Women’s Enterprise Scotland Submission to Economy, Jobs and Fair Work Committee

Introduction

1. Women’s Enterprise Scotland (WES) welcomes the opportunity to submit this note to the Economy, Jobs and Fair Work Committee ahead of its scrutiny of the Scottish Government’s draft budget for 2017/18. While the Committee’s scrutiny of the Scottish Government’s Draft Budget for 2017-18 will focus on two areas, the spending of the enterprise agencies, and programmes relating to energy efficiency/fuel poverty, the key interest of WES is the spending and allocation of funds of the enterprise agencies and how this might best support the development and progression of women’s enterprise in Scotland.

2. The focus in the Scottish Government Economic Strategy, which presents quality and competitiveness as twin pillars is welcomed by WES - putting equality at the centre of economic policy. There is a danger that gender equality falls off the agenda in times of economic austerity. However, effective tools such as equality impact assessment and gender budget analysis can, and should be used – perhaps more effectively – during periods of economic austerity.

Current Issues

- Self-employment in the UK is at the highest point since records began 40 years ago\(^1\). If this trend continues, the RSA estimate that there will be more self-employed people than there are public sector workers by 2017\(^2\).
- Self-employed women are not well served by enterprise support measures and the tax and benefit system. Policy setting that has been ‘gender-blind’, has led to an enterprise support infrastructure and incentives that are accessed primarily by men, despite women accounting for most of the newly self-employed.
- There are indications that for many women, becoming self-employed has happened out of necessity, with the rise of the women’s state pension age, public sector job losses, and caring responsibilities likely to be key drivers of increasing levels of female enterprise.
- The numbers of self-employed in Scotland increased by 21 per cent between 2006 and 2016 compared to an increase of just 2.7 per cent for employees. The largest increase in self-employment has been amongst women who experienced a 48.6 per cent rise compared to 10.2 per cent for men between 2006 and 2016 (ONS, 2016). As a result, women’s share of self-employed in


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Scotland increased from 28 per cent of the total in 2006 to 35 per cent in 2016.³

- While women represent 51% of the Scottish population just 20% of all businesses are majority owned by women. This low inclusion starting point drops sharply during the business growth journey. Data from a Scottish Enterprise account managed growth programme shows that women led businesses represent just 3% of all businesses receiving this growth support.⁴

- Research from the Royal Bank of Scotland shows that women start up in business with different skills and experience to men including less management experience and less business contacts – reinforcing the need for a different, more gender-appropriate, type of business support.⁵

- With the rise of the women’s state pension age from age 60, analysis of ONS statistics shows a correlation between the sharp increase in female self-employment and the steep fall in female inactivity due to retirement. With older women struggling to find employment, self-employment may be the only means of generating an income.⁶

- Caring responsibilities are a push and pull factor for women becoming self-employed. The flexibility of self-employment can enable women to work around caring responsibilities where the formal labour market fails to support such responsibilities. However, this often means that small businesses run by women are more likely to close for ‘personal reasons’ and the peak age group for those closures is 25-34⁷.

- The Bank of England has warned that an underinvestment in training and skills among the self-employed may be contributing to falling productivity. They estimate that the shift to self-employment could account for around 12.5% of the drop in productivity since 2008⁸.

- For women, the lack of investment in training is of concern as many women start businesses with lower levels of management skills due to the lack of opportunity for promotion in many workplaces (‘glass ceiling’). Research shows that appropriate enterprise training doubles women’s chances of starting a business, and triples their level of confidence in their abilities⁹.

- Challenges for women led businesses in Scotland include gender blindness in policy development, discrimination, achieving credibility for the business and balancing work and family commitments. In a survey conducted by WES, 78%

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⁴ Response to Enterprise and Skills Review, Women’s Enterprise Scotland (2016)
said advice services should be more aware of the differences in support needs between women and men in business.  

- Growth is a key deliverable for enterprise advice services and the policy of national economic development agencies is to identify and provide specialist support for companies with high growth potential. Yet women-specific growth support is not provided - few women’s businesses currently meet the thresholds that would identify them as ‘high growth’, effectively excluding them from accessing growth support. Respondents to the recent WES survey mentioned above, commented that there was almost a ‘hierarchy’ of business advice made available and that if their business was not in a particular sector, or had a particular projection for growth and turnover, they felt that they received a reduced service. There was concern that business advice agencies did not offer services of equal quality and status to small companies being run by women.

**Recommendations**

3. WES supports the examination by the EJFW Committee of allocation of public resources for impact on women and men. A gender impact assessment and gender policy analysis often reveals different and unequal outcomes for women and men from public spending decisions.

**Gender specific business support and investment**

- A women-friendly business support and skills strategy would be welcome to ensure equality of outcome in enterprise support services.

- As one aspect of the recent Government Enterprise and Skills Review was to look at the efficiency and effectiveness of services to support business, WES would propose an equality impact assessment is completed for any proposal for reshaping of such services so as to mitigate any possible effects on women either setting up or currently in business.

- To counteract the issues of ‘gender blind’ approaches, a call has been made for a more effective ‘gender sensitive’ approach to policy making, with the European Institute for Gender Equality (EIGE) stating, “there is a need to mainstream a gender sensitive approach in all entrepreneurship and growth policies, to consider, include and reflect the specific characteristics, needs and challenges of female entrepreneurs (both existing and would-be) and women’s businesses.”

- Women are underrepresented in the growth sectors as highlighted by Scottish Government. A research report last year from the University of Glasgow showed that:
  
  - Women account for 49% of the self-employed in the creative industries and 51% in tourism.

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10 Response to Enterprise and Skills Review, Women’s Enterprise Scotland (2016)
In all other growth sectors, they are under-represented. There are particularly low levels of women’s self-employment in energy (where they account for just 9% of self-employed), construction (5%), engineering (15%) and ICT and digital technologies (11%).

**Improvements in data**

- We need better data on gendered uptake of business support and investment. Collecting and analysing data is essential to ensure the monitoring of progress against agreed targets. The gathering and analysis of gender disaggregated data is crucial to support measurement of the economic impact in closing the gender gap in enterprise.

- WES will support calls for more research in Scotland on the contribution of women’s enterprise to the Scottish economy and will seek to call for longitudinal qualitative and quantitative research studies on the experiences and issues of women business owners in Scotland.

**Analysis of funding**

- WES would welcome that the funding recently outlined in the Programme for Government (to support SMEs; business growth and internationalisation; supporting SMEs with growth potential; SME Holding fund etc.) be subject to a gender analysis so ensure that such funding delivers equality of outcome for businesses owned by women and men.

- WES has managed a small amount of funding this year to be able to survey women in business and seek their views on experiences of publicly funded business support. Experiences reported so far have been very mixed. With local authorities in Scotland facing up to £700 million reductions in budgets this could interfere with the quality and effectiveness of business support provided through local authorities, as well as economic development policy – with unprotected portfolios.

- WES would advocate for gender budget analysis to form part of the Scottish budget process as this would highlight the impact of different spending allocations on both women and men while the budget was being developed.

- While WES supports the recommendation from the 2016 Audit Scotland report that an estimate of spending across the four strategic priorities of the Economic Strategy should be conducted, it is essential that this is subject to a robust equality impact assessment and analysis in order to ensure that funding is being targeted appropriately to achieve inclusive growth and equality across the economic development agenda.

4. WES seeks to ensure that ‘Women in Enterprise’ is fully understood as an area of economic priority and engages across all relevant Scottish and UK government departments to promote an improved policy and legislative framework for women’s enterprise. ‘Policy in action’ is needed for women’s enterprise, and

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13 ‘Supporting Scotland’s Economic Growth’. Audit Scotland (July 2016)
monitoring effectiveness of policy is essential to collect systematic evidence on business advice and support methods.

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