



**Global
Entrepreneurship
Monitor**

GEM Canada Report on
**Women's
Entrepreneurship**



**2015/2016 GEM
WOMEN'S REPORT**

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EXECUTIVE SUMMARY

Women's entrepreneurship continues to attract a great deal of attention and interest around the globe, given growing evidence of its economic and social impact. Initiatives such as the World Bank's *Women's Entrepreneurship Financing Initiative* (WE-FI), and Goldman Sachs' *10,000 Women Program*, are just two examples of a growing range of initiatives aimed at supporting and encouraging women-led business¹. Within this global context, Canada has emerged as a leader in women's entrepreneurship, with the highest levels of early-stage activity (TEA), and the fifth highest established business ownership (EBO), amongst innovation-based economies.

The purpose of the *2015/16 GEM Canada Report on Women's Entrepreneurship* is to examine recent trends, offering an up-to-date picture of women-led business in Canada. The report draws on 2015 and 2016 data from the *Global Entrepreneurship Monitor (GEM) Canada* surveys, as well as historical data from previous *GEM Canada* surveys. Topics covered include Canadian women's entrepreneurial activity, their attitudes and motivations for starting a business, and the characteristics and impact of the businesses they create.

In order to place Canadian women's activity in context, the report explores regional and provincial differences, and draws comparisons to entrepreneurs in innovation-based economies, such as the United States, Australia, the U.K., and Europe. It also draws on the rich and wide ranging scholarship on women entrepreneurs, as well as other GEM publications—such as the most recent *2015/16 GEM Global Women's Entrepreneurship Report*—in order to place Canadian trends within a global context.

Key highlights include:

LEVELS OF ENTREPRENEURIAL ACTIVITY

Building on trends observed in the *2013/14 GEM Canada Women's Entrepreneurship Report*, Canadian women continue to embrace entrepreneurship, with increasingly high rates of early-stage activity (TEA). In 2016, 13.3% of Canadian women engaged in some form of

early-stage business activity, involving a business that was 3.5 years old or younger. This was up from 10.0% in 2014, and marked the highest rate of women's TEA in 2016 amongst comparable innovation-based countries.

With respect to established business ownership (EBO), involving a business that is 3.5 years or older, Canadian women rank fifth amongst the countries included in the GEM 2016 survey. In 2016, 6.6% of Canadian women engaged in such activity, down slightly from 7.7% in 2014.

PERSONAL BACKGROUNDS AND BUSINESS PROFILE

Canadian women entrepreneurs are found across all age groups, though activity rates for women in early-stage firms are highest for 25-44 year olds. Participation in early-stage firms is lowest for young women aged 18-24 years, with a sharp gender gap between young women and men at this life stage. For established business owners, women's activity rates increase steadily with age, with 55-64 year olds having the highest participation rates. With respect to education, Canadian women entrepreneurs are highly educated, whether in early-start ups or established firms, with the vast majority having some post-secondary education (e.g. college diploma, university degree). Provincially, there is significant variation in women's activity rates. In early-stage firms, women in Alberta, Saskatchewan/Manitoba, and Ontario have above average rates of participation, while in established firms, the highest female rates are found in the Atlantic region, Ontario, Alberta and B.C. With respect to industry location, early-stage women entrepreneurs continue to cluster strongly in consumer services, though global comparisons suggest that Canada has a strong presence of women in the high-tech (ICT) sector compared to other innovation-based economies. For women in established firms, there is a more diverse industrial mix, with knowledge-intensive business services playing a key role.

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MOTIVATIONS AND ATTITUDES

Trends from 2014 to 2016 suggest that Canadian women have increasingly positive attitudes towards entrepreneurship. In 2016, nearly 85% of women indicated they were motivated to start a new business by opportunities, up notably from 70% in 2014. Women's attitudes towards entrepreneurship are also favourable on a number of dimensions. The vast majority of early-stage women perceives good opportunities, feel that they have the knowledge, skills, and experience needed to succeed, and know other entrepreneurs. While men are more likely than women to assess their human and social capital highly, there are no apparent gender gaps in fearing failure, whereas a notable gender gap was reported in 2014. Canadian women in early-stage firms also compare favourably to early-stage women in other countries in terms of their attitudes and motivations.

ECONOMIC IMPACT

Comparing data from 2014 to 2016, an important trend is higher job creation for women's firms. Having said that, while the majority of female entrepreneurs are employers (both in early-stage and established firms), there continues to be a sizeable group who are engaged in solo entrepreneurship, with no employees at all—a trend that is evident for men as well. Exporting activity in early-stage firms also shows an increase as well in 2016, for both women and men, with about one-third of women reporting that 25% or more of their customers are outside the country. In contrast, there is a slight gender gap in reported innovation, with more men than women reporting innovation in products or markets than was the case in 2014. Finally, while expectations for future job growth have increased for women since 2014, especially amongst established business owners, there is a group of women and men who do not expect to create jobs over the next five years. For established business owners, there are minimal gender gaps in expected job creation. But for early-stage firms, women are less likely than men to expect higher jobs numbers (6+ jobs). Canadian women in early-stage firms also lag women in a number of other innovative-based economies with respect to their expectations for job growth.

LOOKING AHEAD

Taken together, recent data from the *GEM Canada Surveys—2013 to 2016 inclusive*—confirms that Canadian women are highly engaged in entrepreneurship. In 2016, they had the highest activity rates amongst innovation-driven economies for early-stage ventures, and the fifth highest activity in established businesses. Amongst the key assets Canadian women bring to their businesses are positive attitudes, opportunity-based motivations, high human capital, and strong interest in internationalization and innovation. Notable developments in 2016 include higher levels of job creation for both early-stage and established women, growing participation in export activity, and greater gender parity in self-assessed preparedness, perception of opportunities, and a fear of failure. Key challenges include the continued concentration of women's early-stage firms in traditional sectors such as consumer services, coupled with relatively modest expectations for future job growth compared to entrepreneurs in other countries. For women in established firms, there is more diversification in terms of industrial location, and increased interest in future job growth.

EXECUTIVE SUMMARY

1. INTRODUCTION

In recent years, Canada has emerged as a leader in women's entrepreneurship amongst innovation-based economies. The *GEM 2015/16 Canada Report on Women's Entrepreneurship* draws on ongoing surveys conducted for GEM Canada to offer an overview of the current state of women-led business in Canada. Focusing on the most recent 2015 and 2016 *GEM Canada* surveys, as well as the *GEM Global Women's Reports* from various years, the report documents Canadian women's engagement in a range of businesses, from start-ups to more established ventures, tracing their current rates of entrepreneurial activity, attitudes and motivations, and the impact of their business ventures. Where relevant, the report also draws on past *GEM Canada* surveys to offer historical trends and context.

Given the importance of entrepreneurial ecosystems, this report also touches upon provincial differences in women's entrepreneurship, and wherever possible places Canada into the global context, by drawing comparisons to women's activity in other innovation-driven economies. The report also benchmarks women's participation relative to men, noting the extent of the current gender gap in entrepreneurship, as it relates to participation and activity rates, attitudes towards entrepreneurship, and business performance and impact.

1.1 WOMEN'S ENTREPRENEURSHIP

TRENDS IN WOMEN-LED BUSINESS IN CANADA

Over the past 20 years, Canada has seen a surge in the role of entrepreneurship within our economy, with growing interest and participation for both women and men. Currently, Canada has one of the highest rates of entrepreneurship activity amongst what the World Economic Forum terms 'innovation-based economies', which include other post-industrial, knowledge-based economies at a similar stage of development as Canada, such as the U.S.A, Israel, Australia, Ireland, Germany, Japan, and the U.K.²

1. INTRODUCTION

Women continue to play a central role in the rise of the ‘entrepreneurial economy’ in Canada, launching businesses at higher rates than they have historically, and at rates that have often outpaced that of men.³ Recent benchmarking efforts, such as the 2015 *Global Women Entrepreneurs Scorecard*, have ranked Canada 2nd out of 31 countries in the world for women’s high-impact entrepreneurship, just behind the first-placed United States, and tied for second with Australia.

Alongside women’s rising participation in entrepreneurship, there is also growing recognition of the economic and social benefits that flow from women-led businesses. Existing research documents many positive spinoffs, ranging from the creation of new products and services that address marketplace gaps, to the creation of jobs and new opportunities in regional and national economies. Women-led business also makes important economic and social contributions to communities and families, providing alternatives to traditional employment that allow women to earn an income, build a career, and deploy their skills, creativity, and leadership in a variety of ways.

Currently, in Canada, there is strong public interest and awareness about women-led business, with annual awards such as the *RBC Canadian Women Entrepreneur Awards* and the *PROFIT/Chatelaine Top 100 Women Entrepreneurs* helping to showcase the accomplishments of women business owners across a variety of business sectors.⁴ Highly successful entrepreneurs, such as **Arlene Dickinson**, **Manjit Minhas**, and **Michele Romanow**, who are profiled on television shows such as *Dragon’s Den*, have also done a great deal to raise awareness about the challenges and rewards of entrepreneurship, and women’s accomplishments in this realm. Not surprisingly, then, the 2016 *GEM Canada* survey data confirms that Canadians have very positive attitudes towards entrepreneurship. Over two-third of respondents see business ownership as a good career choice, and over three-quarters feel that entrepreneurs have high social status.

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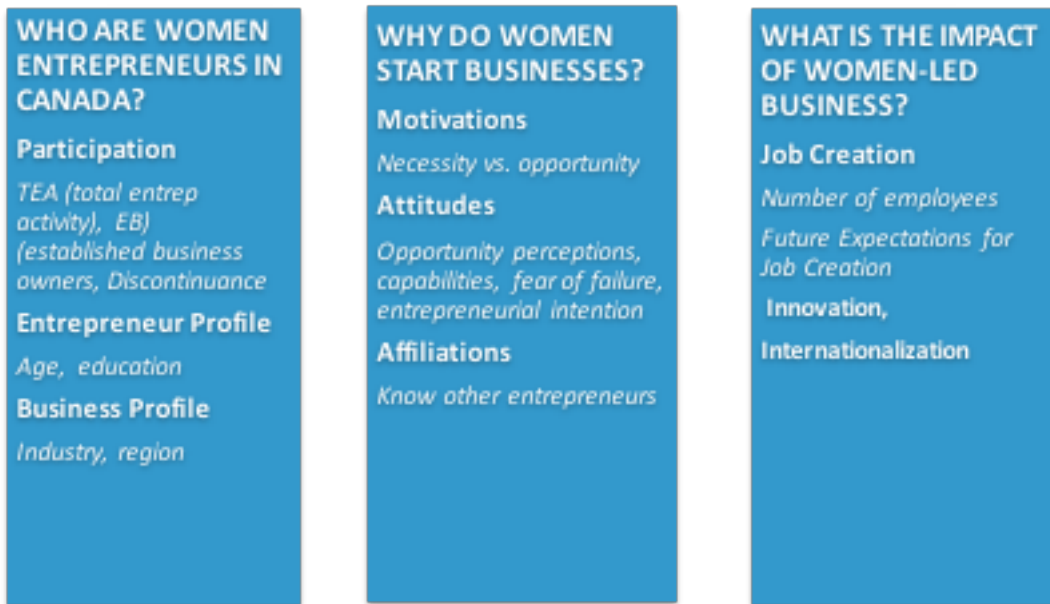
Notwithstanding the positive trends in women's entrepreneurship, we do continue to see gender gaps in activity levels and performance, much as we see in traditional wage-and-salary employment. This is not just the case in Canada but in many other innovation-based economies as well. A quick scan through the *GEM 2016 Global Report on Women's Entrepreneurs*, for example, confirms that women-led businesses are often smaller, and grow less quickly, than firms led by men. While such outcomes may reflect gender differences in aspirations, or a tendency for women to launch and operate in less lucrative sectors, the gender gap may also reflect a variety of barriers to growth in the environment, such as difficulties accessing mentorship and expertise, or tapping into financial, leadership, and other resources.

The question of how best to support women-led business is thus an important area of interest not just for business owners, but for a variety of actors, including federal, provincial and local governments, policy makers, program providers, and advocacy groups. In Canada, there is currently a very dynamic mix of interested parties and support shaping the entrepreneurial ecosystem for women entrepreneurs, which bodes well for the future.

KEY QUESTIONS AND REPORT ORGANIZATION

A key strength of the *GEM Canada* survey is that it operates under the umbrella of the *Global Entrepreneurship Monitor (GEM) Project* – the largest and longest running study of entrepreneurship. Drawing on the *GEM Canada* data, the *2015/16 GEM Canada Report on Women's Entrepreneurship* follows the protocols of the GEM Project, especially the approach taken by the *GEM Global Women's Reports*, examining a number of key questions and dimensions of women's business activity (as outlined in Figure 1.1) to provide an up-to-date picture.

Figure 1.1 Dimensions of Women's Entrepreneurship



Source: Adapted from Kelley et al. (2013) *Global Entrepreneurship Monitor 2012 Women's Report*, p. 14.

In terms of the organization of the report, Chapter Two discusses Canadian women's levels of entrepreneurial activity, both in younger firms (TEA), which have been operating less than 3.5 years, and more established businesses (EBO), which have been operating for a longer duration. It also compares women's rates of participation with Canadian men, and with female entrepreneurs in other countries.

Chapter Three profiles the personal and demographic characteristics of Canadian women entrepreneurs, comparing their age and education profile with their male peers. It also explores the industry sectors that women operate within, and provincial variations in entrepreneurial activity.

Chapter Four explores attitudes towards entrepreneurship and motivations for becoming an entrepreneur. A key question here is whether Canadian women and men launch businesses in order to pursue new opportunities and ideas that they feel have strong potential, or whether they are more likely to be prompted by what are

1. INTRODUCTION

called ‘necessity motivations’—for example, job loss, career barriers, or a lack of meaningful opportunity in traditional salaried employment. These questions are strongly resonant for the period studied, given downturns in key sectors such as energy, and ripple effects throughout local and regional economies. Equally important, are questions about attitudes towards entrepreneurship, both for women and men already involved in a business, but also attitudes within the general Canadian population overall given ongoing shifts and changes in traditional employment models in many countries.

Finally, Chapter Five examines the current and potential impact of women-led business for the Canadian economy, focusing on questions of performance and job creation, as well as internationalization, export, and innovation activity. It also probes women and men’s aspirations for the future in terms of how much they expect their businesses to grow. In order to place these into a broader context, it also discusses Canadian trends vis-a-vis other innovation-based economies.

1.2 STRENGTHS OF THE GEM DATA AND METHODOLOGY

GEM CANADA OVERVIEW

The *Global Entrepreneurship Monitor (GEM) Project* is widely recognized as the most comprehensive longitudinal study of entrepreneurship in the world. Launched in 1999 as a joint project between London Business School (UK) and Babson College (USA), it has gathered data from over 100+ countries in the past 18 years. The primary purpose of the GEM Project is to understand entrepreneurship in national and global context, focusing on two key dimensions: i) the attitudes, activity, and aspirations of individual entrepreneurs; and ii) the national context and how it impacts entrepreneurial activity.

With respect to Canada’s history and participation in the global *GEM Project*, Canada was an early participant, taking part several times in the survey in the early years, but then not participating between the years 2005 and 2012. Fortunately, in 2013, Canada resumed participation in the *GEM Project*, with the *GEM Canada* team

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gathering data and producing national reports for 2013, 2014, 2015, 2016 and 2017.⁵ These reports provide a much-needed picture of entrepreneurial activity in the country. While not focusing explicitly on women entrepreneurs, the national reports do highlight some basic gender trends on a number of key indicators (e.g. types of entrepreneurial activity).

The *GEM Canada Report on Women's Entrepreneurship* delves further into the GEM data to explore the gender dynamics at play. This is important because while a *GEM Global Women's Report* has been published every few years—most recently in September 2017⁶—Canada has not been included in many of these past reports due to non-participation in the *GEM Project* from 2005-12. In 2015, the first *GEM Canada* report on women in roughly a decade was published: the *GEM Canada 2013/14 Report on Women's Entrepreneurship*.⁷ The current report builds on this previous report, seeking to expand our understanding of women's business, with respect to their levels of engagement, motivations, attitudes, and business outcomes.

GEM MODEL AND METHODOLOGY

The Global Entrepreneurship Monitor (GEM) defines entrepreneurship as:

“Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business.”⁸

At the heart of the GEM model is a focus on the *individual entrepreneurs*, and their personal aspirations, capabilities and opportunities, as well as the *entrepreneurial ecosystem*.

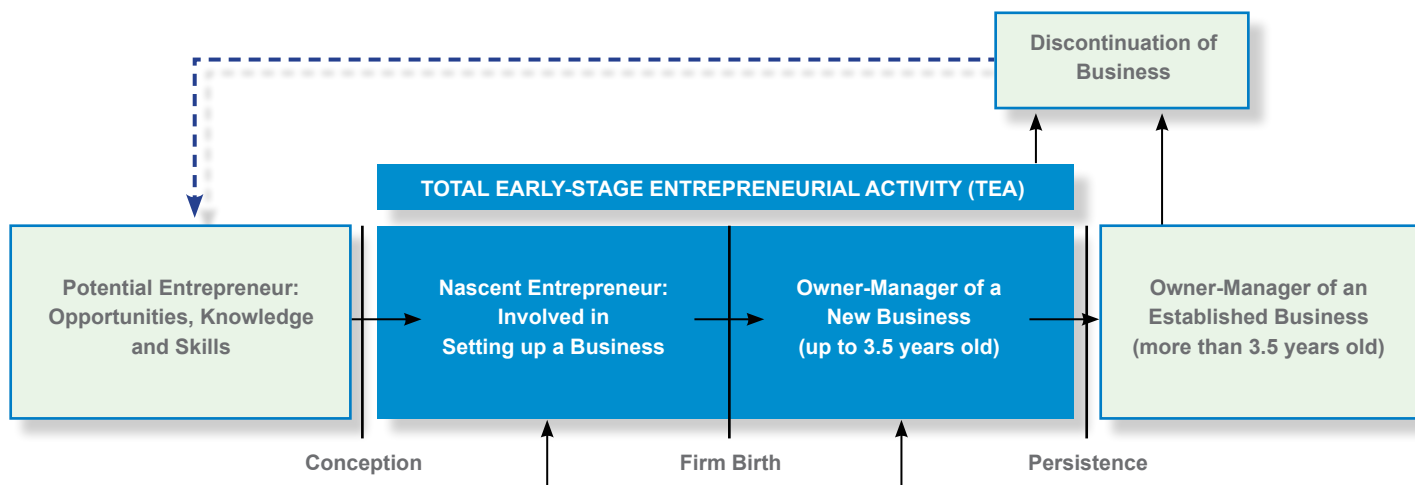
The GEM classifies countries that participate in the study according to the three-fold typology from the World Economic Forum's Global Competitiveness Report.⁹ *Factor-driven* economies are the least developed, with highest rates of entrepreneurship, often driven by necessity. In a more intermediate position are *efficiency-driven* economies where early innovation and infrastructure are emerging.

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Innovation-driven economies—such as Canada—typically have lower overall rates of entrepreneurship, but this activity is more likely to be technologically innovative, knowledge-based, and novel, and driven by opportunity-based, rather than necessity-based, motivations.

Overall, the GEM model views entrepreneurship as a process with distinct phases. As depicted in Figure 1.2, this process moves from the intention to start a business, to nascent entrepreneurship involving a brand new start-up, to owner-managers of a relatively new business, to owner-manager of a more established venture. Following this process approach, it also tracks business exits and discontinuance.

Figure 1.2 The Phases of Entrepreneurship



Source: Langford, Josty and Saunders (2016) *GEM Canada 2015 Report*, p. 14.

A central measure of the GEM is *Total Entrepreneurial Activity (TEA)*. This includes those in the process of starting a business (nascent entrepreneurs), and those running a young business (3 – 42 months old), but excludes those in the established business phase (firms older than 42 months or 3.5 years). By exploring these various phases—and

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especially the difference between ‘early-stage’ (TEA) and ‘established businesses’ (EBO)—the GEM project offers data not typically available from standard business statistics or official government measures.

With respect to data collection, the GEM collects information at the national level through two main sources:

Adult Population Survey (APS)

Data for the APS is gathered through a telephone survey of randomly selected adults, aged 18-99 years, conducted by an independent polling firm. Using the standard GEM questionnaire protocol, it covers a variety of questions on entrepreneurial attitudes, activities, and aspirations. The APS data provides a profile of representative data, weighted for age and gender to standard Canadian demographic data.¹⁰

National Expert Survey (NES)

Data is also collected through a National Expert survey (NES). Expertise areas that are specified by GEM include: finance, policy, government programs, education and training, technology transfer, support infrastructure, and wider socio-cultural norms. The questionnaire presents a series of statements concerning support for entrepreneurship, and experts are asked to assess the degree to which each is true for Canada. The final section solicits open-ended responses.

For this report on women’s entrepreneurship, we draw primarily on the GEM Canada Adult Population Survey (APS) for 2015 and 2016. To place women’s entrepreneurship in a global context, we also draw from the GEM Global Data from various years to offer comparative insights.

2. WOMEN'S PARTICIPATION IN ENTREPRENEURSHIP

2.1 CANADIAN WOMEN'S AND MEN'S ENTREPRENEURIAL ACTIVITY

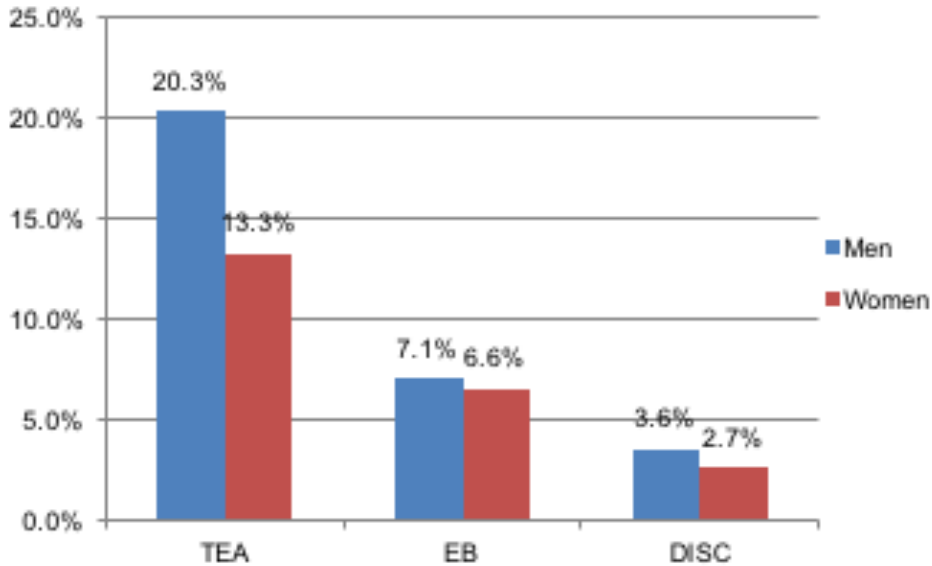
Women's engagement in entrepreneurship varies widely around the globe. Looking at the most recent *GEM Global Women's Reports*, for 2014/15 and 2016/17, for example, we see there are very low rates of female entrepreneurship in countries such as Russia, Macedonia, Algeria and Jordan, where less than 1 in 20 of women aged 18-64 years old report some kind of early-stage activity (TEA). In other countries, such as Ecuador, Senegal, Botswana, and Uganda, women are highly engaged in enterprise, with at least one in three women reporting some form of early-stage activity.

Alongside diverse activity rates, we also see differences in the extent of the gender gap between women and men's entrepreneurial activity. Drawing on the same data discussed above, for example, we see that in countries such as El Salvador, Brazil, and Mexico, there is near gender parity in early-stage activity. In other countries, such as Turkey, there are significant gender gaps, with men's TEA rates being 20% higher than rates for women.¹¹

Where do Canadian women entrepreneurs fit into this global picture? And how does their engagement in entrepreneurship compare to countries with 'innovation-driven' economies that are similar to Canada? Looking at 2016 data, we can see that women in Canada have very high levels of engagement both for 'Total Early Stage' (TEA) activity—defined as a business 3.5 years old and younger—as well as 'Established Business Ownership' (EBO)—defined as a business that has been operating for more than 3.5 years. As Figure 2.1 shows, 13.3% of Canadian women in 2016 were involved in some type of early stage activity, up from 10.0% in 2014. Another 6.6% of women in 2016 were involved in a more established business (EBO). In addition, a small proportion of women (2.7%) discontinued their business during the year.

2. WOMEN'S PARTICIPATION IN ENTREPRENEURSHIP

Figure 2.1 Percentage of Women and Men in Total Early-Stage Activity (TEA), Established Business (EBO), and Discontinued Business, 18-64 years, Canada, 2016



Comparing activity levels for women and men, however, it is also clear that there are notable gender gaps. As Figure 2.1 shows, men are much more likely to be engaged in TEA, with 20.3% involved in some form of early-stage activity (TEA). As a ratio, this represents roughly 1.5 men for every 1.0 woman, and is quite similar to what we saw in 2014, when about 16.0% of men, and 10.0% of women, were engaged in TEA. Of note, and while not shown on the graph, in 2015, we saw a jump in women's rates of TEA from 10.0% to 13.0%, while men's rates stayed stable to their 2014 levels. This resulted in a short-lived narrowing of the gender gap. The surge of men involved in early-stage business in 2016 is consistent with other data, such from Statistics Canada, which suggests a rise in self-employment for men, likely as a result of economic slowdown due to falling oil prices.¹² An interesting question is where trends may go over the next decade or two, and whether we may see a further narrowing of the gender gap as we did briefly in 2015.

Concerning established business ownership (EBO), we do see a situation of greater parity with respect to activity levels. This is interesting and important since established businesses are ones with longevity and proven success. In 2016, there were about 1.07 men

2. WOMEN'S PARTICIPATION IN ENTREPRENEURSHIP

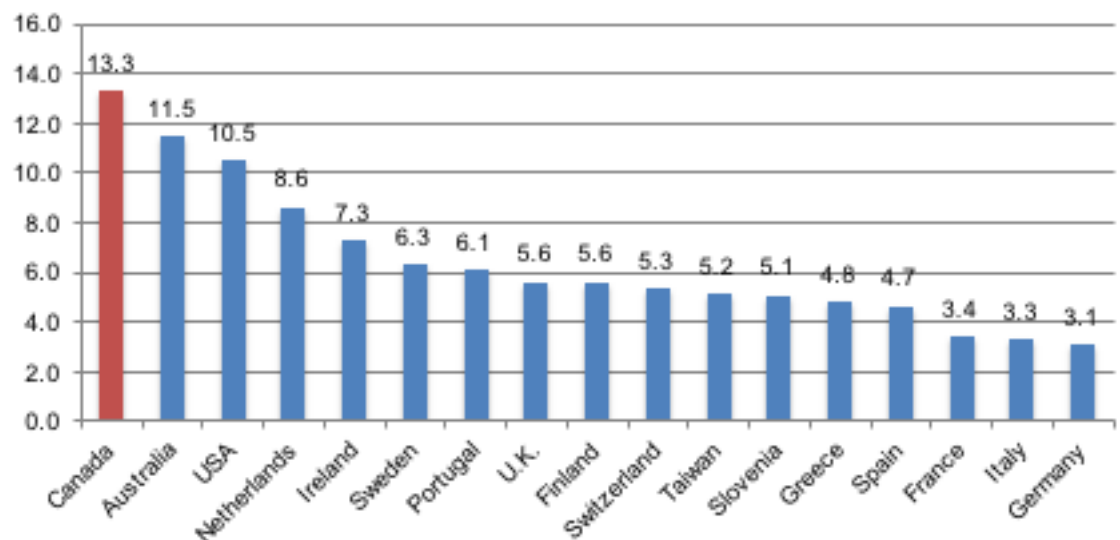
for every 1.0 woman. This marks a shift from a ratio of 1.4 men to 1.0 woman in 2014, when 10.9% of men and just 7.7% of women were involved in EBO.

In addition to total early-stage and established business ownership, we also see a small proportion of women and men discontinuing their business each year, either through business closure or through sale of a going concern. Here women's rates (2.7%) fall just slightly below those of men (3.6%)

2.2 CANADIAN WOMEN ENTREPRENEURS IN GLOBAL CONTEXT

Turning to comparisons with other innovation-based economies, we can see from Figure 2.2a that Canadian women are strong leaders in early-stage activity, placing well ahead of both Australia and the United States, where 11.5% and 10.5% of women respectively were involved in TEA in 2016. Canada's movement into this leadership role marks a noteworthy shift from 2014, when Canadian women's TEA rate fell slightly behind the United States, and tied with Australia. While not shown in Figure 2.2a, Canada's first place ranking is evident in the 2015 data as well, suggesting some stability over the past two years in this leadership position.

Figure 2.2a Percentage of Women in Total Early-Stage Activity (TEA), 18-64 years, Canada and Other Innovation-Based Economies, 2016



Comparing Canada to other G7 countries—such as the U.K. (5.6%), Germany (3.1%), France (3.4%), and Italy (3.3%)—helps to underline the striking and high level of Canadian women’s participation in early-stage business. Moreover, when comparing the full range of innovation-based countries in Figure 2.2a, and also taking into account patterns from the previous *GEM Canada Women’s Report* for 2014 (not shown on the graph), it becomes evident that countries such as Canada, as well as Australia, Ireland, and the Netherlands are on an upward trajectory in terms of women’s engagement in independent business. In contrast, countries such as the U.S., the U.K., and Germany show relatively stable patterns or even slight declines of 1-2% in their rates of female early-stage activity since 2014.

2. WOMEN’S PARTICIPATION IN ENTREPRENEURSHIP



Naomi Periera is the CEO and co-founder of JobJar, a Calgary based startup that brings homeowners and handymen together. Before starting JobJar, Naomi was already a veteran of entrepreneurship. When she was just twenty-four, she started Pedini, a high end European kitchen design studio in Calgary. Although Pedini was not hit as hard as other businesses in the recent downturn, Periera still felt the effects. JobJar was a brilliant result of this slow down. Naomi came up with the idea when trying to conquer her to-do list but unable to find contractors for a few small jobs. Created at the perfect time for an economy with an abundance of unemployed skilled labourers, JobJar puts those in need of a small home repair in contact with those who are able to do it.

Since JobJar and Pedini are very different types of businesses, Naomi sought help from Alberta Women Entrepreneurs (AWE) to launch her new venture. AWE provided financial support but what may have been more important was her participation in the AWE PeerSpark™ program. Says Naomi, “I’ve been looking for years for a peer-to-peer mentorship group when I joined AWE ... The best experience for me was actually learning from other entrepreneurs and business owners that were going through what I was going through in a different industry, and learning how they reacted to their challenges.” Naomi gained the experience of others and the confidence to feel that she could operate another business in a realm far from her original career. Today JobJar is operating in over 250 communities in Canada.

Naomi Periera, CEO & Co-Founder - [JobJar](#)

2. WOMEN'S PARTICIPATION IN ENTREPRENEURSHIP

Global comparisons such as these are interesting in and of themselves, but also if we take into account relative levels of female labour force participation. Many of the countries discussed above have historically had fairly high numbers of women in the labour force, similar to Canada. Yet, in some of these countries, we are not seeing the same uptake in entrepreneurship, as we do in Canada. Looking at Table 2.1, we can see that when we consider women's rates of early-stage activity, in relation to overall labour force participation rates, countries such as Canada, Australia, the U.S., Netherlands, and Ireland appear to be doing very well. In contrast, countries such as Sweden, Switzerland, and Finland, that have comparable, and in some cases even higher rates of women's labour force participation, do not exhibit the same level of engagement in early-stage business.

Table 2.1 Women's Total Early Stage Activity and Labour Force Participation, 2016

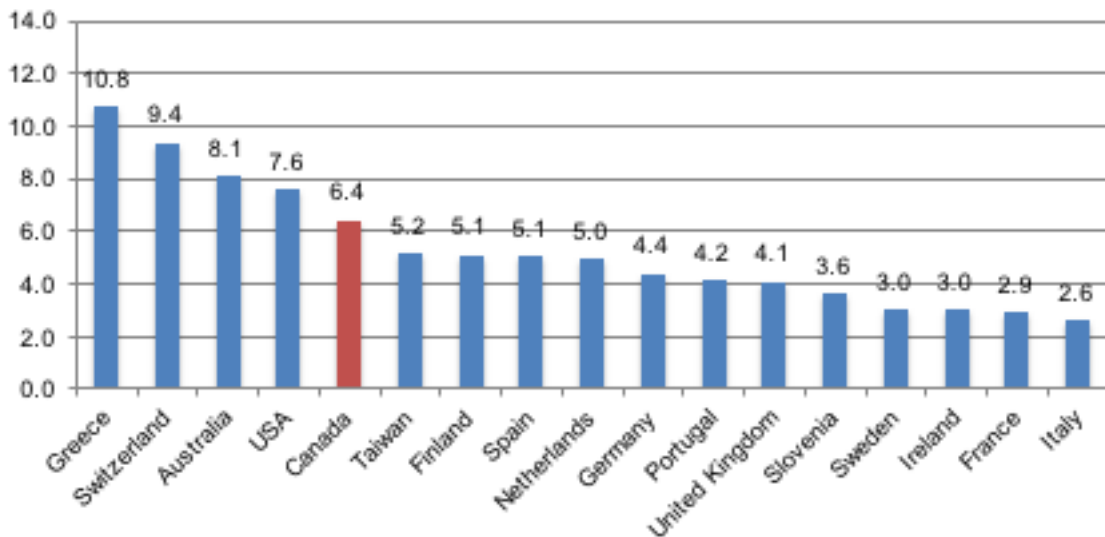
	TEA Rate	Labour Force Participation (15 years and older)	TEA / LFP Ratio
Canada	13.3	65.7	0.20
Australia	11.5	64.8	0.18
USA	10.5	62.8	0.17
Netherlands	8.6	64.1	0.13
Ireland	7.3	60.5	0.12
Portugal	6.1	58.5	0.10
Greece	4.8	52.2	0.09
Slovenia	5.1	56.6	0.09
UK	5.6	63.5	0.09
Sweden	6.3	72.1	0.09
Finland	5.6	65.8	0.09
Spain	4.7	59.2	0.08
Switzerland	5.3	68.6	0.08
Italy	3.3	49.5	0.07
France	3.4	56.0	0.06
Germany	3.1	60.9	0.05

Source: OECD 2016 Labour Force Participation Rates. Available at: http://www.oecd-ilibrary.org/employment/data/labour-market-statistics/labour-force-statistics-by-sex-and-age-indicators_data-00310-en

2. WOMEN'S PARTICIPATION IN ENTREPRENEURSHIP

Finally, with respect to more established business ownership (EBO), Canadian women continue to fare well relative to other innovation-based economies, though not as strongly as they do in early-stage activity. Looking at Figure 2.2b, we see that Canadian women had the fifth highest rate of EBO in 2016, ranking behind countries such as Greece, Switzerland, Australia, and the U.S.A. Comparing trends from the last 2013/14 *GEM Canada Women's Report*, it is worth noting that Canadian women's rate of EBO is similar to 2015, but down somewhat from 2014, when it ranked fourth (7.7%), just ahead of the U.S. which is home to a many successful women entrepreneurs.¹³ Of note, between 2014 and 2016, some countries, such as Greece, saw a notable rise in women's levels of EBO, likely related to very difficult macro-economic conditions, high unemployment, and a lack of opportunities in traditional wage-and-salary employment. In contrast, other countries such as Switzerland and the U.S.A. have seen a gradual rise in EBO, while rates in countries such as Australia have remained relatively stable.

Figure 2.2b Percentage of Women in Established Business (EBO), 18-64 years, Canada and Other Innovation-Based Economies, 2016



3. CHARACTERISTICS OF WOMEN ENTREPRENEURS

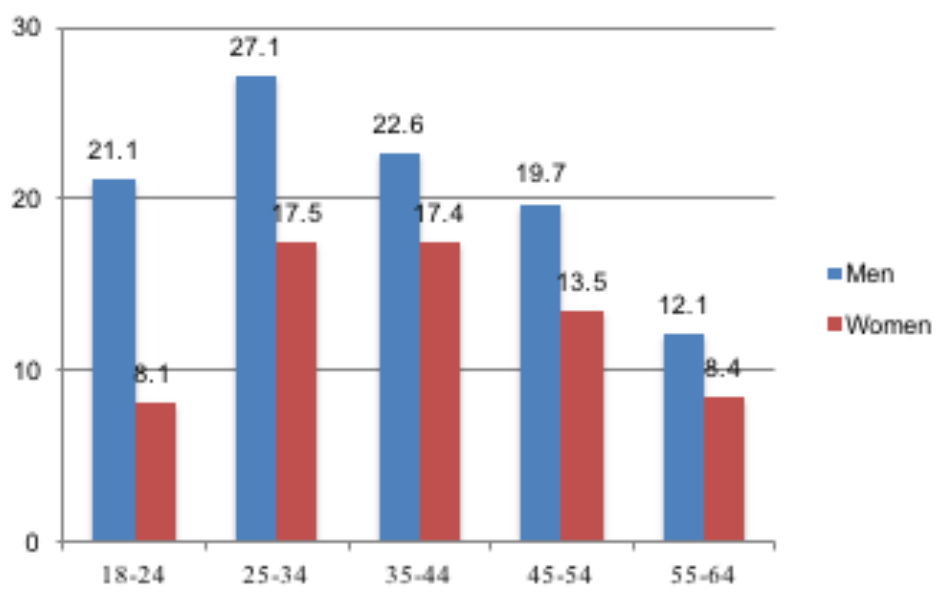
What are the socio-demographic characteristics of women entrepreneurs in Canada? Are they represented across all age groups, or is entrepreneurship more likely at specific life stages? What types of educational backgrounds do they bring to their endeavours?

In this section, we explore these issues, drawing on key demographic variables within the *GEM Survey*, specifically age, education, industry, and regional location.

3.1 AGE

As Figure 3.1a shows, women and men's rates of activity vary by age and life stage.¹⁴ Overall, women engaged in early-stage activity (TEA) are just slightly older than early-stage men, having an average (mean) age of 39.9 years, compared to 38.9 for men. For women, the highest rates of early-stage activity are at 25-34 and 35-44 years of age, with much lower rates at younger (18-24) and older (55-64) ages. Given these patterns, the gender gap is narrowest for mid-life and older women, and much wider for younger age groups, especially 18-24 year olds. The 2016 trends mark a departure from 2014, where there was greater gender parity for 25-34 year olds, and a larger gender gap amongst 55-64 year olds. In 2016, activity rates for younger men are much higher than in 2014, while for women the largest jump is amongst 35-44 years olds.

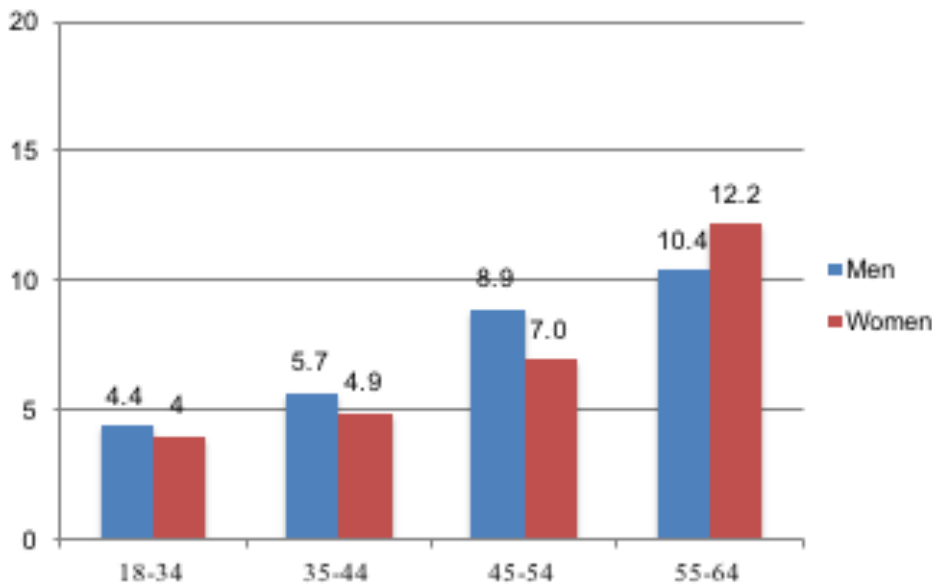
Figure 3.1a Age Profile for Women and Men in Total Early-Stage Entrepreneurial Activity (TEA), 18-64 years, Canada, 2016



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We see a different profile for established business owners (EBO), who tend to have an older age profile overall. As in 2014, established female business owners are roughly a decade older than women leading early-stage firms, with an average (mean) age of 49.6 years. Men in established firm are also older, with an average age of 49.3 years. As Figure 3.1b shows, women and men have more similar activity rates in established firms, with relatively small gender gaps. Given the lower number of ‘young’ established business owners, the 18-24 and 25-34 year old groups are combined in Figure 3.1b. While men have slightly higher participation rates in established businesses until mid-life, women’s activity moves slightly ahead of men in later life (55-64 years of age).

Figure 3.1b Age Profile for Women and Men in Established Business (EBO), 18-64 years, Canada, 2016



3.2 EDUCATION

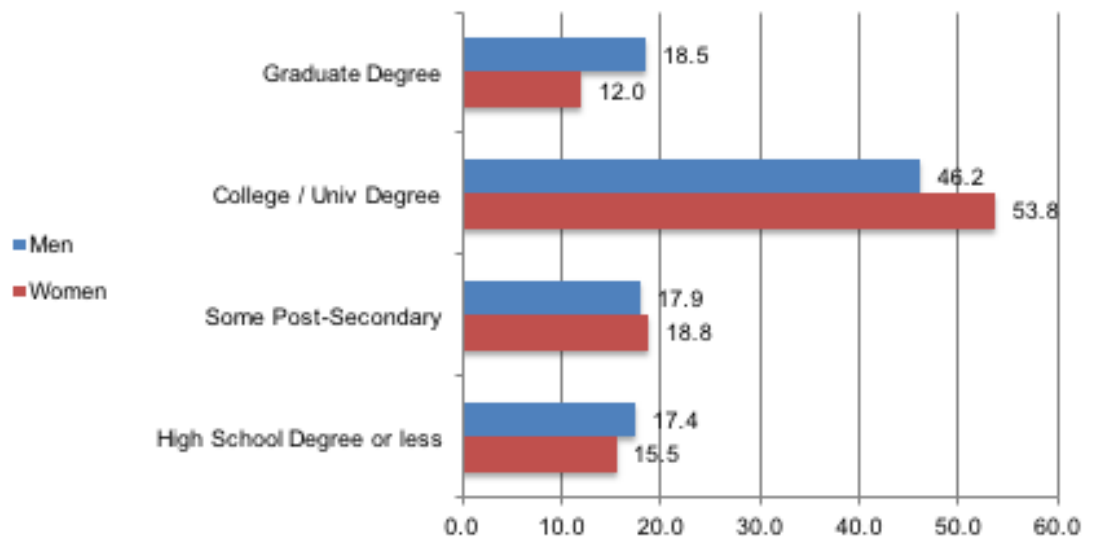
Entrepreneurs require a wide range of knowledge, experience, and skills to build and lead successful ventures. Scholars refer to this as ‘human capital’, a key resource that is acquired in many different ways. For entrepreneurs, both formal and informal learning are important in helping to develop and bring new products and services successfully into the market, identify untapped opportunities, and assemble and

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continually refresh the necessary resources and talent to build a successful business.¹⁵ For many entrepreneurs in Canada, as in other knowledge-based economies, specialized knowledge and expertise is increasingly important to business development and innovation, especially in high-tech, biotech, and other sectors. In this respect, the dramatic rise in Canadian women's post-secondary educational achievement in recent decades has been very important for expanding entrepreneurial opportunities.¹⁶

Figure 3.2a profiles women and men involved in early start-up activity by education attainment. As we can see, both women and men are highly educated, with the vast majority of all early-stage entrepreneurs having post-secondary education of some kind. While men are more likely to have a graduate degree than women (18.5% vs. 12.0%), women are more likely to have completed a college or university degree (53.8% vs. 46.2%). There are fairly minimal gender gaps amongst those with less education, such as some post-secondary or high school degree or less.

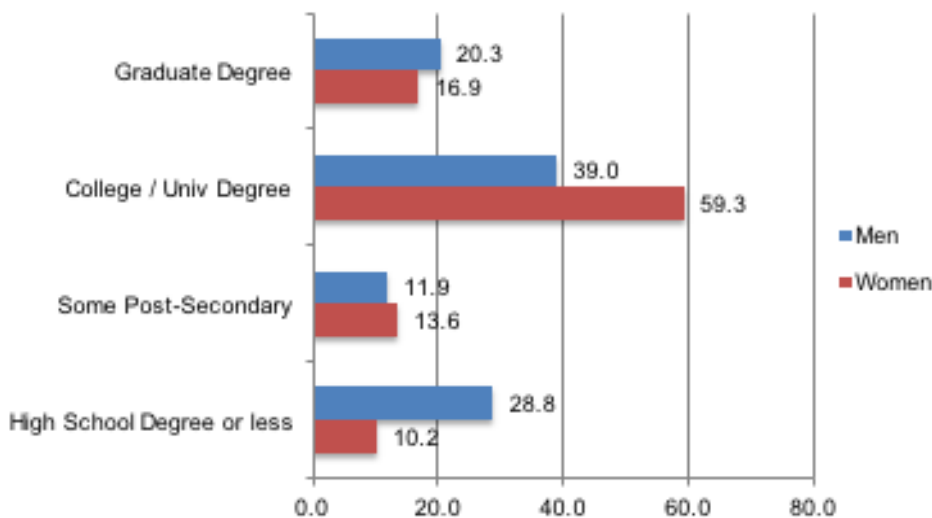
Figure 3.2a Educational Background of Women and Men in Total Early-Stage Activity (TEA), 18-64 years, Canada, 2016



3. CHARACTERISTICS OF WOMEN ENTREPRENEURS

For established business owners (EBO), we see greater variation in the educational profiles of women and men. Formal education is important for both groups, but while 90% of women having some form of post-secondary education, this is the case for just 70% of men. Amongst established male business owners there is a sizeable group who have a high school degree or less (the majority of this group have earned a high school degree), a pattern that is distinct from that of women. Given this, gender gaps are more pronounced for this group than for early-stage entrepreneurs. Comparing early-stage and established female business owners, there is slightly higher educational attainment amongst the latter group, but the differences are relatively minor.

Figure 3.2b Educational Background of Women and Men in Established Business (EBO), 18-64 years, Canada, 2016



3.3 INDUSTRY

Studies of women’s entrepreneurship increasingly point to the importance of industrial sector for the success and profitability of a business venture. A key distinction that is made is between ‘innovative’ and ‘imitative’ forms of business activity, with the former offering original new products, services, or organizational processes, while the latter typically follow and emulate existing businesses, offering little that is new and facing greater competition from ‘copy-cat’ businesses of the same type.¹⁷

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Related to issues of innovation, past research on women's entrepreneurship, both in Canada and other countries, has noted the tendency for women to operate in typically 'female-dominant' areas, such as retail and personal services, where profit margins are lower and the risks of business failure are high. Such patterns reflect patterns of gender segregation in the labour market as a whole, with women and men tending to cluster in different sectors, occupations, and specialties. Still, a critical question as Canadian women's entrepreneurship, education, and professional experience continues to develop is whether patterns around industry and innovation are shifting?

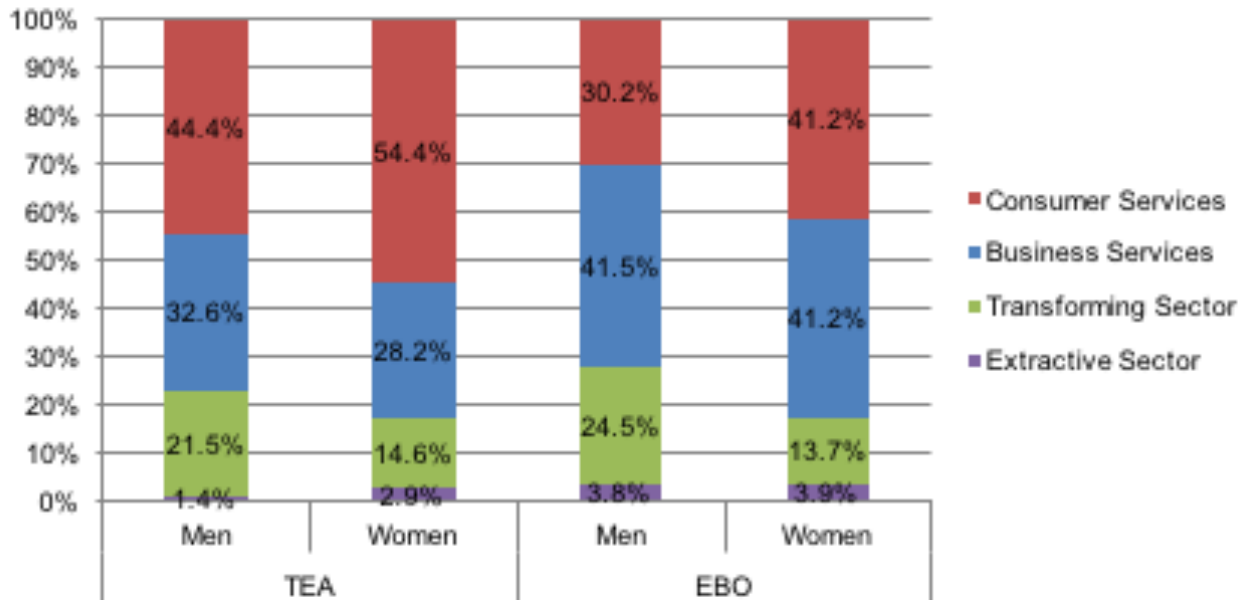
Overall, the 2016 *GEM Canada* data highlights some noteworthy trends, both for early-stage business (TEA) and more established ones (EBO). As we can see from Figure 3.3, the consumer services sector continues to be very important for early-stage women, with well over half of female businesses (54.4%) located there. Business services are of next greatest importance, accounting for just over one-quarter of firms (28.2%). Far fewer female-led businesses are found in the transformative sector (14.6%), and only a tiny handful in extraction-related activity (2.9%). Of note, these industry trends are very similar to 2014 trends reported in the 2013/14 *GEM Women's Report*. The one difference in 2016 is a slight drop in women involved in extraction-related activity (5.9% in 2014 versus 2.9% in 2016). While this trend is unsurprising, given the downturn in extraction-related activity in the Canadian economy during this time, it does highlight how cyclical and structural downturns may pose a challenge for shifting the industrial location of women's entrepreneurship over the long-term.

By comparison, and worth noting, women in established businesses (EBO) are much more evenly distributed between consumer services (41.2%) and business services (41.2%). This greater presence in business services is important and encouraging, given that business services is typically a much more profitable sector, one that is increasingly recognized as driving innovation and business growth according to research on the 'knowledge-intensive business service' sector (KIBS).¹⁹ Of concern, however, the proportion of established female business owners in the transforming and extractive sectors is

very similar to that for female TEA. This marks a drop from previous years, especially for extractive sectors, which accounted for 12.8% of established female business owners in 2014.

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Figure 3.3 Industrial Sector for Women and Men in Total Early Stage Activity (TEA) and Established Business (EBO), by Gender, 18-64 years, Canada, 2016



Turning to compare patterns for male and female entrepreneurs, both for early-stage (TEA) and established businesses (EBO), we do see gender gaps that are consistent with established findings from academic research, as well as general patterns in the labour market reflecting gender segregation. For both TEA and EBO, men are more likely to operate in transformative and extractive sectors, though the high ratio of established male business owners in the business services sector (41.5%) does stand out. Comparing 2014 and 2016 trends, it is also worth noting the high proportion of male TEA in consumer services (44.4%) in 2016, which is markedly up from rates in 2014.

Finally, drawing on comparative global data from the *GEM 2015/16* data, we can focus in further on industrial sectors to place Canadian women’s early-stage businesses into a comparative global context. A benefit of the comparative data is that it uses a more disaggregated

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industrial classification,²⁰ offering additional insights. First, as we can see, Canadian women are not alone in their tendency to cluster in retail and wholesale sectors, as well as in professional, administrative, and consumer services. Still, Canadian women have somewhat high rates compared to women in countries such as the U.S. and Australia with which Canada is often compared. Second, Canadian women are far less likely to be located in government, health, social service related types of businesses, having amongst the second lowest presence in that sector. This compares well to women in a number of countries, such as Germany, the Netherlands, and Ireland. Third, and of note, given concerns about women’s low presence in high-tech (ICT) activity, Canadian women have strong representation in this sector. While their proportions still fall well below one in ten (7.1%), this is notably higher than in any other country on the list. And drawing comparisons with 74 countries, done for the *2016/17 GEM Global Report on Women’s Entrepreneurship*, shows that Canadian women have the highest presence in ICT of any country for early-stage business.

Table 3.3 Industrial Sector for Women in Total Early-Stage Activity (TEA), 18-64 years old, 2016, Canada and Other Innovation-Based Economies

	INDUSTRY SECTOR					
	Agriculture & Mining	Mftg & Transport	Wholesale & Retail	ICT	Govt, Health, S Educ, S	Prof. Admin, Consumer Serv
Canada	8.0	7.4	32.4	7.1	16.8	28.4
U.S.	11.0	10.1	27.1	3.6	21.7	26.3
Australia	14.0	9.9	22.4	2.3	24.8	26.6
Netherlands	0.0	1.3	25.1	1.6	47.8	24.0
Ireland	3.0	7.8	29.7	4.4	32.4	23.0
Sweden	14.0	6.0	17.2	1.2	22.2	39.7
Portugal	9.0	6.9	43.7	2.3	22.8	15.3
U.K.	3.0	3.1	35.2	5.5	23.5	29.4
Finland	10.0	5.3	23.8	1.8	28.9	29.8
Taiwan	4.0	11.8	58.9	2.0	15.5	7.9
Greece	11.0	6.9	42.2	0.0	21.5	18.6
Germany	3.0	12.3	24.1	4.2	32.6	23.6

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Summing up, the overall findings with respect to industry underlines the ongoing need to encourage women, especially in early-stage firms, to diversify their efforts, and explore opportunities in non-traditional sectors, beyond consumer services, where they may have more scope to innovate and address market gaps, as well as scale and build their business. To the extent that we see a small pocket of early-stage women, and a more sizeable group of established women business owners, operating in other sectors, these are encouraging trends. In particular, Canadian women's strong presence in the business service sector (using the four-fold classification), and in the ICT sector (using the more detailed classification), signals positive developments given the growing importance of the knowledge intensive business services (KIBS) sector.

3.4 PROVINCES AND REGIONS

Looking across the country, we see variation in women and men's entrepreneurial activity, both for early-stage and established business owners. This variation no doubt reflects a range of factors, including upturns or downturns in provincial and regional economies, attitudes towards entrepreneurship, and levels of support within entrepreneurial ecosystems. Supportive ecosystems typically have high levels of human capital; cultural values that promote risk-taking; access to finance; venture-friendly markets; enabling policies, leadership and infrastructural support.²¹

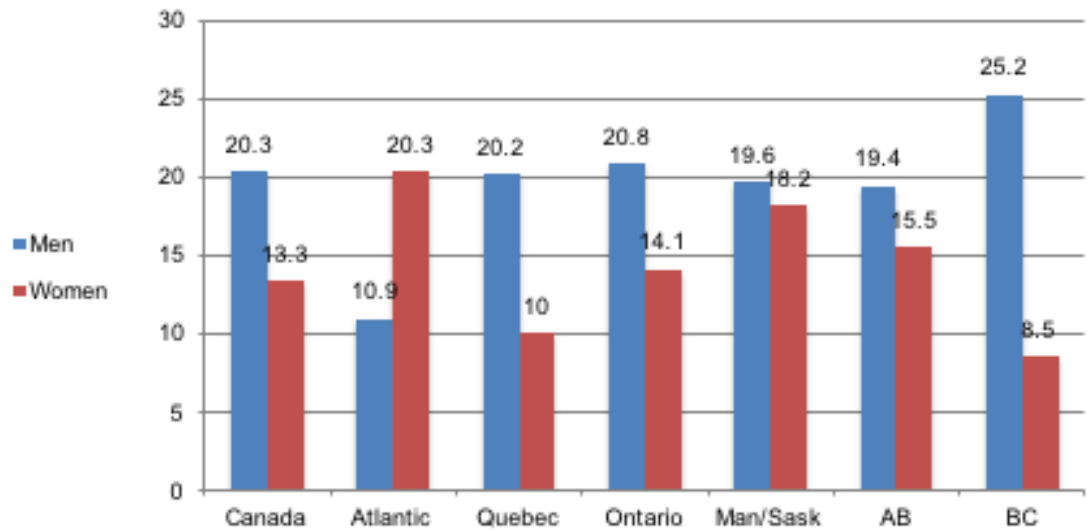
When examining provincial patterns, we aggregate and report results by region in some cases due to smaller sample sizes in less populated provinces (i.e. Atlantic, Manitoba/Saskatchewan). For these two regions, as well as the provinces of Alberta and B.C., results should be interpreted with caution, as the smaller samples reduce precision due to a larger margin of error. For Ontario and Quebec, the larger sample sizes ensure more precise results.

Amongst early-stage entrepreneurs, we see that women's activity rates lag behind those of men in all provinces and regions, with the notable exception of the Atlantic region. Overall, in Canada, women's early-stage activity in 2016 was lowest in Quebec and in B.C. While

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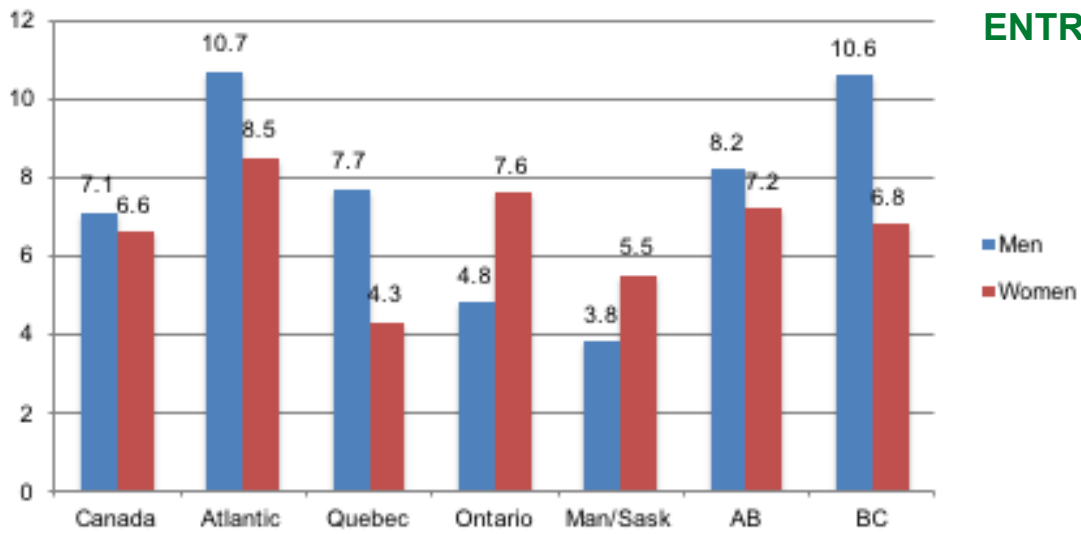
the pattern in Quebec is similar to that in 2014, the trend in B.C. is quite different, with a wide gender gap from a situation in 2014 where there were much higher rates for women, and relative gender parity. Women’s early stage activity rates are above the national average (13.3%) in Manitoba/Saskatchewan, Alberta, and Ontario, with the latter two provinces showing higher rates than in 2014.

Figure 3.4a Provincial Location of Women and Men in Total Early-Stage Activity (TEA), 18-64 years, Canada, 2016



Amongst established business owners, activity rates both for women and men are lower, in keeping with the national average. For women, this is especially so in Quebec as well as Manitoba/Saskatchewan. Higher rates of activity, above the national average for women (6.6%), are evident in the Atlantic regions (8.5%), Ontario (7.6%), Alberta (7.2%), and B.C. (6.8%), though rates for Alberta are significantly reduced from 2014. Overall, and of note, gender gaps are typically narrower for established business owners, than for those in early-stage firms.

Figure 3.4b Provincial Location of Women and Men in Established Business (EBO), 18-64 years, Canada, 2016



3. CHARACTERISTICS OF WOMEN ENTREPRENEURS

4. MOTIVATIONS, CAPABILITIES & INTENTIONS OF WOMEN ENTREPRENEURS

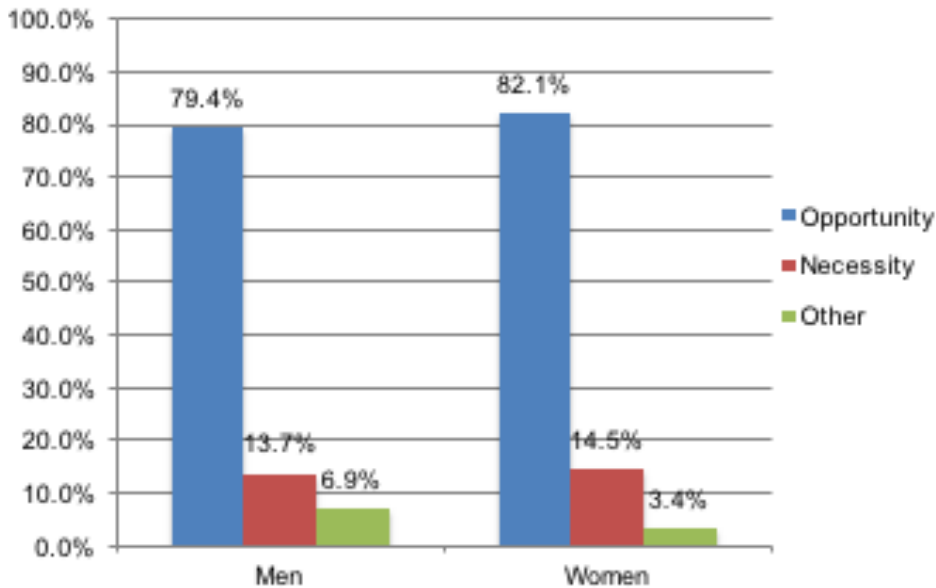
Within entrepreneurship research, there has been a long-standing interest in the issue of motivations and attitudes. One stream of debate has focused on importance of certain psychological attributes, such as self-efficacy and risk-taking, for success as an entrepreneur. There has also been much debate, in the context of 21st century economies marked by growing flux and risk, as to whether individuals are pursuing ‘opportunity-based’ ventures, driven by new ideas and innovation, or are motivated by ‘necessity-based’ factors, such as job loss and a lack of good job opportunities. For women, additional questions have been raised as to whether they are more likely than men to pursue necessity-based ventures as a result of gender bias, career barriers, and challenges in balancing work and family within traditional wage-and salary jobs.²² Research has also examined whether there are gender gaps in how well prepared women and men feel they are for business ownership, with respect to their knowledge, skills and experience (i.e. human capital), and their professional and entrepreneurial networks (i.e. social capital).

4.1 GENDER AND MOTIVATIONS FOR EARLY-STAGE ACTIVITY IN CANADA

To gauge entrepreneurial motivations, the *GEM Canada* survey asks participants several questions about their reasons for launching their business. A central focus is on determining whether they are motivated primarily by opportunity, necessity, or by other factors. As we can see from Figure 4.1, both women and men report that opportunity is the most common motivator for launching a business. In 2016, nearly 80% of men, and over 82% of women, reported that they were motivated by perceived opportunities, suggesting a positive attraction to business ownership. Necessity-based motivations were reported by 14.5% of women, while other reasons (not specified) were noted by just 3.4%. In many ways the profiles of women and men are fairly similar, suggesting there is not a marked gender gap. While the relatively low levels of necessity-based entrepreneurship is a positive sign, this group still deserves careful attention, since studies suggest that necessity-based ventures are more likely to struggle in terms of profitability and success.²³ On the upside, however, more Canadian women reported opportunity-based motivations in 2016 than in 2014, when just 70.5% of women did so.

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Figure 4.1 Motivations for Women and Men in Total Early-Stage Activity (TEA), 18-64 years, Canada, 2016 (% indicating this was their motivation for starting a business)



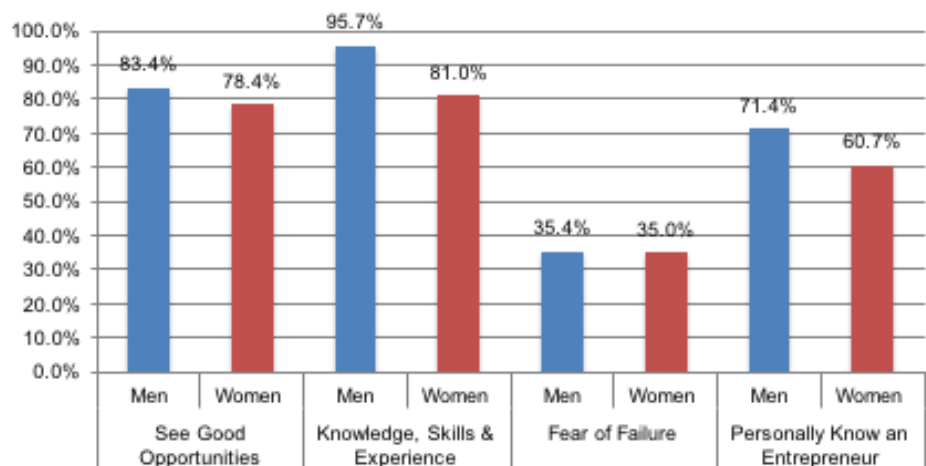
4.2 GENDER, ATTITUDES & CAPABILITIES IN EARLY-STAGE ACTIVITY IN CANADA

In addition to assessing motivations, another useful feature of the GEM surveys is that it includes questions about specific attitudes and assessments of capabilities. This helps us gauge how positively disposed Canadians are to entrepreneurship, and how well prepared they feel to launch and run a business. Looking at these indicators for early-stage activity (TEA), we can see from Figure 4.2 that Canadian women and men both have very positive attitudes towards entrepreneurship. In 2016, the vast majority of women involved in early-stage activity (78.4%) felt there were good opportunities for businesses in the short-term (i.e. next six months). They also felt very well equipped with the knowledge, skills, and experience required to successfully launch a business (81.0%). Importantly, a majority (60.7%) personally knew another entrepreneur, providing them with valuable ‘social capital’ – that is, access to someone who can potentially provide helpful advice, mentoring, information, or serve as a role model or source of inspiration. Just over one-third (35.0%) of women expressed a fear of failure, with the majority reporting they felt confident about their ability to succeed.

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From the standpoint of gender, and understanding women’s odds of success, Figure 4.2 highlights several points worth noting. First, while roughly equal proportions of women and men see good opportunities, men are far more likely to feel they have the knowledge, skills, and experiences they need for success in starting a business—with a nearly 15% gender gap on this item. Second, fewer women than men (60.7% versus 71.4%) personally know an entrepreneur, putting them at somewhat of a disadvantage in being able to access potential mentors, support, and critical information that may aid their success. Finally, it interesting to see relative gender parity in reported levels of ‘fear of failure’—as this runs contrary to past trends in the previous *GEM Canada 2013/14 Women’s Report*, and *GEM Global Reports*, where women have often been more likely than men to report fear of failure.²⁴ For instance, in 2014, the GEM Canada data found a 15% gap on this item, with 37.0% of Canadian women involved in TEA reporting a fear of failure compared to 22.9% of men. For some, this gender gap signals a need for women to build greater entrepreneurial self-efficacy and confidence. However, for others, the gap raises intriguing questions about whether women may be more realistic in assessing risk and/or more willing to acknowledge it.²⁵ What is interesting in the 2016 data, however, is that the gender gap on this indicator has narrowed not due to falling levels of women reporting a fear of failure, but due a greater proportion of men reporting such concerns.

Figure 4.2 Attitudes for Women and Men Involved in Total Early Stage Activity (TEA), 18-64 years, Canada, 2016 (% agreeing ...)



4.3 GENDER AND ATTITUDES AMONGST THE CANADIAN POPULATION

Beyond those currently engaged in entrepreneurship, it is also helpful to assess the attitudes of the Canadian population generally, since at any time there may be many potential entrepreneurs who may be thinking about launching a business in the short- or long-term. Learning more about attitudes in the general population can help us gauge how many individuals may be open to exploring business ownership. For example, if women believe they have the skills and knowledge needed to run a business, or feel they have a strong chance of success, then they may be much more likely to pursue potential business ideas and opportunities they identify.

Figure 4.3 highlights the results on a number of attitudinal indicators for the Canadian population as a whole, which includes all those aged 18 – 99 years. As we can see, Canadians have generally positive attitudes towards entrepreneurship, though not effusively so. Just over half of Canadians believe there are good opportunities for business owners, with 55.1% of women and 58.2% of men agreeing with this statement. With respect to perceived opportunities, the gender difference is small. But on other attitudinal items there are larger gender gaps.

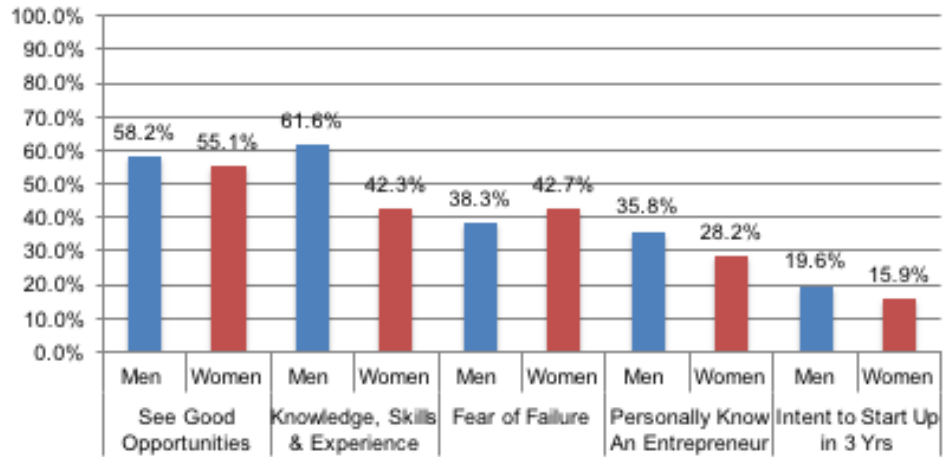
One of the most interesting gaps is found in assessments of human capital, where a majority of men (61.6%) feel they have the knowledge, skills, and experience to launch a business, while the same is true for only 42.3% of women. This gap, of nearly 20%, is significant, and slightly higher than the roughly 15% gap noted in 2014. With respect to social capital, just over one-quarter of women personally know an entrepreneur (28.2%), compared to over one-third of men (35.8%). This gap is roughly the same as in 2014, though higher proportions of both women and men had a personal connection to an entrepreneur in 2016. That said, social capital for both women and men continues to be relatively low, and deserves further consideration. Finally, while the gender gap in the fear of failure has closed notably amongst early-stage entrepreneurs (as discussed in a previous section), we continue to see a slight gap for the general population, with 42.7% of women, and 38.3%

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of men, reporting failure as a concern. Given these trends, it is perhaps not surprising to see a slight gender gap as well in the intent to start up a business sometime in the next three years, with 19.6% of men, but only 15.9% of women, reporting such aspirations.

Figure 4.3 Attitudes of Canadians Towards Entrepreneurship, by Gender, 18-99 years, Canada, 2016 (% agreeing ...)



4.4 WOMEN'S ATTITUDES IN THE GLOBAL CONTEXT

How do Canadian women's attitudes towards entrepreneurship in the general population compare with attitudes of women in other countries? Using data from the *GEM Canada 2016 Survey*, and GEM National Surveys done in other countries, we can explore this question for a number of G7 nations. To allow for comparisons between countries, we focus on the working-age population (18-64 years old), rather than the population aged 18 – 99 years, as in the previous section.

Looking at Table 4.4, we see that a majority of Canadian women in the working-age population have positive attitudes towards entrepreneurship, especially relative to their female counterparts in other countries, such as Australia, the U.S. and U.K. With respect to economic opportunities, a majority of Canadian women (58.4%) perceive good opportunities for entrepreneurs. Almost half (45%) feel

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they have knowledge, skills, and experience necessary to be successful in a business venture. Concerning social capital, roughly one-third of Canadian women (32.9%) report that they know an entrepreneur. Finally, with respect to fear of failure, just under half of Canadian women (46.4%) express concern in this regard.

Comparing Canadian women to women in other countries, as well as to past trends in the 2013/14 GEM Canada Women’s Report, highlights some interesting overlaps as well as differences. For instance, with respect to perceived opportunities, it appears that Canadian women operate within a relatively positive business environment. While their perceptions of opportunity do not equal those of Swedish women (where over three-quarters report seeing good business opportunities), Canadian women’s levels are very much on par with the U.S., and far more positive than in the U.K. and Germany, where a minority of women perceive good prospects. Likewise, concerning knowledge and competencies, Canadian women are amongst the most likely to feel well equipped for entrepreneurship, along with counterparts in the U.S. and Australia. While Canadian women’s social capital and knowledge of other entrepreneurs is lower than we might like to see, it compares well to women in other countries—though there is scope to improve on this measure overall. Likewise, while a significant portion of Canadian women fear failure, these rates are similar to other countries, with the exception of the U.S. and U.K.

Table 4.4 Attitudes of Women in General Population, 18-64 years, Canada and Other Innovation-Based Economies, 2016 (% agreeing ...)

	Good Opportunities	Knowledge, Skill, Experience	Fear of Failure	Know Entrepreneur
Canada	58.4	45.4	46.4	32.9
U.S.	53.7	47.7	37.6	27.0
U.K.	37.2	39.1	39.5	30.0
Germany	33.2	30.9	49.4	20.0
Sweden	75.4	26.4	49.0	33.8
Australia	45.8	44.5	46.2	34.2

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While an in-depth analysis of national differences lies beyond this report, the general take away seems to be that a majority of working-age Canadian women perceive good business opportunities, and many feel they are well prepared for entrepreneurship with respect to the knowledge, skills and experience they require. Where challenges lie are in knowing other entrepreneurs, and feeling confident about the odds of success. As noted in previous sections, this latter indicator--fear of failure--needs to be interpreted carefully, as the tendency to report concern over potential failure should not necessarily be interpreted as a deficit (e.g. risk averse), and may instead reflect sound risk assessment based on the sectors, resources, and challenges involved.



Nicolette Richer is the founder of Green Moustache Juice Inc., a company that creates organic, whole, plant-rich meals, desserts, cold-pressed juices and smoothies. She has three restaurants in Whistler and Squamish, and six Green Moustache cafe locations. Nicole is also expanding franchise opportunities to communities in BC, Alberta, and Ontario -- teaching aspiring entrepreneurs how they can start, own and operate their own Green Moustache

restaurant. In expanding her business, Nicolette has been supported with mentoring and financing from the Women's Enterprise Centre in B.C..

Speaking about her business experiences, Nicolette advises: "Don't ever claim to know anything. It doesn't matter how many degrees you have or how many organizations you worked for - every day, running a business presents new challenges - some that you can predict, but most that you cannot. So you need to wake up each morning with firm goals and loose expectations and embrace each day with wonder and excitement and leave the bad and exhausting days behind you and celebrate the wins."

Nicolette Richer, Green Moustache Juice Inc.

5. ECONOMIC IMPACT OF WOMEN'S ENTREPRENEURSHIP

Over the years, research on women's entrepreneurship has often focused on whether a 'performance gap' exists between male- and female-led businesses. While a number of academic studies in the past have found that the business performance of women-led firms lags that of male-headed firms 'on average' (as measured by sales, profitability, or employee size), more recent studies raise important questions about the extent, origins, and inevitability of this gap. Richer data sets that allow researchers to control for industrial sector, human capital, financial capital, work hours, and growth aspirations, and also offer more precise performance measures (e.g. size-adjusted profits rather than profits), typically find much smaller performance gaps, if at all.²⁷

An important additional insight from this research is that there is a great deal of diversity in business goals and aspirations, both between women and men, but also amongst them as well. Thus, while some entrepreneurs are interested in leading a high-growth venture, and policy makers are increasingly interested in 'scale-up' rather than 'start-up' cultures, we should not assume that high-growth is a goal for everyone. Most likely, we will continue to see diversity in business size and growth aspirations amongst entrepreneurs in Canada. In order to explore some of these issues, we can draw on the *2016 GEM Canada* data, to examine several indicators of business performance, including employment levels, growth expectations, internationalization, and innovation.

5.1 EMPLOYMENT AND JOB CREATION

With respect to employment and job creation, the 2016 data confirm that the businesses Canadian women create are smaller than those launched by men. Looking at early-stage and established entrepreneurs together, as a group, it is clear that women are more likely than men to be 'solo entrepreneurs'—that is, in a firm with no employees.²⁸ In 2016, this was the case for one-third of all women entrepreneurs, compared to just one-quarter of men. Of note however, women were just as likely as men to be leading larger firms, with roughly 11% of women and men having businesses with 20 or more employees.

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Breaking these overall trends down, to focus on specific patterns for early-stage and established business owners, reveals some noteworthy patterns, highlighting the relevance of business stage and gender. As Figure 5.1 shows, early-stage women are much more likely than early-stage men to be solo entrepreneurs, with over a third having no employees. But another one-third of women have been successful in generating 1-5 jobs, and more early-stage women than men have created 6 jobs or more to date. In comparison, while early-stage men are less likely to run a solo business, they are heavily clustered into micro-businesses that have created 1-5 jobs to date (55.7%). Overall, there is a much greater diversity in the scale of businesses that early-stage women are running, compared to those of men. And compared to trends in 2014, women's early-stage firms appear to be more growth oriented, with a greater presence in the 6-19 and 20+ job bands.

Shifting to established businesses, we can see that the employment profiles for women are somewhat similar that for early-stage women, though with somewhat more established women operating solo businesses, and slightly fewer creating 6+ jobs. In contrast, men in established businesses are less likely to be solo entrepreneurs, and more likely to head larger firms (6+ jobs). But the gender differences amongst established women and men are less pronounced, than they are amongst those in younger businesses.



HortyGirl Living Decor was founded by Cheryl Smith in 2005, and creates, produces and distributes potted indoor plants in decorative

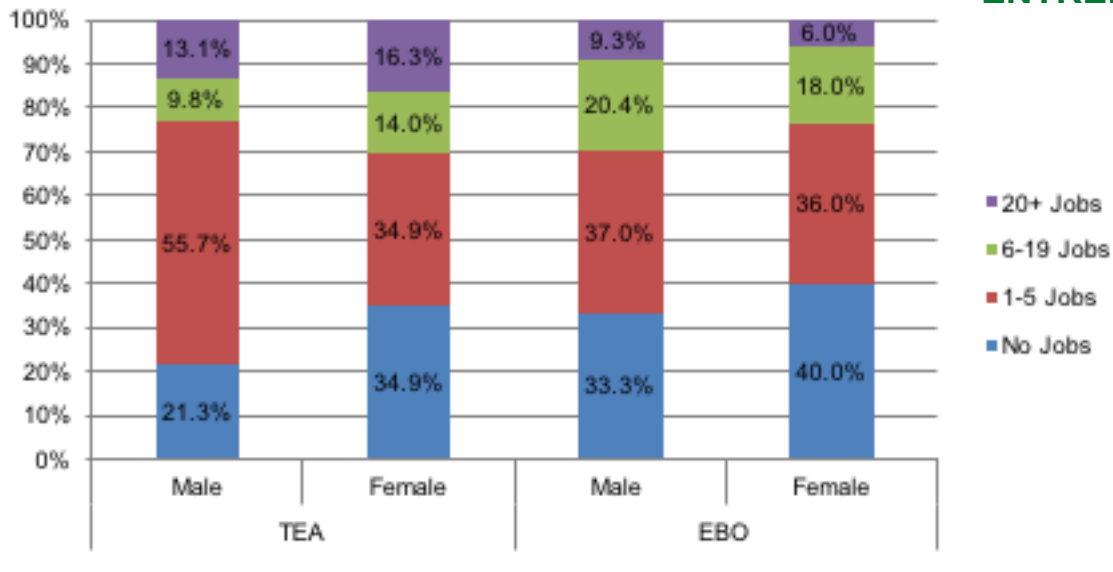
containers to retailers in Canada and in the US. A certified women business enterprise (WBE), Cheryl's products are sold in more than 70 locations across Canada including Whole Foods, Home Outfitters, Country Grocer, Sobeys, Quality Foods and IGA. In the US, her products sell at Whole Foods.

In expanding her business, Cheryl has been supported by B.C. Women's Enterprise Centre, taking part in trade missions to make important connections in the US market. Based on these experiences Cheryl advises: "Be surrounded by like-minded people that have experience in business! Being part of a tight knit, serious, focused, business group (with strict confidentiality) has helped me take that leap from start up to success. As my business has expanded, I have found groups and entrepreneurs who keep me challenged and help me grow as an entrepreneur. I have also learned to invest in my learning as success can only come from being knowledgeable and staying updated with the latest in my industry."

Cheryl Dawn Smith, [HortyGirl](#)

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Figure 5.1 Employment (Number of Jobs), for Women and Men in Total Early-Stage Activity (TEA) and Established Business (EBO), 18-64 years, Canada, 2016



5.2 GROWTH EXPECTATIONS IN THE NEXT FIVE YEARS

Beyond current firm size, we can also explore important questions about future growth expectations. While estimating future job growth can be difficult, the answers do offer insights into the aspirational goals of Canadian entrepreneurs, and the types of businesses they envision. With respect to gender, existing research suggests important relationships between growth orientations, gender, and firm size, with men, on average, being more likely to aspire to high- and fast-growth enterprises, and women, on average, tending to prefer more steady, controlled, growth instead.²⁹ Having said this, there is also evidence that with the rising participation and success of women entrepreneurs, there is an expanding segment in this group who are growth-oriented and interested in scaling their businesses.

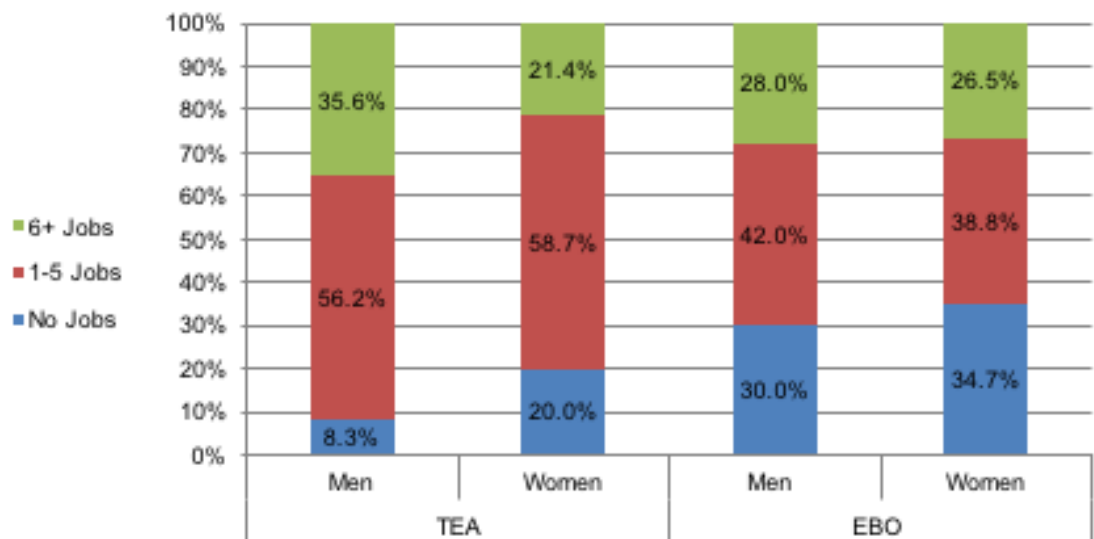
The 2016 *GEM Canada* survey taps into this issue by asking entrepreneurs about the number of jobs they expect to create in the next five years. Overall, looking at early-stage and established business owners combined, we see some gender differences, with one-third of

5. ECONOMIC IMPACT OF WOMEN'S ENTREPRENEURSHIP

all men, but just over one in five women, expecting to create 6+ jobs. Figure 5.2 offers further details, breaking data down for early-stage and established businesses separately.

Here we can see that gender gaps are most evident in early-stage (TEA) firms, with far fewer women than men expecting to create 6+ jobs. While growth expectations are typically higher in younger firms³⁰, as is the case here for male entrepreneurs, with 35.6% of early-stage men, but just 28.0% of established men, expecting higher job growth, the trajectory for women is different, with a greater proportion of established women (26.5%) expecting to create 6+ jobs than early-stage women (21.4%). In contrast, the majority of early-stage women expect to create 1-5 jobs, roughly on par with early-stage men. Of note as well, roughly one-third of established women and men have no expectation of job creation in the next five years. Equally of note, while job growth expectations amongst established business owners are fairly similar for women and men in 2016, this marks a shift from 2014 where established women were less likely than men to expect to create 6+ jobs. In 2016, the gender gap has narrowed, and the proportion of women hoping to create more jobs has increased.

Figure 5.2 Expected Growth (Number of Jobs) in Next Five Years for Women and Men in Total Early-Stage Activity (TEA) and Established Business (EB0), Canada, 2016

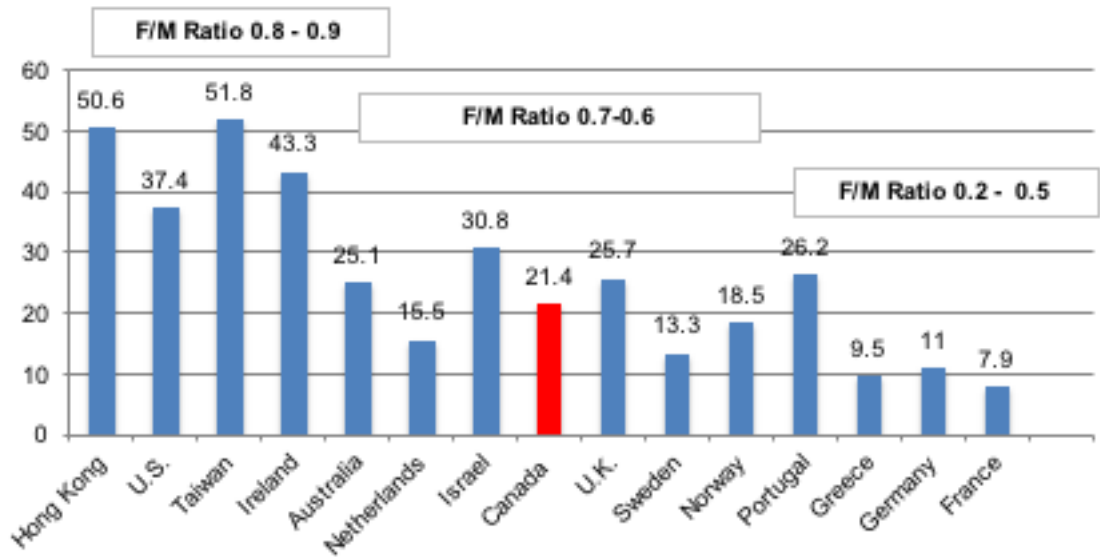


5. ECONOMIC IMPACT OF WOMEN'S ENTREPRENEURSHIP

Regarding the question of the future growth of women-led firms in Canada, as well as gender gaps in growth orientations, we can also place the Canadian data into a global context to examine how much Canada leads or lags other countries. This is an important dimension to analyze. We know that Canadian women are leaders in start-up activity, but how do they compare to other countries with respect to job growth and economic impact. As the *GEM Canada 2016 Report* shows, a significant portion of Canadian start-ups have very modest growth aspirations, and there is value in exploring and debating whether and how best to support more ambitious job growth, especially amongst high-potential firms (p. 33-37).³¹

Drawing on comparative data from the 2016 GEM, Figure 5.3 places Canadian early-stage women amongst their peers in the same innovative-based countries discussed in Section 2 of this report. The data captures the percentage of women who expect to grow their firms by 6+ jobs in the next five years. As we can see, Canada falls mid-range, lagging behind several countries with high growth aspirations. In both Hong Kong (50.6%) and Taiwan (51.8%), a majority of female start-ups expect to create 6+ jobs. In Ireland (43.3%) and the U.S. (37.4%), early-stage women also have strong growth expectations, as do women in Israel (30.8%). Canada's profile falls more in the mid-range of this group, along with countries such as Australia (25.1%), the U.K. (25.7%), and Portugal (26.2%). Canadian women's growth expectations are also much higher than a number of countries, where a much smaller minority of women anticipates higher job growth (7.9% in France, to 15.5% in the Netherlands).

Figure 5.3 Expected Job Growth (6+ Jobs) for Women in Total Early-Stage Activity (TEA), 18-64 years, Canada and Other Innovation-Based Economies, 2016



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Countries are also ordered (from left to right) by the female-male ratio of job growth expectations, with higher ratios indicating a narrower gender gap. For instance, a gap of 1.0 indicates gender parity, while a gap of .5 indicates that the proportion of early-stage women expecting growth of 6+ jobs is half that of men. As we can see, several countries have relatively narrow gender gaps --- for instance, Hong Kong (0.9), followed by Taiwan, the U.S., and Ireland (all at 0.8 respectively). In the next grouping, Australia, the Netherlands and Israel have a gender gap of 0.7, followed by Canada, the U.K., Sweden, and Norway (all at 0.6). While Portugal has relatively strong growth expectations amongst women overall, there is a notable gender gap (0.5). Finally, there are low growth expectations and marked gender gaps in countries such as Greece (0.4), Germany (0.3), and France (0.2).

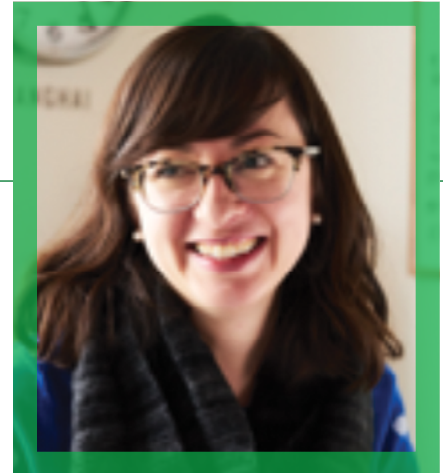
5.3 INNOVATION IN PRODUCTS, SERVICES, AND MARKETS

Innovation is at the heart of entrepreneurship, and is a key driver of job growth, profitability, and economic impact. There are many different types of innovation, such as developing and offering new products, services, processes and / or modes of delivery. Entrepreneurship

scholars note the importance of both *innovation breadth* (across product, services, processes, marketing, or organizational domains) and *innovation depth* (which refers to the radicalness, or frequency, of innovation).³² Both new and established firms significantly benefit when they are involved in creating truly new and novel products, services, and organizational processes. In contrast, imitative or ‘copycat’ businesses have far less impact, struggling to differentiate their business and succeed against competitors, especially in highly crowded sectors.

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Claire Theaker-Brown is the founder of Unbelts (originally Flatter:Me Belts), an ethical fashion company that designs and manufactures belts. Billed as the ‘progressively sourced pant-fit perfecter’, Claire founded Unbelts in 2011 with two goals in mind: to create a product that helped people feel great in their jeans, and to generate high quality jobs for the women and men working in their supply chain.



Claire came up with her business idea after graduating from university, and moving to Shanghai in 2008 to study Mandarin. Having trouble finding pants that fit, she designed a belt with the help of a local tailor. As people took notice, asking her about it, an idea was born. Passionate about ethical fashion, and inspired by the skilled seamstresses in Shanghai, Claire decided to develop a different kind of ‘Made in China’ product—one that showcased high quality products, and ensured a living wage, good working conditions, and opportunities for the workers who sewed her belts.

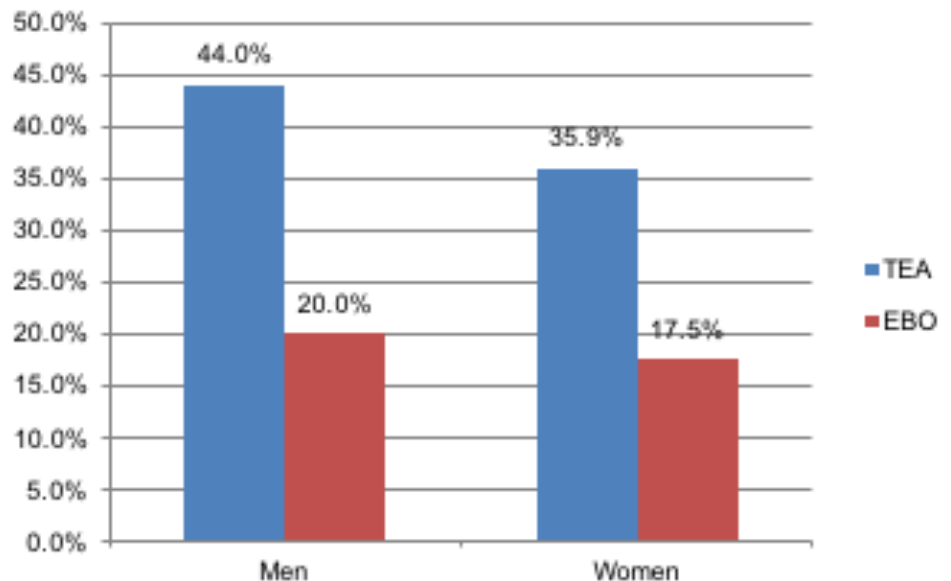
Since moving back to Canada in 2014, Claire has seen great success with Unbelts. Today it’s products sell on-line and at retailers across Canada. It is also a Certified B Corporation, ensuring the highest verified standards for social and environmental performance, legal accountability, and public transparency. Reflecting on her innovative approach to business, Claire notes that her company has grown more slowly in order to meet high product and labour standards, but the results have been worth it. “There have been a lot of compromises made in the areas of traditional business success, so that we could succeed in ways that were important to me”.

Claire Theaker-Browne, Founder - Unbelts

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The GEM project captures innovation with questions about the novelty of product, services, as well as accessing new markets. A combined measure captures these dimensions. Looking at trends in Figure 5.3, shows some interesting patterns. First, as we might expect, early-stage firms are much more likely to be engaged in innovation than are established firms. In 2016, 44.0% of Canadian men and 35.9% of early-stage women reported some form of innovation, a rate that is much higher than for established firms. Second, as levels of reported innovation fall at the established business stage, so does the gender gap in reported innovation. For early-stage entrepreneurs, the gender gap is wider, with roughly 8% more men reporting innovative activity. Of note, these gender patterns mark a change from 2014, where there was virtually no gender gap in innovation amongst early-stage firms. At that time, roughly one-third of women and one-third or men reported some type of innovation. The gap, in 2016, then is largely due to an increase in reported innovation by early-stage men, while reported innovation for early-stage women has remained stable.

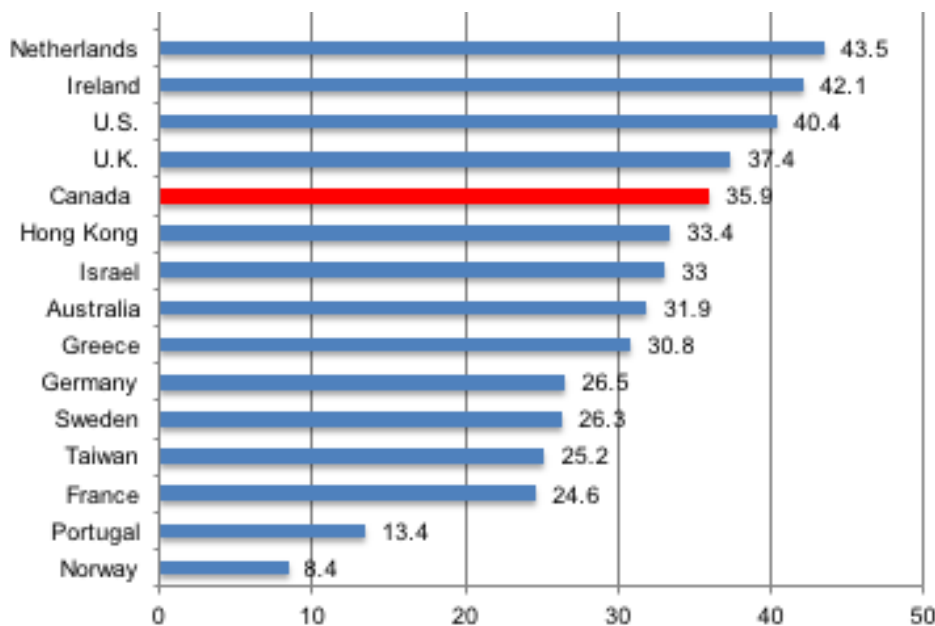
Figure 5.4 Innovation in Product or Market, for Women and Men in Total-Early Stage Activity (TEA) and Established Business (EBO), 18-64 years, Canada, 2016



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Taking a comparative standpoint, we can again benchmark Canadian early-stage women against women entrepreneurs in other countries, as shown in Figure 5.5. Here we see that Canadian women rank fifth amongst innovation-based economies.

Figure 5.5 Innovation in Product or Market, for Women in Total Early-Stage Activity (TEA), 18-64 years, Canada and Other Innovation-Based Economies, 2016



5.4 INTERNATIONAL BUSINESS AND EXPORTING

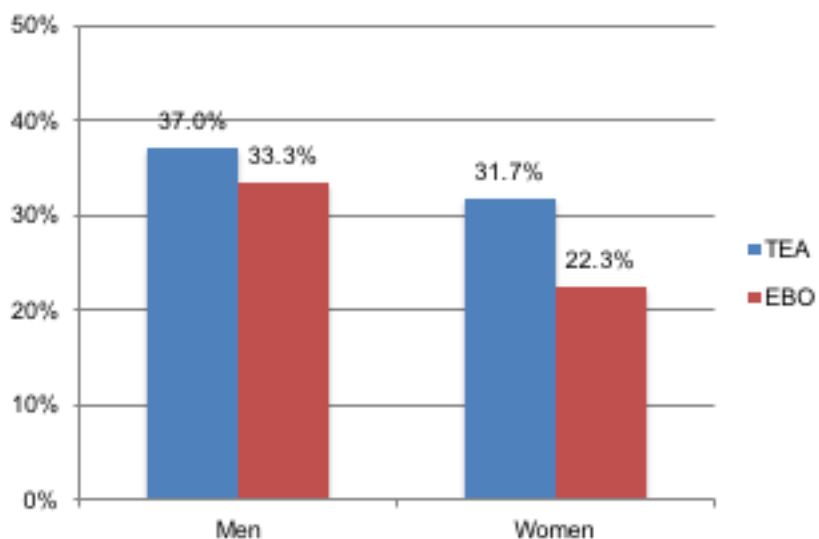
Exporting products and services globally is a critical way for entrepreneurs to grow and expand their businesses. This is especially the case in Canada, given its relatively small domestic market. Yet, existing studies in Canada suggest that female entrepreneurs are often less likely to engage in exporting, due to their smaller size, sectoral location, and growth intentions.³³ Given the importance of exporting for business growth, women's enterprise centres in Canada—such as the Alberta Women Entrepreneurs (AWE) and those in BC, Saskatchewan, and Manitoba—have put significant effort into raising awareness of trade missions and helping women entrepreneurs identify opportunities. The Government of Canada also profiles opportunities through its *Business Women in International Trade (BWIT)* initiative,

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as does *WEConnect International*, which organizes workshops, and an annual conference aimed at connecting women entrepreneurs with global opportunities.³⁴

Looking at the extent of export activity in 2016, as shown in Figure 5.6, we see that a sizeable group of early-stage women entrepreneurs (31.7%) ran a business that had 25% or more of their customer base outside of the country. For early-stage men, the proportions are just a few percentage points higher at 37.0%. This relatively small gender gap is noteworthy, given some of the trends reported just a few years ago in the *2012 Global GEM Women's Report*, which found sizeable gender gaps in export activity in many countries.³⁵ In comparing Canadian trends, it is worth noting that in 2014, while there was virtually no gender gap in exporting between Canadian women and men, both genders were also less likely to be involved in exporting, with just 20% of early-stage women and men having 25% or more of customers outside of the country. Viewed in this way, the overall increase in exporting activity in 2016 is a positive development, but also suggests there is benefit in continuing to encourage early-stage women to consider and identify exporting opportunities.

Figure 5.6 Exporting for Women and Men in Total Early-Stage Activity (TEA), 18-64 years, Canada, 2016 (% reporting 25% or more Customers Outside of Country)

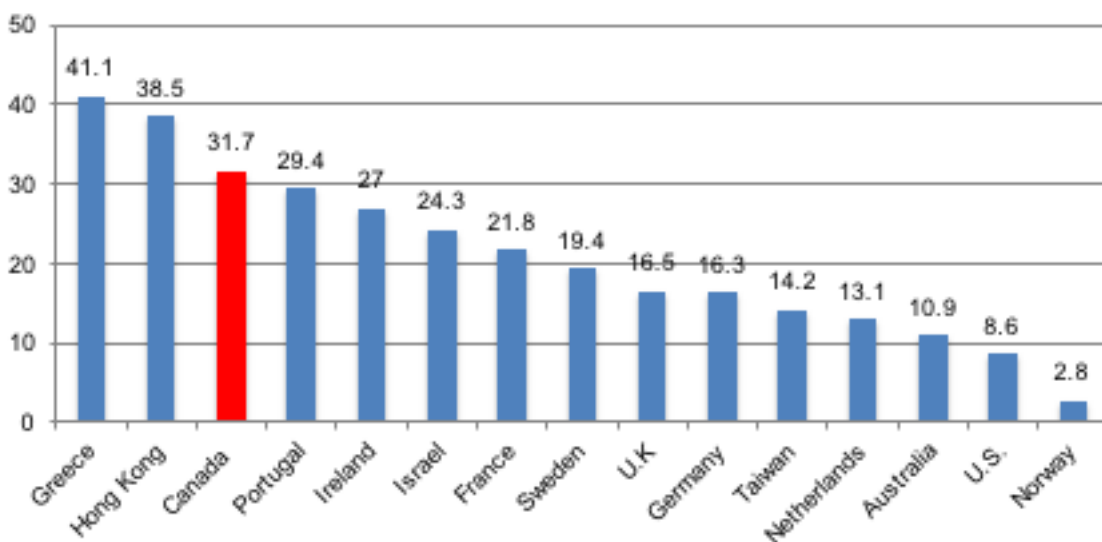


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Trends for established business owners, in contrast, highlight lower levels of activity, especially for women, and therefore a more sizeable gender gap. Less than one-quarter (22.3%) of established women entrepreneurs have 25% of more customers outside the country. In contrast, established male business owners have much higher rates of activity (33.3%), more in line with women and men in early-stage firms.

Finally, if we place Canada within the global picture, we can see that early-stage women entrepreneurs are doing fairly well, relative to their female peers in other countries. Figure 5.7 draws on the GEM global data. Here we see that Canadian women in early-stage firms have the third highest rate of reported export activity amongst innovative-based economies, behind Greece (41.1%) and Hong Kong (38.5%). The variation in export activity shown in Figure 5.7 is striking, as are the relatively low rates of exporting for women entrepreneurs in two countries that are often quite similar to Canada— Australia (10.9%) and the U.S (8.6%).

Figure 5.7 Exporting for Women in Total Early-Stage Activity (TEA), 18-64 years, Canada and Other Innovation-Based Economies, 2016 (% reporting 25% or more Customers Outside of Country)



5. ECONOMIC IMPACT OF WOMEN'S ENTREPRENEURSHIP

Taking these trends together, and considering them in relation to other global trends, as well as past trends noted in the *2013/14 GEM Canada Report on Women's Entrepreneurship*, a few central points deserve highlighting. First, with respect to early-stage women entrepreneurs in Canada, we see a diverse range of business impact, with job creation across a wider range of job bands. Of note, job growth amongst early-stage women is at higher levels than amongst early-stage men in 2016, and also higher than levels observed for early-stage women in 2014. Exporting activity has also increased in 2016 for both women and men, though a slight gender gap is evident which was not the case in 2014. Concerning growth expectations, we see the most change for established female business owners, who appear to be aspiring to higher job numbers (6+ jobs). For early-stage women, we do not see the same sort of shift with respect to higher job numbers (6+ jobs, and early-stage Canadian women lag on this indicator when compared to other innovation-driven economies.

6. CONCLUSIONS AND RECOMMENDATIONS

Overall, the *GEM Canada 2015/16 Report on Women's Entrepreneurship* confirms that Canadian women are highly engaged in entrepreneurship. In 2016, 13.3% were involved in some type of early-stage business activity, up from 10.0% in 2014. Another 6.6% of women were involved in established business (EBO). Comparing women's activity rates across innovation-driven economies, Canadian women in 2016 had the highest rates of early-stage firm activity (less than 3.5 year), and the fifth highest for established firms (over 3.5 years). Taken together, these trends suggest growing interest and engagement in business ownership for Canadian women, especially compared to women in other countries with similar levels of female labour force participation.

Entrepreneurial activity rates are one important measure of accomplishment. Equally important are measures that capture the nature and impact of business activity. As discussed in the *2014 GEM Canada Report*, an ongoing challenge for Canada and other innovation-driven economies lies in ensuring 'productive entrepreneurship' (p. 66) that generates economic value through the development of new products, services, and processes.³⁶ With respect to the quality and potential of women-led activity, the *2015/16 GEM Canada* data confirm a number of continued and emerging strengths, some first noted in the *GEM Canada 2013/14 Report on Women's Entrepreneurship*.

- Concerning motivations, it seems clear that perceived opportunities, rather than economic necessity, is driving women's engagement. In 2016, 82% of women entrepreneurs reported opportunity-based motivations, up from 70.5% of women in 2014. This suggests a growing, positive attraction to entrepreneurship, and possibly increased capabilities in identifying viable business opportunities.
- Women entrepreneurs bring high levels of human capital to their businesses, which is critical in a knowledge-based economy. Though early-stage women lag their male peers slightly in their level of post-secondary education, both groups are highly educated overall. This is also the case for established women business owners, who have an edge over their male peers.

6. CONCLUSIONS AND RECOMMENDATIONS

- Positive attitudes towards entrepreneurship are evident for women entrepreneurs, and for women within the Canadian population overall. Amongst women entrepreneurs, a strong majority see good opportunities, and feel they have the knowledge, skills and experience to succeed at running a business.
- Concerning business impact, early-stage women report higher levels of job creation than they did in 2014. Specifically, about 30% of early-stage women have created 6+ jobs in 2016. This is also the case for one-quarter of women running an established business.
- Trends in exporting show improvements from 2014, with a larger group of early-stage women (nearly one-third) building businesses where 25% or more of their customers are outside of the country. This is also the case for more than one-fifth of women in established businesses.
- Innovation in products or markets continues to be important, with over one-third of early-stage women involved in this activity. Globally, Canadian women compare well on this measure to women entrepreneurs in other countries.

Notwithstanding these positive trends, the 2016 GEM Canada data also highlights some concerns with respect to industry location, size, and future growth expectations. These issues were also noted in 2014, especially for women leading early-stage businesses.

- Concerning industrial sector, early-stage firms remain highly concentrated in the consumer services sector, where it can be more difficult to establish and grow a business in the long-term, and where there may be higher risks associated with excess competition, low profit margins, and downturns in the business cycle.

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- With respect to business size, the 2016 data confirm the small scale of many female-led firms, although it bears noting this is the case for many male-led firms too. While the majority of women entrepreneurs are employers, a sizeable group—roughly one-third of early-stage and 40% of established women owners—operate as solo entrepreneurs, with no employees.
- Future growth expectations highlight key differences amongst women entrepreneurs. For many, growth expectations are modest, as is true for men as well. Global comparisons suggest early-stage women lag on expected job growth compared to peers in other countries. Yet, there is a sizeable group of Canadian women who are growth-oriented. Over one-fifth of early-stage, and one-quarter of established, women entrepreneurs, expect to create 6+ jobs in the next five years, an increase from 2014. Rising growth expectations amongst established female business owners are especially noteworthy.

Together the 2016 trends suggest growing levels of activity and accomplishment, but also continued diversity amongst women entrepreneurs. This diversity leads us back to debates and discussions over ‘productive entrepreneurship’. In Canada and other innovation-driven countries, there is currently a great deal of interest in encouraging ‘scale-up,’ rather than ‘start-up,’ cultures, as a way to nurture higher growth amongst new and established entrepreneurs.³⁷ Such efforts are critical both for enhancing business impact and returns for individual entrepreneurs, as well as for boosting national competitiveness and GDP.

Yet, the question of how to support and nurture high-potential entrepreneurship is not straightforward and continues to be hotly debated. In a recent, thought-provoking, discussion on the ‘myths of high-growth’, Ross Brown and colleagues (2017) show that contrary to media stories and policy assumptions in many countries, high-growth firms are not exclusively young, high-tech, venture-capital backed—what Welter et al. (2016) call the ‘Silicon Valley ideal’³⁸—but more typically older firms, operating in a broad range of industries,

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and innovating in diverse ways, not simply technology-based.³⁹ On this basis, Brown et al. argue for broader thinking about innovation and growth potential, suggesting there is merit in supporting a more diverse mix of firms across industrial sectors, sizes, and life stages. This echoes ideas from Welter (2016) and other leading entrepreneurship scholars on the need to focus not just on high-tech, high-growth firms, but on the diverse potential found in ‘everyday entrepreneurship’.

With respect to women’s entrepreneurship, these discussions highlight a number of relevant issues that deserve further comment by way of conclusion:

- First, higher growth is critical to productive entrepreneurship in Canada, and there is a clearly an expanding pool of women entrepreneurs who are growth-oriented. Yet, since women-led firms more often operate in sectors outside the ‘Silicon Valley’ ideal, they may face barriers due to assumptions about what ‘innovation’ looks like, and difficulties accessing financing, mentoring, and government support as a result.⁴⁰ Given this, government initiatives, funding, and support aimed at boosting growth and innovation need to avoid the ‘myths of high-growth firms’ that Brown et al. identify. Broader and more inclusive ideas about innovation and growth-potential are needed. Reflecting this challenge, a recent survey by the Canadian Federation of Independent Business—*Beyond the big idea: Redefining and rethinking the innovation agenda*—found that while the vast majority (93%) of small business owners see innovation as key to economic growth and success, a vast majority (84%) agree that when governments “talk about innovation, they aren’t talking about my business” (p. 18).⁴¹
- As to specific growth strategies, exporting currently plays an important role for many Canadian women entrepreneurs. This is especially the case for early-stage business owners, and to a lesser extent for established businesses. Yet, at the present time, we see a slight but growing gender gap in exporting amongst early-stage firms. We also see the rising potential for protectionism in some jurisdictions, such as the United States. Going forward, it will be important to ensure continued support, expertise, and mentoring to women entrepreneurs to

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help them navigate the changing global trade environment, and assess the potential benefits, costs, and complexities of pursuing new markets.

- For start-ups, there is a strong need to encourage early-stage women to diversify and parlay their skills into new sectors, and identify viable business opportunities outside of the currently crowded consumer services sector. A positive trend in this respect is that early-stage Canadian women are well represented in the high-tech sector, compared to women in other innovation-driven economies. Continuing to build awareness of entrepreneurship amongst women in STEM programs can further fuel this trend. Diversification will also be aided by policy and programs that highlight the risks of certain sectors, and the need for ‘recession proofing’ strategies. So too, current debate over the potential impact of automation⁴² highlights the need to build such considerations into policy and programs, to ensure new businesses are not susceptible to negative impacts, or are well positioned to take up new opportunities.
- Finally, there continues to be significant diversity amongst Canadian women entrepreneurs. Not all women (or men for that matter) aspire to lead high-growth firms, and given the age, location, and nature of firms highlighted in the 2016 GEM data, it is clear there are diverse goals and motivations at play—with some women aspiring to build high-growth firms, others running small businesses that contribute to local economies and communities, and others blending business and family responsibilities, and possibly constraining growth as academic studies suggest. Recognizing this diversity in discussions about ‘productive entrepreneurship’ is important. Just as there are dangers in promoting a ‘start-up’ culture that encourages low return, struggling businesses, there are dangers in equating productivity exclusively with high-growth firms. Clearly there is an important middle ground of women running small-scale and solo firms, and contributing to households, local economies, and communities. Understanding more about their experiences, contributions, and short- and long-term goals seems worthwhile.

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As to the future, it will be interesting to see how the diversity amongst women entrepreneurs continues to take shape, and whether the gender gap between women and men, will narrow further. In the meantime, encouraging growth, while at the same time sparking broader thinking about innovation, diversity, and productivity, can only benefit Canadian women entrepreneurs—a diverse group, who have already accomplished a great deal, and only seem poised to continue.

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- ¹⁰For the bulk of analysis, we focus on the working age population (18-64 years old). For some topics, such as attitudes towards entrepreneurship, we examine trends for the entire adult population (18-99 years old).
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The 2016 GEM Women's Report is available at www.gemcanada.org

The 2016 GEM Global report is available at www.gemconsortium.org

Although GEM data were used in the preparation of this report, their interpretation and use are the sole responsibility of the authors and the GEM Canada team.

In addition to the 2016 GEM Canada report, there will be provincial reports published for Alberta, Ontario and Quebec. These will be available at www.gemcanada.org in due course.

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