CHALLENGES AND OPPORTUNITIES FACED BY CANADIAN WOMEN ENTREPRENEURS IN GLOBAL TRADE

Clare Beckton, BA, LLB (Sask.) MPA (Harvard) (Fulbright scholar and Littauer fellow) is a lawyer, a former senior executive including as head of Status of Women Canada, entrepreneur, author of *Own it-Your Success Your Future, Your life* and other articles, sought-after speaker, mentor and coach and award-winning advocate for advancing women's leadership and for diversity and inclusion. She serves or has served on a number of non-profit boards including chair of the Queensway Carleton Hospital Board, a member of the Harvard Women's leadership board and now as vice-chair of the Beechwood National Cemetery Board.

Janice McDonald is an award-winning entrepreneur, a 2016 WXN Top 100 Most Powerful Hall of Fame inductee, a sought-after speaker, and a 2020 mentor with the Pierre Elliott Trudeau Foundation. She has a BA in communications, MA in Canadian Studies, certification in conflict resolution from CICR, her ICD. D designation and an MFA. She is in the first global cohort of The Power MBA. Women in Trade – Los Angeles awarded her Global Trade Ambassador for Canada in 2017, and in 2018 she received an Inspiring Fifty women in tech award. Her 2020 book, *Fearless. Girls with Dreams, Women with Vision* is a national bestseller. Her popular and influential Fearless Women Podcast is currently in its second season.

INTRODUCTION

Small and Medium Enterprises (SMEs) are the backbone of the Canadian economy, with small enterprises employing 8.29 million individuals (69.7%), and medium enterprises employing 2.37 million individuals (19.9%) (Government of Canada, 2019). Women are an intrinsic and growing part of SMEs. They are increasingly seeing entrepreneurship, including self-employment, as a source of opportunity to provide a means for earning income; create a product or services; fulfill a need in the marketplace and/or create a better work-life integration on their own terms. While export is an important driver of economic growth and innovation for entrepreneurs, Canadian companies have not fully exploited the potential for growth of international markets. This includes women-owned businesses, which are less likely to export than men-owned businesses, due in part to additional barriers and challenges. Numerous women entrepreneurs are using export as a source of growth, and opportunities exist to increase the number of women entrepreneurs engaged in export if barriers and challenges are addressed. The aim of this article is to find transformative and practical solutions to encourage women-owned businesses to export.

> "Canadian companies have not fully exploited the potential for growth of international markets. This includes women-owned businesses, which are less likely to export than men-owned businesses, due in part to additional barriers and challenges."

The export of products and services is a means for growth and opportunity to increase impact across multiple markets by meeting a wider range of customer needs; improving efficiency; innovation through the generation of new ideas

and exposure to new technologies and processes; and lowering costs (Brown, 2017). In 2018, exports accounted for 30.2% of Canada's GDP and amounted to $672 billion (Allen, 2018; Statistics Canada, 2017). Recent trade agreements have expanded the potential markets and increased opportunities for businesses. Yet these opportunities have not been fully realized in many instances because entrepreneurs are not aware of them, need further information respecting export processes or lack necessary funding. However, Canada's relatively small domestic market makes it necessary for many firms to tap into global markets for growth (Manseau, 2017). In addition to often being larger and globally better than similar companies that are domestically oriented, exporting companies are more likely to experience higher growth compared to non-exporting companies. Indeed, 10% of exporters achieved 20% growth or higher in sales annually compared to 8% for non-exporters between 2009 and 2011 (Seens, 2015; World Trade Organization, 2017).

> "More than ever Canada needs to have the full growth opportunity represented by women entrepreneurs with their innovative spirit and knowledge and desire to grow."

Challenges and opportunities exist for women entrepreneurs in contemplating access to diverse markets. Recently we completed a study looking at the challenges and opportunities facing women entrepreneurs who are seeking to export. The findings in this study relate to a pre-COVID-19 world but are still undeniably applicable. More than ever Canada needs to have the full growth opportunity represented by women entrepreneurs with their innovative spirit and knowledge and desire to grow. Women entrepreneurs have been hard hit by COVID-19 and now need support to grow and thrive.

LITERATURE REVIEW

This literature review is a scan of the current literature and reports, focusing on the export ecosystem, the positive benefits of export and the factors that come into play when entrepreneurs are considering export as a means of growth. The literature recognizes that the decisions made by women entrepreneurs are multidimensional and affected by their business sector and size. Structural gender-specific differences must be considered when examining the challenges facing women entrepreneurs in their desire to exploit export opportunities so as to promote growth. Women's businesses tend to be smaller and predominately in the retail and service sector, and some are not incorporated affecting their eligibility for grants and funds.

According to a 2018 report from the Conference Board of Canada, there was an increase to $483.6 billion in exports of Canadian goods in 2017, 41.9% of which came from SMEs (Government of Canada, 2019b). However, 93% of all SMEs report their sale destination to be within their local municipality or region and only 11.7% of Canada's SMEs sell their goods outside Canada. There are opportunities to expand global markets and help Canadian SMEs adopt a more international mindset (Government of Canada, 2019b).

Unsurprisingly, the main market targeted by exporters is the United States (Seens, 2015), but with rising access to technology, trade agreements, and increasing openness in general, new markets are opening up, such as Latin America, Central and Eastern Europe, as well as Southeast Asia. This is the case despite the reluctance of Canadian exporters to attempt penetration of less traditional markets (Hall, 2019). Unquestionably, in addition to an opportunity to gain more consumers and knowledge, exporting is also a way to build resilience and cope more effectively with fluctuations in the domestic market and in the business cycle; it spreads the risk and has the potential to reduce volatility by 20%, revitalize growth and extend product life cycles (Garcia-Vega, & Spaliara, 2012; Deloitte, 2014; Dzhumashev, Mishra, & Smyth, 2016).

An overwhelming number of factors impacting the propensity of women entrepreneurs to export are structural (Government of Canada, 2020). They are often active in sectors less likely to export; their businesses tend to be smaller and younger; and some prefer to be of service to their own community. Nevertheless, the percentage of majority women-owned SMEs that export doubled from 7.4% to 14.8% between 2011 and 2017, according to Global Affairs Canada (Baur, 2019).

The main challenges faced by women entrepreneurs seeking to export are numerous and, based on the 2017 Survey Financing and Growth of SMEs (SFGSME), can be summarized in five categories:

- Differences in perceived risk and obstacles: women tend to identify more logistical obstacles, border obstacles, financial risk, etc;
- Financial resources: women tend to have a harder time finding investors, mentors, networks, and often end up using personal assets for financing, which can slow growth (Beckton, McDonald & Marquis-Bissonnette, 2018);
- Bias vis-à-vis the technology sector: A lot of the financing for entrepreneurs tends to go into the tech sector, which is not the main sector of activity for women entrepreneurs (Beckton, McDonald & Marquis-Bissonnette, 2018);
- Technology skills: There is often insufficient knowledge regarding e-commerce technology (Beckton, McDonald & Marquis-Bissonnette, 2018; Arendt, 2008);

- Burden of unpaid work for women: Women are still disproportionally taking care of the emotional labour at home, and this can lead to women entrepreneurs missing important opportunities (Cesaroni & Paolono, 2016).

What emerged from the literature is a need for more information (and more centralized information) as well as more support and resources. Many resources do exist, but in a relatively standardized fashion that may not be suitable for women entrepreneurs and through networks and channels in which they might not yet feel welcome.

METHODOLOGY

This research builds on the results of in-depth interviews with 96 women entrepreneurs. The respondents were identified through multiple selection methods including self-selection, award winners, fellow entrepreneurs' recommendations, recommendations from organizations in the ecosystem such as women's business centres, and immigrant women's organizations to ensure representation across Canada, diversity of sectors and different sizes of enterprises. Fifty-three of the entrepreneurs interviewed were exporting their product(s) or services, 29 were considering exporting and 15 were in businesses where export was less of a viable option.

This research also builds on the results of a survey conducted by EDC, a partner in the study, which compares experiences and perspectives of 815 entrepreneurs, including 463 women and 261 men. These surveys with entrepreneurs were conducted with a business panel through Maru/Blue and have similar characteristics to the overall profile of Canadian Businesses in terms of region, size and high-level sector. The respondents were business owners or executive leaders within the company. The entrepreneurs surveyed were diverse in terms of the sectors, size and age of the enterprises, as well as the background of the entrepreneurs themselves. Of the respondents, 23% of women and 19% of men were racialized, 9% of women and 10% of men had a disability, and 4% of men and women were indigenous, providing a good cross section of experiences.

> "Women entrepreneurs are ambitious, resilient, innovative and often eager to grow their business through export opportunities."

INTERVIEWS WITH WOMEN ENTREPRENEURS

This section includes the results of the interviews with 96 women entrepreneurs, with the aim of helping us understand the factors affecting decisions to export. It was evident there was both a desire to export for growth (where it made economic and logistical sense), as well as a recognition of the financial and other risks and requirements around market intelligence and logistics. Women entrepreneurs are ambitious, resilient, innovative and often eager to grow their business through export opportunities. Through these interviews, a number of themes emerged which help us better understand both the challenges and potential solutions. The main themes are as follows: the importance of exporting, enablers of exporting, the challenges to exporting, and the supports that are needed.

IMPORTANCE OF EXPORTING

Many perceived the chance of exporting as an important opportunity to grow their businesses and were keen to, as one respondent said, "grow my business outside of Canada." Another respondent affirmed that, through exporting, "in 5 years, I can transform this business into a big global business if I can position the business properly... I need to navigate the system." Clearly, the importance of exporting is not lost on women entrepreneurs. Even those who had never really considered export before, were now interested in it, or at least in learning about it. One wise respondent said that "we need to have women think about global opportunities. We can eliminate the fear in doing so and demystify export." This particular quote highlights an important point in the literature: the need to clarify the process and provide more support and resources. While the importance of exporting was well understood, some women entrepreneurs still prefer to focus on local and national markets, which for them were challenging enough.

ENABLERS OF EXPORTING

Exporting is a process that requires a tremendous amount of work and the interviewees mentioned different enablers that could help them navigate the process, including having a clear strategy such as building networks and connections. One woman described how having her booth near the Trade Commissioner Service booth at a trade show led to connections, and another referred to the advantages of women business networks and other such organizations. Through networking, it is also possible to find mentors and sponsors who will help open doors and share knowledge, information, and experience. E-commerce was also mentioned as an enabler of exporting and has become increasingly the way to do business as a result of COVID-19. While not without their challenges, platforms such as Shopify make it easier to operate online.

There is also an important role to be played by governments and agencies in enabling women entrepreneurs to become

successful exporters. Many attribute their success to the support and services they received from organizations such as Export Development Canada, the Business Development Bank of Canada, the Trace Accelerator Program, etc. Women entrepreneurs felt better equipped to grow their businesses globally after having participated in export training programs.

> "A core challenge identified in the interviews is the need for timely, relevant, and accessible information relating to potential markets, logistics for product export and legal and customs rules."

CHALLENGES TO EXPORTING

Even the most experienced exporters were honest about the existence of the challenges facing them. Crafting the right strategy is challenging, and the financing to implement it can also be hard to find. While there is a wealth of information for entrepreneurs on how to expand and grow their businesses, many women entrepreneurs were not sure where and who to turn to for relevant advice. Even women entrepreneurs who are already exporting mentioned this same concern on occasions when they have doubts or questions. Entrepreneurs expressed the desire to speak to a "real person" who could help them navigate the journey to becoming successful exporters. While written information and videos were helpful, entrepreneurs were often left with unanswered questions specific to their business or industry. Women entrepreneurs want to have better support in navigating the process and more guidance to find the right information and to be informed about the resources and services they can access. A core challenge identified in the interviews is the need for timely, relevant, and accessible information relating to potential markets, logistics for product export and legal and customs rules. One entrepreneur's comment that "if it takes more than 15 minutes to find it then it is not useful," reflected the concerns expressed by many of the entrepreneurs. Many (including some who were exporting) were not aware of the services offered by the Trade Commissioner's service or Export Development Canada and some, who had used the service, were not satisfied with their result.

> "Women entrepreneurs are often managing both family responsibilities and their business, requiring them to focus on the best use of their time."

Women entrepreneurs are often managing both family responsibilities and their business, requiring them to focus on the best use of their time. Even though this study was conducted pre-pandemic, COVID-19 has exacerbated the challenges, with schools and daycares closed. Preliminary information suggests that women are bearing more of the extra childcare and schooling responsibilities. This readily translates into less time for their business at a time when renewed focus is essential both for survival and renewal. It underlines, yet again, the need for timeliness and ease of finding the relevant information.

> "A desire was expressed for existing boards and trade organizations to become more inclusive of women entrepreneurs and their needs."

While networks are key to the ability to navigate the multiple challenges of export, accessing relevant ones can be an enormous challenge. One successful exporter described her network as the source of important information allowing her to learn from the experience of others. Those lacking networks struggled to find ones that were relevant and warranted the use of the limited time they had available. A desire was expressed for existing boards and trade organizations to become more inclusive of women entrepreneurs and their needs. Some women entrepreneurs did take the initiative and form networks of their own. Although all women networks are important, it is equally important for women to be connected to broader business networks that are working to become more inclusive.

One of the key pieces of information sought after was market intelligence. Small businesses often could not afford a market intelligence study nor did they have team members who could spend their time doing these studies. Those who did have access to good market intelligence found it very helpful in guiding their choice of market and the timing of entry. One entrepreneur described how a market intelligence study from a provincial agency enabled her to understand the potential market and better prepare for entry. Knowledge of process, legalities and customs rules were also identified as challenges both in the interviews and the survey.

Other important challenges mentioned by interviewees were accessing supplier diversity programs for preferential procurement; the competition for talent and expertise that is already challenging for large corporations but even more so for SMEs; finding reliable manufacturers and suppliers; discrimination and difficulty in being taken seriously as a woman and especially as a young woman (or as an older woman).

SUPPORTS THAT ARE NEEDED

What women entrepreneurs need is better access to information and support so that they can be more knowledgeable about the export process and all the resources and supports available to them. Navigating the system needs to become easier and more efficient by providing a clear blueprint outlining the way to do things and clearly laying out the pathways. Women entrepreneurs also benefit from more role models and from hearing about success stories from other women entrepreneurs. They require better access to financing, and the overall ecosystem needs to become more inclusive and diverse in order to be more welcoming to women entrepreneurs. Being a woman, whether you are younger or older, should not be an impediment.

SURVEY

The survey was sent to both men and women and reflected differences in men and women entrepreneurs' reported experiences and business sizes. For instance, while 52% of women led businesses reporting sales of less than $250,000, only 31% of men owned business reporting similar figures. Another key point that emerged from the survey is that a mere 26% of women owned businesses that were incorporated, compared to 41% for men owned enterprises. Being unincorporated undeniably impacts the types of resources available to businesses, including financing, which is one of the main challenges mentioned above. As reflected in the literature review, women had smaller businesses with smaller numbers of employees. Generally, the key findings of the survey echoed and validated what was conveyed in the interviews of women entrepreneurs.

> "One of the main findings from the survey is that while 44% of men-owned business export as a global growth strategy for their business, only 29% of women-owned business did the same."

The literature showed that a lot of the resources were unevenly distributed by sector, favouring technology. Women-owned businesses are half as likely to be in the ICT sector (5% compared to 11% for men owned businesses) based on the survey results. In high exporting sectors, such as technology, IT, software products, and manufacturing products, men-owned businesses were twice or thrice as present.

One of the main findings from the survey is that while 44% of men-owned business export as a global growth strategy for their business, only 29% of women-owned business did the same. Indeed, 60% of the women-owned businesses mentioned turning to export only after clients sought out their services or products or services outside Canada, compared to only 48% for men-owned businesses. This may indicate that men-owned businesses tend to be more aggressive in pushing to export, while women-owned businesses are more likely to wait for demand to provide a pull to export. This is not surprising considering the challenges reported by women entrepreneurs.

The main obstacle cited by survey respondents also echoed what was mentioned in the interviews. 34% of women-owned businesses mentioned being unfamiliar with the procedures and the paperwork to sell their products and services outside Canada, compared to only 19% for men owned businesses. This echoes what was said earlier about the dire need for clearer pathways to export. This holds even truer when considering that 41% of women-owned businesses that responded to the survey described their level of literacy as "beginner" when it came to their understanding of what was required to allow their company to enter new markets and expand their consumer base outside of Canada. In contrast, only 23% of men-owned businesses described themselves as "beginners". Clearer pathways and more guidance to navigate the resources and supports available would help improve literacy and foster propensity to export.

DISCUSSION & CONCLUSIONS

A few characteristics stand out in the study when looking at the stories of successful women entrepreneurs. They tend to be larger and in sectors more prone to exporting. These successful women were actively seeking out information, networks, and mentors to obtain the support needed to foster success. Successful women entrepreneurs in general, were also more experienced, having been in business for a longer time, were ambitious and more tolerant of risk. Immigrant women entrepreneurs were also somewhat more prone to seeing the opportunities of exporting and running their business globally. Lastly, successful women entrepreneurs were more likely to have participated in the different programs offered and to have taken advantage of all the resources available generally.

> "Successful women entrepreneurs should be proactively sought out and encouraged to export and we should ensure that they have easy access to the information regarding services, market information, grants, legal information, tax and tariffs information, networking opportunities."

As was highlighted by the interviews and the survey, there is a need to further enhance services, especially for women entrepreneurs. The benefits of exporting need to be made more salient, and more diverse role models need to be showcased. All of the tools and supports available need to be more publicized and made more readily available through sources consulted by women entrepreneurs, so that navigating the process of exporting becomes friendlier and less of a labyrinth. The benefits of exporting for the Canadian economy are clear. Consequently, successful women entrepreneurs should be proactively sought out and encouraged to export and we should ensure that they have easy access to the information regarding services, market information, grants, legal information, tax and tariffs information, networking opportunities, etc.

Promoting the benefits of exporting should also include encouraging women to expand their skills and knowledge and to take advantage of programs available to them, such as the Trade Accelerator Program, which is supported by Export Development Canada and the Forum for International Trade. Another interesting avenue to encourage women to think more globally would be to urge them to participate in supplier diversity programs that could increase their possibilities to export.

While the data from this study was collected before the pandemic, we now know women have been impacted the most by COVID-19, as it relates to employment and entrepreneurship, because the majority of women-owned businesses are in the retail and services sectors which have been disproportionally impacted. A recent study by WEKH confirms this disproportionate impact on women-owned businesses. Prior to COVID-19, many of the entrepreneurs interviewed struggled to obtain financing or to self-finance when they decided to export. It is true that some businesses have thrived during the pandemic, because their sectors were not as impacted, they were able to pivot their business to online or to provide the different products or services required during the pandemic. But many have not thrived, particularly in hospitality and tourism and other sectors most impacted by COVID-19. While women entrepreneurs tend to be innovative, there have been limitations to their ability to survive in the current climate with rent challenges, business slowdowns and all of the other requirements. The growth of women owned businesses is essential to the health of the economy in Canada. Yet they struggle and even more so in the face of the pandemic.

Programs designed to assist businesses impacted by COVID-19 often exclude women owned businesses because of their size and number of employees. Unless changes in assistance programs happen, there will be longer-term negative impacts for the businesses that cannot recover and for the economy as a whole. One entrepreneur said recently that she has been unable to pay the rent on her newly opened shop and does not know if she can survive - a story which was shared by many other business owners. No doubt the business landscape will be different after COVID-19.

“Women bring many strengths to their entrepreneurship such as collaboration and partnerships, resilience and innovation. These strengths are much needed if Canada is to recover successfully from the pandemic.”

No roadmaps exist for the post-COVID economy. All of the supports mentioned in the report will be more important than ever. Identifying promising markets and dealing with unstable supply chains, and border closures and restrictions, impacted by both the pandemic and global politics, will be even more challenging. Access to relevant information and funding support are needed more than ever to ensure women entrepreneurs can thrive. Women bring many strengths to their entrepreneurship such as collaboration and partnerships, resilience and innovation. These strengths are much needed if Canada is to recover successfully from the pandemic.

REFERENCES

Allen, S. (2018, March 31). “The Canadian Economy at a Glance”. *Investors Friend*. www.investorsfriend.com/canadian-gdp-canadian-imports-and-exports.

Arendt, L. (2008). Barriers to ICT adoption in SMEs: how to bridge the digital divide? *Journal of Systems and Information Technology*, 10(2). 93–108.

Baur, A. A. B. (2019). Women-owned Exporting Small and Medium Enterprises. www.international.gc.ca/trade-commerce/assets/pdfs/economist-economiste/analysis-analyse/women_owned-export-entreprises_femmes-eng.pdf.

Beckton, C., McDonald, J. & Marquis-Bissonnette, M. (2018). “Everywhere, Everyday, Innovating: Women Entrepreneurs and Innovation.” https://carleton.ca/creww/wp-content/uploads/here.pdf.

Brown, B. (2017, August 10). “7 Reasons Why Exporters Do Better.” Export Development Canada. www.edc.ca/en/blog/why-exporters-are-more-successful.html#1.

Cesaroni, F. M., & Paoloni, P. (2016). “Are family ties an opportunity or an obstacle for women entrepreneurs? Empirical evidence from Italy.” *Palgrave Communications*, 2(1), 1–7.

Deloitte (2014). *The Future of Productivity: Smart Exporting for Canadian Companies*. Deloitte Canada.

Dzhumashev, R., Mishra, V. & Smyth, R. (2016). “Exporting, R&D investment and firm survival in the Indian IT sector.” *Journal of Asian Economics*, 42, 1–19.

Garcia-Vega, M., Guariglia, A., & Spaliara, M. E. (2012). "Volatility, financial constraints, and trade." *International Review of Economics & Finance*, 21(1), 57–76.

Government of Canada. (2019). "Key Small Business Statistics - January 2019." www.ic.gc.ca/eic/site/061.nsf/eng/h_03090.html.

Government of Canada (2019b). "Trade and small and medium-sized enterprises." www.international.gc.ca/trade-commerce/sme-pme/sme-roles-pme.aspx?lang=eng.

Government of Canada (2020). "Business Women in International Trade." tradecommissioner.gc.ca/businesswomen-femmesdaffaires/index.aspx?lang=eng&

Hall, P.G. (2019). "As the world diversifies, will we?" EDC. www.edc.ca/en/weekly-commentary/as-the-world-diversifies.html

Manseau, Amélie. (2017). "Why more Canadian Business should be exporting". Retrieved from Export Development Canada www.edc.ca/en/blog/reasons-to-export.html.

Seens, D. (2015). "SME Profile: Canadian Exporters. Industry Canada." www.ic.gc.ca/eic/site/061.nsf/vwapj/SMEPCE-PPMEEC_2015_eng.pdf/$file/SMEPCE-PPMEEC_2015_eng.pdf

Statistics Canada. (2017). "Measuring Canadian Export Diversification. Statistics Canada." www150.statcan.gc.ca/n1/pub/13-605-x/2017001/article/54890-eng.htm

World Trade Organization (2017). "Gender Aware Trade Policy." www.wto.org/english/news_e/news17_e/dgra_21jun17_e.pdf.