

# Close the GAP

## Unleash the Opportunities

### It's no secret entrepreneurship fuels economic growth.

In Saskatchewan, small business is BIG business. Almost 99% of businesses are small businesses. In 2016, small businesses accounted for 31% of Saskatchewan's GDP.

What's not on the front pages is the vital role women play in job creation and economic growth — and how much more robust our province and country could be if we increased the number of female entrepreneurs and created conditions for them to succeed.

Female-owned businesses contribute \$148 billion to the Canadian economy (according to a 2011 study). The economic gain would significantly increase should women have better access to financing, venture capital, networks, training and mentors.

**WESK's vision is that ALL Saskatchewan entrepreneurs have an equal opportunity to achieve success and contribute to our province's economic prosperity.**

With Saskatchewan showing the

## greatest growth

of female-owned businesses (when equally-owned and majority-owned are considered together), we have a tremendous opportunity to lead the nation in majority female-owned enterprises

Advancing gender equality has the potential to add

# \$150-420 billion

to the Canadian economy by 2026

Why does the gender gap exist? How does Saskatchewan compare to the rest of Canada? Most importantly, what more can we do to close the gap and unleash the immense opportunities before us?

In 2018, WESK commissioned PwC to conduct an independent study exploring these questions. What follows are a summary of key insights from the *Women Entrepreneurship in Canada* report and recommendations for the Government of Saskatchewan to move the needle on women entrepreneurship in our province.

**Closing the gender gap is not just a social and moral imperative. It is an economic investment.**

**The time is now. Let's seize the opportunities.**



Prabha Mitchell, CEO

# FINDINGS

## Saskatchewan Lags in Female Ownership

**13.7% of SMEs in Saskatchewan are majority female-owned**, compared to 15.7% nationally and 17% in the top two provinces (Ontario and BC). Female share of employment and self-employment are 46% and 34% in Saskatchewan versus 48% and 37% nationally. This suggests the challenges women entrepreneurs face may be more acute in Saskatchewan.

## Financing the #1 Barrier for Women Entrepreneurs

A combination of factors contributes to this problem: On the supply side, women face **lending discrimination** and **barriers to venture capital**. On the demand side, women tend to have **less income to invest** in a business, they may **lack confidence**, be **less likely to pursue aggressive growth strategies**, and are **more likely to self-finance or borrow from friends and family** — all of which lessen a start up's chance of survival. And female entrepreneurs traditionally operate in service sectors that require less capital. **Given Saskatchewan has the second-highest Indigenous population in Canada, women entrepreneurs here may suffer from additional cultural and business barriers.**

## Women Lack Networks, Training & Mentors

Alongside capital, networks have emerged as the most important driver for women's entrepreneurial success. As a conduit for access to new capital, new markets and specialized skills, **networks are a crucial accelerator in closing the economic gender gap**. Many venture capitalists and angel investors base their investment decisions on information provided by their networks, but very few women are members of these networks. Research suggests, a direct correlation between women's participation in training/mentoring and access to capital. Nearly half of women report that a challenge facing their business is lack of available mentors.

## Work-Life Balance Fosters Higher-Growth “Lean In” Entrepreneurship

While both men and women are prompted by “opportunity based” factors to start a business there are some nuances and variations in the pursuit of their passion. Female entrepreneurs have a stronger desire toward work-family balance, which impacts scaling up

and pursuing aggressive growth strategies. **In countries where governments mandate generous amounts of paid family leave, women tend to build larger, higher-impact and more scalable enterprises.** They employ more workers and express bigger product, service and growth ambitions. This is “lean in” rather than “fall back” entrepreneurship.

## Immigrants More Likely to Become Entrepreneurs

Studies indicate that female SME owners are slightly more likely to be born outside of Canada than male owners. Interestingly, immigrants have a significantly higher tendency to become entrepreneurs than non-immigrants. This may explain Ontario's leadership in women's early-stage entrepreneurship. This warrants further examination.

## Digital Revolution Leaving Women Behind

We are at the outset of an era marked by rapid advances in automation and artificial intelligence. Canada is lagging other developed countries in embracing the “new economy” and must substantially increase its entrepreneurship activity, and in particular innovative entrepreneurship, to maintain its economic prosperity. It is essential that economic policy focus on enhancing female participation in entrepreneurship and deal with the fact that **women will be more negatively affected by the digital revolution because they are more likely to work in service, administrative, financial and insurance industries and lose their jobs to automation.** 23% of women will be impacted by automation compared to 17% of men.

## Balancing Family with Innovative Entrepreneurship a Challenge

**Most innovative entrepreneurship and the resulting scaling up of the business occurs between ages 25-44, which is generally when women have families.**

Balancing family responsibilities with business growth impacts women entrepreneurs' desire and ability to scale up. Women also tend to become entrepreneurs at an older age and, while women entrepreneurs are more educated than men, they lag behind in STEM (Science, Technology, Engineering, and Mathematics) degrees — two more factors that limit their ability to be involved in innovation.

# RECOMMENDATIONS

Drawing on the action steps proposed in the independent *Women Entrepreneurship in Canada* report, and given the unrealized economic opportunity presented by female entrepreneurs in our province, WESK recommends the Government of Saskatchewan create an **Action Plan for Women Entrepreneurs** that includes:

## 1. Working with Business to Create a Provincial Database on Women Entrepreneurship

Local data on female entrepreneurship is sparse. As a first step, so that policy addressing the needs of women entrepreneurs may be better informed, we recommend business and government team up to examine key issues and create a comprehensive provincial database. Areas of study should include:

- ✓ Economic contributions of women entrepreneurs in Saskatchewan
- ✓ The business climate for women entrepreneurs
- ✓ Representation of female-owned businesses by sector
- ✓ The impact of the digital revolution on women-owned businesses
- ✓ Access to financing & venture capital
- ✓ Barriers to starting & scaling a business
- ✓ Cultural barriers & their impact
- ✓ Opportunities to enhance work-life policies

## 2. Fostering “Lean In” Entrepreneurship

Research shows that **women who live in regions with better work-life policies tend to build higher-impact and more scalable enterprises.** Supportive work/employment policies such as the Parental Leave Policy announced by the Government of Saskatchewan; promotion of entrepreneurship as a viable and successful career choice amongst young women; and supporting women in the pursuit of entrepreneurship in sectors such as Science and Technology will help foster “lean in” entrepreneurship.

## 3. Investing in Supporting Women to Build Business Networks and Access Mentors

Support networking among female entrepreneurs, potential female entrepreneurs, established male entrepreneurs and support organizations. Create dedicated resources, web resources, information on best practices focused on women entrepreneurship.

## 4. Promoting Women Entrepreneurship in Technology

The digital revolution puts women at a disadvantage because females are more likely to work in sectors susceptible to automation. Develop initiatives designed to encourage women to participate in traditionally male dominated sectors by offering different training methods and delivery based on needs of women. It should include mentorship and networking support for women studying in the field of technology, start ups and existing entrepreneurs.

## 5. Providing Dedicated Venture Capital Funds for Women

Female startup founders have to work harder and receive far less investment than their male competitors. The main reason cited by studies is the lack of women in venture capital firms. Dedicated funds for women will spur female entrepreneurship, particularly in the tech industry, where **only 6% of founders in Canada are women.**

## 6. Fostering and Supporting a Culture of Innovation

Lack of access to capital and other barriers can stifle innovation. Government should develop inclusive policies that recognize and support women’s innovation in a broad spectrum of functions (apart from technology) whether it is products, process, marketing, organizational practice or other aspects of business.