

Less than one-fifth of start-ups are majority owned by women

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A study published today by Statistics Canada finds that the relative survival and performance of women-owned start-ups are highly dependent on industry.

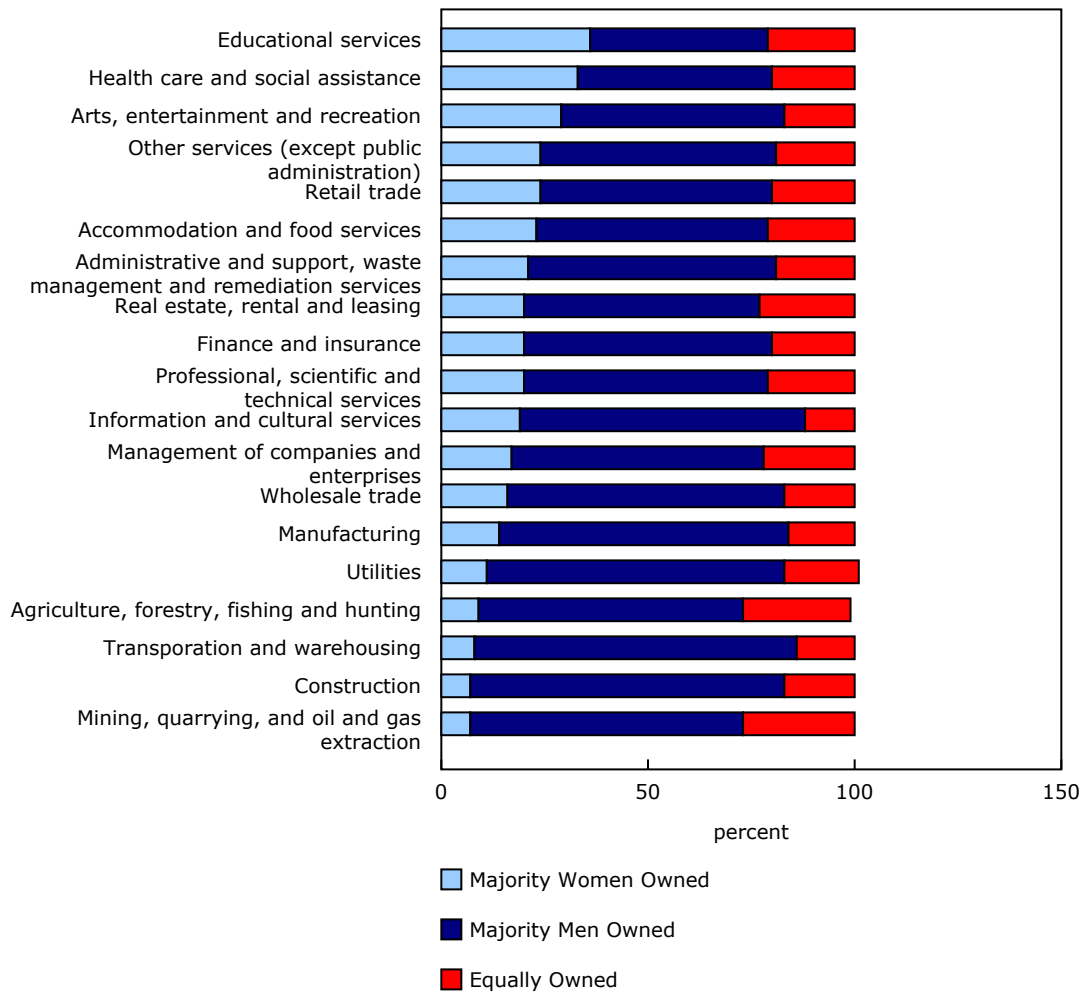
The study, *Survival and Performance of Start-ups by Gender of Ownership: A Canadian Cohort Analysis*, uses data from 2005 to 2013 to examine differences in new private corporations by gender of ownership. It finds that (1) fewer than one-fifth of start-ups are majority women owned, (2) majority women-owned start-ups have lower survival rates and labour productivity on average than majority men-owned and equally owned start-ups (a firm is equally owned when men and women each own 50%), and (3) in industries with a higher concentration of women-owned start-ups, women-owned start-ups have higher survival rates and labour productivity than majority men-owned start-ups.

Issues pertaining to gender diversity in business ownership are of interest to policy makers and researchers. Start-ups, which have the potential to bring new ideas and innovation onto the market, have been tracked in numerous Canadian studies. In Budget 2018, the Government of Canada emphasized the importance of women's economic participation—including in entrepreneurship—and developed the Women Entrepreneurship Strategy. The current study uses newly developed data to combine these research topics and draw inferences about the survival and performance of start-ups by gender of ownership. Better understanding the different challenges that men-owned and women-owned businesses face is especially relevant in the current context, as new businesses will play a role in job creation and economic growth in the post-pandemic period.

From 2005 to 2013, just under one-fifth of start-ups were women owned, and around one-fifth were equally owned. This proportion varies greatly by industry: women-owned start-ups comprised roughly 30% of start-ups in educational services, health care and social assistance, and in arts, entertainment and recreation.



Chart 1
Distribution of new firms across industries, 2005 to 2013, by majority ownership



Source(s): Statistics Canada, authors' compilation based on data from the National Accounts Longitudinal Micro File (NALMF) and the Canadian Employer-Employee Dynamics Database (CEEDD).

The study finds that industry composition is important for explaining differences between women-owned and men-owned start-ups. Without controlling for industry, women-owned start-ups have lower survival rates and labour productivity than men-owned or equally owned start-ups, even when controlling for firm size and the year the firm entered the survival analysis and when controlling for capital intensity, the year the firm entered and time in the labour productivity analysis. Controlling for industry, these differences are greatly diminished. In fact, women-owned start-ups are relatively more productive and more likely to survive than men-owned start-ups in industries in which they are more concentrated, except in health and social assistance. These results highlight a need to control for industry when comparing women-owned and men-owned businesses, and to identify industry-specific barriers that may still remain for women-owned start-ups.

While the period of study ended in 2013, the study sheds light on persistent differences between women-owned and men-owned businesses over a long period, differences that may be exacerbated or mitigated by the COVID-19 pandemic. To the extent possible, Statistics Canada will continue to monitor how women-owned and men-owned businesses are being impacted by the pandemic.

The study *Survival and Performance of Start-ups by Gender of Ownership: A Canadian Cohort Analysis*, part of the *Analytical Studies Branch Research Paper Series* (**11F0019M**), is now available.

For more information contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca).

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