

Overcoming gender barriers to success in business

Operating your own business has its benefits, ranging from flexibility and independence to high income-earning potential. However, business owners also face many drawbacks, from the need to manage day-to-day operations and seek new opportunities to grow and expand to funding their own retirement, among many others. There is a great economic opportunity to support women and their businesses in Canada, but they are underserved.

Gender differences among business owners

Female business owners tend to be motivated by the necessity to generate income to meet their financial needs, and often start a business because they see a problem and they want to provide a solution. Whereas male business owners are more motivated by economic independence – to do what they want and when they want.¹ This is likely related to the finding that women tend to focus on building long-term business relationships and design their business to grow and adapt over time, while men tend to favour rapid growth in preparation for the future sale of the business. Contrary to popular belief about risk-taking, risk tolerance is influenced more by interest, confidence and desire for independence than by gender. However, women generally prefer to make risk-related decisions to advance their business interest, while men often see risk-taking as a means to achieve financial security.¹

Opportunities to support female business owners

For women, there are often additional barriers that hinder business development. For example, they may face greater obstacles in acquiring loans from financial institutions. These financial barriers lead many women to self-finance their business, which may prevent them from growing their business to its full potential. Consider establishing a relationship with financial institutions well before loans are needed. Become informed and understand what is required to prepare a strong business case when seeking funds. Aside from financial obstacles, there are also social issues that still limit the degree to which women can focus their full attention to the operation of their business. Women are still disproportionately responsible for managing the household and they tend to be the primary caregiver for children or other family members.² Consider tapping into your network for support, seek mentorship opportunities or take advantage of programs such as Futurpreneur and Women's Enterprise Centre for support, possible funding and additional business knowledge.

Women strongly positioned for success

Women entrepreneurs are profitable and the fastest growing segment in Canada. Women represent a growing percentage of the work force, and the number of women who are self-employed and own an incorporated business has increased steadily in the last decade. A BMO study¹ found that over two-thirds (68%) of female-owned companies reported capturing a larger share of their existing market through innovation. Additionally, businesses with majority female ownership reported the highest instance of average yearly revenue growth of more than 20%. Women are clearly thriving as business owners, but there are opportunities to support and enhance their growth.

To help female business owners, BMO has set-up key partnerships and sponsorships to support the women's market by optimizing on networking opportunities. Talk to your BMO financial professional to learn how we can help you succeed and achieve your personal and business goals.



¹ Are there gender differences among entrepreneurs?, BMO Wealth Insight, BMO Wealth Management, September 2016.

² Women in Wealth: A financial golden age has arrived., BMO Wealth Insight, BMO Wealth Management, March 2015.

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