



Female entrepreneurship Inquiry

(Women and Equalities Committee)

March 2025

Muslim Women's Network UK (MWN UK) is a national Muslim women's organisation in Britain (www.mwnuk.co.uk) that has been advancing equality, promoting women's empowerment, and connecting voices since 2003. We are a small national charity (reg. no. 1155092) that works to improve social justice and equality for Muslim women and girls. Our membership also includes women of other faiths or of no faith and men who support our work. We find out about the experiences of Muslim women and girls through research and our helpline enquiries. We identify policy and practice gaps and use this information to inform decision makers in government as well as informing our community campaigns at a grassroots level.

We also develop resources and train women, so they are better aware of their rights. We have a separate website for our national helpline (www.mwnhelpline.co.uk) that provides advice and support on a range of issues including domestic abuse, forced marriage, honour-based violence, sexual exploitation and abuse, female genital mutilation, hate crimes, discrimination, mental health etc.

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?

Access to Finance: Female entrepreneurs, especially those from ethnic minority backgrounds, face significant challenges in accessing funding. According to the Rose¹ Review of Female Entrepreneurship (2019), only 5% of UK venture capital funding went to women-led businesses. Ethnic minority women often face even more challenges, as funding is less accessible due to both gender and racial biases.

Bias and Stereotyping: Gender and racial stereotypes are still common in many business environments. Ethnic minority women face compounded discrimination based on both gender and race. The British Business Bank reports that women-led businesses, particularly from ethnic minorities, are less likely to receive investment due to biases.

Limited Access to Networks and Mentorship: Many business networks in the UK remain male-dominated, and women, particularly from ethnic minorities, often find it harder to access these vital networks. A lack of mentors and role models further hampers their ability to succeed.

¹ Rose Review of Female Entrepreneurship (2019), Government of the UK

² British Business Bank report on the funding gap for women-led businesses (2020)

Work-Life Balance: Women, particularly those with family responsibilities, face a societal expectation to balance caregiving with business responsibilities. This affects their entrepreneurial potential, especially when the burden of childcare disproportionately affects women from ethnic minority backgrounds.

Islamophobia and Discrimination: Muslim women, particularly those wearing the hijab may face additional societal discrimination or Islamophobia. These biases can hinder their ability to network, find mentors, or access markets, particularly in more conservative or less diverse business sectors. A Business in the Community report found that ethnic minority women, including Muslim women, are disproportionately affected by discrimination in employment and business.

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?

Tech and Digital Sectors: Women are underrepresented in tech, particularly in high-growth, digital sectors. Tech³Nation (2020) shows that only 19% of the UK's tech workforce is female. Women from ethnic minority backgrounds face additional barriers, such as a lack of representation and cultural stereotypes.

Finance and High-Growth Startups: Women-led businesses are less likely to be involved in high-growth sectors, such as finance and venture capital. The Rose Review points out that women-led businesses receive a significantly smaller share of venture capital investment compared to male-led businesses.

Manufacturing and Engineering: Women are also underrepresented in traditionally male-dominated sectors like manufacturing and engineering. As these sectors often require capital-intensive investment, women may face additional challenges when trying to break into them.

Increased Access to Education and Skills: Targeted initiatives to encourage women into STEM (Science, Technology, Engineering, and Mathematics) fields can help address gender disparities in tech and manufacturing.

Mentorship Programs: Establishing and promoting mentorship programs for women in tech and finance could help bridge the network gap.

Government Funding: More government and private sector-backed programs tailored to female entrepreneurs in underrepresented sectors, such as tech, can provide targeted support.

3. How can women best be supported to overcome the challenges they face in securing funding to start and grow their businesses?

Improving Access to Capital: There is a need for more tailored funding options for women entrepreneurs. Programs such as the Women in Innovation Fund, backed by Innovate UK, are crucial in this regard. These funds are designed to support women in high-growth sectors, particularly innovation.

Targeted Investment Programs: The UK government's Rose Review of female entrepreneurship suggests increasing funding for women-led businesses through government-backed venture capital funds. Encouraging more women investors could also help shift the balance of venture capital funding.

³ Tech Nation Report (2020)

Education on Financial Options: Many women entrepreneurs are not fully aware of the financial options available to them. The British Business Bank has developed resources to inform women about funding opportunities, including grants, loans, and equity investment.

Reducing Bias in Investment Decisions: Encouraging more diversity among investors and ensuring that decision-makers are aware of the biases they may carry is crucial. The British Business Bank's Diversity and Inclusion Review highlights how diversity in investment teams leads to more inclusive investment decisions.

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

The Rose Review (UK): One of the UK's most influential reports on female entrepreneurship, it provides a detailed strategy for addressing the barriers women face in business. It includes recommendations for increasing access to finance, networks, and improving visibility for female entrepreneurs.

Women in Innovation Fund (UK): This is a government-backed initiative to support women-led businesses in the STEM and innovation sectors. It's a great example of targeted funding and support aimed at female entrepreneurs, particularly in high-growth sectors like technology.

The Global Women's Network (International): This network provides a platform for women entrepreneurs to connect with each other and gain access to business opportunities and mentorship, providing a model for global support systems for female entrepreneurs.

5. What steps should the Government take to help support the development of female-led high-growth enterprises?

Targeted Financial Support: The government should expand initiatives like the Women in Innovation Fund to provide financial support to women in high-growth sectors like tech and manufacturing. This includes ensuring there is more venture capital available for women-led businesses, particularly those in underrepresented sectors.

Policy Changes to Encourage Female Investment: The government should incentivise female investors to back women-led businesses, which could help break down the current investment bias.

Building Business Networks: The government can support the creation of more inclusive business networks that provide opportunities for women, particularly those from ethnic minority backgrounds, to connect with investors, mentors, and peers.

Training and Mentorship Programs: The government should support initiatives that offer mentorship and training programs for women entrepreneurs, particularly those from disadvantaged or ethnic minority backgrounds.

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

Investment Data: Data on how much funding is directed towards female-led businesses, particularly in high-growth sectors, is crucial. The British Business Bank publishes an annual report on the state of funding for women-led businesses, which tracks these figures.

Business Performance Data: Tracking the growth of women-led businesses, including how many are scaling to high-growth status, can help monitor progress. The Rose Review also discusses the need for more comprehensive tracking of business performance based on gender.

Sector-Specific Data: More data on female participation in male-dominated sectors like tech, finance, and engineering is required to measure success and identify barriers.

Longitudinal Data: Long-term studies on female entrepreneurship in the UK are needed to understand the long-term success and challenges of women entrepreneurs, particularly those from ethnic minority backgrounds.

On behalf of Muslim Women's Network UK,

Neelam Rose

(Advocacy Officer)

March 2025.