

The State of Women's Entrepreneurship in Canada

PRESENTED BY:

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Women
Entrepreneurship
Knowledge Hub

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Agenda

- 1 Who are Women Entrepreneurs in Canada?
- 2 Gendered Impact of the COVID-19 Pandemic
- 3 Intersectionality – Spotlight on Diverse Women
- 4 Evaluation
- 5 The Way Forward: An Inclusive Ecosystem Perspective

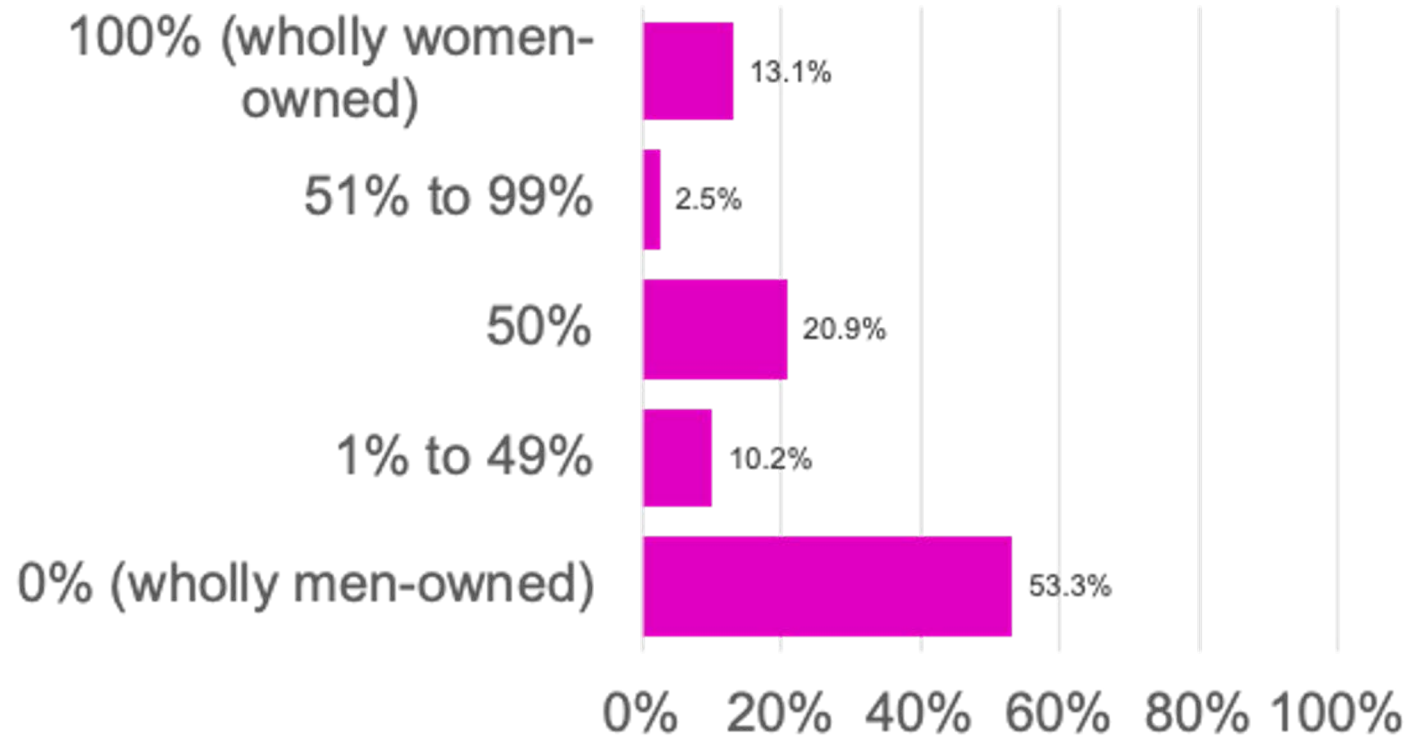
WHO ARE WOMEN ENTREPRENEURS IN CANADA?

The 2020 SOWE report showed:



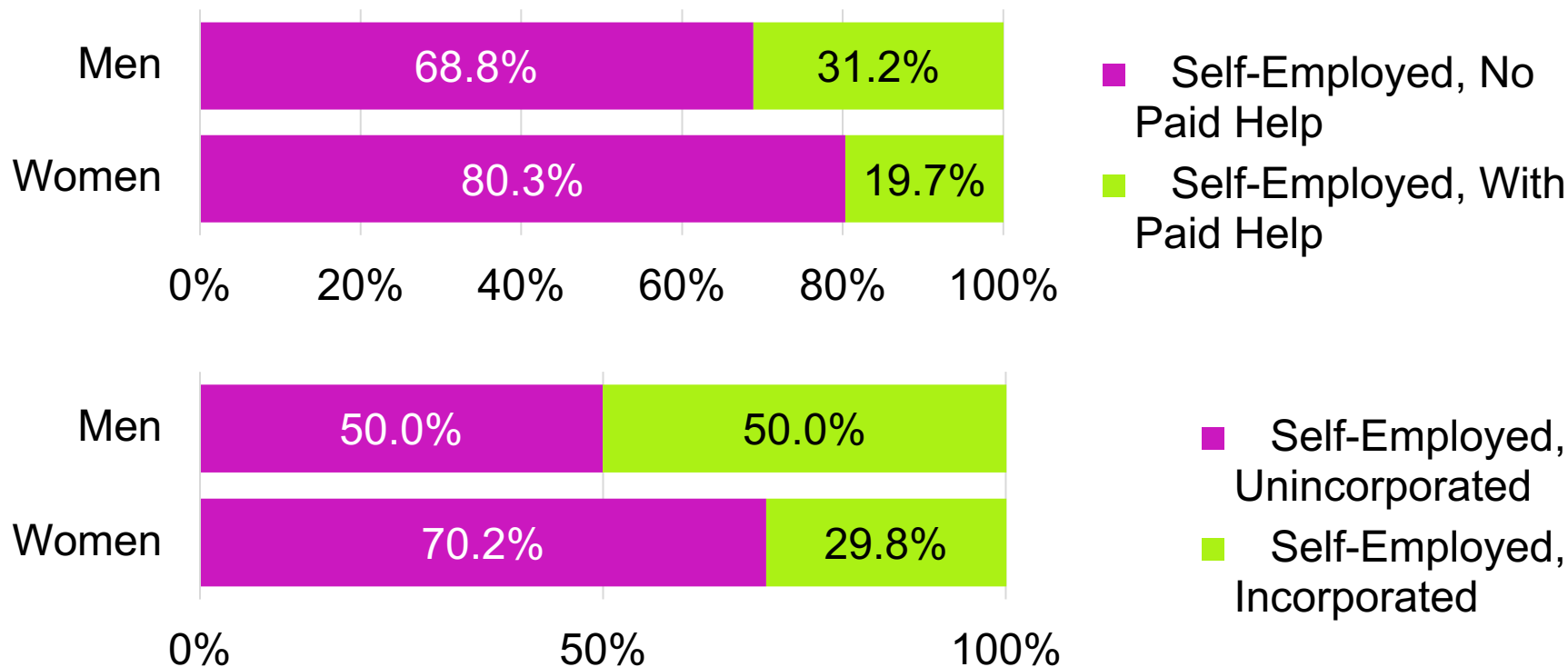
- 15.6% of **SMEs are majority-owned by women**
- **37.4%** of self-employed women in Canada in 2019
- More likely to be in services than in tech
- **92.7%** of majority women-owned SMEs are **micro firms** with less than 20 employees
- **13.3%** of Canadian women are entrepreneurs
- 78% have **no paid help** versus 67.5% of men
- The proportion exporting have doubled, narrowing the gender gap
- **Financing**
Women are less likely to seek and receive financing than men; firms owned by men are more likely to receive venture capital or angel funding, trade credit, or capital leasing
- **Motivations are different**
Necessity vs. experimentation; “lifestyle” entrepreneurship
- **Access to supports**

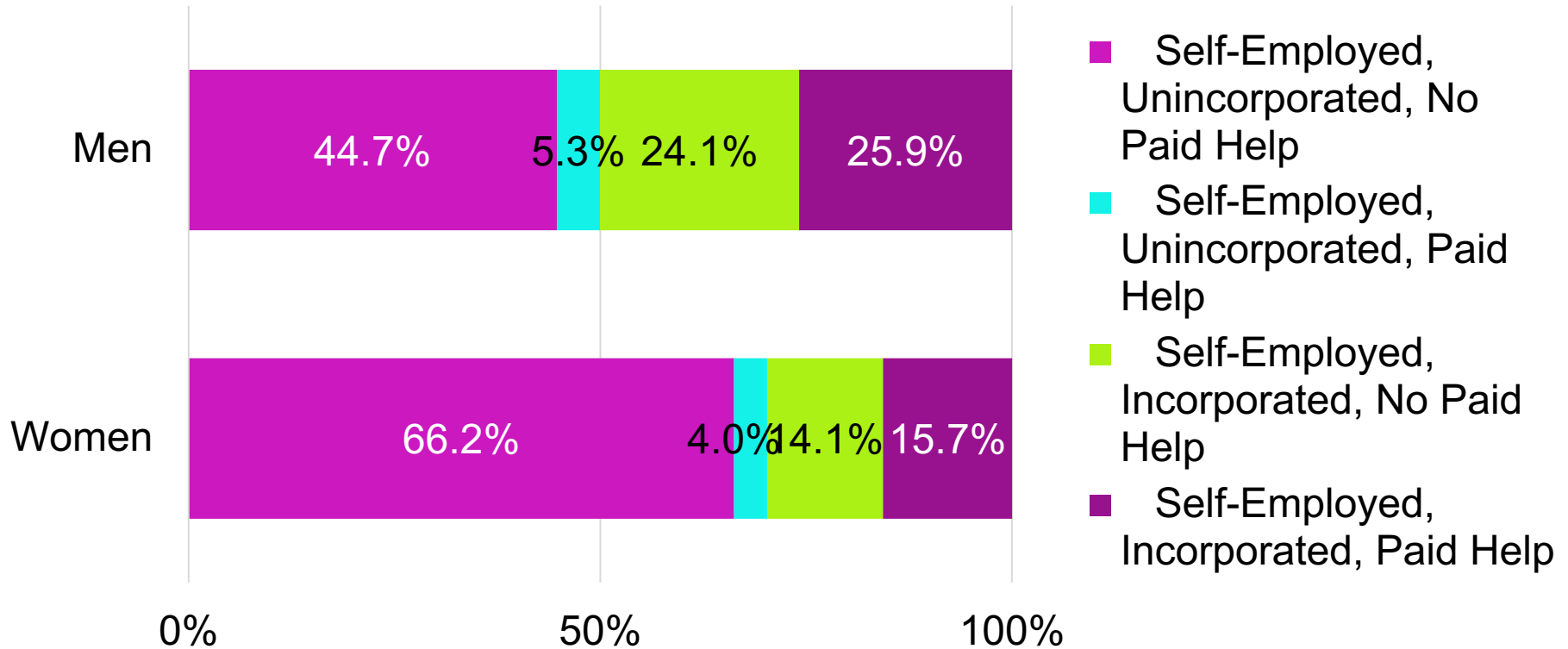
Women's ownership of SMEs by proportion



Women's ownership of SMEs by proportion (Source: ISED (2018). Survey on financing and growth of small and medium enterprises (SFGSME), 2017. Innovation, Science, and Economic Development Canada, Government of Canada.
<https://www.ic.gc.ca/eic/site/061.nsf/eng/03086.html>.)

Incorporation and Use of Paid Help





The Revenue Gap



Women owned businesses generate an average of **\$68,000 less revenue than men** who run similar businesses: a 58% gap

E-Commerce Advantage



Women entrepreneurs using **e-commerce tools** report earning **75% more revenue** than their female peers who do not sell online

Closing the Gap



For online marketplaces or an e-commerce enabled website, the **revenue gap between women and men-owned businesses closes to 44%**

Challenges to Scaling Up (Brookfield)

- Firms with higher share owned by women are systematically less likely to achieve scale-up status
- Firms with higher women ownership that innovate or hold intellectual property are less likely to reach scale-up status than those with men ownership and these firms may have a more difficult time translating innovative inputs into growth



Gender Differences: Entrance into Business Ownership

- Women were more likely than men to choose business ownership after suffering a major negative income shock
- Women are less likely to be in the goods-producing sector
- While men were attracted to men-owned enterprises, women were attracted to women-owned enterprises and equally owned enterprises
- Prior to entering business ownership, women had a lower personal income but a higher cumulative family income
- Women were more likely than men to be married or in a common-law relationship, particularly one who was also a business owner
- Women and men enter business ownership for the same reasons
- Women are nearly two times less likely to enter business ownership than men

New Research on Unicorns and Soonicorns

- “Unicorns”: fast growth startups with an estimated value greater than \$1B USD
- “Soonicorns”: high-value startups with Unicorn potential
- 14% of Canadian Soonicorns in 2021 had at least one woman co-founder
- Top 3 woman-led Soonicorns from Canada are valued above \$600 million USD, and have potential to reach unicorn status within a few years

Rahman, S. & Grant, K. 2021. Future of Canadian Unicorns Looks Promising. <https://wekh.ca/future-of-canadian-unicorns-looks-promising/>

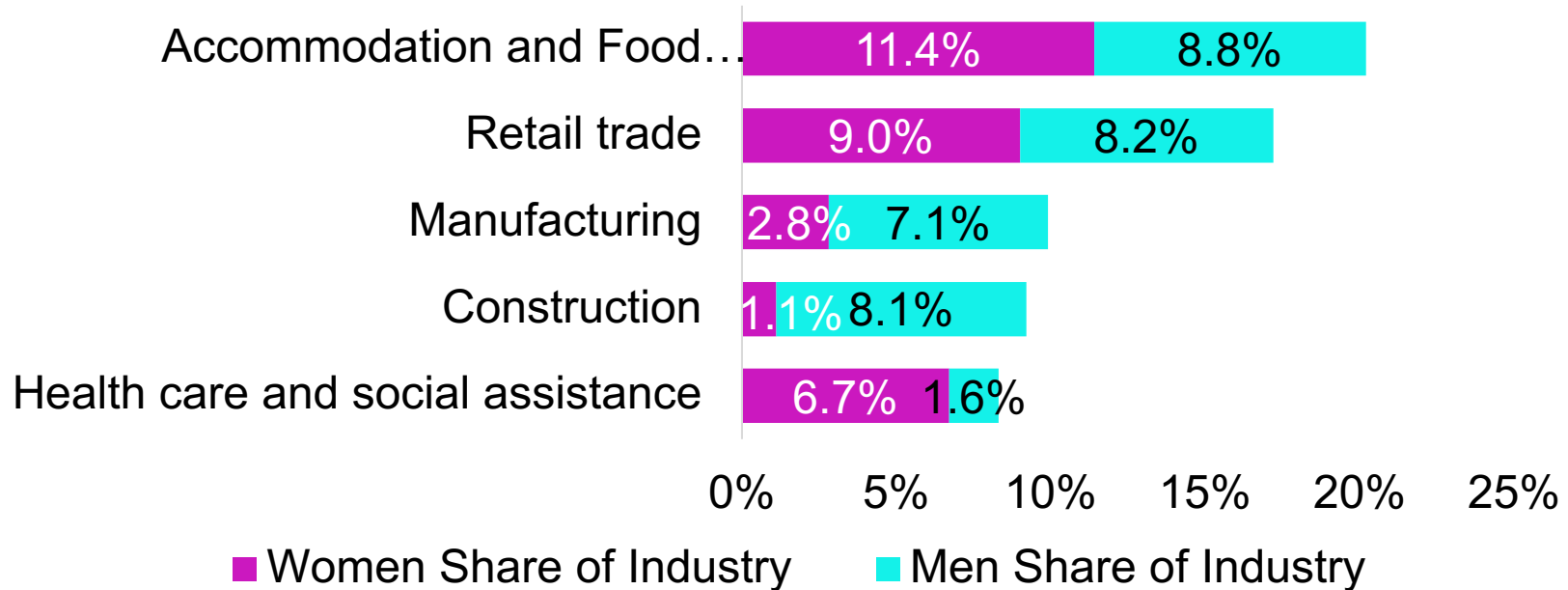


GENDERED IMPACT OF THE COVID-19 PANDEMIC

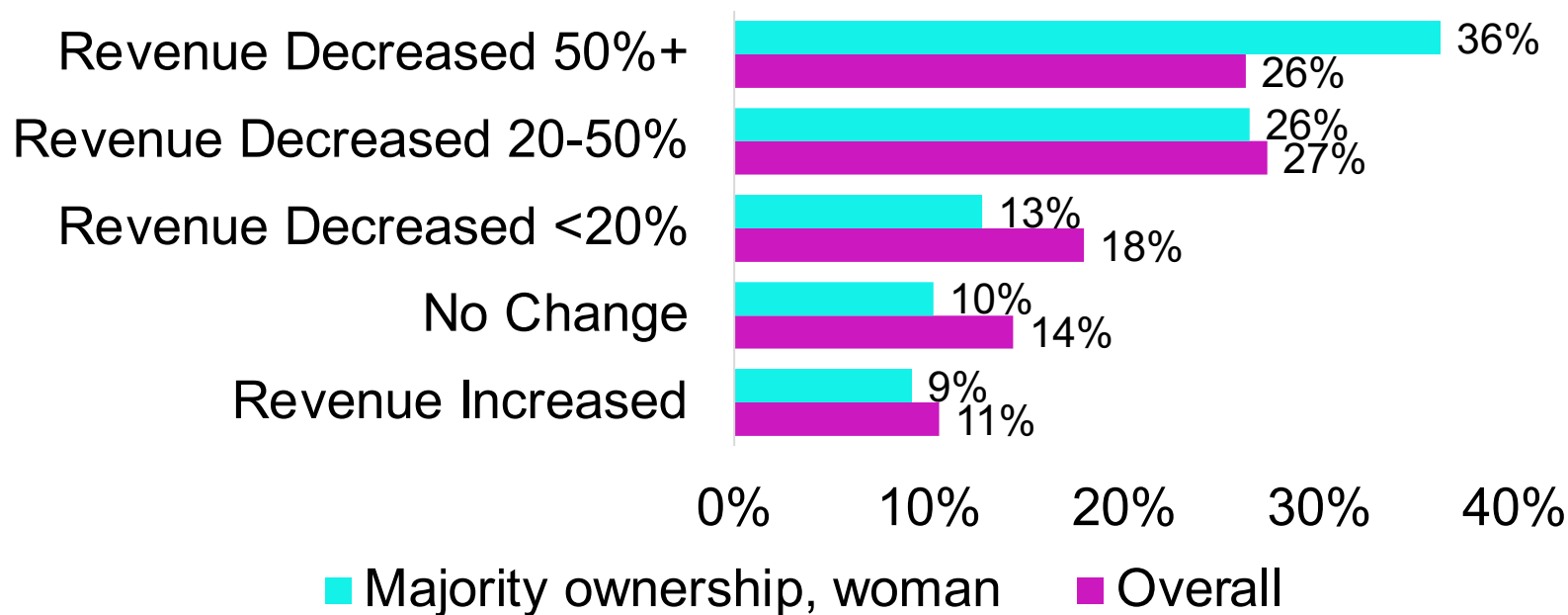
- 62.1% of women-owned businesses laid off 80% or more of their employees, vs 45.2% overall
- 61% of women founders report challenges versus 34% of businesses
- Most support programs designed to support SMEs with employees, resulting in women being excluded for the support
- Burden of unpaid work is crushing many women entrepreneurs
- Impact is exacerbated for Indigenous, Racialized and Black women entrepreneurs and those who are in rural areas

Women Dominated Industries Most Affected

Share of total March & April layoffs (2020)

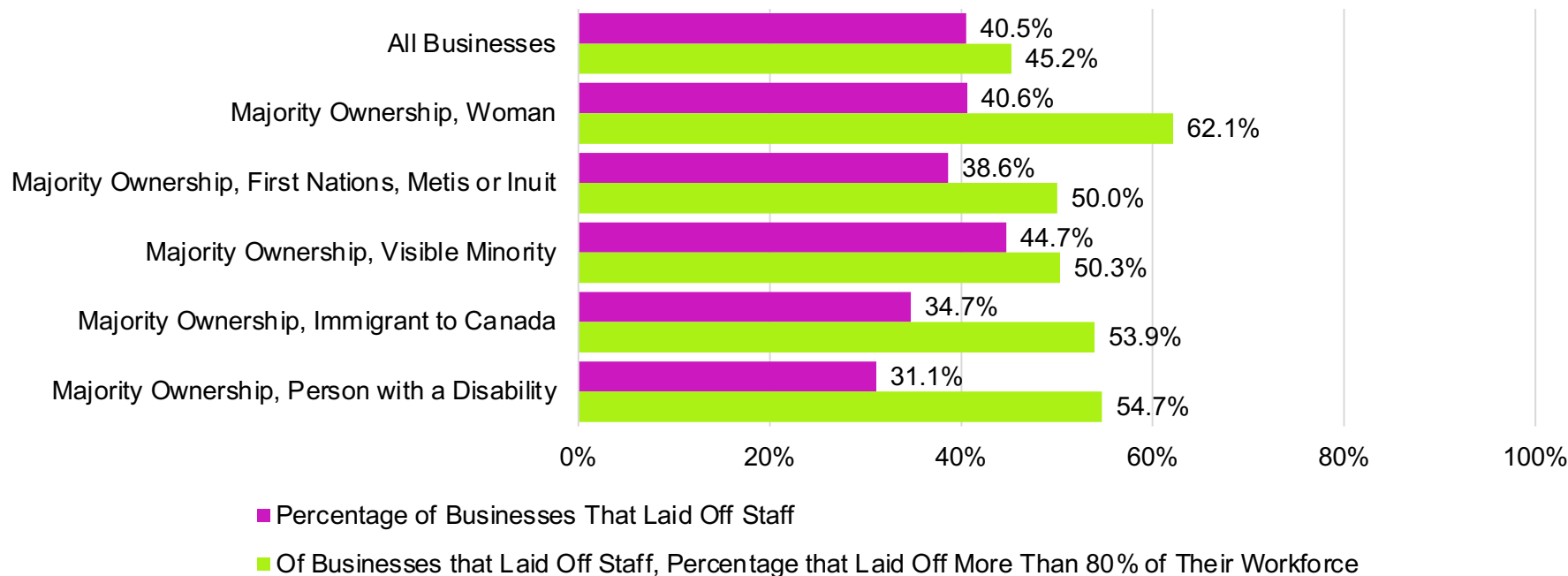


Change in Business Revenue due to COVID-19 (Q1 2019 to Q1 2020)



Statistics Canada. Business revenue from January 1 to March 31, 2019, compared with January 1 to March 31, 2020, by business characteristics

Staffing Changes and Layoffs Greater than 20%, April 2020



Statistics Canada (2020). Labour Force Survey (LFS): Public Use Microdata File. December 2020. Accessed via ODESI

INTERSECTIONALITY

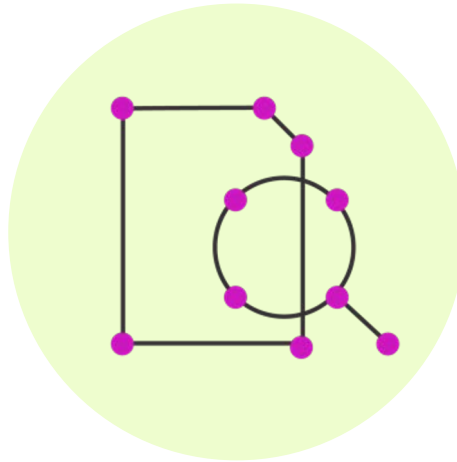
Spotlight - Black Women Entrepreneurs

- Black entrepreneurs were also disproportionately impacted by the COVID-19 pandemic
- Anti-Black racism + Gender bias
- Lack of role models, mentors, encouragement, or sponsorship; absence of networks, information, and wayfinding
- Systemic discrimination
- Lack of inclusion – no seat at the table
- Resilient and innovative
- Draw on culture and experience to inform business models and design

Largest study of Black Women Entrepreneurs in Canada – 700 respondents

79% of applicants said they faced **barriers to accessing financing**

70% indicated that **access to equity or capital** was a barrier

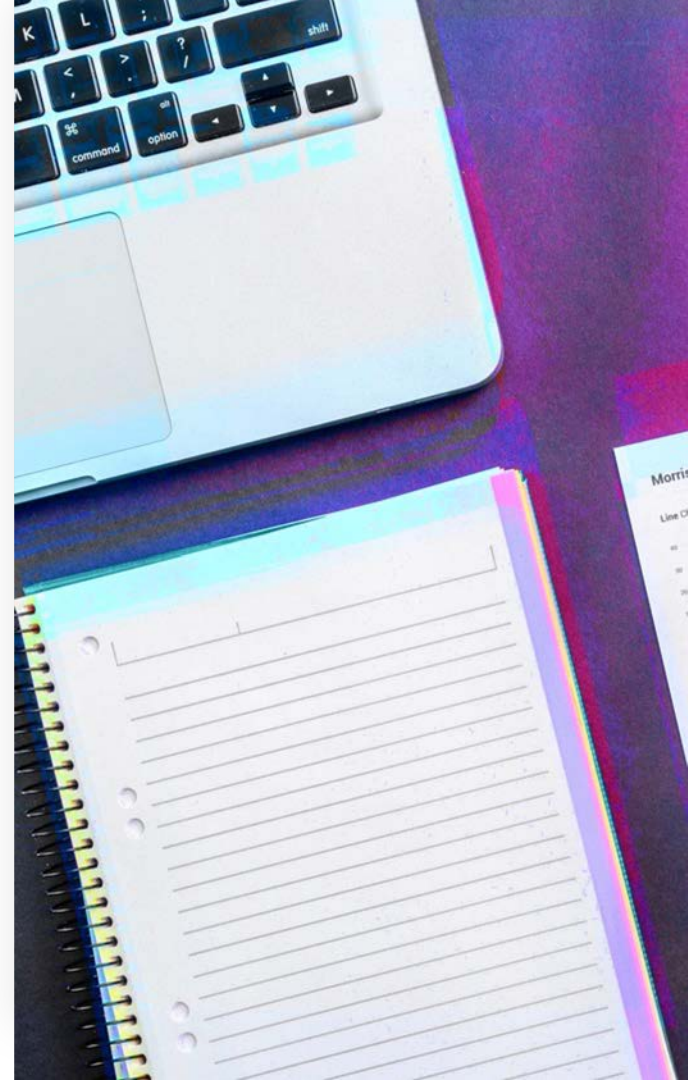


65% of applicants said **cost of borrowing** was a barrier

73% of applicants indicated that **increased flexibility** was a motivation to start their business

Spotlight: Indigenous Women Entrepreneurs

- Self-employment for Indigenous women is 40.2%; higher than the self-employment of Canadian women, which is 36%
- Motivations: more likely to see community benefits and social impact as important
- More likely to export than non-Indigenous entrepreneurs
- Challenges in infrastructure and financing



Barriers Increased for Indigenous Women Entrepreneurs

- Indian Act prevents those on reserve from securing loans from financial institutions using property owned by a band
- Funding available from Aboriginal Financial Institutions (AFI), often have limited financing and are not designed for Indigenous women
- Anecdotal evidence that involvement in informal economy bars Indigenous women entrepreneurs from access to programs
- Nearly 50% of Indigenous women entrepreneurs live in rural areas



Spotlight: Women Entrepreneurs Living with Disabilities

- Evidence that persons with disabilities are both pushed and pulled into entrepreneurship
- Growing evidence that cognitive difference viewed as barriers in conventional workplaces are assets for entrepreneurs
- 20% of Canadians living with a disability do not use the Internet: a barrier for women entrepreneurs with disabilities
- Normalization of remote work during the pandemic has benefitted those with disabilities that require flexible work and accommodations



20% of Canadians living with a disability do not use the Internet

Spotlight: Quebec Women Entrepreneurs

- Quebec has a higher proportion of majority women-owned businesses than the rest of Canada
- Women entrepreneurs in Quebec have reported to be severely affected by the COVID-19 pandemic
- In a study of 1,080 women entrepreneurs from Quebec, they reported that two out of three businesses were operating at 50% capacity or less
- Government measures supported only 20% of the women-owned businesses as many did not qualify or had difficulties navigating the processes

Spotlight: Rural Women Entrepreneurs

- High rates of self-employment
- Under-represented in management and ownership positions in agriculture – a highly gendered industry
- Under-represented in agriculture associations
- Unique barriers, often neglected or overlooked
 - Women entrepreneurs in rural areas have limited access to basic infrastructure

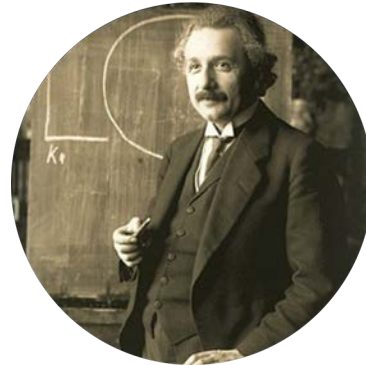


EVALUATION



*“What gets measured
gets done.”*

PETER DRUCKER



*“Not everything that counts can
be measured. Not everything
that can be measured counts.”*

ALBERT EINSTEIN

What do we evaluate?

GOALS

- Beneficiaries
- Needs
- Resources
- Problems
- Background
- Environment

OUTCOMES

- Effectiveness
- Scalability
- Sustainability
- Adjustment
- Systems change



INPUTS

- Stakeholders
- Strategies
- Budget
- Coverage
- Research

PROCESS

- Develop
- Implement
- Monitor
- Feedback

Challenges to Evaluation

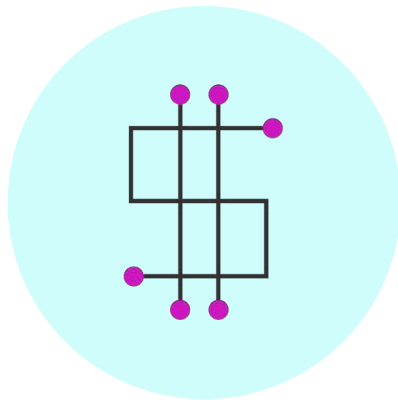
- Definition of “entrepreneur”
- Data collection, tracking diversity
- Definition of innovation
- Focus on STEM, technological innovation, as opposed to process innovation



Investment Strategy and Metrics

Traditional innovation measures focus on economic outcomes

- Jobs created or maintained
- Leverage per dollar
- High growth firms
- Productivity increase
- Increased sales revenues



Broader, socio-economic measures are needed

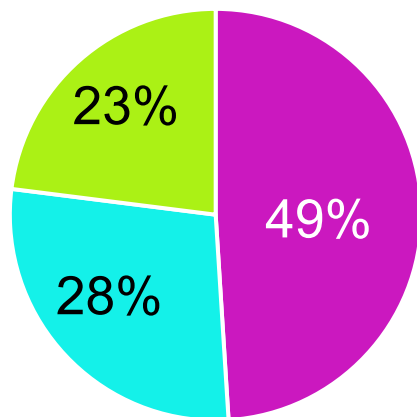
- Impacts on the SDGs
- Social outcomes (e.g. inclusion)
- Human capital (skills, self-efficacy)
- Regional, sectoral and capacity-based approaches

Femmessor Results and Impacts: 2019-20

\$4.78 million invested

Start up:
\$20K-\$50K

Growth:
Up to \$150K

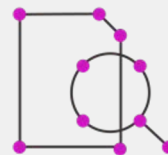


■ Starting up

■ Growth

■ Transfer of ownership or acquisition

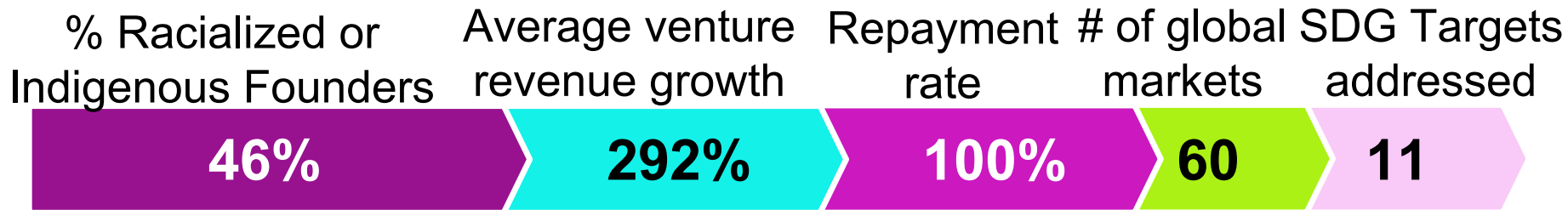
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Highlights

- **97** businesses supported
- **\$24.7 million** return on investment
- **710** jobs created and maintained
- **91%** satisfaction of funded entrepreneurs

SheEO Results & Impact: 2019-20



- \$2.27 million
- 29 Canadian ventures
- 0% interest
- 100% repayment
- 100% SDGs



Women's Enterprise Centre Results and Impacts: 2019-20

- \$2.14 million invested in 35 women-led companies across BC
- Skills development (new Financial Fitness Series), mentoring, complimentary wrap around supports
- 20% of loan clients used Equal Access to Capital program for immigrants, Indigenous women and youth
- EMWE (WES-funded) program: 84 Indigenous clients, 35 clients living with disabilities, 728 clients who immigrated to Canada, 251 youth clients, 911 rural clients
- 54% of loan clients accessed wrap around services
- 96% repayment rate
- \$234.5 million in economic activity generated
- 239 jobs created

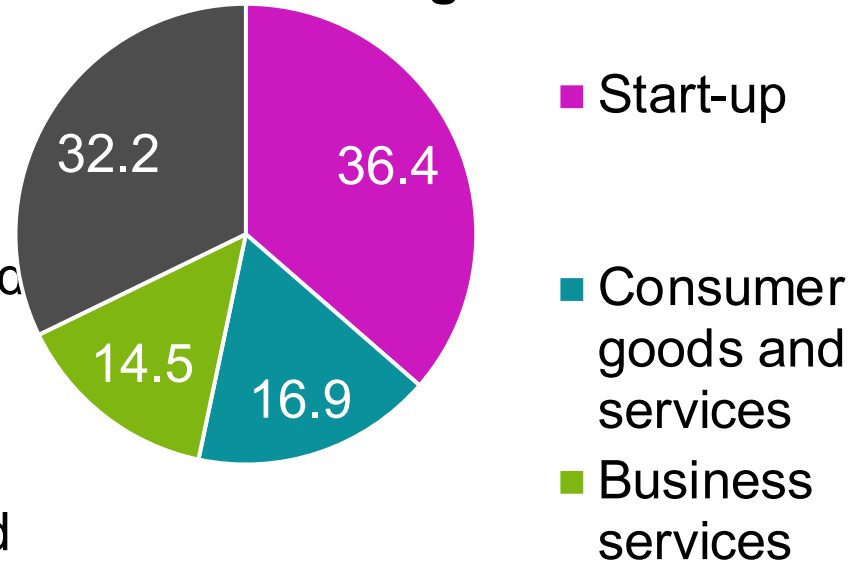


**WOMEN'S
ENTERPRISE
CENTRE**

Rise Up Pitch Competition

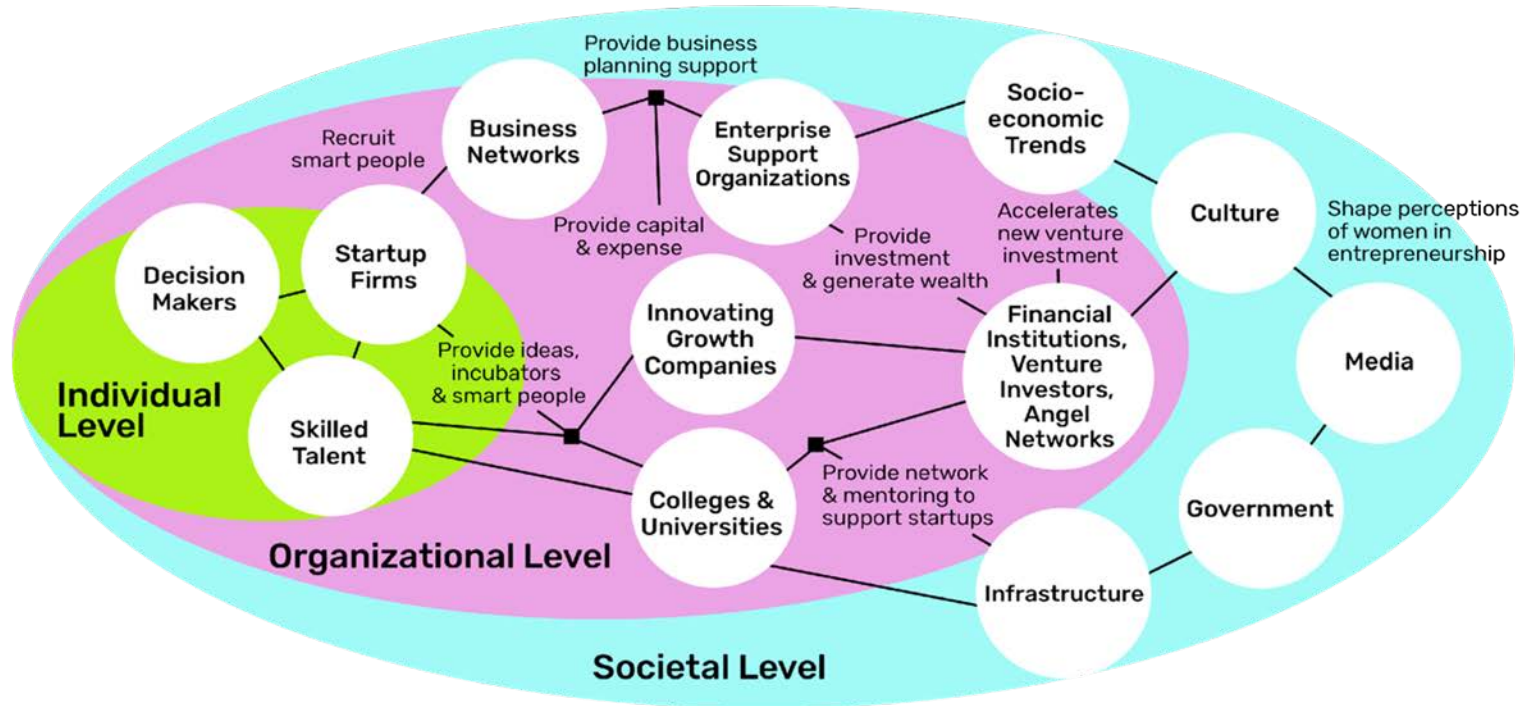
- 50% of businesses owned by Black women entrepreneurs were established in 2020-2021
- Opportunities the biggest motivation for starting a business
- Just under half of applicants received funding assistance, 81.4% used personal financing
- The overwhelming majority of applicants agreed or strongly agreed that access to financing was an issue

Competition application categories

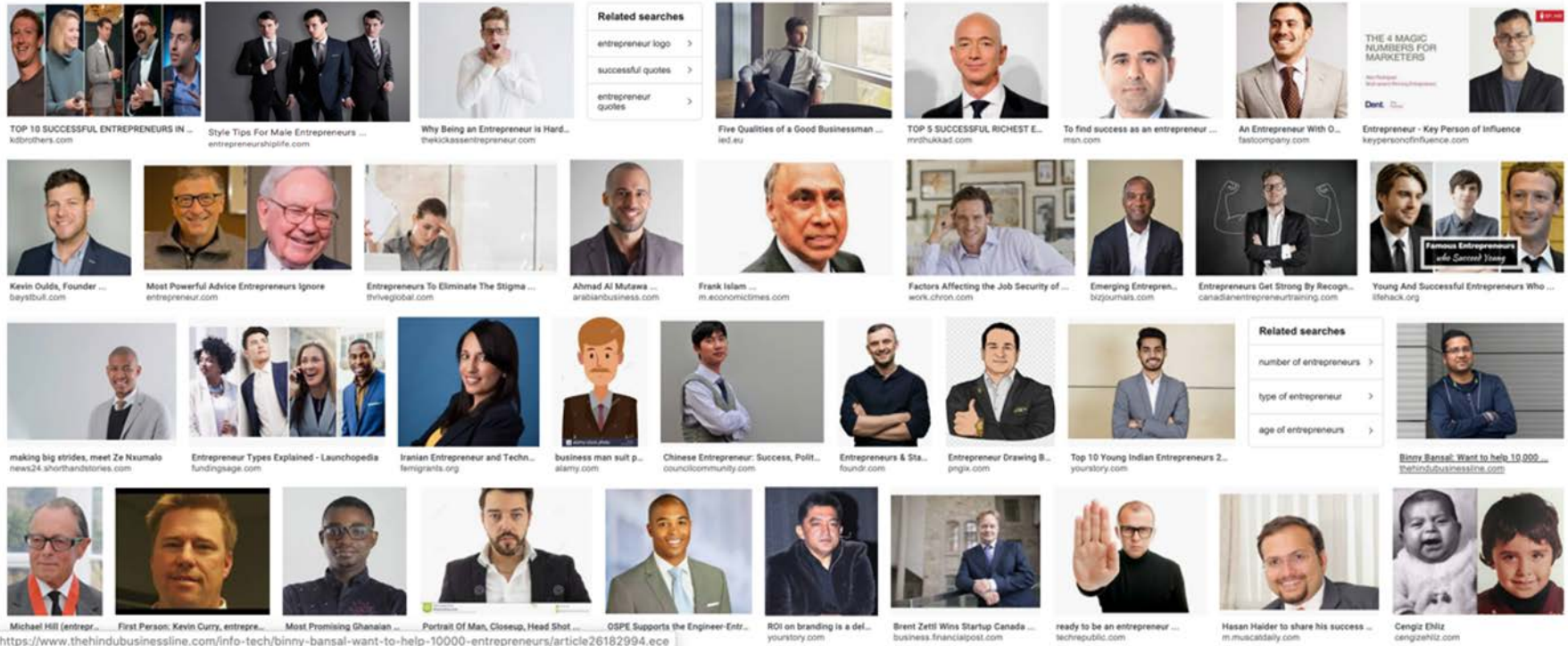


RISE UP
PITCH COMPETITION

THE WAY FORWARD: INCLUSIVE INNOVATION



Macro level: “Think Entrepreneur. Think Male.”



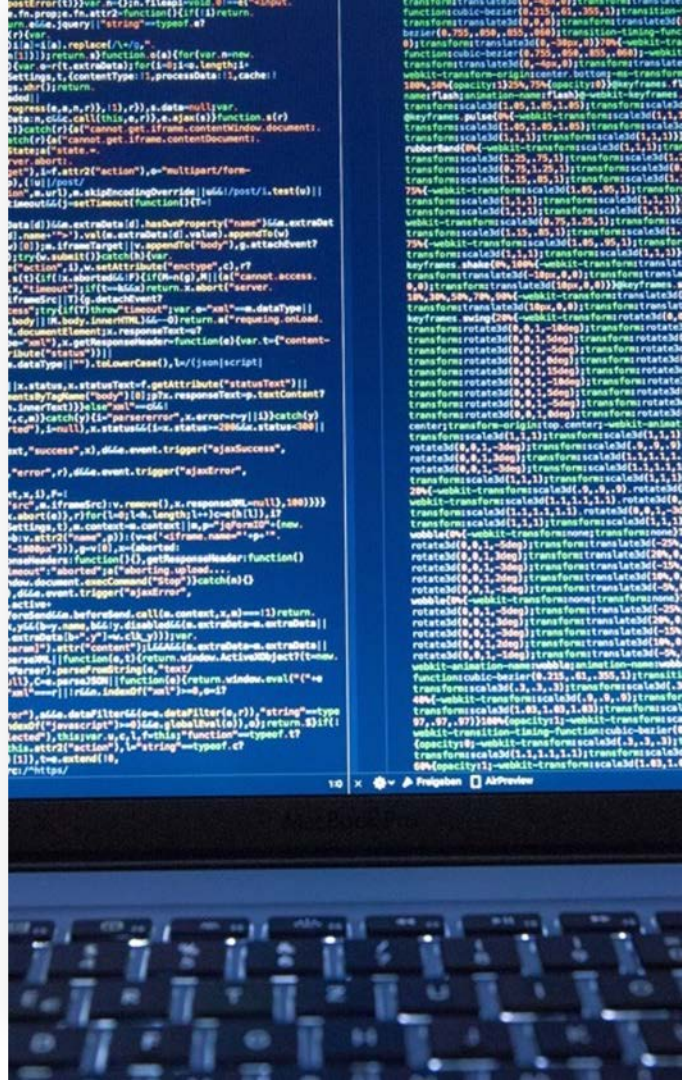
**See It.
Be It.**

#SeelkBelt



Definitions: Innovation ≠ Technology

- Innovation is not about making technology; it is about doing something differently.
- Women are underrepresented in technology generally, including in technology sector enterprises.
- Innovation across sectors
- Current approaches tend to separate (and marginalize) areas where women and diverse entrepreneurs are more likely to be present.
- Funding agencies and financial institutions need to consider how bias is deeply embedded in program design, in processes, even forms



Apply a gender and diversity lens across programs

- WES, whole of government strategy is first in the world approach
- Applying a gender and diversity lens across departments and programs
- 50-30 Challenge while voluntary helps shape ecosystem behaviour
- Childcare as an economic issue
- Bridge digital divide – technological infrastructure, affordability, skills
- Examine tax policy and incentives
- Ensure “the skills agenda” supports SMEs and entrepreneurs
- Clarify definitions: Majority women owned versus women led
- More data, better data and disaggregated data
- Challenge assumptions about risk and reward



Use Procurement and a Gender and Diversity Lens on Funding as a Strategic Lever

- Introduce a diversity component to procurement processes
- Set targets and track the maturity and success of supplier diversity over time
- Encourage governments at all levels, as well as corporations, to build capacity for women and diverse entrepreneurs to participate in supply chains
- Gender and diversity to funding and recovery





Meso (Organizational) Barriers: Diversity Assessment



Governance,
Leadership
& Strategy



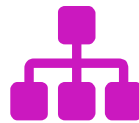
Measurement
& Tracking



Recruitment,
Selection
& Promotion



Values
& Culture



Diversity
Across the
Value Chain



Outreach &
Expanding
the Pool

- Deep dives into organizations in the ecosystem
- Need to go beyond commitment to EDI in HR to apply a lens across functions

Reconsider Programs, Selection process, Recruitment

- Remove barriers to eligibility, targeted outreach, customized support
- Improve funding for women entrepreneurs by launching new investment products aimed specifically at funding women entrepreneurs and leveraging partnerships to link loans with business counselling or mentorship
- Develop and adopt innovative approaches to support women entrepreneurs to recover and rebuild after the COVID-19 pandemic—crowdfunding, micro-grants, customized counselling, mentoring and sponsorship—that respond to their needs and preferences.

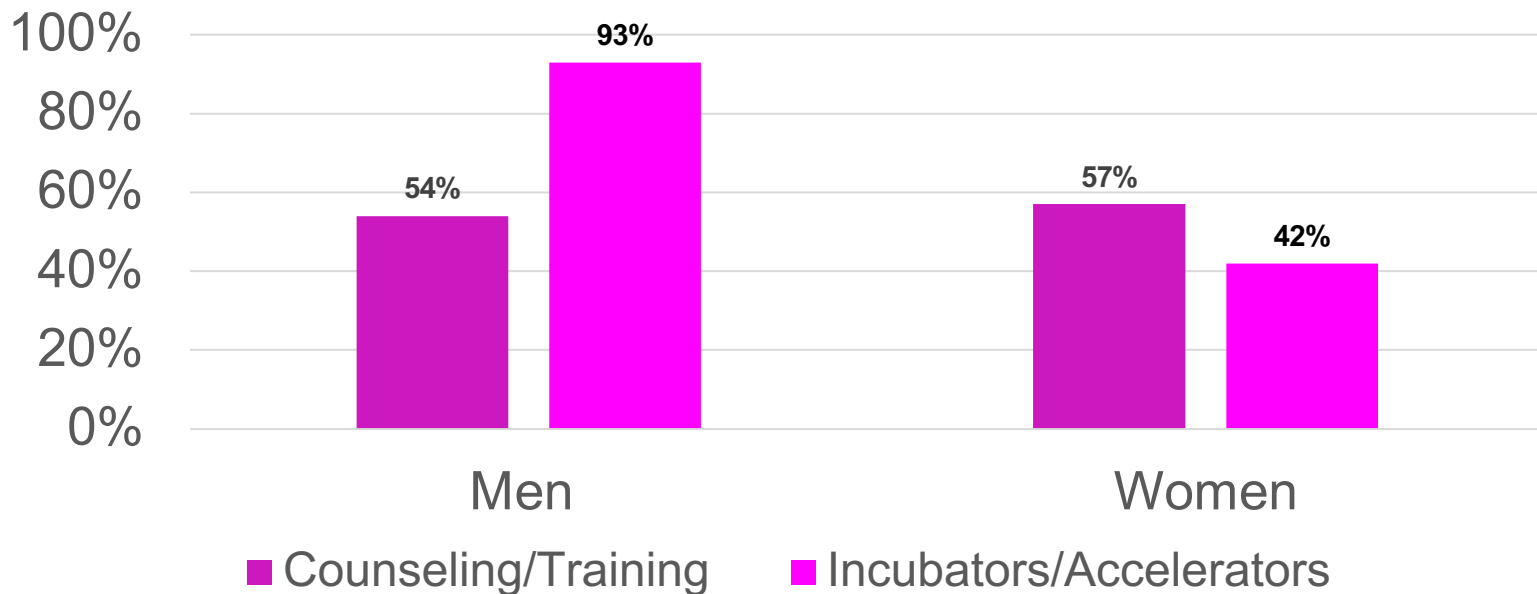


Micro-Level (Individual) Issues

- Focus on individual attitudes, skills and behaviours
- Developing capacity and agency for women entrepreneurs
 - Technical skills
 - Challenging “the confidence gap” and “Women don’t ask”
 - Social capital – networks, allies, mentors and sponsors
- Tackle conscious and unconscious bias among decision makers and influencers
 - The “business case” for diversity and inclusion
 - Unpacking privilege and bias
 - Sharing social capacity – building networks, allies and mentors



Access to Counselling/Training versus Incubators







Skills Agenda

- Shaped almost entirely by large businesses even though SMES are 90%+ of jobs
- Limited focus on SMEs and entrepreneurs generally
- Even less on women and BIPOC
- Limited understanding of intersectional issues in the ecosystem
- Without capacity building on both supply and demand sides there are missed opportunities
- Entrepreneurial skills are essential skills and offer pathways to employment

WEKH/FWE Sharing Platform






WEKH/FWE: Sharing Platform | PCFE/FWE : Plateforme de partage

by SheEO

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Thank You!

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