



# Empowering Women in the UK: Exploring the Role of Financial Access and Digital Literacy in Driving Business Growth

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## Abstract

This study examines the impact of financial access and digital literacy on the growth of women-led businesses in the United Kingdom, employing a qualitative content analysis of secondary sources. Despite increased participation in entrepreneurship, women continue to face significant barriers to accessing capital and leveraging digital tools. Findings reveal that financial access is critical for business start-ups and scale-up, yet persistent gender disparities remain. In 2024, women-founded businesses secured only 5.8% of total investments, with female entrepreneurs receiving just 1.8% (£145 million) of the £8 billion in equity investment, while male-led ventures obtained 86% (£6.92 billion). Additionally, the average loan for women-led businesses was £174,000, significantly lower than the £507,000 allocated to male-led enterprises. Barriers to financial access include restrictive institutional financing, gender bias in investment decisions, and inadequate financial inclusion policies. Similarly, digital literacy challenges stem from limited education, lack of mentorship programs, and structural barriers to adopting digital business models. The study integrates Resource-Based Theory, Pecking Order Theory, and Network Affiliation Theory to analyse these challenges and proposes solutions. The study recommendations include institutional financing reforms, enhanced female participation in financial decision-making, and increased involvement of women in developing digital financial tools to foster a more inclusive and sustainable entrepreneurial ecosystem.

**Keywords:** Financial Access, Digital Literacy, Business Growth, Women Entrepreneurs, UK

## **1. Introduction**

The importance and contributions of women entrepreneurs to business growth have gained increasing attention in both global and UK-specific development discourse. Empowering women entrepreneurs is essential for sustainable development, as they play a crucial role in fostering economic resilience, innovation, and family welfare (Khanum, Akter, Deep, Nayeem, & Akter, 2020). Supporting women-led businesses benefits families and communities and drives broader economic expansion, which is vital for the UK's continued growth and competitiveness in a rapidly evolving global market.

Despite the growing presence of women in entrepreneurship, significant barriers persist that limit their access to financial resources and their ability to leverage digital tools effectively. Financial accessibility and digital literacy are mutually reinforcing factors critical to business expansion and sustainability. Financial access enables women entrepreneurs to secure the capital necessary for start-up, operational continuity, and scaling, while digital literacy empowers them to adopt innovative technologies, access broader markets, and improve operational efficiency (Malik, Majid, and Naz, 2023). Enhancing these capabilities among women entrepreneurs can unlock significant economic and social benefits, including improved financial inclusion and e-banking connectivity.

In the UK, women's entrepreneurial activity has surged in recent years, with over 150,000 new women-founded businesses launched in 2022—more than double the number in 2018 (NatWest Group, 2023). However, women still represent only about one-third of all entrepreneurs and account for just 18% of registered companies in 2024, highlighting persistent underrepresentation. The Alison Rose Review (2019) estimated that if women started and scaled businesses at the same rate as men, they could contribute up to £250 billion annually to the UK economy. Moreover, one-fifth (20.5%) of all new company incorporations in 2022 were all-female led, up from 16% in 2018, indicating positive but uneven progress.

Empirical studies have consistently identified inadequate financial access and limited digital literacy as significant barriers to the growth of women-led businesses (Allison, 2019; Andriamahery & Qamruzzaman, 2022). Gender stereotypes, institutional discrimination in lending practices, and technical restrictions disproportionately hinder women's ability to scale their businesses, secure investment capital, and utilize digital financial services. These financial challenges are compounded by the digital divide, where low digital literacy limits access to fintech innovations, online banking, and digital marketing tools—resources critical for competitiveness in today's digital economy.

This study integrates Resource-Based Theory, Pecking Order Theory, the Capability Approach, and Network Affiliation Theory to comprehensively analyse financial access and digital literacy barriers impacting women entrepreneurs in the UK. Together, these ideas provide insights into how financial resources are used, how decisions are made, how skill development empowers people, and how social networks support the expansion of businesses.

This study is guided by three key research questions:

- RQ1: How does access to financial resources influence the growth and success of women-led businesses in the UK?
- RQ2: In what ways does digital literacy (or lack thereof) affect the business growth of women entrepreneurs in the UK?
- RQ3: How do financial access and digital literacy intersect to impact women-led business growth?

By addressing these questions, this research aims to provide a comprehensive review of the role that financial access and digital literacy play in driving business growth among women entrepreneurs in the UK. It seeks to identify persistent trends and systemic barriers (including those embedded in policies and institutional practices) limiting their growth and to explore practical and actionable solutions that can foster a more inclusive and sustainable entrepreneurial ecosystem. The findings will inform policymakers, financial institutions, and support organisations on effective strategies to enhance financial inclusion, digital skills development, and ultimately, the economic empowerment of women entrepreneurs in the UK's evolving business landscape.

## **2. Theoretical and Literature Review**

The Resource-Based Theory (RBT), Pecking Order Theory (POT), Capability Approach, and Network Affiliation Theory of Entrepreneurship are useful frameworks for understanding the financial and digital literacy challenges faced by women entrepreneurs. The Resource-Based Theory (RBT) shows the importance of internal resources in achieving competitive advantage, with financial capital being a crucial determinant of business success (Barney, 1991). The Pecking Order Theory (POT), proposed by Myers and Majluf (1984), suggests that businesses prioritise internal funding before seeking external financing, which has implications for women entrepreneurs who often face structural barriers in securing external capital. The Capability Approach, developed by Sen (1999), highlights how access to financial resources and digital literacy enhance entrepreneurial capabilities, empowering women to overcome socio-economic barriers. The Network affiliation theory is a two-mode network that connects how women entrepreneurs utilise networks and social capital to access funding and market opportunities (Bonacich, 1991; Breiger, 1974; Faust, 1997).

These theoretical frameworks were selected for their combined ability to comprehensively address the multifaceted barriers identified in existing literature, particularly regarding financial access and digital skills. The Resource-Based Theory and Pecking Order Theory collectively provide a strong theoretical framework for examining the reasons for the persistence of financial barriers and the ways in which capital availability affects company performance. The Capability Approach, on the other hand, enhances these theories by emphasising the vital role that digital literacy plays as an enabling capability that is necessary

for successful entrepreneurship. The Network Affiliation Theory further enriches the analysis by illustrating the practical ways networks facilitate resource access, thus creating a well-rounded theoretical foundation for this study.

Women's entrepreneurship has received significant attention in policy discussions with global organisations' its role in economic development (Shrivastava, 1994, Eyben et al., 2008, Banihani, 2020, Nasir et al., 2019, Parker et al., 2007). A study conducted by Khanum et al. (2020) investigates the women's entrepreneurship effects on empowerment in Bangladesh. The result shows that access to external finances, among other factors, plays a prominent role in women's entrepreneurial development. Similarly, Andriamahery and Qamruzzaman (2022) highlight the impact of financial access, technical expertise, and financial literacy on women's empowerment through entrepreneurial development. Using structural equation modeling and multivariate regression analysis, their study reveals a statistically significant positive relationship between these factors and the sustainability of women's entrepreneurship. Limited access to external credit remains a critical barrier, particularly in the formal economy, despite women outnumbering men in the informal sector (Ike, 2013). Studies indicate that access to financial capital increases the likelihood of business entry, expansion, and transition into the formal sector (Abd Wahab & Abdesamed, 2012; Andriamahery & Qamruzzaman, 2022). Khaleque (2018) further identified a positive relationship between financial access and operational performance, reinforcing the argument that women's business growth is directly linked to their ability to secure financial resources.

While financial barriers for women entrepreneurs remain a challenge, some progress has been made in improving access to funding. Gender-blind loan evaluations have led to comparable approval rates for women and men, with UK women achieving a 90% loan acceptance rate in 2021, close to men's 92% (Start Up Loans, 2024). However, disparities persist in loan amounts, with women-led businesses receiving an average of £51,300 (less than half of the £107,300 secured by male-owned enterprises) limiting their ability to scale operations, hire employees, and expand business infrastructure.

Despite increased financial inclusion initiatives, gender and ethnic disparities in business finance remain significant. The share of equity investment allocated to all-female founder teams has stagnated at just 3% over the past decade, highlighting structural barriers in investment decisions (British Business Bank, 2024). Women and ethnic minority entrepreneurs continue to face higher discouragement rates, limited financial awareness, and perceived rejection from lenders, restricting their ability to secure funding for growth.

However, some targeted financial initiatives show positive trends. Signatories of the Investing in Women Code (IWC) increased their share of funding to female founders from 32% in 2020 to 38% in 2022, while Community Development Financial Institutions (CDFIs) directed 36% of their lending to women-led businesses and 15% to ethnic minority-led enterprises, exceeding their representation in the UK business sector (British Business Bank, 2024). These

developments suggest that while financial inclusion efforts are expanding, systemic funding disparities persist, necessitating continued intervention.

The expanding Information Technology landscape has provided women entrepreneurs with new opportunities to grow their businesses and enhance their success (Andriamahery & Qamruzzaman, 2022; Vossenbergh, 2013). As a result, digital literacy has become crucial for the success of innovative enterprises. Prljic et al. (2015) performed an investigation to explore the role of technological skills in women's entrepreneurial success and performance. The findings revealed that technological expertise gives women entrepreneurs a competitive edge by enabling them to acquire advanced knowledge and improve operational efficiency.

This study examines the systemic impediments to financial access and digital literacy for women entrepreneurs in the UK by integrating theoretical frameworks and empirical findings while interacting with a variety of viewpoints. Even while digital use and loan approval rates have increased, persisting differences in loan amounts and inequalities in digital skills still prevent women from succeeding as entrepreneurs. Targeted regulatory changes, more financial inclusion, and improved digital training initiatives are needed to address these issues and build a fair business environment.

### **3. Methodology**

This study employed a qualitative content analysis approach to investigate the financial access and digital literacy challenges faced by women entrepreneurs in the UK. Rather than collecting primary data, we systematically analysed a broad range of secondary sources published between 2015 and 2024, including peer-reviewed journal articles, government and policy reports, industry analyses, and official statistics. Key sources were identified via academic databases and search engines (Google Scholar, JSTOR, ResearchGate) as well UK government portals and reputable industry publications (e.g., reports from the British Business Bank, NatWest Group, and the Cherie Blair Foundation). We used focused search terms such as "women entrepreneurs UK finance," "female-led businesses digital literacy," and "women business funding gap UK" to ensure we captured relevant material. In total, 40 sources were selected based on their relevance, credibility, and insights into financial access or digital literacy gaps among UK women entrepreneurs, ensuring the study reflects current and accurate representations of the research issues.

The qualitative content analysis was specifically chosen due to its suitability for systematically synthesizing literature and effectively capturing the complexity of systemic and institutional barriers without requiring primary data collection. To provide structured analytical lenses, we integrated several established theoretical frameworks: Resource-Based Theory and Pecking Order Theory informed our understanding of financial constraints; the Capability Approach illuminated digital literacy as a crucial empowerment factor; and Network Affiliation Theory contextualized how social networks influence resource access. This comprehensive theoretical

integration thereby enriched the holistic analysis of the multifaceted barriers faced by women entrepreneurs

Following source selection, a full-text review was conducted to extract pertinent information, employing Braun and Clarke's (2006) six-phase thematic analysis framework: (1) familiarization with the data (reading and re-reading sources); (2) generating initial codes related to barriers, enablers, outcomes, or contextual factors concerning financial access and digital literacy; (3) collating these codes into potential themes; (4) reviewing and refining themes; (5) defining and naming final themes; and (6) producing the report. Specific codes emerged, including "gender bias in funding," "small loan size," "digital skills training," and "fintech usage." These were grouped into higher-order thematic categories corresponding to our research questions: (1) financial access barriers, (2) digital literacy gaps, and (3) intersections of financial and digital exclusion, summarized clearly in a thematic overview table in the results section.

This study integrates academic literature with industry reports, ensuring rigorous theoretical grounding while capturing practical insights into real-world challenges faced by women entrepreneurs. This combination effectively bridges theory and practice, enhancing both academic robustness and practical relevance. This methodological approach also enables practical applicability, as the combination of academic theory and industry insights provides policymakers and stakeholders with actionable recommendations directly derived from real-world contexts.

Throughout the analysis, we triangulated information from multiple sources to enhance credibility and ensure that our findings were not based on any single report or study. Where quantitative statistics (e.g., funding percentages or skill gap figures) are reported, we cross-checked them against official data (such as government or industry reports) for accuracy and reliability. We also interpreted the findings through the theoretical lenses discussed earlier.

The qualitative content analysis enabled a holistic, transparent, and reproducible synthesis of existing research. By adhering to rigorous analytical procedures and integrating multiple theoretical perspectives, this study offers insights beneficial to academia, policymakers, financial institutions, and support organizations in developing effective strategies for supporting women's entrepreneurship in the UK.

#### **4. Results and discussion**

This presents the findings of the study, structured to answer the three core research questions and organised according to three themes. The findings are arranged according to the three primary themes found in the thematic content analysis as shown in Table 1.

Table 1: Summary of Key Themes Identified from Thematic Analysis (based on cross-literature synthesis)

Theme	Description	Supporting Literature / Sources	Related Research Question
Financial Access Barriers	Systemic challenges women face in securing funding include gender-biased lending, small loan sizes, and unequal access to venture capital.	Prowess (2024); The Times (2025); StartUp Loans (2024); Ho et al. (2022); Carter & Shaw (2006); British Business Bank (2024); O'Connor (2024); Rose Review (2023)	RQ1
Digital Literacy Gap	Many women entrepreneurs lack digital skills due to limited training, infrastructure gaps, or social exclusion, which hinders access to online markets and tools.	Lloyds Bank (2018); Asandimitra et al. (2024); Cherie Blair Foundation (2024); Singh & Tengtio (2024); Nadia et al. (2024); Khaerunnisa et al. (2024); Jonathan et al. (2024); GEM UK (2015)	RQ2
Interconnected Barriers	Financial exclusion reduces digital engagement; and digital illiteracy limits access to fintech tools, training, and capital.	Yashmin et al. (2024); O'Connor (2024); Nadia et al. (2024); Rose Review (2023); M-CRILL (2024); Ho et al. (2022); Prowess (2025); British Business Bank (2024)	RQ3

#### 4.1 Overview of Women’s Entrepreneurship in the UK

The number of women entrepreneurs in the UK has grown significantly over the past decades. As shown in Table 2, in 1984, there were approximately 646,000 self-employed women, and by 2020, this figure had increased to 1.66 million (James Andrews, 2023). Despite this, women-led businesses represented only 18% of all UK companies in 2024, totaling 880,000 enterprises (Office for National Statistics, 2024). In contrast, self-employed men in business increased from about 2.05 million to 3,298,000 representing a 47% increase (Prowess, 2025). This indicates a persistent underrepresentation of women in the entrepreneurial sector.

Table 2: Growth of Self-Employed Individuals in the UK

Year	Women Entrepreneurs	Men Entrepreneurs
1984	646,000	2,050,000
2020	1,663,000	3,298,000
2024	880,000 women-led businesses (18% of UK companies)	-

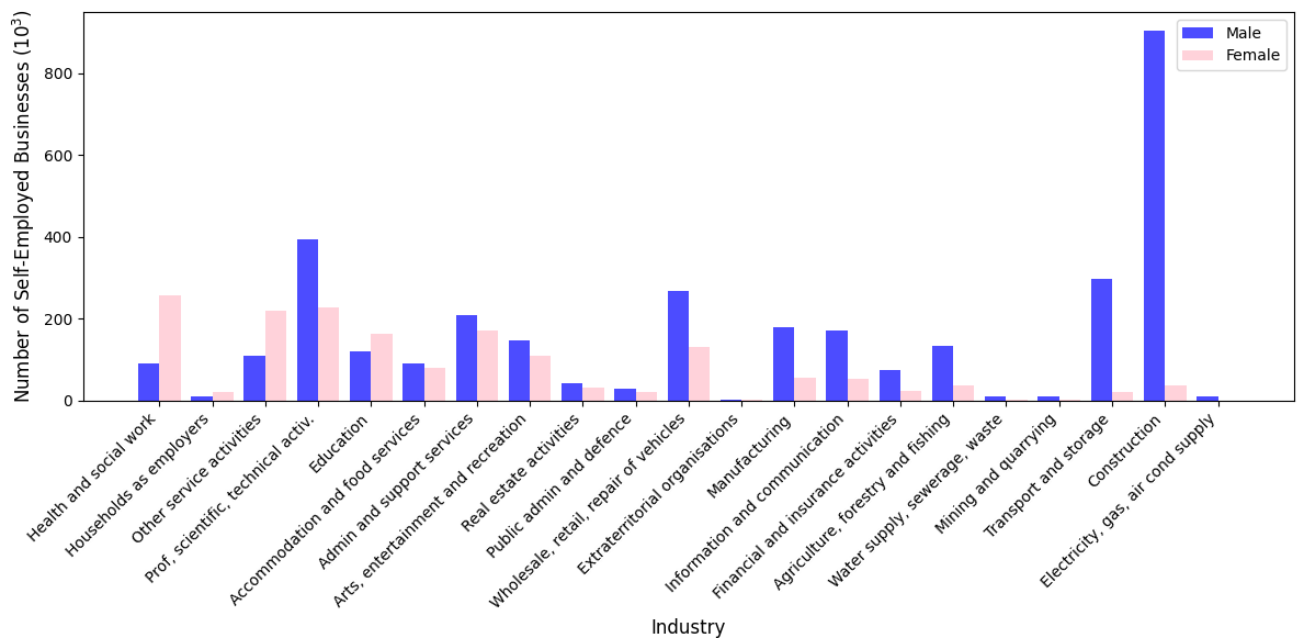
Sources: ONS, 2024, James Andrews, 2023

Fig. 1 also compares the number of self-employed business owners by gender. It shows their distribution across various industries. Men are more prevalent in sectors like construction

(96%), transportation (93%), and energy (100% male), whereas women predominate in service-oriented businesses like health and social work (74%), homes as employers (69%), and other service activities (67%). While manufacturing, financial services, and agriculture have about 24% female participation, sectors like education (58%) and professional, scientific, and technical activities (66%) exhibit substantial female presence. While the technical and infrastructural sectors are largely dominated by men, other industries, such as lodging and food services (47%) and the arts and entertainment (43%), exhibit a more equitable gender split.

The persistent structural imbalance in the UK's entrepreneurial scene is highlighted by these differences in sector involvement, which raise the possibility that sector-specific dynamics could have an impact on gendered entrepreneurial growth.

Figure 1: Details of Self-Employed Businesses in the UK by Industry



Source: ONS; UK Diversity in Business Statistics 2023 - Facts and Stats Report

In conclusion, the data demonstrates that, despite rising interest and participation, women-led businesses in the UK still face underfunding and under-representation, which hinders their ability to expand.

#### 4.2 Financial Access and Inclusion Challenges (RQ1)

This section addresses RQ1: What are the key financial access barriers affecting women entrepreneurs in the UK? The findings reveal that access to finance for women entrepreneurs is not merely limited but systematically constrained by institutional biases, unequal investment practices, and misaligned financial products. These issues significantly hinder women's ability to scale and sustain businesses, despite growing participation in the entrepreneurial sector.

In 2024, women-led businesses secured only 5.8% of total investments, highlighting a significant funding gap (Prowess, 2024). The average loan approved for women-led businesses was £174,000, just 34% of the £507,000 average for male-led businesses. Furthermore, fully female-founded businesses received only 1.8% (£145 million) of the £8 billion in equity investment in the first half of 2024, while all-male teams secured over 86% (£6.92 billion) (The Times, 2025). From a Resource-Based Theory perspective, these disparities in capital access deprive women-led firms of the resources essential for developing strategic capabilities, thereby limiting competitiveness and sustainability.

These statistics reflect a structural imbalance within the financial ecosystem rather than purely market-driven outcomes. Women entrepreneurs face disproportionate scrutiny and less favourable loan terms, often declining business loans due to unfavourable conditions such as higher interest rates or restrictive terms. According to the UK Survey of SME Finances, women are charged an average of 2.9% interest on term loans versus 1.9% for men, increasing the effective cost of capital (Carter & Shaw, 2006). Such disparities reinforce a cycle of underfunding, which affects not only business operations but also the ability to innovate and invest in digital tools (a key linkage to RQ2).

Despite these challenges, women entrepreneurs remain resilient, with 74% anticipating revenue growth in 2024, reflecting strong confidence in their businesses (British Business Bank, 2024). However, access to funding remains a major barrier, with one-third of women citing it as their biggest obstacle to starting a business, compared to 20% of men (NatWest Group, 2023). Women-led businesses also secure far lower levels of equity investment, with male entrepreneurs 86% more likely to receive venture capital funding and 56% more likely to secure angel investment (Alison Rose, 2023).

Notably, when women-led businesses secure investment, they yield 20% higher revenue while using 50% less capital, demonstrating strong financial efficiency and profitability. Yet, this efficiency remains largely unacknowledged in investment decisions, indicating a market inefficiency where high-performing ventures are systemically overlooked.

Pecking Order Theory also helps explain this dynamic: women entrepreneurs, often excluded from external financing, must rely heavily on personal funds or debt, thereby limiting their growth potential. This undercapitalization, despite strong business fundamentals, exposes a deeper market failure in recognizing and rewarding viable women-led ventures.

Gender biases further exacerbate the issue. Female entrepreneurs often encounter unconscious bias during investor evaluations, facing different criteria or risk perceptions compared to their male counterparts. These barriers distort investor judgement, leading to inequitable capital distribution and higher financial risk for women-led ventures. Such biases directly undermine strategic planning, reinforce capability limitations, and perpetuate systemic inequities.

Some progress has been made through targeted financial inclusion initiatives. Community Development Financial Institutions (CDFIs) have played a significant role in bridging funding

gaps, directing 36% of their business lending to women-led enterprises and 15% to ethnic minority-led businesses. Similarly, signatories of the Investing in Women Code (IWC) increased their share of funding to female founders from 32% in 2020 to 38% in 2022 (British Business Bank, 2024). This slow pace suggests that while initiatives like CDFIs and IWC are crucial steps, they may primarily address symptoms rather than the root causes of exclusion. While positive, the limited scope of these initiatives might also point to the need for broader interventions that foster inclusive networks for women entrepreneurs, as highlighted by the Network Affiliation Theory, to connect them with a wider array of capital and mentorship opportunities.

Comparatively, the Rose Review (2023) and O'Connor (2024) also identified deep investment inequalities but lacked emphasis on how these translate into missed economic opportunities due to underutilised high-potential ventures. This study adds depth by integrating theoretical perspectives and highlighting the compounding effects on innovation, digital integration, and competitive positioning.

Finally, increasing gender diversity in leadership roles within financial institutions is critical. Figure 2 shows that as of 2024, women held 42.6% of board seats in FTSE 100 companies (Hampton-Alexander Review, 2024). Female leadership correlates with more inclusive decision-making, which can shift institutional culture and address embedded bias. Transformational leadership styles emphasising strategic vision and inclusive growth enhance financial inclusion and broaden access for underrepresented groups (Milliken & Martins, 1996; Adler, 1997; The Economist, 2006).

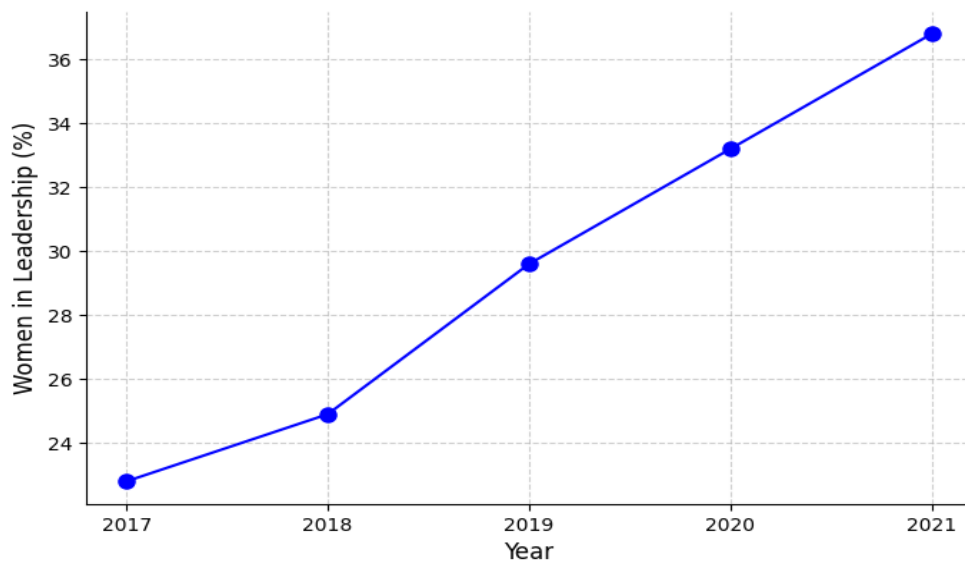


Figure 2: Women's Representation on FTSE Boards  
Source: FTSE Women Leaders Report, 2024

In summary, these findings confirm that structural and institutional barriers, not a lack of capability or ambition drive the persistent funding gap for women entrepreneurs. A multi-

layered approach involving policy reform, financial product redesign, and cultural change in investment practices is essential to ensure equitable access to finance and sustainable business growth.

### **4.3 Digital Literacy and Women-Led Businesses (RQ2)**

Women’s entrepreneurship in the digital age has become a transformative force, providing unprecedented opportunities for women to start, manage, and expand their businesses. The rise of digital platforms and technologies has facilitated access to new resources, broader networks, and diverse markets, thereby helping to mitigate traditional gender barriers (Wang, 2024). Today, women constitute 41% of the global entrepreneurial workforce, significantly contributing to economic growth, job creation, and gender parity (Global Entrepreneurship Monitor).

Despite this progress, the benefits of digital transformation remain uneven. Many women-led small and medium enterprises (SMEs) in the UK face challenges in digital adoption. Digital literacy continues to be a critical barrier, shaped by age, education, income, and geographic location (Asandimitra et al., 2024). These factors constrain women’s ability to leverage technology for business efficiency, financial management, and competitive advantage

According to the Lloyds Bank UK Consumer Digital Index (2018), approximately 11.3 million people in the UK lack at least one Basic Digital Skill with women disproportionately comprising 62% of this group (see Table 3). While 60% of men possess all five essential digital skills, only 52% of women do. This gender gap severely limits women entrepreneurs’ ability to utilise platforms like social media, mobile banking, and e-commerce tools, restricting their potential for growth. These statistics reflect more than a technical deficiency; they indicate deeper digital exclusion, particularly among older and low-income women. Infrastructure alone or simple internet access is not enough; tailored, accessible training and ongoing support are essential (Lloyds Bank, 2018; Cherie Blair Foundation, 2024).

*Table 3: Digital Skills and Gender Disparities (UK, 2018)*

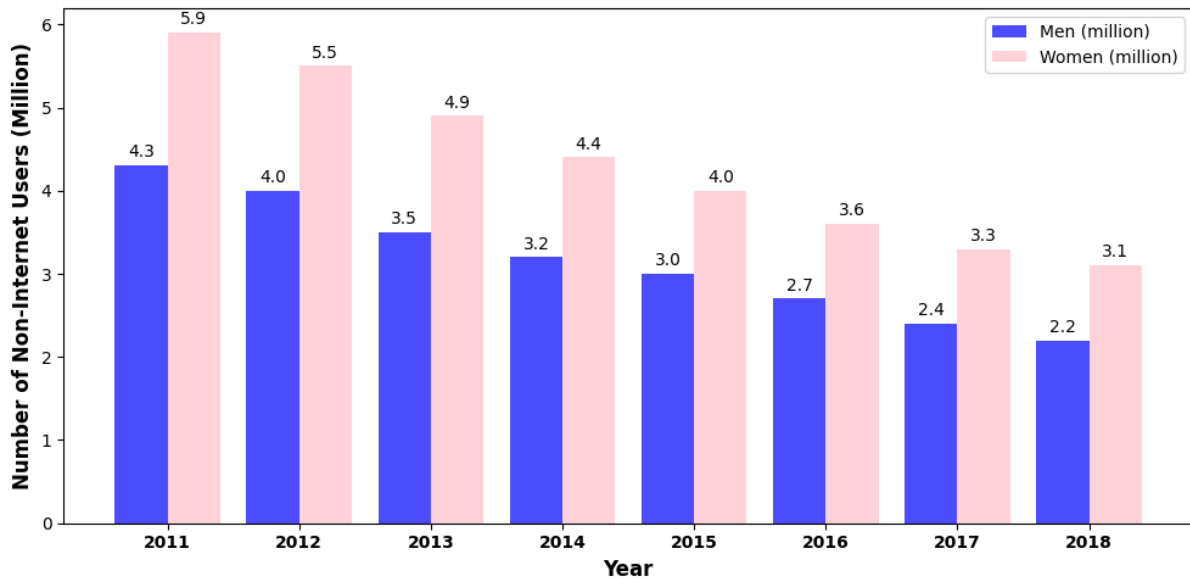
Category	Women (%)	Men (%)	Key Insights
Possess all 5 Basic Digital Skills	52%	60%	Women lag behind men in overall digital literacy.
Lacking at least one Basic Digital Skill	62%	38%	Women form the majority of those struggling with digital skills.
Basic Digital Skills (Aged 60-69)	55%	77%	Older women are significantly less digitally proficient than men.
Use of Digital Tools to Reduce Loneliness (Age 60+)	33%	N/A	Many older women recognise the social benefits of digital technology.

*Source: Lloyds Bank, 2018*

Figures 3 and 4 further illustrate these gender disparities in internet use across the UK. The 2024 report by the Cherie Blair Foundation for Women, reviewing the experiences of women

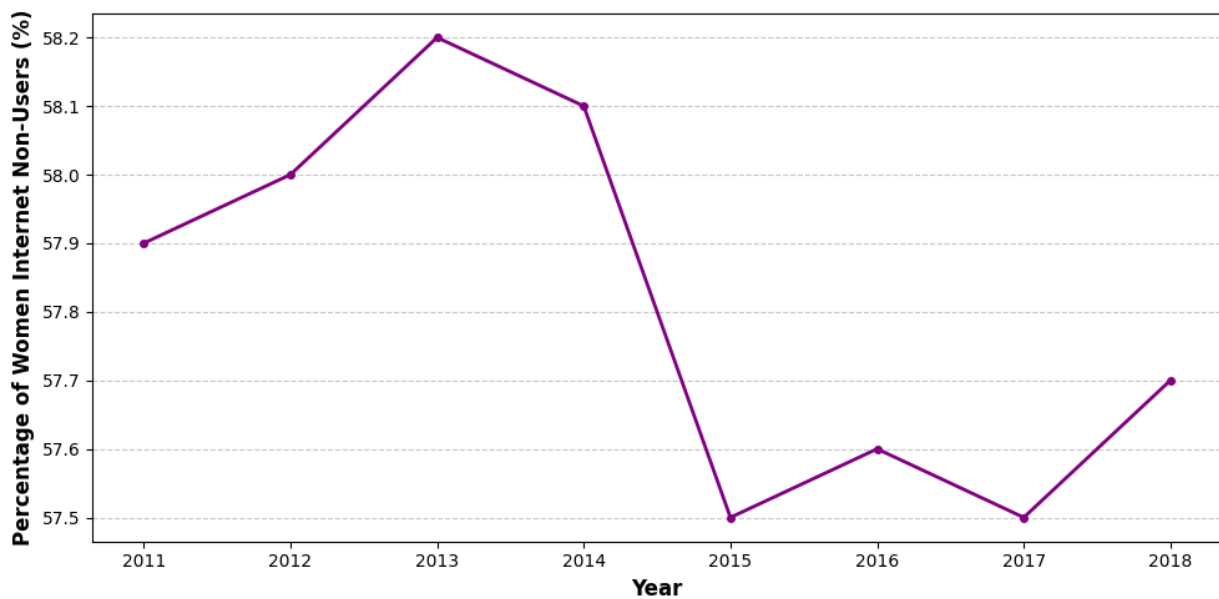
entrepreneurs in low and middle-income countries (LMICs), highlights the transformative potential of digital tools, including Artificial Intelligence (AI), while acknowledging significant access challenges. These barriers, including limited training, mentorship, and network access, also apply in the UK, where they prevent many women from transitioning to digital-first business models and limit their access to digital finance tools, customers, and market data (see Figure 5).

Figure 3: Comparison of Non-Internet Users by Gender in the UK (2011 – 2018)



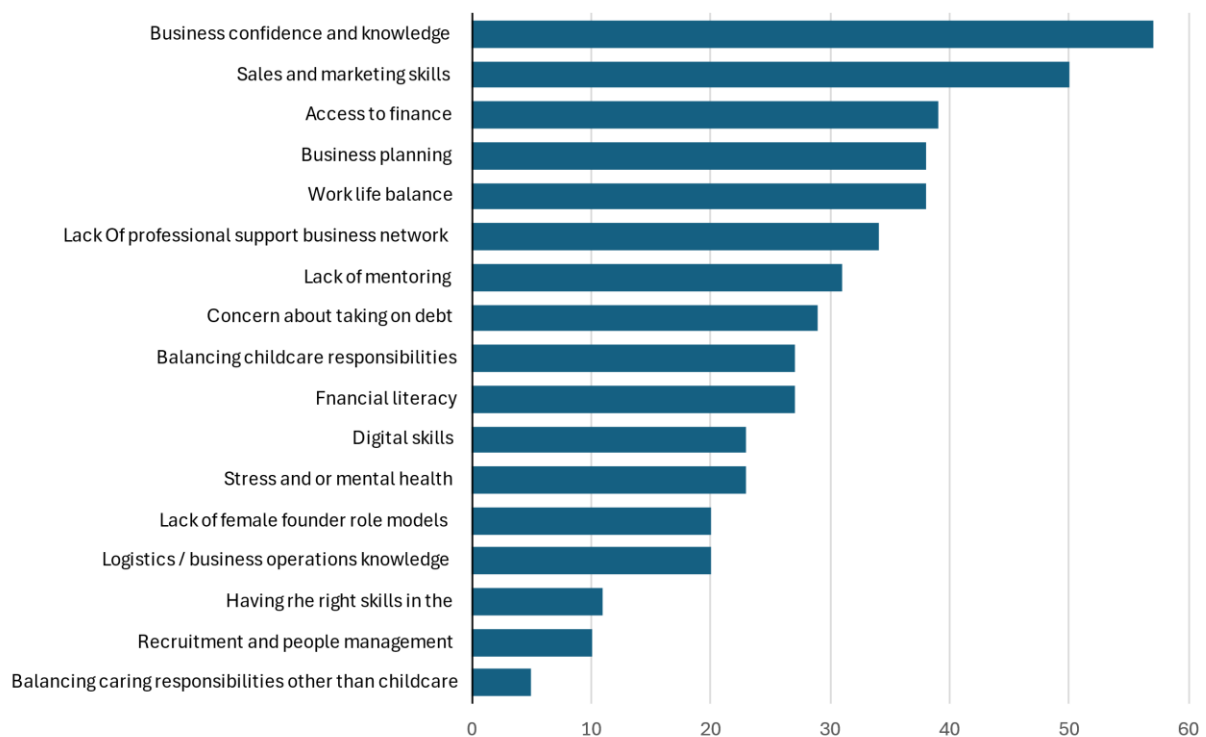
Source: UK Office for National Statistics, 2018

Figure 4: Percentage of Women Internet Non-Users in the UK Between 2011 – 2018



Source: UK Office for National Statistics, 2018

Figure 5: Barriers Facing Women Entrepreneurs in the UK



Source: Cherie Blair Foundation for Women

Digital literacy is a critical determinant for the success and scalability of women-led businesses in the UK. Platforms like Facebook, Instagram, Shopify, and WooCommerce offer accessible ways to connect with wider audiences, build brand awareness, and drive sales (Wang, 2024). However, despite these vast opportunities, women-led SMEs often underutilize digital tools due to financial constraints, limited digital skills and infrastructure gaps (Asandimitra et al., 2024). The result is a significant missed opportunity for economic growth and inclusion.

This gap is not just about internet access it reflects broader capability deficiencies in applying digital tools for strategic business purposes. As Prowess Women in Business (2025) argues, digital capacity is now as vital as financial capital for scaling and sustaining women-led ventures. Yet, access to skilled training remains limited and misaligned with the specific realities of many women entrepreneurs.

Drawing on Network Affiliation Theory, digital literacy also plays a crucial role in expanding professional networks. Strong digital skills allow women to join virtual business communities, access remote mentorship, and build brand visibility. Furthermore, digital literacy and financial inclusion are mutually reinforcing. Without the skills to navigate e-banking and mobile payment platforms, women may be excluded from essential capital access. Conversely,

financial access can fund digital tool adoption and training, creating a positive feedback loop for entrepreneurial growth.

Closing this digital skills gap is critical not only for women’s economic empowerment but also for broader inclusive growth and competitiveness in the UK economy.

#### **4.4 Key Statistics and Supporting Data (RQ3)**

Financial access and digital literacy are not isolated challenges but are deeply interconnected, forming a crucial dual barrier to the growth of women-led businesses in the UK. Limited digital competency restricts access to online investment platforms, digital banking, and fintech tools. Conversely, financial exclusion curtails the ability to invest in necessary digital training, infrastructure, and technology. This creates a reinforcing cycle of disadvantage: limited funding restricts investment in digital capabilities, while low digital literacy further hampers access to financial services. As highlighted in the findings for RQ1 and RQ2, this intersection represents a systemic challenge that requires integrated policy responses.

Table 4 presents key statistics on women-led enterprises in the UK, underscoring the depth of this interconnection. For example, although women own 33% of UK businesses, they receive only 2% of venture capital funding. This gap directly undermines their ability to invest in advanced digital infrastructure and training. Similarly, the persistent digital skills gap affecting 53% of women entrepreneurs compared to 37% of men not only limits business efficiency but also inhibits access to digital financial services. From the perspective of Resource-Based Theory, both financial capital and digital competency are critical intangible resources. When women entrepreneurs lack both, they are structurally excluded from building the distinctive capabilities needed to achieve sustained competitive advantage.

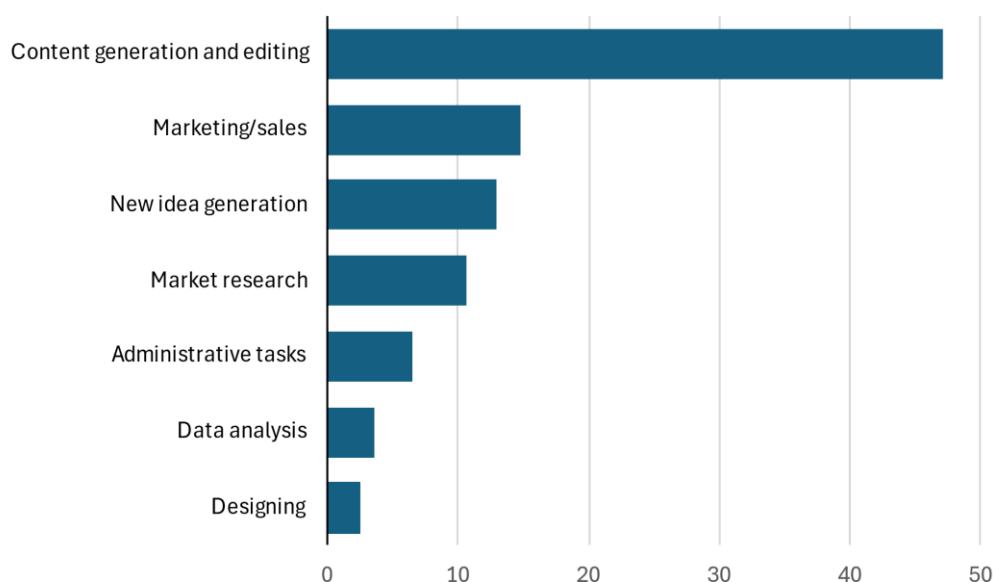
*Table 4: Key Statistics and Supporting Data for Women Entrepreneurs*

Key Area	Data
Women-led high-growth enterprises in the UK	Only 17% of high-growth businesses in the UK are led by women.
Access to venture capital	Receive just 2% of total UK venture capital funding, despite owning 33% of all businesses.
Financial barriers	60% of business owners mentioned lack of access to finance as the primary challenge to scaling their business.
Digital skills gap	53% struggling with digital skills, compared to 37% of male entrepreneurs.
Impact of digital literacy on business growth	Women SMEs that access digital tools see 30% higher revenue growth than those who do not
Social media & e-Commerce usage	75% rely on social media platforms (Facebook, Instagram) to market their products, compared to 58% of male entrepreneurs.
Effectiveness of digital platforms	Those who use e-commerce platforms (like Shopify, and WooCommerce) experience a 40% increase in customer reach compared to traditional retail models.

Source: Women-Led High-Growth Enterprise Taskforce Report (2024); IMF Journal (2024)

These UK-specific challenges are echoed globally. A 2023 survey by the Cherie Blair Foundation, conducted across 81 countries, found that 92.8% of women entrepreneurs rely on digital tools primarily smartphones to run their businesses. They mentioned that about a USD 30 billion market exists for digital business tools for women in low- and middle-income countries, with a projected 37.2% growth in 2024. However, 69.1% cited cost barriers and 67.3% experienced network disruptions, highlighting the global nature of digital exclusion (Cherie Blair Foundation, 2024). These findings align closely with the UK context, where structural and educational limitations similarly constrain women's participation in the digital economy. The survey also underscored that insufficient training, particularly in emerging technologies like Generative AI, remains a major obstacle to digital empowerment.

Figure 6: Percentage showing The Use of Digital Platforms By Women Entrepreneur



Source: The Cherie Blair Foundation for Women (2023)

The persistent digital skills gap and financial constraints experienced by women entrepreneurs are mutually reinforcing. Financial literacy and digital capacity are critical for enhancing SME performance through improved resource management (Nadia et al., 2024). SMEs with strong digital skills are better positioned to access financial services, as digital proficiency enables engagement with modern financial technologies and platforms. The challenges faced by women entrepreneurs lacking both robust financial support and comprehensive digital skills are therefore compounded, creating a dual disadvantage that restricts their growth, market participation and innovation capabilities. This underscores the imperative for holistic strategies that address both dimensions simultaneously.

In response to RQ3, the findings unequivocally demonstrate that financial access and digital literacy are intricately linked. The presence of one challenge amplifies the other, forming a

cyclical barrier to women entrepreneurs' success. Therefore, these challenges must be addressed concurrently through integrated, holistic policy and support frameworks.

## **5. Practice Implications**

Enhancing financial access and digital literacy is critical for scaling and sustaining women-led enterprises in the UK. This study demonstrates that barriers to finance and digital capability are not only persistent but mutually reinforcing, creating a cyclical form of exclusion that limits the potential of women entrepreneurs. Addressing these dual challenges requires coordinated, gender-sensitive policy reforms and practice-based interventions that reflect the lived realities of women in business.

To dismantle these structural barriers and foster inclusive entrepreneurial ecosystems, a series of integrated, evidence-informed actions are recommended.

### **5.1 To overcome financial exclusion and promote equitable access to capital**

To promote equitable capital access, it is essential to expand inclusive financial programmes, such as the Investing in Women Code and CDFIs, scaling them nationally, while introducing regulatory incentives for gender-responsive lending.

Developing inclusive screening criteria for venture capital and angel investment is crucial. Tailored loan products with flexible structures and risk assessments that account for the specific needs of women-led SMEs.

Concurrently, enhancing financial literacy through accessible training programmes is vital to help women navigate financial systems and strengthen investment readiness, supported by the collection and use of gender-disaggregated financial data for adaptive policymaking.

### **5.2 To close the gender digital divide and strengthen digital capability**

To close the gender digital divide, it is crucial to promote gender-intentional digital inclusion policies that ensure digital finance solutions are accessible and relevant, while also strengthening digital literacy training through public-private partnerships and community-led initiatives for both foundational and advanced competencies.

Furthermore, digital skills modules should be embedded into funding and loan schemes to link financial access with effective digital tool usage, and adult learning providers should be encouraged to integrate advanced digital skills, including fintech platforms, AI applications, and digital marketing, into vocational and enterprise education.

Concurrently, establishing fintech mentorship hubs in underserved regions will support peer learning and networking, alongside improving infrastructure and digital access, particularly for older and low-income women, to remove barriers to business participation

### **5.3 To break the cycle of mutual exclusion and drive scalable growth**

To effectively break the cycle of mutual exclusion, it is crucial to recognize and address the intersectionality of financial and digital barriers through joined-up policy frameworks and cross-sector collaboration.

Developing integrated support programmes that combine financial services with digital skills training is essential, alongside creating policy coherence across departments responsible for digital inclusion, enterprise, and financial regulation to ensure consistent support for women-led businesses.

Ultimately, using gender-disaggregated data across both finance and digital engagement domains will enable effective progress tracking and strategy refinement, while increasing women's representation in leadership roles within funding mechanisms, tech ecosystems, and enterprise strategies will ensure truly inclusive policymaking.

## **6. Conclusion**

Enhancing financial access and digital literacy for women entrepreneurs must be approached not as parallel challenges, but as interdependent factors shaping business success. The findings across all three research questions converge to highlight that without financial capital, digital transformation is unachievable and without digital capability, financial tools remain underutilised.

Cross-sector collaboration is essential. Policymakers, financial institutions, civil society actors, and educators must work collectively to create an enabling ecosystem. This will ensure that women-led businesses have equal access to finance, digital tools, mentorship, and scalable opportunities.

Through coordinated reforms ranging from tailored credit products and digital training to inclusive investment practices, the UK can unlock the full potential of its women entrepreneurs. Implementing these recommendations will not only close the gender gaps in business but also fuel innovation, create jobs, and drive sustainable economic growth.

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