

The Clerk of the Women and Equalities Committee
House of Commons
London
SW1A 0AA

Female entrepreneurship inquiry

About the IoD

The Institute of Directors (IoD) is an independent, non-party political organisation representing approximately 20,000 company directors, senior business leaders, and entrepreneurs, typically running small to medium sized businesses in all parts of the UK. It is the UK's longest-running organisation for professional leaders, having been founded in 1903 and incorporated by Royal Charter in 1906. Its aim is to promote good governance and ensure high levels of skills and integrity among directors of organisations. It campaigns on issues of importance to its members and to the wider business community with the aim of fostering a climate favourable to entrepreneurial activity in the UK.

We welcome the opportunity to respond to the Women and Equalities Committee inquiry on female entrepreneurship. Creating a climate in which entrepreneurs of all backgrounds are equally able to set up and grow successful businesses is of considerable interest to the IoD and its membership¹, and we are therefore pleased to present our views.

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?

Lack of access to affordable childcare

IoD research with business leaders has consistently found a belief that lack of access to affordable childcare in the UK is a key barrier to women seeking to start and grow successful businesses, as well as

¹ We are grateful to IoD members for inputting into this consultation via our surveys, and to those who provided detailed feedback, including WB Directors and Glass Ceilings Change Management

to female participation in the labour market more widely. Women remain disproportionately responsible for unpaid caregiving, which limits their time, flexibility, and ability to engage in entrepreneurship when they are unable to access affordable external care provision. A survey of 608 IoD members in October 2021 found that 57% of business leaders consider the cost/availability of childcare to be restricting the capacity of skilled/qualified women to undertake board or other senior business roles:

Figure 1

In your experience, does the cost/availability of childcare restrict the capacity of skilled/qualified women to undertake board or other senior business roles?

Total	608
Yes, to a significant extent	21%
Yes, to some extent	36%
Not really	20%
Not at all	11%
Don't know	13%

Source: Institute of Directors, Policy Voice survey, October 2021 (608 participants)²

Qualitative feedback from IoD members further emphasised the damaging impact which both the cost of childcare and current government childcare policies are having on women in business:

“Affordable childcare is the biggest barrier... if you and your partner earn £50k each you qualify for reduced childcare, but if you are a single parent earning the same combined income you don’t qualify. Childcare is higher than the cost of our current mortgage... we are seeing a lot of successful women drop out of their careers in industry because if they have 2-3 children, it no longer makes sense to work as the cost of childcare is more than they take home.” – 250+ employees, Professional, scientific and technical activities, London

“As a woman who started her own business 25 years ago, the problem has never been access to support networks and advice. If I had not had a partner who was prepared to do his fair share of the childcare it would not have been possible to manage the hours and the travel. Childcare is key to freeing capacity amongst women entrepreneurs” – 10-49 employees, Other services, South East England

Even where women successfully navigate social expectations and affordability issues related to caregiving, especially childcare, such that they have sufficient time to devote to starting and scaling a business, the implicit assumptions that some investors have about female business owners’ commitment in light of potential caregiving responsibilities, regardless of individual circumstances, can make them less likely to achieve funding.

Difficulties accessing finance

² <https://www.iod.com/news/employment-and-skills/childcare-costs-pose-major-obstacle-to-retention-of-talent-in-the-workplace-says-iod/>

Feedback from IoD members has also highlighted the role that difficulties in accessing finance – from both investors and government grants – have on women-owned businesses:

“Banks let me down when needing funding and I had to go for loans that have crippled me. I’ve now had to empty all equity from my house for the third time and in a Company Voluntary Agreement to save my business, which has £1-3m revenue. No government scheme has ever helped me, and all angel investors are focused on med tech or women in STEM. Nothing for women like me out there on my own.” – 100-249 employees, Professional, Scientific and technical activities, South East England

“The grant system is broken, and only rich families or second time entrepreneurs can raise enough capital to start a proper business, regardless of merits of the opportunity or their own skills and expertise, as investors are massively risk averse and can get the same tax breaks from low-risk ventures which really do not require any tax subsidy to get funded...” – 2-9 employees, Wholesale and retail trade, South East England

The reasons underlying such difficulties in accessing finance are numerous and complex. Structural biases in investment decision-making contributes to the well-documented funding gap between male and female-owned businesses. Linked to this, a lack of women, especially women from ethnic minority backgrounds, in angel investment groups and early stage/private equity capital funding businesses has been identified as a key contributing factor.

Lack of networks and mentorship

A further significant barrier to female entrepreneurship lies in a lack of networks and mentorship opportunities. Despite some progress, many women lack access to professional and informal networks that provide mentorship, guidance, and investment opportunities.

Cultural and social barriers

Despite considerable progress in recent years, a combination of gendered perceptions of leadership and gender discrimination in the workplace remain an issue and continue to discourage women from pursuing entrepreneurship or scaling their ventures. An IoD survey found that over a third (36% of business leaders believe that UK business is not doing enough to address gender discrimination:

Figure 2

As we approach International Women’s Day on 8th March, attention is focusing on whether organisations are doing enough to tackle gender discrimination. Do you feel that UK business as whole does enough to address this issue in the workplace?

Total	669
To a large extent	23%
To a sufficient extent	31%
To an insufficient extent	36%
Don't know	10%

Source: Institute of Directors, Policy Voice survey, February 2022 (669 participants)³

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?

It is well documented that women face particular barriers to entrepreneurship in STEM sectors, finance, and manufacturing, a situation further entrenched by a lack of female role models and representation in executive positions, that is, C-Suite positions as opposed to board positions. Many such trends can be traced to women being less likely to study STEM subjects to higher levels. Additionally, many of these sectors require higher initial capital investment, which women are less likely to secure.

At the same time, female entrepreneurs are significantly better represented in retail, beauty, and healthcare sectors, but even in those sectors face challenges in scaling businesses due to difficulties in accessing finance. Encouraging gender-balanced investment panels and investing in affordable childcare provision would go some way to mitigating these inequalities.

How can women best be supported to overcome the challenges they face in securing funding to start and grow their businesses? What steps should the Government take to help support the development of female-led high growth enterprises?

In February 2025, the IoD polled 687 business leaders on the interventions they believed would be most effective in supporting women to overcome the challenges they face in securing funding to start and grow their business. The most popular responses selected by some distance were mentorship programmes connecting women with experienced investors and entrepreneurs (54%) and expanding access to affordable childcare (50%):

Figure 3

How do you think women can be best supported to overcome the challenges they face in securing funding to start and grow their business? Please select up to three.

Total	608
Mentorship programmes connecting women with experienced investors and entrepreneurs	54%
Improving access to affordable childcare	50%
Training and workshops on pitching and securing investment	29%
Increased availability of grants and funding specifically for growing/scaling women-led business	23%
Increased availability of grants and funding specifically for starting women-led business	22%
Creating more women-focused angel investor networks	22%
Government policies to incentivise funding for women entrepreneurs	18%

³ <https://www.iod.com/news/inclusion-and-diversity/over-a-third-of-business-leaders-feel-that-business-is-not-doing-enough-to-address-gender-discrimination/>

Improved access to crowdfunding platforms and alternative financing options	12%
Other	16%

Source: Institute of Directors, Policy Voice survey, February 2025 (687 participants)⁴

Mentorship programmes

Mentorship programmes can be a powerful tool to support women in overcoming the challenges they face in securing funding to start and grow businesses. By connecting female entrepreneurs with experienced mentors, these programmes can provide tailored guidance, industry insights, and access to critical networks that are often less accessible to women.

“The best way for anyone to grow their business is to mix with others who are already achieving this.” – 2-9 employees, Financial services, Wales

Expanding access to affordable childcare

The barriers to female entrepreneurship posed by difficulties accessing affordable childcare require both a cultural shift towards an equitable division of domestic labour in dual-parent households and government intervention to ensure that childcare is affordable for working parents.

“Government grants are a distraction for startups (not just women startups - any startup) as they disrupt the search for product-market fit. Instead, remove obstacles for women entrepreneurs like lack of childcare and focus minds by talking about the issue” – 10-49 employees, Information and communication, London

IoD research in October 2021 found that three-quarters (72%) of business leaders would support more generous government support for childcare costs:

Figure 4

Would you support the provision of more generous government support of childcare costs, e.g. through subsidised nursery places or tax incentives?

Total	608
Strongly support - this should be a priority	29%
Support to some degree	43%
No - the current support is sufficient	24%
Don't know	5%

Source: Institute of Directors, Policy Voice survey, October 2021 (608 participants)⁵

Improving access to finance

⁴ <https://www.iod.com/resources/data/policy-voice-february-2025-employers-nics-infrastructure-strategy-apprenticeships-the-uk-internal-market-female-entrepreneurialism-and-the-visitor-levy-scotland-act/>

⁵ <https://www.iod.com/news/employment-and-skills/childcare-costs-pose-major-obstacle-to-retention-of-talent-in-the-workplace-says-iod/>

Measures to improve access to finance for female entrepreneurs will be key to supporting women to found and scale up businesses. Such measures could take various forms, but might include:

- Increased availability of grants and funding specifically for starting and growing/scaling women-led business: measures prioritised by 22% and 23% of business leaders respectively (Figure 3). Furthermore, ensuring that such schemes are regionally inclusive would be critical to spreading opportunity.
- Encouraging more accessible alternative financing models, such as crowd-funding, peer-to-peer lending, and microfinance: a measure prioritised by 12% of business leaders (Figure 3). Raising awareness of such schemes, particularly at school and university, would be crucial to ensuring that they are impactful.
- Creating more women-focused angel investor networks to address funding biases, provide access to capital, and foster mentorship: a measure prioritised by 22% of business leaders (Figure 3).

Feedback from IoD members also highlighted a need for government to address the factors which are currently holding back all entrepreneurs:

“Improve funding access to all through investment by the 'national' sovereign fund, and stop directing and encouraging entrepreneurs and SMEs to take on more debt, they need grants and equity funding” – 2-9 employees, Other services, London

“Specific government intervention should not be gender based but based on the barriers that prevent women who want to from starting businesses.” – 2-9 employees, Professional, Scientific and technical activities, South East England

Better embedding of entrepreneurial skills in the education system

Our research on female entrepreneurship identified a widely held view among business leaders that real change will require early intervention, most crucially via the education system, to ensure that young people leave education with the foundational entrepreneurial skills which would enable them to start and grow businesses. More effectively embedding such skills in curricula and improving the frequency and quality of education-employer touchpoints would benefit all young people but would disproportionately benefit groups less likely to develop these skills through other routes.

“Anything to do with women facing barriers still always starts with education at an early age to influence a societal shift.” – 10-49 employees, Professional, scientific and technical activities, East Midlands

“Training and workshops should be available to both sexes in secondary and higher education. You only have to watch a little of The Apprentice or Dragons Den to see how poorly prepared those seeking an entrepreneurial role are!” – 10-49 employees, Information and communication, South West England

“There should be a far better focus on running your own business as a career option from school age onwards. Teachers need educating on this, too” – 10-49 employees, Education, Scotland

What data exists or is required to track success and monitor progress in female entrepreneurship?

Existing data sources include: the Gender Index⁶, the Alison Rose Review on Female Entrepreneurship⁷, and the British Business Bank's reports on SME finance and diversity⁸.

Additional data which would be beneficial to monitoring progress include detailed gender-disaggregated funding data from banks and venture capital firms, intersectional data on the challenges faced by ethnic minority female entrepreneurs, reports on female-led business performance by industry beyond the FTSE350, and longitudinal studies tracking the long-term growth and sustainability of female-led businesses over time.

We hope you have found these comments useful. If you require further information about our views, please do not hesitate to contact us.

With kind regards,



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⁶ <https://www.thegenderindex.co.uk/>

⁷ <https://www.gov.uk/government/publications/the-alison-rose-review-of-female-entrepreneurship>

⁸ <https://www.british-business-bank.co.uk/about/research-and-publications/small-business-finance-markets-report-2024>