

3. Country Report of Canada¹

3.2 Current Status of Women Entrepreneurs of Canada

In Canada, female entrepreneurs are thought to be a relatively untapped resource for economic growth. A Royal Bank of Canada (RBC) economics report found that female owned small and medium-sized enterprises (SMEs) contributed \$148 billion to the economy in 2011. They also estimated that over the next decade this contribution would increase by 10% to an estimated \$198 billion (RBC Economics, 2013b). However, a 2017 McKinsey report found that if female entrepreneurs were as equally as supported as male entrepreneurs, Canada could add an additional \$150 billion in incremental GDP by 2026 or 0.6% increase in annual GDP growth (Devillard et al., 2017). This could also be represented as an additional 6 million jobs in North America over the next 5 years (“SheEO,” 2017). This report also argues that at Canada’s current rate to gender parity, it will take around 180 years to reach gender equality; therefore more significant action must be taken to reach Canadian gender goals (Devillard et al., 2017).

Female entrepreneurship has also been found to make a meaningful contribution not only to the economy but also to social spaces; these benefits include an increased national wellbeing and competitiveness; improved women’s employability, gender empowerment and equality; and several benefits to the future generations as women entrepreneurs’ invest more money into their children’s health and education (Saifuddin & Beckton, 2015). Businesses with more females have also been found to have less of a ‘group think’ mentality which results in a positive effect for the business team and improved innovation (MakePossible, 2017). Additionally, longitudinal studies have found there is a significant correlation between promoting females into executive positions and an increases in profit (Adler, 2009).

The number of female owned businesses in Canada has risen by 23% from 2001 to 2011, where male owned businesses only realised a 14% growth during the same timeframe (Saifuddin & Beckton, 2015). As of 2012, there were 950,000 self-employed females, representing 35.6% of all self-employed persons (RBC Economics, 2013a). A comparison of performance between female and male-owned SMEs has also been conducted in Canada. In this report, research found that profit per employee was less for female owned SMEs in 2011 but had no statistical difference as of 2014 (Statistics Canada, Centre for Special Business Projects, Rosa, & Sylla, 2016). This study also noted that female businesses tend to lag behind their male counterparts because of the industries in which they operate. For instance the majority of female businesses are concentrated in retail

¹ This report was written by Veronika Moulton, Research Consultant, Institute of Education, University College London, Canada.

sales and services which tend to be characterised by small initial investments, and have lower growth rates compared to male concentrated business industries (Statistics Canada et al., 2016).

Demographically, female SMEs are distributed well across all of Canada, with the majority in Ontario (30.6%), Atlantic Canada (19.9%), Quebec (17.5%), British Columbia and Territories (14.8%), and Alberta (13.9; Beckton & McDonald, 2016). Of these SMEs, this study found that 19.1% of businesses were 2 years or younger; 17.1% were between 3-10 years, 16.8% between 10-20 years, and 13.5% were established over 20 years ago. Additionally, of these businesses, 17.4% had less than 5 employees, 14.7% had between 5-19 employees; 10.1% had between 20-100 employees; and only 4% had over 100 employees (Beckton & McDonald, 2016). Therefore, based on this data it is evident that the majority of female owned businesses are still in the early stages of development and therefore can only employ a more minimal amount of staff.

However, when looking solely at ICT companies, female entrepreneurs only represent 5% of companies and 13% of companies have a female or female and male co-founders; and only 5% of ICT companies have a female Chief Executive Officer (CEO; Move the Dial, PWC, & MaRS, 2017). Additionally, this report found that 53% of ICT companies have no women executives, 73% have no presence of women on their boards, and only 30% of venture capital firms have a female partner.