

The Case for the City of Toronto's Women Entrepreneurs Strategy

By

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The Role of Women in Global Economic Growth

“Forget China, India and the internet: economic growth is driven by women.”

The Economist

April 15, 2006

“...there is a business case for expanding women’s economic opportunities: it is smart economics”

The World Bank Group

September 2006

“Women are one of the most relevant untapped resources for entrepreneurship”.

OECD 2012

Female Entrepreneurship in Canada

“Female entrepreneurs remain a relatively untapped resource for economic growth.”

RBC Economics

*The Globe and Mail October 17,
2013*

Current State of Women Owned Businesses in Canada...

- Women owned businesses are the fastest growing sector in the Canadian economy
- According to the Organization for Economic Cooperation and Development (OECD) 2000, women in Canada make up a larger share of the self-employed than in any other country

...Current State of Women Owned Businesses in Canada...

- According to Statistics Canada's Labour Force Survey, in 2012 there were an estimated 950,000 self-employed women in Canada
- In 2010, Quebec had the highest proportion of majority owned female SMEs at 19% followed by Atlantic Canada at 18% and Ontario at 17% (Industry Canada, Credit Conditions Survey)

...Current State of Women Owned Businesses in Canada...

- The share of firms with greater than 50% female ownership rose to 15.6% in 2011 from an estimated 14.9% in 2007 and 13.7% in 2004*
- Women owned businesses currently employ over 1.5 million Canadians **

* RBC Economics, Canadian Women Grabbing the Baton, October 2013

** BMO Financial Group, BMO Women's Day Study (March 2012)

...Current State of Women Owned Businesses in Canada...

- Female majority-owned firms tend to be concentrated in specific industries
- In 2011, these included wholesale and retail trade (26%), health care, arts and entertainment (19%) and accommodation and food services (12%) *

* RBC Economics, Canadian Women Grabbing the Baton, October 2013

...Current State of Women Owned Businesses in Canada...

- Female entrepreneurs have also achieved gains in the professional, scientific and technical services as evident by a near 30% jump in self-employed females with paid help in the industry since 2007
- 62% of female owned businesses have 4 employees or less
- Their firms tend to focus sales of their product or service in local markets

...Current State of Women Owned Businesses in Canada...

- In 2011, the aggregate contribution of female majority-owned SMEs was an estimated \$148 billion in economic activity
- A 10% rise in the number of female majority owned firms over the next decade would bring this to an estimated \$198 billion

RBC Economics, Canadian Women Grabbing the Baton, October 2013

Assessing the Trend in Canada*

- One-person operations are driving small business growth
- More older women are becoming entrepreneurs (“Seniorpreneurs”)
- Women entrepreneurs are increasingly well educated
- Immigrant women are turning to self-employment at an impressive rate

* CIBC Small Business Report 2005

Assessing the Trend in Canada*

- The share of owners who are over the age of 65 has nearly doubled in the past four years
- Younger female entrepreneurs are failing to offset the aging female ownership trend
- Nearly 1 in 4 female business owners in Canada are born outside of Canada
- Close to 70% of female business owners have attained a post-secondary degree

* RBC Economics, Canadian Women Grabbing the Baton, October 2013

Assessing the Trend in Canada*

- Notwithstanding the trend, a polarization of the employment quality for women entrepreneurs exists
- The gap between high-paying and low-paying occupations is wider among self-employed women than any other category of workers in Canada.

* CIBC Small Business Report, 2005

Unique Challenges and Barriers

Consultations with over 1000 women* across Canada led to the identification of the following challenges:

- Access to capital
- Access to social safety net
- Access to mentoring programs and networks
- Access to business skills training
- Access to information
- Access to government procurement contracts

*The Prime Minister's Task Force on Women Entrepreneurs, 2003

Needs of Women Entrepreneurs as Identified by Task Force*

- Coordination of support for women entrepreneurs
- Advocacy
- Focus on service sector
- Promotion of women entrepreneurs nationally and internationally
- Training for export readiness
- Research to quantify impact of women owned businesses on the economy

*The Prime Minister's Task Force on Women Entrepreneurs, 2003

International Recognition of the Importance of Women's Enterprise

- Canada – Prime Minister Chretien's Task Force on Women Entrepreneurs – 2003
- Ireland – National Women's Strategy 2007-2016
- UK – Strategic Framework for Women's Enterprise – 2003
- UK – The London Women's Enterprise Action Plan 2007-2010
- UK – Women's Enterprise Task Force 2007-2010
- USA – Leader since 1988 beginning with the enactment of the Women's Business Ownership Act
- World Bank Group Gender Action Plan 2006 to advance women's economic empowerment

Public Policy Rationale

- The magnitude of women's increased involvement with economic activities persistently remains lower in many countries
- Increased economic participation of women provides a sounder base for economic growth. It would help finance rich countries 'welfare states' as populations age and it would boost incomes in the developing world

Public Policy Rationale

- Series of actions on women entrepreneurship also promote gender equality
- A focused women entrepreneurs' strategy provides a blue print for all small and medium sized enterprises (SMEs)

Public Policy Rationale

- Encouraging greater participation in business ownership, particularly for females, by addressing potential obstacles could yield significant benefits to the overall Canadian economy
- A commitment to a Strategy for Women Entrepreneurs promotes EQUALITY, ECONOMIC OPPORTUNITIES and PROSPERITY for all

Sustaining the Momentum...

- Governments must acknowledge that women and men experience self-employment and business differently and that a one size fits all approach to business development and programming is insufficient
- Governments lack both research-based and gender disaggregated business information that are vitally important for both program development and public policy action

...Sustaining the Momentum

- Governments must review the composition of their agencies, boards and advisory councils to ensure that there is representation from women in business and women's business organizations
- Governments need to remove obstacles and reform tax and social security systems that create disincentives for women to work

Conclusions...

- Women are leading in the way in creation of new businesses, many of which are one-person operations
- In Canada, these women tend to be older (“seniorpreneurs”) and educated
- Most of the business growth is in service areas rather than products & traditional manufacturing
- Women continue to face unique challenges and barriers that men do not face

...Conclusions...

- While the priority of many governments globally is poverty reduction, there is still very little concentrated effort aimed at the economic empowerment of women as a means of poverty reduction
- Any economic development plan at the municipal, provincial, and federal level should specifically target and focus on women by fostering an environment not only for women to create businesses, but also to grow and sustain those businesses

...Conclusions

- A unique and timely opportunity exists for the City of Toronto to show leadership in promoting gender equality and economic growth through the support of women owned businesses
- Develop a plan of action that can be implemented in the short, medium and long term