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Analysis in Brief

Analysis on businesses majority-owned by women, second quarter of 2022

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by **Bernard Li, Shivani Sood, and Chris Johnston**

Canadian businesses face many different obstacles in their day to day operations. Several factors such as size, industry of operation and region of operation can cause businesses to experience different obstacles affecting their ability to sell to their markets. The obstacles experienced by businesses owned by different segments of the population can also vary. The challenges of businesses majority-owned¹ by women are illustrated within this article.

Businesses majority-owned by women accounted for 17.5% of all private-sector businesses in Canada in the second quarter of 2022. They are more prevalent in service industries, such as health care and social assistance; professional, scientific and technical services; and retail trade.

From the beginning of April to early May 2022, Statistics Canada conducted the Canadian Survey on Business Conditions to collect information on the environment businesses are currently operating in and their expectations moving forward. This article explores results from the survey, looking at the businesses majority-owned by women and their expectations related to sales, demand, profitability, and expenses in addition to their expected obstacles such as shortage of labour force, rising cost of inputs, maintaining inventory levels, increasing competition and obtaining financing. Businesses majority-owned by women generally had the same expectations and plans as all private sector businesses, with businesses majority-owned by women slightly less likely to expect their general expenses to increase, and slightly less likely to expect labour-related obstacles, and rising cost of inputs and maintaining inventory levels as obstacles.

Slightly fewer businesses majority-owned by women expect their expenses to increase

Over half (51.9%) of businesses majority-owned by women expected operating expenses to increase over the next three months, compared with 55.4% of all private-sector businesses. Similarly, two-fifths (40.9%) of businesses majority-owned by women expected increases in energy expenses over the next three months, while over two-fifths (44.5%) of all private-sector businesses expected the same. Conversely for capital expenditures, over one-fifth (21.1 %) of businesses majority-owned by women expected this to increase over the next three months, similar to one-fifth (19.9%) of all private-sector businesses that had the same expectations.

Table 1
Business expectations of increases in sales, demand, profitability, and expenses over the next three months, second quarter of 2022

	Businesses majority-owned by women	All private sector businesses
	percent of businesses	
Sales	27.8	26.1
Demand	28.4	29.9
Profitability	15.6	16.0
Operating expenses	51.9	55.4
Capital expenditures	21.1	19.9
Energy expenses	40.9	44.5

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. The results in this table are based on the survey that was in collection from April 1 to May 6, 2022, and respondents were asked what their expectations would be and what they experienced over the next three-month period. As a result, those three months could range from April 1 to August 6, 2022, depending on when the business responded.

Sources: Canadian Survey on Business Conditions, second quarter of 2022 (Tables 33-10-0504-01 and 33-10-0515 01).

1. Majority ownership is defined at 51% or more. Majority-ownership was self-reported for private sector businesses only.

Marginally fewer businesses majority-owned by women expect labour-related obstacles

In general, businesses majority-owned by women expected fewer labour-related obstacles than all private sector businesses. While three-tenths (30.9%) of businesses majority-owned by women expected shortage of labour force to be an obstacle over the next three months, over one-third (35.3%) of all private-sector businesses had the same expectations. In terms of retaining skilled employees, under one-quarter (24.4%) of businesses majority-owned by women expected this to be an obstacle over the next three months, compared with over one-quarter (27.3%) of all private-sector businesses that reported this. In contrast, 34.5% of businesses majority-owned by women expected recruiting skilled employees to be an obstacle over the next three months, similar to all private sector businesses (36.7%).

Businesses majority-owned by women slightly less likely to expect rising cost of inputs and maintaining inventory levels as obstacles

During these uncertain economic times, businesses majority-owned by women were slightly more positive in their expectations than all private sector businesses when it came to their expectations regarding increasing prices and supply chain challenges.

While under half (45.1%) of businesses majority-owned by women expected rising cost of inputs to be an obstacle over the next three months, over half (50.9%) of all private-sector businesses had the same expectations. Similarly, half (50.8%) of businesses majority-owned by women expected inflation to be a bigger issue when discussing wage increases with employees over the next 12 months, compared with over half (55.1%) of all private-sector businesses that expected the same.

Over one-tenth (14.2%) of businesses majority-owned by women expected maintaining inventory levels to be an obstacle over the next three months, while nearly one-fifth (18.2%) of all private-sector businesses reported this.

Nonetheless, there were obstacles for which businesses majority-owned by women had similar expectations as all private sector businesses. For example, close to one-fifth of both businesses majority-owned by women (17.7%) and all private sector businesses (19.6%) expected increasing competition to be an obstacle over the next three months. Additionally, one-tenth of both businesses majority-owned by women (10.1%) and all private sector businesses (10.9%) expected obtaining financing to be an obstacle over the next three months. Similarly, one-fifth of both businesses majority-owned by women (20.6%) and all private sector businesses (19.3%) expected maintaining sufficient cash flow or managing debt to be an obstacle over the next three months.

Table 2
Selected obstacles for all private sector businesses and businesses majority-owned by women over the next three months, second quarter of 2022

	Businesses majority-owned by women	All private sector businesses
	percent of businesses	
Shortage of labour force	30.9	35.3
Recruiting skilled employees	34.5	36.7
Retaining skilled employees	24.4	27.3
Rising cost of inputs	45.1	50.9
Maintaining inventory levels	14.2	18.2
Increasing competition	17.7	19.6
Obtaining financing	10.1	10.9
Maintaining sufficient cash flow or managing debt	20.6	19.3

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked from April 1 to May 6, 2022 which various business obstacles were expected over the next three months. Therefore, the three month period could range from April 1 to August 6, 2022 depending on when the business responded.

Sources: Canadian Survey on Business Conditions, second quarter of 2022 (Table 33-10-0504-01).

Businesses majority-owned by women nearly identical to all businesses in plans to expand, restructure, merge or acquire other businesses

While 5.8% of businesses majority-owned by women planned to expand to other locations over the next 12 months, 5.0% of all private-sector businesses had the same plans.

Additionally, 9.7% of businesses majority-owned by women planned to restructure the business over the next 12 months, compared with 7.9% of all private-sector businesses that reported the same.

When examining plans to acquire other businesses, organizations or franchises over the next 12 months, 1.2% of businesses majority-owned by women had plans for this, while 2.3% of all private-sector businesses had the same intentions.

Similarly, 1.2% of businesses majority-owned by women planned to merge with other businesses or organizations over the next 12 months, while 2.1% of all private-sector businesses had the same expectations.

Businesses majority-owned by women as likely to innovate and invest in e-commerce as all businesses

Nearly one-fifth of both businesses majority-owned by women (17.7%) and all private sector businesses (17.7%) were likely to invest in online sales or e-commerce capabilities over the next 12 months.

Since 2020, over one-tenth of both businesses majority-owned by women (14.5%) and all private sector businesses (14.5%) have introduced new goods or services innovations. Similarly, over one-tenth of both businesses majority-owned by women (14.7%) and all private sector businesses (14.9%) introduced new business process innovations since 2020.

Nearly same expectations in sales, demand, and profitability for businesses majority-owned by women

Over one-quarter (27.8%) of businesses majority-owned by women expected their sales of goods and services to increase over the next three months, similar to 26.1% of all private-sector businesses.

In addition, nearly three-tenths of both businesses majority-owned by women (28.4%) and all private sector businesses (29.9%) expected demand for goods and services offered to increase over the next three months.

In terms of profitability, less than one-fifth of businesses majority-owned by women (15.6%) and all private sector businesses (16.0%) expected an increase in profitability over the next three months.

Methodology

From April 1 to May 6, 2022, representatives from businesses across Canada were invited to take part in an online questionnaire about business conditions and business expectations moving forward. The Canadian Survey on Business Conditions uses a stratified random sample of business establishments with employees classified by geography, industry sector, and size. An estimation of proportions is done using calibrated weights to calculate the population totals in the domains of interest. The total sample size for this iteration of the survey is 35,775 and results are based on responses from a total of 16,678 businesses or organizations.

References

Statistics Canada. (2022). Canadian Survey on Business Conditions, second quarter of 2022.