

5.4 Women Entrepreneurship and Growth



2 MIN READ

How can we measure business growth?

Business growth usually depends on the generation of revenues and profits. Growth is typically measured by reviewing a company's financial statements over a three-year period. Many factors can influence entrepreneurial growth, including financing, clients, markets, networks, human resources and material resources (technology, equipment, institutions, etc.).¹

Benchmarks typically used for business growth

Growth level	Growth of Business (over three years, by%)
High	20% or more
Medium	10 to 20%
Slow	Less than 10%
No Growth	0%
Negative	Less than 0%

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Growth of women-owned businesses

Studies confirm that, regardless of gender, entrepreneurs agree that expanding their business is important.² According to a Scotiabank survey, two-thirds of entrepreneurs believe that growth can play a key role in a company’s survival and overall success.³

Despite women entrepreneurs’ best intentions, studies tend to show that women-owned businesses generally experience slower growth than men-owned businesses.⁴ However, when taking a closer look at the data, the differences may not be as significant as expected.

Business growth⁵

Growth level	Majority women-owned businesses (%)	Majority men-owned businesses (%)
High	7.9%	8.8%
Medium	10.8%	12.7%
Slow	48.5%	46.5%
No Growth	17.6%	18.8%
Negative	13.4%	13.1%

However, when considering the barriers faced by women entrepreneurs, we realize why business expansion can be so difficult. It is no easy task to build a business amid gender biases and stereotypes, not to mention smaller networks, high-risk industries, limited financing, family responsibilities and much more. In other words, growth isn’t easy with so much weight on one’s shoulders.

A different kind of growth

What if growth holds a different meaning for women? In fact, women entrepreneurs typically take different approaches to growth because they prefer slower and more stable development aimed at ensuring long-term business survival. Studies also confirm that men and women tend to think of growth in different terms.⁶

Growth Perceptions and Strategies⁷

Growth Perceptions for women

- Profits
- Community involvement
- Client relationships
- Balance, flexibility and stability

Growth strategies for women

- Marketing
- Advertising
- Acquiring/retaining customers
- Offering new products/services



Growth Perceptions for men

- Profits
- Earnings
- Networking and operational development

Growth strategies for men

- Developing distribution networks
- Employee recruitment
- Staff training
- Automation and technological development

We should consider whether loan practices and policies might be skewed in favour of men-owned businesses. For lenders and lending institutions, gaining insight into women's approaches to business growth can help to significantly improve relationships with women entrepreneurs and impacting their potential for growth.

Our toolkit includes data taken from the 2017 Survey on financing and growth of small and medium enterprises. The 2022 Survey is available at the following link: <https://www150.statcan.gc.ca/n1/daily-quotidien/220302/dq220302b-cansim-eng.htm>

However, please note that the data included in this most recent survey is greatly influenced by the recent worldwide pandemic, making it difficult to compare it to the stats included in our toolkit which are based on a pre-pandemic period survey.

References

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- 3 Scotiabank Women Initiative (2020). Financial Knowledge & Financial Confidence: Closing Gender Gaps in Financing Canadian Small Businesses, p. 8.

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- 4 Industry Canada (May 2015). Majority Female-Owned Small and Medium-Sized Enterprises, [https://www.ic.gc.ca/eic/site/061.nsf/vwapj/MFOSMEs_KSBS-PMEDMF_PSRPE_2015-05_eng.pdf/\\$FILE/MFOSMEs_KSBS-PMEDMF_PSRPE_2015-05_eng.pdf](https://www.ic.gc.ca/eic/site/061.nsf/vwapj/MFOSMEs_KSBS-PMEDMF_PSRPE_2015-05_eng.pdf/$FILE/MFOSMEs_KSBS-PMEDMF_PSRPE_2015-05_eng.pdf), p. 3.; ISED (2018). Survey on financing and growth of small and medium enterprises (SFGSME), 2017, Innovation, Science, and Economic Development Canada, Government of Canada, [https://www.ic.gc.ca/eic/site/061.nsf/vwapj/SFGSME-EFCPME_2017_eng_public.pdf/\\$file/SFGSME-EFCPME_2017_eng_public.pdf](https://www.ic.gc.ca/eic/site/061.nsf/vwapj/SFGSME-EFCPME_2017_eng_public.pdf/$file/SFGSME-EFCPME_2017_eng_public.pdf) (page consulted October 23rd 2020).; Huju Liu (April 2019). Research Blog: Women-owned businesses in Canada, Statistics Canada, <https://www.statcan.gc.ca/eng/blog/cs/wob> (page consulted November 2nd 2020).; Women Entrepreneurship Knowledge Hub (2020). The State of Women's Entrepreneurship in Canada 2020, Toronto, Diversity Institute, Toronto Metropolitan University, p. 29.
- 5 ISED (2018). Survey on financing and growth of small and medium enterprises (SFGSME), 2017, Innovation, Science, and Economic Development Canada, Government of Canada, [https://www.ic.gc.ca/eic/site/061.nsf/vwapj/SFGSME-EFCPME_2017_eng_public.pdf/\\$file/SFGSME-EFCPME_2017_eng_public.pdf](https://www.ic.gc.ca/eic/site/061.nsf/vwapj/SFGSME-EFCPME_2017_eng_public.pdf/$file/SFGSME-EFCPME_2017_eng_public.pdf) (page consulted October 23rd 2020).; Women Entrepreneurship Knowledge Hub (2020). The State of Women's Entrepreneurship in Canada 2020, Toronto, Diversity Institute, Toronto Metropolitan University, p. 7.
- 6 BMO for Women (August 2018). They Are All Entrepreneurs But They Are Not All The Same, <https://bmoformwomen.com/business-ownership/starting/they-are-all-entrepreneurs-but-they-are-not-all-the-same/> (page consulted September 30th 2020).; Women Entrepreneurship Knowledge Hub (2020). The State of Women's Entrepreneurship in Canada 2020, Toronto, Diversity Institute, Toronto Metropolitan University, p. 17.
- 7 BMO for Women (August 2018). They Are All Entrepreneurs But They Are Not All The Same, <https://bmoformwomen.com/business-ownership/starting/they-are-all-entrepreneurs-but-they-are-not-all-the-same/> (page consulted September 30th 2020).; Scotiabank Women Initiative (2020). Financial Knowledge & Financial Confidence: Closing Gender Gaps in Financing Canadian Small Businesses, p. 3.

Disclaimer

All documents prepared for the LEADING LENDERS project were developed in line with the most appropriate and recent terminology. However, we recognize that terminology is subject to change over time. To the best of our ability, we have attempted to use terminology that respects the dignity and rights of all individuals.