the percentage of women who expect to start up in the next 3 years has increased from 5.1% to 6.4%. This is an increase of 25% in two years.
- In terms of attitudes and perceptions, women are less positive, about themselves (in particular their skills and their perception of opportunities), in terms of their networks (they are less likely to know an entrepreneur than men) and in terms of their fear of failure which is significantly higher than that of men.<sup>7</sup>
- Attitudes have generally deteriorated slightly over the period for both men and women but the deterioration for women has been slightly greater than for men. Thus for example, since 2003, the number of women thinking that they have the skills to start a business has fallen by 2.6% of the female population while the equivalent figure for men is 2.3%. Fear of failure has increased for women by 2.8% and for men by 2.1%.
- Finally, men and women are equally likely to think that entrepreneurship is a good career choice, and the increase over the period in women thinking this is 3.4% and greater than the male equivalent of 1.9%. Women are just as likely as men to think that entrepreneurs have a high status in society although again, this has gone up over the period while it has remained the same for men<sup>7</sup>

<sup>7</sup> The perceptual questions do not provide statistically significant differences between men and women but the attitudinal questions, on skills etc. do at the 1% level.

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK



### CASE STUDY:

#### SANDRA HILTON: ELYSIUM COACHING

Elysium Coaching is a training, career development and coaching company aimed at lawyers, professionals and entrepreneurs. Sandra Hilton, the founding entrepreneur, set the business up in 2004 having spent the first part of her career working as an international lawyer in Russia and having a baby. She works on a one-to-one basis with clients to develop them personally and professionally to help them design their lives and careers in a way that helps them build their businesses. The business has grown so rapidly that she is now considering expansion through the use of associates who can help her build new aspects to her existing portfolio.

Sandra believes strongly that women should believe strongly in themselves when they are starting up a business. "Have the courage of your convictions," she says. "There will be so many people who will tell you that you are mad and that you shouldn't take the risk. All those detractors are talking more about themselves and less about you so don't listen to them. Surround yourself with people who do believe in what you are doing and just do it!"

[www.elysiumcoaching.com](http://www.elysiumcoaching.com)

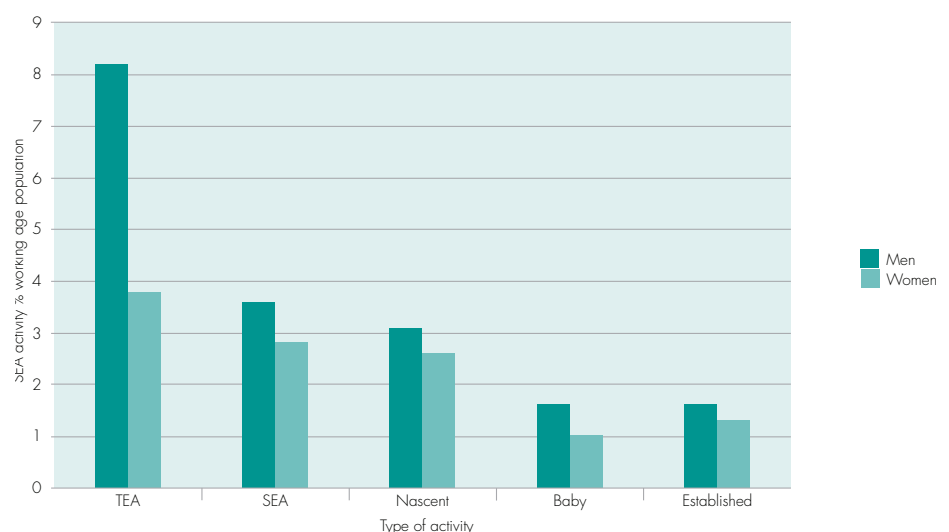
### SOCIAL ENTREPRENEURIAL ACTIVITY AMONGST WOMEN

There is one area of entrepreneurial activity where there is higher participation rates for women – that of social entrepreneurship. Social entrepreneurship is interesting because, unlike mainstream entrepreneurial activity, it tends to be based on finding a market solution to a social problem. In other words, social entrepreneurs are society's change agents – they see a part of society is stuck and want to fix it<sup>8</sup>.

As is shown in Figure 8, women are less likely to be social entrepreneurs than men (3.6% of men compared to 2.8% of women) but the gap is half as narrow between male and female social entrepreneurial activity and male and female mainstream entrepreneurial activity (78% and 47% respectively).

#### Figure 8

Mainstream and social entrepreneurial activity compared by gender in the UK, 2005



Source: GEM UK APS 2005

<sup>8</sup> Harding, R (2006): "GEM UK social entrepreneurship monitor" London Business School. [www.gemconsortium.org](http://www.gemconsortium.org)



## SUMMARY AND EXPERT VIEWS

All this suggests that there are indeed some major challenges for the UK ahead. The UK has the third highest level of entrepreneurial activity in the G7 economies, behind the US and Canada and the fourth highest level of female entrepreneurship after the US, Canada and France (although the differences between the UK and France are not statistically significant). Proportionate to male entrepreneurial activity, however, the UK and France are similar but Germany, Italy and the US have much better ratios.

When the gap between male and female entrepreneurship was first reported in GEM UK, men were two and a half times more likely to be entrepreneurs than women. Now men are just over twice as likely to be involved in start up activity as women but this is due to a substantial drop in male entrepreneurial activity from 11.7% to 8.3% rather than a significant increase in female entrepreneurial activity over the period. Indeed, taking account any sampling error over the period, female entrepreneurial activity has remained roughly the same (4.3% in 2001 based on a sample of 7000 compared to 3.8% now based on a sample of 32500).

It would be too easy to condemn the approach to women's enterprise over the past few years as a failure, however. A 3.4% drop in male entrepreneurship has not been matched by a similar drop in female entrepreneurship despite a slightly greater deterioration in attitudes towards entrepreneurship amongst women compared to men. A more reasonable conclusion would be that there is substantial interest amongst women in setting up a business – evidenced both by the higher proportion of female

owned nascent businesses relative to male than either baby or established businesses and by the qualitative evidence from experts that suggests there has been a noticeable increase in the numbers of women asking for enterprise support and training.

Social entrepreneurship and social enterprise presents an interesting conundrum. Policy has taken an interest in this phenomenon and it has, quite rightly, been regarded as an important way of providing more opportunities for women to engage in entrepreneurship. But one expert commented on the priority for engaging women in enterprise through social entrepreneurship saying, "I don't know that I would want my activity to be classed as a social venture – it sounds so small scale and almost patronising."

Yet the fact that women are more likely to be finding commercial based solutions to the social problems around them is evidenced in both the data and the qualitative research for this project. As was presented above, women are as likely as men to be running an established social venture or to be setting one up. However they are less likely to be running a baby business suggesting again that there is a scalability problem: that women see social problems and set up small scale ventures to resolve them and/or are more likely to run them once they are established. There is still a gap through the growth phases.

So the real challenge is to maintain this activity beyond the start up stage. The survey evidence presented here suggests four things:

## CASE STUDY:

### JANET SHELLEY: WOMEN BUILDERS

Janet's overriding ambition, having spent years working in IT, was to become a plasterer. She heard that more women were being encouraged into building and went to her local colleges to find a training course for someone of her age and profile. There were none. Her simple solution: to start a company with two qualified women already in construction who could then train her. Within 24 hours of placing an advert, she was contacted by 27 women who were over 25, who were doing other jobs but who wanted to go into building. Obviously there was a massive demand and no supply!

The resultant structure is a construction company that finances the training of women builders. The training is also supported by European Social Fund money and it is only in the last year that the construction business has had a higher turnover (at £450,000) than the training business. With a total turnover of £755,000 since the company was started, this is impressive growth by any standards

Janet has two pieces of advice to would-be women entrepreneurs: "Persevere with what you are doing, listen to enthusiastic people and develop as many networks as you can. Remember it helps to be a woman because we need to talk about things! And think big: Why start as an acorn: I wanted my company to be an oak tree?"

[www.womenbuilders.co.uk](http://www.womenbuilders.co.uk)

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK



### CASE STUDY:

#### SUE STOCKDALE – MISSION POSSIBLE

Mission Possible was set up to help people achieve their goals through motivation, presentation and leadership. Sue's experience on Arctic expeditions taught her that perseverance and drive were key to success and by 1997 had realised that these were insights that would be particularly useful in supporting women to set up businesses. She has taken this message out to around 4,000 people from across Europe and now is developing a website business that provides information and advice to women. As she enters the growth phase of her business, she is keen to maintain the "can do" ethos that is core to Mission Possible and this drives her website expansion strategy.

She has two messages for potential entrepreneurs: first of all, it takes time to develop the appropriate knowledge and skills that you need. Second, don't be frightened when you succeed – being successful is a big challenge for a woman because it upsets how society views her. Think about how this will affect you before you start!

[www.missionpossible.co.uk](http://www.missionpossible.co.uk)

- That female entrepreneurial activity has remained remarkably constant despite a drop in male entrepreneurial activity.
- That women are likely to "drop out" from mainstream entrepreneurial activity as the business matures.
- That women are far less likely than men to be entrepreneurs in the youngest age group, age 18-24.
- That women are likely to "drop out" from social entrepreneurial activity as the business grows but re-engage as owner/managers of established social enterprises.

Experts pointed to the fact that women are less confident, find it harder to have the "courage of their convictions" and find it more difficult to access finance as their business grows. They tend, argued several, to be under-capitalised relative to male businesses and therefore are less scalable. Women tend to have lower expectations of the extent to which the business can grow and lack the mentoring and support that makes them "think big".

Whatever the cause, however, there is a very clear policy message here. It is not enough to think just in terms of increasing the amount of start-up activity amongst women. This is a necessary but not sufficient condition for greater levels of female participation. Rather, the challenge, indeed the imperative, is to provide a "ladder" or "continuum" of support measures, from appropriate finance at each stage of development, through mentoring to access to the social (or knowledge) capital contained in networks that support women owned enterprises throughout the growth process.



# 6.0

GATEWAYS TO GROWTH

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK



### CASE STUDY:

#### GITA PATEL, TRAPEZIA

Gita Patel does not pull her punches. She was a senior banker at Natwest for 15 years, is a Chartered Accountant and an angel investor. Her business, Trapezia, is built on her own frustrations with the high failure rate amongst women-owned businesses and a profound belief that women are not being well-served by a male dominated financial and business support market. "I thought that as we had educational parity, we would also have business parity. But we don't. Women trying to access capital and business networks and markets do not have professional parity with men and face real challenges. This knocks their confidence and makes them fail."

Gita sees highly qualified, experienced and tenacious, confident women coming through her door with scaleable business plans, amazing CVs, great teams and great networks. Very frequently, she says, they know more about the sector and the market than the person giving them advice or money. Yet they fail to get the growth finance they need and this was a real business challenge for me.

contd/

While much of the focus of this report will be on those areas of women's enterprise that have received more specific support, those from excluded, disadvantaged and "hard to reach" groups, these are actually only a small proportion of all entrepreneurial activity amongst women. As has been reported in successive GEM UK reports, by far the greatest entrepreneurial activity (in terms of absolute numbers rather than percentages of specific populations) is in the more affluent, well-educated groups and amongst women who are aged 35-44. This is exactly the same pattern as for male entrepreneurship.

Graduates represent good proxies for this type of "typical" entrepreneur – those with skills and financial resources who have the potential to grow their firms. Yet even so, there are marked differences between men and women as is illustrated in Figure 9.

### Figure 9

Attitudes of graduate entrepreneurs compared by gender, 2005

	Qualified before 2000			Qualified after 2000		
	Men	Women	Total	Men	Women	Total
Personally know an entrepreneur	41.6	30.3	36.5	41.3	33.2	37.1
There are good start-up opportunities	55.4	44.0	50.4	46.5	46.8	46.7
Fear of failure would prevent me from starting a business	35.0	37.8	36.2	29.5	36.1	32.9
I have the skills to start a business	70.1	53.4	62.5	60.7	42.3	51.0
Starting a business is a good career choice	41.0	40.4	40.7	50.2	49.9	50.0
Entrepreneurs have a high status in society	71.9	69.9	71.1	77.4	69.3	73.2
Media coverage of entrepreneurship is good	58.2	53.4	56.2	54.3	49.1	53.6

Source: GEM UK APS 2005

Figure 9 shows several things:

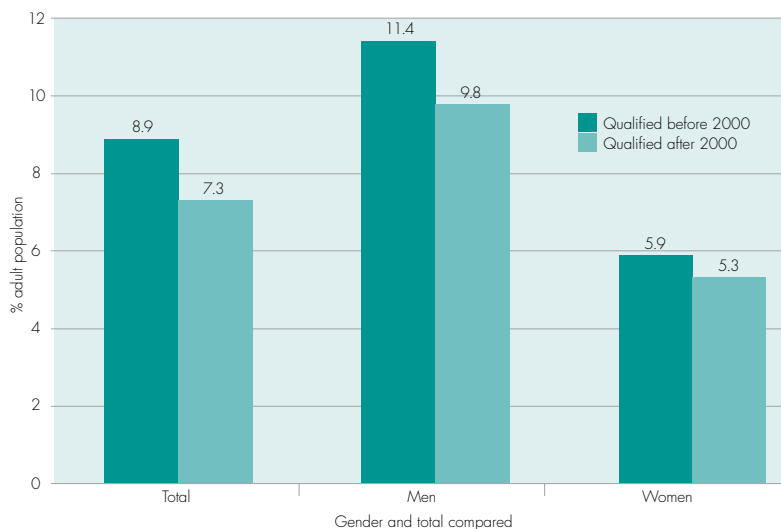
- Whether recent or older graduates, women are significantly less confident about their own potential for entrepreneurship than their male counterparts. The gaps are persistent irrespective of how recently an individual graduated for all questions except perception of opportunities where the rates for recent graduates are the same for both men and women.
- More recently graduated women are more likely to know an entrepreneur and less likely to fear failure than women who graduated before 2000.
- More recent graduates are generally less confident of their skills than those who graduated before 2000.

- There are no significant differences between men and women in terms of the attitudes they have towards entrepreneurship as a career or a high status activity.

All of this suggests that women are less confident than men and therefore less likely to engage in entrepreneurial activity, as is shown in Figure 10.

**Figure 10**

Graduate entrepreneurship by gender, 2005



Source: GEM UK APS 2005

There are two challenges then that we need to overcome if we are to formulate appropriate policies that will address the specific needs of women and if we are to engage more women in entrepreneurial activity:

- First, irrespective of background, women are less likely to become entrepreneurs than their male counterparts.
- Second, irrespective of background, women are less confident than men but are just as likely to see entrepreneurship as a high status activity and a good career choice.

### CASE STUDY:

GITA PATEL, TRAPEZIA contd

/contd.

The Trapezia model is based on substantial research and real understanding from first hand experience of the challenges that women face in accessing finance, maintaining their confidence and building their knowledge networks. It provides real capital in the form of debt and equity, provides mentoring, nurturing, guidance and monitoring for female owned businesses as they grow and gives advice on the knowledge capital contained in the network and how to use it.

The model is a benchmark of best practice for supporting women's enterprise. It provides support through the stages of growth that is specifically tailored to the needs of a female-owned business. "Gender is a huge issue in business at the moment," argues Gita. "But an integrated service like this will help to make it a thing of the past."

[www.trapezia.co.uk](http://www.trapezia.co.uk)

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK



### CASE STUDY:

#### SAMINA GORDON – SIMPLE SOLUTIONS

Samina is a Shell Livewire Winner having grown a business providing simple software solutions to the SME market. Her background, as an IT project manager at Hewlett Packard and then in an educational environment taught her that the market for centralised management systems in smaller organisations was under-exploited. The software is separated and not coordinated and this means that many smaller firms in particular incur costs from inefficient systems. Initially developed to help manage process in her own business, the "Business Manager" product she developed saves an average of £12,000 in costs for a small firm just by making information systems more effective. The business has been running for just three years, turnover quadrupled in the first 24 months and Simple Solutions has grown to employ 12 people and a number of subcontractors.

contd/

### SCALABILITY AND FINANCE

Many of our experts commented on the scalability of women's businesses and their lack of confidence to "think big". The data on the potential of women's enterprise is, however, unambiguous, as is shown in Table 9.

#### Figure 11

The growth potential of start-ups: men and women compared

	Men	Women
TEA High Growth potential (more than 19 jobs created over 5 years, export and market expansion potential)	8.6	4.4
Start up: product or service new to some or all customers	45.5	10.6
Start up: product or service on basis of technology not available one year ago	49.9	20.9

Source: GEM APS 2005

This table suggests that there is no evidence for women's enterprises being less scalable than men's. First, the gap between male and female high growth potential entrepreneurship is narrower than for all early stage entrepreneurial activity (female high growth entrepreneurial activity is just under half of male high growth entrepreneurial activity compared to over half of male mainstream activity). Second, women are more likely to be providing a good or a service that is new to some or all customers or that is based on technology that was not available a year ago than men.

It is interesting therefore to look at the evidence on the growth potential that is inherent to male and female businesses in terms of the future expectations of men and women. This is presented in Figure 12 which shows that in all areas, women have lower expectations of their growth potential than men, are less capitalised to start with and put in only half of the required start-up investment themselves (where men put in two thirds of the investment).

### Figure 12

Growth requirements: men and women compared

	Men	Women
Median jobs created	1	1
Anticipated jobs created over a five year period (median)	5	3
Finance required (median)	£15,000	£10,000
Finance put in by founder (median)	£10,000	£5,000
Turnover now (median)	£50,000	£20,000
Turnover anticipated in five years (median)	£128,700	£40,000

Source: GEM UK APS 2005

Women and men, although having lower expectations of job and turnover growth, require exactly the same finance from external sources at £5,000.

Figure 13 reports on the sources of external finance used by male and female nascent and new entrepreneurs and owner-managers of established businesses and the percentage of those who were unsuccessful in attempting to obtain each type of external finance.

### CASE STUDY:

#### SAMINA GORDON – SIMPLE SOLUTIONS

/contd.

Samina plans to grow the business by developing the capacity to generate sales through distributors and referral agreements. She will also look to franchising arrangements but is very conscious that timing is a key to making growth plans work. She is also cautious, maybe, she admits, because she has two young children and her husband also works in the business. As a result of this, she is starting up something new alongside the Simple Solutions enterprise – “We don’t want all our eggs in one basket, but there is also an element of wanting another challenge.”

Her advice: take one step at a time and don’t get overwhelmed by the amount of work that’s involved.

[www.simplesolutions4u.co.uk](http://www.simplesolutions4u.co.uk)

**Figure 13**

Sources of finance for men and women in the UK

	Source of finance used (percentages)		Source of finance sought but attempt unsuccessful (percentages)	
	Men	Women	Men	Women
Friends and Family	23.0	17.8	2.2	2.4
Individual Investors	9.1	6.6	2.8	2.1
Unsecured bank loan	18.0	10.3	4.6	1.7
Bank overdraft	32.5	23.5	5.4	3.0
Secured non-bank loan	5.7	3.5	1.8	1.2
Secured bank loan	12.8	14.0	2.8	1.6
Equity	4.9	3.5	1.9	0.8
Government grants	8.0	9.5	4.6	3.6
Credit cards	17.4	15.9	-	-

Source: GEM UK adult population survey (weighted sample of approximately 3764 individuals)

There are some interesting highlights from this table:

- The most popular source of external finance for both men and women are bank overdrafts. Men are significantly more likely to use bank overdrafts, unsecured bank loans, friends and family, and individual investors than women. Women were not significantly likely to use any source of external finance more than men, except secured bank loans (14.0% to 12.8% for men). Interestingly, although not significant, 9.5% of women report the use of government grants compared to 8% of men.
- 15.9% of women and 17.4% men use credit cards to finance their business. It was the third most popular financing route for female entrepreneurs and the fourth most popular for men.

Women have lower failure rates than men in accessing bank overdrafts and unsecured loans, although reported failure rates were very low among both men and women for all finance sources.

### THE CULTURAL GAP

Figure 14 shows that financial barriers remain the greatest obstacles to male and female entrepreneurship, as reported by individuals who were not planning or engaged in any form of business start-up or owner/management activity. For interest, Figure 14 reports differences between men and women in the barriers to finance they face, but most of these differences are slight or not statistically significant. Men and women alike perceive getting finance for their business as the single most important obstacle to their entrepreneurial activity. For men, the next biggest fear is that of debt, and while almost as many women (14% versus 15%) blame fear of debt, they are more likely to cite lack of interest (15% versus 12%) as a reason than men.

**Figure 14**

Barriers to entrepreneurship, 2005

	Male	Female	Total UK
Fear of Debt	15.0	13.8	14.3
Getting finance for business	50.3	52.1	51.3
Lack of interest	12.2	14.6	13.5
Not having an idea	8.7	7.4	8.0
Lack of skills/ knowledge	11.0	10.4	10.7
Time commitment	7.2	11.9	9.8
Chance of failure	6.5	5.5	5.9
Age	7.3	9.4	8.5
Health	3.0	2.9	3.0
Lack of confidence	0.8	1.2	1.0
Lack of promotion skills	0.8	0.4	0.6

Source: GEM UK adult population survey 2005

“Softer” factors, like perceived age or lack of time or lack of confidence are more important for women than for men. These differences are statistically significant, although the actual differences between genders are small. Interestingly, however, chance of failure is a minor reason for both men (6.5%) and women (5.5%), as is lack of skills (11.0% versus 10.4%). On the face of it, this contradicts the earlier results reported here and in previous reports suggesting that women are more likely to let fear of failure or lack of skills stop them from starting a business. An explanation may be that women are more likely than men to fear failure or believe they lack the skills to start a business, but when asked what is the biggest barrier to them starting up, both women and men are more likely to see lack of finance and, relatedly, fear of debt, as the biggest barrier than any other reason.

## SUMMARY AND EXPERT VIEWS

Women are less likely to be running established businesses, as was highlighted earlier, and this section gives some evidence as to the reasons why. Although women are more likely to be working in “innovative” sectors, where the product or service is new to some or all customers or where the technology was not available a year ago, they do not have the growth expectations that their male counterparts do. They require exactly the same amount of median start-up finance, £5,000, but men anticipate their business turnover to grow to nearly £130 thousand over five years while women only expect their turnover to grow to £40,000.

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

Releasing the undoubted potential of women entrepreneurs is about building skills, confidence and expectations of growth and making sure that women have appropriate role models. Experts were of the opinion that this was where the real challenge for the UK lay. The reasons why women fail in growing their businesses is because they intrinsically have lower expectations, argued one. Women have compelling business ideas, motivation and drive, have researched their ideas thoroughly and are well placed to scale their businesses. But they can have a lack of confidence where finance is concerned. More advice and guidance is needed to ensure there is an understanding of the mix of finance needed, and that there is good access to network (or knowledge) capital.



# 7.0

GEOGRAPHY OF FEMALE ENTREPRENEURSHIP

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK



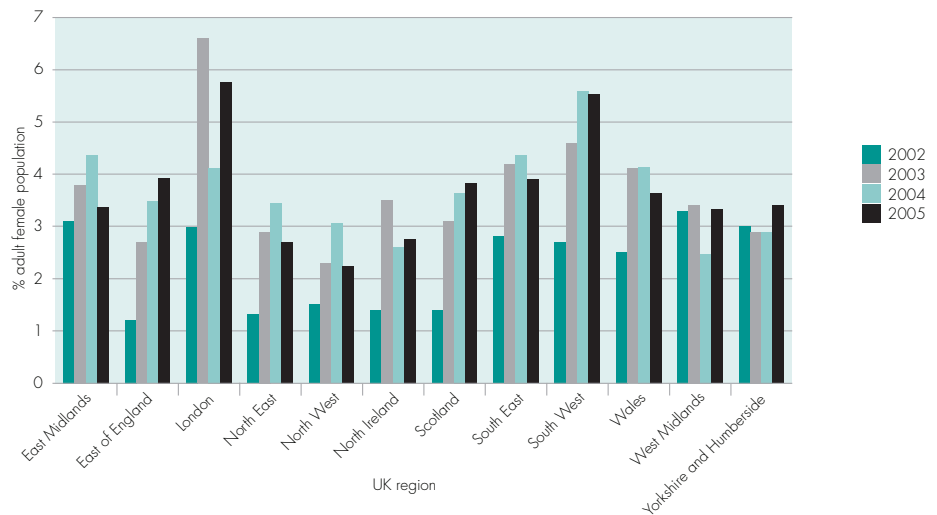
### CASE STUDY:

#### HEATHER GORRIGE: WIGGLY-WIGGLERS

Heather's father was a small business owner who did not believe in a university education as a way of learning about business. Heather, however, realised that if she was going to achieve what she wanted out of life, education was going to be key so she did go to university to study Art and Design. After college, she worked for her father but felt an over-whelming need to prove that she too could build a successful business.

Like many women, Heather has multi-tasked – at one point she was doing five jobs simultaneously. But it was looking after her father's pedigree sheep that gave her the real business insight. In her words, "They provided a HUGE amount of manure which we needed to deal with!" She went to the library and borrowed a book on worms and set out using the worms to reduce the piles of manure. This provided both fertiliser and supply bait for local anglers. But it was when she realised that the worms could be used as a way of reducing household waste that the business really started to take off.

contd/



**Figure 15**

Regional female TEA, 2002-2005

Source: GEM UK APS, 2002-5

What is immediately obvious from Figure 15 is that entrepreneurial activity amongst women in some regions of the country, such as the South West and the East of England, has increased dramatically over the period. In others, such as the East and the West Midlands the changes have been very small. Overall, the differences between regions are statistically insignificant once London is excluded.

Devolution to the RDAs affects only the English regions since Scotland and Wales and to some extent Northern Ireland, have had greater autonomy for a number of years over enterprise policy. This means that different geographies are interesting for just the English regions, such as the Index of Multiple Deprivation and the urban-rural split.

Much of the emphasis in policy since the Strategic Framework has centred on the role of regions and local authorities in generating appropriate support structures and mechanisms for supporting enterprise generally and women's enterprise in particular. Indeed, the central pillar of the de-proliferation agenda is dependent on a greater autonomy over central government by local or regional actors. Business Links have been transferred to RDA control and RDAs will increasingly work with UK Trade and Investment to deliver plans for innovation-based inward location of entrepreneurial businesses.

Strategic partnerships are key and women's enterprise is no exception to this. For example, apart from the women's enterprise pilots, many RDAs have specific partnership-based initiatives to promote enterprise amongst hard-to-reach and minority groups, address issues of childcare and women returners, support networks and training and promote role models.

There is some evidence that, over time, this is having a positive effect on women's entrepreneurship. This is illustrated in Figure 15.

## ENGLAND ONLY: THE INDEX OF MULTIPLE DEPRIVATION (IMD)

Figure 16 looks at TEA, opportunity TEA and necessity TEA by gender broken down by the index of multiple deprivation (IMD) which classifies “super output areas” within wards into five categories from “most deprived” through to “least deprived”. There are seven factors contributing to the deprivation index: health deprivations and disability; employment; income; education, skills and training; living environment; barriers to housing and services; crime.

### Figure 16

Early stage entrepreneurial activity in the UK by gender and Index of Multiple Deprivation

		TEA 2005	Opportunity TEA 2005	Necessity TEA 2005
Most deprived (1)	Men	8.3	7.5	0.8
	Women	3.9	3.7	0.2
Deprived	Men	8.6	7.7	0.8
	Women	4.8	4.1	0.6
Average	Men	10.3	9.2	1.1
	Women	2.9	2.6	0.2
Less deprived	Men	7.0	5.4	1.3
	Women	4.6	4.1	0.5
Least deprived	Men	8.0	6.2	1.4
	Women	3.1	2.7	0.3

Source: GEM UK APS 2005

In itself, Figure 16 does not tell us very much. The aggregate differences in entrepreneurial activity overall are not statistically significant by Index of Multiple Deprivation. There are significant gender differences between groups but these are similar to the differences for the UK as a whole with men more likely than women to be entrepreneurial. However there are a few points that are worth highlighting:

- The gap between the genders is highest in the third quintile (“average” deprivation) with female entrepreneurial just under a third of male activity.
- Women are more likely to be opportunity rather than necessity entrepreneurs compared to men, with the notable exception of in the second quintile the (“deprived”) bracket. So for example, male necessity entrepreneurship in the first quintile (“most deprived”) is 9.6% of all entrepreneurial activity while for women, necessity entrepreneurship is just 5.1% of all entrepreneurial activity. The only exception is the second quintile where female necessity entrepreneurship is 12.5% of all entrepreneurial activity (the equivalent figure for men is 9.3%)

- As wards become less deprived, the proportion of necessity entrepreneurship relative to overall entrepreneurial activity rises. For example, male necessity entrepreneurship is 18.6% of all activity in the fourth quintile and 17.5% of all activity in the fifth. For women, the figures are lower at 10.9% and 9.7% respectively.

## CASE STUDY:

### HEATHER GORRINGE: WIGGLY-WIGGLERS

/contd.

That was back in 1991 and the business ticked along with a turnover of £200,000 up until 2000. A series of domestic crises gave Heather the determination to carry on and now the business turns over £2.6 million a year, employs 15 staff and has 110 customers worldwide. “We realised we had something to offer,” she says, “And we couldn’t make a difference if we were small.” Now she uses blogs and podcasts to promote debate about sustainable gardening and says this is key to making sure her market grows.

Heather has two messages. First, be confident. She and her team of women are examples of what can be achieved – you can succeed and make a difference without much education if you believe. Second, get technology-savvy. New ways of communicating make all the difference – everything is going online so join in!

[www.wigglywiggles.com](http://www.wigglywiggles.com)

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK



### CASE STUDY:

#### IZZY WARREN-SMITH - WiRE

Izzy was a researcher looking at falling farm incomes between 1997 and 2002 and realised that the gap between the income that was coming in and the money that was needed was often met by women. These women were setting up enterprise-based activities to generate non-farm income and to solve social problems but there was little in the way of business support for them.

WiRE (Women in Rural Enterprise) was founded in rural Shropshire in 2003 to address the gap in support for women who are trying to build businesses to support their domestic incomes in deprived rural communities. These women are isolated and so they need networks, advice and help. WiRE's objectives are to build the capacity of rural environments to support women entrepreneurs, to overcome the barriers of isolation, to facilitate the routes to market for women entrepreneurs and to build the knowledge-base about rural enterprise needs. Since 2005 WiRE has been expanding nationally to provide services free of charge to pre-start up and start up women's enterprises and to provide growth support to established enterprises.

Izzy, like many women entrepreneurs, is determined to make a difference. She builds relationships with people who can provide her with more information about the communities in which she operates so that she can understand where the gaps are. But also points out that, women do need to have the courage to be tenacious with promoting this agenda.

[www.wireuk.org](http://www.wireuk.org)

All this suggests that the deprivation picture is a great deal more complicated than would be assumed. It is certainly not the case that women are more likely to be entrepreneurial in the most deprived parts of the UK.

### ENGLAND ONLY: THE URBAN RURAL SPLIT

This takes on an added poignancy when we look at the split between urban and rural locations as examined in more detail by gender. A top level breakdown of rural and urban locations is provided in Figure 17 which all types of early stage entrepreneurial activity by urban or rural location and gender.

#### Figure 17

Early Stage Entrepreneurial Activity by rural or urban location and gender, 2005

	Urban		Rural	
	Men	Women	Men	Women
TEA	8.4	3.6	10.1	6.6
Opportunity	7.3	3.2	8.4	5.7
Necessity	1.0	0.3	1.6	1.0

Source: GEM UK APS 2005

What is immediately striking from Figure 17 is that female entrepreneurial activity is nearly twice as high for rural women as it is for urban women at nearly 60% of rural male entrepreneurial activity. Similarly, opportunity entrepreneurship is one and a half times higher amongst women in rural locations compared to their urban counterparts and necessity entrepreneurial activity over three times higher.

A well-documented drop in farm incomes in the wake of the BSE and foot and mouth crises has created a challenge for rural women. With arguably more opportunity than their male counterparts, argued one expert, women have tended to look for and identify routes to diversification to reduce their dependency on farming. This is certainly evidenced in the GEM data as is shown in Figure 18 which looks at the breakdown of TEA, opportunity TEA and necessity TEA by gender and index of multiple deprivation in rural locations.

**Figure 18**

Rural early stage entrepreneurial activity  
by gender and IMD quintile, UK 2005

IMD Quintile	Gender	TEA	Opportunity	Necessity
1	Men	5.1	4.4	0.8
	Women	6.6	5.5	1.1
2	Men	9.8	7.4	2.2
	Women	7.2	6.4	0.6
3	Men	15.5	14.6	0.8
	Women	4.3	3.5	0.8
4	Men	8.4	4.4	4.0
	Women	13.9	12.9	1.0

Source: GEM UK APS, 2005

NOTE: the fifth quintile is excluded as numbers were too small in this group

There are several features of this table that are worth highlighting:

- Female entrepreneurial activity is higher than male in the most deprived and the least deprived rural wards. Indeed in the least deprived wards, female entrepreneurial activity is just over a third higher than male activity.
- In the third (average) quintile, men are more entrepreneurial than women but necessity TEA for women is proportionately much higher than for men even though the absolute levels of necessity TEA are identical for this group.
- Necessity TEA is higher in absolute and proportionate terms in the most deprived quintile.

## SUMMARY AND EXPERT VIEWS

This section has underlined some interesting features of female entrepreneurship in different locations:

- There is evidence of long term improvements in women's enterprise in two regions outside London: the East of England and the South West in particular. In other regions the changes have been relatively small although across the UK levels of female entrepreneurial activity have generally increased since 2002.
- There are no statistically significant differences when male and female activity is examined by Index of Multiple Deprivation. However, women are more likely to be opportunity entrepreneurs than men in all quintiles except the second quintile (more deprived). Further, the more affluent a ward becomes, the necessity entrepreneurship increases significantly to 17.5% of all entrepreneurial activity for men and 9.7% of all entrepreneurial activity for women.

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

- There are significant differences between urban and rural locations in terms of levels of entrepreneurial activity. Generally, entrepreneurial activity is higher in rural locations and this holds irrespective of gender. When we break this fact down further into quintiles of deprivation, women are more entrepreneurial than men in the first and fourth quintiles (numbers were too small for the fifth quintile, least deprived, to include an analysis of this group). Women are far more likely to be opportunity entrepreneurs than men in these groups too.

All of this indicates that women's entrepreneurial activity has a vital role to play in supporting household income at its earliest stages but not through necessity entrepreneurship *except* in the more affluent groups. This was corroborated by experts who argued that in deprived locations in urban locations as well as rural locations, women were more likely to see entrepreneurial activity as a means to gaining skills and confidence and "fixing" problems in their daily lives, such as reduced transport services or post-office closures in rural locations or after school care and breakfast clubs.

The decentralisation of policy to regions and to the Local Enterprise Growth Initiative on the face of it, argued many, should focus attention on the needs of specific groups – like women in rural locations or hard to reach groups in deprived wards. However, in the view of many, such a strategy has the effect of fragmenting both provision and funding of support for these groups as initiatives had to bid against others, whereas before, those competing initiatives were all funded. Many stated an increase in the number of women seeking training and business support to enable them to access knowledge and networks

in support of their ideas. The increase over a four year period in women's entrepreneurship generally and of early stage entrepreneurial activity amongst women in deprived groups and rural communities in particular provides corroborative evidence. Women are taking opportunities and building them into start-up activity around the market gaps that they perceive. In the most deprived wards of the UK this is particularly important since necessity entrepreneurship is just 5% of all TEA activity overall while female TEA and opportunity TEA is higher in the most deprived rural wards of the UK.

This suggests that these groups will benefit from targeted support and any policy review needs to factor in this fact.

# 8.0

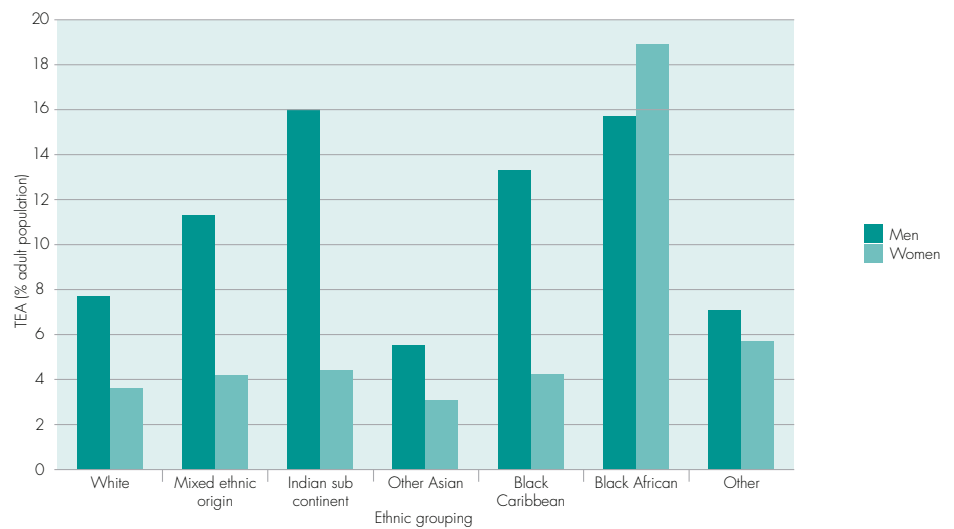
ENTREPRENEURSHIP IN MINORITY COMMUNITIES

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

GEM collects data on entrepreneurial activity by ethnic grouping and this is presented in Figure 19 which shows the breakdown of TEA by broad ethnic groupings<sup>9</sup>.

**Figure 19**

TEA by broad ethnic groupings, 2005



Source: GEM UK APS, 2005

In all groups except "other Asian", ethnic minority women are more entrepreneurial than their white British counterparts. Black African women are more entrepreneurial than men (18.9% compared to 15.7%). While numbers are small, the results are statistically significant and consistent with previous GEM reports.

This suggests that within the ethnic minority community there is a propensity to be entrepreneurial that is greater than for white ethnic groups. Figure 20 provides more evidence on this by index of multiple deprivation.

<sup>9</sup> Ethnicities have been grouped in order to ensure that numbers are large enough to provide statistically significant evidence



**Figure 20**

Entrepreneurial activity by Index of Multiple Deprivation and gender: whites and non-whites compared, 2005

IMD Quintile & Gender	TEA	Opportunity	Necessity
<b>1st: Most deprived</b>			
<b>Men</b>			
White	7.9	7.3	0.6
Non-White	19.0	12.0	6.5
<b>Women</b>			
White	4.0	3.8	0.2
Non-White	2.1	2.1	0
<b>2nd: More deprived</b>			
<b>Men</b>			
White	8.7	7.8	0.8
Non-White	6.4	6.4	0
<b>Women</b>			
White	4.9	4.1	0.7
Non-White	2.8	2.8	0.0
<b>3rd: Average</b>			
<b>Men</b>			
White	10.0	8.9	1.0
Non-White	14.0	12.6	1.1
<b>Women</b>			
White	2.6	2.4	0.2
Non-White	7.1	5.4	1.6
<b>4th: less deprived</b>			
<b>Men</b>			
White	5.7	4.7	1.0
Non-White	17.0	10.8	4.0
<b>Women</b>			
White	4.0	3.5	0.4
Non-White	10.1	9.5	0.6
<b>5th: Least deprived</b>			
<b>Men</b>			
White	7.3	5.9	1.2
Non-White	11.7	8.0	2.5
<b>Women</b>			
White	2.7	2.2	0.4
Non-White	5.3	5.3	0.0

Source: GEM UK APS 2005

Note: where a zero is given, this does not suggest that there is no activity at all but just that numbers were too small to provide any reliable data

### CASE STUDY:

#### SIED

Supporting Inclusion in Enterprise Development is part of the Association for Community Based Advisers with the goal of supporting socially excluded groups and women's enterprise in hard to reach groups. It is based in London and has 27 community based organisations affiliated to it, half of its business advisers are women and over half of the member businesses are women-owned. Their goal is to enable women from ethnic minority groups to see that self-employment is a viable means for them to increase income alongside their domestic responsibilities.

SIED supports across many different cultures and understands the diversity of the challenges that hard to reach groups face. Enterprise development, it believes, can be a mechanism for reducing poverty and increasing social stability and community focus. However, these businesses do need support in scaling up and out of the shadow economy and access to capital is a key part of this.

[www.sied.org.uk](http://www.sied.org.uk)

It was observed above that ethnic minority women are more likely to be engaged in entrepreneurial activity of any type than their white counterparts. However, Figure 20 demonstrates one very stark feature of non-white female entrepreneurial activity: that it is heavily concentrated in the more affluent wards of the UK. In the most deprived wards (quintiles 1 and 2), there are two striking facts: first, non-white men are far more likely to be engaged in some form of entrepreneurial activity and second, that there is a much wider gap between male and female entrepreneurial activity.

Figure 21 looks at the levels of entrepreneurial activity by place of birth.

#### Figure 21

Early stage entrepreneurial activity by place of birth and gender, 2005

Place of birth and gender	TEA	Opportunity	Necessity
England	5.9		
Men	7.9	6.7	1.1
Women	4.0	3.6	0.3
Northern Ireland	4.7		
Men	6.7	6.3	0.7
Women	2.6	2.2	0.4
Scotland	5.8		
Men	6.8	5.9	0.7
Women	3.5	3.0	0.4
Wales	5.1		
Men	5.4	4.2	1.0
Women	2.9	2.6	0.3
European Union	5.4		
Men	6.3	5.4	0.9
Women	4.6	4.1	0.5
Non-European Union	9.5		
Men	15.0	11.8	2.2
Women	3.7	3.6	0.1

Source: GEM UK APS 2005

Care must be taken in interpreting Figure 21 on two grounds: first, the results for women are indicative only since the non-UK born numbers are small and second, the figures presented are for inward migration into the UK and not for ethnicity or deprivation<sup>10</sup>. These caveats are important to remember because the results presented in Figure 21 are potentially rather striking:

- First, in terms of overall entrepreneurial activity and in terms of the gender breakdown, European-born respondents are very similar, with TEA ranging from 4.2% in Wales to 5.9% in England. Women born in either Northern Ireland or Wales are slightly less entrepreneurial than women born in England or the European Union (EU).

<sup>10</sup> Breaking down the analysis further by deprivation, ethnicity and years of time in the UK is not possible because small numbers prevent the results from being robust.



- Second, women born outside of the EU are not significantly more entrepreneurial than those born within it.
- Third, there is a statistically significant difference between entrepreneurial activity amongst respondents born outside of the EU and those born within it. Indeed, this is particularly true for men where non-EU born respondents are nearly twice as likely to be engaged in some form of entrepreneurial activity compared to EU born respondents. Necessity entrepreneurship as a percentage of all entrepreneurial activity is higher at 14% of all TEA compared to 12% for English born residents and 10% for Scottish and Northern Ireland born respondents.

### SUMMARY AND EXPERT VIEWS

Overall, this section has shown that it is the non-white and migrant communities of the UK that have higher levels of entrepreneurial activity. Women from non-White communities are more likely to be engaged in entrepreneurial activity from more affluent backgrounds but entrepreneurial activity amongst migrant women from outside of the EU is not significantly different to entrepreneurial activity from those who are born inside the EU.

Policy has focused on the need to widen access to entrepreneurial activity amongst these “hard to reach” groups on the grounds that there is latent potential that is currently under-utilised resulting in lower economic regeneration in the most deprived communities and lack of growth oriented entrepreneurial activity in the more affluent communities. The indicative patterns outlined by the GEM data suggests that there is certainly scope for broadening access amongst these communities on the grounds that

women from poorer communities are less entrepreneurial while women from more affluent communities are more entrepreneurial and need to be given the confidence to scale up their business propositions.

Even though care must be taken with interpreting the statistics, the evidence does have resonance with the views of experts. For example, many pointed out that the diversity and complexity of these “hard to reach” groups across generations and cultures means that boosting confidence to encourage women to “make that step” is very important. Many experience an income trap in moving from income support to entrepreneurship and this, argued one, is a “massive disincentive that is compounded by the costs of suddenly having to pay for childcare”. They have little education, their language skills are often poor and the women in particular find it hard to see why enterprise helps them when it may take them away from their domestic responsibilities.

Experts were of the view that much of the confidence boosting had to be done in a very specific way that was sensitive to the linguistic and cultural needs of the group. As one pointed out, the languages and cultural support change frequently – where a few years ago there were demands for Arabic support, now the translation and support systems are needed to help migrants from the Czech Republic and Poland in particular.

### CASE STUDY:

#### CATALINA BOTELLO: OUT OF THE BOX PRODUCTIONS

Catalina is half English, half Mexican and it is her Mexican spirit that has inspired her business. She is trained as a dancer, went to drama school and started off life as an actress. But when she travelled to Mexico in 1994 she realised that its inspiring and rich theatrical tradition had potential in the UK. She travelled to New York to see how this tradition had been built into mainstream theatre there and came back to the UK enthused with her ideas.

As an artiste rather than a business person she admits that it has taken her time to build her business. She gets frustrated with lack of finance, bureaucracy and paper work. Nevertheless she has now produced three national tours, two London shows and a combined arts festival, all of which have been immensely successful and have brought Hispanic culture and theatre into the heart of London’s multi-cultural environment.

She feels that she is able to help her community integrate into the mainstream through Theatre and is now developing Latino workshops to take into schools and community colleges, prisons and youth offender institutions as a way of building understanding of the Hispanic community and demonstrating what can be achieved.

[www.outoftheboxproductions.org](http://www.outoftheboxproductions.org)

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

What is important with these groups, argued another, is that the support has to be highly targeted. It has to lead people through the process, from skills development and idea formulation right the way through to "making the step" and moving into entrepreneurial activity or self employment as a means of income generation. Training is key but it should not be expected that everyone will want to set up their own business as it is simply not appropriate for all.

Much of this comes down to trust between the adviser and the individual. The adviser must have both cultural and language understanding but must also be able to "translate", literally and figuratively, between the domestic and the enterprise settings such that women understand everything from their need for training through to the legal and financial documents that they receive when they set up a business. As one expert argued, "Women (from these groups) often have a lot of business acumen and are used to finding solutions. But they are often not seen as breadwinners. So they lack confidence and many are also in a dependency trap right from the word go: you can get allowances and loans, but it is often a once-only help. You have to take huge risks and get it right first time and this is too much to ask."

One final point is worth bearing in mind. Experts were keen to stress that second generation women from ethnic minority and migrant groups were more educated and had stronger and more entrepreneurial aspirations. This is certainly indicated by the data outlined above that suggests that non-white women from more affluent wards are more entrepreneurial. "For these women there is either a glass ceiling on their career potential," argued one expert, "or there is a lack of employment opportunities where they are based. But they often do better than their white counterparts and policy should not forget that these women are the potential role models of the future as their businesses have growth potential."

# 9.0

POLICY CONCLUSIONS

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

The evidence presented here has clearly demonstrated the complexity of women's enterprise in the UK. Overall levels of female entrepreneurship have remained consistent over the past three years since the Strategic Framework was first published. Although attitudes over the whole period towards enterprise have improved, women are still less likely than men to think that they have the skills to start a business and they are more likely to fear failure.

At a more disaggregated level, the statistical information here presents some interesting detail:

- Rural women, particularly in the poorest or the more affluent wards, are more likely to be entrepreneurial.
- There is higher entrepreneurial activity amongst non-white women, but this is in the more affluent communities.
- Much of immigrant entrepreneurial activity is amongst men rather than women.
- Graduate women are still less confident than men, and although recent female graduates are just as likely to see good business opportunities as males but are much less likely to think that they have the skills to start a business.
- Women are more likely to be starting up with products or services that are new to some or all customers, and women are twice as likely as men to be starting up on the basis of a technology that was not available a year ago. Nevertheless, they are under-capitalised and have more restricted growth expectations than men.

There is nothing counter-intuitive in any of these results and it just underlines the fact that policy needs renewed momentum to address the challenges ahead. On the basis of the expert interviews and the gaps identified here, it seems that policy could usefully focus on:

- Government Strategy: a Women's Enterprise Task Force was announced in November 2005 but has not yet been appointed, leaving a critical policy gap at a time of rapid change within the business support environment. There is a need for sustained long term Government commitment to women's enterprise development. There is also a need for "stairways" between different levels of policy making and different Government departments.
- Training: the GEM UK report noted that where women had accessed enterprise training courses at school or university it increased their likelihood of being TEA active by two and a half times compared to those who had taken no enterprise training.
- Understanding women's enterprise as a continuum: women's enterprise in disadvantaged or minority communities is a necessary condition to providing access to high growth potential at a later stage. However, funding and mentoring "escalators" are vital to guide women through from the very earliest stages of their business idea to the stage where it has growth potential.

- In terms of their business support, women need three things: appropriate finance, mentoring and coaching and access to “network” or social capital. This holistic approach to the demand and the supply side is key to an effective approach to women’s enterprise and examples of best practice exist that could be rolled out at a national level.
- There is still qualitative evidence to suggest that women need greater incentives to move into enterprise, to “take the chance”, than their male counterparts. This includes measures such as promoting role models but, more tangibly, tax relief on childcare and clear incentivisation through the New Deal.
- The “take the chance” challenge is particularly severe for women from hard to reach groups and ethnic minority communities in deprived areas. Here there are profound issues of split loyalties between childcare and domestic responsibility and self-actualisation through entrepreneurship. The poverty trap is very real for this group and although there have been initiatives to provide tax relief or support for childcare, these do not help the women who are excluded from the labour market. Addressing this is a key to engaging these women in entrepreneurial activity.
- There are pockets of success as is demonstrated by this research. Nevertheless there is a building sense amongst the experts interviewed that the agenda has publicly become less important even if it is still important within central government. Strong advocacy is necessary but above all the debate needs to shift from an approach which rests on an assumption that there is a “necessarily positive” linear relationship between entrepreneurial activity and regeneration or greater economic growth.

The debate is too important to be framed in such “old economy” terms. Instead, in the views of the experts, we should be looking at how women engage in the labour force. They have different motivations and different expectations but they also have different challenges, many of which are centred around their domestic obligations. These problems are age-old.

What is not age-old is the solution. All of the experts agreed that technology provided an enabling mechanism for women. There is no need for women to engage in any labour market activity, and entrepreneurial activity in particular, at a desk or external office. Home working and flexible working provide the potential for more women to engage in the labour market without facing the financial and personal issues around full time childcare. This has the potential to improve women’s motivations because they are no longer required to work either orthodox hours or in one place.

## STAIRWAYS TO GROWTH: Supporting the ascent of Women's Enterprise in the UK

In short, a flexible workforce is an entrepreneurial workforce and women are well-suited to this type of labour market engagement either as entrepreneurs or as employees. This requires a re-thinking of how women work and how technology can enable them to work productively. At a policy level, this means training women to use technology and, equally providing mechanisms for them to have enabling technologies in their own home. At an advocacy level, prioritising the link between flexible working and entrepreneurship will open minds to the idea that women can be enterprising in many ways and that this is fundamental to releasing their labour market potential.