

Women mean Business

A report for the Cross-Party Group on Women in the Economy

Summary

Women are less likely than men to start a business and tend to have different motivations for doing so. It is estimated that closing the start-up gap would have a positive impact on the economy with the Women's Business Council highlighting that women-led SMEs already contribute £70bn to GVA for the UK as a whole. Recent research on women's enterprise in Wales found that there has been an increase in the number of women who are self-employed in Wales although this might be an indication of the limited number of opportunities available in Wales. It also appears that women's motivations and views of success tend to be different from their male counterparts and therefore interventions should recognise the needs of men and women.

Introduction

In Wales today women are still less likely than men to run their own business. This “start-up gap” sees just half of businesses set up by women, despite fairly equal initial engagement with Business Wales for start-up advice.

This is not just an issue in Wales. The Global Entrepreneurship Monitor (GEM) reports that across Britain women start businesses at half the rate of men (5.7% compared with 11.5%) and this gap is even wider for older women with start-up rates for women aged 50-64 at just 41% of the male rate, compared to 50% overall (Hart et. Al 2014). In Wales, women are more likely to use self-employment as a primary source of income than other areas of the UK but the average female self-employment income remains lower in Wales than in other parts of the UK (WAVE Wiser, 2015).

It also found that “opportunity perception” (which is the perception amongst women that opportunities for enterprise do exist) amongst non-entrepreneurial women had increased to 33% although fear of failure had risen for women to a record 48% (up from 35% in 2003) (ibid.). There is a clear economic benefit to increasing the number of women entrepreneurs. Already, women-led SMEs are said to contribute £70bn to GVA and this could be increased if parity with men were to be achieved (WBC, 2013).

For women, there are many benefits to be enjoyed through self-employment including financial independence, autonomy and flexibility. However, to support women’s enterprise, it’s important to understand that many female entrepreneurs are looking to enjoy the lifestyle benefits that running a business can bring rather than focusing on growth. Therefore, the focus of business support on ‘high-growth’ can be off-putting for women and prevent them from seeking out such support. Women are also likely to consider their business to be a social enterprise (44%) although only 9% meet the official definition (WBC, 2013). This does demonstrate the tendency of women’s enterprise to focus on family and community.

This paper highlights local interventions to support women in business, learning from the experiences of the WAVE project along with a number of Welsh business women. As the WAVE project sets out:

“It is economically important, particularly in the current financial climate, to find ways to increase the number of women running their own businesses and it is equally

important that the contribution of women business owners and female entrepreneurs is valued and encouraged”¹

Christine Atkinson, Deputy Director of Centre for Enterprise and Head of Women’s Entrepreneurship Hub, University of South Wales

Women Adding Value to the Economy (WAVE) was a three year programme (2012-2015) funded by the European Social Fund through the Welsh Government. The project was led by a partnership of the University of South Wales, Cardiff University and Cardiff Women’s Workshop (BAWSO).

The aim of the project was to tackle the underlying issues that contribute to gender pay inequalities in Wales, looking at both employment and self-employment. Targeted activities brought together employers, employees, self-employed women and other stakeholders to explore a range of barriers which contribute to persistent pay inequalities.

WISER (the Women in Self Employment Resource strand) was based at the University of South Wales and offered a range of resources to empower and support existing and aspiring self-employed women. More than 700 women took part in networking and mentoring activities with seven new networks and three mentoring schemes established specifically for women. The project launched a women’s enterprise ambassador scheme to showcase role models to others and a range of accredited courses were developed specifically with women in mind which were delivered to 200 women through a pilot programme.

Research carried out as part of the WISER strand found that there has been an increase in the number of women who are self-employed in Wales, particularly in urban or semi-urban areas. Whilst this is positive for women’s enterprise, it does raise a question about employment opportunities and whether this increase is because there are no opportunities available. More self-employed women in Wales work on a full-time basis than in other parts of the UK which may also point to the fact that there are fewer opportunities in Wales compared to other areas. The rise in female self-employment has helped the Welsh economy to cope better post-recession but these roles do not seem to attract the best pay with the average income for this group lower in Wales than in other parts of the UK.

As figures show that men still outnumber women in entrepreneurship by around 2:1 and even fewer women run mature businesses, it would seem that female entrepreneurs encounter greater challenges over time. Barriers to success include

¹ <http://www.wavewales.co.uk/self-employed/>

opportunity, confidence and credibility with many women finding that they are treated differently to their male counterparts and have to work harder to ensure their business achieves.

All business owners encounter challenges as the journey from founder to leader involves adapting to changing needs and developing new skills. Women in particular tend to have greater responsibility for looking after the family and home which brings further challenges in balancing a range of commitments. Many women enter self-employment as a means of accessing flexible working, however, as the business grows, demands on time can increase and so actually, there needs to be work done to challenge that myth.

Access to finance also remains an issue with women tending to possess more cautious attitudes to borrowing. This inclination to manage without external financing may be impacting on the business's ability to grow. A lack of human and social capital gained from previous skills, experience and networks impact on female business owners' perceptions of themselves and others' perceptions of them. Women are also more likely than men to be starting their business from a position of economic inactivity whereas men are likely to move from employment to self-employment which can mean a difference in skills and networks from the off.

To close the start-up gap, combating stereotypes is important as is combating the 'underperformance hypothesis' which exists when women-led businesses are compared on a like-for-like basis with men. When businesses are analysed in this way, women's businesses can appear less successful despite the fact that they may have set out to achieve different goals. Qualitative research findings suggest that women measure success differently to men with a focus on autonomy, personal satisfaction and freedom to innovate outweighing high earnings, turnover or profit. Not being taken seriously, along with a drive to achieve credibility can motivate women to become self-employed. However, this also impacts on women's experience of self-employment with many finding that they have to work harder to gain credibility in the business world.

Real-Life Stories



Lesley Owen, Fifi Stitch

From the Rhondda, Lesley is the founder and artist of *Fifi Stitch*, an internationally exporting bespoke teddy bear brand. The label is now two years old and Lesley has quickly learned to overcome barriers such as low self-confidence and negative self-perceptions

now viewing herself as the entrepreneur that she has become.

“I graduated with a fashion degree from Coleg Sir Gar. I had always thought about starting my own business and had thought about starting a clothing company. When my nephew was born, I designed and made a bear as a gift. It continued as a hobby and then I started to think about selling them. I started with £10 which paid for enough fabric to make one bear. I then opened an online shop through Etsy which is an online marketplace for craft companies. Today, I have developed a solid platform for the brand and attract customers from around the world”

A lack of role models in the business world that Lesley could relate to meant that it was difficult to build confidence and have faith in the business and the product. Pricing was also a challenge as it was easy to undervalue her work at first and not charge a price that was relative to the time and effort involved in making the bears. The risk attached to borrowing money was a further barrier and finding money for that kind of business was a difficult task. In terms of communication, Lesley felt that different language was needed to reach women like her:

“Getting the language right to communicate with creatives is important. Young creatives think like artists before being business minded. Many young women are starting up in the creative sector now as there are few options otherwise. Using the right language would help to inspire more successful female owned creative businesses to start up, and to be the best they can be in female clustered markets, whilst encouraging a new professionalism into the craft sector”.

“I often feel patronised by men, including business advisers, who don’t take my business seriously. Many of the business networks are male dominated and the people I meet often can’t see the value of my business. I even went to London because I had been nominated for a business award and someone there told me it wasn’t the kind of business I could grow”.

Lesley is keen to challenge the stereotypes that young women in the creative industries face, particularly around credibility, and to encourage more young women who want to start up in the craft industry to do so with confidence, professionalism, and to aspire for growth.

Sara Robinson, Brighter Comms



Sara Robinson started PR agency Brighter Comms four years ago. With a desire for flexibility and autonomy, she left a good job to start her own venture. Today, Sara employs eight people to deliver ‘public relations with a punch’.

“It was hard at first with no salary for the first couple of months and no guaranteed income. There have been a number of challenges which I

have faced head on such as taking on my first member of staff which was terrifying at the time! I've also been wary of borrowing finance. My bank manager says I'm his most cautious client which is a pattern he sees mostly with women.

I self-funded a Post Graduate Certificate which allowed me access to a coach who encouraged me to aim high. Mentoring and coaching has been so valuable although it does have to be the right one. You need to be able to relate to them.

Networking can be a challenge as this mostly happens in male environments and I have a different background and approach to many of the men that I meet."

Sara Rees – Careers Women Wales



In 2014, Sarah was looking to return to work after being made redundant while on maternity leave. With a baby to look after, Sarah was keen to find a flexible job opportunity but struggled to find something that didn't mean sacrificing her career. Talking to other women about their career options made Sarah realise that there was a gap in the market and so she set up Career Women Wales to help women to decide what they would look to do with their working life and focus on part time work/jobs to help them develop themselves.

"I've always had an entrepreneurial mind set and enjoy seeing good ideas becoming profitable. Since making the decision to set up in business, I have been really lucky and managed to access a range of support that has helped to get me where I am today.

A 6-month business support bursary from Chwarae Teg provided me with office space and a range of other professional services. I have also accessed a mentoring scheme which helps third sector partners and that has been really valuable to me.

Childcare is still a major barrier. There isn't much help for those starting a business to access childcare support."

Discussion

The value of mentoring came through strongly as all of the business women participating had benefitted from such initiatives and found this invaluable in setting up and moving their business forward. However, it was considered important that mentors understand gender differences and are aware that not all women are looking to grow their business. Flexibility is the driver for many women and more important for some than money.

A lack of female role models was viewed as an issue that should be addressed, especially as there are plenty of inspirational business women in Wales and it was

considered important for women to have access to their own networks when starting up. Currently, networks and business conferences tend to be male dominated and the group felt that it would be valuable to create a space where women can share ideas and learn from each other. Many networks also follow the working patterns of those without care responsibilities with many taking place early in the morning which can be prohibitive for women.

Communication is a further area that needs consideration as the language associated with business can be quite masculine. The world of business is very male but women-led businesses often have different needs and priorities. Assuming that the dominant language is appropriate for all can be misguided. Changing the way business support is communicated to women and celebrating successful female businesses could encourage more women to explore the opportunities that enterprise can offer. Business support needs to be far more gender aware and sensitive to the differing needs of different groups. Steps need to be taken to ensure advice is appropriate for the client.

Starting a business is often a route that women consider in order to achieve a better work-life balance as they perceive that they are able to choose their own hours and place of work. Reality can turn out to be quite different as the demands of the business increase and it is sometimes the case that home working becomes inappropriate and suitable work premises need to be sought out. Encouraging co-operatives that allow women to share space can be a useful way to support these businesses.

Finally, promoting enterprise in education was considered to be key to increasing the number of women running their own business. Case studies of successful female business owners should be included in business courses and teaching practitioners should be made aware of gender differences in enterprise so that they can actively encourage and support more women to explore the opportunities available to them.

Conclusion

The evidence suggests that there is a clear opportunity to increase the number of women starting businesses in Wales and that success would boost the economy by increasing GVA. It is also apparent that women can have different motivations for starting up a business and therefore require support which is tailored to their needs.

Wales has a wealth of female talent in the business world and more must be done to promote these role models to inspire other women to follow their example. Furthermore, enterprise education should be provided in a way that recognises gender differences and empowers women to succeed in the business world whilst remaining true to their own aims and ambitions.

To increase women's enterprise in Wales and support female business owners, the Cross-Party Group for Women in the Economy recommends that the Welsh Government takes the following action:

Recommendations:

- Embed gender awareness in business support and enterprise education to support and equip more women to be successful in business.
- Ensure Business Wales and support providers communicate in a way that is inclusive for men and women.
- Provide targeted interventions to help women to start up and develop their businesses and to support their onward progression and access to mainstream, generic business support and networks.
- Gather and review gender-disaggregated data to ensure gaps are identified and addressed.
- Develop a network of female role models and provide opportunities for women to access mentors and networks which can support their needs.

References

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