



A Manifesto for Women's Enterprise

INTRODUCTION

Enterprise is critical for employment and productive growth in the UK. In this area our economic development is severely hampered by the particularly low engagement of women. The UK has one of the lowest proportions of entrepreneurial women in the developed world, with women half as likely as men to be involved in starting a business. The gender gap is wider here than in Canada, the US, Germany, the Netherlands, Belgium and Italy.

An entrepreneurial culture which includes women is vital for the economic health of the UK. And it's not just about new businesses: entrepreneurial attitudes are increasingly important for the workplace and individual development. Qualities such as taking initiative, innovation, responsibility, flexibility and speed of response can benefit everyone.

Work is being feminised. In the future there will be more part-time working women and fewer full-time working men. The service sector, where women's businesses dominate, is set to expand, while male dominated manufacturing industry is set to decline further in the UK.

Government signalled its support and understanding of those developments with the publication of the first Government strategy for the development of women's enterprise in 2003¹. Regional initiatives for women's enterprise are beginning to take root. Demand from women for targeted business support services is growing exponentially. We are moving in the right direction. But many of those initiatives are

fragile, under-resourced and ineffectively monitored and evaluated.

This Manifesto represents the policy objectives of Prowess - the UK association of organisations and individuals who support women to start and grow businesses. Prowess has over 180 members who support over 100,000 women business owners.

Women's votes will decide the next election. Real commitment to creating an economic environment which enables women to achieve their potential, balance their lives and contribute to a dynamic economy is needed.

The messages in this Manifesto are not new – they have become an established mantra in numerous reports and they are reflected in the Government's Strategic Framework for Women's Enterprise and the recommendations of the Women's Enterprise Panel. The Panel, which is made up of independent female entrepreneurs, was set up by the Chancellor of the Exchequer and the Secretary of State for Trade and Industry in October 2004, to give expert advice on how the numbers of women in enterprise can be boosted significantly. The Panel's recommendations were welcomed by the Chancellor in his election year budget. Prowess also warmly welcomes and supports those timely and considered recommendations and we have wholly incorporated them into this Manifesto.

The evidence supporting our Manifesto continues to accumulate. It is now time for effective resources and dedicated action.

ABOUT PROWESS

Prowess is a network of organisations that supports the growth of women's business ownership. Our work encompasses raising awareness, sharing of best practice, advocacy and information. Prowess has over 180 members who support 100,000 women each year to start 10,000 new businesses which contribute an additional £1.5 billion to the economy.

Enquires: Tel 01603 762 355 or visit www.prowess.org.uk

Manifesto



PROWESS

1. WOMEN-FRIENDLY BUSINESS SUPPORT

The issue

Government has set a tough target that by 2006, the number of women-owned businesses will account for 20% of the UK total (from the current level of 15%). Enabling targets include a goal that by 2006, women will account for 40% of customers using Government-sponsored business support services, with the number of women from ethnic minority communities receiving assistance being proportionate to their representation in the area. Business Links, who form the primary source of Government sponsored business support services, continue to reach an average of just 20% female clients.

Growth orientated programmes tend to attract even lower numbers of women-owned businesses and evidence from other countries suggests that a very low proportion of the businesses accessing the lucrative public sector and corporate procurement markets are owned by women.

Demand from women continues to swell among organisations which specifically target them. Prowess flagship organisations, which deliver high quality women-friendly business support have experienced a 110% increase in enquiries in the last year, but those organisations are currently facing a funding crisis, with several making redundancies or in danger of closing down.

- Female entrepreneurship has increased in the regions and nations where a strong emphasis has been placed on increasing levels of female participation⁶.
- Women's enterprise initiatives complement and add value to mainstream business support services located nearby – they serve different markets⁷.
- Over half of women choose to start their business on a part-time basis.
- Public Sector Procurement: Women-owned businesses account for 8% of suppliers and 5.6% of spending⁸.
- Women from minority ethnic communities tend not to use mainstream business services.

facts!

"A pound invested in developing women's enterprise provides a greater return on investment than a pound investing in developing male owned enterprise."

Martin Wyn Griffith, Chief Executive, Small Business Service⁹

What's needed

- Secure commitment of, and appropriate funding from, all RDAs for practical measures to promote women's enterprise
- The need for RDAs to ensure that every woman in each region has access to high quality, female-friendly business support from the pre pre-start-up stage onwards

Women's Enterprise Panel – Recommendations

- All mainstream business support services should be appropriate and accessible to both women and men. Mainstream providers should, wherever possible, work in partnership with targeted women's enterprise initiatives.
- Networking opportunities for women at all stages of business development, linked to advisory, training and/or mentoring programmes.
- Women-friendly business incubator facilities.
- Access to pre-start-up counselling available in every area and for all, including part-time businesses.

A Strategic Framework for Women's Enterprise – Recommendations

- Flagship level women-friendly business support should be available to every woman in the UK regardless of where she lives¹⁰. This should build on existing provision and form part of the Business Link brokerage network to create a coherent and accessible network of support.
- Supplier diversity programmes supporting women business owners seeking to sell their products and services to government bodies and major corporations.

2. EVIDENCE BASED AND LONG-TERM POLICY MAKING

The Issue

Having accurate, reliable and timely research-based information is essential for the development of effective policies and programmes which reflect the realities of the changing labour market and address the challenges faced by all those seeking to start and grow businesses. The data sources currently available for assessing investment in and the progress of women's enterprise development are very limited.

While much progress has been made in ensuring that gender is taken into account in enterprise policy and practice, there are still significant gaps where gender is ignored and programmes do not reflect the needs of women as well as men.

- In the USA the Women's Business Ownership Act 1988 put in place a long-term infrastructure to support women's enterprise development. Since then women's business ownership has increased significantly.
- Gender was added to the US Business Census in 1977.
- Gender analysis and budgeting are used to develop policies and programmes by Governments in Australia, New Zealand, France, Ireland and Norway¹¹.

facts!

- Legislation, along the lines of the US Women's Business Ownership Act (1988) which established the Women's Business Council and the Office for Women's Business Ownership which is responsible for the US women's business centres.
- Consider legislation to:
 - Establish a Women's Business Council and provide it with ongoing funding (subject to a 5 year renewable sunset clause);
 - require banks to provide gender-disaggregated data on business lending;
 - Require business support organisations (including Business Links) to keep and make available gender disaggregated data on clients and advisers.

Women's Enterprise Panel – Recommendations

- SBS and Inland Revenue should jointly review providing anonymised, gender-disaggregated data from self-employment registration forms¹².
- All Government supported enterprise development programmes should review the impact on women and men at the budgeting, design, implementation, monitoring and evaluation stages. Such a gender mainstreaming¹³ approach would be systematic and ensure that the high level Government commitment to women's enterprise is effectively implemented across all small business policy and programmes.

What's needed

- Improvements in long term data collection in order to identify areas of difficulty for women business owners and monitor performance of actions designed to increase the number of women owned businesses.

3. ACCESS TO FINANCE

The issue

Women, regardless of business sector – capitalise their businesses on average at just one third of the level of their male counterparts. And that includes high growth sectors such as technology. Women-owned businesses also account for less than 5% of equity finance. The research suggests that gender in itself has no impact on the success of businesses, but that consistent undercapitalisation does¹⁴. Coherent responses to both demand and supply side issues are now needed.

facts!

- **Fear of debt is the single largest barrier to entrepreneurship for both men and women, although women are significantly more fearful of this than men¹⁵.**
- **Women are much more likely to use their own funds or funds from family to finance business.**
- **Women who apply for loans are both more likely to be offered the loan and to turn it down¹⁶.**

Women use only one third of the starting capital that men do, irrespective of sector.

Unequal Entrepreneurs, Shaw et al, 2002

What's needed

- The need for better information for women on routes to financing their business – with the banks playing a key role
- Ensure commitment to continue the success of the Phoenix Fund CDFI (Community Development Finance Institutions) projects
- All public funded business finance sources to provide gender disaggregated data

Women's Enterprise Panel – Recommendations

- More microcredit programmes which combine small loans within a mutual support framework. As a core part of business support programmes it both helps women see their businesses in investment terms and build a credit track record
- Investment ready initiatives which assist women to develop investment orientated business plans and presentations and/or provide loan guarantees.
- Increased promotion and awareness of Small Firms Loan Guarantee (SFLG), in particular newly included sectors, among professional advisers.
- Banks to research current credit scoring mechanisms in terms of gender impact.
- A 'female angel' network of women who can widen financing options for women-owned businesses.

A Strategic Framework for Women's Enterprise – Recommendations

- Diversity training for financial services professionals.
- Improved understanding of the growth capital needs of women-owned or led businesses, including research on the potential of mezzanine finance, which addresses issues of ownership and control, combining debt and equity and on the gender impact of Regional Venture Capital Funds. Community Development Venture Funds such as Bridges Community Ventures could be further explored as relevant instruments for addressing issues of access to growth capital for women¹⁷.

4. OVERCOME WELFARE BENEFITS DISINCENTIVES

The issue

For a significant number of women claiming welfare benefits, the flexibility of self-employment is highly attractive – offering the opportunity to combine caring responsibilities with work. In some disadvantaged areas, particularly rural locations, it may be one of the few options available. A report produced for the Department of Work and Pensions concluded: "The flexibility of self-employment is particularly important for lone parents with childcare responsibilities. For some lone parents with young children this was seen as their only viable employment opportunity"¹⁸.

Despite recent reforms, the benefits system remains geared towards a traditional, male model of full-time employment and does not adequately support the more cautious and tentative manner in which many low-income women start businesses¹⁹.

facts!

- **Around one in five women come into self-employment from unemployment compared with around one in fifteen men²⁰.**
- **Women in the UK are twice as likely to live in poverty as men and they have more to risk by coming off benefits. On average, benefits and tax credits comprise one fifth of women's incomes and less than one tenth of men's²¹.**

What's needed

- DfES and DWP to develop more effective programmes to help women on benefits start businesses
- Consider the impact of the level of earnings disregards on the ability of women on benefits to move into self-employment²².

Women's Enterprise Panel – Recommendations

- Improved liaison between business support providers and Jobcentre Plus.

A Strategic Framework for Women's Enterprise – Recommendation



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5. ACKNOWLEDGING CARING RESPONSIBILITIES

The issue

Women in the UK are still responsible for 80% of caring and domestic responsibilities. The implications of this for women starting and growing businesses need to be recognised. Care and childcare in themselves are female dominated and typically low paid industries, which are nevertheless still prohibitively expensive for many women and in short supply.

What's needed

- Caring allowances built into business training/advisory provision and where appropriate, in-house care facilities or development of partnerships with local care facilities for use by customers.
- Provision of specialist business advice and training for individuals and social enterprises setting up childcare businesses.

A Strategic Framework for Women's Enterprise – Recommendation

- A full time nursery place for a child under two typically costs over £7,000 per year²⁴.
- The costs of care can be higher for business owners who have no option but to work flexibly and travel to develop their business. But unlike other essential business costs, caring is not tax deductible.

facts!

There is a severe shortage of registered childcare places – there are only enough childcare places for 25% of children aged under 8. Daycare Trust, Jan 2005²³

- Childminding is both a good business for many women and a good source of community based childcare. Numbers of childminders have fallen dramatically in recent years. Action needs to be taken to overcome bureaucratic and financial barriers stopping women becoming childminders.
- Increased assistance with childcare costs and availability needs to be provided during the start-up phase to full and part-time businesses. Consideration needs to be given to extending financial support to unregistered childcare provision to ensure access in areas where the level of registered provision is very low.
- A review should be undertaken to consider making the cost of care fully tax deductible. This may lead to a virtuous circle enabling more women to participate fully in the labour market, business ownership and leadership, providing more equitable salaries to carers and childcare workers and stimulating growth in the supply of care and childcare provision.

THE WOMEN'S ENTERPRISE PANEL

The Women's Enterprise Panel was set up by the Chancellor of the Exchequer and the Secretary of State for Trade and Industry in October 2004, to give expert advice on how the numbers of women starting their own business might be increased. The Panel will be making recommendations to Government on the options for establishing a Women's Business Council.

Panel Members:

Isabella Moore (CILT) – Panel Chair	Geetie Singh (Singh Boulton Ltd)
Linda Bennett (LK Bennett)	Michele Giddens (Bridges Community Ventures Ltd)
Penny Newman (Café Direct)	Penny Streeter (Ambition 24 hours)
Elsa Caleb (ECJ Associates)	Tricia Dinan (Train 2000)

Notes

¹ A Strategic Framework for Women's Enterprise (DTI/ SBS 2003).
² R. Harding, Global Entrepreneurship Monitor, (London Business School, 2004).
³ Analyzing the Economic impact of the Women's Business Center Programme, National Women's Business Council 2004 (USA).
⁴ C. Michaelis, M. McGuire and L. Ferguson, SBS Diversity in Public Sector Procurement Survey, 2003.
⁵ Martin Wyn Griffith, Chief Executive Small Business Service, Speech at National Dialogue for Entrepreneurship, Washington DC 2005.
⁶ Those programmes provide established, locally based business support to a significant number of women. Their services are free or affordable, are easy to get to and they can help with childcare and disability or language barriers. Either directly or in partnership the organisation provides business training, training to help build personal skills and confidence, help accessing finance and ICT training. They also provide networking opportunities and the option of women-only training or access to a female business advisor if preferred.
⁷ Gender Analysis of Expenditure Project - final report. HMT and DTI, 2004.
⁸ Also a recommendation of the Cross Cutting Review of Government Services for Small Business (HMT/DTI 2002).
⁹ "Mainstreaming a gender perspective is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels. It is a strategy for making the

concerns and experiences of women as well as of men an integral part of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres, so that women and men benefit equally, and inequality is not perpetuated. The ultimate goal of mainstreaming is to achieve gender equality." United Nations Economic and Social Council (ECOSOC), 1997.
¹⁰ Shaw et al, Unequal Entrepreneurs, (The Work Foundation 2002).
¹¹ R. Harding, Global Entrepreneurship Monitor (London Business School, 2004).
¹² ibid.
¹³ Recommendations from A. Westall, Women and Private Equity Finance (Prowess Briefing Paper 2004).
¹⁴ Kellard et al, Self Employment as a route off benefit (DWP 2002).
¹⁵ Marlow et al, Who Benefits? The difficulties for women in making the transition from unemployment to self-employment (Prowess 2003).
¹⁶ Annual Small Business Survey (DTI 2003).
¹⁷ Fawcett Society 2005.
¹⁸ The earnings disregard is the amount of money that can be earned before welfare benefits are reduced. It has not increased for more than 25 years for individuals and only marginally for lone parents.
¹⁹ Daycare Trust's Response to the Consultation on 'Choice for Parents, the best start for children: a ten-year strategy for childcare' Daycare Trust, Feb 2005.
²⁰ Childcare Costs Survey, Daycare Trust, Jan 2005.