



SUPPORTING WOMEN'S ENTERPRISE IN THE UK

THE ECONOMIC CASE

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ACKNOWLEDGEMENTS

This report has been developed through a partnership project bringing together a range of expertise including the University of Portsmouth (UOP), the Federation of Small Businesses (FSB) and Women's Enterprise Scotland (WES). The project team producing and undertaking the initial analysis of the data is predominantly drawn from the University of Portsmouth, supported by staff from the University of South Wales. Using expertise drawn from Portsmouth's Strategy Enterprise and Innovation, and Economics subject groups, Geography Department and the Head of the University of South Wales's Women's Entrepreneurship Hub.

ABOUT FSB

The Federation of Small Businesses (FSB) is the UK's leading business organisation. Established over 40 years ago to help our members succeed in business, we are a non-profit making and non-party political organisation that's led by our members, for our members. Our mission is to help smaller businesses achieve their ambitions. As experts in business, we offer our members a wide range of vital business services, including legal advice, financial expertise, access to finance, support, and a powerful voice in government.

FSB is the UK's leading business campaigner, focused on delivering change which supports smaller businesses to grow and succeed. Our lobbying arm starts with the work of our team in Westminster, which focuses on UK and English policy issues. Further to this, our expert teams in Glasgow, Cardiff and Belfast work with governments, elected members and decision-makers in Scotland, Wales and Northern Ireland.

ABOUT WES

Women's Enterprise Scotland is a not-for-profit Community Interest Company which works to create an entrepreneurial environment where women-led businesses can flourish. Alongside their partners, Women's Enterprise Scotland aims to create a commercial culture where women-led business ownership is not simply an aspiration, but becomes a truly attainable, attractive and achievable option for women everywhere.

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FOREWORD

Women entrepreneurs make a huge contribution to the UK economy both creating jobs and driving economic growth. It is right that we celebrate the contribution they make, but women still do not set up businesses at the same rate as men.

FSB is the leading business organisation for small businesses and the self-employed, and we have an important role to play in promoting the value of business ownership championing women's entrepreneurship.

This report highlights the significant contribution women led businesses make to the UK economy, and I am delighted to see that the contribution to economic growth has increased significantly, alongside a significant increase in the number of people employed.

This report also shows that, despite the increase in the economic contribution of women's entrepreneurship, women owned businesses are still under-represented in the fastest growing firms. We need to be inspiring women and young girls to think about alternative business sectors – and celebrating positive female role models within these sectors.

The UK should be aspiring to be the best place in the world for women's entrepreneurship, but to be able to create the right evidence base and to understand how to make the right interventions to support women to grow and to set up businesses, the data collection needs to be improved.

As this report illustrates, there is still more to be done to support women to think about entrepreneurship, doing so will lead to more jobs being created, economic growth and a more diverse and representative small business community.



Lina Bourdon
FSB Diversity Chair

EXECUTIVE SUMMARY

Developing and supporting women's enterprise is proven to be critically important for overall business and economic prosperity. This report documents the increasing importance of women owned businesses to the UK economy and particularly the economies of the devolved nations, both in terms of increased contribution to Gross Value Add (GVA) and especially to employment.

The report complements FSB's previous report, 'Women in Enterprise: The Untapped Potential'¹ and provides a commentary and recommendations on the gendered business data available in the UK. Findings focus on the economic contribution from women owned businesses, with benchmarking against a variety of sources including data for women led businesses, overall GVA contribution, employment contribution and the position in other nations. Evidence of key data gaps is supplied, in addition to examples of good practice.

The following findings are based on analysis of UK data supplied by the Department for Business, Innovation and Skills (BIS) and the Office of National Statistics (ONS) between 2012 and 2015:

Women Owned Businesses

- Women owned businesses contribute £105bn GVA to the UK economy, an increase of 40% since 2012
- In the context of total GVA, women owned businesses are increasing in importance. They now represent 6.3% of GVA, up from 5.1% in 2012
- The average GVA per head contributed by women owned businesses has increased to £36k, although when benchmarked against overall UK GVA per head, the contribution from women owned businesses has decreased from 81% to 79% of the average GVA per head from all businesses
- The decrease in average GVA per head is driven by a reduction in England. In Wales the contribution is static, with a slight rise in Scotland and a larger rise in Northern Ireland
- In contrast, the contribution from women led businesses has increased to 78% of the average GVA per head from all businesses, with rises across all constituent UK nations
- Employment in women owned businesses has increased by 26% to 2.9m. The employment contribution from women owned businesses represents 11.3% of total private sector employment, up from 9.8% in 2012
- The increase in employment is much greater in Northern Ireland (54%) and Scotland (51%) than in England (22.6%) and Wales (13.27%).

Women Led Businesses

- Women led businesses also evidence an increase in employment and now represent 12.55% of total private sector employment, up from 10.34% in 2012
- Women are of growing importance to the UK economy. Women owned and women led businesses now contribute a total of £221bn GVA to the UK economy, representing 13.3% of GVA
- Of particular note is the significant provision of employment. Women owned and women led businesses now provide a total of 23.85% of private sector employment.

Overall, consistent and regular gender-disaggregated business ownership data is lacking, both at UK level and for the devolved nations. Existing data fails to deliver robust measurement capability, especially at devolved nation, sectoral and firm size level. The current lack of data presents a significant barrier to policy formation and best practice identification, effectively holding back the current economic contribution from women owned and women led businesses. A disturbing situation given the growing importance of women in terms of employment creation and business growth for the economies of the UK and devolved nations.

It is crucially important for policymakers to acknowledge the key role of improved future data provision, to help inform best practice, identify opportunity areas, and focus policy responses in order to address the full potential of women owned and women led businesses.

¹ 'Women in Enterprise: The Untapped Potential'. Federation of Small Businesses (2016).

RECOMMENDATIONS

- Increasing the Small Business Survey sample for each UK nation to at least 400 for both women owned and women led businesses to bring it closer in line with the overall margin of errors experienced in the wider Small Business Survey
- Widening the scope of official survey to include questions of more relevance to female business owners and managers. For example, in terms of needs based, gender-specific business support provision and factors affecting innovation, resilience, training, and employment
- To address the critical gap in gender-disaggregated data, the Government could explore the potential of adding a voluntary tick box to the VAT Return form - or the Annual Returns form submitted to Companies House
- All Government supported enterprise development programmes should also be equality impact assessed, to review the impact on women at the budgeting, design, implementation, monitoring and evaluation stages. Evidencing the implementation of current Government policy commitments to women's enterprise across all small business policy and programmes
- Benefits can be gained from adopting the best practice approaches to data and business support for women evidenced by the US and Canada, which have seen increased women's business ownership and increased contribution to employment.

AIMS OF THE RESEARCH

The research aims to set a measurement baseline for the economic value (GVA) of women owned business and women led businesses to the UK economy - identifying current gaps in the provision of gender-disaggregated economic data - and establishing the measurement baseline within constraints imposed by these data gaps. The main objective of the research is to inform economic and business support policy at both UK government level and also within the devolved governments of the UK. In addition, the research findings will seek to both influence future official data gathering processes in relation to majority women owned² and women led³ businesses and to identify areas for further research.

This report has been developed through a partnership project bringing together a range of expertise including the University of Portsmouth (UOP), the Federation of Small Businesses (FSB) and Women's Enterprise Scotland (WES). The UOP has led on the quantitative GVA (Gross Value Added)⁴ data creation and analysis elements; the FSB provided access to their own relevant data, including analysis undertaken via the UK government's Small Business Surveys of businesses⁵ with and without employees; and WES provided potentially relevant supporting data sources, including identification of policy implications, and also writing the final report.

A key output of the research is the overall estimated contribution to GVA in the UK by majority women owned businesses and also women led businesses. The research also highlights variations across the four devolved nations of the UK. It is anticipated that the findings will result in significant interest from a range of bodies, including government departments, policy makers, financial institutions, business support providers and economic development agencies.

² Majority women owned businesses are those SMEs in which more than 50 per cent of the ownership or control is held by one or more women.

³ Women led businesses are those SMEs where women make up more than 50 per cent of the partners or directors in day-to-day control of the business, or where the sole proprietor is a woman.

⁴ Gross value added (GVA) measures the contribution to an economy of an individual producer, industry, sector or region. <https://www.ons.gov.uk/economy/grossvalueadded/gva>

⁵ For the purposes of the study, unless otherwise specified the data discussed for women owned and women led businesses refers to businesses with up to 250 employees.

BACKGROUND

Recent research⁶ has identified that in a UK context, SMEs account for over 99.8% of business entities and 52.4% of employment. Europe's population of SMEs accounted for 99.8% of businesses and 66.2% of employment, and in a global context SMEs contributed to 80% of global economic growth. Unsurprisingly, therefore, supporting enterprise growth is described as being central to the UK Government's plans – and those of the devolved nations – to create a stronger economy.

In March 2005, the UK Department of Trade and Industry (DTI), now the Department of Business, Energy and Industrial Strategy (BEIS), published 'Promoting Female Entrepreneurship', which sought to highlight the economic imperative of supporting women's enterprise. It included an estimate of the annual gross value added (GVA) contribution by women owned businesses at £50 - £70 billion, where £70 billion would have represented around 6% of total UK GVA (including the public sector). This was credited to a calculation made by the Small Business Service in 2004.

This was the first time women's enterprise had been measured in this way, and the research supported the implementation of the UK's Women's Enterprise Framework first published in 2003⁷, which produced regional strategies for the support and development of female entrepreneurship across the UK. These same figures have now been consistently used in research, government reports and to support various initiatives for women's enterprise across the UK for the past twelve years. An analysis of the 2012 Small Business Survey, published in 2013⁸, increased the upper estimate to £75 billion.

The DIT analysis used data which only included the 27% of women owned businesses which are employers. As the majority of businesses are sole traders, the figures provide an inadequate baseline from which to develop an "economic case" and coherent women's entrepreneurship policies and strategies. In 2016, 22% of SMEs with no employees and 20% of SMEs with employees were led by women – defined as controlled by a single woman or having a management team comprised of a majority of women. This in total equates to around 1.1 million smaller firms.

Measurement of this growing economic contribution of women led and women majority owned businesses is critical to set a baseline for improvement, including benchmarking progress and identifying best practice initiatives. In Scotland, the newly refreshed Framework for Women's Enterprise, supported by the Scottish Government⁹, highlighted 'measurement' as a priority area of policy focus. Economic inclusion and gender equality are stated objectives in many policy documents across the UK and the devolved administrations, yet despite this stated priority focus, the lack of gender-disaggregated data available across government departments and other government partner agencies persists. The status quo presents a serious obstacle to change and policy progress for women led businesses.

This report offers a springboard for future research opportunities and action for positive change. Themes identified by this report include – improved data provision; identifying data gaps; and developing new models of economic value and output. Potential best practice is also highlighted, resulting from international comparisons and benchmarking.

6 Beynon, M.J., Jones, P., Pickernell, D. and Packham, G., 2015. Investigating the impact of training influence on employee retention in small and medium enterprises: a regression-type classification and ranking believe simplex analysis on sparse data. *Expert Systems*, 32(1), pp.141-154.

7 <http://webarchive.nationalarchives.gov.uk/+http://www.berr.gov.uk/files/file38358.pdf>

8 <https://www.gov.uk/government/publications/small-business-survey-2012-sme-employers>

9 Scottish Framework and Action Plan for Women in Enterprise. Scottish Government (2017) <https://beta.gov.scot/publications/scottish-framework-action-plan-women-enterprise/>

GENDER AND ENTERPRISE

The rationale for women's enterprise focusses on three crucial elements – gender equality; women's economic empowerment; and the contribution to economic growth. In recent years, studies from the World Bank¹⁰ and the OECD¹¹ have increasingly shown the significant contribution of women's enterprise to economic growth and poverty reduction. This applies not only in developing countries but also in high-income countries, particularly in terms of employment in the post-recession global economy.

Despite an increase in focus on women's enterprise, the literature shows that women in many countries still face a number of difficulties and obstacles in establishing and running businesses. These include:

- Access to finance
- Unfavourable business regulations
- Cultural barriers
- Educational and occupational segregation
- Choice of business types and sectors
- Information and training gaps
- Lack of contacts and access to social support and networking
- Competing demands on time (both caring and work responsibilities)

Although most of these difficulties are common to both women and men, evidence suggests that the barriers faced by women entrepreneurs are often significantly greater than those experienced by men.¹²

In the UK, the Women's Enterprise Policy Group report in 2011¹³ highlighted evidence that majority women led businesses tended to invest more than the average in staff training, with around two-thirds of the businesses aiming to increase the leadership skills of their managers. The report also highlighted NatWest research¹⁴ that more women than men were forecasting growth in their business, which averaged 25%.

While on average majority women owned firms have lower levels of growth and are under-represented in the fastest growing firms, evidence does not suggest that women business owners who aim to grow will be any less successful than male business owners. When firm characteristics, including sector and business age, as well as individual characteristics, such as education and age, are taken into consideration majority women owned firms outperform those owned by men.¹⁵

Research undertaken in France also supports the view that businesses run by women were more resilient in facing the financial crisis.¹⁶

A review of the literature surrounding female entrepreneurship identifies that more research is required on the impact of external factors such as, legislation; social norms; family policy; economic policy; and also, importantly, the structure of the labour market including the degree and type of participation by women.¹⁷

A recent OECD policy brief¹⁸ argues that policy makers should not aim to eliminate all differences between men and women entrepreneurs, but instead should attempt to understand, recognise and remove institutional influences that affect motivations and intentions and correct market failures which constrain women's entrepreneurship.

10 'Supporting high-growth potential women entrepreneurs' World Bank (2014) (<http://www.worldbank.org/content/dam/Worldbank/document/Trade/In>).

11 'Women's entrepreneurship: issues and policies'. OECD (2004) OECD Publications, Paris, 2004 (<http://www.oecd.org/cfe/smes/31919215.pdf>).

12 'Supporting high-growth potential women entrepreneurs', World Bank (2004) (http://www.worldbank.org/content/dam/Worldbank/document/Trade/InnEntre_WomenEntrepreneurs.pdf).

13 Business Survey 2010 Women-led businesses boost Report, June 2011.

14 Ibid.

15 'Women in Enterprise: A Different Perspective'. RBS Group (2013).

16 Bernard, C. Le Moign, C., and Nicolai, J.P., 'L'entrepreneuriat féminin' Centre d'analyse strategique (April 2013).

17 Ahl, H., 2006. 'Why research on women entrepreneurs needs new directions. Entrepreneurship theory and practice, 30(5), pp.595-621.'

18 Policy Brief on Women's Entrepreneurship, OECD (2016).

This is of particular importance in certain sectors, such as the STEM (science, technology, engineering, mathematics) sector where there are specific barriers for women (and girls) in education – due to gendered nature of school subjects – and this subsequently spills over into the labour market. For example, in the UK, 16% of women have had technology suggested to them as a career compared to 33% of men.¹⁹

¹⁹ "Women in Tech: Time to Close the Gender Gap", PWC (2017).

METHODOLOGY

Women's enterprise agencies have been arguing for a long time that one of the key problems in quantifying women's enterprise activity across the four nations of the UK, is caused by the lack of sufficient quantitative and qualitative gender-disaggregated government statistics. Such data has also been missing from banks, economic development agencies and business support organisations across the UK. The UK Women's Enterprise Policy Group highlighted the need for more consistent sources of information for male and female business-related activity, including from the Global Entrepreneurship Monitor (GEM), and Annual Population surveys from the Office of National Statistics (ONS) and the Small Business Survey in the UK (BEIS).

This report includes a review of data availability and collection methods, including those of selected other countries, in order to evaluate the measured contribution of other countries to women entrepreneurs. A quantitative data analysis was undertaken of the existing UK data sets, to identify regional and devolved variations and emerging trends. Existing literature has been analysed for thematic points; existing data sources reviewed and gaps in the data identified.

Analysis using the data that is available from the UK Small Business Survey data, Business Population Estimates, and UK Regional Gross Value Added data, allowed calculation of estimates of overall GVA for women owned business at UK and also devolved nations levels. This was identified using the BIS Small Business surveys of firms with and without employees which was a particularly valuable resource. In addition, overall GVA reference tables and GVA per worker, for firm size and for sectors (2006-2015) from the Office for National Statistics (ONS, 2017) were used. Finally, in order to obtain broad breakdowns of the firm size and sectoral structures for the UK and constituent nations of the UK, BIS Business Population estimates were also used.

The UK data generated has been benchmarked against previously calculated data from 2012. Emerging differences have been identified and charted, aiding insight into the trends since 2004. The data, and the means by which it has been produced, has also been compared with that available from other nations to provide international comparisons. This benchmarking gives context for the current economic activity in the UK and helps identify potential sources of best practice models in other nations, thus providing recommendations on quick wins and crucial strategic action to address the full economic potential of women as entrepreneurs in the UK.

DATA GAPS IDENTIFIED

Existing data sources were then reviewed, and the following gap areas identified from the analysis:

- Data for firms without employees was not available before 2012
- Data for 2013 is not available from the Small Business Survey
- Data for majority women owned businesses is not available on a consistent basis between 2012 and 2015
- Data on majority women owned businesses in 2014 seems specifically highly prone to statistical error leading to the study focusing on 2012 and 2015 and the differences between them
- Data for GVA per head and for sector is not available after 2015
- Data for majority women owned and women led businesses at the sectoral level was more highly delineated between sectors after 2014 (i.e. in the 2015 data)
- The data for majority women owned (and women led) businesses at the constituent nation level, for firm size and sector, is based on relatively low sample sizes, potentially making these figures subject to wide confidence intervals and large annual movements in the reported values
- Specifically, the overall UK figures in 2012 for firms with employees represents a sample of only 0.25% of relevant businesses and 0.01% of firms without employees. Whilst this had risen to just under 1% and 0.1% respectively in 2015, there is clearly an issue over representativeness, particularly for women-related data, given that majority women owned, or women led businesses are around 20-25% of the total
- The small sample size of women led businesses results in wide margin of errors²⁰ that makes analysing the true changes between years troublesome and reduces the dependability of conclusions drawn from the data. Furthermore, it hinders the ability to reliably drill down into the individual national and industry specific data
- The Small Business Survey 2015²¹ reports that women led micro and small sized businesses, or those in certain sectors (such as retail, arts and entertainment), were not statistically significant. Even considering all businesses, including those with zero employees, the margin of error for female led businesses is 1.7% at the UK level
- This is further compounded at the individual nation level, where it is greater than 9% in Northern Ireland and Wales, and close to 6.5% in Scotland
- The situation is even worse when considering only those women led businesses with employees, with the margin of error in Wales being considerably higher at 12%
- This under representation is particularly prevalent in industries such as transport, information/communications and the arts, resulting in margin of errors that are two to three times greater than for SMEs in general
- The data for sectoral and firm size levels for constituent nations is also prone to significant missing data, as well as the low sample size issue identified above, with particular issues for Wales in 2015

For these reasons it was decided to also report figures for women led businesses as these figures were more consistent in definition across the time period and allowed within year comparisons.

In order to also provide some initial broad context for the UK experience, relevant literature and data availability and collection methods of selected other countries was also reviewed.

²⁰ The following assumes a margin of error of a statistic around 50%, with a confidence level of 95%.

²¹ Small Business Survey 2015: all businesses data. Department for Business, Innovation and Skills (2015) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/524068/bis-16-227-226-all-transparency-tables.csv/preview

APPROACHES TO DATA AND ANALYSIS ON WOMEN'S ENTERPRISE IN COMPARABLE CONTEXTS

Analysis has shown existing UK data provision to be poor. Reasons for this include cuts to data resourcing and the very fragmented nature of current data provision, particularly in terms of the sample sizes for majority women owned businesses. Whilst estimates were able to be produced, as indicated in the gaps section above they are based on incomplete data, particularly in terms of the breakdown of majority women owned (and run) business by size in different sectors, as well as GVA per head for majority women owned (and run) businesses by sector, and sector by size band. These data gaps necessitated an analysis based heavily on simplifying assumptions about how women owned and majority women led businesses – and the GVA associated with them - were structured in the economy.

A brief review of approaches adopted in Canada and the U.S. indicates that methodological approaches in these countries have been broadly similar. In the Canadian case, the Industry Canada (2015) analysis was based on two broad surveys:

1. Statistics Canada's Survey on Financing of Small and Medium Enterprises (2007) which had 15,808 SME respondents and a response rate of targeted businesses of 45%; and
2. Statistics Canada's Survey on Financing and Growth of Small and Medium Enterprises (2011) which had 9,957 SME respondents and a response rate of 56%.

The total number of responses on which the analysis is based can therefore be seen as similar to that in the UK – although given that Canada has around half the population of the UK, a higher proportion of the total population is represented.

Through the Women's Enterprise Initiative, Canada has had a sustained focus on support provision for women owned businesses. The Initiative comprises four Women's Business Centres which provide a range of business support for women entrepreneurs. Services include business advisors, training programmes, access to business loans, mentoring and helplines.

In Canada in 2011, 15.5% of SMEs were majority women owned.²² The Global Entrepreneurship Monitor (GEM) Canada Report (2015/16)²³ found 13.3% of women were starting up and running businesses less than 3.5 years old, up from 10% in 2014. This moved Canada from third to first place internationally. Further research in Canada found that majority women owned businesses were more likely to have higher educational qualifications and more likely to innovate, particularly in terms of product innovation.²⁴

Research by McManus (2017) in the US is based on a much more comprehensive census data set, namely the 2012 Survey of Business Owners (SBO), which had over a million responses. (This is only collected every five years). The nature of the variables used in the reported analysis, however, is still broadly similar to that available in the UK. Even in the US case McManus identified:

“More work is needed to explain the disparities seen between male and women owned businesses. Future research can use statistical tools to evaluate the independent effects of industry and business characteristics on revenue and employment. Further research must also focus on choices made by women entrepreneurs and their motivations. Some patterns seen in the current data may be negative indicators if they are not made by choice but rather caused by systematic barriers or discriminatory practices. Any such barrier to women entrepreneurship limits the growth of their businesses, hurts innovation, and unduly constricts the U.S. economy”.

22 'Majority Female-Owned Small and Medium-Sized Enterprises' Special Edition: Key Small Business Statistics, Industry Canada (2015) www.ic.gc.ca/SMEresearch/reports

23 Global Entrepreneurship Monitor (GEM) Report Canada (2015/16).

24 'Majority Female-Owned Small and Medium-Sized Enterprises' Special Edition: Key Small Business Statistics, Industry Canada (2015) www.ic.gc.ca/SMEresearch/reports

In the US case, McManus (2017) argues that progress will be possible, because the SBO five yearly survey, will now be supplemented by the Annual Survey of Entrepreneurs (ASE), facilitated from the US Census partnering with the Kauffman Foundation and the Minority Business Development Agency. This US approach emphasises the importance of data and is part of a concerted longstanding effort to collect gender-disaggregated data on entrepreneurs.

The US Small Business Administration has established Women's Business Centres (WBCs) in a network of educational centres across the US, to assist women start and grow SMEs. In the US, work carried out for American Express found that by 2016, employment in majority women owned businesses had increased by 18%, compared to an all business employment decline of 1% since 2007. In addition, business revenues among women owned firms increased by 35%, compared to 27% among all U.S. firms. Women are now the majority owners of 38% of the country's businesses, up from 29% in 2007.

The critical importance of data and measurement is also cited by the European Institute for Gender Equality, which recommends:

- Investing in data gathering and research
- Improving the quality and quantity of sex-disaggregated data
- Supporting the implementation of surveys and studies to further explore the cultural factors influencing women and men in the labour market
- Supporting the application of gender impact assessment of policy reforms to prevent disincentives²⁵

Overall, this report finds UK data lacks the ability to provide a full statistically robust analysis of the contribution of women owned businesses. Existing data will not generate the holistic analysis necessary for a full understanding of women and entrepreneurship. Whilst these issues also apply to other countries, the examples of the US and Canada are beneficial in terms of insight, as to what improvements can be made by a focussed policy approach towards the improvement of practice.

²⁵ 'Gender equality and economic independence: Part-time work and self-employment' EIGE (2014).

RESULTS

GVA - Majority Women Owned Businesses

The GVA generated by majority women owned businesses was estimated to have grown from around £75bn to around £105bn between 2012 and 2015. As a proportion of total UK GVA (including the private sector) the figure rose from 5.1% in 2012 to 6.3% in 2015.

Figure 1

SMES		2012	2015
UK	Majority Women Owned - GVA Total	£75,634,665,986 (5.1%)	£105,551,478,960 (6.3%)

The average GVA per head in majority women owned businesses was also estimated to have increased from around £32k to £36k between 2012 and 2015. Though relative to the calculated UK average GVA per head, this represents a slight reduction, from 81% to 79% of the UK figure. In the constituent nations of the UK, however, whilst the trend in England mirrored that at the UK level, Wales remained static, Scotland saw a slight rise and Northern Ireland a strong rise.

Figure 2

SMES		2012	2015
UK	Majority Women Owned - GVA per head (as percentage of UK average)	£32,349 (80.84%)	£36,246 (78.74%)

GVA - Women Led Businesses

Between 2012 and 2015, the GVA generated by women led businesses was calculated to have grown from just over £74bn to around £116bn. For women led businesses, the estimated growth between 2012 and 2015 is higher than for majority women owned businesses (see Figure 1) from 5% in 2012 to 7% in 2015.

Figure 3

SMES		2012	2015
UK	Women led GVA Total	£74,601,255,285 (5.0%)	£116,163,598,423 (7.0%)

For women led businesses GVA per head has risen from just over 75% to just under 78% of the UK average, in contrast to the reduction for women owned.

Figure 4

SMES		2012	2015
UK	Women led - GVA per head (as percentage of U.K. average)	£30,017 (75.44%)	£35,778 (77.7%)

For women led businesses GVA per head as a % of the UK figure was calculated to have risen, albeit from a lower base, from just over 75% to just under 78% of the UK average. Again, for the constituent nations of the UK there were distinctions though in this case England, Wales and Scotland showed small rises whilst for Northern Ireland the rise was much larger.

Sectoral Changes and Drivers

Data reviewed for this research found an overall negative sectoral movement for majority women owned businesses. For example, towards sectors with a lower than average GVA per head figure, or away from sectors with a higher GVA per head figure. Three particularly important sectors, in both actual and policy terms, are STEM; Manufacturing and technology; and the Care sector.

Looking at manufacturing, there has been a reduction in the proportion of women owned business employment and GVA. This is important because this is a sector which overall generates a higher than average GVA per head. For care services, in contrast, there has been an increase in the proportion of women owned business employment and GVA, but as this is a sector with below average GVA per head, this can reduce GVA per head contribution. Of the three sectors, only in professional and scientific activities has there been an increase in the proportion of women owned business employment and GVA, generating a greater GVA per head contribution. The net effect of overall sectoral movement for women owned businesses is negative, underscoring the correlation between labour market segregation and business creation – and the crucial importance of policy in this area.

For women led businesses, in contrast, there has been a positive overall movement in terms of sectoral changes.

In summary, looking at the overall trends we can see that between 2012 and 2015:

- The total UK GVA contributed by women owned businesses was estimated to have grown by nearly 40%, compared to only 13% growth in total UK GVA overall
- This growth can be partly attributed to a 25% increase in estimated employment in women owned SMEs, versus a 10% rise in SME employment generally
- Overall GVA per head has grown by 16% for majority women led businesses compared to 12% for women owned businesses. Majority women owned sectoral change effects (and firm size changes – see following section) are likely to have partly dampened the growth in women-owned business GVA per head
- Using the same analytical process, for women led businesses, imputed firm size and sectoral changes are more positive, suggesting actually contributing to the 56% growth in women led business GVA between 2012 and 2015
- The disconnect between the reduction in GVA per head for women owned businesses and the increase in GVA per head for women led businesses is concerning. This may be partly due to the single owner nature of women owned businesses producing less resilience to the challenges faced by women entrepreneurs in the face of no mainstream gender-specific business support provision. Growing resilience through greater needs-based support provision could boost GVA and further research here would be most advantageous

FINDINGS IN EACH UK NATION

The Gross Value Added (GVA) of majority women owned businesses in the constituent UK nations is calculated to be relatively more important in Scotland, Wales and particularly Northern Ireland, compared to both England and the UK average.

Women Majority Owned GVA Total

Figure 5

	2012	2015
England	£65,550,427,659 (5.1%)	£89,180,413,010 (6.18%)
Scotland	£4,977,940,883 (4.27%)	£8,826,142,427 (6.77%)
Wales	£3,305,879,650 (5.95%)	£4,161,301,182 (7.24%)
Northern Ireland	£1,800,417,794 (5.38%)	£3,383,622,340 (9.23%)
UK average	£75,634,665,986 (5.1%)	£105,551,478,960 (6.3%)

In 2015, for women led businesses, this pattern also exists for Wales and Northern Ireland compared to England and the UK, though not for Scotland.

Women Led Businesses GVA Total

Figure 6

	2012	2015
England	£64,365,519,868 (5.0%)	£99,913,501,927.03 (6.92%)
Scotland	£5,854,030,744 (5.02%)	£8,660,708,055.02 (6.65%)
Wales	£2,996,399,691 (5.39%)	£4,183,816,186.14 (7.28%)
Northern Ireland	£1,385,304,983 (4.14%)	£3,405,572,254.57 (9.29%)
UK average	£74,601,255,285 (5.0%)	£116,163,598,423 (7.0%)

EMPLOYMENT AND JOB CREATION

Research by the Organisation for Economic Co-operation and Development (OECD) has found that women's entrepreneurship remains a largely untapped source of economic potential. If this was fully realised it could help to boost job creation – for women business owners themselves and others – and lead to greater understanding of alternative approaches to addressing management, organisational and business issues.²⁶ Studies show women as a group of business owners may tend to associate business success with a range of less traditional measures such as employment, product quality and provision of a missing service as opposed to turnover and profit.²⁷

This research could be construed as adding further weight to that school of thought, following the findings that employment in women owned businesses has increased and the contribution to total employment is much greater than the contribution to total GVA. Further research here would be beneficial to help inform future policy direction.

Women led Businesses – Employment

In the UK, employment in women led businesses has increased from 2.5m in 2012 to 3.3m in 2015, an increase from 10.3% to 12.6% of the private sector employment total.

Figure 7

SMEs		2012	2015
UK	Employment in women led businesses (as a percentage of the private sector total)	2,471,337 (10.34%)	3,246,747 (12.55%)

Majority Women Owned Businesses – Employment

In the U.K., employment in majority women owned businesses has increased from 2.3m in 2012 to 2.9m in 2015, an increase from 9.8% to 11.3% of the private sector employment total.

Figure 8

SMEs		2012	2015
UK	Employment in majority women owned businesses (as a percentage of the private sector total)	2,338,089 (9.79%)	2,912,069 (11.26%)

In the constituent UK nations in 2015, employment in majority women owned businesses and women led businesses is also calculated to be relatively more important in Scotland, Wales and particularly Northern Ireland, compared to both England and the UK average for private sector employment.

²⁶ 'Women's Entrepreneurship: Issues and Policies' Organisation for Economic Co-operation and Development (OECD, June 2014).

²⁷ 'Women in Enterprise', Women's Enterprise Scotland (2017).

Majority Women Owned Businesses – Employment (as percentage of private sector total)

Figure 9

SMEs	2012	2015
England	2,033,429 (9.72%)	2,493,070 (10.95%)
Scotland	153,132 (9.02%)	231,390 (13.26%)
Wales	102,708 (13.41%)	112,289 (13.27%)
Northern Ireland	48,822 (9.73%)	75,319 (14.57%)
UK	2,338,089 (9.79%)	2,912,069 (11.26%)

Majority Women Led Businesses – Employment (as a percentage of the private sector total)

Figure 10

SMEs	2012	2015
England	2,140,967 (10.23%)	2,815,098 (12.37%)
Scotland	185,412 (10.93%)	235,490 (13.5%)
Wales	103,306 (13.49%)	115,495 (13.65%)
Northern Ireland	41,652 (8.3%)	80,664 (15.6%)
UK	2,471,337 (10.34%)	3,246,747 (12.55%)

Firm size data analysed as part of this study, suggests that for both women owned and majority women led businesses there has been a disproportionate movement towards higher employment size bands. Whilst in need of further research, this may, when taken in conjunction with the GVA per head results, also be suggestive of women owned businesses being relatively more likely than businesses in general, to value employment creation over more traditional GVA measures such as turnover.

EXAMPLES OF GOOD PRACTICE

The US has seen a long-term and sustained policy focus on women in businesses, with legislative change establishing the US Small Business Administration's Office of Women's Business Ownership with the aim of increasing female participation in entrepreneurship. This was followed by the Women's Business Centre Program which ensured that Women's Business Centres operate in almost every state, offering vital resources such as training in finance, management and marketing; and access to financial and procurement assistance programs. This approach has led the US to top the list of countries for their support of high impact women's entrepreneurship.²⁸

The OECD, in its recommendation to the Council on gender equality in education, employment and entrepreneurship²⁹, recommends that EU Member States adopt a 'whole-of-government approach' and by use of means such as appropriate legislation, policies, monitoring and public awareness campaigns, attempt to reduce the gender gap in entrepreneurship activity by the following:

1. Designing appropriate responses to gaps and market failures, including: policies to reduce barriers to women's entrepreneurship, administrative burdens on firms and excessive regulatory restrictions; policies to support firm growth, internationalisation and innovation; support for the development and implementation of awareness campaigns, training programmes, mentoring, coaching and support networks, including professional advice on legal and fiscal matters.
2. Ensuring equal access to finance for female and male entrepreneurs through actions that influence both the supply of and demand for finance by: easing access to finance for viable businesses owned by men and women; taking steps to improve the knowledge and attitudes of financial institutions; increasing awareness of finance sources and tools among women entrepreneurs; and encouraging more women to join business angel networks or venture capital firms.

Canada has also had a sustained focus on women's entrepreneurship through the Women's Enterprise Initiative. The Global Entrepreneurship Monitor (GEM) Canada Report (2015/16)³⁰ found 13.3% of women were starting up and running businesses less than 3.5 years old, placing Canada in first place internationally. In addition, Canada has just introduced a further range of investment measures through its 2018 budget, targeted at support for women in business. A total of \$1.65 billion in new financing being made available over three years through the Business Development Bank of Canada and Export Development Canada specifically for women in business.

The Canadian Government is also making \$105 million available over five years to reduce barriers that have traditionally made it harder for women to start up and grow their own business. In addition, the budget targets procurement with a promise that 15 per cent of small- and medium-sized businesses providing goods or services to the federal government will be women owned, quickly growing their potential for additional revenue.

28 'Global Women Entrepreneur Leaders Scorecard' - Executive Summary, ACG Inc., (2015).

29 Recommendation of the Council on gender equality in education, employment and entrepreneurship, OECD 2013 [http://www.oecd.org/gender/C-MIN\(2013\)5-ENG.pdf](http://www.oecd.org/gender/C-MIN(2013)5-ENG.pdf)

30 Global Entrepreneurship Monitor (GEM) Report Canada (2015/16).

CONCLUSIONS AND RECOMMENDATIONS

This study identifies clear shortcomings in data provision in all of the four UK nations, including the size of samples. Overall, there is a shortage of consistent and regular gender-disaggregated business ownership data. Policymakers have to rely on the biennial Small Business Survey published by BEIS, and other data sources (referenced in this report) to estimate the numbers of women business owners, while the Labour Force Survey provides data on self-employment.

More effective data provision would allow more robust data analysis on female entrepreneurship activities and improve the type of data gathered. In particular to allow a more statistically robust sectoral and geographic spread, with a greater emphasis on gender disaggregated figures. Overall, the relatively small current sample size of women owned and women led businesses particularly at national, sectoral and firm size levels, reduces the dependability of conclusions drawn from the data. This is especially relevant in terms of analysing changes between years. The lack of data provision currently, undermines Government policy commitments to women's enterprise.

Despite the data limitations, this report underscores the growing value of women owned and women led businesses to the UK generally and devolved nations economies more specifically. Both in terms of the growing contribution to GVA and especially the significant contribution to employment. It is crucially important for policymakers to recognise the key role of better future data provision, to help inform best practice, identify opportunity areas, and focus policy responses to support and unlock the full economic potential of women owned and women led businesses.

In addition to a direct contribution to GVA, women's enterprise also supports the diversification of business, stimulating innovation and diversification in management, in production and in marketing practices as well as in products and services³¹. Innovation is a key enabler of productivity and competitiveness and research shows that gender diversity within research teams fosters novel solutions leading to radical, step-change innovation.³²

The current lack of data presents a significant barrier to policy formation and best practice identification, effectively placing a tax on the current economic contribution from women owned and women led businesses. This is a disturbing situation given the growing importance of women to the economy, as evidenced by this report, in terms of employment creation and business growth for the UK and the devolved nations.

³¹ 'Gender in Entrepreneurship' European Institute for Gender Equality (2016).

³² Diaz-Garcia, Cristina; Gonzalez-Moreno, Angela and Saez-Martinez, Francisco Jose. Gender diversity within R&D teams: Its impact on radicalness of innovation. *Innovation: Management Policy and Practice*, Vol. 15, No. 2, Aug 2013: 149-160.

RECOMMENDATIONS

- Increasing the Small Business Survey sample for each UK nation to at least 400 women owned businesses (and 400 women led businesses) is recommended, to bring it closer in line with the overall margin of errors experienced in the wider Small Business Survey. Broadly, in comparison with the 2015 Small Business Survey, this would imply doubling the size of the sample in Scotland and increasing it fourfold in Wales and Northern Ireland.
- Further collaboration to progress work on women owned and women led businesses is also recommended, at the UK and at the devolved nation level, in terms of widening the scope of official survey to include questions of more relevance to female business owners and managers. For example, in terms of needs based, gender-specific business support provision and factors affecting innovation, resilience, training, and employment.
- To address the critical gap in gender-disaggregated data, the Government could explore the potential of adding a voluntary tick box to the VAT Return form, which businesses are required to submit to HMRC - or the Annual Returns form submitted to Companies House to determine the gender of business owners (the company director(s) in the case of limited companies, as well as sole traders and partners in business partnerships). This would improve the scope and regularity of gender specific data on business ownership and in turn help to provide policymakers with a stronger evidence base on women entrepreneurship on which to create new initiatives and interventions.³³
- All Government supported enterprise development programmes should also be equality impact assessed so as to review the impact on women at the budgeting, design, implementation, monitoring and evaluation stages. This would illustrate current Government policy commitments to women's enterprise are effectively implemented across all small business policy and programmes
- Benefits can be gained from adopting the best practice approaches to data and business support for women, evidenced by the US and Canada, which have seen increased women's business ownership and increased contribution to employment

³³ 'Women in Enterprise: The Untapped Potential' Federation of Small Businesses (2016).

APPENDIX

Results

Table 1. Data Table: SMEs

Women owned & Women Led		2012*	2015
UK	Women Majority Owned: GVA Total	£75,634,665,986 (5.1%)	£105,551,478,960 (6.3%)
	Women Led: GVA Total	£74,601,255,285 (5.0%)	£116,163,598,423 (7.0%)
	Women Majority Owned Employment: (as % of private sector total)	2338089 (9.79%)	2912069 (11.26%)
	Women Led Employment: (as % of private sector total)	2471337 (10.34%)	3246747 (12.55%)
	Women Majority Owned: GVA per head (as % of UK average)	£32349 (80.84%)	£36246 (78.74%)
	Women Led: GVA per head (as % of UK average)	£30,017 (75.44%)	£35,778 (77.7%)
	UK Nations***		
England	Women Majority Owned: GVA Total	£65,550,427,659 (5.1%)	£89,180,413,010 (6.18%)
	Women Led: GVA Total	£64,365,519,868 (5.0%)	£99,913,501,927.03 (6.92%)
	Women Majority Owned Employment: (as % of private sector total)	2033429 (9.72%)	2493070 (10.95%)
	Women Led Employment: (as % of private sector total)	2140967 (10.23%)	2815098 (12.37%)
	Women Majority Owned: GVA per head (as % of UK average)	£32,236 (80.56%)	£35,771 (77.71%)
	Women Led: GVA per head (as % of UK average)	£30,064 (75.13%)	£35,492 (77.1%)
	Northern Ireland	Women Majority Owned: GVA Total	£1,800,417,794 (5.38%)
Women Led: GVA Total		£1,385,304,983 (4.14%)	£3,405,572,254.57 (9.29%)
Women Majority Owned Employment: (as % of private sector total)		48822 (9.73%)	75319 (14.57%)
Women Led Employment: (as % of private sector total)		41652 (8.30%)	80664 (15.6%)
Women Majority Owned: GVA per head (as % of UK average)		£36,877 (92.16%)	£44,924 (97.59%)
Women Led: GVA per head (as % of UK average)		£33,259 (83.11%)	£42,219 (91.72%)

Women owned & Women Led		2012*	2015
Scotland	Women Majority Owned: GVA Total	£4,977,940,883 (4.27%)	£8,826,142,427 (6.77%)
	Women Led: GVA Total	£5,854,030,744 (5.02%)	£8,660,708,055.02 (6.65%)
	Women Owned Employment: (as % of private sector total)	153132 (9.02%)	231390 (13.26%)
	Women Led Employment: (as % of private sector total)	185412 (10.93%)	235490 (13.5%)
	Women Majority Owned: GVA per head (as % of UK average)	£32,508 (81.24%)	£38,144 (82.86%)
	Women Led: GVA per head (as % of UK average)	£31,573 (78.90%)	£36,777 (79.89%)
	Wales	Women Majority Owned: GVA Total	£3,305,879,650 (5.95%)
Women Led: GVA Total		£2,996,399,691 (5.39%)	£4,183,816,186.14 (7.28%)
Women Majority Owned Employment: (as % of private sector total)		102708 (13.41%)	112289 (13.27%)
Women Led Employment: (as % of private sector total)		103306 (13.49%)	115495 (13.65%)
Women Majority Owned: GVA per head (as % of UK average)		£32,187 (80.44%)	£37,059 (80.51%)
Women Led: GVA per head (as % of UK average)		£30,187 (75.44%)	£36,225 (78.69%)

Note: *Note: 2012 Women Led Businesses have utilised different calculation for zero employees GVA per head as percentage of overall GVA per head in order to constrain UK total to £75 billion. This calculation is also different for 2014 and 2015.

**2014 Women Majority Owned Statistical analysis affected by lack of reliable data.

Figures in parentheses show total as percentage of total UK GVA (public and private sector).

***For individual nations the missing data issues have been taken into account when calculating percentages and absolute figures for GVA and employment). Adjustments ensure the UK totals and Total for the combined nations are equal.

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