

**WOMEN'S BUSINESS OWNERSHIP:
RECENT RESEARCH AND POLICY DEVELOPMENTS**

Report to the Small Business Service

November 2006

Professor Sara Carter
Professor of Entrepreneurship
Department of Management and Organization
University of Stirling
Stirling
FK9 4LA
Tel 01786 467347
Email sara.carter@stir.ac.uk

Dr Eleanor Shaw
Senior Lecturer
Department of Marketing
University of Strathclyde
173 Cathedral Street
Glasgow G4 0BR
Tel 0141 552 4400
Email eleanor.shaw@strath.ac.uk

CONTENTS

FOREWORD

EXECUTIVE SUMMARY

1.0 Introduction

2.0 Key Themes in the Women's Enterprise Research Literature

- 2.1 Defining and Measuring Women's Enterprise
- 2.2 The Socio-Economic Context of Women's Enterprise
- 2.3 The Social Construction of Women's Enterprise
- 2.4 Non-Financial Entrepreneurial Capital
- 2.5 Gender, Entrepreneurship and Finance
- 2.6 Business Sustainability and Performance

3.0 Defining and Measuring Women's Enterprise

- 3.1 UK Trends in Women's Enterprise
 - 3.1.1. Female Self-employment
 - 3.1.2 Female Business Ownership
 - 3.1.3 Ethnic Minority Women's Enterprise
- 3.2 Potential Entry and Exit Effects
- 3.3 International Comparisons
 - 3.3.1 Europe
 - 3.3.2 The United States
 - 3.3.3 The Rest of the World
- 3.4 UK-International Comparisons

4.0 The Socio-Economic Context of Women's Enterprise

- 4.1 The Gender Pay Gap
- 4.2 Occupational Segregation and Unequal Employment Opportunities
- 4.3 Work-Life Balance
 - 4.3.1 The Impact of Children and Childcare

5.0 The Social Construction of Women's Enterprise

- 5.1 Socio-cultural Aspects of Gender
 - 5.1.2 The Heterogeneity of the Female Experience
- 5.2 Feminist Analyses of Women's Enterprise
 - 5.2.1 The Politics of Methodology

6.0 Non-Financial Entrepreneurial Capital

- 6.1 The Influence of Bourdieu
- 6.2 Social and Human Capital
- 6.3 Cultural Capital
- 6.4 Economic Capital

7.0 Gender, Entrepreneurship and Finance

- 7.1 Explaining Gender Differences in Finance Usage
 - 7.1.1 Structural Dissimilarities
 - 7.1.2 Supply Side Discrimination
 - 7.1.3 Demand Side Risk aversion
- 7.2 Gender, Entrepreneurship and Finance in the UK

8.0 Business Sustainability and Performance

- 8.1 The Female Under Performance Hypothesis
- 8.2 Women's Business Performance in Professional Sectors

9.0 Conclusions

- 9.1 Main Research Developments Since 2001
- 9.2 Expanding Women's Enterprise
- 9.3 Research and Information Gaps

REFERENCES

APPENDIX

A1. Assessment of Women's Enterprise Policy

- The Effectiveness of the Strategic Framework
- The Weaknesses of the Strategic Framework
- Setting and Achieving Strategic Framework Targets
- Key Issues Currently Facing Women Business Owners
- The Focus of the Strategic Framework
- Implementation at the Regional and Local Level
- Recommendations at the National and Regional Level

FOREWORD

I am very pleased to be able to introduce this assessment of recent research on women's business ownership in the UK. Its publication is a timely reminder of the vital importance of encouraging the wealth-creating potential amongst women for our future economic prosperity.

The report builds on a previous review undertaken in 2001, which helped considerably in building our knowledge and understanding of women's enterprise. This contributed towards the introduction of a coordinated and collaborative strategic policy structure.

The 'Strategic Framework for Women's Enterprise', published in May 2003, set out the vision, objectives and aims for creating an environment and culture that encourages more women to start and grow businesses, and where every woman with the desire to start or grow a business has access to appropriate help and support.

In implementing the actions set out in the Strategic Framework, the Government has been working with providers of business support to ensure that women can access the women-friendly advice and help they need. Our key partners in this area the Regional Development Agencies are fully committed to incorporating women-friendly business support into mainstream provision.

As a result we are seeing progress. Just over a million women are now self-employed and this number has increased by around 10% over the last four years. However we know that women's enterprise in the UK is much lower than in some other countries, such as the US. Developing women's enterprise, encouraging that wealth-creating potential, is important for our economy. At the moment, women-owned businesses contribute about £60 billion to the UK economy about 25% of the UK total, mainly from the growing service sector.

This is why I welcome this research and the contribution it will make to increasing our understanding of the complexities involved in developing women's enterprise. These findings will assist policy-makers and delivery partners in the continuing debate around the steps required for accelerating the rate of progress in boosting women's enterprise. This will ensure that we exploit the potential for the development of women entrepreneurs for the benefit of our future prosperity.

Margaret Hodge

Minister of State for Industry and the Regions

EXECUTIVE SUMMARY

Introduction

- This report aims to provide a current assessment of recent research investigating women's business ownership. The report builds on a previous review undertaken by the authors on behalf of the Small Business Service (Carter, Anderson and Shaw, 2001). The report also explores in broad terms the role and contribution of recent policy developments in changing the landscape of women's enterprise in the UK.

Key Themes in Women's Enterprise Research

- Over the past five years, the women's enterprise literature has developed as a result of enhanced methodological sophistication, a focus on increasingly specialised issues and greater engagement with the established disciplines. The focus of research has shifted from early studies that questioned *if* gender made a difference, to the current focus on *how* gender processes impact on the experience of business ownership.
- This report provides an overview of the recent academic research literature and is structured around the six main themes of the current women's enterprise research literature:
 - Defining and measuring women's enterprise
 - The socio-economic context of women's enterprise
 - The social construction of women's enterprise
 - Non-financial entrepreneurial capital
 - Gender, entrepreneurship and finance
 - Business sustainability and performance

Defining and Measuring Women's Enterprise

- Women's enterprise is the broad term used to describe female self-employment and business ownership. A woman-owned business is one that is wholly or majority female-owned and managed. Because of differences in operating definitions and datasets, some caution must be exercised in drawing international comparisons in female business ownership rates, particularly between the UK and US. Self-employment and TEA¹ data are the most robust measures of women's enterprise activity at an international scale.

Women's Enterprise in the UK

- There are approximately 1,013,000 self-employed women (7.6% of women in employment) and 2,706,000 self-employed men (17.4% of men in employment) in the UK. Self-employment rates (the percentage of people 'in employment' who are self-employed) vary at the regional level and these variations are explored in section 3.1.1. Most self-employment (76.6%) is undertaken on a full-time basis. Women

¹ Total Early Stage Entrepreneurial Activity rates derived from the Global Entrepreneurship Monitor (GEM) research programme.

comprise 17.5% of full-time self-employment and 59.1% of part-time self-employment.

- Different levels of male and female self-employment are largely attributable to gendered divisions within the labour market. Traditional occupational choices have steered men into skilled trades, while women are over-represented in administrative and public service occupations where conversion into self-employment is less obvious. The bulk of male self-employment is within the skilled trades (39.4%), managers and senior officials (16.3%), associate professional and technical (13.5%) and professional occupations (13.1%). In contrast, most female self-employment falls within four occupational categories: managers and senior officials (22.1%), associate professional and technical (19.6%), personal services (18.1%) and professional occupations (11.8%).
- Survey evidence indicates that businesses that are wholly or majority female-owned account for between 12.3% - 16.5% of the UK business stock. A large proportion of female entrepreneurial activity takes place in businesses that are co-owned equally by men and women. If the definition of women's enterprise included co-owned businesses (an approach often used by US researchers), it is estimated that between 34.1% - 41.2% of the UK small business stock is either owned or co-owned by women.
- Total Early Stage Entrepreneurial Activity (TEA) rates for women in the UK are 3.9% of the total working age female population. This compares with 6.2% of the total (male and female) population. The female entrepreneurial activity rate is only half that of male entrepreneurial activity.
- Growing educational attainment by women coupled with long-term and consistent increases in female entry into managerial and professional employment sectors, in particular the professions (law, accountancy, medicine, veterinary science) where there has been a tradition of private practice, offer important opportunities for the development of women's enterprise.
- There is some evidence to suggest that women-owned businesses may experience a higher rate of exit than male-owned businesses. While churn reflects a dynamic business population, it is unclear whether the faster rate of female exit is solely the result of competitive pressure forcing out less sustainable enterprises or whether other factors have a disproportionate influence on female exits.

Women's Enterprise in International Contexts

- The USA has long been regarded as a leader in the issue of women's enterprise. The remarkable increase in women's enterprise in the USA contrasts with the relatively low and slow growth experienced in Western Europe. Higher rates of women's enterprise in the USA are largely attributable to historical, cultural and economic factors: high long-term levels of new migrants; affirmative action policies used in the 1970s and 1980s; a popular discourse of pioneering enterprise; and smaller social security systems. The establishment of the Small Business Administration's Office for Women's Business Ownership in 1979, coupled with long-term and consistent investment in research and advocacy, has led to the development of an effective political lobby around women's enterprise in the US.

- Caution must be exercised in US – UK comparisons. The estimated 10.6 million ‘women-owned firms’ in the US (48% of all US enterprises) includes male and female co-owned enterprises. Female majority-owned enterprises account for 6.5 million firms, 28% of the total US business stock.
- Overall, levels of business ownership in the US are higher than in the UK and there is a greater representation of women as business owners. This greater representation of women is also apparent in the self-employed population, although self-employed women are a lower proportion of the working population than in the UK.
- Self-employment in the US totals 8,490,000 (6.4% of total employment); male self-employment accounts for 5,124,000 (7.3% of total male employment) and female self-employment accounts for 3,366,000 (5.4% of total female employment). The female *share* of self-employment has increased modestly but consistently over the past thirty years, from 26.8% in 1976 to the current level of 39.6%. This contrasts with the UK where the female share of self-employment has been more or less static, at around 26% - 27% for the past twenty years. Despite this, female self-employment as a proportion of total female employment (i.e. the *rate* of self-employment) is higher in the UK (7.8%) than in the USA (6.1%). Female rates of self-employment in the UK have been consistently higher than those in the US for over 15 years.
- The proportion of self-employed women in the UK is broadly comparable with other Northern European countries. UK rates of female self-employment are closest to those seen in Ireland, France and Germany. The UK’s closest comparators in Western Europe with regard to female TEA rates are Germany, France and Ireland.
- Between 1990 and 2003, rates of female self-employment grew in only five OECD countries. Small increases occurred in Canada and Portugal and larger increases occurred in the Czech Republic, Mexico and the Slovak Republic. Rates of male self-employment rose in ten OECD countries, in small amounts in Belgium, Canada, Italy, Mexico, Portugal, Sweden and Switzerland and significantly in Czech Republic, Slovak Republic and Germany. Rates of female self-employment are higher than the equivalent male rate in only three OECD countries: Turkey, Japan and Mexico.

International Comparators of Women’s Enterprise

- While the US has been the traditional comparator nation against which UK women’s enterprise is benchmarked, the US context is highly distinctive. A range of historical, cultural and economic factors have created a unique pattern, high female shares of self-employment co-existing with low rates of self-employment, that is specific to the US.
- A more useful international benchmark can be gained through a group of five nations (USA, Canada, France, Germany, and Ireland) using self-employment and TEA rates as the measure of relative change. Ireland, France and Germany offer closer comparisons with regard to historical, economic and cultural factors, while Canada provides a model of successful development of women’s enterprise in North America without the unique factors that distinguish the US.
- In comparison with these five nations, the UK female self-employment rate (7.8%) lies just above the average (7.6%); above the USA, France and Ireland, but below Germany and Canada. The female TEA rate in the UK (3.9%) is lower than the average (5.3%); above Germany and France, but below the USA, Canada and Ireland.

The Socio-economic Context of Women's Enterprise

- There is a growing recognition that the extent and nature of women's enterprise is inextricably linked to the labour market and society at large. Women's roles as business owners reflect their wider positions in society and in the economy; to a large extent these factors influence the number of women entering self-employment, their sector preferences and the resource base that they use. Three main socio-economic issues influence women's abilities and prospects as business owners: the gender pay-gap, occupational segregation and unequal employment opportunities and work-life balance issues.
- The continuing pay gap between male and female workers restricts the financial resources available for the creation and growth of women-owned business. Women working in a full-time capacity earn 17% less than men. Over a lifetime, men earn nearly £250,000 or 37% more than equivalently skilled women without children. One consequence of earning less in employment is that women have less financial capital with which to initiate business ownership. There is unequivocal evidence that under-capitalisation at start-up restricts future business growth and development.
- Female employment continues to be concentrated in a narrow range of lower-paying occupations, often in a part-time capacity. Horizontal segregation has the dual effect of identifying certain occupations as being 'women's jobs' and placing less value on these jobs. Vertical segregation concerns the barriers women face in entering senior management and higher paid occupations. Women's experiences of employment provide them with fewer financial resources with which to initiate business ventures and lower levels of human and social capital necessary to establish and sustain a successful business.
- Self-employment and business ownership are often identified as attractive career options for women because of the perceived flexibility offered in combining family and work responsibilities. However, recent research has found that pregnancy, maternity, childcare and caring responsibilities present particular challenges for women business owners.
- Self-employed women do not benefit to the same extent as employed women from legal rights and social benefits associated with pregnancy, maternity leave and return to work. Women-owned businesses are generally small-scale, and their owners can ill afford the loss of time and income associated with statutory maternity rights. As a consequence, pregnancy and maternity pose substantially greater financial risks for women business owners than for women employees. While the research evidence on the impact of childcare on business ownership is equivocal, there is some evidence to suggest that the perceived risks of business ownership are heightened by parenthood and that the presence of dependent children reduces the likelihood of entrepreneurship.
- More women than men use the home as a business base. Some researchers have argued that stakeholders, for example, customers and creditors, may question the legitimacy of women-owned home-based businesses. The growing numbers of (both male- and female-owned) home-based enterprises may reduce such negative perceptions in the medium term.

The Social Construction of Women's Enterprise

- Recent research stresses that gender should not be seen as a characteristic of individuals, but as a process integral to understanding female experiences of business ownership. As a consequence, the debate has shifted from early studies that questioned whether gender mattered within the enterprise context, to the current focus on *how* gender processes impact on the experience of business ownership.

Non-financial Entrepreneurial Capital

- The entrepreneurial process is affected by the human, social, physical, organisational and technological capital possessed by business owners and available to them via their personal backgrounds and experiences, contacts, relationships and networks. Women business owners may be disadvantaged in their access to various entrepreneurial capitals, given their personal backgrounds and employment experiences and the socio-economic and cultural context in which their businesses operate.
- While social and human capitals are relevant concepts which assist our understanding of the complex relationship between business ownership and gender, studies are at an early stage and emerging research has generated mixed results regarding the impact of these capitals on business ownership.
- The trend towards female attainment in education and entry into the liberal professions suggests an alternative experience of women's enterprise. Research demonstrates that self-employed women in professional sectors, such as accountancy, enjoy certain advantages relating to their education, class position and occupation, but their role as entrepreneurs is still affected by gender.
- Women do not constitute a homogenous group and their experience of gender-related constraints varies markedly. Many women have proved able to challenge barriers and lobby for change. Women should not be perceived as 'victims' in a rigid system with little or no control over their lives.

Gender, Entrepreneurship and Finance

- There is unequivocal evidence that women-owned businesses start with lower levels of overall capitalization, lower ratios of debt finance, and are much less likely to use private equity or venture capital. The level of start-up capitalization used by women-owned businesses is, on average, only one third of that used by male-owned businesses. Recent evidence from the UK Survey of SME Finances reported that women were charged more than men on term loans (2.9% vs. 1.9%). No other study has found such a large difference in loan terms, and this result needs further research and explanation. Most research concludes that women are just as likely to seek finance and to be equally successful in external finance applications as are men.
- Gender differences in finance usage have been associated with three main factors: structural dissimilarities between male and female owned businesses; supply-side discrimination; and demand-side risk aversion. Structural dissimilarities (business size, age and sector) explain the obvious, large-scale gender differences, but do not account for all of the gender differences in financing patterns.

- There is little evidence of systematic gender discrimination by banks, indeed there is a growing recognition that women entrepreneurs constitute an important new market for banks, and it is clearly not within the banks' interest to deliberately, much less systematically, exclude this growing market. There is growing evidence that many women chose to start their business with reduced financial debt; demand-side debt aversion is seen in women's reluctance both to assume the burden of business debt and to engage in fast-paced business growth. While debt aversion is often conceptualized as a quasi-psychological characteristic, it is likely to be rooted in socio-economic factors: women's comparatively lower earnings in employment are reproduced among the self-employed.
- Gender differences in finance patterns may be best explained by female labour market experiences influencing the sector preferences of women that, in turn, promote a tendency for smaller enterprises, more easily managed from home and exploiting temporal flexibility. These in turn require generally lower levels of funding more easily gained from personal and informal sources.
- Research that has focused on the consequences of gender-based differences in business financing has established unequivocal links between the initial under-capitalization of female-owned enterprises and subsequent business performance.

Business Sustainability and Performance

- Research comparing male and female business owners has consistently found women to be younger and operating newer businesses and their businesses to be smaller in terms of annual turnover and employment size.
- Given the same starting resources in the form of financial and non-financial capital, women-owned businesses perform equally well as male-owned businesses. While female-controlled businesses have significantly lower income and profits than male-controlled businesses, they also use significantly fewer resources. Relating business outputs to business inputs, and controlling for industry, age of business and the number of days operated, no performance differences between male- and female-controlled businesses have been found.
- While there has been little recent research that has directly considered the performance and sustainability of female-owned firms, that which has been undertaken provides unequivocal evidence that female owned enterprises do not lack the competence to run successful enterprises, they simply lack the initial resources.

Key Developments in Understanding Women's Enterprise

- Over the past five years, there have been a number of developments in our knowledge and understanding of women's enterprise.
- There is an increased understanding that the overall trends in women's enterprise in the UK are remarkably similar to other international contexts. The effort to increase women's enterprise is one that is being addressed by economic development agencies around the world.
- While US leadership on this issue is widely accepted, it has become clear that the position of women's enterprise in the US is complex; a high female share of self-

employment co-exists with relatively low self-employment rates. Women-owned businesses in the US also display similar trends regarding their relatively smaller size and restricted performance as those in other countries. Women's businesses appear to take longer at the gestation stage; tend to be started by individuals rather than teams; remain smaller; do not demonstrate the same performance levels of businesses owned by men or co-owned by men and women; and probably exit at a faster rate.

- There is a more sophisticated understanding of the complexities involved in developing women's enterprise. The view that the entrepreneurial potential of women was constrained by specific external obstacles, such as childcare and finance, a feature of the pre-2001 research effort, is now recognized as being overly simplistic.
- While childcare may remain an issue for some women both at the pre-start and post-start stages, it is difficult to argue with certainty that this is a widely experienced constraint on business start-up. A more intractable issue, yet to be addressed, is the extent to which the presence of dependent children constrains parents from entrepreneurial action, because of the perceived risks associated with business ownership.
- Similarly, until relatively recently, access to finance was conceptualised as a barrier to business start-up, specifically as a consequence of supply-side factors. More recent research has recognized the importance of the female market to banks, and has started to apply more sophisticated analysis to the gender, entrepreneurship and finance debate. The distinctive funding profile of women now appears to be the consequence of the interaction between demand-side and supply-side factors which ultimately lead to restricted starting capitalization.
- While many initiatives designed to reduce external barriers have been successful and have brought a wider appreciation of the specific challenges facing women entering business, it remains the case that the number of women entrepreneurs has not shown dramatic growth over the long term. Indeed, it appears that expectations of dramatic growth in numbers as a consequence of the erosion of these barriers may have been overstated.
- It has also become clearer that there are a finite number of women with an ambition to start in business at any particular time. The flow of new female entrants into entrepreneurship is determined by a variety of factors including macro-economic conditions, competing labour market opportunities, the presence of skill sets that are easily convertible into self-employment, demographic factors, and policies that provide maximum support and encouragement while minimising external constraints.
- In the policy sphere, there has been increased recognition of the economic and social importance of women's enterprise and a sustained level of interest in developing policies and frameworks to support its development. While there had been some interest prior to 2001, this was marked by insufficient coordination and a lack of sustained effort. The development of the SBS Strategic Framework for Women's Enterprise and the establishment of Prowess are two key developments that have signalled a continuing commitment to women's enterprise and enabled the issue to remain on the economic agenda at national, regional and local levels.
- The growth in women's enterprise in the USA has been aided by Federal recognition of its importance and a sustained commitment to its development over a thirty year period. Although there have been remarkable policy developments in the UK over the

past five years, it will take sustained commitment to ensure an equivalent level of development in women's enterprise within the UK.

1.0 INTRODUCTION

Women have been recognised as a largely untapped pool of entrepreneurial talent by a wide range of regional, national and international economic development agencies. The remarkable increase in the number of women entrepreneurs in the USA and their contribution to the US economy demonstrates the economic importance of this often overlooked group of entrepreneurs. Nevertheless, few other countries have experienced such rapid growth in the number of female entrepreneurs as has been seen in the USA.

In the UK, women-owned businesses comprise approximately 16% of the business stock and women comprise approximately 27% of the self-employed population. While recent policy initiatives have sought to expand the number of women business owners, the rate of increase has been low relative to the US experience, but similar to that seen across other northern European countries.

The main aim of this report is to review recent research developments relating to women's business ownership. The report builds on a previous review undertaken by the authors on behalf of the Small Business Service, published as RS002/01 (Carter, Anderson and Shaw, 2001). This report updates the 2001 study to include recent research evidence and statistical trends with regard to numbers of women business owners in the UK. The aim is to provide a current assessment of the women's enterprise research literature and highlight how our understanding of issues relating to women's enterprise has changed in recent years.

This report also explores in broad terms the role and contribution of recent policy developments in changing the landscape of women's enterprise. The Strategic Framework for Women's Enterprise (SBS, 2003) highlighted many of the issues faced by women starting in business in the UK and offered a practical policy response. This review provides an insight into the ways in which the Strategic Framework is seen to have influenced perceptions of women's enterprise (see Appendix One).

It is anticipated that this review will contribute to the growing evidence base that can be used by the Women's Enterprise Taskforce due to commence in September 2006.

2.0 KEY THEMES IN WOMEN'S ENTERPRISE RESEARCH

The modern small business research field is most often traced to the publication of the Report of the Committee of Inquiry on Small Firms (the Bolton Report) in 1971. Within the diverse and increasingly specialised small business research literature that has developed over the past 35 years, there has been a common assumption that entrepreneurship is a male activity (Bird and Brush, 2002; Marlow and Patton, 2005). Certainly, within the canon of small business research, very little considers the specific experiences of female entrepreneurs, or views them as a distinctive group. Although women's enterprise is only a minor constituent of the broader small business research literature, its origins can be dated to the same period. The women's enterprise research field was heralded by two pioneering, US-based exploratory studies of female entrepreneurs (Schreier, 1973; Schwartz, 1976).

An early, influential assessment of the gender and enterprise literature (Baker et al, 1997) described the field as 'neglected'; however, this was refuted in the original review of women's enterprise research literature (Carter, Anderson and Shaw, 2001) which found over 400 academic references that directly considered the topic, in addition to numerous articles in the popular press and a growing number of Internet sites. The 2001 review concluded that, rather than being a neglected area, the women's enterprise research field was more accurately defined as under-developed. There was no real shortage of academic research in the area; however, there was a clear lack of cumulative knowledge and a failure to date to adequately conceptualise and build explanatory theories.

Carter, Anderson and Shaw (2001) identified six major themes which had dominated the research field since its inception in the mid-1970s. These themes, reproduced in Figure 1, outlined a research literature that was largely focused on descriptions of the personal characteristics and experiences of female entrepreneurs. The six themes reflected a fledgling research field which had yet to become fully established. Indeed, at that time women's enterprise research had yet to gain recognition of its legitimacy within a large section of the small business research community.

Over the past five years, the women's enterprise research literature has matured and strengthened as a consequence of three parallel developments. Firstly, there has been an enhancement of the methodological sophistication used within the research field. This has come about as researchers have sought deeper understanding of the issues under investigation and their need to publish in increasingly rigorous peer-reviewed journals. Secondly, there has been a focus on increasingly specialised issues. Broad and descriptive studies have largely

been abandoned in favour of a more specialised focus on narrow and specialist areas. Thirdly, engagement with the established disciplines, in particular sociological analyses, has brought a fundamental shift from early studies that questioned *if* gender made a difference, to the current focus on *how* gender processes impact on the experience of business ownership. The growing maturity and reflexivity apparent within the field is perhaps best illustrated by the recent publication of Brush et al's (2006a) collection of thirty 'classic' papers on women and entrepreneurship.

Figure 1 also outlines the main themes of the current women's enterprise research literature. The six themes identified as the main current concerns of the academic research literature reflect the impact of the three parallel developments of enhanced methodological sophistication, growing specialisation and engagement with the disciplines. While some of the main themes identified in 2006 overlap with those identified in 2001, the field has evolved to considerably change the overall emphasis of each main theme. The six themes are described below.

2.1 Defining and Measuring Women's Enterprise

The first theme 'Defining and Measuring Women's Enterprise' encompasses the range of academic research which has attempted to define and conceptualise female entrepreneurship and measure the numbers of women involved in entrepreneurial activities. While work of this nature is generally regionally or nationally specific, some research has attempted to compare and contrast the relative rates of participation of women in different contexts. Most international comparisons are drawn using the USA as the main comparator nation. International comparisons in rates of women's enterprise have been fuelled by the growth of the Global Entrepreneurship Monitor research programme.

2.2 The Socio-Economic Context of Women's Enterprise

The second theme 'The socio-Economic Context of Women's Enterprise' has developed as a direct consequence of growing engagement with the established disciplines, in particular sociological analyses of women's position in society and the economy. Within this research theme, researchers have considered the relationship between women's role in entrepreneurship and the overall position of women in the labour market; the impact of the pay-gap as a mechanism that suppresses the financial and non-financial capitals used by

women entering business ownership; and whether work-life balance can be better achieved by women in self-employment than in employment.

2.3 The Social Construction of Women's Enterprise

The third theme 'The Social Construction of Women's Enterprise' can be seen as a development of the third theme (The Management of Female Owned Firms) identified in the 2001 review. Where early research focused on largely descriptive assessments of women's management and leadership style, the current research has evolved to consider more complex concerns regarding the social construction of gender. Feminist analyses, in particular the outstanding contributions of Bird and Brush (2002) and Ahl (2002), form the main theoretical advances within the field and their views underpin much of the current research in women's enterprise.

2.4 Non-Financial Entrepreneurial Capital

The fourth theme 'Non-Financial Entrepreneurial Capital' can also be seen as a development of the literature described in 2001 (Business Networks). Early research on women entrepreneurs and networks replicated much of the broader network research that had used male samples. The intention was to compare and contrast the female entrepreneurs' experience of networks with that of male entrepreneurs. Building on the resource-based (RB) perspective of entrepreneurship, the concept of entrepreneurial capital suggests that in addition to financial capital, the entrepreneurial process is affected by the human, social, physical, organisational and technological capital possessed by business owners and available to them via their contacts, relationships and networks. A widespread recognition that entrepreneurs use other types of non-financial capital, such as human capital, has revived earlier work by Becker (1964). Within the women's enterprise research literature, the focus on non-financial entrepreneurial capital draws explicitly on the original work of Bourdieu (1984) and his recent critics (cf. Firkin, 2003) to encompass human, social, cultural and symbolic capital.

2.5 Gender, Entrepreneurship and Finance

The fifth theme 'Gender, Entrepreneurship and Finance' has been a longstanding concern of the women's enterprise research literature. Early research focused on access to start-up and

growth finance and women's credibility with external lenders. The current research literature has evolved to consider the different funding profile of male-owned and female-owned businesses and the consequences of relative undercapitalisation on the performance of women-owned businesses. This stream of research has seen some of the most important advances in methodological sophistication within the field, as researchers have progressed from a reliance on the retrospective testimony of women entrepreneurs to engagement in both supply-side and demand-side evidence, accompanied by the use of experimental protocols and replication studies.

2.6 Business Sustainability and Performance

The final theme 'Business Sustainability and Performance' has also been a long-standing concern of the research literature. Early studies found differences in the performance of male and female owned firms, with female owned firms under-performing on a range of criteria. This, it was commonly argued, reflected both the different motivations for business ownership of women and the different performance criteria women used to measure their success. This 'female under-performance hypothesis' has since been challenged by researchers who found that, given the same starting resources, women-owned and male-owned firms performed equally well (Watson, 2002; Johnsen and McMahon, 2005). However, as the research in themes four and five demonstrate, women and men generally do not enter business with the same starting resources. The research contained within this theme explores both female under-performance and the long-term sustainability of under-capitalised ventures. In doing so, it directly relates to issues of business entry and exit explored in Theme One.

A review of these six main themes is contained within this report.

Figure 1

Key Themes in the Women's Enterprise Research Literature 2001 and 2006

MAIN THEMES 2001	MAIN THEMES 2006
Characteristics and Motivations of Women Entrepreneurs	Defining and Measuring Women's Enterprise
<i>Differences in psychological characteristics between women and men</i>	<i>Defining women's enterprise</i>
<i>Social background and business differences between women and men</i>	<i>Trends and numbers of women entrepreneurs in various developed and less developed contexts</i>
<i>The effect of the labour market / glass ceiling on women's decision to start in business</i>	<i>International comparisons / GEM/ US leadership</i>
Start-Up: Patterns, Resources and Constraints	The Socio-economic Context of Women's Enterprise
<i>Motivations, processes and structures used at start-up</i>	<i>The position of women in the labour market</i>
<i>Resource acquisition and mobilisation: including finance, social and human capital. Resource lack: including credibility and track record</i>	<i>The gender pay gap; occupational segregation; unequal employment opportunities; female altruism and social enterprise</i>
<i>The effect of start-up barriers on incubation, start-up and long-term business performance</i>	<i>Work-life balance; home-based businesses; childcare and caring responsibilities; legal rights of women in paid and self employment</i>
<i>Programmes and policies to foster women entrepreneurs</i>	
Management of Female Owned Firms	Social Construction of Women's Enterprise
<i>Women's management style and approach to leadership</i>	<i>Socio-cultural aspects of gender; the heterogeneity of female experiences</i>
<i>The business-family nexus</i>	<i>Feminist analyses; the reproduction of male norms</i>
<i>Co-preneurship</i>	
<i>The effect on gender on business performance</i>	<i>Feminist methodologies; matched sampling</i>
Business Networks	Non-Financial Entrepreneurial Capital
<i>Gender differences in the types of networks created</i>	<i>Human capital; education, skills and qualifications</i>
<i>Gender differences in network content, i.e. the uses made of networks</i>	<i>Social capital; networking activity; effect on business performance</i>
	<i>Cultural and symbolic capital</i>
Finance and Related Issues	Financial Capital
<i>Access to start-up finance</i>	<i>The relationship between women and banks</i>
<i>Guarantees on loans and external finance</i>	<i>Gendered access to funding and the different funding profile of men and women</i>
<i>Access to growth and on-going finance</i>	<i>Under-capitalisation; causes and consequences; effect on business performance</i>
<i>Relationship with external lenders and women's credibility</i>	<i>VC and equity finance; women and high growth ventures</i>
Business Performance and Growth	Sustainability and Performance
<i>Gender differences in criteria used to assess business performance</i>	<i>The under-performance of female-owned firms</i>
<i>Gender differences in actual business performance</i>	<i>Sustainability and survival of female-owned enterprises</i>

3.0 DEFINING AND MEASURING WOMEN'S ENTERPRISE

In recent years there has been a substantial increase in new women entrepreneurs. Although the rise in the net total number of female entrepreneurs is modest, more women have moved into enterprise (see section 3.2 for a discussion of potential entry and exit effects). A current priority of the women's enterprise agenda is the target for women-owned businesses to account for 18% - 20% of total UK business stock. This section of the report discusses the difficulties in defining and measuring female entrepreneurship, and outlines some of the main sources of evidence relating to the numbers and trends of female entrepreneurs in the UK.

In the UK, researchers have conventionally applied a fairly rigorous definition that a woman-owned business is one that is majority owned by one or more women. While it is widely appreciated that most enterprises depend to some extent on female participation either as an owner, a partner or a provider of labour to a family-owned enterprise, defining women-owned businesses as those that are wholly female-owned and managed enables researchers to more easily distinguish them from the mass of businesses that are merely reliant on women's active participation. This definition assists the practical aspects of research and policy-making, but clearly fails to reflect the real participation of women that is apparent in the vast majority of British enterprises. For practical reasons studies of women's enterprise in the UK also often include self-employment data, although it is widely appreciated that many of the self-employed are not business owners and that many business owners are not registered as self-employed.

The US Census Bureau (2002) defines women-owned businesses as "firms in which women own 51% or more of the interest or stock of the business", while the US National Women's Business Council and the Center for Women's Business Research, the main US advocacy, support and research organizations, also include equally (female / male) co-owned businesses in some of their work. In contrast to the UK, few US researchers use self-employment data. The main US data sources of women's enterprise include the five-yearly Census of Business Owners (last conducted in 2002) and survey data gathered independently by the Centre for Women's Business Research.

At the outset, therefore, defining and measuring women's enterprise is clearly problematic. Definitions of women's enterprise vary substantially, and comparisons drawn between the UK and the US with regard to relative rates of female business ownership may not be truly comparable.

Difficulties in defining women's enterprise are compounded by a paucity of gender disaggregated data which adds further complexity to the task of enumeration. While there have been many requests for gender disaggregated data from the national business datasets, there are obvious difficulties. As the major UK business datasets, such as VAT data and the IDBR dataset, are not disaggregated by gender, data is generally drawn from a combination of sources. The Labour Force Survey provides self-employment data by gender; this source can be supplemented by commissioned surveys, ad hoc studies and anecdotal evidence.

For this report, data on the numbers and trends relating to women's enterprise is drawn from the Labour Force Survey and supplemented by evidence from the national Census 2001 and a range of commissioned studies and academic papers. As much of the evidence relating to women-owned businesses has emanated from the USA, international comparisons are drawn at relevant points throughout the report.

3.1 UK Trends in Women's Enterprise

This section relies primarily on self-employment data drawn from the Labour Force Survey. While self-employment data is often used as a proxy measure for business ownership, it does not fully account for all enterprise related activities. Not all business owners are self-employed, and not all of the self-employed can be regarded as business owners. Nevertheless, self-employment data has several advantages:

- I) data is disaggregated by gender;
- II) historical data is available which demonstrates broad trends over several years;
- III) quarterly data highlights short-term changes;²
- IV) data is comparable at an international level.

In the following section (3.1.1) self-employment data is analysed. This is followed by an overview of survey data relating to women's business ownership (section 3.1.2).

3.1.1. Female Self-employment

Data from the Labour Force Survey (2005/06) shows the number of self-employed women in the UK to be 1,013,000 (Apr-Jun 06), 7.6% of women in employment. This can be compared

² Although it is more reliable to take a moving four quarter average.

with the number of self-employed men in the UK which is currently 2,706,000 (Apr-Jun 06), 17.4% of men in employment. Of the total UK self-employed population of 3,719,000, male self-employment accounts for 72.8% and female self-employment accounts for 27.2% (Apr-Jun 06).

Regional differences in self-employment using 2003-2005 LFS data are shown in Table 1³. For male self-employment, the UK average of 17.2% differs at the regional level from 24.2% in Northern Ireland to 11.9% in the North East. For female self-employment, the UK average of 7.3% differs at the regional level from 9.4% in London to 4.1% in the North East. Growth in the absolute numbers of self-employed people was seen mainly in the East Midlands (for men) and within the North West and the South East (for women).

Table 1: Male and Female Self-employment in UK Regions (Winter 2004/5)

Region	Male (000s)	Male %†	*Change (000s)	Female (000)	Female %†	*Change (000s)
UK	2658	17.2	-24	966	7.3	16
England	2269	17.4	-19	839	7.5	15
North East	71	11.9	-3	22	4.1	-1
North West	265	15.6	0	101	6.7	19
York/Humber	196	15.4	5	62	5.6	-5
East Midlands	195	17.2	19	67	7.0	1
West Midlands	214	15.6	2	77	6.7	10
East England	267	17.8	-28	92	7.4	-1
London	378	19.3	-15	150	9.4	-17
South East	425	19.3	-5	165	8.8	12
South West	259	19.6	8	102	8.9	-3
Wales	120	17.2	-1	41	6.4	-8
Scotland	169	13.2	-9	65	5.6	5
Northern Ireland	98	24.2	5	20	5.8	2

Source: ONS Labour Force Survey Quarterly Supplement April 2005, No.29.

† Percentage of men and women “in employment” who are self-employed

*Change winter 03/04 – winter 04/05

Historical evidence from the Labour Force Survey demonstrates that, while there has been substantial growth in the overall self-employed population, the female share has remained relatively stable over the past twenty years (Labour Force Survey, 1992, 1997, 2005/6; Lindsay and Macaulay, 2004). Since 1992, there has been a growth in the number of self-employed women in the UK, from 899,000 in 1992 (Q1 -Spring) to 1,013,000 in 2005/6 (Q2), an increase of 10%. The female share of self-employment, 26% in 1992 and 27.2% in 2006,

³ Table 1 uses LFS 2005 data as regional data is published annually.

has fluctuated modestly, but has remained more or less unchanged over this period. Indeed, the last major shift in the female share of self-employment was in 1984, when the female share of self-employment increased from 18% to 24%, a consequence of the large-scale expansion of women in the labour force and resulting adjustments to the Labour Force Survey sample base (Brooksbank, 2000). The proportion of economically active women in self-employment has also fluctuated slightly, but remained largely unchanged within the period from 1992 (8.6%) and 2005/06 (8.1%) (Labour Force Survey, 2005/06).

Table 2 describes the main occupations undertaken by the employed and self-employed populations, drawn from the Labour Force Survey (2005)⁴. The table shows the predominance of female self-employment within four main categories: managers and senior officials (22.1%), associate professional and technical (19.6%), personal services (18.1%) and professional occupations (11.8%). In contrast, the bulk of male self-employment is within the skilled trades (39.4%), managers and senior officials (16.3%), associate professional and technical (13.5%) and professional occupations (13.1%).

Table 2: Self-employed Men and Women by Standard Occupational Classification

Standard Occupational Classification	Employees			Self-employed		
	All	Men	Women	All	Men	Women
Managers /Senior officials	14.5	18.9	10.0	17.9	16.3	22.1
Professional Occupations	12.5	13.6	11.3	12.7	13.1	11.8
Assoc. Prof & Technical	13.8	13.2	14.4	15.2	13.5	19.6
Admin & Secretarial	14.0	5.4	22.7	3.2	0.7	9.9
Skilled Trades	8.7	15.6	1.7	30.5	39.4	6.5
Personal Services	8.0	2.5	13.7	5.5	0.9	18.1
Sales /Customer Services	8.9	5.2	12.6	2.1	1.4	3.7
Process/ Machine Operatives	7.3	12.4	2.1	7.9	9.6	3.1
Elementary Occupations	12.3	13.2	11.5	5.1	5.1	5.1
All (thousands)	24729	12630	12099	3624	2658	966

Source: ONS Labour Force Survey Winter 2004/05, Table 17

Male self-employment has historically been fuelled by traditional occupational choices which have ultimately steered men into skilled trades, in particular apprenticeships within the building trades that lead a relatively high proportion into self-employment. Skilled trades still account for the largest proportion (39%) of male self-employment. In contrast, women's traditional occupational choices have steered them towards administrative and public service

⁴ Table 2 uses LFS 2005 data as SOC data is published annually.

occupations where conversion into self-employment is less obvious. To a large extent such gendered divisions within the labour market account for the different levels of male and female self-employment.

This may be changing. The relatively recent growth in the number of women entering the liberal professions such as accounting, law, medicine and veterinary science has the potential to lead more women into self-employment (Marlow and Carter, 2004). In addition, the growth of personal services such as hairdressing, the fastest growing occupation in the UK, may also provide a clear route whereby women can convert more easily from waged work to self-employment.

The Labour Force Survey also provides some insight into gender differences with regard to the time spent on employment and self-employment (Table 3). The bulk of self-employment (76.6%) is undertaken on a full-time basis. Men comprise 82.4% and women comprise 17.5% of the full-time self-employed. Although only 23.3% of self-employment is undertaken on a part-time basis, men comprise 40.8% and women comprise 59.1% of part-time self-employment (ONS Labour Force Survey, 2005). Women are more likely than men to undertake part-time self-employment and employment as an active preference; 80% of women compared with 50% of men stated that they “did not want a full-time job” (Labour Force Survey 2005/06, Table 15a).

Table 3: Full-time and Part-time Employment and Self-employment by Sex

Employment Status	Number (000)	% by full-time / part-time	% by gender
Full-time employees	18685	74.6	
Men	11531		61.7
Women	7154		38.4
Part-time employees	6347	25.3	
Men	1259		19.8
Women	5087		80.1
TOTAL EMPLOYMENT	25032	100.0	
Full-time self-employment	2851	76.6	
Men	2351		82.4
Women	500		17.5
Part-time self-employment	868	23.3	
Men	355		40.8
Women	513		59.1
TOTAL SELF-EMPLOYMENT	3719	100.0	

Source: ONS Labour Force Survey Apr-Jun 2006

It has been argued that self-employment is, at least partly, motivated by the advantages of part-time and flexible working; therefore, a higher proportion of the self-employed could be expected to operate in a part-time capacity. Data from the Labour Force Survey (Table 3) provides less support than expected for this view. The proportion of full-time self-employment is 76.6% (compared with 74.6% of employment), and the proportion of part-time self-employment is 23.3% (compared with 25.3% of employment). Clear gender distinctions emerge, with more women than men engaging in self-employment in a part-time capacity. Women comprise 38.4% of full-time employees compared with 17.5% of full-time self-employment and 80.1% of part-time employees (compared with 59.1% of part-time self-employment).

A clearer picture emerges using raw counts rather than percentages (Table 3). These reveal that more women employees work on a full-time basis (7,154,000) than on a part-time basis (5,087,000). Women make up the largest proportion of part-time employment (the ratio of women to men in part-time employment is 4:1). A higher proportion of men are involved in part-time self-employment than in part-time employment (a ratio of 2:1). Slightly fewer self-employed women operate on a full-time basis (500,000) as on a part-time basis (513,000).

3.1.2 Female Business Ownership

While the Labour Force Survey offers the most robust source of data regarding the self-employed, other surveys provide different insights into women's business ownership. This section considers some of the main survey evidence relating to women's business ownership in the UK.

A range of survey evidence indicates the relatively low proportion of women engaged in enterprise as owners and managers. The most recent Annual Small Business Survey (ASBS) (2005/6) reported that 16.5%⁵ of all businesses were either solely or majority women-led, compared with 12.3% of all businesses with employees (see Table 4). In the same survey, 65.3% of all businesses were either solely or majority male-led, compared with 57.3% of business with employees (Small Business Service, 2006). There are other sources e.g. the Federation of Small Businesses (FSB) surveys which give a slightly different picture. The most recent (2006) FSB survey used a more refined measure of ownership gender, similar to that used by the ASBS, and reported that 14% of businesses were wholly or majority women-

⁵ This figure was taken from the 2005/06 ASBS

owned, 53% were wholly or majority male-owned and 33% equally co-owned by males and females (Carter, Mason and Tagg, 2006). The slightly different results reported by these two large scale surveys are probably best explained by the differences in the sample base used in each survey.⁶

Table 4: Women’s Business Ownership – ASBS 2005/6

Ownership Category	ASBS * With employees %	ASBS * All businesses †%
Wholly male led	50.9	62.1
Majority male led	6.4	3.2
Wholly or majority female led	12.3	16.5
Equally led	28.9	17.6
Not known	1.5	0.6
TOTAL	100	100
At least 50% female owned	41.2	34.1

Source: *Annual Small Business Survey (ASBS), 2006 † Includes those with and without employees

The data presented in Table 4 demonstrates that women are involved in an ownership capacity in a large proportion of UK businesses. While businesses that are either solely or majority women-owned are in the minority (in proportions that vary between about 12.3% – 16.5%)⁷, a large proportion of female business ownership takes place in businesses that are equally co-owned with male partners. If the definition of female business ownership includes businesses that are solely female-owned, majority female-owned and female-male co-owned, women can be seen to be involved in an ownership capacity in a large proportion (which varies between 34.1% - 41.2%) of all small businesses in the UK.

In addition to data that demonstrates the proportion of businesses with a female ownership stake, other surveys provide evidence of gender differences in latent and active interest in

⁶ The ASBS uses a sample drawn from the Dun and Bradstreet (D&B) dataset. This is a comprehensive dataset often used in small business studies, but its limitations are well known (Storey, 1994). As a credit rating agency, its primary source consists of businesses that have sought external credit from banks and other credit providers. Many new businesses start without seeking external debt finance, hence it is recognized that the D&B dataset under-represents new businesses. As discussed in section 7.0 of this report, women-owned businesses tend to start in business with lower levels of capitalization and make less use of external debt finance and are, therefore, likely to be under-represented within the D&B dataset. In contrast, the FSB surveys are based on their membership, and are likely to over-represent older businesses and family-owned enterprises.

⁷ See Footnote 1

entrepreneurship. The SBS Household Survey of Entrepreneurship (2005) reported that 19% of women, compared with 32% of men, were either involved in entrepreneurial activity or thinking about it (Small Business Service, 2006). The Global Entrepreneurship Monitor (GEM) UK report provides a measure of Total Early Stage Entrepreneurial Activity (TEA) which for women across the UK was found to be 3.9% of the total working age female population (Harding et al, 2006). In addition, the GEM UK report also provides evidence of the gap between male and female entrepreneurial activity. The latest GEM report found that female entrepreneurship activity in the UK was only 47% that of male entrepreneurial activity (Harding et al, 2006).

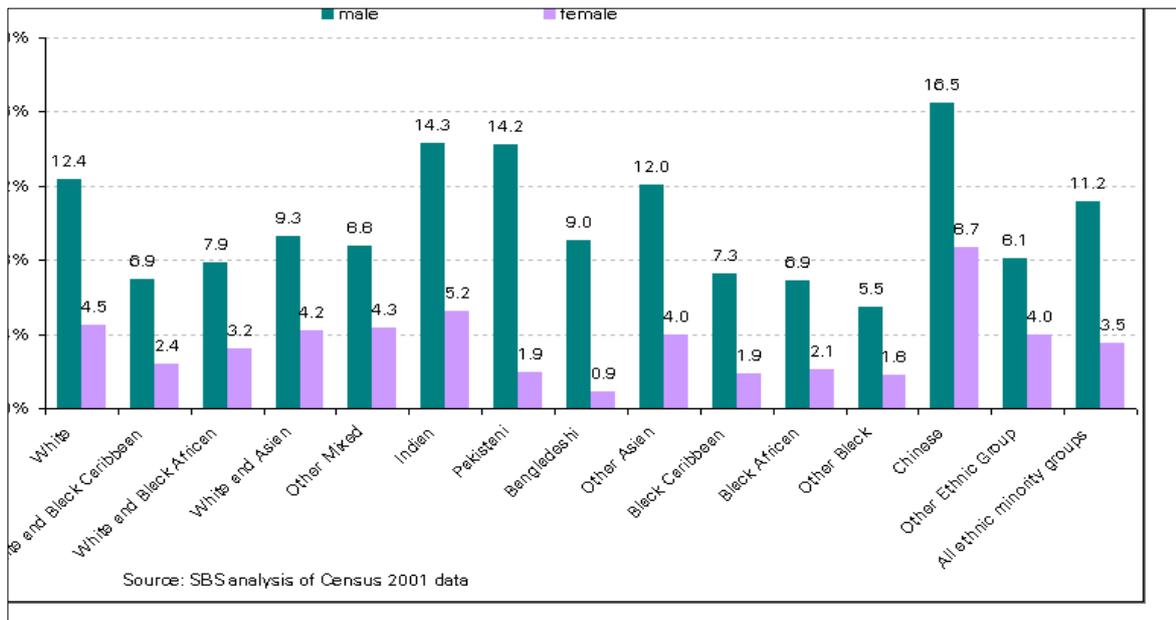
3.1.3 Ethnic Minority Women's Enterprise

Despite long-standing research and policy interest in ethnic minority enterprise, there has been surprisingly little analysis of ethnic minority women's enterprise in the UK. Broad numbers and trends are available from the 2001 Census and GEM data. While these indicate broad trends, they cannot reveal the perhaps distinctive experiences of entrepreneurship and business ownership among ethnic minority women.

An analysis of self-employment rates by gender and ethnic group using SBS analysis of 2001 Census data was undertaken by Mascarenhas-Keyes (2006). This analysis showed that the rate of female self-employment among ethnic minorities is lower (3.5%) than that of White females (4.5%). However, Chinese (8.7%) and Indian (5.2%) females have a higher self-employment rate than White females, while Bangladeshi (0.9%), Pakistani (1.9%), Black African (2.1%) and Black Caribbean (1.9%) women have lower rates. The lowest self-employment rate is among Bangladeshi women. Ethnic minority males (11.2%) have a lower self-employment rate than White males (12.4%). However, Chinese (16.5%), Indian (14.3%) and Pakistani (14.2%) males have a much higher rate than Whites, while Bangladeshi (9%), Black Caribbean (7.3%) and Black African (6.9%) males have much lower rates than White males. The lowest self-employment rate is among Other Black males (5.5%).⁸

⁸ The authors would like to thank Professor Monder Ram, De Montfort University, for alerting us to this paper by Stella Mascarenhas-Keyes. Professor Ram endorses Mascarenhas-Keyes's (2006) view that that these figures should be treated with some caution as it is unlikely that they capture the largely unacknowledged and invisible work that is undertaken by ethnic minority women, notably within the South Asian communities (Dawe and Fielden, 2005). It is almost certain that the low participation figures cited for Asian women mask the true extent to which women participate in the enterprise, and often play pivotal roles in the management of the business (Dawe and Fielden, 2005; Ram, 1992; 1994; Phizacklea and Ram, 1996). The point to note here is that despite male assertions of single ownership

Figure 2: Self-employment Rate by Gender of All Aged 16-74 England & Wales



Note: White refers to White British, White Irish and White Other groups; Ethnic Minority refers to Non-White Ethnic Minorities.

Data from the 2005 GEM UK report included an analysis of TEA rates among ethnic minority men and women. This source found that non-White ethnic minorities as a group had a higher TEA rate of 9.3% than their White counterparts (5.6%), although this masked distinctive differences between ethnic minority groups. Overall, female ethnic minority groups had lower TEA rates than male ethnic minority groups, with a notable exception. Black African women had a TEA rate of 18.7%, higher than the comparative male rate (15.6%) and much higher than for White women (3.6%).

3.2 Potential Entry and Exit Effects

There is some evidence to suggest that women-owned businesses may experience a higher rate of business exit than male-owned businesses. While evidence of this effect is at an early stage, it is worth explaining some of the evidence which is the source of these concerns, with a view to stimulating a deeper consideration of these issues. Below, two sources of inferential evidence relating to gender differences in business exits are highlighted.

of their enterprises, a notable number of businesses are registered legally as family partnerships which, in essence, constitute joint ownership between husband and wife.

1. UK statistical data demonstrates that there has been a growth in the absolute number of self-employed women, from 899,000 in 1992 to 1,013,000 in 2006. This absolute increase has not appeared to have had an impact on the female share of self-employment which has remained constant at around 26% – 27%.

The simple explanation of this is that female self-employment has simply risen in line with overall increases. However, this does not fully explain the static female share of self-employment. Using LFS data, it is clear that female self-employment has risen at a faster rate than male self-employment over the past fifteen years. Therefore, some increase in the female share of self-employment might have been expected.

The fact that the female share of self-employment has remained static despite both an overall increase in female self-employment and a higher rate of female up-take of self-employment, suggests that a separate effect is taking place. The separate effect that offers the most straightforward explanation is that there is a higher rate of exit among female self-employed.

2. Survey evidence has consistently demonstrated a strong correlation between female-ownership and business age, with newer businesses much more likely to be owned by women. As business age increases, the likelihood of being female-owned incrementally decreases. This finding, consistently reported across a range of different surveys has generally been taken as *prima facie* evidence that women-owned businesses are increasing in number. The argument is generally assumed to be that as new and young businesses are more likely to be owned by women, the number of women entering business ownership is increasing and therefore the number of women-owned businesses is also increasing.

This argument has been used in many different surveys over the past twenty years. Some of the earliest studies of women's enterprise in the UK (Goffee and Scase, 1985; Watkins and Watkins, 1986; Cannon et al. 1988) all described the high number of new and young female-owned businesses as the start of a "sharply upward trend" in women's enterprise (Curran, 1986:3). Twenty years on, the "sharply upward trend" has largely failed to materialise, yet researchers still ascribe the high proportion of new and young businesses owned by women to a rapid growth in women's business ownership.

There is a concern that the interpretation of survey evidence relating to the growth of women's enterprise has been inadvertently misleading. While it is possible that the high proportion of new and young female-owned businesses can justifiably be taken as growth of entry, the lack of older women-owned businesses may be seen as evidence of a lack of sustainability of women-owned businesses and a higher proportion of female-owned exits. Carter et al. (2004: 33), for example, speculate that the distinctive relationship between female-ownership and business age "*may suggest that women's entry into business ownership is a relatively new phenomenon, but equally it may indicate that there is a disproportionate outflow of women from business ownership over time*".

To date, research and policy effort has concentrated on the comparative entry rates of men and women into self-employment and business ownership and comparative rates of business exit by men and women have yet to be explored. Clearly, an over-emphasis on business entry and an under-emphasis on both long-term business sustainability and business exit rates has been a failing of the overall research effort. This effort has focused attention on female start-up, while failing to recognise the potentially high numbers of female exits.

This evidence does not necessarily suggest that female-owned businesses experience a higher rate of churn than male-owned enterprises. Business churn relates to the forcing out of weaker businesses because of the build up of competitive pressure and is an inevitable element of a healthy business population. However, the potentially high rate of female business exit does not necessarily constitute 'churn' as there may be other influences that lead women to exit at a faster rate than men. For example, it may be male-owned businesses which create competitive pressure leading the existing women's businesses to exit.

Unless parity between male and female exit rates is confirmed, the continuing emphasis on encouraging female start-up and entry may be misplaced. Clearly, the over-riding concern for policy-makers is to encourage sustainable and viable businesses that compete effectively within their marketplace. Therefore, initiatives designed to encourage women into enterprise should ensure that these new businesses are capable of surviving in competitive markets, in order to minimise the 'leaky sieve' effect. At the same time, it is clearly important that the potentially gendered reasons for business exit are investigated.

3.3 International Comparisons

This section of the report compares women's enterprise trends in the UK to those in other parts of the world. Data is drawn from a range of sources including the EU, the OECD, the Global Entrepreneurship Monitor and individual country studies (specifically within the USA). Self-employment data is used for comparability, as it is available at an international level across a wide range of countries, although business ownership data is preferred as it captures businesses that are registered as a legal entity.⁹ GEM data also provides the ability to compare female entrepreneurship at an international level, albeit in a more restricted set of countries.

3.3.1 Europe

The proportion of self-employed women in the UK is broadly comparable with other Northern European countries. Using EU data, Franco and Winqvist (2002) reported that across the EU (15) the average level of self-employment in industry and services, as a percentage of total employment, was 15.5% for men and 8% for women (Franco and Winqvist, 2002). Self-employment in the UK was slightly below this average, and much lower than in the highest countries of Greece, Italy and Portugal. Franco and Winqvist (2002) also point to differences in the business sectors in which female and male self-employment are most commonly found: more female (30%) than male (23%) self-employment is within the retail and distribution sectors, while more male (30%) than female (13%) self-employment is within the "industry and construction" sectors. Overall, however, there are fewer self-employed women than self-employed men across all business sectors and in all age groups. In addition, self-employed females are more likely to operate smaller enterprises (Franco and Winqvist, 2002).

Table 5 reports OECD data on self-employment rates in selected European countries. This data shows the high levels of self-employment in southern Europe in comparison with the north. Rates of total self-employment in five countries, Turkey, Greece, Italy, Poland and

⁹ Measures of women's enterprise at the international level are problematic. Measures of self-employment data are more transparent at the international level, but this data fails to give a full and precise measure of the issues of interest. Business ownership data is of more interest, but subject to greater variation at the international level as i) it mainly comprises survey data with measures and sampling frames that vary between countries and ii) definitions of entrepreneurship (and business ownership) vary between self-employment rates, new firm formation rates, established business ownership, entrepreneurial intentions, entrepreneurial capabilities, all of which can be used as individual measures or in combination. Differences in the definition of female business ownership add further complexity to the task. The strength of the GEM data is that definitions, measures and sampling approaches are common across the participating nations.

Portugal, are the highest among this group of eighteen European countries, and are substantially higher than in Norway, Denmark, France and Sweden. Female self-employment rates are also highest in these five countries, and notably in Turkey where rates of female self-employment exceed those of men. UK rates of male self-employment are closest to those seen in Finland, Hungary and Sweden, while UK rates of female self-employment are closest to those seen in Ireland, France and Germany.

Table 5: Self-employment Rates in Selected European Countries 2003

	Total	Men	Women
Turkey	49.4	44.5	61.9
Greece*	39.8	41.9	36.5
Portugal	26.8	28.4	24.9
Poland	27.3	29.8	24.3
Italy	27.5	31.5	21.1
Spain	18.6	21.0	14.7
Switzerland	11.9	12.4	11.4
Austria	12.8	14.0	11.3
Hungary	13.5	17.1	9.2
Netherlands*	11.6	13.5	9.1
Finland	12.9	16.7	8.8
Germany	11.4	14.0	8.4
UK	12.7	16.6	7.8
Ireland	17.5	24.7	7.7
France	8.8	10.1	7.4
Denmark	8.8	11.9	5.3
Sweden	9.6	13.9	5.1
Norway	7.4	10.1	4.3

Source: OECD (2005: 105-7) * 2003 data unavailable, 2002 data used.

3.3.2 *The United States*

The numbers and trends relating to female self-employment in the UK and EU contrast with the remarkable increase in female entrepreneurship which has occurred in the USA. Using the broadest definition of women-owned businesses¹⁰, it is estimated that there are currently 10.6 million women-owned firms, accounting for 48% of all privately held firms in the USA. The number of women-owned businesses in the USA has expanded much more rapidly than in

¹⁰ This includes wholly female-owned, majority female-owned and female-male co-owned businesses. The inclusion of male-female co-owned businesses within the 'women-owned' category is a US practice not followed in the UK, where the commonly used definition includes only majority female-owned businesses. While the US Census Bureau defines women-owned businesses as those with majority female-ownership, some US-based lobby groups and researchers include male-female co-owned businesses within the female-owned business category.

almost any other developed economy. Between 1997 and 2004, the estimated growth in the number of women-owned firms (17%) was nearly twice that of all firms (9%) and the number of women-owned firms with employees grew by 28%, three times the growth rate of all firms with employees (Center for Women's Business Research, 2004, 2005; Brush et al, 2006b).

Using the more precise definition of women-owned businesses that includes only those "in which women own 51% or more of the interest or stock of the business" (US Census Bureau, 2002), still demonstrates the outstanding success of female entrepreneurship in the USA. Businesses that are majority owned by women comprise 63% of 'women-owned businesses'¹¹, a total of 6.5 million firms, or 28% of all businesses, that collectively employ 9.8 million people and generate \$1.2 trillion in sales (Center for Women's Business Research, 2005; National Women's Business Council, 2004; Brush et al, 2006b; US Census Bureau, 2006).

The strong investment in research and advocacy relating to women's enterprise in the US has ensured a flow of statistical data that serves as a constant reminder of the importance and ongoing success of women-owned businesses. While research and advocacy is the current mechanism whereby women's enterprise lobby groups effectively transmit the importance of this sector, in the past women's enterprise in the US has been assisted by more direct intervention.

Affirmative action policies were used in the US until the early 1990s to ensure that women, ethnic minorities and military veterans were seen as a special case meriting specific interventions. It would be reasonable to suggest that affirmative action policies are a main explanation for the relatively high rates of women's enterprise in the USA. Generous public support was given to businesses whose ownership team included a member of an assisted group. It is widely believed that many business start-ups deliberately included a member of a special assistance group in order to benefit from the extensive support offered by such positive discrimination (Jacobson, 1998; Rai, 2003). While affirmative action policies are widely reviled and have long since been abandoned, it has been argued that their purpose had already been achieved; affirmative action policies brought a generation of women and minorities into business ownership in the US (Boston, 1996; Jacobson, 1998; Rai, 2003).

Despite the apparent growth in women's enterprise in the US, it is clear that there is a significant size and performance disparity between male-owned and female-owned firms in

¹¹ The remaining 37% of 'women-owned businesses' are co-owned equally by men and women.

the US. In common with findings from other countries, women-owned businesses in the US are, on average, smaller than those owned by men. Using 1997 data, Brush et al (2006b: 186) report that women-owned firms represented 26% of all US businesses, but only 4% of all business revenues. The average revenue of women-owned firm in the US was \$151,130, just under 26% of the average revenue of male-owned firms (\$582,450). Brush et al (2006b: 186) also report that average revenues for women-owned businesses with employees (\$847,419) are higher than women-owned businesses without employees (\$22080), but these are considerably smaller than the revenues produced by the male-owned equivalents. The average revenue for male-owned businesses with employees is \$1,985,950 and without employees \$45,161. This data indicates that the average revenue for US women-owned businesses with employees is just 43% of their male-owned equivalent, while the average revenue for US women-owned businesses without employees is just 49% of their male-owned equivalent.

US evidence relating to women's enterprise relies on both the five yearly Census of Business Ownership and survey evidence developed by the main research and lobby groups. Because these sources are specific to the US, their use in drawing international comparisons is problematic. More accurate comparisons between the US and UK can be drawn using self-employment data. Self-employment data is seldom used to describe female entrepreneurship in the USA.¹² Nevertheless, the US self-employment data is revealing. The US Bureau of Labor Statistics reports that the total self-employed population in the US in 2002 was 8,490,000 (6.4% of total employment). Of this, male self-employment accounted for 5,124,000 (7.3% total male employment) and female self-employment accounted for 3,366,000 (5.4% total female employment). While male self-employment still accounts for the largest proportion of total self-employment (60.3%), the female *share* has increased modestly but consistently over the past thirty years, from 26.8% in 1976 to the current level of 39.6% (US Bureau of Labor Statistics, 2005).

Table 6 reports self-employment *rates* for men and women in the US and UK between 1990 and 2003 reported by the OECD (2005). This table demonstrates that the rate of total self-employment in the UK (12.7%) is much higher than the rate of total self-employment in the US (7.6%). The margin between rates of male self-employment in the UK (16.6%) and US (8.8%) is also wide. Female self-employment rates are higher in the UK (7.8%) than in the

¹² Cultural preferences have steered US researchers away from self-employment and small 'mom and pop' businesses and towards growth-oriented entrepreneurship. In addition, the long term decline in self-employment rates in the USA, which contrast with high and growing rates of self-employment in other developed economies (for example, Italy, Spain), may be seen to poorly reflect the overall economic performance of the US.

US (6.1%), but the difference in female self-employment rates between the two countries is much narrower than for both male and total self-employment rates.

Table 6: UK and US Self-employment Rates 1990 – 2003

Year	UK Total	US Total	UK Men	US Men	UK Women	US Women
1990	15.1	8.8	19.9	10.5	8.9	6.7
1991	14.7	9.0	19.4	10.8	8.7	6.8
1992	14.8	8.7	19.3	10.6	9.1	6.4
1993	14.6	8.8	19.2	10.9	9.0	6.4
1994	14.8	8.8	19.6	10.3	9.0	7.1
1995	14.6	8.5	19.4	9.9	8.7	6.9
1996	14.0	8.4	18.6	9.8	8.5	6.9
1997	13.8	8.2	18.1	9.5	8.6	6.7
1998	13.2	7.9	17.2	9.2	8.3	6.4
1999	12.7	7.7	16.8	8.9	7.7	6.2
2000	12.3	7.4	15.9	8.6	7.8	6.1
2001	12.2	7.4	16.1	8.5	7.4	6.1
2002	12.1	7.2	16.1	8.4	7.4	5.9
2003	12.7	7.6	16.6	8.8	7.8	6.1

Source: OECD (2005: 105-107)

Two interesting and apparently contradictory points can be drawn by comparing the collective evidence on UK and US female self-employment data, drawn from the US Bureau of Labor, the ONS Labour Force Survey and the OECD.

- The female *share* of self-employment in the USA has increased consistently, albeit modestly, every year for the past thirty years. This contrasts with the UK where the female share of self-employment has been more or less static, at around 26% - 27% for the past twenty years. The current female share of self-employment in the UK (27%) last occurred in the USA in 1976, when women constituted 26.8% of total US self-employment.
- Despite this, female self-employment as a proportion of total female employment (i.e. the *rate* of self-employment) is higher in the UK (7.8%) than in the USA (6.1%). As Table 6 demonstrates, female rates of self-employment in the UK have been consistently higher than those in the US for over 15 years.

The reasons for such distinctive trends can only be speculated. The issue of the high female share of self-employment in the USA is probably the most difficult to explain, but four possible reasons may be advanced.

I) It is possible that the high female share of self-employment in the USA may be a function of socio-economic equality, reflecting the relatively high socio-economic status of women in America and high levels of female participation in the US workforce. However, the argument that female share of self-employment reflects broader socio-economic parity among men and women is tenuous and difficult to apply with equal certainty in other countries. For example, Scandinavian countries have been widely regarded as striving towards greater socio-economic gender equality, yet do not report an unusually high female share of self-employment. Similarly, it would be difficult to identify the specific differences in socio-economic equality between the US and UK that leads US women to a growing share of self-employment, while the UK female share of self-employment remains static.

II) It is equally plausible to argue that self-employment in the US may be a low-cost entry strategy among a population unable or unwilling to invest in business start-up. The female share of self-employment may reflect women's lesser socio-economic status; women will tend to enter business using low-cost self-employment strategies rather than business start-up.

III) It is possible that for legal, fiscal or market-related reasons, the optimal small-scale structure of US businesses favours incorporation rather than self-employment; hence better capitalized individuals will trade as businesses rather than self-employed individuals. Given that men will tend to have a greater business resource base, this will result in an increasing share of female self-employment.

IV) The steadily increasing female share of self-employment may simply reflect a long-term trend where the rate of female self-employment is declining less rapidly than the rate of male self-employment.

The low overall rate of self-employment in the US has been explored by many researchers, though none have explored the gender dynamic. Greene and Mole (2006) discuss the various explanations of low rates of self-employment and business ownership in the USA (the so-called 'n' shaped puzzle), a country that is often seen as a model for technological change, rapid innovation and responsible for driving much recent global economic growth. Some key

explanations (measurement issues; large enterprises predominate because the US market allows the development of scale and scope; the 'n' shaped pattern is appropriate for the US economy) are described as essentially static. Greene and Mole (2006) argue that a more dynamic explanation is necessary, suggesting that the 'n' shape is most probably the outcome of various factors, of which two are most influential: lower regulation in the US which enables low-cost entry and opportunities for rapid growth in the US among enterprises capable of expansion.

In summary, a comparison of women's enterprise in the USA and the UK demonstrates that levels of business ownership are greater in the US than in the UK, and that there is a greater representation of women as business owners in the US than in the UK. This greater representation of women is also apparent in the self-employed population, although self-employed women are a lower proportion of working women than in the UK.

- Women in the US have a higher TEA rate (level of entrepreneurial activity) than women in the UK
- The US has more businesses per head of population than in the UK, and women have a higher share of ownership of these businesses.
- Women in the US have a higher share of business ownership than in the UK.
- Women in the US have a higher share of self-employment, but self-employment has a lower take-up among women and men as a labour market option.
- Women in the UK are more likely to be self-employed than women in the US.
- The UK self-employment measure appears to capture more labor market activity than in the US where the self-employment measure seems closer to business ownership.

3.3.3 The Rest of the World

An analysis of female entrepreneurial activity rates in a wide group of countries is undertaken as part of the Global Entrepreneurship Monitor (GEM) Project (Acs et al, 2005). The most recent GEM report explores rates of Total Early Stage Entrepreneurial Activity (TEA) across the G7 nations (Harding et al, 2006). Female TEA rates were found to have slightly declined

in three of the G7 countries (USA, France and Canada), slightly increased in two countries (Germany and Italy) and remained constant in Japan and the UK. Overall, a clear gender gap can be seen across all G7 countries in levels of male and female entrepreneurial activity. The USA has the smallest gap between male and female activity; female entrepreneurial activity is reported to be 67% the level of male entrepreneurial activity in the USA. In comparison, female entrepreneurial activity is 60% the level of male entrepreneurial activity in Italy; 55% in Germany; 47% in the UK; 45% in France; 42% in Canada; and 38% in Japan.

Using GEM data, Minitti et al., (2005) report that, as yet, there is no country in the world where there are more women than men participating in business ownership.¹³ Minitti et al (2005) also note that, despite widespread perceptions of leadership in this area, the US is ranked only eighth out of 34 nations with regard to female entrepreneurial activity rates. Countries with the highest levels of female entrepreneurial activity rates include Peru, Uganda, Ecuador and Jordan. These countries also demonstrated correspondingly high levels of male entrepreneurial activity.¹⁴

While GEM data suggests a strong link between high rates of women's enterprise and high rates of male enterprise, it does not provide strong evidence of a link between high rates of women's enterprise and overall economic performance. Countries with the highest rates of female (and male) entrepreneurial activity (TEA rates) are low income countries. Middle and high income countries tend to have substantially lower rates of entrepreneurial activity. GEM researchers have drawn distinctions between the types of entrepreneurial activity apparent in developed and developing countries, tending to conceptualize the former as opportunity-driven and the latter as a function of necessity (Acs et al. 2005). However, it is clear that many developing countries may offer rich insights into the experiences of women's enterprise.

International comparisons of women's enterprise are not only constrained by definitional differences, but are complicated by the differing social and economic environments in which enterprises operate, the prevailing culture and the legal status of women (Marcucci et al. 2001; Richardson et al. 2004; Welter et al, 2006). Delmar and Holmquist (2004) point out that women's entrepreneurship depends on both the situation of women and the role of

¹³ Although this statement refers specifically to GEM entrepreneurial activity (TEA) data, it is clearly refuted by OECD data which shows that Turkey, Japan and Mexico all have higher rates of female self-employment than male self-employment (Tables 5 and 7).

¹⁴ While comparisons with western democracies may be more appropriate for the purposes of this study, it is worth emphasising that high TEA rates are not necessarily a feature of developed economies, but are present in many less developed economies.

entrepreneurship in the society. The motivation and objectives for starting a business, education, individual levels of entrepreneurship as well as time management of home and community responsibilities all have an impact on levels of entrepreneurial participation and the types of enterprises established. Studies of women’s enterprise in developing countries have been a consistent albeit very minor theme of the research literature for many years. Richardson et al. (2004), for example, analysed women-owned enterprises in Africa and Asia. While the cultural and economic context is markedly different from western countries where most studies of female entrepreneurship have been conducted, some broad comparisons can be drawn. In all of the countries studied, the share of earned income of women was lower than that of men and the highest proportion of women owned enterprises operate within traditionally feminized sectors such as retail and low order services (Marcucci, 2001).

An analysis of self-employment rates in selected OECD countries with a focus on developed economies is presented in Table 7. Of the eight countries included in this table, Mexico and Korea have the highest rates of self-employment for men and women. Notably, the rate of female self-employment in Japan and Mexico is higher than the rate of male self-employment. From the countries included in this table, UK rates of male self-employment (16.6%) are closest to that seen in Australia (16.1%), while UK rates of female self-employment (7.8%) are closest to that seen in Canada (8.3%).

The OECD states that in more than half of OECD countries, self-employment rates for men exceed 15% of all men in employment, while the corresponding figure for women is less than 10%. The OECD (2005:104) also reports that between 1990 and 2003, rates of male self-employment rose by varying degrees in ten countries “*by small amounts in Belgium, Canada, Italy, Mexico, Portugal, Sweden and Switzerland and by significant amounts in Czech Republic, Germany and the Slovak Republic.*” In the same period, rates of female self-employment grew in only five countries. Small increases in rates of female self-employment were seen in Canada and Portugal, while larger increases occurred in the Czech Republic, Mexico and the Slovak Republic.

Table 7: Self-employment Rates in Selected OECD Countries 2003

	Total	Men	Women
Australia	13.4	16.1	9.9
Canada	9.7	11.0	8.3
Japan	15.2	14.7	15.8
Korea	34.9	35.3	34.4
Mexico	37.1	37.1	37.2
New Zealand	19.3	24.5	13.2
USA	7.6	8.8	6.1

UK	12.7	16.6	7.8
----	------	------	-----

Source: OECD (2005: 105-7)

3.4 UK – International Comparisons

The data that has been presented in this section of the report suggests that defining and measuring women’s enterprise is complex, and requires a range of comparative data available at the international level that includes self-employment, business ownership and entrepreneurial activity (TEA) rates.

Because of their perceived leadership in the field of women’s enterprise, the USA has been used as the main comparator nation to determine the UK’s relative success in stimulating female entrepreneurs. However, an analysis of the range of data sources suggests that the profile of women’s enterprise in the US is distinctive in many ways. The unique historical, political and cultural context of the US, in particular the effect of high levels of immigration and the legacy of affirmative action policies, has resulted in the US demonstrating unique patterns of women’s enterprise. The US has considerably lower rates of overall self-employment and female self-employment than the UK. The US has a substantially higher proportion of female business ownership (and a higher share of female self-employment) than the UK. US business ownership data sometimes includes male and female co-owned businesses as ‘women-owned’ (a practice not shared by UK policy-makers and researchers), which inflates the number of women-owned businesses and makes it difficult to extrapolate comparative data on majority women-owned businesses. Finally, US TEA rates have declined slightly in the past year, while UK rates have remained constant.

There are a number of nations that may offer useful comparisons with the UK in the field of women’s enterprise. Countries such as Ireland, France and Germany offer closer comparisons with regard to historical, economic and cultural factors, while Canada provides a model of successful development of women’s enterprise in North America without the unique factors that distinguish the USA. A more balanced measure of the UK’s success in developing women’s enterprise would be obtained by using this group of five countries (USA, Canada, France, Germany, and Ireland) as an international benchmark.

Table 8: Comparator Nations: Self-employment and Entrepreneurial Activity Rates

Comparator Country	Female Self-employment Rate % [†]	Male Self-employment Rate % [†]	Female TEA % [‡]	Total TEA (men and women) % [*]
USA	6.1	8.8	9.7	12.4
Canada	8.3	11.0	5.6	9.3
France	7.4	10.1	3.3	5.4
Germany	8.4	14.0	3.8	5.4
Ireland	7.7	24.7	*5.5	9.8
UK	7.8	16.6	3.9	6.2
Average	7.6	14.2	5.3	8.0

Source: [†] OECD (2005), [‡] Global Entrepreneurship Monitor UK Report 2005 (Harding et al, 2006); ^{*} Global Entrepreneurship Monitor Ireland Report 2005 (Fitzsimons and O’Gorman, 2006)

The relative performance of each of the five comparator countries and the UK on two measures (self-employment rates and TEA rates) is presented in Table 8.¹⁵ Using self-employment data from the OECD (2005), it is clear that the female self-employment rate in the UK (7.8%) lies just above the six-nation average (7.6%). Female self-employment rates in the UK are slightly higher than those of the USA, France and Ireland, but slightly below those of Germany and Canada. The rate of male self-employment in the UK (16.6%) lies above the six-country average (14.2%), and above four comparator countries (USA, France, Canada, Germany), but well below that of Ireland. TEA rates, derived from the Global Entrepreneurship Monitor (2005), are a measure of total early stage entrepreneurship activity. These reveal a rather different pattern across the six countries. The female TEA rate in the UK (3.9%) is below the six-nation average (5.3%) and below the rate seen in the USA (9.7%), Canada (5.6%) and Ireland (5.5%), but above that of Germany (3.8%) and France (3.3%). The last column in Table 8 provides total entrepreneurial activity rates for both men and women. In each of the six nations, male TEA rates are higher than female TEA rates and overall TEA scores (including men and women) are higher than female TEA rates. Overall TEA rates in the UK (6.2%) are below the six-nation average (8.0%), and below those of the USA (12.4%), Ireland (9.8%) and Canada (9.3%), but above those in France (5.4%) and Germany (5.4%).

¹⁵ Measures of ‘women’s business ownership’ or ‘women’s enterprise’ are country-specific and present data that is difficult to compare at an international level. The two measures selected for inclusion (self-employment rates and TEA rates) are both available and robust at the international level.

4.0 THE SOCIO-ECONOMIC CONTEXT OF WOMEN'S ENTERPRISE

Research has shown that women are both less likely to chose entrepreneurship and that their experience of business ownership differs substantially from that of men (Bird and Brush, 2002; Brush et al, 2006b). Most female entrepreneurship is confined to traditionally female occupational sectors, such as retailing and low-order services; much is undertaken in a part-time capacity; and more women than men use their home as a business base (Small Business Service, 2003; Marlow and Carter 2004). A different profile of male-owned and female-owned businesses is also apparent with regard to size, age, income and other performance measures (Boden and Nucci, 2000; Brush et al, 2002; Marlow and Carter, 2004; Parker, 2004), although the extent and causes of female under-performance have long been contested (cf. Kalleberg and Leicht, 1991; Watson, 2002; Johnsen and McMahon, 2005).

The second main theme within the women's enterprise literature focuses on the need to contextualise discussions of women's enterprise within the wider socio-economic and cultural context. This literature is rooted in the growing recognition that the extent and nature of women's enterprise is inextricably linked to women's positions and roles in the labour market and society at large (Marlow, 2002; Eagly and Karau, 2002; Arenius and Kovalainen, 2006). As the resources (financial, social, human and cultural) required for business ownership are shaped and influenced by the wider socio-economic and cultural environment, the structural, societal and cultural roles and experiences of women provide a backdrop to, and permeate throughout women's enterprise activities and experiences. Put simply, women's role as business owners reflects their wider position in society. Moreover, as both employees and business owners, women's activities are constrained by a number of economic, structural and cultural barriers (Arenius and Kovalainen, 2006; Marlow, 2002).

Three issues, in particular, have been identified as being potential constraints on women's enterprise:

- the gender pay gap (Women and Work Commission, 2006);
- occupational segregation (Manning and Petrongolo, 2004) and restricted opportunities for career advancement (Winn, 2004; Brindley, 2005);
- work-life balance issues (Belle and La Valle, 2003; Jeynes, 2005; Rouse, 2005; Rouse and Kitching, 2006).

Prior to the 2001 review, the research literature was dominated by work which stressed the overall advances in women's participation in economic and social life and sought to explore the many ways in which women's enterprise both mimicked that of men and symbolised the growing socio-economic attainment of women. Recent research has shifted discussion and debate surrounding women's enterprise from a focus on *if* gender shapes the experiences of business ownership to an accepted focus on *how* gender impacts on this area of economic activity (Marlow and Patton, 2005). This has been a profound change within the women's enterprise literature over the past five years.

As a consequence of this, two specific issues have emerged within the women's enterprise literature. Firstly, a growing number of researchers have recognised the persistent impact of gender and cultural values governing gender roles on enterprise (Marlow, 2002; Marlow and Patton, 2005; Bradley et al., 2000; Arenius and Kovalainen, 2006). Secondly, there is widespread appreciation that entrepreneurship research has traditionally suffered from 'gender-blindness'. Increasingly, women's enterprise research has applied theoretically robust concepts of gender and used analytical techniques developed in feminist studies, in an effort to more accurately understand women's enterprise (Bird and Brush, 2002; Greer and Greene, 2003; Neergaard et al., 2005; Marlow, 2002; Watson and Newby, 2005)

4.1 The Gender Pay Gap

The continuing pay gap between male and female workers, most recently recognised by the Women and Work Commission (2006), restricts the financial resources available for the creation and growth of women-owned business. Most recent figures reveal that, based on mean hourly earnings, women working in a full-time capacity earn 17% less than men (Women and Work Commission, 2006). Over the course of their lifetime, Rake et al., (2000) estimate that the gender pay gap has the effect of men earning nearly £250,000 or 37% more than equivalently skilled women without children. Of this 37%, they estimate that 16% is due to the fewer hours which women spend in the labour market and 18% to differences in hourly pay. More women than men work part-time and are affected by the pay differential for part-time work: 41% of working women compared to only 9% of working men are employed in a part-time capacity and, based on median hourly pay rates, women working part-time earn 32% less than women and 41% less than men working full time (Annual Survey of Hours and Earnings, 2005). These inequalities continue despite the introduction of the Equal Pay Act thirty years ago, despite societal changes which have made it the norm for women to work

and despite significant advances in the education of girls and women serving to create a highly skilled pool of female labour.

The gender pay gap presents significant challenges to women's enterprise. One consequence of earning less in employment is that women have less financial capital with which to initiate business ownership. Not only does this restrict the creation of women-owned businesses, but as has been well documented, under-capitalisation at start-up restricts future business growth and development (Brush, 1992; Boden and Nucci, 2000; Carter and Marlow, 2003). Combined with the relatively younger age of women business owners (Shaw et al, 2005), the gender pay gap restricts women's enterprise and thus constrains the contribution which women-owned businesses can make to the UK economy.

4.2 Occupational Segregation and Unequal Employment Opportunities

Not only do women earn less than men; female employment continues to be concentrated in a narrow range of lower-paying occupations, often in a part-time capacity (Bradley et al, 2001; Vinnecombe, 2000; Forth, 2002; Dex, 2003; Women and Work Commission, 2006). It has long been recognised that women encounter both horizontal and vertical occupational segregation (Hakim, 1979; 1989).

Horizontal segregation has the dual effect of identifying certain occupations, primarily the 'five Cs'¹⁶, as being 'women's jobs' and of placing less value on such jobs (Anderson et al., 2001; Fawcett, 2005). Green's (2005) analysis of workers' skill levels relative to the requirements of their employment reveals that women with dependent children and women working in a part-time capacity are more likely to possess skills or qualifications at a level above that required by their job. As well as maintaining the gender pay gap, occupational segregation and women's part-time employment across such a narrow range of occupations ensures that women have both less work experience and less variety of work experience than their male counterparts. Considering the implications which occupational segregation has for women's self employment, Arenius and Kovalainen (2006) argue that there is a need for entrepreneurship researchers and policy makers to recognise the structural challenges posed by the employment experiences and patterns of women workers.

¹⁶ The following occupations: caring, cashiering, catering, cleaning and clerical.

Vertical segregation concerns the barriers women face in entering senior management and higher paid occupations. The Women and Work Commission (2006) estimate that only one third of managers and senior officials are women and female managers are concentrated in the lower-paid branches of management. There is ample evidence to support this. The Equal Opportunities Commission (2006) reports that women still account for only 9% of senior judiciary, 10% of senior police officers and 13% of national newspaper editors. Similarly, the Female FTSE Report (Vinnicombe and Singh, 2004) reveals that while 78 of the 100 FTSE companies now have women directors, women account for just 10% of all directorships and only 3.4% of executive director posts. Academic literature has also recognised the scarcity of women employed in senior managerial positions (Oakley, 2000). Unequal employment opportunities afforded to women by paid employment provides some explanation for the relatively younger age of women business owners who may identify self-employment and business ownership as the means of lifting restrictions to their career advancement by offering opportunities for increased income and enhancement of their skills (Curran and Blackburn, 2000; Arenius and Kovalainen, 2006).

Considered collectively, the gendered pay gap, occupational segregation and unequal employment opportunities have significant implications for women's enterprise. Not only do women's experiences of employment provide them with fewer financial resources with which to initiate business ventures, they impact on the amount and variety of human capital (particularly senior management experience) and social capital (networks, contacts and relationships necessary for new venture creation) available to women when considering self-employment and business ownership (Marlow and Carter, 2005). Women's experiences of paid employment create an unequal playing field in enterprise. Relative to their male counterparts, women possess less financial, human and social capital that is necessary to establish and sustain a successful business.

Given the negative labour market conditions experienced by many women, and expectations of 'female altruism', it may be assumed that social entrepreneurship may be particularly attractive to nascent female business owners. While popular perceptions might suggest a 'good fit' between women's employment experiences and the social needs addressed by social enterprise, the evidence base in this area is still developing. The 2006 social Entrepreneurship Monitor report suggests that women are more likely to choose to become social entrepreneurs than mainstream entrepreneurs and, in some regions, more likely than men to be starting and running a social enterprise. However, early research also suggests that social and human capital are particularly instrumental in the creation and sustainability of

social enterprise (Shaw and Carter, 2004), and as women tend to possess less of these capitals, social entrepreneurship may also present particular challenges for many women.

4.3 Work-Life Balance

Faced with these labour market constraints, many women identify self-employment and business ownership as a viable mechanism for gaining enhanced managerial experience and breaking the glass ceiling, while enjoying the flexibility of owning and managing their own time in ways that paid employment does not permit (Vinnecombe 1987; Marlow, 1997; Carr, 2000). Self-employment and business ownership have also been identified as attractive career options for women because of the perceived flexibility offered in combining family and work responsibilities (Belle and La Valle, 2003; Baines et al., 2003; Greer and Greene, 2003; Marlow and Carter, 2004; Williams, 2004). The substantially higher proportion of part-time self-employment among women, in comparison with part-time waged work, suggests that business ownership has many advantages with regard to issues of work-life balance.

Early research on the work-life balance of business owners recognized that the merging of work and non-work roles and responsibilities was more *typical* of female than male business owners (Brush, 1992), but debated the extent to which such integration of roles was a *feature* of women business owners. A growing body of recent research evidence suggests that women business owners experience significant work-life balance challenges that can have a negative impact on their business (Rouse and Boles, 2005; Rouse and Kitching, 2006; Bock, 2004; Baines and Gelder, 2003).

In order to accommodate both domestic responsibilities and waged work, more women than men tend to start businesses within their homes rather than establish separate premises (Ehlers and Main, 1998; Carter, Mason and Tagg, 2006). While a home-based business strategy offers advantages of cost and flexibility to accommodate caring responsibilities, this may have two different effects on the business. Firstly, Mirchandani (1999) explains that stakeholders, for example, creditors, may question the legitimacy of women-owned businesses which operate from home. Secondly, childcare responsibilities may impinge on the business. In common with employed mothers, many self-employed mothers organise their work around a patchwork of formal and informal childcare (Belle and La Valle, 2003). For self-employed mothers, this may limit the amount of time they invest in their business which can negatively impact on the credibility and viability of their business (Rouse, 2005). Where professional childcare services are used, Belle and La Valle (2003) found that parents owning businesses

experience more difficulties than employed parents because of the long and unconventional hours spent in their business. Greer and Greene (2003) and Bock (2004) also argued that the need to schedule business activities around childcare responsibilities may create a stressful role conflict for women business owners. Williams (2004) and Rouse and Kitching (2006) found that as the business develops and role conflict increases, women may have little choice but to give up business ownership in order to accommodate childcare responsibilities.

4.3.1 The Impact of Children and Childcare

Despite women having fewer children, reproduction occurring later in life and women returning to the labour market more quickly following childbirth, parenthood still entails more interruptions to the working lives of women than men, whether in paid or self-employment. For example, while 91% of men whose youngest child was less than 5 years of age were in employment in 2005, the figure for women stood at 56% (Labour Force Survey, 2005). Not only do maternity-based career interruptions restrict the amount and variety of women's work experiences, they also contribute to the gender pay gap as employers value and pay for experience. Depending on their level of skill, working women with children lose between 2% (for highly skilled women) and 60% (for low skilled women) of the salary they would have earned if they had no children. Women also continue to experience pregnancy and maternity-related discrimination. The Recruitment Employment Confederation (2005) reported that 70% of all recruitment agencies have been asked to avoid recruiting pregnant women and women of child-bearing age. While these issues are common to women in paid and self-employment, the consequence for women contemplating self-employment is that they have reduced levels of financial, human and social capital upon which they can base their business entry.

Some research has indicated that the presence of dependent children acts as a deterrent to entrepreneurial action, as unnecessary financial risk tends to be avoided, and that this may affect female parents in particular. An analysis of small business myths found that women with family responsibilities were "particularly wary of extending commitments" and that any business venture they embarked upon would "need to be independent of family finances and self-sufficient" (Small Business Service, 2005).

Although these issues are of longstanding concern, it is only in very recent years that research has sought to consider the impact and implications which pregnancy, maternity and childcare have for women's enterprise (Knowles, 2000; Rouse, 2005; Rouse and Kitching, 2006; Arenius and Kovalainen, 2006). While at an early stage, research results so far are unanimous

in finding that pregnancy, maternity, childcare and caring responsibilities present particular challenges for women business owners, not experienced to the same extent either by their male counterparts or by many women in employment (Belle and La Valle, 2003; Jeynes, 2005; Arenius and Kovalainen, 2006; Rouse and Kitchen, 2006). In a survey of women business owners, Jeynes (2005) found that 60% identified work-life balance and 30% found childcare to be an issue of concern. Of the 45% of the sample with children still in education, 75% identified childcare as their biggest problem, 38% cited finding maternity cover as a problem and 25% revealed that deciding whether and/or when to have children had been an issue.

Rouse (2005) undertook an analysis of the legal rights and social benefits of employed and self-employed women during pregnancy, maternity leave and return to work. Her results found that, while there are many legal rights and benefits to support the reproductive behaviour of employed women, self-employed women are less fortunate. For female entrepreneurs, the combination of pregnancy and childbirth while running a business is extremely difficult. Rouse's (2005) analysis found that self-employed women do not enjoy the same rights during pregnancy or maternity leave as employed women; if women take time out of their businesses to have children there is no guarantee that on their return clients and contracts will still be available and willing to do business with them. Moreover, if a suitable replacement can be found to cover the work of women business owners while on maternity leave, the financial costs involved may prevent this. Rouse's (2005) analysis makes clear that for women business owners, pregnancy and maternity pose substantially greater financial risks than for employed mothers. Building on this, Rouse and Kitching (2006) explain that while childcare planning is excluded from normative business plans, for mothers, business plans are often intimately linked to and overlap with childcare plans. Rouse and Kitching (2006) concluded that the relationship between family and business planning and women business owner's experience of pregnancy and maternity are important areas for future research.

With regard to childcare and other caring responsibilities, recent empirical evidence has found that combining business ownership with childcare responsibilities is problematic. A number of reasons have been suggested for this: contrary to popular expectation, self-employed parents often have less control over when and for how long they work (Rouse and Kitching, 2006; Baines et al., 2003; Belle and La Valle, 2003) and are more likely to work significantly longer hours than employed parents (Belle and La Valle, 2003). There is also ample evidence to demonstrate that women undertake the largest share of childcare. The UK Time Use Survey (2000/1) found that on average, mothers undertake three-quarters of childcare during

the week and two-thirds at the weekends, while analysis of the European Time Use Survey (2003) found that British women spend nearly double the amount of time on domestic work than men. Similarly, Knowles (2000), in her longitudinal study of women business owners found childcare to be *the* most important work-life balance issue. Other research has found that more women than men also care for elderly or disabled relatives and friends, and women engaged in caring are more likely to work part time or not at all (Sheffield Hallam University, 2005). However, it is notable that research has yet to consider the impact which caring for elderly and infirm relatives has on women-owned businesses.

Initial research that explores the impact of pregnancy, maternity and childcare on women's enterprise suggests that these areas impact significantly more on the demands of women than men. As a consequence, they are likely to further restrict women's business ownership opportunities. While initial research has been unanimous in these broad findings, it is clear that further dedicated research is required to better understand the impact which such responsibilities have on women's enterprise. Clearly, not all women will be affected by the same issues or to the same degree. Future research may be expected to disaggregate the different experiences of women entering business ownership from a variety of backgrounds, experiences and contexts.

5.0 THE SOCIAL CONSTRUCTION OF WOMEN'S ENTERPRISE

It has long been recognised that despite advances in women's participation in diverse aspects of economic and social life, their participation is affected by social structures and cultural values governing gender roles. The third main theme within the current research literature focuses on the social construction of women's enterprise, and draws on feminist analyses and approaches.

5.1 Socio-cultural Aspects of Gender

Differences in the characteristics ascribed to men and women are 'taken for granted' and appear natural or normal, but create a hierarchy which benefits men while disadvantaging or devaluing women (Mottier, 2002). Stereotypical gender roles identify men as 'breadwinners' and women as 'nurturers' and place men and women in different structural positions with men holding positions of greater status and with fewer family and domestic responsibilities than women (Dex, 2003; Dreike-Almer and Single, 2004; Mencken and Winfield, 2000). Ahl (2002: 51) found "*that it was quite easy to associate words describing entrepreneur to corresponding words in the masculinity index*" including, for example, terms such as self-reliant, assertive, individualistic, forceful etc. Marlow (2002) argued that the privileging of masculine 'traits' results in lasting patriarchal mentalities which ensure that women undertake more domestic management and caring responsibilities - even when they are active in the labour market. As Bradley et al., (2000: 84) comment, "*perhaps the most crucial factor contributing to women's labour market marginalisation is their continued responsibility for domestic work and childcare*".

Marlow (2002) suggests that even when undertaking labour market activities, women continue to be ascribed with traditionally female roles and responsibilities and thus their experiences of the labour market differ markedly from those of men. Wood (2000) argued that when women choose self-employment and business ownership they become involved in a number of roles: business owner, employer, wife, mother, caretaker etc. This blurring of business, parental, partner and caring responsibilities seems to create greater role conflict issues for women than men (Wood, 2000). Consideration of the wider societal and cultural environment suggests that the social construction of gender may be at the root of this role conflict.

5.1.1 The Heterogeneity of the Female Experience

There is a growing trend in women's enterprise research to recognise that women do not constitute a homogenous group and that their experience of gender related constraints varies markedly. As a consequence a number of studies have attempted to explore the experiences of women in a variety of contexts.

There are, for example, specific issues relating to the experiences of ethnic minority women entrepreneurs. While there has been surprisingly little research investigating the specific experiences of ethnic minority women entrepreneurs, that which has been undertaken suggests that ethnicity and gender interact to ensure that many ethnic minority women entrepreneurs have a distinctive experience of self-employment and business ownership. There is evidence that the economic, structural and cultural barriers faced by women may be exacerbated for women from minority groups. In addition to gender-related barriers, BAME women face the additional hurdles posed by the potentially racialised structures of work and society.

Marlow and Carter's (2004) analysis of self-employment in professional occupations speculated that the growing trend towards female attainment in education and entry into the liberal professions such as law, accountancy and medicine, suggested an alternative experience of women's enterprise.

"Women are now entering these occupations in growing numbers and, are theoretically, on equal terms with their male counterparts so able to lay claim to high status, highly rewarded employment, thus challenging 'traditional' notions of women's place within the labour market" (Marlow and Carter, 2004: 7).

Their study examined how female entry into professional occupations such as accountancy enabled these women to transfer their expertise into self-employment, and challenge the barriers of under-capitalisation and under-performance. The results, however, demonstrated the pervasiveness of gender in influencing the experience of enterprise. Matched samples of male and female accountants in independent practice found the female accountants to be younger and their businesses newer and smaller in turnover and employment size. While some early research suggested that female performance increases over time as they gain experience (Birley, 1989), this study refuted this, reporting that the performance gap between male and female firms remained constant over a three year period.

Marlow and Carter (2004: 15-16) concluded that middle class self-employed women enjoyed certain advantages relating to their education, class position and professional occupation, but “*underpinning these aspects are deeper influences attributable to gender ... women can stretch the ties that bind but certainly not sever them.*” Because of the manner in which gender intrudes into the experience of enterprise, “*women will still be affected by gender in their role as entrepreneurs*”, irrespective of their personal circumstances.

5.2 Feminist Analyses of Women’s Enterprise

The need to contextualise discussions of women’s enterprise within the wider socio-economic and cultural context has encouraged researchers to adopt gendered perspectives on entrepreneurship (Bird and Brush, 2002; Carter and Weeks, 2002; Marlow, 2002; Neergaard et al., 2005; Arenius and Kovalainen, 2006). Bird and Brush’s (2002) view that small business research has historically defined women’s experiences of enterprise in relation to those of men and that traditional perspectives on business ownership have been masculine in perspective, signalled an important development in entrepreneurship research.

Engagement with the social science disciplines, in particular sociological analyses, has been largely beneficial to the research effort. Within this strand of the research effort, women’s enterprise has been positioned within the broader feminist analyses which explore the complex inter-relationships between gender, work and domestic lives, roles and responsibilities. Feminist approaches have been instrumental in developing theoretically robust analyses of business ownership (Bird and Brush 2002; Marlow, 2002; Greer and Greene, 2003; Johnsen and McMahon, 2005; Marlow and Carter, 2005; Neergaard et al., 2005; Curran and Blackburn, 2000; Mirchandani, 1999). The realisation that experiences of self-employment cannot be appropriately analysed from a gender neutral perspective has shifted researcher’s focus away from questions of *whether* gender impacts on business ownership towards questions of *how* gender affects experiences of business ownership (Marlow, 2002).

Feminist approaches view gender as a social structure that is generally accepted without questioning (Mirchandani, 1999). Gender is seen as a taken for granted means of organising all aspects of our society, including families and work. Recent analyses of the social construction of entrepreneurship has argued that it is an inherently male construct and ‘other’ forms of entrepreneur that fail to conform to the male norm (be they female, ethnic minority etc) are seen as inferior (Ogbor, 2000; Ahl, 2002; de Bruin and Dupuis, 2003). Many of the

classic texts in entrepreneurship research have been explicit in espousing male norms, as the following quote from Collins and Moore (1964: 5) illustrates. “[*The entrepreneur*] emerges as essentially more masculine than feminine, more heroic than cowardly”. In contrast, women’s businesses are portrayed as being ‘other’ (de Beauvoir, 1972; Ogbor, 2000).

Feminist analyses argue that male constructions of entrepreneurship sustain social expectations of difference, implicitly reproducing male experience as the preferred normative value against which women’s performance is judged (Mirchandani, 1999; Ogbor, 2000; Bruni et al., 2004; Johnsen and McMahon, 2005). Marlow (2002: 83) is perhaps the most explicit in arguing that a failure to contextualise studies of female entrepreneurs within the larger feminist debate regarding female subordination, androcentric hegemony and masculinized hegemony has resulted in the representation of women “as blemished men who must be assisted to become honorary men, and in so doing will then achieve within the existing paradigm of entrepreneurship”.

5.2.1 The Politics of Methodology

This approach has many consequences for the methodologies that are used in investigating gender differences in entrepreneurship. An established approach in entrepreneurship research is that of matched pair sampling methodologies, whereby equal numbers of men and women are carefully matched along a number of dimensions including sector, location and business age, prior to analysis. Early research on women’s enterprise used more exploratory methodologies designed to tease out the experience of entrepreneurship rather than deductively test causal relationships. The 2001 review identified the growth of more sophisticated methodologies, using matched pair samples, as an important development within the women’s enterprise research literature.

Within the small business research community, there was a widely held belief that the use of exploratory methods, usually using semi-structured personal interviews with individual entrepreneurs, in some of the earliest research studies served to over-emphasise gender differences. Allied to this was an assumption that matched pair methodologies would result in the disappearance of differences between male and female entrepreneurial experiences.

Matched pair methodologies, where samples of female entrepreneurs are carefully matched to a male ‘pair’ on specific dimensions usually including sector and business age, have become the norm in empirical investigations of women’s enterprise research, and their use has

provoked some interesting insights – into women’s enterprise and into the assumptions held by researchers. Firstly, many matched pairs studies have found evidence of residual gender differences, even after main structural factors (sector, location, business age) have been controlled. The easy dismissal of gender differences as a function either of methodological laxity or the over-enthusiastic imagination of feminist researchers is no longer a ubiquitous feature of the small business research field. Secondly, many researchers who have used matched pair sampling have started to reject the method as incompatible with the detailed exploration of gendered experiences. Early studies using matched pair sampling, for example Read’s (1998) survey of the financing patterns of male and female businesses, reported that gender differences were simply the result of the different industry sectors in which men and women tend to start in business. Feminist critiques argue that matched pair approaches do little to understand the often gendered reasons why women and men end up operating in different industry sectors. Mirchandani’s (1999: 230) critique of matched pair approaches in the gender, entrepreneurship and finance literature similarly argued that the practice of statistically equalising structural dissimilarities between men and women in order to explain gender differences in bank borrowing, suggest that *“it is business structure rather than gender that is the prime determinant of access to credit.”*

Feminist researchers have long been aware of the “politics of ‘sex difference’ research” (Oakley, 1982: 91), in which the search for ‘sex differences’ serves firstly to magnify them, usually to the detriment of women, and secondly to attribute them to biological differences rather than socialization processes (Oakley, 1982). Within entrepreneurship, matched pair methodologies were viewed as an approach likely to lead to a reduction in ‘sex differences’. However, the residual differences found in matched pair samples (some of which have been discussed within this section of the report) suggests that profound gender differences underpin and influence male and female experiences of entrepreneurship.

6.0 NON-FINANCIAL ENTREPRENEURIAL CAPITAL

The fourth main theme within the recent women's enterprise research literature is the impact that financial and non-financial capital have upon both experiences of entrepreneurship and the performance of small firms (Boden and Nucci, 2000; Carter et al., 2003; Davidsson and Honig, 2003; Firkin, 2003; Shaw et al., 2005). The concept of 'entrepreneurial capital' (Firkin, 2003) has emerged as a recognition that business ownership is predicated on the availability of and access to both financial and non-financial resources. Research in this area suggests that the variety and amount of 'capital' possessed and available to business owners can significantly impact on both of their experiences of business ownership and the performance of their firms. As an extension to this research literature, feminist analyses suggest that women business owners may be disadvantaged in their access to various entrepreneurial capitals, given the socio-economic and cultural context discussed above.

Firkin (2003: 59) describes the differing capitals as containing the following elements:

Financial Capital	Start up and ongoing funding
Human Capital	Attributes, skills, education and experience, as well as the reputation of the entrepreneur(s)
Social Capital	Relationships and networks, within the family as well as social, ethnic, professional and political associations and the like
Physical Capital	Tangible assets such as facilities and equipment
Organizational Capital	Organizational relationships, structures, routines, culture and knowledge
Technological Capital	Can be knowledge and process based.

While the notion of 'capital' conceived of in this way is not new to the social sciences, its application to entrepreneurship is a recent development that has great significance for the research field. While most entrepreneurship researchers would cite the origins of various capitals as a development of the resource based view of the firm (Dollinger, 1995; Brush et al, 2002), Firkin's (2003) review suggested that Bourdieu's (1986) work on capital has been particularly influential in guiding the application of this concept to the sphere of business ownership. Clearly, many other researchers have contributed towards the emerging work in this area. For example, while Bourdieu (1986) conceived of individuals as possessing economic, social and cultural capital, a number of entrepreneurship researchers have drawn

upon the work of Becker (1964) to explore the relationship between human capital and business ownership (Boden and Nucci, 2000; Carter et al., 2003; Davidsson and Honig, 2003; Shaw, et al., 2005).

6.1 The Influence of Bourdieu

Prior to reviewing the recent research on non-financial entrepreneurial capitals, it is useful to briefly consider Bourdieu's work in this area and its relevance for developing our understanding of women's enterprise.

Bourdieu (1986) argues that the structures created by human interactions reflect tacitly taken-for-granted assumptions which underpin society's 'natural' attitude toward gender differences. These assumptions create attitudes which endow women with negative qualities and men with positive. Individual positions within emerging social structures are determined by both the amounts and types of capital possessed by individuals and also by the value placed upon such capital.

This perspective has important implications for the broader entrepreneurship research field and women's enterprise research in particular. Bourdieu's reasoning suggests that certain types of capital might be more sought after than others. As a consequence, the various types and amounts of capital possessed by male and female business owners may be valued differently. It is possible that the capital which women bring to business ownership does not realise the same value as men or is regarded as less legitimate.

Bourdieu (1986) argued that individuals possess four types of capital: economic, social, cultural and symbolic. Building on this, Firkin (2003: 65) suggested that entrepreneurial capital is "*the total capital that an individual possesses*". The notion of 'convertibility', the way in which each type of capital can be transformed into other types of capital, is particularly significant to women's enterprise. The concept of symbolic capital suggests that even when male and female business owners possess identical amounts and types of social, human, cultural and economic capital, because of the social construction of gender, a different and lower value may be placed on the entrepreneurial capital of women.

Entrepreneurship research has been quick to adopt concepts of economic, social and, to a lesser extent cultural capital. In addition, concepts of human capital have also attracted growing interest (Boden and Nucci, 2000; Carter et al., 2003; Davidsson and Honig, 2003;

Shaw, et al., 2005). Increasingly, however, women's enterprise research has developed an awareness of the importance of Bourdieu's work in explaining the different types of businesses owned by men and women.

6.2 Social and Human Capital

Social capital has been defined in different ways (Adler and Kwon, 2002; Hospers and van Lochem, 2002), but most definitions regard social networks as constituting a significant component of an entrepreneur's social capital (Nahapiet and Ghosal, 1988; Lin et al., 1981; Portes, 1988). As Nahapiet and Ghoshal (1998: 107) explain, social capital is the "*resources individuals obtained from knowing others, being part of a network with them, or merely being known to them and having a good reputation*". Networks provide business owners with direct access to the resources required when establishing and growing a business, as well as indirect access to third parties and their resources. In certain industry sectors, for example creative and professional business services, networks and contacts have been found to provide an indication of an entrepreneur's standing and reputation (Silversides, 2001).

While an entrepreneur's social capital can be thought of as the 'who they know', their human capital is the 'what they know', the intellectual reservoir of ideas, methods and factual knowledge they accumulate. Applied to studies of entrepreneurship, most researchers have drawn upon Becker's (1964) definition of human capital to measure the education, industry, management and start-up experience of entrepreneurs (Carter et al., 2003; Davidsson and Honig, 2003).

A number of recent studies have explored the relationship between social capital, human capital and business ownership (Carter et al., 2003; Davidsson and Honig, 2003). The relationship between types of capital, the gender of the entrepreneur, the effect on accessing financial capital and the likelihood that nascent entrepreneurs will progress to business ownership emerge as strong themes.

In researching the impact which an entrepreneur's non-financial capital has on their ability to raise finance, Boden and Nucci (2000) draw attention to differences in the amount and quality of human capital possessed by new entrepreneurs. They argue that women's fewer years of general work experience, reduced exposure to managerial occupations and different educational profiles may provide some explanation of the bi-modal funding pattern of male and female owned businesses. Carter et al (2003) examined the influence of social and human

capital on entrepreneurs likely access to venture capital, finding that only human capital, in particular graduate education, had any significant influence on entrepreneurs' likely access to finance. Brush et al., (2002) highlighted the relevance of social capital in formulating venture capital 'deals'. Like Davidsson and Honig (2003), they identified social rather than human capital as significant, arguing that even when the entrepreneur and their team has the necessary financial and human capital and goals which meet the requirements of equity investors, without the necessary social capital - measured by relevant network connections - they are unlikely to be able to progress the deal.

As part of a recent UK study investigating gender, entrepreneurship and bank lending decisions, Shaw et al (2005) explored the social networks of 30 matched pairs of male and female business owners. A number of differences in human and social capital were found, even once structural dissimilarities had been accounted for. Firstly, female business owners tended to be 10 years younger and had less experience of working in the same or a related industry. Secondly, despite women business owners spending significantly more time networking prior to the establishment of their business and having access to a broadly similar amount of household income in the year prior to start-up, male-owned businesses were more likely to start with higher levels of investment. Thirdly, after three years of trading, male-owned businesses out-performed female-owned firms in terms of sales turnover and number of employees.

Shaw et al (2005) concluded that the more human capital (age and industry experience) a business owner has, the greater their social capital, particularly the durability of their relationships and the density of their networks. Given the better performance of male-owned firms, these findings suggest that strong-tie (close-knit) networks and relational longevity contribute to the better performance of male-owned firms, while weak-tie networking constrains women-owned enterprises. Shaw et al. (2005) argued that women entrepreneurs recognized that their social capital commanded a lower value than that of male business owners and compensated by actively engaging in networking. Despite these 'compensating' networking efforts, women owned businesses under-performed relative to those owned by their matched male partners.

Very little work has been undertaken assessing the social and human capital of ethnic minority business owners. However, new work by Mascarenhas-Keyes (2006) sheds some light on the potential advantages of certain ethnic minority groups with regard to international social capital. Mascarenhas-Keyes (2006) points out that through the diaspora, ethnic minority business owners are likely to possess bilateral and multilateral links to countries

from which they originated as well as others to which family and friends have migrated. This type of international social capital, which is unlikely or minimally likely to be present among White British women and men, presents opportunities for entrepreneurial development and globalisation.

In conclusion, it is clear that social and human capitals are relevant concepts which may assist our understanding of the complex relationship between business ownership and gender. However, studies of business owners' social and human capital are at an early stage and emerging research has generated mixed results regarding the impact of these capitals on business ownership. To further develop our understanding, longitudinal research comparing the social and human capital of male and female business owners and the impact and influence of this on both the performance of their businesses and their experiences of business ownership is required. In addition, an assessment of the social and human capital of ethnic minority men and women is long overdue and this will add considerable depth to our understanding of the specific challenges and opportunities of ethnic minority women entrepreneurs.

6.3 Cultural Capital

The concept of cultural capital has received only modest research attention within the entrepreneurship literature. Bourdieu (1986) identified cultural capital as having three states: the institutional state (formal qualifications), the objectified state ('cultural goods' such as pictures, books etc) and the embodied state ('long-lasting dispositions').

One reason why so little attention has been given to cultural capital is that researchers tend to focus on the institutional state of cultural capital, often conceived of as education and qualifications (de Bruin, 1999; Firkin, 2003) and subsumed within studies of entrepreneurs' human capital. However, perhaps the most important form of cultural capital is that which takes the embodied state. Harker (1990: 34) describes this as "*the body of knowledge, the tacit understandings, the style of self-presentation, language usage, values etc.*" that are shared amongst groups. Conceived of in this way, some innovative research has considered the cultural capital shared by non-dominant social groups (e.g. ethnic minorities) which, while serving to distinguish them from the dominant culture, also provides opportunities and resources (de Bruin and Dupuis, 2003). Work in this area has however concentrated on cultural capital at the level of groups and communities and, to date, there is a scarcity of research which has considered the role and impact of embodied cultural capital on the

entrepreneurship process. Clearly further research, particularly that which differentiates the differing experiences of ethnic minority entrepreneurs, would add considerably to our knowledge.

6.4 Economic Capital

Of the capitals which Firkin (2003) identified as contributing to entrepreneurial capital, the financial (or economic) capital of business owners has received most research attention. Firkin (2003: 61) defines this as the “*financial assets in any form which can be directly convertible into money*”. Given the significant amount of research which has considered the relationship between business ownership, gender and finance, this is considered in detail in the next section.

7.0 GENDER, ENTREPRENEURSHIP AND FINANCE

The fifth theme in the women's enterprise research literature focuses on gendered access to funding and the different funding profiles of male-owned and female-owned businesses. Research suggests that because of women's experiences of the labour market (unequal pay, unequal employment opportunities, work-life balance issues etc), they possess less financial capital than men. This may have a negative impact both on their ability to raise finance for start-up and on the longer-term performance of their businesses.

The assessment of the gender and finance literature reported in the 2001 review, concluded that *"while the research in this area is strong, there is still conflicting evidence about whether finance poses problems for women starting and running businesses"* (Carter et al. 2001: 33). Five years on, the research effort remains strong, but there is little ambiguity in the weight of research results; it is now widely accepted that even if women have similar success rates in obtaining finance, women-owned businesses start with lower levels of overall capitalization and lower ratios of external finance.

Access to and usage of finance has been seen as a major impediment preventing women from starting and growing a successful enterprise (Brush et al, 2001, Marlow and Patton, 2005). This conclusion has been reached by a number of researchers, who have used both the testimonies of female entrepreneurs and also the quantitative comparisons of finance usage by female-owned and male-owned enterprises (Marlow and Patton, 2005; Shaw et al, 2005). Research provides unequivocal evidence that women-owned businesses:

1. start with lower levels of overall capitalization;
2. use lower ratios of debt finance;
3. and are much less likely to use private equity or venture capital.

The level of start-up capitalization used by women-owned businesses is, on average, only one third of that used by male-owned businesses (Marlow and Patton, 2005; Shaw et al, 2005). Importantly, firm links have been established between levels of starting capitalization and subsequent business performance (Watson, 2002).

As the more commonly used form of external finance, British, European and Australasian research has focused more on debt rather than equity finance. This can be contrasted with the US gender, entrepreneurship and finance research field which has focused, almost exclusively, on venture capital and equity finance (Brush et al, 2006a). Because of the limited

use of venture and equity capital within women's enterprise in the UK¹⁷, this review focuses only on research evidence relating to debt finance.

Studies investigating gender-based differences in debt financing have focused on two related themes. Early studies attempted to unravel the complex relationship between gender and bank finance with regard to the volume lent, the terms negotiated and the perceived attitudes of bank lending officers. Most research concludes that women are as likely to seek finance and to be equally successful in external finance applications as are men. Notably, most research in this area has been conducted on established businesses, and less is known about the experience of raising finance at the pre-start stage or the numbers of nascent business owners who have been deterred by their inability to raise external finance. Fraser's (2005) analysis of the 2004 UK Survey of SME Finances contributed new evidence to this theme, reporting that women were charged more on term loans than were men (2.9% vs. 1.9%). Aside from this one study, the bulk of more recent research on women and finance has tended to focus on the cause of gender-based differences in business financing, rather than the collection of new evidence about gender difference in funding profiles.

There has been some recent policy interest in the perceived difficulties in accessing business finance (Wyer et al, 2006), but little of this work has considered gender based differences in perceptions. While women start with lower levels of capital, the causes have been conceptualised as relating either to the structural differences between male-owned and female-owned businesses, supply-side discrimination or demand-side debt aversion. Little of the research on gender, entrepreneurship and finance has focused on the perceptions of finance access; however, it is possible that there are gender based differences in perceived access to finance, but this has yet to be fully explored. Similarly, there has been little research investigating gender differences in financial awareness or knowledge of financing options.

7.1 Explaining Gender Differences in Finance Usage

Gender differences in finance usage have been associated with three main factors: structural dissimilarities between male and female owned businesses; supply-side discrimination; and demand-side risk and debt aversion.

¹⁷ In the US, it has been estimated that women receive only 2% of the 'venture-capital dollar' (Fredman, 2002). The emphasis on venture capital and equity finance within the US research effort reflects academic preferences rather than the widespread use of equity finance among American female-led businesses.

7.1.1 Structural Dissimilarities

Most researchers have concluded that structural dissimilarities (business size, age and sector) explain the obvious, large-scale gender differences in funding profiles (Fabowale et al 1995; Read, 1998). Female-owned businesses tend, on average, to operate in sectors that require less finance than many male-owned enterprises, and tend to be younger and smaller than male owned businesses and therefore have yet to require significant growth finance.

Nevertheless, studies that have systematically compared matched-pairs of male and female owned businesses of identical age, size and sector report the presence of residual funding differences (Carter and Rosa, 1998; Verheul and Thurik, 2000; Brush et al, 2001; Shaw et al, 2005). Verheul and Thurik's (2000) survey of 2000 Dutch entrepreneurs, for example, found that most differences in the use of starting capital by male and female entrepreneurs were explained by 'indirect' effects (size, age, sector); however, some residual 'direct' gender effects survived. Shaw et al's (2005) British survey of 30 matched pairs of new businesses in business services sectors found that male entrepreneurs used three times as much starting capital as their female 'matched' counterparts (see Section 7.2).

7.1.2 Supply-side Discrimination

Attempts to explain these residual differences in the finance profiles of male- and female-owned businesses have mainly focused on the supply-side, highlighting bank procedures that may disadvantage women business owners. An early study by Orser and Foster (1994:16), for example, argued that the 5Cs of bank lending (character, capacity, capital, collateral and conditions) were subjectively applied to the detriment of female entrepreneurs. Coleman's (2000) analysis also reported that women were less likely to use bank debt, but attributed this to the lower average size of women owned businesses. Rather than discriminating against women, Coleman (2000: 49) concluded that bankers "*discriminate on the basis of firm size, preferring to lend to larger and, one would assume, more established firms. This preference may put women at a disadvantage given that they are half the size of men-owned firms on average.*"

Overall, however, the weight of research findings has found no evidence that banks discriminate against women entrepreneurs. Neither is it within the banks' interests to

deliberately exclude this increasingly important female market. However, while rejecting the notion that banks deliberately discriminate, many studies report the presence of dissatisfaction among women at the patronising attitudes they have experienced within banks (Buttner and Rosen, 1992; Fabowale, Orser and Riding, 1995; McKechnie, Ennew and Read, 1998). Few recent studies have reported such evidence, but it is difficult to judge whether this is because banks have become more market-aware or because the research field has evolved.

7.1.3 Demand-side Risk Aversion

A focus on supply-side discrimination has been countered by evidence of demand-side risk and debt aversion, seen in women's reluctance both to assume the burden of business debt and engage in fast-paced business growth (Bird and Brush, 2002; Marlow and Carter, 2006). While debt aversion is often conceptualized as a quasi-psychological characteristic (Watson and Robinson, 2003), it is likely to be rooted in socio-economic factors: women's comparatively lower earnings in employment (EOC, 2005) are reproduced among the self-employed (Marlow, 2002; Parker, 2004).

Some recent research (Marlow and Carter, 2005) suggests that female debt aversion is a main contributor to the differing financial capitalization patterns of male and female businesses. Many women, it appears, prefer starting smaller enterprises which require smaller amounts of personal and external financial investment. When women ask for external bank finance, they have an equal chance of success, but request lesser amounts. This may be seen as a gendered version of Bhide's (2003) '*heads I win, tails I don't lose very much*' start-up approach.

This gender-based difference in the amount of finance used may be partly determined by gender differences in perceived access to finance. If women believe that they are less likely to gain external funding, they may attempt to counter any potential likely refusal by requesting a smaller volume of finance. This potential impact of perceived difficulties in accessing finance has yet to be investigated.

Overall, the weight of research evidence considering gender, entrepreneurship and bank lending suggests that the bank financing profiles of male and female entrepreneurs are distinctly different, much – but by no means all – is attributable to the obvious structural dissimilarities between male- and female-owned businesses. The research evidence also suggests that while women entrepreneurs perceive that they are treated differently by bank lending officers, there is almost no evidence of systematic gender discrimination by banks.

Indeed, there is a growing recognition that women entrepreneurs constitute an important new market for banks, and it is difficult to argue that it is within the banks' interest to deliberately, much less systematically, exclude this growing market.

Throughout much of the research, there has been a common assumption that a relationship of implied patriarchy exists between male bank lending officers and female entrepreneurs (Mirchandani, 1999; Ahl, 2002). Two recent trends mitigate this assumption. Firstly, the growth of technology-based banking has depersonalised bank decision-making, particularly in low-value lending to existing business clients. While this has removed the potential bias inherent within personal interaction, there are new concerns that automated credit scoring mechanisms and their underlying algorithms may similarly disadvantage women. Secondly, the rapid growth of women entering the professions suggests that bank loan officers are more likely than ever before to be female (Dench et al, 2002). Women constitute 51% of all employees in the banking, insurance and pensions industries in the UK, and the trend is towards an increasing participation by women in the banking sector at executive levels (EOC, 2005). It is increasingly likely that entrepreneurs seeking bank funding to support the start up and growth of new ventures, will be confronted by a female bank loan officer. The implications of this trend on the funding of female-owned ventures are unknown. It is possible for example, that a shared perception of female disadvantage may ensure that female bank loan officers look more favourably upon female loan applications. Similarly, the perception of differential treatment commonly reported by women entrepreneurs may decline as female bank loan officers become a significant presence within the banking sector. It is equally possible that the trend towards more women bank loan officers will have no overall effect on the financing patterns of women entrepreneurs.

7.2 Gender, Entrepreneurship and Finance in the UK

Two recent studies of gender, entrepreneurship and finance in the UK have considerably advanced our understanding of the current situation. The first study (Shaw et al, 2005; Carter et al, 2006; Carter et al, 2007; Wilson et al, forthcoming), financed by the ESRC, investigated supply-side and demand-side factors in the financing of female-owned firms. The second (Marlow and Carter, 2005; 2006), financed by the ACCA, investigated the role of accountants in assisting the finance process in female-owned enterprises.

To investigate the supply-side, Carter et al, (2007) analysed gender differences in bank lending criteria and processes, differentiating between male and female applicants and male

and female bank loan officers. They found that the criteria used to judge male and female applicants was similar, but some statistically significant differences emerged between the male and female applicants and between male and female bank loan officers.

When a loan applicant was described as male, bank loan officers were significantly more likely to discuss the need for more information about the business, about the business' financial history and the general personal characteristics of the applicant. Conversely, when a loan applicant was described as female, bank loan officers were significantly more likely to question whether the applicant had undertaken sufficient research into the business. Female bank loan officers were more likely to consider the need to meet the applicant and more likely to consider the marital status of the applicant. In a potential reversal of tradition, more time was spent considering the marital status of male than female loan applicants. Conversely, male bank loan officers were significantly more likely to consider the commitment of the loan applicant, particularly the female applicant rather than the male. Carter et al (forthcoming) concluded that these findings reinforced the importance of trust as a crucial element of bank lending. While female applicants are required to demonstrate evidence that they understand the nature and implications of business ownership, male applicants are required to demonstrate trustworthiness through social stability, evidenced by marriage.

This study also considered the personal constructs held by bank loan officers of male and female entrepreneurs, measured using repertory grid technique (Wilson et al, forthcoming). The constructs used by bank loan officers focus mainly on the personal qualities and character of the applicant. The diverse set of constructs used by the bank loan officers reflected the high degree of autonomy and individual judgement that they are expected to exercise in loan decision making. Detailed multivariate analysis confirmed that most (21 out of 35) contained no gender differences. A further 13 repertory grids showed unsystematic gender differences, and only grid (drawn from a female loan officer) showed systematic differences.

Investigating the demand-side entailed in-depth interviews with a carefully matched sample of 30 pairs of male and female business owners. Statistically significant gender differences were found with regard to business capitalization and performance (Shaw et al, 2005). In line with the results of other studies, the mean starting capital of male-owned firms (£18,683) was nearly three times higher than that used by female-owned firms (£6,433). Male entrepreneurs were also more likely to have made larger personal investments in their businesses (mean £9,603) than the female entrepreneurs (mean £4,733). While more female-owned firms (43%) than male-owned firms (14%) started with external finance, the sums used by women were very small. Most women using external finance used less than £500 (mean £1,109), while all

of the men using external finance used sums greater than this (mean £1,448). Only a small number of entrepreneurs (13% women, 10% men) reported using bank debt finance as a source of start up capital.

Gender differences were also apparent on a number of performance dimensions. Despite their firms being established within the same time period (the previous three years), male-owned firms were significantly more likely to employ additional staff; reported significantly higher levels of sales turnover, and served corporate, rather than personal, clients (Shaw et al., 2005). Investigating the relationship between levels of capitalization and business performance, the study found statistically significant differences in the levels of human capital possessed by male and female entrepreneurs. While both possessed similar educational qualifications, women were younger than men (female mean 41 years, male mean 51 years) and had less industry experience. Women, on average, spent 11 years working in 7 different jobs prior to start-up. Men, on average, spent 22 years working in 4 different jobs prior to start-up. No differences were found in levels of gross household income, but there were significant differences in total gross earned income in the year prior to start-up. Men, on average, earned £46,300, while women earned £32,316 (70% of male earnings). These results suggest that because of differences in age and industry experience, women may possess significantly less human capital prior to starting their business.

Analysis of social capital focused on structural and interactional dimensions of networking activity (Shaw et al, 2005). Women were found to be highly active networkers, investing significantly more time developing weak-ties; however, their continued dependence on friends and family for business support suggests that their weak-tie links were inappropriate for their sector. In contrast, male entrepreneurs developed strong, locally-embedded ties within their industry. Many researchers claim a link between weak-tie networking activity and business performance, but this study found no evidence of this. Women's higher levels of networking activity were not matched by superior business performance. Bourdieu's concept of symbolic capital may help explain why women continued to participate in weak-tie networks. Nearly a third of women (30%), but no men, reported experiencing credibility problems; by networking, women sought to develop symbolic capital, legitimizing themselves as business-owners, acquiring presence and building reputation.

Overall, this study found no evidence that banks deliberately discriminate against women business owners (Shaw et al, 2005). Indeed, there is a growing recognition that women entrepreneurs constitute an important new market for banks, and it is difficult to argue that it is within any banks' interest to deliberately, much less systematically, exclude this growing

market. While the bureaucracy of banking may appear to be gender-neutral, bank lending decisions are made by individual bank loan officers about individual applicants. This permits the possibility of bias as such judgements reflect the perceptions and opinions of individual bank loan officers. The focus on the applicant's character as a deciding factor in bank lending decisions reinforces the possibility of gendered judgements. Although gendered judgements were rare, these were just as likely to be made by female bank loan officers as male bank loan officers.

A number of significant differences emerged between the matched-pairs of male and female entrepreneurs (Shaw et al, 2005). These differences negate the view that capitalization differences are best explained by structural dissimilarities; rather, it is clear that gender permeates and affects the experience of business ownership. When women start in business they do so not just with lower levels of financial capital, they start with lower levels of human, social and symbolic capital.

Although the study was not designed to explore this issue, unexpected insights into gender processes emerged in the organizational experiences and the loan supply-chain processes of male and female bank loan officers. Female bank loan officers had less effective networks of introducers, found it harder to access new business opportunities, and failed to engage in internal bank negotiation with credit controllers. It appears that female bank loan officers correctly follow established rules of bank lending, but these constrain effective performance. Male bank loan officers have stronger external networks of introducers, make greater use of tacit knowledge and personal networks within the bank, often circumventing the rules, and in so doing perform successfully.

Marlow and Carter's (2005) analysis also used a multi-method approach to gain insights into the supply-side and demand-side factors in the gender, entrepreneurship and finance nexus. Interviews with matched samples of entrepreneurs, bank loan officers and accountants confirmed many of the findings of the Carter, Shaw and Wilson study (Shaw et al, 2005; Wilson et al, 2006 forthcoming; Carter et al, 2007 forthcoming). This study concluded that the sectoral preferences of women, influenced by labour market experiences, promote a tendency for smaller enterprises, more easily managed from home and exploiting temporal flexibility. These in turn require generally lower levels of funding more easily gained from personal and informal sources.

The study also found a stronger sense of debt aversion and caution among women, resulting in noticeable differences in the demand for finance but few problems regarding supply. As Marlow and Carter (2006:25) concluded:

“The problem for women is not being women per se, but the gendered ascriptions that accompany this characterisation and the manner in which they spill over into self-employment”.

This study also highlighted the heterogeneity of experience among women, finding that structural disadvantage was not all-pervasive and growing numbers of successful self-employed women. Marlow and Carter (2006) concluded that future research should focus on the differentiated experiences of self-employed women, shaped by social characterisations such as class, age and ethnicity.

8.0 BUSINESS SUSTAINABILITY AND PERFORMANCE

The final theme within the current women's enterprise research literature considers the effect of gender on business performance. The 2001 review reported that the research literature relating to performance and growth sought to address two key questions. Firstly, whether women and men used the same criteria to measure business performance and secondly, whether there were differentials in business performance between women-owned and men-owned firms. The research evidence appeared to indicate a generally conclusive answer to the first question: men and women tend to use the same criteria for business performance, which is often a combination of firm-based criteria (sales turnover, profitability etc) and personal criteria (fulfilment, ambition etc). The research evidence regarding the second question had generated more ambiguous results. While many studies (cf Kalleberg and Leicht, 1991) had found few differences in overall performance between male-owned and female-owned firms, other studies (cf. Rosa et al, 1996; Boden and Nucci, 2000) reported significant differences.

8.1 The Female Under-Performance Hypothesis

Within this theme of the women's enterprise research literature, recent studies have focused on what has become known as the 'female under-performance hypotheses'. While there have been few dedicated studies investigating business performance since the 2001 review, two different Australian studies based on the same large-scale dataset, the Australian federal government's Business Longitudinal Survey (BLS), have contributed a wealth of new information. These studies suggest that given the same starting resources in the form of financial and non-financial capital, women-owned businesses perform equally well as male-owned businesses. The critical question, and one that was not addressed by either study, is the extent to which women-owned and men-owned businesses start with identical levels of capitalisation. These studies are described below together with results of broader based analyses that, while not specifically focused on performance, have made observations on this theme.

Watson's (2002) analysis compared the performance of female-controlled and male-controlled businesses, using four years worth of data (1994/5, 1995/6, 1996/7, and 1997/8) generated by the Australian BLS and collected by the Australian Bureau of Statistics (ABS). The main contribution of Watson's (2002) study was to extend previous research which had tended to focus only on gender differences in performance outcomes (sales, profitability etc), by relating performance outcomes to appropriate input measures (total assets, owner's equity

etc). After controlling for industry, age of business and the number of days a business operated, Watson (2002: 91) reported:

“no significant differences between male- and female-controlled businesses with respect to total income to total assets (TITTA), the return on assets (ROA) or the return on equity (ROE).”

The results showed that female-controlled businesses had significantly lower income and profits than male-controlled businesses; however, women-controlled businesses also used significantly fewer resources. Relating business outputs to business inputs, and controlling for industry, age of business and the number of days operated, no performance differences were found between male- and female-controlled businesses. Interestingly, Watson (2002:99) also indicated the possibility of superior female performance, as prior to the imposition of control variables there was some evidence that female-controlled businesses outperformed those controlled by men.

Johnsen and McMahon’s (2005:115) analysis of three consecutive years of the BLS dataset (1995/6, 1996/7, 1997/8) similarly found that:

“consistent statistically significant differences in financial performance and business growth do not exist between female and male owner-managed concerns once appropriate demographic and other relevant controlling influences are taken into account.”

While both the Watson (2002) and Johnsen and McMahon (2005) studies appear to provide conclusive evidence that, given the same starting resources the performance of male- and female-owned businesses do not differ, both studies concur that most female-owned businesses do not start with the same levels of resources as male-owned firms. Consequently, Watson (2002) and Johnsen and McMahon (2005) provide ample evidence with regard to the competence of women entrepreneurs, but say little about the performance of businesses typically run by women who start with lower capitalization levels.

8.2 Women’s Business Performance in Professional Sectors

Marlow and Carter’s (2005) study of self-employed women in professional sectors provided further insight into the performance of female-owned businesses. Comparing male and female accountants in sole practice, female owners were found to be younger and operating newer

businesses and their businesses were found to be smaller in terms of annual turnover and employment size. In a broader-based study that investigated the impact of gender on the utilization of finance, Marlow and Patton (2005) commented on the intricate links between initial under-capitalization and subsequent business under-performance. Differentiating between women entrepreneurs, Marlow and Patton (2005: 729) comment that not all women-owned businesses are:

“destined to plod or remain ‘static’ as this is patently untrue. Women have proved able, when using their own agency, to challenge barriers and lobby for change; they should not be perceived as ‘victims’ in a rigid system with little or no control over their lives”.

This observation implies a clear suggestion for future research. While many women start under-capitalized businesses, this is not true of all women; moreover, many women overcome potential barriers and obstacles to own and control successful and flourishing enterprises. While there has been little recent research that has directly considered the performance and sustainability of female-owned firms, that which has been undertaken provides unequivocal evidence that female owned enterprises do not lack the competence to run successful enterprises, they simply lack the initial resources.

9.0 CONCLUSIONS

This section concludes the report, drawing together some of the key evidence relating to the development of women's enterprise in the UK and relating this work to some of the current policy issues surrounding women's enterprise. It is clear that the women's enterprise research field has developed significantly over the past five years. This has resulted in a move away from exploratory and descriptive studies that were a feature of the early research field, and a trend towards the development of stronger evidence base about the relative experiences of women's enterprise in the UK and in international contexts, the development of a more sophisticated understanding of complex issues, and increasing research specialisation around key themes.

9.1 Main Research Developments Since 2001

The women's enterprise field has changed dramatically from its original emphasis on descriptive and exploratory studies. Over the past five years, three main trends have emerged within the research field.

1. Firstly, there has been an increased understanding that the overall trends in women's enterprise in the UK are remarkably similar to other international contexts. The effort to increase women's enterprise is one that is being addressed by economic development agencies around the world.

While it is widely accepted that the US retains leadership on this issue, over the past five years it has become clear that the position of women's enterprise in the USA is more complex than originally believed. While early attention focused on the dramatically higher levels of female business ownership in the US, it is now recognized that female entrepreneurship is not quite the unalloyed success originally portrayed. Women-owned businesses in the US demonstrate similar trends regarding their relatively smaller size and restricted performance as those in other countries. Similarly, the higher female share of self-employment in the US masks a relatively low self-employment rate among women. Women comprise a minority of business owners in all developed and less developed economies, despite considerable efforts to encourage their participation. The USA has instigated policies of encouragement and assistance over the longest period (since the establishment of the Office for Women's Business Ownership in 1979), and the female share of business ownership (majority

ownership of 30% of enterprises) is the highest of all developed economies. It is now appreciated that levels of women's enterprise are slow to change, requiring long term and sustained policy support at the national, regional and local level.

It is also clear that women's experiences of business ownership are remarkably similar, irrespective of the international context. Women's businesses appear to take longer at the gestation stage; tend to be started by individuals rather than teams; remain smaller; do not demonstrate the same performance levels of businesses owned by men or co-owned by men and women; and probably exit at a faster rate. Knowledge developed over the past five years confirms that gender based performance differences are not a function of differences in skills or motivations, but a result of differences in starting resources.

2. Secondly, a more sophisticated understanding of the complexities involved in women's enterprise has developed over the past five years. The view that the entrepreneurial potential of women was constrained by specific external obstacles, such as childcare and finance, a feature of the pre-2001 research effort, is now recognized as being overly simplistic.

For example, while it is possible that childcare may remain an issue for some women both at the pre-start and post-start stages, it is difficult to argue with certainty that childcare is both a widely experienced constraint and a specific obstacle that, once removed, would enable many women to start in business. While research has pointed out that female business-owners do not benefit from the same statutory maternity rights as female employees, theoretically they may have other advantages, not available to female employees, with regard to combining work and childcare, time flexibility, determining where to work etc. A more intractable issue (and one that research has yet to address) is the extent to which the presence of dependent children constrains parents from entrepreneurial action, because of the perceived risks associated with business ownership.

Similarly, until relatively recently, access to finance was conceptualised as a barrier to business start-up, specifically as a consequence of supply-side factors. More recent research has recognized the importance of the female market to banks, and has started to apply more sophisticated analysis to the gender, entrepreneurship and finance debate. Women enter business using about one third of the starting capital used by men; however, there is no evidence that rejection rates for women are any higher than

for men, or that women's knowledge of financial products is less developed. Rather, the distinctive funding profile of women appears to be the consequence of the interaction between demand-side and supply-side factors which ultimately lead to restricted starting capitalization.

Concerns about external barriers, such as childcare and finance, have led to a number of initiatives that have sought to reduce external barriers to entry. Many of these initiatives have been successful and there has also been a growing awareness of the concerns about external constraints held by women entrepreneurs. But, it remains the case that the number of women entrepreneurs has not shown dramatic growth over the long term; indeed, it appears that expectations of dramatic growth in numbers as a consequence of the erosion of these barriers may have been overstated.

3. Thirdly, the women's enterprise research field has become increasingly specialized and has developed a stronger engagement with the established social science disciplines. Research specialization has enabled a clearer and more nuanced view of some of the key issues, such as access to finance. Engagement with the disciplines, in particular sociological and economics based analysis, has enabled researchers to draw effective parallels between women's experiences in paid and self-employment. While early research viewed entrepreneurship as a mechanism whereby women could escape their socio-economic and occupational confines, this has been consistently contested in recent work. Research undertaken over the past few years, mainly by British and European scholars has exposed as naïve the view that engagement in entrepreneurial action disengages an individual from their previous socio-economic situation. At the same time, the development of 'critical' management perspectives has exposed the prevailing discourse within entrepreneurship research, biased towards high growth, innovative, venture-capital backed and male-owned enterprises, as being narrow and gendered.¹⁸

9.2 Expanding Women's Enterprise

In the policy sphere, over the past five years there has been recognition of the economic and social importance of women's enterprise and a sustained level of interest in developing

¹⁸ While this has been a more common feature of the European research field, some US researchers have contributed powerful critiques of the prevailing discourse present in entrepreneurship research (see, for example, Ogbor, 2000).

policies and frameworks that can support the development of women's enterprise. While there had been some interest prior to 2001, this was marked by insufficient coordination and a lack of sustained effort. The development of the SBS Strategic Framework for Women's Enterprise and the establishment of Prowess are two key developments that have signalled a continuing commitment to women's enterprise and enabled the issue to remain on the economic agenda at national, regional and local levels.

In comparison, the US Small Business Administration (SBA) established the Office for Women's Business Ownership in 1979, and made this a permanent office in 1988, with a remit to 'aid and stimulate women's business enterprise'. Undoubtedly, the growth in women's enterprise in the USA has been aided by Federal recognition of its importance and a sustained commitment to its development. Although there have been remarkable policy developments in the UK over the past five years, clearly it may take an equal level of sustained commitment as seen in the US since 1979 to ensure an equivalent level of development in women's enterprise within the UK.

Over the past five years, it has become clearer that there are a finite number of women with an ambition to start in business at any particular time. The flow of new female entrants into entrepreneurship is determined by a variety of factors including macro-economic conditions, competing labour market opportunities, the presence of skill sets that are easily convertible into self-employment, demographic factors, and policies that provide maximum support and encouragement while minimising external constraints.

9.3 Research and Information Gaps

Despite the efforts of recent years, in comparison with the broader small business research literature, women's enterprise remains a relatively under-researched area. The following constitute gaps in current knowledge where future research may focus.

- The collection of accurate and compatible internationally comparative data on women's enterprise remains a challenge for researchers and policymakers. Self-employment data is robust at the national and international level, but this is an incomplete measure of business ownership. The development and consistent use of a transparent measure of business ownership remains a key challenge for researchers.

- The relative rates of entry and exit among women-owned businesses, vis-à-vis male-owned and co-owned enterprises have yet to be investigated. Key questions include: the causes of high exit rates among women entrepreneurs; the identification of which groups of women are more likely to exit from business ownership; their subsequent career choices and attitudes to enterprise.
- How women-owned firms can be best assisted in order to develop greater sustainability and market competitiveness; the underlying factors that lead to a lack of sustainability among female business owners. While most entrepreneurship research focuses on young businesses, the investigation of long-established women-owned firms may provide insights into issues of sustainability and competitiveness.
- The extent to which debt reduction and risk avoidance affects the capitalization of women-owned businesses and how this may be overcome to develop and sustain competitive enterprises.
- The effects of an individual's previous labour market position on relative business performance and the different experiences of women coming into business ownership from various socio-economic and labour market positions have yet to be researched.
- The differences in management style and leadership approach between women and men; and the effect of these differences on relative business performance. How real or perceived differences in management style influence the way in which businesses are viewed (for example, as being 'growth-oriented' or 'lifestyle') by external stakeholders, such as banks and local / regional business support organizations.
- The role of women in co-owned enterprises; the extent to which management, leadership and ownership are shared equally within the enterprise.
- The influence of family and caring responsibilities on both female-owned and male-owned enterprises; in what ways and to what extent are women-owned (and other) businesses affected by these responsibilities.
- Factors that explain variation in attitudes to and usage of the various forms of business start-up and growth finance, including debt finance, equity finance, angel investment and venture capital.

- The extent to which women-owned businesses benefit from informal and formal private equity finance; and the extent to which women can be expected and encouraged to form private equity angel syndicates to further support women-owned businesses.
- Regional variations in women's business start-up and subsequent growth performance; in particular, the differences between London/South East and 'the regions' and urban-rural differences with regard to start-up rates, venture financing, markets served.

REFERENCES

- Acs, Z. Arenius, P. Hay, M and Minnitti, M. (2005). 'Global Entrepreneurship Monitor 2004 Executive Report'. Babson College and London Business School.
- Adler, P. S. and Seok-Woo Kwon, (2002), 'Social Capital: Prospects for a New Concept', *Academy of Management Review*, 27 (1):17-40.
- Aldrich, H. E., Rosen, B. and Woodward, W. (1987). 'The Impact of Social Networks on Business Founding and Profit: A Longitudinal Study', in N. Churchill, J. Hornaday, O. J. Krasner and K. Vesper (eds.), *Frontiers of Entrepreneurship Research*, Wellesley, MA: Babson College, pp. 154-168.
- Ahl, H. (2002). 'The Making of the Female Entrepreneur: A Discourse Analysis of Research Texts on Women's Entrepreneurship', Dissertation Series No.15, Jonkoping International Business School, Jonkoping.
- Anderson, T., Forth, J., Metcalf, H. and Kirby, S. (2001). *The Gender Pay Gap*, Report to the Women and Equality Unit, DTI.
- Annual Survey of Hours and Earnings. (2005). London: Office for National Statistics.
- Arenius, P. and Kovalainen, A. (2006). 'Similarities and Differences Across the Factors Associated with Women's Self-employment Preference in the Nordic Countries', *International Small Business Journal*, Vol. 24, No. 1: 31-57.
- Atkinson, J. and Hurstfield, J. (2004). *Annual Small Business Survey, 2003*. London: DTI Small Business Service.
- Badgett, M. V. and Folbre, N. (1999). 'Assigning Care: Gender Norms and Economic Outcomes', *International Labour Review*, Vol. 138 (3), Geneva: ILO.
- Baines, S. and Gelder, U. (2003). 'What is Family Friendly About Working in the Home? The Case of Self-employed Parents and their Children', *New Technology, Work and Employment*, 18, 13, 224-234.
- Baines, S., Wheelock, J. and Gelder, U. (2003). *Riding the Rollercoaster: Family Life and Self-employment*, Cambridge: Policy Press/Joseph Rowntree Foundation.
- Baker T, Aldrich HE and Liou N (1997). Invisible Entrepreneurs: The Neglect of Women Business Owners by Mass Media and Scholarly Journals in the United States. *Entrepreneurship and Regional Development*, 9(3): 221-238.
- Becker, G. (1964) *Human Capital*, Chicago: University of Chicago Press.
- Belle, A. and La Valle, I. (2003). *Combining Self-employment and Family Life*, Cambridge: Policy Press and Joseph Rowntree Foundation.
- Bellamy, K. and Rake, K. (2005). *Money, Money, Money, Is it Still a Rich Man's World? An Audit of Women's Economic Welfare in Britain Today*. London: Fawcett Society.
- Bem, S. (1993). *The Lens of Gender*, New Haven, Conn.: Yale University Press.
- Bhide, A. (2003). *The Origin and Evolution of New Businesses* Oxford: Oxford University Press.

- Bird, B. and Brush, C. (2002). 'A Gendered Perspective on Organization Creation'. *Entrepreneurship, Theory and Practice*, Vol. 26, 3: 41-65.
- Birley S (1989). Female Entrepreneurs: Are They Really any Different? *Journal of Small Business Management*, 27(1): 7-31.
- Bock, B. (2004). 'Fitting in and Multi-tasking: Dutch Farm Women's Strategies in Rural Entrepreneurship', *Sociologia Ruralis*, 44, 3, 245-260.
- Boden, R.J. and Nucci, A.R.(2000). 'On the Survival Prospects of Men's and Women's New Business Ventures'. *Journal of Business Venturing*, 15(4): 347-362.
- Bolton, J. (1971). *Report of the Committee of Enquiry on Small Firms*. Chaired by j. Bolton, Cmnd.4811. London: HMSO.
- Boston, T. (ed). (1996). *A Different Vision: Race and Public Policy (Vol. 2)*. (African American Economic Thought). London: Routledge.
- Bourdieu, P. (1986). The Forms of Capital. In J. Richardson (ed), *The Handbook of Theory and Research for the Sociology of Education*, Greenwood Press, New York.
- Bradley, H. Erickson, M., Stephenson, C. and Williams, S. (eds) (2000). *Myths at Work*, Polity Press, Cambridge.
- Brindley, C. (2005). 'Barriers to Women Achieving Their Entrepreneurial Potential: Women and Risk', *International Journal of Entrepreneurial Behaviour*, Vol. 11, No. 2: 144-61.
- Bruni. A., Gherardi, S., and Poggio, B. (2004). 'Entrepreneur-mentality, gender and the study of women entrepreneurs', *Journal of Organizational Change*, 17, 3, 256-268.
- Brush, C. G. (1992), 'Research on Women Business Owners: Past Trends, a New Perspective and Future Directions', *Entrepreneurship Theory and Practice*, 17, (4), 5-30.
- Brush, C., Carter, N., Greene, P., Hart, M. and Gatewood, E. (2002), 'The Role of Social Capital and Gender in Linking Financial Suppliers and Entrepreneurial Firms: a framework for future research', *Venture Capital*, 4 (4): 305-323.
- Brush, C., Carter, N., Gatewood, E. J., Greene, P., and Hart, M. (2006a), *Women and Entrepreneurship: Contemporary Classics* (International Library of Entrepreneurship). Cheltenham, UK and Northampton, MA: Edward Elgar.
- Brush, C., Carter, N., Gatewood, E. J., Greene, P., and Hart, M. (2006b), *Growth Oriented Women Entrepreneurs and Their Businesses* (New Horizons in Entrepreneurship). Cheltenham, UK and Northampton, MA: Edward Elgar.
- Cannon, T. Carter, S. Rosa, P, Baddon, L. and McClure, R. (1988). *Female Entrepreneurship*, Report to the Department of Employment. Stirling University: Scottish Enterprise Foundation.
- Carr, P. (2000). *The Age of Enterprise*. Dublin: Blackhall.
- Carter, N., Brush, C. B., Greene, P. G., Gatewood, E. and Hart, M. (2003), 'Women Entrepreneurs Who Break Through to Equity Financing: The Influence of Human, Social and Financial Capital', *Venture Capital*, 5 (1): 1-28.

- Carter, N., Williams, M. and Reynolds, P. (1997). 'Discontinuance Among New Firms in Retail: The Influence of Initial Resources, Strategy and Gender', *Journal of Business Venturing*, 12 (2): 125-145.
- Carter, S. Anderson, S, and Shaw, E. (2001). *Women's Business Ownership: A Review of the Academic, Popular and Internet Literature*, London: Small Business Service Research Report RR002/01.
- Carter, S. Mason, C. and Tagg, S. (2004). *Lifting the Barriers to Business Survival and Growth: The FSB Biennial Survey 2004*. London: Federation of Small Businesses
- Carter, S. Mason, C. and Tagg, S. (2006). *Lifting the Barriers to Business Survival and Growth: The FSB Biennial Survey 2006*. London: Federation of Small Businesses
- Carter, S. and Marlow, S., (2003). 'Professional Attainment as a Challenge to Gender Disadvantage in Entrepreneurship', paper presented at the 48th ICSB Conference, June, Belfast.
- Carter, S. and Weeks, J. (2002). 'Gender and Business Ownership: International Perspectives on Theory and Practice', *Entrepreneurship and Innovation*, 3 (2): 81-91.
- Carter, S. Wilson, F. Shaw, E. and Lam, W. (2006) Gender, Entrepreneurship and Business Finance: Investigating the Relationship between Banks and Entrepreneurs in the UK. In C. Brush, N. Carter, E. Gatewood, P. Greene and M. Hart (eds). *Growth-Oriented Women Entrepreneurs and Their Businesses* Cheltenham: Edward Elgar, pp. 373-392.
- Carter, S. Shaw, E. Lam, W. and Wilson, F. (2007) Gender, Entrepreneurship and Bank Lending: The Criteria and Processes Used By Bank Loan Officers in Assessing Applications. *Entrepreneurship Theory and Practice* (forthcoming).
- Centre for Developing Women Business Leaders. (2004). *The Female FTSE Report*. Cranfield School of Management.
- Center for Women's Business Research (2004). *Capturing the Impact: Women-Owned Businesses in the United States*. Washington DC: Center for Women's Business Research.
- Center for Women's Business Research (2005). *Top Facts About Women-Owned Businesses*. Washington DC: Center for Women's Business Research.
- Collins, H. and Moore, M.G. (1964). *The Enterprising Man*, Bureau of Business and Economic Research. East Lansing, MI.: Michigan State University.
- Coleman, J. (1988) 'Social Capital in the Creation of Human Capital', *American Journal of Sociology*, 94: S95-S121.
- Coleman, S. (2000). Access to Capital and Terms of Credit: A Comparison of Men- and Women-Owned Small Businesses, *Journal of Small Business Management*, 38(3): 37-52.
- Curran, J., 1986, *Bolton Fifteen Years On: A Review and Analysis of Small Business Research in Britain 1971-1986*, London: Small Business Research Trust.
- Curran, J. and Blackburn, R. (2000). *Researching the Small Enterprise*. London: Sage.

- Davidson, M.J. and Burke, R.J. (2004), *Women in Management Worldwide: Facts, Figures and Analysis*. London: Ashgate.
- Davidsson, P. and Honig, B. (2003), 'The Role of Social and Human Capital Among Nascent Entrepreneurs', *Journal of Business Venturing*, 18: 301-31.
- de Beauvoir, S. (1972), *The Second Sex* (trans. H.M. Pashley). Harmondsworth: Penguin.
- de Bruin, A. (1999). Towards Extending the Concept of Human Capital: A Note on Cultural Capital. *Journal of Interdisciplinary Economics*, Vol. 10, 59-70.
- de Bruin, A. and Dupuis, A. (1995). 'A Closer Look at New Zealand's Superior Economic Performance: Ethnic Employment Issues', *British Review of New Zealand Studies (BRONZ)*, No. 8: 85-98.
- de Bruin, A. and Dupuis, A. (2003). Constrained Entrepreneurship. In De Bruin, A. and Dupuis, A. (eds). *Entrepreneurship: New Perspectives in a Global Age*. Aldershot: Ashgate, pp.25-42.
- Delmar, F. and Holmquist, C. (2004) *Women's Entrepreneurship: Issues and Policies*. Paris: OECD.
- Dench, S, Aston, S. Evans, C. Meager, N. Williams, M. and Willison, R. (2002). *Key Indicators of Women's Position in Britain*. London: HMSO.
- Dex, S. (2003). *Families and Work in the Twenty-First Century*. The Joseph Rowntree Foundation: York.
- Dollinger, M. (1995). *Entrepreneurship – Strategies and Resources II.*: Austen Press and Richard D. Irwin Inc.
- Dreike-Almer, E. and Single, L. E. (2004). 'Career Consequences of Flexible Work Arrangements: The Daddy Track', *The CPA Journal Online*, pp. 56-58.
- Eagly, A. and Karau, S. (2002). 'Role Congruity Theory of Prejudice Toward Female Leaders', *Psychological Review*, 109: 573-598.
- Ehlers, T. B. and Main, K. (1998). 'Women and the False Promise of Micro-enterprise', *Gender & Society*, 12, 4: 424-440.
- EOC. (2005). *Facts About Women and Men in Great Britain*. Manchester: Equal Opportunities Commission.
- EOC. (2006). *Sex and Power – Who Runs Britain?*. Manchester: Equal Opportunities Commission.
- Firkin, P. (2003). Entrepreneurial Capital. In de Bruin, A. and Dupuis, A. (eds). *Entrepreneurship: New Perspectives in a Global Age*. Aldershot: Ashgate, pp.57-75.
- Fitzsimons, P. and O'Gorman, C. (2006). *Global Entrepreneurship Monitor Ireland Report 2005*. Dublin: UCD.
- Forth, J. (2002). *The Gender Pay Gap: The Research Evidence*. Gender Research Forum: The Gender Pay and Productivity Gap, November.

- Franco, A. and Winqvist, K. (2002). *The Entrepreneurial Gap Between Women and Men*. Statistics in Focus, Population and Social Conditions Theme 3, 11/2002. Brussels: Eurostat.
- Fraser, S. (2005). *Finance for Small and Medium Sized Enterprises: A Report on the 2004 UK Survey of SME Finances*, Coventry: SME Centre, University of Warwick.
- Goffee, R. and Scase, R. (1985). *Women in charge: the experience of female entrepreneurs*, London: Allen and Unwin
- Granovetter, M.S. (1992) Networks and Organizations: Problems of Explanation in Economic Sociology in Nohria, N. and Eccles, R.G. (eds.)(1992) *Networks and Organisations: Structure, Form and Action*. Boston, Massachusetts, Harvard Business School Press.
- Green, F. (2005). *Trends in the proportions of over educated and under educated workers – analysis of Skills Survey Data*, University of Kent, Women and Work Commission. Unpublished Paper.
- Green, F. and Mole, K. (2006). Defining and Measuring the Small Business. In Carter, S. and Jones-Evans, D. *Enterprise and Small Business: principles, Practice and Policy*. (Second Edition). Harlow: FT Prentice Hall.
- Greer, M.J. and Greene, P.G. (2003). 'Feminist Theory and the Study of Entrepreneurship', in J. E. Butler (ed.), *New Perspectives on Women Entrepreneurs*, Information Age Publishing, Greenwich (Connecticut), p. 1-24.
- Hakim, C. (1979). *Occupational Segregation by Sex*, Research Paper, No. 9, Department of Employment, London.
- Hakim, C. (1989). 'Identifying Fast Growth Small Firms', *Employment Gazette*, January, p. 29-41.
- Harding, R. Brooksbank, D. Hart, M. Jones-Evans, D. Levie, J. O'Reilly, M. and Walker, J. (2006). *Global Entrepreneurship Monitor UK Report 2005*. London: London Business School
- Harker, R. (1990). 'Schooling and Cultural Reproduction', in J. Codd, R. Harker and R. Nash (eds) *Political Issues in New Zealand Education* (2nd Edition). Palmerston North: Dunmore Press.
- Hospers, G-L. and van Lochem, M. V. (2002). 'Social Capital and Prosperity: Searching for the Missing Link', *New Economy*, 9 (1): 52-56.
- Jacobsen, J.P. (1998). *The Economics of Gender* (Second edition). Blackwell Publishers.
- Jeynes, J. (2005). 'Women and the Economy: A Decade of Entrepreneurship', paper presented at the 28th Institute for Small Business Entrepreneurship National Conference, Blackpool, November.
- Johnsen, G. J. and McMahon, R. G. P. (2005). 'Owner-manager Gender, Financial Performance and Business growth amongst SMEs from Australia's Business Longitudinal Survey', *International Small Business Journal*, Vol. 23 (2): 115-142.
- Kalleberg, A.L. and Leicht, K.T. (1991). Gender and Organisational Performance: Determinants of Small Business Survival and Success. *Academy of Management Journal*, 34(1): 136-161.

- Knowles, D. (2000). *Experiences of Women Entrepreneurs in East Anglia: A feminist Perspective*, Anglia Polytechnic, Unpublished Doctoral Thesis.
- Labour Force Survey (2005). *Labour Force Survey Quarterly Survey*. London: Office for National Statistics, April.
- Lin, N., Vaughn, J.C. and Ensel, W. M. (1981) Social Resources and Occupational Status Attainment, *Social Forces*, 59:4, pp.1163-1181.
- Lindsay, C. and Macaulay, C. (2004). Growth in Self-employment in the UK. *Labour Market Trends*, October, pp. 399-404, Office for National Statistics.
- Manning, A. and Petrongolo, B. (2004). *The Part-time Pay Penalty*. Report to the Women and Equality Unit, DTI.
- Marcucci, P.N. (2001). *Jobs, Gender and Small Enterprises in Africa and Asia: Lessons Drawn from Bangladesh, the Philippines, Tunisia and Zimbabwe*. SEED Working Paper 2001/18, WEDGE series, 2001.
- Marlow, S. (1997). 'Self-employed Women – New Opportunities, Old Challenges?', *Entrepreneurship and Regional Development*, 9 (3), 199-210.
- Marlow, S. (2002). 'Self-employed Women: A Part Of or Apart From Feminist Theory?' *International Journal of Entrepreneurship and Innovation*, 2(2), 83-91.
- Marlow, S. and Carter, S. (2004). 'Accounting for Change: Professional Status, Gender Disadvantage and Self-Employment', *Women in Management Review*, 19(1), 5-16.
- Marlow, S. and Carter, S. (2005). 'Financing Female Owned Firm: The Role of Accountants as Advisory Intermediaries', paper presented at the 28th Institute for Small Business Entrepreneurship National Conference, Blackpool, November.
- Marlow, S. and Carter, S. (2006). 'If You Don't Ask You Don't Get! Women, Self-employment and Finance' paper presented at the Warwick Business school Small Firms Finance Conference, May.
- Marlow, S. and Patton, D. (2005). 'All Credit to Men? Entrepreneurship, Finance and Gender', *Entrepreneurship, Theory and Practice*, Vol. 29, No. 6: 717-35.
- Marlow, S., Watson, E. and Westall, A. (2003). *Who Benefits?* London: New Economics Foundation.
- Mascarenhas-Keyes, S. (2006). Ethnic Minority Small and Medium Enterprise in England: Diversity and Challenges. Paper presented to the 51st International Council of Small Business (ICSB) Conference, Mebourne, 18-21 June.
- Minitti, M, Arenius, P and Langowitz, N. (2005). *Global Entrepreneurship Monitor 2004 Report on Women and Entrepreneurship*. Babson Park, MA: Babson College.
- Mirchandani, K. (1999). 'Feminist Insight on Gendered Work: New Directions in Research on Women and Entrepreneurship', *Gender, Work and Organisation*, Vol. 6, No. 4, pp. 224-236.

- Mirchandani, K. (2005), 'Women's Entrepreneurship: Exploring New Avenues', in Fielden, S. and Davidson, M. (eds.), *International Handbook of Women and Small Business Entrepreneurship*, London: Edward Elgar.
- Mottier, V. (2002) Masculine Domination: Gender and Power in Bourdieu's Writings, *Feminist Theory*, 3 (3), 345-359.
- Nahapiet, J. and Ghoshal, S. (1998), 'Social Capital, Intellectual Capital, and the Organizational Advantage', *Academy of Management Review*, 23:242-266.
- National Women's Business Council, (2004). *Women Business Owners and Their Enterprises*. Washington DC: National Women's Business Council.
- Neergaard, H., Shaw, E. and Carter, C. (2005). 'The Impact of Gender, Social Capital and Networks on Business Ownership: A Research Agenda', *International Journal of Entrepreneurial Behaviour and Research*, 11(5) 338-357.
- Oakley, A. (1972). *Sex, Gender and Society*, Maurice Temple Smith, London.
- Oakley, A. (1974). *Housewife*, Allen Lane, London.
- Oakley, A. (1982). 'Interviewing Women: A Contradiction in Terms', in H. Roberts (ed.) *Doing Feminist Research*, London: Routledge.
- Oakley, A. (1988). *Who's Afraid of Feminism, Seeing through the Backlash*. London: Penguin.
- Oakley, J. G. (2000). 'Gender-based Barriers to Senior Management Positions: Understanding the Scarcity of Female CEOs', *Journal of Business Ethics*, 27 (4): 321-334.
- OECD (2005). '*OECD Factbook 2005: Economic, Environmental and Social Statistics*'. Paris: OECD.
- Ogbor, J.O. (2000). 'Mythicizing and Reification in Entrepreneurial Discourse: Ideology Critique of Entrepreneurial Studies', *Journal of Management Studies* 35(7): 605-635.
- Orser, B.J. and Foster, M.K. (1994). Lending Practices and Canadian Women in Micro-based Businesses. *Women in Management Review*, 9(5):11-19.
- Parker, S. (2004). *The Economics of Self-employment and Entrepreneurship*. Cambridge: Cambridge University Press.
- Portes, A (1988), "Social Capital: Its Origins and the Application in Modern Sociology", *Annual Review of Sociology*, 24:1-24.
- Rai, S. M. (2003). *Mainstreaming Gender: Democratizing the State? National Mechanisms for the advancement of Women (Perspectives on Democratization)*. Manchester: Manchester University Press.
- Rake, K., Davies, H., Joshi, H. and Alami, R. (2000). *Women's Incomes over the Lifetime*. A Report to the Women's Unit, Cabinet Office.
- Read, L. (1998), *The Financing of Small Business: A Comparative Study of Male and Female Business Owners*, London: Routledge.

Recruitment Employment Confederation. (2005). *Poll on Discrimination for the Money Programme*, BBC.

Renzulli, L. Aldrich, H. and Moody, J. (2000), "Family Matters: Gender, networks, and Entrepreneurial Outcomes", *Social Forces*, 79(2): 523-47.

Richardson, P., Howarth, R. and Finnegan, G. (2004). SEED Working Paper 2004/47. *Jobs, Gender and Small Enterprises in Africa and Asia: Lessons Drawn from Bangladesh, the Philippines, Tunisia and Zimbabwe*. ILO Geneva. WEDGE Series, 2001

Rosa, P., Carter, S. and Hamilton, D. (1996). Gender as a Determinant of Small Business Performance: Insights from a British Study, *Small Business Economics*, 8: 463-478.

Rouse, J. (2005). 'Pregnancy and Maternity in Self-Employment: Individualised Social Reproduction?' paper presented at the 28th Institute for Small Business Entrepreneurship National Conference, Blackpool, November.

Rouse, J. and Boles, K. (2005). *The Big NES Survey 2004: An Evaluation of the Experiences of New Entrepreneur Scholars*, Bedford: National Federation of Enterprise Agencies/Learning and Skills Council.

Rouse, J. and Kitching, J. (2006). 'Do Enterprise Support Programmes Leave Women Holding the Baby?' *Environment and Planning C: Government and Policy*, 24(1), (forthcoming).

Rosa, P. Carter, S. and Hamilton, D. (1996). 'Gender as a Determinant of Small Business Performance: Insights from a British Study', *Small Business Economics* 8, 463-478.

Schreier, J. (1973) *The Female Entrepreneur: A Pilot Study*, Milwaukee, Wis.: Center for Venture Management.

Schwartz, E.B. (1976) Entrepreneurship: A New Female Frontier, *Journal of Contemporary Business* Winter: 47-76.

Shaw, E. and Carter, S. (2005). *Social Entrepreneurship: Theoretical Antecedents and Empirical Analysis of Entrepreneurial Processes and Outcomes*. In S. Zahra et al (eds) *Frontiers of Entrepreneurship Research 2004* Wellesley: Babson College, pp. 637-651.

Shaw, E., Carter, S., Lam, W. and Wilson, F. (2005). 'Social Capital and Accessing Finance: the Relevance of Networks', paper presented at the 28th Institute for Small Business Entrepreneurship National Conference, Blackpool, November.

Sheffield Hallam University. (2005). *We Care, Do You?* ACE National Action for Carers and Employment, CARERS UK.

Silversides, G. (2001), 'Networking and Identity: The Role of Networking in the Public Image of Professional Service Firms', *Journal of Small Business and Enterprise Development*, 8 (2):174-84.

Small Business Service, (2003). *A Strategic Framework for Women's Enterprise*. London: DTI Small Business Service.

Small Business Service (2004). *Household Survey of Entrepreneurship 2003*. London: DTI Small Business Service.

- Small Business Service 92005). *Myths Surrounding Starting and Running a Business*. London: DTI Small Business Service.
- Verheul, I. and Thurik, R. (2000). Start-up Capital: Differences Between Male and Female Entrepreneurs. Does Gender Matter? *EIM Research Report 9910/E*. Rotterdam: Erasmus University.
- UK Time Use Survey. (2000). Office for National Statistics: London.
- US Bureau of Labor Statistics (2005). Unincorporated Self-employed Persons in Non-agricultural Industries by Sex, 1976-2002 Annual Averages. <http://www.bls.gov/cps/wlf.table32.pdf> - 13/5/2004
- Vinnecombe, S. (1987). 'Drawing out the Differences Between Male and Female Working Styles', *Women in Management Review*, 7 (2), pp.5-16.
- Vinnecombe, S. (2000). 'Women Managers and Entrepreneurs – A Global Perspective'. In M.J. Davidson and R. J. Burke (eds.). *Women in Management: Current Issues, Volume II*. UK: Sage.
- Watkins, J., and Watkins, D., (1986). 'The Female Entrepreneur: Her Background and Determinants of Business Choice - Some British Data', in J. Curran, J. Stanworth and D. Watkins (eds.) *The Survival of the Small Firm*, Aldershot: Gower, pp.220-232
- Watson, J. (2002). 'Comparing the Performance of Male- and Female-Controlled Businesses: Relating Outputs to Inputs' *Entrepreneurship Theory and Practice* 26, 3, Spring, pp.91-100.
- Watson, J. and Newby, R. (2005). 'Biological Sex, Stereotypical Sex-roles, and the SME Owner Characteristics', *International Journal of Entrepreneurial Behaviour and Research*, 11 (2), 129-143.
- Welter, F. Smallbone, D. and Isakova, N. (2006). *Enterprising Women in Transition Economies*. Aldershot: Ashgate.
- Williams, D. R. (2004). 'Effects of Childcare Activities on the Duration of Self-Employment in Europe', *Entrepreneurship, Theory and Practice*, Vol. 28, No. 5, pp.467-486.
- Wilson, F. Carter, S., Tagg, S. Shaw, E and Lam, W. (2006). Bank Loan Officers' Perceptions of Business Owners: The Role of Gender. *British Journal of Management*. (forthcoming)
- Winn, J. (2004). 'Entrepreneurship: Not an Easy Path to Top Management for Women', *Women in Management Review*, 14 (1), 21-28.
- Women and Work Commission. (2006). *Shaping a Fairer Future*, Women and Equality Unit, DTI: London.
- Wyer, P. Ekanem, I., North, D. and Deakins, D. (2006). *The Impact of Perceived Access to Finance Difficulties on the Demand for External Finance*. CEEDR, Middlesex University Business School.

APPENDIX ONE

ASSESSMENT OF WOMEN'S ENTERPRISE POLICY

The second objective of this report is to provide some comment on the role and contribution of recent policy developments in changing the landscape of women's enterprise. The Strategic Framework for Women's Enterprise (SBS, 2003) highlighted many of the issues faced by women starting in business and offered a practical policy response. To explore the ways in which the Strategic Framework has affected women's enterprise, fifteen key individuals were asked contribute their views on a series of questions.

Of the fifteen identified individuals, six provided detailed comment. These responses are anonymised, but are drawn from women's enterprise experts in the following fields: public sector business advisers, private sector business advisers/consultants, banks, and universities. Their responses are given below as direct quotations.

The Effectiveness of the Strategic Framework

The first question asked respondents to outline those parts of the Strategic Framework that they believed had been most effective and to explain their reasons. There was universal enthusiasm for the Strategic Framework, mainly because it both raised the profile of women's enterprise and collected key information in one document. In addition, for these respondents, who all work within the area of women's enterprise, the Strategic Framework added legitimacy to their own individual efforts. Respondents also drew attention to the importance of ministerial leadership on the issue.

"The Strategic Framework has been successful in drawing together a range of information and making a large number of suggestions about how to promote women's enterprise. It has raised the profile of the women's enterprise agenda and made tackling it seem important and viable."

"I think the greatest contribution of the strategic framework is in drawing attention of policy makers and other influential government actors to the issue of gender and its impact upon self employment. I would argue that there is now increased sensitivity and interest in the gender issue which does have an effect - for example, the requirement by RDAs to demonstrate actions in the area."

"Back 3 years ago when the document was launched it was excellent for setting the scene on the state of women's enterprise, raising awareness, defining the scale of the issue and creating a starting point/benchmark to work from as well as clearly

outlining (in black and white, in one handy point of reference) practical initiatives, activities and objectives of what needed to be done to create more women owned businesses. It definitely helped put women's enterprise on the UK map."

"I think the levels of support and advice that are now available for women have increased exponentially - and I think this is a very positive thing. Women-focused activity is now beginning to be taken more seriously by mainstream organisations, instead of being (however covertly) thought of as knitting groups or gossip sessions. In terms of creating an improved culture and environment, again, I think this is happening over time. There is certainly much more available information, events, toolkits etc that are all targeted specifically at women."

The Weaknesses of the Strategic Framework

The second question asked respondents to identify those parts of the Strategic Framework that they believed had been ineffective and to explain their reasons. The criticisms that were raised were less about the content and overall thrust of the Strategic Framework, and more about the implementation and delivery. The first two quotes below point to a concern that the priorities identified within the Strategic Framework are not shared with other central government departments. Other respondents raise concerns that the delivery of the Strategic Framework priorities at a local and national level is inconsistent. Finally, respondents also pointed to the potential weaknesses of monitoring and evaluation.

"The Strategic Framework seems to be more of a wish-list than a policy document. It possibly covers too many areas, making it difficult for regional and local bodies to prioritise their responses. The resources allocated to implementing it are small compared with the ambition of the document. As an example, existing enterprise programmes have not been given funding to provide the childcare allowances recommended in the Framework."

"As the Framework is a DTI/SBS strategy it probably doesn't have sufficient impact on stakeholders who could have a huge part to play in this agenda: DFES/Learning & Skills Councils; ODPM/Local Authorities; DWP/Jobcentre+. Without involvement across Government the targets in the framework are unlikely to be achieved."

"My comments are probably less about the Framework itself, and more about its delivery. The Framework was definitely overdue, but in some respects it probably came too early for its potential audience as insufficient national and regional focus on women's enterprise has meant that for many it fell between the cracks. Many policy makers at regional and local level still aren't aware of it. Perhaps an update and re-launch following the launch of the National Task Force would make an impact."

"Not being hands-on in the local regions it's difficult to pinpoint specific successes or things that have been ineffective - the complexities of who does what make this even more of an issue. Based on anecdotal evidence, however, it would appear that

consistency in developing and implementing suggested policies and initiatives remains fairly patchy from region to region. Whilst this, in reality, may be a preferred option (in terms of local application often being the most appropriate and economically viable approach) it does mean that consistency and alignment to a central strategy will inevitably decline.”

“[I am] not certain that we have any data or tracking around sustainability. Also, I don't think it has succeeded in being a particularly co-ordinated approach. The relationship between the SBS and individual RDAs has been a root cause of much of this. I have no direct experience of the success of the SBS Key delivery themes. Childcare seems to me to be a perennial 'problem' issue - I know the LDA are taking steps to try to address it in the capital, but again this is a difficult issue as where is the line to be drawn between individual responsibility and state intervention in terms of managing personal circumstances...?”

“Section 9, Monitoring and Evaluation is very weak and gives the impression that there is poor accountability for women's enterprise.”

“I think the framework is too vague about policy implementation, the final sections are all quite broad in terms of measures and outcomes - more on process is needed. How does this fit with the last budget and the aim to cut down on support?”

Setting and Achieving Strategic Framework Targets

The third question was concerned with the appropriateness of the three Strategic Framework quantitative targets and the extent to which they had been achieved. This issue generated the most discussion from respondents and there is little consensus either as the appropriateness of the original measures or the extent to which they have been achieved. The following quotes typify the discussion generated around this issue. The first two quotes generally endorse the appropriateness of the targets, but both point out differing issues relating to the first target – that women should account for 40% of customers using government sponsored business support services - the first raises issues of quality and the second raises issues of quantity. The third quote addresses each of the three quantitative targets, highlighting particular concerns about the third target relating to women from ethnic minority communities. The fourth quote, below, also raises a concern that quantitative targets do not address issues of survival and sustainability of female owned enterprises.

*“The 18-20% start up rate is ... a good indicator of increased activity and climate. I also think the proportion of ethnic minority women receiving business support to be commensurate with the population is a strong, appropriate measure. The 40% support figure is useful specifically for business support organisations, but no indicator of the *QUALITY* of the support those women would get from (e.g. Business Links) nor whether they actually go on to start an enterprise.”*

“These targets seem to be a fair starting point. We also need to address the smaller size and lower profitability of women-owned enterprises – although without

disregarding the desire among many women to trade part-time. I don't have access to contemporary data as to how far the targets have been achieved. My limited contact with business services does not suggest any major cultural shift towards prioritising or targeting women, so I would be very surprised if the target of ensuring that 40% of users of government services are women has been achieved."

"Target 1 hasn't really been taken on board by RDAs and BL, partly because a) they remain indifferent, or b) because it feels a 'leap too far'. This may be partly a timing issue (most felt it was too much too soon) and partly the leadership and cultural characteristics of individual RDAs and BL operators (even before the latter transferred from SBS). This is code for not recognising (until much more recently) that women are a critical business market for business support. Target 2 has been more effective simply because it's measured on a more global basis and tends to iron out huge local and regional differences in performance, as well as perhaps benefiting from exogenous economic factors. It also makes what little accountability for women's enterprise seem more remote and less 'emotive' for RDAs et al. Target 3 hasn't been recognised or even discussed by most agencies in the policy and delivery hierarchy, except by SBS very late in the day (from September 2005) and few resources have been targeted specifically at BME WiE at any level. Lack of statistical baselines complicate matters in that even when SBS are commissioning enterprise research, virtually no effort is put into ethnic and gender disaggregation of data. ... The target in any case feels like a 'bolt on' simply because of the lack of subsequent discussion or coverage in the rest of the framework."

"It is difficult to know to what extent the targets have been achieved as figures vary depending on what research you look at. For example, [there has been] no increase in the percentage of self-employed women between 1995 and 2005, that is 1995 - 26% of self-employed population and 2005 - 26% of self-employed population. Similarly GEM 2005 indicates minimal change in the numbers of female entrepreneurs - but as the male numbers are in decline it may be that all this activity around women has maintained the status quo rather than seeing a decline in numbers. I also think that some kind of sustainability measurement should have been factored into the targets to measure the longer-term effectiveness of initiatives and activities. It's all very well increasing the number of women starting new businesses however more importantly we need to know how many are surviving and growing? ...Data around this issue would be considered vital in longer term assessment."

The final three quotes in this section provide a more equivocal view of the three quantitative targets. Their views suggest that these targets are too narrow in scope, too complex to be easily reduced and measured or even, in the case of the last quote, desirable.

"The Framework would have benefited from demonstrating how investing in female entrepreneurship along the start up journey could effectively achieve a wide range of Government targets. The current quantitative targets a) provide a very narrow view of perceived success, attached to the DTI perspective relating to business support [and] b) don't give the opportunity to measure progress towards achieving the ultimate targets (for example, softer outcomes which may have a longer term impact)."

“I am not convinced that the quest to measure outcomes can ever be successful - so ... if we do not know how many female owned firms are out there, how can we calculate expansion. This of course, raises the issue of what criteria we use to count them in the first place. Consequently, it's a bit like building on quick sand. Given the relatively static proportion of female owned enterprises that we do know about, I would have to conclude that the aim to expand capacity has not been successful.”

“I am not convinced that such stand alone policies will be that effective or certainly not in the short term. However, I would emphasise that for women entering self-employment or considering this step, dedicated support and information is invaluable. So, I suppose ... this type of framework is key to support those women in business and those considering going into business, but I am not sure it's ambitions to open up the self employment route in the wider sense in the shorter term will be realised. I think the comparisons with the US, for example, are not that useful as their dedicated policy focus has been under way for many years so [if] we are looking at longer term change, this has to be factored into a population underpinned by inward migration where self employment is then more attractive plus the welfare policies (or lack of them) and of course, the supplier diversity policies. We may not be convinced by the latter but they are a good device to make more firms look female owned.”

Key Issues Currently Facing Women Business Owners

Respondents were asked to put forward their views on the key issues that currently face women business owners. Most respondents, including respondents from banks, cited access to finance as the main constraint. But, respondents were also clear that access to finance was the responsibility of women business owners themselves, rather than seeing the problem as resulting entirely from bank practices. Nevertheless, financial institutions do not all emerge with flying colours. The respondent who offered the second quote below is damning in her criticism of the private equity and venture capital arenas. The issue of patronising attitudes also comes through in the third quote, but here complaints aren't restricted to the finance industry, but are also seen to permeate business advisory services and business lobby groups.

“Access to finance continues to be the main constraint, even for experienced businesswomen. Confidence is also still a main issue for these women even once they are established (our own qualitative research in 2006 backs this up).”

“Fear of failure; discomfort around approaching financial institutions / business angels / VC arenas etc simply because it is, generally speaking, pretty alien, VERY male dominated and pretty clubby especially the latter two. The access to finance issue is as much on the demand side as the supply side and I think that can often be overlooked, as Banks are an easy 'blame' target. The small scale of women's businesses and slower growth is an issue when banks are looking at providing start up funding and the general apathy around start up funding support in the UK must be an issue. Women not being prepared to provide security (and I mean not prepared as opposed to unable) for borrowings will continue to be an issue. General UK attitude to start up funding is a challenge for all start ups, not least women. Confidence is a huge issue, especially for those with chequered career histories due to child rearing.”

“[I am] not entirely sure but I still hear of sexist and patronising attitudes prevailing in financial institutions,... which I think, impact on the way women are supported in business and self-employment. There are clearly still huge issues in the transition off benefits into self-employment and business, and in how women are able to undertake parallel activities, e.g. their caring duties. I also hear that lack of affordable, flexible starter premises is made even more problematic by the previous point.”

In addition to the issues of finance and the sometimes patronising attitudes, some respondents took a broader view of the key issues facing women business owners. The respondent quoted below identified the exclusion of the self-employed and business owners from statutory employment rights and welfare systems as one of the key issues facing women in business.

“Poor access to start-up capital. Barriers to claiming benefits and tax credits when starting up AND when trading while drawing no or little income. An almost total lack of partnership between enterprise advice, childcare and welfare systems. A lack of advice about the specific challenges of operating a part-time business; the lack of status afforded to part-time businesses in Government policy and business advice networks. The struggle to find and pay for care services (including within the family) to relieve women from parenting and care obligations to trade for the duration, and at the times, their businesses demand. The exclusion of the self-employed from Statutory Maternity Pay and rights to Maternity Leave; the contingency of Maternity Allowance on taking maternity leave. Advice on how to convert business networking into sales or other business benefits. Patriarchal relations within the family that construct women’s role in family and husband/wife businesses as minor or invisible. A lack of role models.”

Finally, one respondent cited domestic issues of childcare responsibilities as the key problem facing women in business, but unlike other respondents, these were seen both as a key issue and one that should be addressed by the individual woman. Respondents provided opposing views regarding the extent of the problems posed by childcare and caring responsibilities and whether these should be a matter of policy consideration or whether they should be resolved at the individual level.

“Domestic responsibilities are always going to be a MAJOR challenge for women, but we must not forget that in the MOST part, these are about CHOICE (i.e. choosing to have children) and so must be managed by the individual if someone is serious about running a healthy, growing business. Having it all is probably impossible and certainly very difficult - but this is not the problem of financial services institutions in the last analysis...though they need to understand its potential impact.”

The Focus of the Strategic Framework

Respondents were next asked to comment on the extent to which the Strategic Framework addressed the key issues facing women's enterprise. The first two quotes below both cite specific examples of key issues that these respondents believe have been omitted from the Framework. The first comment relates to the provision of adequate support for parenting and other caring responsibilities, where this respondent clearly outlines the importance of this issue. As the previous section indicated, the issue of policy support for childcare responsibilities drew very mixed responses from respondents. The second quote, while broadly supporting of the content of the Framework, suggests a revised focus on confronting attitudes towards failure, debt and risk. A focus on attitudes recurred throughout the responses with some reporting that negative attitudes and a lack of confidence were key areas of concern.

“The issue of combining owner-management with parenting and other care responsibilities is not adequately addressed. Little is said about the particular care support needs of owner-managers (compared with the employed), the utility of the tax credit system in supporting care costs, joining-up the childcare and enterprise support systems or about promoting part-time enterprise as a means of combining owner-management and care responsibilities.”

“Yes - though fear of failure, attitudes to debt and risk could be made more prominent”

The following quotes are also broadly supportive of the Framework and suggest that the Framework had focused on key issues. The first, from a banker, had found the Framework particularly useful in raising the profile of women's enterprise within her own organization. The next quotes suggest that, while the focus of the Framework had been appropriate at the time it was published, the landscape of women's enterprise has since changed, and a refocus was required.

“The Strategic Framework has been useful in terms of gaining credibility within the Bank to emphasise the economic value of targeting female enterprise - certainly the DTI and SBS backing has been useful in this respect for us, in terms of gaining commitment to develop our programme.”

“Yes, to an extent. However time moves on and the following are important. [Firstly] BME women – there is more nuanced advice that could be set out to support that strand of work. [Secondly] much more needs to be done to support RDAs and BL in supporting the agenda - much of what has happened/progress has been piecemeal. A greater recognition of key leadership and engagement is required if any further target setting is envisaged.”

“In any successful business, customer data would be critical but we still (in the publicly funded business support field) have poor data capture with all sorts of daft excuses being given for non-collection/compliance. Support and advice should be given on the business case not only for women’s enterprise, but for comprehensive and efficient data collection for both marketing and business development purposes (in publicly funded business support systems).”

“Deproliferation and simplification is at an early stage and it is too soon to see what effect this will have on the current business support system except, ostensibly to reduce client confusing and increase effective branding. It remains an issue that existing women’s enterprise organisations remain unfunded whilst RDAs/SBS are investing in piloting women’s enterprise provision elsewhere - this presumably runs counter to deproliferation and yet at the same time, there's an issue for extending the IDB model to include specialist business support.”

The final two responses to this question were more critical of the Framework. The first draws attention to the long term and intractable nature of women’s enterprise, pointing to the connections between self-employment by women and their overall position within society and the wider economy. The second quote also highlights the need for more long term action which might not be reduced to a quantitative target, but focuses on the need to develop sustainable businesses and softer aspects of business support.

“My view of key issues takes a broader stance. I just do not see that this 'problem' has a quick fix solution which arises from short term policy initiatives or taking enterprise into schools etc. ... I really think that the propensity of women to enter self-employment reflects the broader socio-economic context as does their experience once there. ...More 'joined up' action so that this type of strategic framework links into work being undertaken by the EOC for example, would be more constructive. Drawing attention to the specific characteristics of women's enterprise and why these may be disadvantageous for their development and success is critical but these must be seen as part of a larger picture.”

“I know this is a loser, but I really think focusing on making businesses more sustainable, supporting those who chose to go into business, identifying successful and atypical role models, focusing on things like micro credit etc which aims at the areas where women are at the moment, would be more useful than banging on about the 40 percent target. Again, to be sniffy about it, I am not sure that it is that ethical to encourage more women to go into self employment until the bigger picture is fairer so their business can then be more diverse, more sustainable etc.”

Implementation at the Regional and Local Level

Respondents were asked whether they believed that the Strategic Framework offered sufficient guidance on implementing policies and initiatives at the regional and local level. Respondents showed some support for the manner in which the Strategic Framework had

originally been communicated, but were rather critical of the manner in which the framework had been adopted at the regional and local levels.

“It did, but wasn't as widely read and assimilated EARLY ENOUGH. It now feels somewhat dated and stale and there's something missing around the new RDA duties and the role of enterprise in regeneration and the implications for some local authorities and strategic partnerships etc.”

“It's a robust and clear document that effectively sets the stage for activity - but it needs to be backed up by face to face support (for example, the local co-ordinators that were employed in some regions).”

“I did observe a total lack of knowledge about the Framework in a local authority with whom I worked to write a Local Enterprise Growth Initiative (LEGI) bid. Awareness of the barriers facing women's enterprise, and even understanding of the priority placed on raising women's enterprise in national policy, was also poor. The local RDA has appointed a lead on women's enterprise but the success of this strategy in raising the profile of women's enterprise in local initiatives seems to be limited, probably due to a lack of resources. After an initial consultation, I have not heard anything about how the Framework has been taken forward regionally. There does not seem to have been any leadership in championing women's enterprise within LEGI bids – this seems to be an important missed opportunity to draw in extra resources for the development of women's enterprise.”

“[T]he advice to include childcare allowances in pre-business and start-up programmes has not been universally (or even marginally?) implemented. Programmes claim they have not been informed about or given funding to implement this policy. They do not even seem to have been urged to adjust their budgets to include childcare allowances. Thus, implementation of a key recommendation has lacked both leadership and 'bite'. I was also told by a leader in a local Business Link that to get into the issues of helping business starters to claim benefits and organise childcare would be to 'let the Jobcentre off the hook' – reflecting poor understanding of the limited services offered to promote self-employment in Job Centre Plus, a disinterest in businesses started from a position of disadvantage and a masculine model of business that continues to dominate the business advice culture.”

Recommendations at the National and Regional Level

Finally, respondents were asked what recommendations they would like to make to national and regional bodies for guiding the future development of policies and initiatives to support women's enterprise. The quotes below provide a wish-list for future action, with some respondents providing very specific recommendations for implementation, and others taking a broader perspective regarding better education and communication. The final quote calls for a re-launch of the Strategic Framework, with greater RDA involvement and with information regarding the progress that has been made.

“On benefits and tax credits - we urgently require research into the experiences of women trying to make benefit and tax credit claims while starting or running businesses. This is vital to informing us about the adjustments required in these systems in favour of business starters and owners. The issue of entitlement while making low or no drawings is particularly urgent.”

“On part-time trading – trading on a part-time basis is favoured by many women but poses a particular set of challenges. It may not be viable in all types of business. This issue is rarely explicitly addressed, perhaps due to a policy focus on growth business. This alienates many women and may cause waste through the start-up of non-viable enterprises.”

“On childcare - As in the employment system, we need childcare that suits the needs of families (in the case of business owning families, this may include out-of-hours and flexible services) and childcare subsidies. Women may also need integrated advice services, in which they can discuss business challenges alongside the challenge of fulfilling domestic responsibilities and achieving a reasonable work-life balance. This could be enabled through inter-agency working between the childcare, enterprise and welfare systems at the local level. All start-up programmes must include childcare allowances as standard elements – as stated in the Framework.”

“On maternity – It is vital that current policy attention on maternity rights includes a strategic review of the rights enjoyed by the self-employed. We also need research into the impact of pregnancy and maternity on women’s enterprise in order to develop interventions to remove the barrier that reproduction may pose to women’s enterprise.”

“Over focusing on DTI/RDA at the moment - the RDAs should be providing leadership on a regional basis (with commitment at Board level), but focusing solely on this isolated policy area is to the detriment of the broader agenda. Actively bring the LSC into this agenda. Enterprise isn't one of the LSC's core targets, but a focus on skills which will fuel women's journey into enterprise would surely pay dividends. Recognise the opportunity of engaging Jobcentre+, focusing on softer targets. ODPM to include female entrepreneurship as a key measure for next round of LEGI bids, plus include as an indicator in LAA targets re Business & Enterprise”

“Huge question.....I think a lot of this is around education for female entrepreneurs; education about finance options, jargon, speaking the language of business, reality checks (around security, growth aspirations, personal sacrifice etc) and education amongst the financial community around the way that women communicate - as I think a lot of misunderstanding and frustration can arise out of the different communication styles that men and women often display. A better relationship between public sector and the Financial Services industry (in terms of mutual understanding at all levels) would be positive.”

“The framework could do with revamping / re-launching - with a much bigger leadership role by the RDAs, maybe jointly led by the RDAs leading on WE/Diversity and Enterprise. Get them to re-launch with ministerial involvement, linked maybe to an adapted GEM process, with a real feel for progress on the ground, and what more needs to happen at policy, commissioning/contracting through to delivery levels.”