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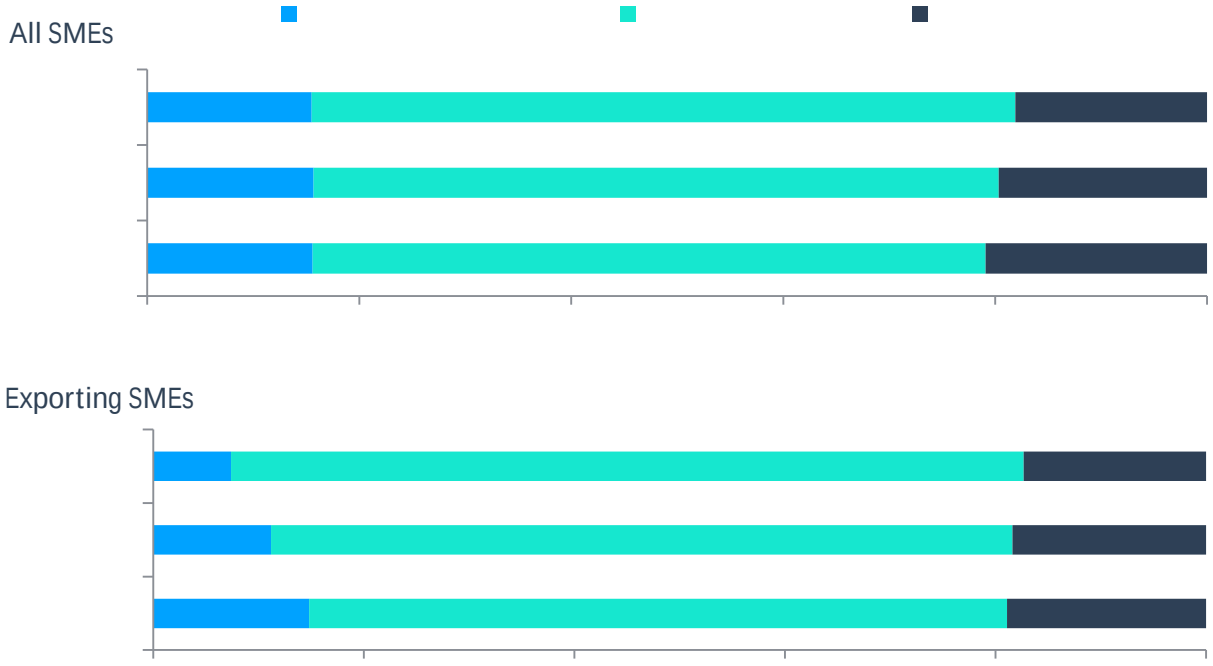
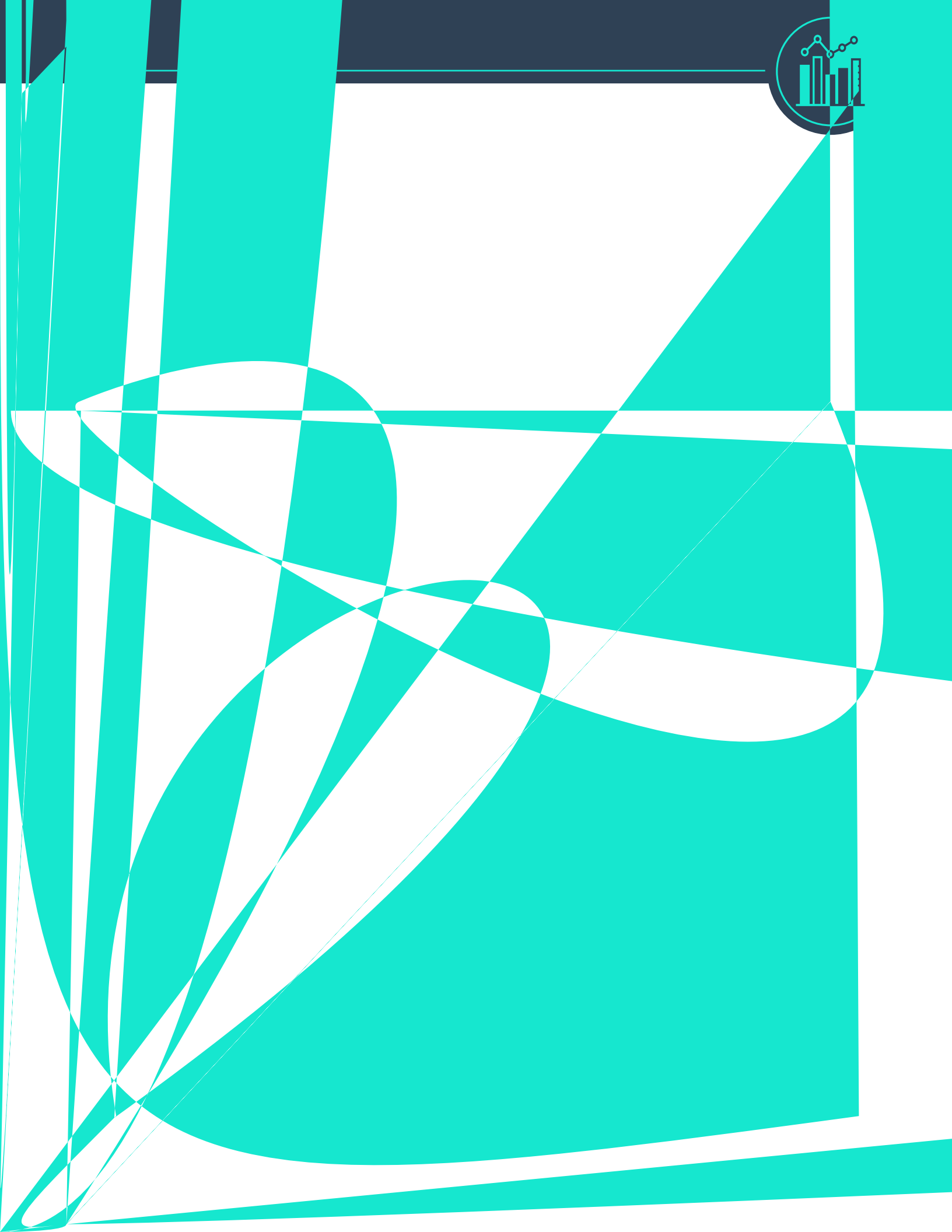
EXPORTING SMEs

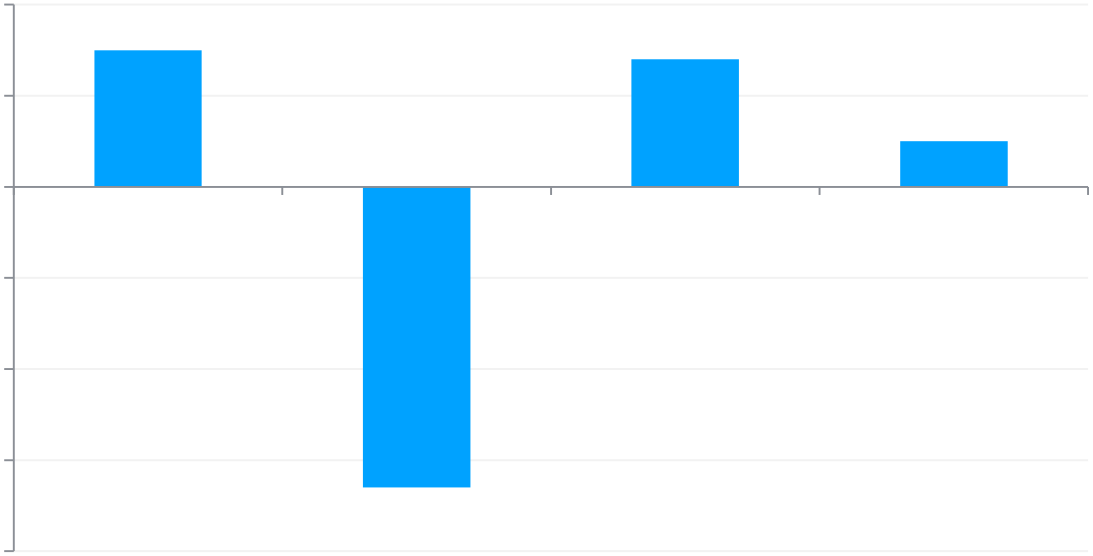
This section presents the evolution of the representation of women-owned SMEs in the population of SMEs and the population of exporters in comparison to men-owned and equally owned counterparts. The ability to export is one characteristic often considered to classify businesses as





However,

Figure 5 – Change in the distribution of women-owned SMEs by enterprise size, 2011-2017



Source: Office of the Chief Economist, Global Affairs Canada using data obtained from Statistics Canada, Survey on Financing and Growth of Small and Medium Enterprise, 2011 and 2017.

However, this shift is not sufficiently large to explain the identified important changes in export propensity presented in Figure 2. Indeed, when estimating the contribution of the increasing export propensities of micro and tiny enterprises (see Figure 3) on women's overall export propensity, no significant effect is found. The export propensity remains unchanged, around 11.1 percent, over the years when assigning the export propensities by enterprise size of 2017 (Figure 3) to the gender of ownership distributions of each year (2017 presented in Figure 4).[6] The partial counterfactual results presented here are driven by two factors: the increasing export propensity for micro and tiny firms from 2011 to 2017, and the marginal shift of women-owned SMEs towards larger business sizes, with the dominant factor being the former. The rise of e-commerce and the digital transformation of the economy offer smaller businesses benefit today greater opportunities to internationalize. Although, men-owned SME may operate larger enterprises which are more prone to exporting, the increase in export propensity of women-

[6] The static counterfactual analysis presented is likely an upper bound estimation which should be considered with caution. Without access to the microdata, important factors cannot be held constant resulting in an estimate that likely includes related effects such as changes in industry of operation, experience, innovation adoption, financing, and so on.

partial counterfactual analysis shows that women-owned SMEs would have had estimated export propensities of 8.4 percent in 2011 and 10.0 percent in 2014 instead of 5.0 percent and 8.4 percent, respectively.[7] As such, in addition to smaller SMEs exporting more than they used to, the shifts in industries in which women-owned enterprises operate appears to be a significant factor leading to their increased export propensity over time.

The increased entry of women-owned enterprises in traditionally men-dominated exporting sectors, which typically pay higher wages, leads to a more inclusive economy. Moreover, as those sectors grow in value and number of firms, the benefits are shared among a larger group of individuals.

[7] The static counterfactual analysis presented is likely an upper bound estimation which should be considered with caution. Without access to the microdata, important factors cannot be held constant resulting in an estimate that likely includes related effects such as changes in business size, experience, innovation adoption, financing, and so on.