

GROWTH INTENTIONS OF WOMEN BUSINESS OWNERS IN MANITOBA: IMPLICATIONS FOR POLICY AND TRAINING

A PROFILE OF MANITOBA WOMEN ENTREPRENEURS

This summary highlights key findings from a major study of Manitoba women business owners. The research focused on owners' growth intentions and barriers to growth. The work was conducted on behalf of the Manitoba Women's Enterprise Centre, Winnipeg, and led by Dr. B. Orser of the Centre for the Study of Training, Investment, and Economic Restructuring, Carleton University, Ottawa.

BACKGROUND TO THE STUDY

This research sought to understand better why businesses owned by women do not generally grow as quickly or as much as otherwise comparable businesses owned by men. The research was undertaken in two phases. In the first phase, focus groups of women owners helped the researchers identify a set of what the owners perceived to be the salient consequences associated with growth of their firms. In the second phase, structured interviews were conducted with 103 with business owners from Winnipeg, Portage La Prairie, and The Pas. The interviews comprised three groups of approximately equal numbers: a sample of former WEC clients; a random sample of Manitoba women business owners; and, a randomly-selected control group of Manitoban male business owners.

SUMMARY FINDINGS

Substantive growth is rare. Most businesses start small and stay small. Consistent with previous Canadian and international research, most Manitoban businesses start and stay small. Few businesses employ more than ten persons or report annual revenues of more than \$1,000,000.

Women-owned firms are smaller and younger than those owned by men and are concentrated in retail and services.

- The average women-owned firm provides employment for 2.3 full-time and 2.7 part-time employees.
- Compared to male-owned firms, women-owned firms are younger and smaller - in terms of both employment and sales revenue.
- The majority of the surveyed businesses owned by women were concentrated in the services and retail sectors.

Owners of small businesses are experienced and well-educated.

Half of all business owners surveyed have some form of post-secondary education. Few differences were noted in the average levels of education or age across the three sample groups. Owners' education and age failed to account for growth or performance differences!

The study distinguished between experience gained prior to business start-up and that gained within owners' current business setting. The nature of owners' management experiences and the management activities of the current firms vary considerably by gender.

- Women entrepreneurs bring a substantial amount of industry experience, approximately 15 years, to their businesses.
- Approximately 50 percent of the women surveyed had worked in a small business setting prior to start-up.

On average, men owners brought more experience to their firm than women owners.

- The average male respondent reported 23 years of business experience, 50 percent more than the average women.
- In addition, men were also twice as likely to have owned or operated a small business prior to start-up.

In addition to having less management experience, the scope of previous experience was significantly greater for men than for women owners.

The scope, or breadth, of management experience, both prior to initiating the business and within the current business setting, was investigated. Respondents were asked a series of questions pertaining to their background with respect to strategic planning, financial and capital management, human resources, and marketing.

- Women business owners had significantly less management experience, compared to the male control group, in all management disciplines. The nature of this experience also varied.
- Prior to their current business, women entrepreneurs were more likely than men to have engaged in administrative tasks (for example, market planning and financial management). Women business owners were also more likely to have had experience with record management and writing a formal business plan.
- Prior to their business start-up male, business owners were more than women likely to bring business development experience to the firm, experience such as exporting, the management of joint ventures and senior employees, and quality control programming.
- Gender differences in owners' management experience prior to start-up is mirrored in the owner's current work setting. Women entrepreneurs continue to focus on planning and financial management (for example, keeping financial records, arranging personal lines of credit and business loans) while at the same time they are attempting to mobilize capital.
- Male business owners are much more likely than women to engage in internal and external developmental activities such as initiating joint ventures, undertaking research and development and employing financial analysis to assess the firm's financial performance. External business development includes exporting, market research, and obtaining a license or patent.

Before concluding that the scope and years of management experience account for gender differences in growth performance, the research considered how entrepreneurs arrive at their decision to pursue growth.

Deciding on Growth: Consequences and Tradeoffs

Contrary to myth, the prospect of increased earnings is not what drives most business owners to seek growth.

The results of this study suggest that the decision to pursue growth does not rest solely on the desire for personal wealth. Rather the decision to pursue growth is complex, a decision that reflects the opinions of others and the owners' perceived ability to marshal the necessary resources. Earnings fall well down the list of valued outcomes!

The primary factor that accounted for growth intentions is a quest for community and employee recognition and respect! Business owners who profess growth intentions uniformly valued community contribution, employment for others, improved employee morale and public or industry recognition more highly than those with lower growth aspirations.

Of significant, but slightly less importance, are the opinions of a business partner, spouse, and banker. The perceived availability of resources, (such as capital, time and administrative support) are also crucial to the growth decision.

Business owners' trade-off positive rewards and negative consequences of growth. Important positive rewards associated with growth include the respect of others and financial consequences.

Negative consequences include stress, loss of management control, loss of familiarity with employee work habits, and the challenges of balancing work and family due to time away from the household. Growth-and non-growth orientated business owners weigh the negative consequences similarly. Hence, the growth decision is more sensitive to differences in how owners value the positive rewards.

While most research on motivation has focused on owners' internal drive (for example, need for achievement), this study suggests that the growth decision may, in fact, be externally motivated.

Entrepreneurs look for community and employee respect in their quest for growth.

Gender Differences

What, if any, gender differences in the growth decision were noted in the research? By comparing the growth decision process across sub-samples of women and men, it was found that the role of gender enters through the influence of resource management:

Women business owners were less confident than men of their ability to marshal the capital and administrative support needed to sustain growth.

- In view of the smaller sizes of women-owned businesses, the concentration in the retail and service sectors, and gender differences in management experience, these perceptions may be reasonable.
- Of lesser (but still statistically significant) importance are gender differences in owners' attitudes to earnings and the length of management experience.
- Conversely, male business owners were more likely to perceive that they are able to control the resources necessary to growth.

CONCLUSIONS

Women business owners bring less management experience to the start-up businesses. The nature of their experience differs from that of male counterparts. Furthermore, many of these businesses operate in the service and retail sectors. Businesses in these sectors typically have less growth potential, and face intense competition. Consequently, it is often difficult to attract resources such as investment capital, resources that are requisite for growth.

Women-owned firms are also characterized as less likely to have undertaken internal and external development or to have entered into collaborative relationships such as joint venturing and exporting. Yet, these are the very management activities that have been identified in earlier Canadian research as characteristic of the 'innovative' firms that grow most frequently.

These findings suggests the need for remedial programs and policies. Such techniques include case studies and mentoring. Such training could also include 'best practices', management simulation exercises and resource materials that portray realistically the management decisions (and cost/benefit tradeoffs) made by women business owners.

Because women tend to bring less management experience to their enterprises, training programs might focus on, as much as possible, simulating management experience.

Finally this study found that women when compared with men, were less confident in their ability to marshal the capital and other resources needed for growth.

Training programs geared to instilling knowledge and confidence about these topics would further help facilitate growth.

Orser, Barbara. Growth Intentions of Women Business Owners in Manitoba: Implications For Policy and Training. Manitoba Women's

Enterprise Centre. October, 1998.

For a complete copy of the research, please communicate with the Manitoba Women's Enterprise Centre.