

Impact Area: Economic Performance and Sustainable Growth

THE ROLE OF WOMEN ENTREPRENEURS IN UK ECONOMIC DEVELOPMENT

Institution: Strathclyde Business School

Leading Academics: Professor Sara Carter and Professor Eleanor Shaw

Introduction

This research demonstrates that women entrepreneurs make important contributions to economic development, but are disadvantaged by initial under-capitalisation. Working with UK and devolved governments, leading banks and finance institutions, and regional enterprise support organisations, this research influenced policy debates; shaped women's enterprise policy; improved understanding of factors underpinning access to finance for diverse enterprises; and influenced the work of business support organisations and commercial banks.

Key findings

In the UK, an additional 150,000 businesses would be created if rates of women's business ownership equaled those of men and an additional 900,000 if UK rates equaled those in the US. In Scotland, if women's rates rivaled those of men, an additional 108,480 businesses and a 5.3% growth in the size of the Scottish economy would be achieved. The relative under-capitalisation of women's businesses can be explained by demand and supply-side factors: the expectations of women entrepreneurs, combined with bank loan officers' perceptions of women entrepreneurs, influence loan decisions. Unexpectedly, differences were found between male and female bank loan officers, with women having less-effective personal networks for introducing new business applications and weaker internal communications with credit controllers.

The research demonstrated the benefits of ensuring women have sufficient capital to start and sustain business, and recommended changes in the training of bank staff, business advisers and women entrepreneurs.

Benefits and impacts

Instrumental impact

The research highlighted the economic significance of women business owners and became widely accepted in policy circles where its findings stimulated debate and influenced policy.

Impact on UK government policy started during the Labour administration and continued during the Coalition administration. Carter and Shaw engaged in meetings, seminars and private briefings with:

- BIS
- A 10 Downing Street seminar chaired by PM Gordon Brown
- John Hutton, then Secretary of State for Business, Enterprise & Regulatory Reform, and Stephen Timms, then Minister for Small Firms
- Geoffrey Norris, Head of the Downing Street Policy Unit
- Lord Davies, then Minister of Small Firms at BIS

Carter's membership of the UK Government's Women's Enterprise Task Force (WETF) and chairing of the Swedish Presidency Workshop at the EU Conference "From the European Charter for Small Enterprises to the Small Business Act", provided opportunities for further policy impact. Carter chaired the Women in Enterprise Commission at the Scottish Government / STUC Women's Employment Summit, was subsequently appointed to the Scottish Government's Strategic Group on Women and Work, and chaired a series of workshops on women in enterprise. The Scottish Government's Draft Framework and Action Plan, co-written by Carter, included key ideas and activities identified from these workshops. Recommendations were incorporated into the Scottish Government's Enterprise Strategy.

Carter and Shaw established strong relationships with senior bank staff in the UK and internationally. This engagement included: Carter's membership of the Global Banking Alliance Advisory Board (2007-2009); Shaw's chairing of events for Independent Women, a wealth management consultancy, and membership of the Impact & Innovation Committee of Foundation Scotland; and Carter's Board Directorship of Women's Enterprise Scotland and work with RBS in its Supporting Diversity initiatives.

The need to focus on women's enterprise, including access to finance, was recognised within the UK Enterprise Strategy (2008) and WETF Final Report (2009); formed a central pillar of work identified within the WETF and was the subject of a bank and policy-makers roundtable expert discussion at HSBC's Head Office. The WETF successfully lobbied for a £12million co-investment fund for women. Through the Enterprise Research Centre, Carter (with Monder Ram, Birmingham) currently leads the Diversity & SMEs work-package which aims to develop innovative approaches to improving access to finance opportunities across diverse groups.