

Strathclyde Business School

The Gender Index: breaking the gender gap barriers for inclusive growth

By [Aylin Ates](#) - Posted on 13 March 2024

Dr Aylin Ates, Reader, Hunter Centre for Entrepreneurship, was part of the Strathclyde team who compiled the Scottish analysis of the latest Gender Index report. Here, she shares some detail of the report.

As we celebrate [International Women's Day](#), the [Gender Index \(TGI\) 2024 report](#) is published this month that brings robust evidence and data to highlight some of the persistent issues in relation to female leadership in UK businesses. In 2021, 51% of the population in England and Wales was women and girls. Similarly, in Scotland in 2022, 51.4% of the population was female. This proportion has not changed much since the 2011 census. Although female and male ratio in the population is balanced, female representation in business leadership is strikingly imbalanced. Women are vastly underrepresented in business leadership. In fact, we have only one in five businesses that are female led in the UK (The Gender Index, 2024). Why is it not more like 50:50 as one would expect?

Education at school's level plays a key role in encouraging more girls and women into starting up businesses and engaging with entrepreneurial activity (The Gender Index, 2024). However, it is clear that there is more to it than education... The gender 'gap' in attainment is an issue in Scotland as well as internationally because [girls, in fact, consistently outperform boys in national examinations](#). For example, according to a recent report by the [Equality and Human Rights Monitor 2023](#), in 2020/21, 60.6% of boys achieved one pass or more at SCQF level 6, 10.9 percentage points lower than among girls (71.5%) in Scotland. So, what happens down the road once women and girls enter the world of business? Why are females leading less than 20% of all businesses in the UK but not 50%? Why are women vastly underrepresented in leadership positions? What does stop them? What are the barriers?

The Gender Index is an impactful UK wide initiative to address this persistent issue to better understand female leadership in business and entrepreneurship. It is a partnership including leading academics in leading universities representing all four Home Nations (Strathclyde, Cardiff, Queens University Belfast, Warwick, Oxford and King's College London) and industrial partners such as HSBC Innovation Banking, AWS, mnAi, NatWest Group, Goldman Sachs, Vivid, ERC and Shoosmiths. The Gender Index applies the modern analytics technology and Machine Learning to comprehensive data sets (inclusive of all active companies that are both VAT-registered and VAT exempt) to draw evidence and insights to support policy to drive positive change. In summary, The Gender Index report revealed that in 2023, there were a total of 4,954,534 active companies in the UK, with only 20.1% being led by females. In other words, only one in five active companies was female led, pointing to persistent underrepresentation amongst active companies in the UK. The

highest share of female-led companies was found in England (20.3%) followed by Scotland and Wales (19.4% and 19.7% respectively), while the lowest share was found in Northern Ireland (17.8%). Between 2022 and 2023, Scotland reported the highest decrease in the share of female-led companies among all Home Nations.

The report also highlighted gender gaps in the UK investor landscape. 16.5% of female-led companies in Scotland secured debt, indicating a 3.2% higher rate than London. This suggests a potential willingness of debt providers in Scotland to support female entrepreneurs. However, particularly in 'love investment' (i.e., from a source known to the business through a family member), female investors surpassed male ones by over 150%, suggesting that female investors and company leaders are more reliant on their personal and family networks rather than external sources for attracting funding.

In terms of fast growth companies, female-led companies accounted for only 12.4% across the UK, where 12.9% in Scotland were female-led, indicating a significant underrepresentation. Compared to the previous year, a decline can be observed in the share of female-led fast growth companies in Scotland (13.6% in 2022).

Also, generational analysis revealed that the [Silent Generation](#) female-led companies were 20.7% of all female-led companies, followed by Millennials, Gen X, and Gen Z, all around 19.1%, and Boomers at 18.7%. Regarding the Boomers generation, Scotland performs better than London (18.3%). Despite the underrepresentation of women, female-led companies grew sales more rapidly than their male-led and mixed-leadership counterparts from 2022 to 2023.

Regarding exporting, the proportion of female-led companies engaged in exporting in Scotland was 10.1%, below the UK average of 12.6%. Scotland ranked the lowest in the UK for female-led exporting companies. In 2023, the proportion of female-led companies in Scotland engaged in importing was 12.3%. Additionally, the international orientation of female-led companies was lower compared to male-led ones, with only 1.3% of female-led companies in Scotland involved in import and export. Lastly, taking female-led and mixed-led (female and male) companies together provide an overall picture of the proportion of companies in which women have a leadership role. England reflects the national average at 36.9% and this rises to 37.7% in Scotland.

The Gender Index clearly shows that we need to do more collectively to address persistent gender disparities in business by thinking, acting, and co-creating solutions together for inclusive growth that ultimately benefits the economy and society. There are positive movements to bind the gender gaps in business leadership in Scotland. For example, CPD programmes like the [Growth Advantage Programme](#) at Strathclyde Business School and the [Aspire Fund](#) are helpful efforts to mitigate barriers for female entrepreneurs. Also, the [Scottish Government's Pathways: A new approach for women in entrepreneurship](#) report offers insights into these barriers and outlines strategies for economic policies that support gender equality and the empowerment of women in business.

To conclude, International Women's Day aims to accelerate women's equality in society. Let's remind ourselves that a more inclusive society means tapping into diverse talent and release potential for further economic growth. Everyone can play a role in this by reducing system level

economic and cultural biases against women and girls. Do we just expect men to work full time, start and lead businesses, when the norm is that it is optional for women due to various reasons such as childcare etc? After all, we rarely hear of a ‘working dad’ but the term ‘working mum’ is everywhere. Let’s break those barriers to a more inclusive and progressive society.

Note: The Gender Index Scotland Narrative 2024 Report is led by Professor Eleanor Shaw and developed in collaboration with Dr Aylin Ates, Dr Samuel Mwaura, Dr Paul Lassalle, Professor Sreevas Sahasranamam and Dr Saurabh Lall.

About [Aylin Ates](#)

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