

Written evidence from Dr. Nan Jiang, Dr. Asieh Tabaghdehi and Professor Catherine L. Wang on 14 March 2025, Brunel University London [FEN0085]

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A. We wish to respond to the following questions:

Question 1. What are the barriers facing women, including specific groups of women such as those from an ethnic minority background, seeking to start and grow successful businesses in the UK?

Question 2. In which sectors of the economy do women face the greatest barriers to entrepreneurship, why is this, and what could be done to tackle them?

Question 4. What examples are there of best practice in supporting female-led entrepreneurship, both in the UK and internationally?

B. Executive Summary

B.1. Women entrepreneurs face persistent structural and financial barriers in launching and scaling businesses, particularly in high-growth sectors such as technology, finance, and manufacturing.

B.2. Limited access to funding remains a critical challenge, with only 2% of equity investment in the UK allocated to fully female-founded businesses, restricting opportunities for growth and innovation.

B.3. Gendered barriers, including exclusion from high-value business networks, significantly hinder women's ability to expand and sustain their enterprises, reducing access to mentorship, funding, and industry connections.

B.4. Women from ethnic minority backgrounds face compounded challenges, including restricted financial access and an overreliance on co-ethnic networks, which limits their integration into mainstream investment and business ecosystems.

B.5. High-growth industries such as technology, finance, and manufacturing pose additional barriers due to gender bias, limited mentorship opportunities, and underrepresentation of women in leadership and funding allocation.

B.6. International models, particularly China's targeted financial and mentorship initiatives, provide valuable insights that could inform UK policy adaptations to enhance financial inclusion, business support, and facilitated networking opportunities.

C. Responses to Specific Questions

Question 1. What are the barriers facing women, including specific groups of women such as those from an ethnic minority background, seeking to start and grow successful businesses in the UK?

- 1.1 Women entrepreneurs can face a multitude of challenges, from getting their start-up off the ground to growing their business and achieving business success. Although the UK small business landscape has seen an increase in women entrepreneurs in recent years, they are still the minority. New start-ups with at least one female director have seen a steady increase, growing from 211k to a record 272k between 2013 and 2022, but this constitutes only 34.2% of the total business incorporations in 2022¹.
- 1.2 Inequality also exists in business outcomes, and women entrepreneurs from ethnic minority backgrounds continue to face the biggest disparities in business outcomes. For example, according to a report by British Business Bank in 2020², 37% of Black female business owners and 36% of female business owners from Asian and other ethnic minority backgrounds reported making no profit in the previous year, while this number is 15% for white female business owners.
- 1.3 Closing the gender gap and the ethnicity gap in high-growth businesses can help boost the UK economic growth. This requires a systematic understanding of the barriers to women entrepreneurship and putting together effective support to help women entrepreneurs overcome challenges.
- 1.4 Several reports, including British Business Bank in 2023³, have identified a range of barriers to women entrepreneurship. Another example is the Equality Hub in 2024⁴, pointing out that **access to funding** is one of the most persistent barriers to growth in female-led businesses: only 2% of equity investment in the UK goes to fully female-founded businesses.

¹ Beauhurst (2023). *Gender and Diversity in UK Tech: Women Founders and Other Underrepresented Entrepreneurs*. Accessed on 3rd March 2025.

² British Business Bank (2020). *Alone Together: Entrepreneurship and Diversity in the UK*. Accessed on 3rd March 2025.

³ British Business Bank (2023). *Small Business Equity Tracker 2023*. Accessed on 3rd March 2025.

⁴ Equality Hub (2024). *Women-Led High-Growth Enterprise Taskforce Report*. Accessed on 3rd March 2025.

- 1.5 This gender inequality is mirrored by the lack of diversity in senior investment roles – only 11% of senior investment roles are filled by women⁵, and 85% of the total venture capital assets in Europe are managed by men compared with 15% managed by women⁶.
- 1.6 UK start-up financing is particularly bleak for ethnic minority entrepreneurs with lower personal income and in the absence of personal wealth, and hence in need of access to external finance. Existing research claims that such disparity in access to funding could be caused by a higher level of perceived risk due to the lack of collateral, differences in creditworthiness and information asymmetry between ethnic minority entrepreneurs and financial institutions⁷.
- 1.7 **Access to network resources** is another key barrier. Women entrepreneurs in the UK and around the World, especially in low- and middle-income countries face gendered barriers to accessing network resources. These include gender bias and stereotypes, social norms and discrimination, limited mobility, lack of time due to unpaid care work, childcare and family commitment, and lack of confidence in networking⁸.
- 1.8 Ethnic minority entrepreneurs often rely on their family and co-ethnic resources, and their behaviours, social relations and economic transactions are shaped by their cultural heritage⁹, bounded by co-ethnic social structures and locations¹⁰.
- 1.9 A study of Chinese and Turkish ethnic minority entrepreneurs in London reveals that co-ethnic networks have mixed effects on entrepreneurial behaviour: while co-ethnic network resources may be more readily available, more convenient to access and at a lower cost than mainstream network resources, they are not necessarily conducive to business growth¹¹.
- 1.10 Breaking into the mainstream networks to access finance, knowledge and skills and even public sector procurement schemes would help ethnic minority entrepreneurs gain innovative ideas and resources for scaling up their businesses¹².
- 1.11 Another key aspect relates to **access to training and education**. Although women entrepreneurs' education background may not be directly associated with their business success (London Chamber of Commerce and Industry, 2022), the steady increase of women entrepreneurs in technology sectors suggests that education is the backbone of high-growth technology-based businesses.
- 1.12 Education also contributes to social mobility through employment, which helps women gain relevant experience towards setting up their own businesses. Fundamentally, women entrepreneurs would benefit from training and education to improve their self-

⁵ British Private Equity and Venture Capital Association (BVCA) & Level 20 (2023). *Diversity & Inclusion*. Accessed on 3rd March 2025.

⁶ de Bruin, S. & Munoz, M. (2022). *European Women in VC*. Accessed on 3rd March 2025.

⁷ British Business Bank (2021). *Small Business Finance Markets Report*. Available at: <https://www.british-business-bank.co.uk>.

⁸ Hearle, C. (2023). *What Works to Promote Women's Economic Empowerment, WOW Helpdesk Query No. 76*. London, UK: WOW Helpdesk.

⁹ Aldrich, H. E. & Waldinger, R. (1990). *Ethnicity and Entrepreneurship*. *Annual Review of Sociology*, 16, 111-135.

¹⁰ Zhou, M. (2004). Revisiting ethnic entrepreneurship: Convergences, controversies, and conceptual advancements. *International Migration Review*, 38, 1040–1074.

¹¹ Wang, C. L. & Altinay, L. (2012). *Social Embeddedness, Entrepreneurial Orientation and Firm Growth in Ethnic Minority Small Businesses in the United Kingdom*. *The International Small Business Journal*, 30(1), 3-23.

¹² London Chamber of Commerce and Industry (2022). *Ethnic Diversity in Business: Removing Barriers to Impeding Business Success*. Accessed on 3rd March 2022.

confidence and develop entrepreneurial self-efficacy – a sense of self-belief in their ability to start up and run a successful business^{13 14}.

1.13 For ethnic minority women entrepreneurs, training and education can be an effective way for them to break into mainstream networks and finance, bridging the gender and ethnicity gap in business growth.

Question 2. In which sectors of the economy do women face the greatest barriers to entrepreneurship, why is this, and what could be done to tackle them?

2.1 In the **technology and digital sectors**, women often face challenges scaling their businesses due to limited access to funding and a gendered network gap. In addition, societal stereotypes about women in tech contribute to limited opportunities for leadership roles and investor confidence, creating a significant obstacle for women entrepreneurs trying to grow their businesses¹⁵.

2.2 Similarly, in the **finance and fintech sectors**, although these are highly lucrative fields, women-led startups often struggle to secure capital. Research shows that investors frequently exhibit gender bias, resulting in lower levels of funding for women entrepreneurs compared to their male counterparts, which hinders their ability to scale and sustain businesses in these sectors¹⁶.

2.3 Furthermore, in **manufacturing and industrial sectors**, women encounter unique challenges such as limited access to industry-specific resources and networks, which are essential for business growth and market expansion. The predominantly male culture in these sectors often exacerbates these barriers, preventing women from accessing crucial mentorship and leadership opportunities.

2.4 The barriers women face in sustaining and growing businesses are driven by several key factors. One of the primary challenges is **access to capital**. Despite advancements in supporting female entrepreneurship, gender bias in investment continues to be a significant hurdle. Women are more likely to receive smaller investments, and they are often undervalued by venture capitalists, which directly affects their ability to compete and grow¹⁷.

2.5 Additionally, societal **expectations of women's role in caregiving** create significant challenges for women entrepreneurs¹⁸. The disproportionate burden of caregiving

¹³ Boyd, N. G. & Vozikis, G. S. (1994). *The Influence of Self-Efficacy on the Development of Entrepreneurial Intentions and Actions*. *Entrepreneurship Theory and Practice*, 18, 63–77.

¹⁴ Chen, C. C., Greene, P. G., & Crick, A. (1998). *Does Entrepreneurial Self-Efficacy Distinguish Entrepreneurs from Managers?* *Journal of Business Venturing*, 13, 295–316.

¹⁵ Wilson, A. W. & Patón-Romero, J. D. (2022, May). *Gender equality in tech entrepreneurship: A systematic mapping study*. In *Proceedings of the third workshop on gender equality, diversity, and inclusion in software engineering* (pp. 51-58).

¹⁶ Serwaah, P. & Shneor, R. (2021). *Women and entrepreneurial finance: A systematic review*. *Venture Capital*, 23(4), 291-319.

¹⁷ Morazzoni, M. & Sy, A. (2022). *Female entrepreneurship, financial frictions and capital misallocation in the US*. 0304–3932, 129, 93–118.

¹⁸ Ruderman, M. N., Ohlott, P. J., Panzer, K., & King, S. N. (2002). *Benefits for multiple roles for managerial women*. *Academy of Management Journal*, 45(2), 369–386.

responsibilities often leaves women with limited time and resources to devote to business growth, especially in high-pressure sectors. This imbalance can result in slower business expansion and difficulty in sustaining operations in these sectors.

2.6 Lastly, **persistent cultural and gender norms** continue to affect women entrepreneurs. In traditionally male-dominated sectors such as finance, technology and manufacturing, women are often perceived as less capable, which leads to reduced opportunities for leadership roles, expansion, and credibility¹⁹.

Question 4. What examples are there of best practice in supporting female-led entrepreneurship, both in the UK and internationally?

4.1 Female entrepreneurs in the UK continue to face structural barriers that hinder their ability to start and scale businesses, particularly in high-growth sectors (refer to details in Question 2). While both the UK and China have implemented initiatives to support female entrepreneurship, China's **targeted and nationally coordinated interventions** have demonstrated notable effectiveness in addressing key obstacles such as financial exclusion, access to high-growth sectors, and entrepreneurial networking—areas where the UK continues to face persistent challenges.

4.2 In China, the government plays a proactive role in fostering female-led businesses through national policies, funding programmes, and structured mentorship networks. Organisations like the Chinese Women Entrepreneurs Association provide critical guidance, while various **government ministries and departments supported business incubators** to prioritise women-led ventures in **targeted high-growth sectors**, such as technology, AI, and e-commerce. These initiatives help female entrepreneurs overcome market entry barriers and scale their businesses more effectively^{20 21 22}.

4.3 In contrast, the UK's approach largely relies on market-driven solutions, with private-sector initiatives and third-sector organisations leading support efforts as reported by the British Business Bank in 2021. While programmes such as the Investing in Women Code and the Start-Up Loans Scheme aim to close gender gaps in finance, their voluntary nature limits their overall impact, making them less effective in ensuring equal access to resources (as discussed in Question 1).

¹⁹ Bullough, A., Guelich, U., Manolova, T. S., & Schjoedt, L. (2022). *Women's entrepreneurship and culture: Gender role expectations and identities, societal culture, and the entrepreneurial environment*. *Small Business Economics*, 58(2), 985-996.

²⁰ Council on Foreign Relations (CFR) (2023). *Make China's Female Entrepreneurs Count: Let's Go Beyond Just Counting Them*. Available at: <https://www.cfr.org/blog/make-chinas-female-entrepreneurs-count-lets-go-beyond-just-counting-them>. Accessed on 26 Feb. 2025.

²¹ Georgetown Institute for Women, Peace and Security (GIWPS) (2021). *East Meets West: Women Entrepreneurs in China*. Available at: https://giwps.georgetown.edu/wp-content/uploads/2021/02/East_Meets_West_Women_Entrepreneurs.pdf. Accessed on 26 Feb. 2025.

²² Xian, H. P. & Jiang, N. (2020). *Chapter on Women Involvement in Chinese Entrepreneurship and Family Businesses*. In McAdam, M., & Cunningham, J. A. (Eds.), *Women and Global Entrepreneurship: Contextualising Everyday Experience*. Routledge.

4.4 One of the most pressing challenges for female entrepreneurs in the UK remains access to capital, which is further exacerbated by gender biases in investment decisions. Studies indicate that women-led businesses receive significantly less venture capital than their male-led counterparts due to implicit investor biases and a preference for male-led start-ups in high-growth industries²³.

4.5 China, however, has developed alternative financial models to mitigate these biases. AI-driven microfinancing initiatives, such as those pioneered by Alibaba's Ant Financial, assess business potential using data-driven algorithms rather than traditional credit metrics, making financing more accessible to women entrepreneurs.

4.6 In the UK, solutions such as impact investing and crowdfunding have had some positive effects, but these remain fragmented and underutilised, failing to systematically address the structural biases within venture capital funding. **Integrating gender-lens investing principles** into mainstream financial institutions and **expanding AI-driven lending mechanisms** could be explored to enhance financial inclusion for female entrepreneurs in the UK.

4.7 Beyond financial barriers, the absence of targeted entrepreneurial networks for women in high-growth sectors further restricts access to purpose-driven mentorship, funding opportunities, and business expansion.

4.8 In China, female entrepreneurship networks supported by public sector authorities, such as the All-China Women's Federation, ensure that women-led SMEs receive structured mentorship, funding, and integration into high-value supply chains²⁴. These networks also influence policymaking, advocating for regulatory changes that foster a more inclusive business environment.

4.9 The UK's support system is comparatively more organically structured, with independent initiatives such as Enterprise Nation's Female Founders Hub and Women in Innovation (Innovate UK) offering mentorship and networking opportunities. However, these initiatives often lack sector-specific focus, leaving women in industries such as technology and finance struggling to access high-value networks that remain male-dominated²³.

4.10 **Expanding structured and targeted mentorship programmes**, along with **industry-specific entrepreneurial networks**, could provide UK female entrepreneurs with stronger pathways to scale their businesses and contribute more effectively to traditionally male-led industries.

4.11 Both China and the UK continue to see women entrepreneurs overrepresented in lower-growth sectors such as retail, beauty, and education, while remaining significantly underrepresented in industries like technology, finance, and manufacturing²⁵.

²³ Nevi, G., Ancillai, C., Pascucci, F., et al. (2025). *Investigating female entrepreneurship: A micro-perspective of drivers and barriers for aspiring and experienced women entrepreneurs*. International Entrepreneurship and Management Journal, 21(11).

²⁴ UN Women (2022, June). *Joint efforts on empowering women-led SMEs in the context of COVID-19 recovery*. UN Women Asia and the Pacific. Retrieved from <https://asiapacific.unwomen.org/en/stories/press-release/2022/06/joint-efforts-on-empowering-women-led-smes-in-the-context-of-covid-19-recovery>.

4.12 In China, younger generations are driving efforts to reshape gender norms, contributing to a shift in these patterns. The visibility of high-profile female entrepreneurs such as Zhou Qunfei (Lens Technology) has played a pivotal role in challenging traditional perceptions of women's roles in STEM fields, encouraging greater female participation in high-growth industries ²⁶.

4.13 The UK was reported to make slower progress in shifting cultural perceptions, with women-led start-ups in technology still securing less than 3% of total venture capital investment⁷. Encouraging the promotion of high-profile female entrepreneurs as **role models** through media campaigns, expanding government-funded accelerators for women-led start-ups in STEM, and integrating **entrepreneurial education into STEM curriculum** could help reshape the cultural narrative surrounding female entrepreneurship and drive broader participation of women in high-growth sectors.

D. Recommendations

D.1. Improve financial inclusion frameworks by increasing **government-led venture capital access** and **gender-focused investment policies**. Introduce **targeted funding schemes** for **women-led businesses** in high-growth sectors such as **technology, AI, and manufacturing** to ensure equal funding opportunities and long-term business sustainability.

D.2. Develop structured mentorship and network-building programmes through **sector-specific accelerators, industry alliances, and public-private collaborations**. These initiatives should **connect women entrepreneurs with key investors, business leaders, and supply chain opportunities**, ensuring stronger integration into **high-value networks**.

D.3. Implement adaptive work-life integration policies that include **flexible financing options, parental support schemes, and business grants**. These measures will help address **disproportionate caregiving responsibilities**, which often hinder female entrepreneurs from fully engaging in **business growth**, especially in **high-demand industries**.

D.4. Utilise AI-driven lending mechanisms, such as **AI-powered credit scoring and blockchain-based microfinance**, to reduce gender biases in financing. Expand alternative investment models, including **impact investing and crowdfunding**, to ensure greater accessibility to capital for female entrepreneurs, particularly those from **underrepresented backgrounds**.

D.5. Promote greater transparency and accountability in investment practices by implementing **gender-responsive investment criteria**. Introduce **mandatory impact assessments** on **gender equity in entrepreneurship support programs**, ensuring that funding allocation is inclusive.

²⁵ Skare, M., Gavurova, B., & Kovac, V. (2025). *Female entrepreneurship involvement in digital transformation process through perspective of gender employment and pay gaps*. International Entrepreneurship and Management Journal, 21(1), 1-21.

²⁶ Zheng, Y. J. (2025). *From Dagongmei to Entrepreneurs: Unpacking the Emergence of Businesswomen in Shenzhen (1978–2000)*. Journal of Evolutionary Studies in Business, 10(1), 16-46.

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