

## Written evidence submitted by Women's Enterprise Scotland [FEN0045]

### Introduction

For 13 years Women's Enterprise Scotland (WES) has been at the forefront of the drive to close the gender gap in enterprise participation in Scotland. As a not-for-profit community interest company, WES aims to create an environment where women and girls can start up in business and thrive. We undertake regular research to inform and guide policymaking and to inform the support we provide to women business owners through our Women's Business Centre digital platform which supports over 2,500 member businesses.

WES welcomes the opportunity to share our research findings and the views of our member businesses to contribute to the call for evidence on Female Entrepreneurship. After years of progress, there has been a marked decline in numbers of women-led businesses and we strongly advocate for policies which recognise and seek to enhance the economic contribution of women-led businesses in Scotland and the multi-billion pound opportunity these businesses represent.

Our most recent survey research was conducted between January and March 2025 and 268 women-led businesses based in Scotland participated in the survey. One-to-one interviews have also been conducted and we are currently analysing this data.

### Responses

#### **What are the barriers facing women, including specific groups of women such as those from an ethnic minority background, seeking to start and grow successful businesses in the UK?**

Our 2025 survey respondents identified a range of challenges women face from finding customers (58%), to rising costs (50%) and making the most of digital, the internet and social media (47%). Lack of access to finance was also highlighted by over one third of respondents (38%)<sup>1</sup>.

While these challenges may not be unique to women-led businesses, structural inequalities such as the disproportionate distribution of business relief grants during COVID-19 and lack of access to equity investment increase the intensity of other challenges for women-led businesses.

Studies have found women start up in business with 53% of the capital of their male peers and remain undercapitalised<sup>2</sup>. With all-female founder teams receiving just 2% of equity investment for the past decade<sup>3</sup>, women seeking to capitalise their businesses face a lack of accessible options. While they seek to realise their growth ambitions, many women-led businesses have limited resources and a greater vulnerability to economic crises.

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<sup>1</sup> Survey of Women in Enterprise, Women's Enterprise Scotland (2025)

<sup>2</sup> Rose Review of Female Entrepreneurship (2019)

<sup>3</sup> British Business Bank (2023)

The provision of business relief grants was a key component of Scottish and UK Government COVID-19 business support frameworks. Business relief funds were targeted to sectors assessed as requiring dedicated support interventions, including Tourism and Hospitality. No business relief grants were targeted at women-led businesses despite the acknowledged disproportionately adverse impacts of previous crises on women.

Analysis of two COVID-19 business relief funds found women-led companies received a disproportionately low allocation of those grant funds<sup>4</sup>. A similar picture was found for self-employed women who claimed less frequently than their male peers and also claimed lesser amounts<sup>5</sup>. No grant funding remedial action has been directed towards women-led businesses. The funding inequalities evidenced remain unaddressed and women-led businesses are left with a heightened vulnerability to future economic shocks.

In the same way as studies have found the cost-of-living crisis risks exacerbating issues such as economic inequality, child poverty, domestic abuse, and health inequality<sup>6</sup>, the cost-of-business crisis risks worsening existing inequalities for women-led businesses. Years of gender-based inequalities during austerity and COVID-19 have been followed by the cost-of-business crisis, compounding the impact on financial resilience. The impact of the cost-of-business crisis is widespread with just a small minority (5%) of women-led businesses saying they had not experienced any rising costs. Even less (2%) said they had fully recovered the cost increases from their revenues<sup>7</sup>. As businesses which start with less capital<sup>8</sup> and receive less investment than their male counterparts<sup>9</sup>, an erosion to existing sales margins is a serious threat to business resilience and future sustainability.

In 2016, the FSB reported one third (34%) of women business owners said they had experienced discrimination. The WES survey in 2023 found a significant increase with 66% saying they had experienced discrimination. In 2025, our survey research found experiences of discrimination remained high, with a doubling of the level reported by the FSB in 2016.

Women are not a “one-sized” group and challenges are further increased at points of intersectionality. Analysis finds black women receive even less venture capital than their white peers. Only 10 black female entrepreneurs received venture capital investment (0.02% of the total amount invested) over 10 years from 2009 to 2019<sup>10</sup>.

More than a third (37%) of black female business owners and 36% of female business owners from Asian and other ethnic minority backgrounds report making no profit, compared to 16% of white male business owners. Female business owners of all ethnicities experience significantly lower median turnover than male entrepreneurs (£15,000 vs £45,000 per annum), and fewer say they meet their financial aims<sup>11</sup>.

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<sup>4</sup>WES, [mnAI, Aug 2021](#). 3657 businesses across Scotland benefited from £145.3m of grants through these funds. Of these, 70% were identified as Ltd companies. The mnAI platform enabled gender analysis of those identified as Limited Companies.

<sup>5</sup> Gender Differences in Access to Coronavirus Government Support, Women’s Budget Group (2021)

<sup>6</sup> The Impact of the Cost of Living on Gender Equality, Royal Society of Edinburgh (2023)

<sup>7</sup> Survey of Women in Enterprise, Women’s Enterprise Scotland (2023)

<sup>8</sup> The Alison Rose Review of Female Entrepreneurship (2021)

<sup>9</sup> Equity Tracker Report, British Business Bank (2023)

<sup>10</sup> Finding What Works: Pathways to Improve Diversity in Venture Capital Investment, British Business Bank (2023)

Older women entrepreneurs face a serious risk to their financial future. A majority of our 2025 survey respondents were aged between 40 and 59 years of age and a majority say they are not currently making any pension contributions. Worryingly, almost half say they have made no pension provision at all in the period they have been running their business.

Considering the lack of pension provision in the context of the growing attrition rate for women-led businesses illuminates an advancing risk. While there is an increasing trend in women starting up business, and women business start-ups are now 52% of all start-ups<sup>12</sup>, the percentage of women-led employer businesses is declining. Women-led employer businesses have dropped to 20% of employer businesses<sup>13</sup> highlighting a very leaky pipeline from start-up to employer businesses.

Our 2023 survey revealed 53% of women-led businesses are paying themselves less than £20,000 per year, with 42% paying themselves £15,000 or less. In addition, 61% stated their own savings were the main source of business finance. Evidently, a significant proportion of women-led businesses are paying themselves a low income and applying their savings to their businesses while making no pension provision.

Concerningly, this insight on women's constrained ability to provide for retirement comes at a time when the rates of women-led employer businesses are declining to 20% in Scotland and 15% in the UK<sup>14</sup>. Older women starting or running their own businesses currently face an increasing risk of inadequate income or poverty in retirement.

### **In which sectors of the economy do women face the greatest barriers to entrepreneurship, why is this, and what could be done to tackle them?**

Women face serious barriers to entrepreneurship in all sectors of the economy. While women have a greater representation in some economic sector such as business services, education and wellbeing<sup>15</sup> and an under-representation in others such as financial services, energy and construction<sup>16</sup>, structural barriers prevail across industries.

Starting a business with constrained capital from the outset and facing enduring structural barriers in accessing investment seriously impedes growth prospects. While businesses sectors which align to government commitments such as the industrial strategy can attract grant funding, in our research women across all sectors tell us they struggle to access funding.

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<sup>11</sup> Alone Together – entrepreneurship and diversity in the UK, British Business Bank (2022)

<sup>12</sup> Data sourced from Business Gateway

<sup>13</sup> Small Business Survey Scotland (2023)

<sup>14</sup> Small Business Survey 2023: Businesses With Employees

<sup>15</sup> Survey of Women in Enterprise, Women's Enterprise Scotland (2025)

<sup>16</sup> The Gender Index, mnAI (2025)

For example, a total of 78% of survey respondents confirmed investing in digital, technology and/or artificial intelligence would benefit their business, yet just 15% said they had been able to access this funding through government grants or regional funding. A majority said lack of awareness was the reason they had been unable to access funding with many saying they were ineligible for funding and commenting that the application process to gain funding was too time consuming or complex.<sup>17</sup>

Women have consistently reported their businesses being delegitimised due to factors such as operating part-time, juggling caring commitments and seeking a steady growth path as opposed to a fast scale-up.

Securing and defending intellectual property rights enables businesses to generate revenue and evidence underlying business value to investors. Over one third of women-led businesses said support with intellectual property rights would benefit their businesses but many reported being unable to access this support, leaving a key source of business value untapped. While intellectual property is often associated with sectors such as technology, engineering and science, businesses in much wider sectors where women tend to cluster such as business services, wellbeing and education can also gain value and benefit from intellectual property rights<sup>18</sup>.

To tackle these challenges, women responding to our 2025 survey told us they require greater access to dedicated support (a large majority said advisors should be trained in the provision of women-specific business support and should have lived experience of running a business) and to finance (start-up grants, micro-finance and equity investment).

Actions to tackle these conditions for women-led businesses include:

- Listening to what women-led businesses tell us they need to thrive.
- Allocating budget to communicate sector-specific support initiatives, including grant funding. Ensure communications and application processes take account of the distinct needs of women-led businesses in different sectors, engage with channels which have a direct reach to women-led businesses and capture gender-disaggregated data on reach, engagement, and response.
- Implementing mandatory reporting for all sector specific resource and funding disbursements, including gender-disaggregated data. Data reporting should incorporate points of intersectionality such as race, disability, neurodiversity, sexuality and geographic location.
- Providing dedicated business support for women (see further below on women's business centre model)
- Training advisers in the provision of dedicated support for women, especially in majority male sectors and recruiting advisers with lived experience of running a business.

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<sup>17</sup> Survey of Women in Enterprise, Women's Enterprise Scotland (2025)

<sup>18</sup> Ibid

## **How can women best be supported to overcome the challenges they face in securing funding to start and grow their businesses?**

As outlined in the responses highlighted above, there are evidenced and enduring structural inequalities in our funding systems. With studies highlighting low access rates of 0.02% and 2% over a decade, progress is lacking and while persevering with achieving change through these routes is important, a lack of change to date suggests this is likely to be a long-term strategy.

As such, there is a benefit to be gained from considering wider approaches. These could include a ring-fenced funding mechanism for women-led businesses. Any such mechanism should be designed to meet the needs of a wide spectrum of women-led businesses for example encompassing equity investment for high growth enterprises and grant funding for smaller SME's who play a vital role in local communities and economies (the uplift from multiple small investment sums combined, can be greater than large individual investments and a single large uplift).

Funding and dedicated support for women were the critical areas identified by our 2025 survey respondents when asked about the improvements needed for women to start and scale businesses. A majority cited greater access to micro-grants and small loans, greater access to start-up funding and dedicated support for women starting and scaling businesses.

Crowdfunding also offers an alternative mechanism for women to access funding. Studies have found reward and donation crowdfunding can be a tool for more inclusive growth and can boost access to finance<sup>19</sup>. Crowdfunding is a mechanism where women have been successful in raising funds for their businesses. By pre-selling new products and prototypes, women can raise valuable income before incurring costs and as such, capitalise their businesses from the start.

The current global crowdfunding market is forecast to grow by almost 500% to \$6.8 billion in 2031<sup>20</sup> as more small businesses can access funding for their projects, regardless of their location, credit score, or net worth. Platforms in the UK raised approximately £10 billion in 2020 alone.

A PWC study found women-led campaigns performed better in terms of securing their funding goals, than campaigns led by men. In countries with the largest volumes of seed crowdfunding, the UK, and the US, 20% of male-led campaigns reached their targets. Yet female-led campaigns outperformed, with 24% of women in the US and 26% of women in the UK successfully reaching their campaign funding target<sup>21</sup>.

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<sup>19</sup> Hasnan Baber, 'Financial Inclusion and Crowdfunding – A study of European Countries', in 'Review of Applied Socio-Economic Research' (Vol 22, Issue 2/2021. ISSN: 2247-6172), pp. 37-48

<sup>20</sup> Pradeep R, Kanhaiya K, Vineet K, Allied Market Research, 'Crowdfunding Market Research, 2031' (September 2023): <https://www.alliedmarketresearch.com/crowdfunding-market-A47387#:~:text=Crowdfunding%20Market%20Research%2C%202031,14.3%25%20from%202022%20to%202031>

<sup>21</sup> "Crowdfunding – Unleashing Female Entrepreneurial Potential" PWC and Women Unbound (2017)

We have integrated a crowdfunding platform for women-led businesses into our Women's Business Centre platform and the Productivity Institute are currently completing a study on the pilot crowdfunding campaigns conducted on the platform.

### **What examples are there of best practice in supporting female-led entrepreneurship, both in the UK and internationally?**

The United States, New Zealand and Canada have been found to provide the best economies for fostering women's entrepreneurship<sup>22</sup>. Specific attributes of those economies include a high quality of governance, positive cultural and social attitude, and vibrant entrepreneurial dynamism.

The United States tops the list and has a framework for women's entrepreneurship which has remained broadly stable through successive governments. Identified attributes were strong, supportive conditions including the availability of both venture capital and SME operational financing<sup>23</sup>. The UK just makes it into the top ten on the list at ninth place, although there is an accelerating gap between the growing percentage of US based women-led businesses (currently 39%) and the decreasing percentage of UK based women-led businesses (currently 15%).

In the US, women-owned businesses have outpaced businesses owned by men for growth in firms, employment, and revenue, during the pandemic and post-pandemic. Between 2019 and 2023, US based women-owned businesses grew by 1.7 million firms, increased revenue by \$579.6 billion and added 1.4 million jobs to the economy<sup>24</sup>. These outcomes are in sharp contrast to outcomes for women-owned employer businesses in the UK, which have slumped to just 15% of all employer businesses<sup>25</sup>.

In the UK, examples of best practice include our award winning<sup>26</sup> digital Women's Business Centre. Originally launched as an urgent response to women's business support needs during COVID-19, membership has steadily increased from scratch to over 2,500 businesses. From a start point of providing support to early-stage businesses, our membership has expanded to comprise around one-third pre-start, one third start-ups and one third established/scaling businesses. Support provided on the platform includes resources and checklists to aid early-stage and start-up businesses, in addition to content for growing and scaling businesses such as finance, strategy and data analysis.

A crowdfunding platform has now been added to the Women's Business Centre to provide support to women seeking to grow their businesses. Already we have a waitlist of over 70 businesses wishing to participate in crowdfunding activity following an initial pilot campaign.

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<sup>22</sup> The Mastercard Index of Women Entrepreneurs (2022)

<sup>23</sup> Ibid

<sup>24</sup> The 2024 Impact of Women-Owned Businesses, Wells Fargo (2024)

<sup>25</sup> Small Business Survey 2023: Businesses With Employees

<sup>26</sup> Winner; Scottish Television Growth Fund Diversity and Inclusion (2021)

## **What steps should the Government take to help support the development of female-led high growth enterprises?**

The need for dedicated business support for women shone through in our research. A resounding majority said women should have the choice of dedicated business support available to them. A total of 71% of our 2025 survey respondents said business advice and services specifically designed for women were necessary and they would use such services. A further 20% said while they would not use such services themselves, they recognised dedicated support was necessary and useful for other women and they supported the provision of such services.

It is clear existing support models including mainstream mixed-sex business support are not working for everyone and the percentages of women-led employer businesses are on a declining trend in both the UK (15%) and Scotland (20%).

Considering 1. The demand for women-specific business support as outlined above 2. The success of our digital women's business centre and 3. The success achieved in the US with their women's business centre model (businesses on an increasing trend for firm, revenue and jobs growth vs the marked decline in the UK currently) the Government should take steps to roll out a women's business centre model of business support in the UK.

In the US and Canada, dedicated funding for women-led businesses is distributed via women's business centres, aligning vital capital directly to women-led businesses. Securing initial seed funding helps evidence product-market fit and baseline prototypes, assisting with attracting investment. In addition, including a crowdfunding platform as part of this model would enable greater numbers of women to access initial capital, evidence customer/sales momentum to investors and help attract more investment. In this way a pipeline of investment can be created, joining up women-led businesses with seed funding, crowdfunding and then advancing with an evidenced proposition, to the wider mixed-sex finance community including equity investors and debt funders.

Our 2025 qualitative research data highlights the benefits of women specific support in the context of investment. Learning in a psychologically safe space helps women gain insight on the nuances of the majority-male investment landscape and the practical reality of engaging. Here, the lived experience of other women is particularly valuable in helping to develop funding paths tailored to individual businesses to aid success.

Such a women's business centre model could be sector agnostic, although exploring sector specific models focussed on industries such as the space sector, technology (including e-commerce, digital and AI) and renewables could provide accelerated support.

The Government should also sustain a focus on improving the clear structural inequalities evidenced in equity investment. As many equity investments are match-funded through

Government provided funding mechanisms, the use of conditionality and minimum targets for investing in women-led businesses would assist in achieving progress.

In addition, as highlighted further above, a ring-fenced funding mechanism for women-led businesses could provide benefits. Any such mechanism should be designed to meet the needs of a wide spectrum of women-led businesses for example encompassing equity investment for high growth enterprises and grant funding for smaller SME's who play a vital role in local communities and economies.

As part of our 2025 research, a focus group was held with high-growth women-led businesses and highlights the association between stress and funding. Whether seeking funding, tackling funding gaps or gaining equity investment and working with investors, the process was a source of stress and burnout symptoms<sup>27</sup> were identified. Additional stress came from the pressure of maintaining a façade of success.

Comments were made on the ethics of Government encouraging women to start businesses and aim for growth, given experiences of the current funding environment. The importance of change here cannot be underestimated, and we recommend implementing the steps identified above.

### **What data exists or is required to track success and monitor progress in female entrepreneurship?**

Very little longitudinal gender-disaggregated data currently exists. As an organisation, we hold 12 years of data on the landscape for women-led businesses in Scotland including experiences of business support, challenges encountered, the support needed to realise business ambitions, access to funding and access to non-financial resources such as networks, mentoring/coaching and intellectual property.

The small business survey provides gender-disaggregated longitudinal data for employer businesses, but this needs to be expanded to provide data on pre-start activity; business start-ups, non-employer businesses, high-growth enterprises and exits.

In addition, cross-cutting data on industry sector, legal status, business location and points of individual entrepreneur intersectionality would help to better target support and identify needs.

Exit interviews should be undertaken with samples of women closing businesses to gain an understanding of their experiences and the factors involved in the business closure.

Importantly, all funding disbursed to support businesses and entrepreneurship should be monitored and gender-disaggregated data provided on programmes delivered, grant or investment funds disbursed and the outcomes of all such investments of Government funds

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<sup>27</sup> Burnout Report, Mental Health UK (2025)



should be publicly recorded and published. This should include all funding disbursements to enable equity investment in UK companies.

When reporting on the outcomes, data should include the categorisation of all-women led companies, majority women-led companies, equal women/men led companies, minority women-led companies and the equivalent categorisation for male-led companies. Data should also be provided on the conditions companies required to satisfy to access equity investment, such as any match-funding and the level of match-funding stipulated.

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