



# **A Multi Billion £ Opportunity:**

**The Untapped Growth  
Potential of UK Women  
Entrepreneurs**

*Briefing Paper  
Women's Enterprise Policy Group  
October 2011*

## **Context**

Women-owned businesses are critical to the health of the UK economy. For more than a decade, government and a range of organisations in the public, private and academic sectors, have recognised the value of supporting women's enterprise from both a policy and practical perspective. The result has been increased awareness of the contribution these businesses make to the economy, and a small, but significant, growth in both the number of start-ups and growing businesses where women are playing an executive role. The number of female-focused business networks, and resources designed to connect women with the support and encouragement they value, has also increased.

And now in 2011, the role of female-led businesses is more important than ever. Although representing only around 15% of the total business base, there are more than 700,000 women-owned businesses operating across the nation, in every sector – and their role in growing the economy, and creating and sustaining new jobs, is crucial to recovery and growth.

Despite this level of activity, however, women are too often invisible within the business arena – in the media, within business representative organisations, and when it comes to influencing policy. And at a time when government funding for business support has been cut, and when many businesses are struggling to survive and grow, there is a danger that the progress made to date will falter, and the 'multi-billion £ opportunity' which growth from female-led enterprises can bring to the economy will not be realised.

Recent UK figures show female unemployment at its highest level for 23 years. There is also a record level of young people, including many female graduates, who are not economically active. Self-employment and business ownership can be a positive way of addressing these issues, as well as helping existing women-owned businesses to take on new employees and contractors.

**As long as women remain under-represented in enterprise, the government is wasting a multi-billion pound opportunity to grow the economy.**

This briefing note was prepared by the Women's Enterprise Policy Group (WEPG)<sup>1</sup> ahead of the Party Conference Season and the Conservative Party Fringe Event on Women & Enterprise. The note provides:

- facts and statistics on women's enterprise and its contribution to the UK economy
- a projected impact assessment of an increased focus on growth of women-owned business
- recommendations to government - building on the strong base of support available within the 'women in business' community

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<sup>1</sup> Appendix A for list of WEPG members and associates

## **Facts & Stats**

One of the biggest challenges in quantifying women's enterprise in the UK is the lack of data, both quantitative and qualitative. Business registers and many sources of government statistics (including VAT registration) are not gender-disaggregated. Similarly, gender information is not readily available from banks or business support organisations. Despite these gaps, several consistent sources of information on entrepreneurship and self-employment provide information of male and female business-related activity. These include the Global Entrepreneurship Monitor (GEM) and the Annual Population surveys from the Office of National Statistics (ONS). A particularly useful source of up-to-date statistics is the BIS Small Business Survey 2010 which featured a sample boost of women-led businesses.

The statistics below are focused on employer-businesses only<sup>2</sup>, i.e., they exclude companies and sole traders where there are no additional people employed:

- 14% of all SME employers are women-led (around 170,000)
- 86% of women-led SMEs are micro businesses (employing between 1 and 9 staff members)
- 13% are 'small businesses' (employing between 10 and 49 staff) and 2% are 'medium' businesses (employing between 50 and 249)

(NB – the size of these businesses is not significantly different from SME employers in general)

- Almost half of women-led SMEs run private limited companies, with 29% as sole proprietors – they are less likely to be limited companies than SME employers as a whole
- Around 18% of women-led SMEs have an annual turnover of less than the VAT threshold, compared to 12% of all SMEs
- The average annual turnover of women-led businesses was just below £500k, compared to £1.17k for SME employers generally
- 66% of women-led businesses, where public sector contracts were relevant to their business, said the main barrier to selling more to the public sector was the effort of bidding or pre-qualifying for contracts
- 44% of women-led SME employers perceive their businesses to be a social enterprise
- Women-led businesses are the most likely to have had a net gain in employment levels – and predict their staffing levels will remain the same for next 12 months
- Two-thirds of women-led SMEs had either increased turnover or remained the same in previous 12 months

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<sup>2</sup> Source: BIS Small Business Survey 2010: published June 2011

- **Two-thirds (66%) of women-led SME employers are aiming to grow their business over the next two to three years**<sup>3</sup>
- Women-led SMEs are more likely to want to invest in training than SME employers as a whole
- The two most frequently mentioned factors which would encourage more women to set up a business were: financial assistance and funding, and help with childcare
- Women-led SMEs are more likely than SME employers generally to have taken steps to ensure success when seeking finance, by having an up to date business plan and seeking professional advice
- 15% of women-led SME employers have used a business mentor, and 42% do some networking activities, making time to speak to or meet with other entrepreneurs

## **Economic Impact of Women's Enterprise**

In 2005, the DTi estimated the annual contribution by women-led businesses to GVA<sup>4</sup> as £70 billion.

With a modest increase for inflation and growth, we can assume the current contribution is at least £75 billion.

If we assume one-third of all women-led businesses have growth aspirations, and they grow by 10% per annum over the next two years, this will result in a minimum additional **£5bn contribution to GVA**.

If each of these growth businesses creates one job in that period, an additional **240,000 jobs will be created**. This represents a 9.6% decrease in current unemployment.

We also have evidence that women-led businesses invest more in training for their staff than employers in general, and that around two-thirds are aiming to increase the leadership capability of their managers. So investing to support growth-oriented women-led businesses is likely to have a greater return than on investing in businesses in general.

It should be noted that these are conservative forecasts and there is significant research evidence which indicates even stronger growth aspirations among female entrepreneurs, including those who are mothers. In 2008, research undertaken by Everywoman on behalf of Natwest found that 88% of women vs 74% of men were predicting growth in their businesses. The growth predicted averaged 25%.

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<sup>3</sup> See also Enterprising Women 2011 survey: [http://www.enterprising-women.org/static/ew\\_growthreport.pdf](http://www.enterprising-women.org/static/ew_growthreport.pdf)

<sup>4</sup> Gross Value Added: measure of the goods and services produced in the economy

## **Recommendations for Government**

### **Recommendation 1:**

Invest in business growth programmes for existing female entrepreneurs, and target resources from the Business Coaching for Growth programme at sectors with more women-owned businesses.

### **Recommendation 2:**

Double the number of women entrepreneurs using mentors and/or networking opportunities by promoting activity amongst networking groups. Work with corporates, such as RBS which has established an internal female business ambassador network. Support networking groups to help them grow membership.

### **Recommendation 3:**

Appoint a women's enterprise champion within Government, in BIS or Treasury, but with a cross-departmental role in raising awareness of the economic benefits of encouraging more women to start and grow businesses.

### **Recommendation 4:**

Increase access to gender-disaggregated data across government departments and agencies, including HMRC and DWP. Support the production of six-monthly policy and research updates on women's enterprise across the UK regions and nations.

### **Recommendation 5:**

Ensure current university and FE enterprise support is attractive and useful to young women, closing the gap between the numbers of young men and young women starting businesses.

### **Recommendation 6:**

Develop a charter for improvements to public and private sector procurement, including training and awareness-raising, ensuring female-led businesses are not disadvantaged within the tendering and contracting processes.

### **Recommendation 7:**

Assist Local Enterprise Partnerships and Local Authorities to develop business support and economic development policies and strategies which optimise women's enterprise in their localities.

## Appendix A

### Women's Enterprise Policy Group Members\* and Associates:

Name	Position	Organisation
Sally Arkley MBE	Director	Women's Business Development Agency
Mumtaz Bashir JP DL*	Consultant	LOCOG
Dinah Bennett OBE (Vice-chair)*	Director	International Centre for Enterprise and Entrepreneurship (ICE)
Max Benson MBE	Director	Everywoman
Karen Birch	Managing Director	The 3rdi Magazine Ltd
Selena Bolingbroke	Pro-Vice Chancellor, Strategic Planning & External Development	University of East London
Jackie Brierton MBE (Chair)*	Director	Women's Enterprise Scotland
Sonia Brown MBE	Founder & CEO	National Black Women's Network
Jo Cameron	CEO	Network of Aspiring Women
Professor Sara Carter OBE*	Head of Department	Hunter Centre of Entrepreneurship
Bonnie Clarke*	Director for Scotland	Badenoch & Clark
Etta Cohen*	Managing Director	Forward Ladies
Linsey Cole*	Project Manager	Centre of Excellence for Women's Entrepreneurship, UEL
Shirley Cooper	Executive Director	WE Connect Europe
Carolyn Currie*	Head of Women in Business	RBS
Fiona Dodd*	Head of Research	TBR
Karen Gill MBE	Director	Everywoman
Jayne Graham	Director	20:20 Consulting Ltd
Dr Rebecca Harding	CEO	Delta Economics
Professor Colette Henry	Norbrook Professor for Business and Enterprise	Royal Veterinary College, University of London
Tatjana Hine OBE*	Past-President	British Association of Women Entrepreneurs (BAWE)
Sophie Howe	Director	COMTEC Translations
Bev Hurley*	Chief Executive	Enterprising Women Ltd

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Jayne Lawton	Member	North West Women's Enterprise Forum
Sue Lawton	Director	WE Connect International
Deborah Leary OBE	Chief Executive	Forensic Pathways
	National President	British Association of Women Entrepreneurs
Professor Nigel Lockett	Director	Leeds Enterprise Centre, University of Leeds
	President	Institute for Small Business and Entrepreneurship
Helene Martin Gee	Chief Adviser	All-Party Parliamentary Group on Entrepreneurship
Kiki Maurey	Board Member	New Forest Business Partnership
Gill Fennings-Monkman MBE*	CEO	Excellence in Partnership
Dr Isabella Moore CBE*	Director	COMTEC Translations
Marla Nelson	Director	Enterprise Solutions
Maggie O'Carroll	Chief Executive	The Women's Organisation
Dr Pat Richardson*	Director	Richardson Howarth Ltd
James Ramsbotham	Chief Executive	North East Chamber of Commerce
Muhammad Azam Roomi	Principal Lecturer & Director of Research	CWE, University of Bedfordshire
Dr Julia Rouse	Director of Gender & Enterprise Research	Centre of Enterprise, MMU
Madi Sharma*	Member	European Economic & Social Committee
Charlotte Vere*	Founder	Women On
Jackie Waring*	Director	Women's Enterprise Scotland
Julie Weeks	CEO & President	Womenable
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