The Investment Reset:

Steps to Closing the UK's Gender Funding Gap

NATIONAL
WOMEN'S
ENTERPRISE
WEEK

Foreword

I am a firm believer in the strength, grit and capability that gives so many female entrepreneurs the power to succeed.

But there are still far too many unnecessary obstacles in their way, not least of which is unequal access to funding.

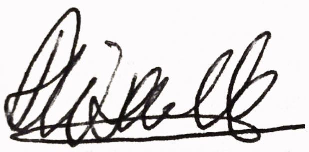
Our 2025 research report illuminates the gender bias in investment, showing that women-owned businesses are considerably less likely to receive investment and that, when they are, they receive much lower levels of funding than ventures founded by men. This scandalous imbalance is not only creating an unfair playing field for tens of thousands of female entrepreneurs, it is blocking the creation of wealth and economic growth in the UK that can fund new opportunities, support and investment for people from all walks of life.

There are many cultural and institutional factors that contribute to this position, but two notable causes stand out. The first is that lending institutions and the decision-making therein is still male-dominated, and the second is that the processes that guide this decision-making remain opaque and, in many ways, subjective.

Fortunately, there are signs of hope that the current situation can be remedied. There is support in the sector for objective metrics in funding decisions. This would go a long way towards restoring balance, as women can unwittingly undermine their own ventures through a lack of confidence, despite the fact that female-led businesses routinely deliver better yields, as our report confirms. Additionally, there is support for setting targets around the number of female businesses funded—and recognition that seeking this equality leads to greater value, not less.

We have also found considerable support among investors themselves for recruiting more females into their community, helping create a more inclusive environment for entrepreneurs. Female investors can make a big difference partly by channelling money into promising female-led businesses and, just as importantly, by helping to mentor those women—something we know they value highly.

Ultimately, I feel very positive that there is a groundswell of support both institutionally and privately to improve funding for female-led businesses. One thing is for sure, Britain can only fulfil its true economic potential when women are empowered to fulfil theirs.



Alison Cork MBE,
Founder at National Women's Enterprise Week

Key findings

31%

Female-led companies that apply for funding are significantly less likely (31%) to be accepted than male-led companies.

The average level of external funding for all businesses, including those which did not seek such funding, is 30% lower for female-led businesses than those led by men.

29% 43%

Female entrepreneurs are considerably less likely to seek external investment than male business owners: only 29% of women apply for funding, compared with 43% of men.

When successful, women's funding efforts take longer to achieve on average (6 months vs. 5 months).

Female and younger respondents who work in investment and invest as part of their job are more cognisant of injustices within the investment community.

Investors are 7x more likely to have a portfolio containing a majority of male-owned businesses than a majority of female-owned businesses.

The investment imbalance

Investment levels are shockingly imbalanced between male and female-led businesses, according to the findings from a new survey commissioned by NWEW in January 2025.

Drawing on an even split between male and female entrepreneurs, companies led by women were 31% less likely to have been successful in their applications for funding than male-led companies.

And funding levels for women's businesses are, on average, 30% lower. The average level of external funding for all the businesses in our survey population, including those which did not seek such funding, was £722K. For male-led businesses, this average is £854K; for female-led businesses, it's only £593K.

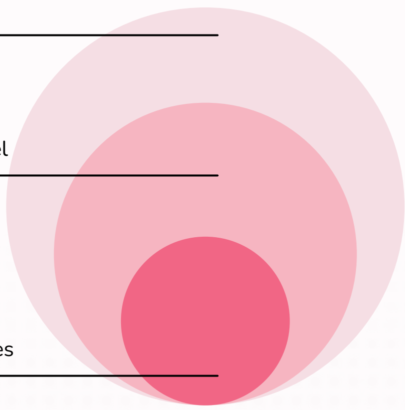
For added indignity, application rounds typically take one month longer for female entrepreneurs seeking funding than is the case for male-led businesses (6 vs. 5 months).

Average funding level:

£854K
Male led businesses

£722K
Average funding level

£593K
Female led businesses

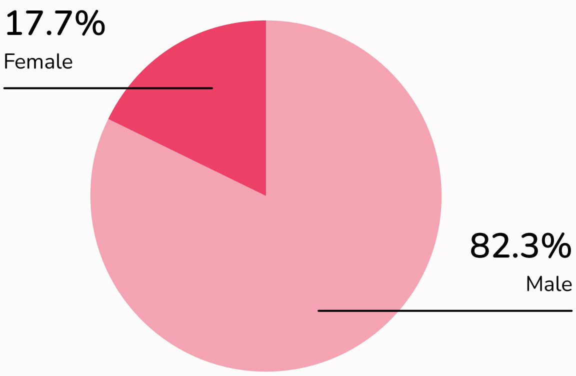


Our research suggests this imbalance stems from the nature of the investment industry, rather than the merits of the businesses presented for consideration; there are no objective reasons for investors to be wary of female-led businesses. In fact, multiple studies have established that the reverse is true: that women are a better bet.

Our own findings in 2022, showed that women business owners are nearly 24% more likely than men to turn a profit in their first month. The Boston Consulting Group analysed more than 1500 businesses to discover that, "Start-ups founded and cofounded by women actually performed better over time, generating 10% more in cumulative revenue over a five-year period: $730,000 compared with $662,000". Research from the venture community, Kauffman Fellows, found that female-led technology businesses are, "More capital-efficient, achieve 35% higher return on investment, and, when venture-backed, bring in 12% higher revenue than male-owned tech companies." Similarly, analysis of the performance of its own portfolio over ten years by investment fund First Round Capital revealed that women are winning, with the businesses it had backed having at least one female founder outperforming all-male teams by 63%.

The demographics of funding institutions appear to be one reason for inequalities. Just 17.7% of senior investment firm stakeholders identify as women. The successfully funded entrepreneurs in our survey worked with investors who were either all-male or majority-male in 60% of cases. This is significant because female investors are up to twice as likely to invest in companies founded by women. The smaller number of female investors skews the chances of women-led businesses securing capital from the outset.

VC firm ownership in the UK



We found that female investors tend to have more female-led businesses in their investment portfolio than male investors. Indeed, only 5% of investors, all of them women, said their portfolios contained a majority of female-led businesses. Overall, male-dominated portfolios are 7x more common than female-dominated ones. While there are far more male-led companies than those led by females in the UK, the proportion is approximately 80:20 for new ventures, so the number of available businesses for investment is clearly not the only reason this imbalance exists.

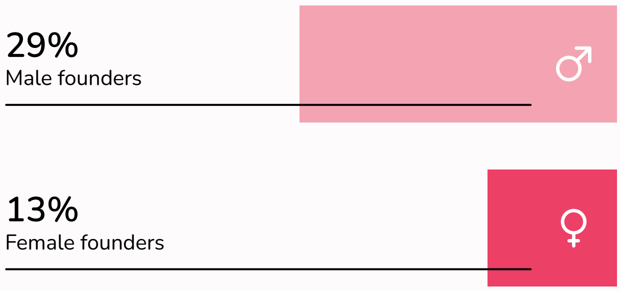
Perhaps as a consequence of these greater challenges to successful funding, female entrepreneurs are significantly less likely to seek external financial support—only 29% apply for funding, compared to 43% of male business owners.

Yet, 87% of the women in our survey said they know how to go about seeking external funding, which indicates their reluctance may not stem from a lack of knowledge but perhaps rather from a lack of confidence in the system and confidence in themselves (28% of female entrepreneurs said that women are likely to lack the confidence to ask for investment).

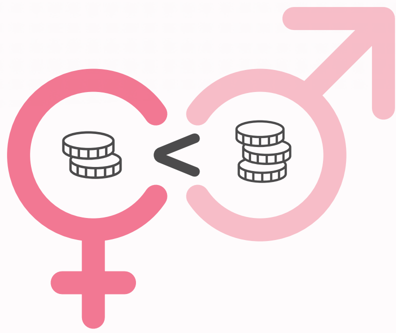
When it comes to reasons for not applying for funding among male founders, self-sufficiency was a leading cause. Among those who claimed that their business generates sufficient revenue to independently sustain their growth as a reason for not applying for early-stage funding, 29% were men and just 13% were women.

While it's clear that many male-owned businesses can afford to bypass external funding, they are often already set up for success. While men enjoy stronger financial footing and support from male investors, women-owned businesses rarely experience the same advantages.

Founders who don't need or can afford to bypass external financial aid



On average, female entrepreneurs receive **30% less funding than their male peers.**



Women are **31% less** likely to receive external funding than men

Strength in numbers

The lack of early-stage financial support or mentors available to female founders amounts to a lack of a solid foundation on which to build their businesses. With fewer women in investment—and given that women are much more likely to hire other women—the pipeline of female entrepreneurs may appear inherently small, implying that there are simply fewer successful female-led ventures.

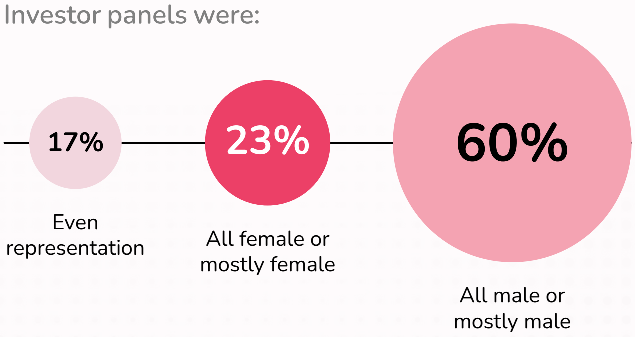
This perception is validated by entrepreneurs, who noted that the investors they encountered were much more likely to be male rather than female or a mix of both: 60% reported that investors were mostly or all male, compared to just 23% who perceived all or the majority of investors to be female. This imbalance is cited as the leading reason why female-led businesses are underinvested, with 41% believing the investment community to be male-dominated. Notably, the belief is more pronounced among women at 47%, as opposed to just 35% for men. This contrast only reinforces the complexity women face compared with their male counterparts.

It reasons that networking and mentorship are among the most popular value-adds for acquiring an investment partner for women, aside from funding itself. They regard this as an important partnership benefit, with 54% rating it highly, compared to just 27% of male business owners.

Networking is even more pertinent among ethnic minorities: despite diversity efforts, an Extend Ventures report titled Diversity Beyond Gender found that Black founders received just 0.24% of venture funding and female founders just 11% in the last 10 years, even though Black people and women make up 3.5% and 51% of the UK population respectively.

This reinforces the critical value of access to community and mentorship for women, but particularly ethnic minorities, who are already faced with compounded barriers to business resources—a product of unconscious racial bias. It is these odds which often lead ethnic minorities to be more risk-averse and less likely to apply for external finance, which may result in increased reliance on personal savings or loans from friends/family.

Investor panels were:



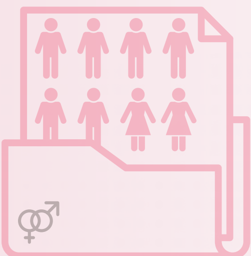
Demystifying the deficit

Among the investors in our survey, 36% said they had a majority male-led portfolio, while just 5% said the majority of their portfolio was female-led. How the reason for this gap is perceived differs considerably between male and female investors, as well as between older and younger generations.

Many male investors attribute the imbalance to a lack of skills in the entrepreneurs they encounter, with one third (34%) citing pitch training for female entrepreneurs as a positive step towards closing the gap, effectively blaming female entrepreneurs for not being granted investment. Other reasons they gave for lower levels of investment in female-led businesses included: that the levels are reflective of the amount of promising businesses that have applied for investment (38%); that it's entirely accidental with decisions based purely on merit (34%), and that founders that apply to their institution are more often men than women (31%).

Yet, it's also worth noting that male investors are more likely to say that their investment decisions are partly subjective and based on gut-feeling and chemistry, rather than objective measures like profit or growth. Interestingly, significantly more men agree with this than women (at 19% vs. just 9%). It begs the question, if performance truly dictates founder success, why does intuition play any role in investor decision-making?

Despite some defensiveness among investors around the reasons for gender imbalance, noted above, the number of those who agree that there are barriers to entry for female investors is split equally among men and women, although recognition of the issue decreases with age. Out of those who believe biases exist among investors around men being more successful business leaders than women, 44% fall under the 18-34 age bracket compared to a much lower proportion (17%) of over-45s. This suggests a generational trend among the investor community, and one that may shift attitudes and outcomes for female entrepreneurs as younger, more socially conscious generations achieve seniority.



Investors are **7x** more likely to have a majority of male-owned businesses in their portfolio than a majority of female-owned businesses.

Claiming the share

Although much of the data in this report paints a difficult landscape for female entrepreneurs, there are other signs of hope beyond generational change.

Of those that have targets for the number of female-led businesses in their portfolio, the majority (56%) claim that paying attention to equality of opportunity for men and women has improved their profitability. In addition, 53% say that setting gender-based targets has opened their eyes to ventures they may have overlooked previously. It affirms that setting targets and embedding this into funding application processes, is not only good for diversity but good for business.

Claim that paying attention to equality of opportunity for men and women has improved their profitability

Say that setting gender-based targets has opened their eyes to ventures they may have overlooked previously

Where do we go from here?

While women are understandably more supportive of change, investors of all genders must contribute to levelling the playing field and dismantling the deep-rooted prejudice that exists within business—71% do not consider unconscious bias training necessary, despite supporting an industry code on fairness and more diverse hiring policies.

Investors are generally in favour of objective judging metrics for funding and the provision of constructive feedback. However, it's clear that more opportunities to network, more incubator programmes for marginalised groups, and more proactive efforts towards inclusive hiring are needed to see real change—and afford women the same opportunities as men. Only by diversifying the investor pool and levelling the criteria for investment can we increase the amount of opportunities for women to grow their businesses and contribute to the UK economy.

Do not deem unconscious bias training necessary, despite supporting an industry code on fairness and more diverse hiring policies

Methodology and Demographics

The online surveys behind this report were conducted by Sapio in January 2025. They were conducted among 200 UK entrepreneurs (100 male + 100 female) and among 200 UK business investors: angels, banks and VCs (100 male + 100 female).

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 6.93 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

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