

# Gender equality and gender washing

Attended by Jill Pay, chairman of the Gender Index;  
and Yvonne Greeves, director of Women in Business  
for NatWest Group, 5 July 2023

## Introduction

Alexander Stafford MP, chairman of the APPG on ESG, has highlighted gender equality and gender washing as key topics for the group to explore as part of its work in moving the ‘S’ agenda forward. The roundtable raised key issues around funding for female entrepreneurs, the family and education. The solutions cover many areas, but begin with improving the quality and quantity of data, highlighting the many barriers faced by women in different regions and different contexts.



## Key takeaways

- Female entrepreneurship in numbers - “signs of growth but come with a health warning”
  - 17.3% of UK companies are female-led in 2022/23, a 0.5% rise on the previous year.
  - Gen-Z is closing the gender gap with a national average of 21.7% active female-led companies, “considerably more than” the generational average.
  - 150k new companies opened by women in 2022, 59k in 2018.
  - 13% of loan applicants are female, 50% male, the rest mixed.
  - Loans granted to women are much less, £174k on average v. £507k.
  - Loan applications to angel investors are 60% lower among women entrepreneurs.
  - Female angel investors typically put 30-50% of investment in women-led enterprises.
  - All-female-led companies represented 20% of all businesses in the UK in 2022, up from 17% in 2018.
  - Around one-third of women say access to funding is the biggest barrier to starting a business, compared to 20% of men.

- “Data is critical”
  - “Not enough data is being published”. Gender discrimination is determined by many factors. Datasets need to account for the level of supply and demand for loans, sector, religion, region, ethnicity, scale, level of education, type of education, socioeconomic status and attitudes to risk and security.
  - Recent sexual harassment scandals have shown boards the importance of mitigating risk through robust policies and by gathering appropriate data.
- Family
  - Without low-cost and easy to access childcare, women are often placed at a disadvantage compared to male counterparts.
  - Social expectations on men and women are changing, but even for families with two career-minded parents, sharing parental responsibilities without free childcare is extremely challenging. Women are statistically more likely to move out of the workforce to take on caring responsibilities.
  - Women are known to be asked by prospective investors whether they plan to have children.
  - Risk awareness in women may be linked to concern for the family - e.g. female entrepreneurs are likely to be more hesitant about putting the family home down as collateral compared to males.
- Education
  - Children need to acquire “sound arithmetic” with business knowledge built into the arithmetic. Compounded by common perceptions by girls that “numeracy is beyond their scope”.
  - Entrepreneurship and business knowledge should be instilled in primary school.
  - The development of financial acumen and cash management in young people is lacking, and needs to be allied with practical advice. Schools should be encouraged to invite entrepreneurs into the classroom to share their experiences and serve as role models.
  - Wales is outscoring the other nations across numerous indicators. Here, enterprise is on the primary curriculum. Children are given the right “mindset” - e.g. problem-solving, collaboration, thinking outside the box.
  - Later years development: corporates need to be contributing equally on human capital development. This is critical as professional development helps determine pay over the course of a career.
- Gender washing
  - The target of FTSE 100 boards being at least 25% female has undermined progress – “just tick it and forget about it”. The number of women on boards is increasing, but they are being drawn from a small pool. Often women are brought on for their “big city experience” rather than being matched with specific sector needs.

## Issues raised

- Importance of positive role models for men and women
  - We must not underestimate the “power of the next generation”. If a new generation of female entrepreneurs are able to flourish and lead, they will set an example for women to thrive within corporate structures, a route towards tackling greenwashing by making businesses genuinely equal and fair, not just for women.
  - We need to “unlock role models in more sectors”.
  - Positive role models are important for boys as well as girls, not just in providing an antidote to negative figures popular in social media but in portraying family-life where responsibilities are shared equally.

- Materiality
  - Gender equality and diversity within teams and companies is strongly linked with higher growth and productivity. Equally, not accounting for equality carries risk. These factors are recognised as material in some businesses at board level and with investors, but not all. Widening non-financial requirements is the clear answer. Ideally, the standard-setters themselves should be diverse. However, SMEs' lower capacity must be accounted for.

## Outcomes and future actions

- The investment in women code
  - The code numbers 200 signatories committed to promoting female entrepreneurship. Financial services members of the code's "ecosystem" are required to report disaggregated data to the Department of Business and Trade. Progress towards equality for women and ethnic minorities hinges on the availability of this kind of data at scale.
- Make data open source, representative and segmentable
  - The Gender Index's data and findings are freely available. Furthermore, "data should not be London-centric", it should cover the whole of the UK and be segmentable by region and other variables.

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