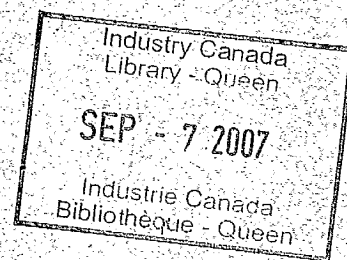


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**2<sup>nd</sup> OECD Ministerial Conference on  
SMEs and Accelerating Women's  
Entrepreneurship Forum**



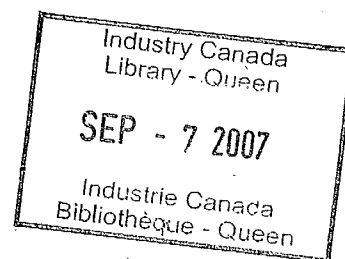
**Submitted to the  
Small Business Policy Branch, Industry Canada**

**Prepared by  
Dr. Barbara Orser  
Equinox Management Consultants Ltd.**

**September 2004**

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**2<sup>nd</sup> OECD Ministerial Conference on  
SMEs and Accelerating Women's  
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**September 2004**

## Report Objectives

The objective of this report is to document the discussions and recommendations stemming from the 2<sup>nd</sup> *OECD Ministerial Conference on SMEs* (June 3 to June 5, 2004) and from the *Accelerating Women's Entrepreneurship Forum* (June 5 to June 7, 2004). This includes observations regarding public policy with particular reference to the fostering of women entrepreneurs. In addition, the report identifies ways in which the Financing Data Initiative (FDI) might be used to yet better inform the debates about the capitalization of women-owned firms. The two primary questions to be addressed are:

- *How best to incorporate women's entrepreneurial dimensions in considering all entrepreneurship related policies.*
- *What are the needs of women entrepreneurs and what are good examples of government programs and policies targeted to women?*

This report includes two presentations of research presented at the Accelerating Women's Entrepreneurship Forum and a related research manuscript from which one of the presentations is drawn (see Appendix A: Gender Differences in the Capitalization of Women-owned Firms, Appendix B: Estimating the Impact of Gender-based Programs, and Appendix C: Estimating the Impact of Gender-based Programs). For reference purposes, the agenda for the *Accelerating Women's Entrepreneurship Forum* has been included as Appendix D. In addition to these materials, this report summarizes the author's observations about the conference events.<sup>1</sup>

## Accelerating Women's Entrepreneurship Forum

### *Research, data and statistics*

A concern voiced by many delegates at both conferences was that data to inform policy about women business owners is generally lacking. The need to move beyond anecdotal evidence was widely acknowledged so that policy can be situated in the context of careful and rigorous analysis.

Relative to other participating countries, Canada appears better positioned in this regard. This observation arises from the relatively high standards of Statistics Canada and Industry Canada with respect to data collection. This view is supported by the observation that most presentations were qualitative descriptions of particular gender-based initiatives. Few presentations (either during the 2<sup>nd</sup> *OECD Ministerial Conference*

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<sup>1</sup> Conference recommendations were summarized verbally at the closing session of the *Accelerating Women's Entrepreneurship Forum*. Several requests have been made to Virginia Littlejohn (CEO of Project Tsunami, and Senior Advisor to the OECD for Women's Entrepreneurship) for a summary of these recommendations. These have not been forthcoming. This situation limits the discussion about the Forum recommendations. A newsletter highlighting one session's recommendations is contained in Appendix E.

on SMEs or subsequent *Accelerating Women's Entrepreneurship Forum*) drew on rigorous data collection. In addition, virtually none of the presentations addressed incrementality with respect to the costs and impacts of the programs described.

### *Financing women-owned firms*

As indicated in the event newsletter contained in Appendix E, the financing presentations included five descriptions of bank, angel, venture capital and micro-lending programs and the author's presentation of the analysis of FDI data. With the exception of the latter, presentations were largely descriptive. Discussion here is therefore limited to observations about the Financing Data Initiative (FDI), how this presentation was received at the conference, and how the data might be better used to inform policy with respect to women business owners.

The Financing Data Initiative (FDI) is a unique data collection and analysis project, one that examines the financing experiences of a large scale, stratified sample of Canadian business owners. While the FDI was originally intended to focus on financing, it is also a reliable data set that provides many personal and business demographics – including financial statement data – for a large sample of Canadian SMES. The survey data allow for documentation and cross-gender comparisons of many attributes of the businesses and their owners. The survey provides, for the first time, reliable information about the characteristics and contributions of women business owners. In doing so, the FDI data allow for analysis that control for systemic factors. For example, it is possible to examine key attributes (such as access to various forms of capital) across gender while controlling for the otherwise confounding effects of firm size, sector, etc.

The appended presentation about the 2000 and 2001 FDI baseline demand-side surveys included gender-related breakdowns of factors such as access to credit, the terms on which credit was granted, why business owners appear to seek various kinds of credit, and how frequently business owners seek credit. The analysis of the FDI data significantly contributes to the ongoing debate of whether (after controlling for salient determinants to access to credit such as firm size and sector) women business owners are disadvantaged. This analysis was subsequently forwarded to Christine Carrington (Small Business Policy Branch) for further analysis and reporting.

Many conference participants voiced the belief that the FDI represents an international "best practice". The author also believes that the data initiative potentially allows policy makers and others to move beyond anecdotal evidence and to base policy recommendations on quality information. During the session on SME finance, Peter Webber (Industry Canada) stated that they were happy to share the FDI process with OECD member countries so other countries can benefit from our intellectual capital. Doing so would accelerate data collection and facilitate cross-national comparisons.

### *Public policy to support women's entrepreneurship*

Canada is recognized as a leader in women's entrepreneurship. For example, in her study titled "Multi-country Research on Policies and Programmes Regarding Women Entrepreneurs", Lois Stevenson presented evaluation criteria that suggested Canada is among the leading nations to support women business owners. However, while Canada has a number of regional initiatives that support women business owners (e.g., Western Diversification Women's Enterprise Initiative and Atlantic Canada Opportunities Agency's Women's Business Initiative), there remains no documented national strategy, summary of best practices, or policy platform specifically geared to support women's entrepreneurship. The potential merit of a Canadian policy framework about women's entrepreneurship requires discussion and study. The need for federal policy will therefore be one of the topics at the upcoming October 2004 Forum on women entrepreneurs.

In contrast, the UK Small Business Services have initiated federally-supported consultations to develop a policy framework in support of women's entrepreneurship. The outcome of this consultative process can be used to inform Canadian discussion about women's entrepreneurship and public policy. Jackie Brierton, consultant author of the "UK Strategic Framework for Women's Enterprise", has been invited to the 2004 Canadian Forum to share her observations about the development and implementation of the UK policy framework.

In the US context, the Small Business Administration funds the National Women's Business Council. Julie Weeks, Executive Director of the Council made several presentations about policy development in the US and has also been invited to present at the Canadian Forum.

The Canadian situation may, in part, reflect that women's business owner associations in Canada appear to be less effective than those in the US or UK with respect to constituency-building. For example, a panel discussion by American women business owners and women business owner associations presented a cohesive position regarding the role of associations, advocacy and need for federal policy to support women business owners. Further study of the US organization *Women Impacting Public Policy* (WIPP) may be warranted (see <http://www.wipp.org/>). The Canadian situation appears to be characterized by a relatively large number of organizations that purport to speak on behalf of women business owners; however, none has the critical mass required and there does not appear to be much cohesiveness among associations. The sometimes fractious relationship among some associations suggests that discussion should include a balance of independent women business owners and association representatives.

### ***Defining "best practices"***

The majority of conference presentations were descriptions of programs targeted to women business owners and potential women business owners. Three summary reports about best practices and programs to support women entrepreneurs were presented including:

- *Foundation of Canadian Women Entrepreneurs* (Foundation of Canadian Women Entrepreneurs, 2004);
- *Handbook of Public Policy History of Women's Entrepreneurship in the US* (National Women's Business Council, 2004);
- *Good Practices in the Promotion of Female Entrepreneurship. Examples from Europe and other OECD Countries* (European Commission Enterprise Directorate General, 2002); and

Table 1 presents a summary of the reports' evaluation criteria, sample programs and conclusions. Further discussion about such programs is provided in Appendix C: Estimating the Impact of a Gender-based Training Program. These reports provide helpful information about the range of programs available to support women business owners or potential business owners. The reports do not, however, inform the discussion about the cost and incremental impact of the programs. Studies undertaken by Western Economic Diversification's Women's Enterprise Initiative and the report pending by Atlantic Canada Opportunities Agency may be best practice in this regard. Both agencies have been asked to present their study results at the October 2004 Forum.

### **OECD SME Ministerial Meeting Observations**

While women's entrepreneurship was a theme of the OECD Ministerial Meeting, discussion about gender and entrepreneurship was limited. Most presentations merely mentioned the importance of women entrepreneurs. Few presentations articulated gender-specific issues or explicitly dealt with issues associated with women's entrepreneurship. Meaningful discussion was limited to a (well-attended) panel presentation scheduled at the end of the ministerial meeting.

It appears that some OECD Ministerial representatives and personnel were not well informed about the economic impact of women's entrepreneurship. For example, several OECD representatives referred to their spouses in the context of the importance of women's entrepreneurs. The formal reminder about the *Accelerating Women Entrepreneurship Forum* was referred to as "the ladies meeting". These types of comments may have contributed to considerable subsequent discussion by Forum delegates about a perceived lack of sincerity to prioritize the needs of women business owners by the OECD organization.

### **Need for research about gender-specific challenges**

It is yet not clear what gender-specific needs are to be addressed by public policy. Further research to delineate issues related to gender in the context of small business is required. This remains a challenge as current research about women's entrepreneurship is highly fragmented. The geographically-dispersed and diversified nature of research on women's entrepreneurship also makes it difficult for researchers to communicate relevant findings to training agencies, policy makers, and with each other. This is true both on the national setting as well as in the international context. Few academic or private researchers attended the Forum. To this end, it may make sense to establish a clearinghouse, a central body to disseminate research about women business owners. In Canada, Industry Canada's *Strategis* web-site might be used advantageously to this end. Internationally, the OECD is well-placed to act as a focal point. Given Canada's leadership in respect to research and training programs targeted at women business owners, Canada could potentially play a leadership role in such an initiative.

Finally, there remains the need to bring together researchers, policy makers and advocacy organizations to share their respective research needs and findings. This is one of the objectives of the 2004 Canadian Forum.

**Table 1: Studies about “Best Practices” to Support Women’s Entrepreneurship**

Objectives and Evaluation Criteria	“Best Practices”	Study Conclusions
<i>Best Practices for Women Entrepreneurs in Canada</i> (Foundation of Canadian Women Entrepreneurs, 2004)		
<ul style="list-style-type: none"> <li>• The report focuses on 11 agencies, initiatives, or events. The criteria for programs included reflected: regional or national agencies, either an exclusive or major focus on women’s enterprise development, sustainable track record of achievement, providing direct assistance to women business owners or would-be owners, and improve the environment for women’s enterprise development generally.</li> </ul>	<ul style="list-style-type: none"> <li>• Statistics Canada</li> <li>• Prime Minister’s Task Force on Women Entrepreneurs</li> <li>• Atlantic Canada Opportunities Agency</li> <li>• Organization of Women in International Trade (Toronto)</li> <li>• Canadian International Development Agency</li> <li>• Business Development Bank of Canada Co-Vision Loan program, Springboard Growth Capital Workshop, and Women’s Biz Link Teams</li> <li>• Step-Ahead Program</li> <li>• Global Banking Alliance for Women (International)</li> <li>• The Wired Woman Society</li> <li>• Western Economic Diversification’s Women’s Enterprise Initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Research findings include the need to: sex-disaggregated data, extend women-focused programs, establish an Office of Women’s Business, and to ensure such programs have multiple levels of government support.</li> <li>• There is a need to include gender analysis as a part of the design process for all SME programs and to look at culturally-based attitudes, behaviours and institutional practices that may act as barriers to the growth of women’s enterprises.</li> <li>• Many women who are in business are not aware of the different ways that technology can be used to grow their firms.</li> <li>• Programs to support women entrepreneurs are often best run by women entrepreneurs.</li> </ul>



Objectives and Evaluation Criteria	"Best Practices"	Study Conclusions
<p><i>Best Practices in Supporting Women's Entrepreneurship in the United States. A Compendium of Public and Private Sector Organizations and Initiatives</i> (The National Women's Business Council, 2004)</p>		
<ul style="list-style-type: none"> <li>• To profile and compare 24 "leading" organizations (3 public sector, 9 entrepreneurial support agencies, 8 membership organizations, 2 not-for-profit corporations and 2 educational agencies). Services include educational programs, network, advocacy, access to capital, research and market development, certification, industry recognition and honours.</li> <li>• Program criteria included gender-specificity, preferably national in scope, either an exclusive or major focus on women's enterprise, significant and/or sustained track record of achievement, direct assistance to current or potential women business owners, and programs focused at improving the environment for women's entrepreneurship.</li> </ul>	<ul style="list-style-type: none"> <li>• Access America</li> <li>• Association of Women's Business Centres</li> <li>• ATHENA Foundation</li> <li>• Business and Professional Women/ USA</li> <li>• Centre for Women's Business Research</li> <li>• Babson College's Centre for Women's Leadership and the Diana Project</li> <li>• Fleet Women's Entrepreneurs' Connection</li> <li>• Ms. Foundation for Women</li> <li>• National Association of Women Business Owners</li> <li>• National Women Business Owners Corporation</li> <li>• Office of Women's Business Ownership</li> <li>• Springboard Enterprises</li> <li>• Wells Fargo Women's Business Services Program</li> <li>• Women Impacting Public Policy</li> <li>• Women's Business Enterprise National Council</li> <li>• Women Presidents Association</li> </ul>	<ul style="list-style-type: none"> <li>• Most US public organizations do not have gender-specific programs.</li> <li>• Historically, government has been the "lead funder" for many private sector initiatives.</li> <li>• Need of research including fact-based information to drive program design and expansion.</li> <li>• Sustainable partnerships are best achieved through government and non-government joint ventures.</li> <li>• There remains the need to nurture strong, collaborative partnerships across all organizations.</li> <li>• A national needs assessment is required to determine need for future services.</li> <li>• Having an official voice in government for women business owners is important for advancing policy.</li> </ul>

***Good Practices in the Promotion of Female Entrepreneurship. Examples for Europe and other OECD Countries***

(Austrian Institute for Small Business Research on behalf of the European Commission, Enterprise Directorate-General, 2002)

- Female entrepreneur was defined as "...a woman who has created a business in which she has a majority shareholding and who takes an active interest in the decision-making, risk-taking and day-to-day management" (p. 3). Program criteria reflected services that target directly (or partly) female entrepreneurs or potential entrepreneurs. All programs originated from a public policy initiative by a national or regional administration.

- A total of 132 programs, actions and/or measures were identified in EU and EFTA/EEA countries (with the exception of Liechtenstein and Switzerland).

"Good practices" criteria included clear objectives, client-orientation, a critical mass of programs, ongoing promotion and visibility, coherent services, quality assurance, positive impacts (e.g., increased number of business start-ups by women), relevance, and coherence.

- Business Women Centre (Vienna, Austria)
- Make Female Business Visible. Women's Enterprise Agency (Finland)
- Flying Entrepreneur Programme (Belgium)
- Guarantee Fund for Women (France)
- Reinforcement of Female Entrepreneurship (Greece)
- Women in Business Skills Training (Ireland)
- Enterprise Creation Shop (Italy)
- Mentoring Makes Success (Spain)
- Women in Focus (Norway)
- Equal Opportunities: Support of Female Entrepreneurship (Portugal)
- Women's Institute Services (Spain)
- Business Advisors for Women (Sweden)
- Online Course for Female Enterprise Starters (Germany)
- Women into the Network (UK)
- Among others

Critical success factors identified in the report included:

- Use of female mentors, trainers and advisors, whenever possible, to provide role models and increase relevance of measures for women.
- Group-based measures that provide women the chance to network and learn from others' experiences.
- Individual-based measures that allow women to obtain advice directly related to the problems faced.
- Modular training focusing on both basic and substantive topics including entrepreneurship development, and business skills, post-start-up support.
- Training should focus on those sectors that provide women with an adequate income, thereby increasing women's financial self-sufficiency.
- Programs should also target young women ("girls").
- Access to credit should be a key element in business support including loan guarantees and partnerships with formal financial institutions.

Also see *Promoting Entrepreneurship amongst Women, Best Report, No. 2* (2004), Enterprise Directorate-General, European Commission and *The Keys for Successful Women Entrepreneurs. The Strength of Networks, A Lever for Progress* (2002) The OECD Bologna Process. These reports are not included as they do not specify the evaluation criteria or replicate information provided above.

# Gender Differences in the Capitalization of Canadian Firms

Presentation to the  
Accelerating Women's Entrepreneurship Forum  
Istanbul, June 2004

George Haines, Distinguished Research Professor, Ph.D.  
Allan Riding, M.B.A., Ph.D., M. Eng  
Barbara Orser, M.B.A., Ph.D.  
Judith Madill, M.B.A., Ph.D.

**Eric Sprott** Carleton University  
School of Business

## Canadian Observations

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## Perceived financing gaps

- Ongoing debate about whether or not certain classes of borrowers/firms face relatively greater difficulty with access to credit (e.g., knowledge-based, women).
  - Financing gap: little empirical research to document the nature of such a gap or even whether or not such gaps exist (BDC, 2001).
  - There is a growing body of research to the effect that financing deficiencies are not so much the problem as a symptom of a more basic shortcoming of some firms: a deficiency of relevant human capital (Cressy, 1995; Cressy and Toivanen, 2001; Newton, 2001).

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“The number one concern of women business owners across Canada continues to be access to capital.” (PMTFWE, 2003, p. 55)

- “Many questions remain regarding the size and structure of the initial capital of the business, the capital structure of existing firms and the relationship of these issues to business performance, the relationship between owners’ experience and business performance, the differing ways to handle small micro-credit and the financing needs of special groups of women entrepreneurs.” (Brown et al., BDC, 2000)
  - *How can these questions be addressed?*

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## Financing Data Initiative (FDI)

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### FDI: Methodology

- 2001 poll of 19,000 Canadian SMEs
- Data collection
  - Stage 1: 10,983 owners' financing experiences including "tombstone" demographic data
  - Accurate to within 0.15% 19 times out of 20
  - Stage 2: 7,123 / 10,983 financial statement information
  - 3,225 respondents that reported that their firms had sought debt financing during 2000
  - gender defined as a percentage of ownership
    - (e.g., less the 50%, 50% and more than 50%)

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## Baseline Data

### Business & Owner Attributes

- Legal structure
- Age
- Size (employees, revenues)
- Number of owners
- Gender
- Visible minority, aboriginal, or disabled
- Age of owner
- Home-based business or not
- Experience of primary manager, business owner(s)
- Level of managerial involvement of owner
- Industrial sector
- Exporter status
- Expenditures on R&D, technology acquisition
- Historical revenue growth
- Key income statement and balance sheet data
- Sources of capitalization
- Significant financing events during 2000

### Credit Application Outcomes

- Loan application accepted or turned down
- Reasons stated for loan turnaround (if any)
- Type of loan application (term, LC, etc.)
- Type of financial institution
- Use(s) of loan proceeds
- Amount requested, amount authorized
- Loan authorization (personal, commercial) Interest rate on loans
- Presence of loan guarantees
- Collateral requirements (value, type of assets)
- Documentation
- Account manager turnover
- Timeliness of lending decision
- Was lender also majority of owners' personal banker
- Length of banking relationship

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## No significant gender differences ...

- Whether home-based or not (!)
- Age of firm (!)
- Growth rate of revenues (!)
- Whether owner is also manager (!)
- Rural vs. urban location

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## Gender differences

### Majority Female Ownership

- 4.9 % are incorporated
- 48.5 % partnerships
- Average 3.2 employees
- Revenues of \$387,000
- Pre-tax net profit of \$35,900

### Majority Male Ownership

- 8.2 % are incorporated
- 34.5 % partnerships
- Average 4.8 employees
- Revenues of \$755,000
- Pre-tax net profit of \$53,900

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## Gender differences

### Majority Female Ownership

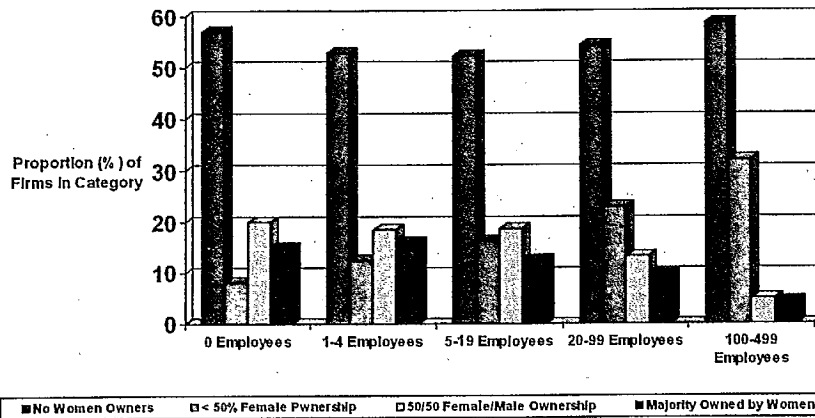
- 8.0% are exporters
- 12.4% of primary owners have invested in businesses owned by other individuals
- Women owners are younger, primary owners are less experienced (13.2 years)

### Majority Male Ownership

- 11.5% are exporters
- 18.3% of primary owners have invested in businesses owned by other individuals
- Male owners are older, primary owners are more experienced (19.2 years)

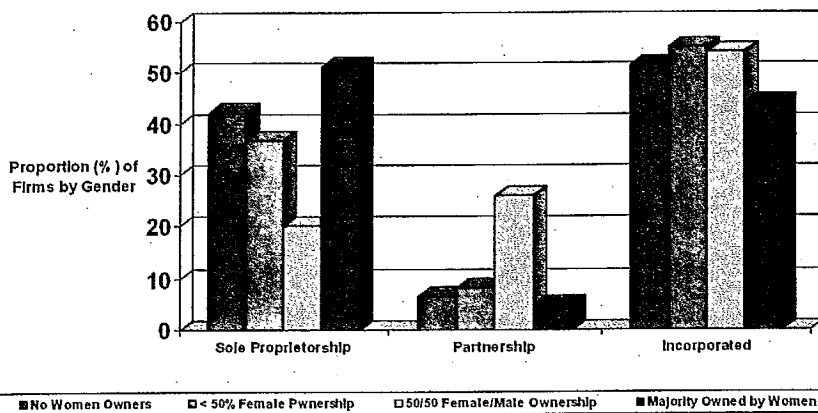
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## Women-owned firms are... smaller



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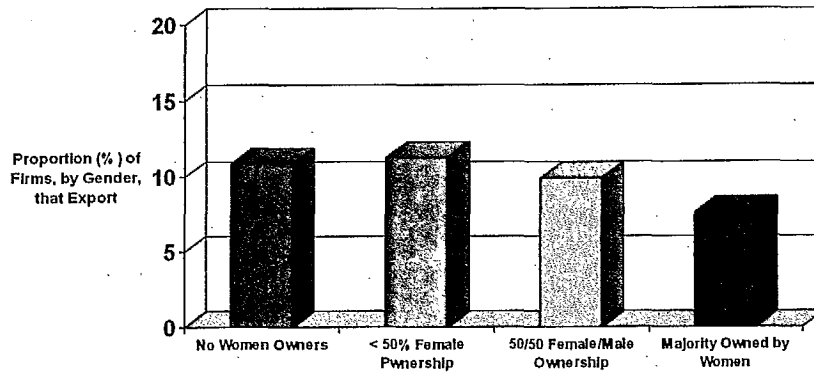
## ...more likely to be sole proprietorships



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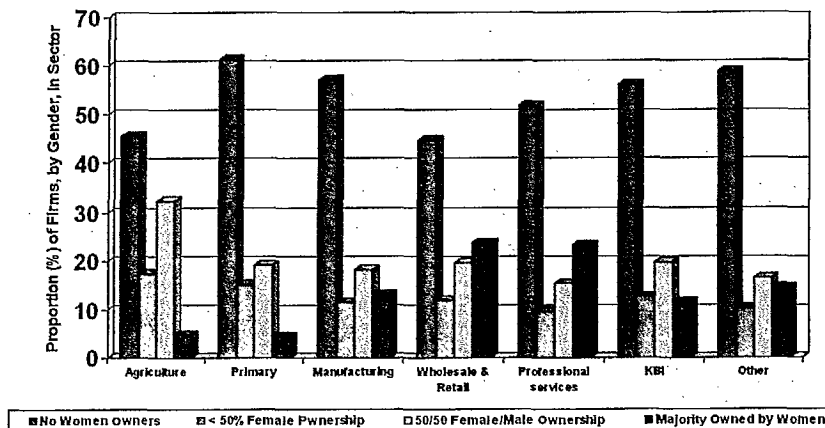


## ... less likely to export



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## ... in wholesale, retail, services



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## Financial Profile ('000)

### Majority Female Ownership

### Majority Male Ownership

▪ Revenues:	\$382	Revenues:	\$743
▪ Net Before-tax profit:	\$36	Net Before-tax profit:	\$64
▪ Assets:	\$277	Assets:	\$596
▪ Liabilities	\$135	Liabilities	\$355
AP / trade credit =	\$26	AP / trade credit	\$81
▪ Retained Earnings	\$60	Retained Earnings	\$89
▪ Equity	\$122	Equity	\$241

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## Financial Profile: % of Total Revenues

Total Revenues	\$382,000	\$743,000
Net Before-Tax Profit	9.40%	8.60%
Assets	72.51%	80.22%
Liabilities	35.34%	47.78%
Trade Credit	6.81%	10.90%
Retained Earnings	15.71%	11.98%
Equity	31.94%	32.44%

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## Debt Financing

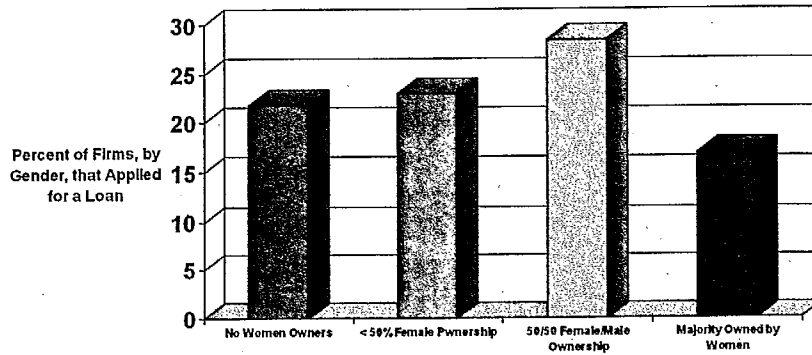
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## Traditional Lending Criteria

- The firms' ability to service the loan ("Capacity").
- The firms reliance on debt ("Capitalization").
- The firms' sensitivity to economic "Conditions".
- The "Character" of the principal owner(s).
- The borrower's "Collateral."

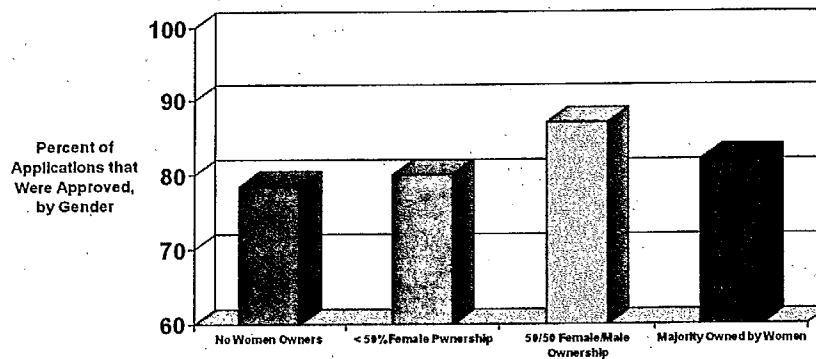
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## WBO's less likely to apply for a loan



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## WBO's more likely to get loan approval



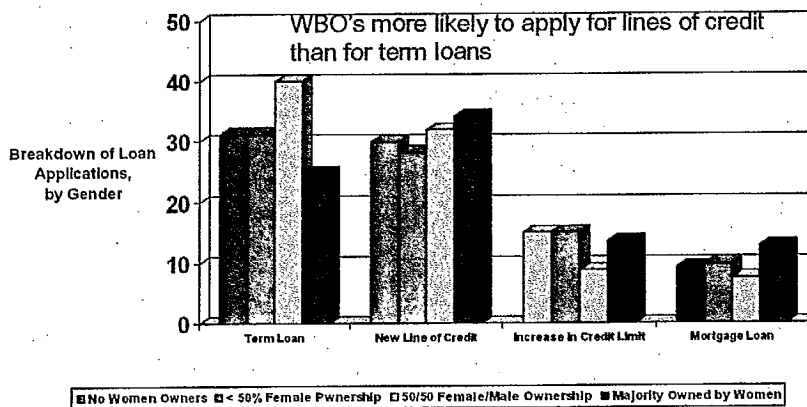
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## Why owners did not apply for loans

	Men	Women
No financing needed	86.8%	82.3%
Afraid of being turned down	3.1%	5.6%
Applying is too difficult	2.5%	3.3%
Applying takes too much time	0.8%	1.1%
Cost of debt is too high	1.1%	1.3%
Don't like being in debt	4.3%	5.0%

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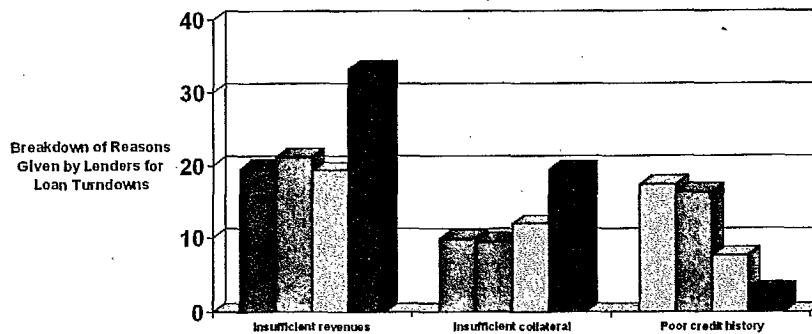
## ... Types of loans sought



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## ... Reasons for loan application turndowns

WBO's less likely to be declined because of credit history,  
more likely to be denied because of insufficient revenues

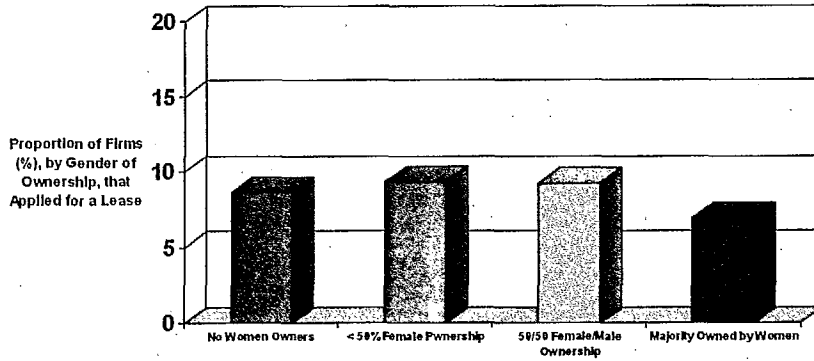


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## Lease Financing

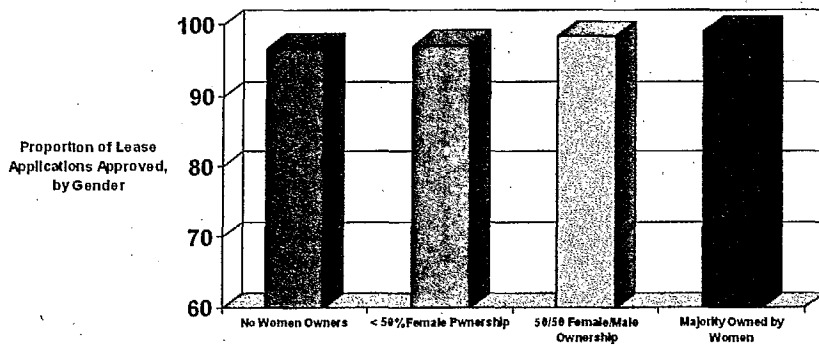
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## WBO's less likely to apply for a lease



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Carroll University  
School of Business

## WBO's more likely to have application approved



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Carroll University  
School of Business

## Types of assets leased ...

	Men	Women
Business, office space	2.4%	2.0%
Light vehicles, autos	33.3%	21.8%
Heavy vehicles	13.1%	8.4%
Computers	13.9%	30.6%
Machinery & Equipment	30.6%	31.9%

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## Equity Financing

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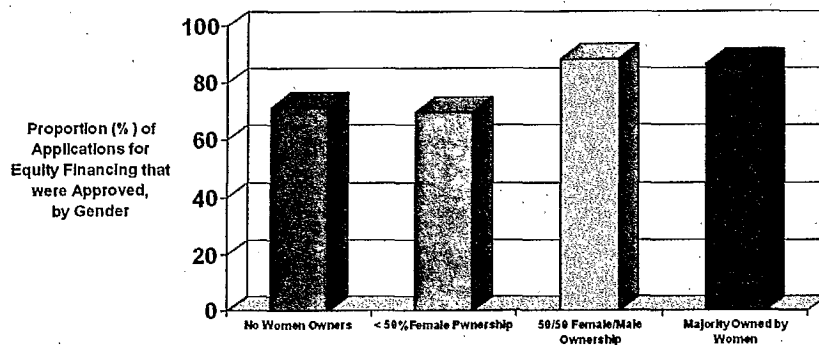


## Sources of equity approached ...

	Men	Women
Friends, employees	14.6%	33.5%
Angels	13.6%	12.6%
VCs	9.8%	1.5%

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## Few seek equity (~ 1%) but WBO's more likely to be approved

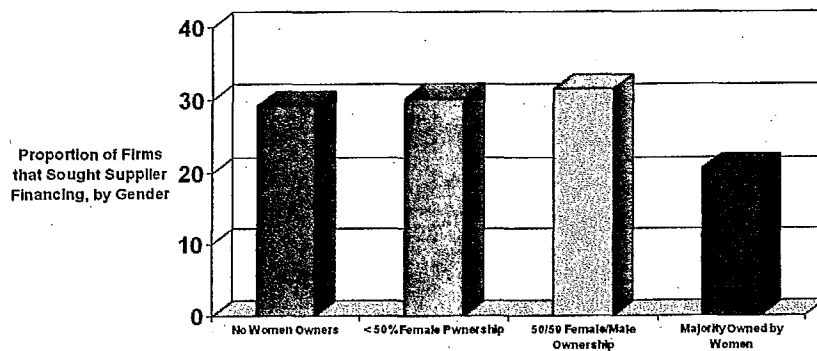


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## Supplier Financing

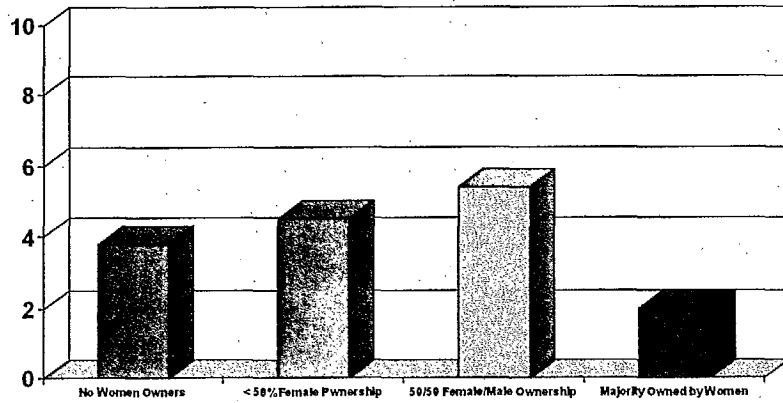
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## WBO's were less likely to seek supplier financing



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of Business

... but no more likely to be turned down



Eric Spratt Executive Director  
School of Business

## Summary

- Women-owned firms are smaller, less profitable, less likely to export
  - A source of potential economic development
- Persistent pattern regarding capitalization
  - Women are less likely than men to apply for all types of financing (loans, leases, equity, supplier financing) but when they do, they are at least as likely to get financing approved
- The issue is why women apply less frequently!

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School of Business

## Implications and Discussion

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## Estimating the Impact of Gender-based Programs

Presentation to the  
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## Presentation Overview

- **Setting**
  - Historical context of WBO initiatives
- **Research Methodology & Findings**
- **Summary and implications: what is a “best practice”?**

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## Canadian Reality

The prevalence of women-owned firms and new business formation in Canada are among the highest in the world.

GEM (Reynolds et al., 2001, p. 12)

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## Historical Perspective (1990s)

- Women Entrepreneur of the Year Awards (1992)
- WED's Women's Enterprise Initiative (WED, 1995+)
- Fnd. of Canadian Women Entrepreneurs (1995)
- YMCA Young Women Entrepreneurs (1995)
- Women-only trade missions (DFAIT, 1997, 1999)
- Virtual trade mission (DFAIT, 1998)
- Royal Bank Women's Market Champions (1999)
- Trade Research Coalition (DFAIT, 1999/2000)
- Business women in trade website (DFAIT, 1998)

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## Canadian Initiatives (2000+)

- Prime Minister's Task Force on WE (2003)
- Gender-based training (Ontario, Quebec, Eastern Canada) (2002/2003)
- Women's International Business Development Committee (DIT, SWC 2004)
- Economic Forum Women Entrepreneurs (Carleton University, IC 2004)

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**Discussions about  
gender-based programs and policies**

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## SME Policy Questions

*Is gender-based programming effective?*

*Do gender-based programs respond to reality or perception?*

*Do women entrepreneurs have special needs?*

*Can existing, general-application small business support programs meet the needs of women entrepreneurs?"*

(Industry Canada, 2002, pp. 32).

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## Objectives of Gender-specific Programs and Policies

- To introduce / promote the concept of entrepreneurship to women.
- To increase the participation rates of women in business ownership and self-employment.
- To build awareness about the availability of capital and advisory support.
- To help women business owners develop experience, expertise and track records.
- To recognize role models and outstanding women business owners.
- To communicate strategies to help address gender-related barriers to firm growth.

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## Rationale for Gender-specific Programs and Policies

- Programs and policies reflect the desire for social and economic inclusion of women.
- Bias in policy makers' assumptions about women business owners (e.g. "not taken seriously").
- Gender insensitive training materials, organizational culture and program focus (e.g. role models).
- Lack of evidence to suggest that women business owners are equitably serviced by existing programs.
- Anecdotal evidence suggests women are under-represented in SME programs and services.

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## Criticisms of Gender-specific Programs & Policies

Gender-based SME training programs are:

- redundant and duplicate federal effort
- inferior in content and delivery
- a poor investment of limited resources
- support potentially low yield businesses.
- Programs reinforce rather than eliminate gender stereotypes.
- Focus is too often on personal rather than management issues. As
- Fail to adequately train participants
- Are unnecessary if program personnel are properly trained.
- Are political or public relations efforts.

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## Women's Enterprise Initiative (WEI)

- Programs:
  - Training services
  - Loan services
- Eligibility criteria:
  - Any new or expanding business
  - Women own and operate at least 50 percent of the business

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## Study Objectives

To measure the impact and effectiveness of WEI services

To identify specific strengths, weaknesses, and gaps in program delivery.

To apprise stakeholders about potential gender issues as they relate to client needs and WEI services.

To develop an evaluation framework and measurement tools to assess ongoing service effectiveness.

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## Sampling Frame

### Training clients:

- 37,000 client contacts (35,000 one time)
- 2,493 "frequent clients"
- 913 completed responses of which 758 were frequent contacts

### Loan clients:

- 539 loans provided
- 205 completed responses

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## Profiles of Respondents SMEs and WEI Clients

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## Program Outcomes

*“Since you used the services was the business able to hire additional full-time (FT) or part-time (PT) employees?”*

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## Training Program Outcomes

- Lower failure rate: 18.1% WEI vs. 19.7% annual exit rate
- Job creation: on average, 1 new job for each frequent WEI client
  - Start-ups: 41% of WEI clients now employ an average of 2 FTE equivalents
  - Established firms: 26% of WEI clients cited WEI training as helping them grow
- Struggling firms: comprise 30% of WEI client-base – still operating with WEI help
- 15% of WEI client base reported WEI had saved them from entering a nonviable business

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## Loan Program Outcomes

- Applicants were growth orientated
  - 65% intended to pursue growth
    - Had achieved average revenue growth rate of 220% in last 3 years
    - In next 3 years, these firms anticipated 90% growth
- Job creation: on average, 1.5 new job per loan
  - Established firms: 25% hired additional employees
  - 33% of WEI loan clients were saved firms from failure
- This compares favorably with 2.8 jobs per loan associated with Canada Small Business Financing Act

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## Incrementality

### Need to account for incremental effects of WEI intervention

- *"If loan was not available, would you have been able to start or continue to operate your business?"*
  - On average, 60% indicated "yes"
- *"At the time you took the loan, what other sources of financing do you think would have provided the funds you needed?"*
  - 46% could not identify an alternative source of capital
- *"Would you have received the additional fund if the loan had not been available?"*
  - 62% had not borrowed elsewhere
- *"In what respect would you say that (WEI) differs from other lenders in relation to your business?"*
  - Personal service and advice, financial aspects of the loan, working with a women's organization

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## Other Interesting Findings

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## Growth Intentions

### Control group

- Female owners: 47% plan to expand their firms
- Male owners: 51% plan to expand their firms.
- No significant gender differences

### WEI Loans clients

- 65% sought growth

### WEI Services clients

- 79% sought growth

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## Reasons for Not Seeking Growth

### 1. Feasibility

Risks are too high / Lack of growth capital  
Reluctant to incur additional debt  
Market not growing / Expansion does not seem feasible

### 2. Lifestyle Preference

Content with the way things are  
Expansion does not seem feasible  
Family obligations

### 2. Keeping it all under control

Other lifestyle considerations / Taxes will become too high  
Do not want to lose control / Content with the way things are

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## Among owners that sought growth: Barriers to growth

### 1. Economic Environment

Taxation levels  
Need to renew or add to equipment  
Obtaining financing  
High cost of goods  
Government regulations

### 2. Sectoral Factors

Instability of demand for product or service  
Small market base  
Lack of consumer awareness  
Low profits or margins in your industry

### 3. Credibility

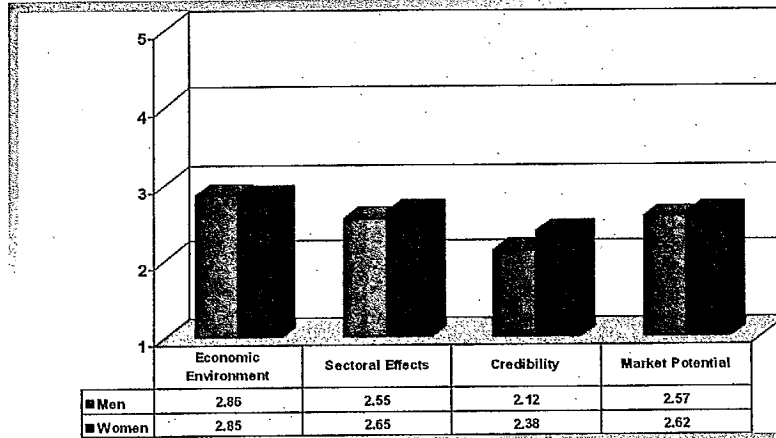
Being taken seriously  
Lack of consumer awareness

### 4. Market Potential

Management skills, knowledge, business acumen  
Family and social demands  
Finding qualified labour

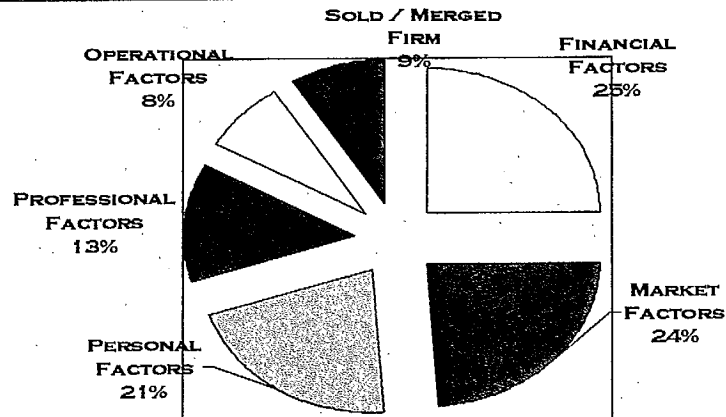
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## Barrier to Growth: Relative Importance



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## WEI Training Client Reasons for Business Termination



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## Summary

WEI record suggests that gender-based programs have an important role and deliver significant economic benefits

- Financing opens the door to training and development of high potential business owners
- Job generation commensurate with other SME program schemes
- Termination: need to focus on personal & market factors

Gender differences in training needs (see report)

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## Implications

How do we know whether or not a particular practice or program is “best practice”?

- Must be able to compare across gender and across salient categories
  - For example, differentiate start-ups and established firms
- Must take incrementality into account
  - What would have happened in the absence of the WEI program?
- Must have a control group or other benchmarks against which comparisons can be made. If “best”, what is it better than?

A starting point is to ensure that all SME programs collect gender-specific participant data to allow for dis-aggregation and analysis.

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**Estimating the Impact of a Gender-based Training Program**

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## **Estimating the Impact of a Gender-based Training Program**

### **Abstract**

The incidence of gender-based small business training programs is increasing. However, the nature and impact of these initiatives are not well documented. This paper summarizes the findings of an evaluation of the impact of the Women's Enterprise Initiative (WEI), a program that seeks to foster the development of women-owned firms in Western Canada. Program assessment criteria included program effectiveness, strengths and weaknesses, job creation and retention, business survival, incrementality and the facilitation of enterprise growth. A direct association between WEI advisory assistance and business development was noted in 60 percent of cases. The results also suggest that men and women seek different types of assistance with respect to business development. When compared to a control group of business owners, WEI clients and women business owners prioritized intrinsic outcomes such as evaluation of my skills as an entrepreneur; building self-confidence; and improving strategic management skills. Conversely, male business owners in the control group prioritized operational skills such as helping to improve strategic management skills and identifying opportunities for growth.

**Key words:** small business program evaluation, women business owners, gender

## **Estimating the Impact of a Gender-based Training Program**

### **Introduction**

This empirical paper reports on the evaluation of a Canadian initiative that provides training and loans to early-stage women-owned businesses. This is an important topic, for several reasons.

First, the work addresses the concept of targeting in public policy. According to their analysis of entrepreneurship-related public policies, Lundström and Stevenson (2001: p. 41) noted that entrepreneurship policies of the federal agencies of most countries are based on "...the view held by individual governments about where growth comes from, what factors lead to growth, and the country's economic structure and circumstances." Lundström and Stevenson (2001) also present a taxonomy that embraces a range of entrepreneurship policies: however, it is not clear which approaches have been most effective. Hence, there remains a need to document the impact of different approaches. Moreover, there is little research to ascertain the impact of targeted entrepreneurship policies and programs. As a result, policy decisions and initiatives are too often based on incomplete information. This study seeks to inform further this issue by presenting an empirical analysis of one such initiative, a program targeted to a specific sub-population, namely women business owners.

Second, one of the significant trends in small business ownership and entrepreneurship is the increased participation of women. This is particularly true of Canada. Between 1981 and 2001, women entrepreneurs grew by 208 percent compared to a 38 percent increase for men. From 1991 to 2001, women's self-employment expanded by 43 percent, more than double the 21 percent growth in self-employment among men." (Statistics Canada, 2001 as cited by Industry Canada, 2004). The result is that

the level of entrepreneurship among women in Canada is high by international standards.<sup>1</sup> In spite of the expansion of the numbers of women-owned firms, the evidence suggests that women-owned firms grow more slowly than counterpart firms owned by men, are less likely to export, and average earnings for self-employed women are less than those of self-employed men (Sunter, 2003). In response, governments in Canada – as well as those of other nations -- have established gender-specific training facilities.<sup>2</sup> Given the proliferation of such programs, there is a clear need to evaluate their economic impact and to establish a business case for such initiatives. This report documents one such evaluation.

Finally, the number of gender-based training and lending facilities among the OECD countries is increasing. However, the vast majority of documentation about SME support programs is descriptive. Hence, most also fail to report on the incremental impact of such initiatives. If the potential of these economic development efforts are to be fully realized, research is required to investigate the program strengths, weaknesses, and outcomes. The European Commission has suggested the need for gender-specific program evaluation in order to (a) verify the reason for such public action, (b) determine whether the needs or problems of (potential) female entrepreneurs still exist, (c) improve programs and (d) enhance accountability (see Sheikh and Steiber, 2002, p. 5). Metrics are therefore required to determine how, if at all, such programs differ from non-gender-specific programs and to demonstrate the business case for gender-specific initiatives. The absence of this information may exacerbate the challenges of servicing the needs of women business owners, may impede the development of effective training programs, and might undermine the validity and credibility of gender-based programs. This

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<sup>1</sup> The Global Entrepreneurship Monitor (GEM, 2001:12) reports that Canada exhibits one of the highest rates of female entrepreneurship among the 21 countries it surveyed. The report singles out Canada when it notes that: "In Canada, the prevalence of women (6.9 percent) is only slightly below that of men (9 percent)."

research seeks to present one means of conducting such an evaluation and to document the results of this analysis.

The paper begins with a discussion about the rationale for gender-based small business programs and policies and then provides a discussion about SME program evaluation. This is followed by a description of the particular facility being evaluated, the Canadian Women's Enterprise Initiative, that lies behind this paper. The methodology and data are then reported, followed by presentation of the findings, which include a review of client profiles, program strengths and weaknesses, and estimates of incremental program outcomes. The paper closes with a summary and discussion and outlines directions for future training and research.

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<sup>2</sup> Canadian examples of gender-based programs include: Western Economic Diversification Women's Enterprise Initiatives; Business Development Corporations Women in Business Seminars; Atlantic Canada Opportunities Agencies' Women in Business Initiative; Department of Foreign Affairs and International Trade's Businesswomen in Trade Coalition; Mount St. Vincent University's Women Entrepreneurs Program; Agriculture Agri-Food Canada Farm Women's Bureau, Human Resources Development Canada's Women in Trades and Technology Network.. In Fall 2003, the Prime Minister Task Force on Women Entrepreneurs (2003) outlined a national strategy to assist Canadian women entrepreneurs (see [www.liberal.parl.gc.ca/entrepreneur](http://www.liberal.parl.gc.ca/entrepreneur)). This same report summarizes similar initiatives in Organization for Economic Co-operation and Development (OECD) countries such as: Australia's *Showcasing Women in Small Business Program*; Italy's *Incentives to Women Entrepreneurship*; Sweden's *Innovative Women in Sweden Program*; the United Kingdom's *Strategic Framework for Women's Enterprise*, the US Small Business Administration's Women Business Centres, among others.

## The Ideology of Gender-Specific Entrepreneurship Policy

Where do gender-based training programs fit within entrepreneurship-related public policy? To address this question, it is helpful to set the context for entrepreneurship-related public policy in general and then to examine specifically the case for gender-specific approaches. The generic elements of entrepreneurship-related public policies have been described in taxonomies that have been developed by Storey (1994), Lundström and Stevenson (2001), and by Hjalmarsson and Johansson (2003). These are summarized in the graphic below.

<b>Storey (1994)</b>	<b>Lundström and Stevenson (2001)</b>	<b>Hjalmarsson and Johansson (2003)</b>
<p><b>Macro policies</b> (e.g. interest rates, taxation, bank rates, inflation);</p> <p><b>Regulatory reforms</b> (e.g. cutting the paper burden, access to grants, quick tax reporting);</p> <p><b>Sectoral, special interest group assistance</b> (e.g. biotechnology, high-tech grants, rural programmes, women's programs, self-employment programs);</p> <p><b>Provision of financing</b> (e.g. loan guarantee schemes, informal investor networks, equity micro-loans, bank ombudspersons); and,</p> <p><b>Small business advisory / information services.</b></p>	<p><b>SME extension programs</b> added-on to existing services to encourage market or firm development such as export trade;</p> <p><b>Niche entrepreneurship</b>, initiatives targeted to specific populations such as women, youth, aboriginals, and the disabled;</p> <p><b>New firm creation</b>; and</p> <p><b>Holistic entrepreneurship</b>, an approach that seeks to capture policy objectives and measures in an integrated SME policy framework.</p>	<p>Services fall on a continuum of operational and strategic advisement.</p> <p><b>Objective services</b> are independent of the client and service provider. Advice is "static", not changing during the process of providing the service, "knowledge among experts" (p. 86).</p> <p><b>Strategic services</b> depend on the relationship between the client and service provider. Information is "tacit", embedded in the relationship and the context in which the service is provided.</p>

Hjalmarsson and Johansson (2003, p. 85) note that traditional arguments for market interventions are premised on the assumption that "...small firms are regarded as less efficient in using external management skills than large firms. Their demand for consulting services is much lower due to unfavourable economies of scale and market imperfections on the supply side." It appears that gender-

based programs reflect multiple aspects of entrepreneurship policy, including policies to support new firm creation, niche or special interest group assistance, and provision of financing and small business objective and strategic services.

The arguments regarding targeting women entrepreneurs are summarized presently.

### **Objectives of Gender Specific Programs**

To address gender differences, gender-specific programs and policies have been initiated in several jurisdictions. In general, the objectives of gender-based programs and policies targeted at women entrepreneurs are to:

- introduce and promote the concept of entrepreneurship to women;
- increase the participation rates of women in business ownership and self-employment;
- build awareness about the availability of capital and advisory support;
- help women business owners develop experience, expertise and track records; recognize role models and outstanding women business owners;
- create role models for younger women;
- promote economic equality between men and women;
- communicate strategies to help address gender-related barriers to firm growth; and,
- help ensure access to capital.

The debates regarding the need for (gender-) targeted programs revolve around two premises. One the one hand, those who do not support targeted programs argue that all groups (gender, race, etc.) are equally served by non-targeted, generic or “mainstream”, programs and initiatives. For some, gender-based initiatives have been seen to: reinforce rather than eliminate gender stereotypes; inadequately prepare women to compete in the marketplace; be redundant, inferior in quality, unnecessary when personnel are properly trained; and reflect a poor investment on potentially low yield businesses. In addition, loan programs may be argued to subsidize inefficient businesses, misallocate resources, and be costly. Hence, targeted programs are not without criticism from those that argue for



“mainstream” program interventions. On the other hand, arguments to support gender-specific programs reflect:

- possible biases in policy makers’ assumptions about women business owners (for example, the needs of male and women business owners are identical);
- a predominance of training or case material based on male dominated models;
- evidence that suggests women are under-represented in small business training programs;<sup>3</sup>
- observations that women have comparatively less management experience prior to business start-up (Finnegan, 2003; Scourtoudis, 2001; Orser and Riding, 2003).

In addition, women are different: gender differences have been documented by, among others, Brush and Hisrich, (1992), Brush, Carter, Gatewood, and Greene (2002), Brown, Doyle, Lewis, Mallette and Young (2001). Differences have been documented on several levels:

- On the personal level, women business owners cite unique concerns such as “being taken seriously”, lack of respect, and men who explicitly refuse to do business with women (Carter and Anderson, 2001; Orser et al., 2004, Reuber et al., 1999).
- Individual level differences are reflected in, among others, owners’ occupational backgrounds, motivations for business ownership, approaches to business creation, role

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<sup>3</sup> For example, Canada Economic Development for Quebec Regions (CED) reports that while one third of Quebec businesses are owned and operated by women, they comprise less than 20 percent of Canadian Futures Development Programs (CFP) participants, and less than 10 percent of the multimedia experimentation fund (Women Entrepreneurship – Quebec Context and CED Initiatives, Presentation to the Prime Minister’s Task Force on Women Entrepreneurs, 2003). Similarly, a review of the Canadian Self-employment Assistance Program (SEA) also found that while program guidelines designate equity groups (e.g., aboriginal people, visible minorities and women, older workers, youth and social assistance recipients) be given special consideration as priority clients (SEA Component Administrative Guide, 1994), internal program data found that equity groups were not well represented (Orser and Hogarth-Scott, 1998). In a review of Canadian federal SME programs and services, Orser (2003) found no evidence to suggest that women are well represented in existing (mainstream) SME programs. She notes that the absence of standardized gender-sensitive SME policy and program evaluation measures (e.g., gender of participants by type of training, size of loan, incremental impact on firm growth and survival) exacerbates the challenges of servicing the diverse needs of women business owners and impedes the development of effective programming”. Beyond the Canadian setting, Finnegan, (2003, p. 8) notes that apart from those NGOs working extensively with women as their target groups and a number of specialized government promotional agencies, “...for most providers report fewer than 10 percent of female clients. Furthermore, business service providers are “not aware of an existing and potential market of women entrepreneurs. ...there are gaps in BDS for start-up and growth in women’s entrepreneurship and the BDS market form women has potential, but providers need to equip themselves”

investments, time management, planning and delegating, leadership style, and growth intention, (Leahy and Eggers, 1999; Lobel, 1991; Orser and Hogarth-Scott, 2002).

- At the institutional level, systemic differences have been advanced with respect to access to advisory and training services, program eligibility criteria (e.g. trade missions, export development programs, loan guarantee schemes) and terms of lending (Marleau, 1995; Scourtoudis, 2001).
- At the organizational level, research comments on gender differences related to the nature of women-owned enterprises. According to Industry Canada, for example,

*“Some of these structural characteristics (sector, size of firm) to a large extent explain why: fewer women-owned businesses export (sector, size); fewer women-owned businesses are in the fast-growth stage (sector); fewer women-owned firms are incorporated (size); fewer women-owned businesses request debt financing (size, sector).” (Industry Canada, 2002).*

The development of women-owned firms is important, and not only because of equity-related arguments. Women-owned firms may hold relatively more potential for economic development. Loan provisions or special loan funds may also be justified because of the higher risk associated with women-owned firms and the lack of collateral and equity (Marleau, 1995; The Prime Minister’s Task Force, 2003). Therefore, given the evidence that women are not well represented in current SME programs and the strong evidence regarding gender differences in business ownership, it would seem prudent to operate on the belief that targeted SME policies and programs are necessary. Acting otherwise demands evidence that the specific needs of women business owners are explicitly and effectively integrated into existing SME programs. It also appears that the various alternative approaches (e.g., gender mainstreaming, gender-specific initiatives) require further study. This paper reports on an attempt to measure the incremental impact of a gender-targeted program. The next section of the paper provides an

overview of the particular program assessed by the work reported in this paper, the Women's Enterprise Initiative.

### **The Women's Enterprise Initiative (WEI)**

Launched in 1995, the WEI initiative was established by the Canadian federal government as a resource for women entrepreneurs in four Canadian provinces (British Columbia, Alberta, Saskatchewan and Manitoba). The stated objectives of the program are: to encourage the establishment and growth of women-owned and women-controlled businesses; to encourage self-employment and business development; and, to promote economic equality between men and women. For the purpose of this study, WEI services can be grouped into two categories:

- a) *training services*<sup>4</sup> including: communications (e.g. web-sites, newsletters, bulletins); networking (e.g. facilitating B-2-B linkages, mentoring/matchmaking workshops, speakers, conferences, industry awards); study guides, tele-training, correspondence program; travel bursaries (e.g. travel to mini-conferences, events); business planning assistance (e.g. market research); on site visits; and referrals (e.g. accountants, lawyers, MIS experts, sector or trade association introductions).
- b) *loan services* including the provision of: start-up, expansion, export and working capital; bailout or turnaround loans; leasing and patient capital; and pre-loan advisory services (e.g. evaluating business plans, amortization schedules).

Program eligibility criteria includes: any new or expanding business located in the four participating provinces; women own and operated at least 50 percent of the business; clients are resident in the corresponding province; and, in some provinces, the business must be the client or loan

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<sup>4</sup> Here, the word "training" is used for simplicity and ease of reference. In fact, "training" encompasses a variety of activities that include counseling, coaching, mentoring, provision of seminars, etc.

applicants' main source of income. Program eligibility criteria includes: any new or expanding business located in the four participating provinces; women own and operate at least 50 percent of the business; clients are resident in the corresponding province; and, in some provinces, the business must be the client or loan applicants' main source of income. To a greater or lesser degree, the four agencies have dealt with more than 37,000 clients. The paper now turns to a review of methodologies employed to assess the economic impact of such initiatives.

### **Methodological Considerations**

#### **Approaches to Program Evaluation**

Sheikh and Steiber (2002, p. 3) define evaluation as "the judgement of a public intervention according to its results, its impacts and the needs it intends to satisfy." Maronick and Stiff (1983, p. 495) suggest that evaluation takes on multiple definitions, depending on the perspective of the organization. Evaluation can be viewed as: "oversight or accountability", "a management tool", "as a vehicle for assessing the effectiveness of a particular program", and/or "source of information for decision-making". Such information is important for several reasons. Chrisman (1997, p. 59) states:

*"Such evaluations are important for at least two reasons. First, there is a broad array of options available to foster entrepreneurship and economic development... Therefore, it is important to determine if a particular option is viable and worth replicating in other settings. Second, the design of assistance programs is at least implicitly based on academic theories and conventional wisdom about the entrepreneurial process and what needs to be done to develop a viable business ... Program evaluations provide a means to validate and measure our overall understanding of entrepreneurship and economic development. Thus, from both practical and theoretical grounds, evaluations of programs that assist entrepreneurs can make significant contributions to the literature."*

The approach to SME program evaluation reflects the anticipated use of the information, availability of resources, legislative requirements, and "extent to which is necessary to measure the incremental rather than just overall impact of a role in the marketplace" (Maronick and Stiff, 1983, p. 498).

Traditional methodologies include: *non-experimental design* (e.g., after-only or retrospective evaluations, before-after study design, cross-sectional comparisons) *quasi-experimental design* (e.g., time-series analysis) and *experimental evaluation design* (e.g., the “gold standard that employs a random comparison between a programme group and control group that receives no support”) (Sheikh and Steiber, 2002, p. 33). In determining which of these methodologies is most appropriate, Chrisman (2001, p. 64) notes that trade-offs are required when selecting the evaluation design, and that

*“... it is desirable to use a control group to remove, as much as possible, the effects of other variables that might influence changes in the dependent variables. ...We suggest that estimates be a conservative as possible. Comparison to a control group, even an imperfect control group, yields a more conservative evaluation and is, therefore desirable.”*

He then argues that conservatism is important as readers of a program evaluation will often infer a cause-and-effect relationship between program inputs and entrepreneurial output. “Even with a well-matched control group, there is no assurance that the cause effect relationship implied or inferred is a valid one.” (p. 65)

In the context of evaluating SME programs targeted to women, Sheikh and Steiber (2002, p. 10) suggest certain evaluation criteria are required including:

*“...the relevance of the program in relation to the needs of its potential beneficiaries, the coherence of a programme with other policy interventions in the respective field, the effectiveness of a programme in achieving its objectives, and the efficiency of an intervention, that is, its capacity to achieve the objectives at the lowest cost.”*

Best practices also include the “net effects of a program” that reflects deadweight loss, a displacement effect, substitution effects, additionally and leverage effects (Sheikh and Steiber, 2002, p. 39-40).<sup>5</sup>

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<sup>5</sup> “Deadweight is defined as “...the effect which would have arisen even if the programme had not taken place”. Displacement effect “...is used to describe a situation where the effect of an intervention on a particular individual, group or area is only realized at the expense of other individuals, groups or areas. When they are not intended, displacement effects must be subtracted from the gross effect in order to obtain the net effect of an intervention.” Substitution effect “...refers to an effect obtained in favour of a direct addressee of an intervention, but at the expense of a person that does not qualify for the respective action”. Additionality is “...the converse of deadweight; it occurs if an effect can be fully attributed to the public intervention to be evaluated. Finally, leverage effect “...is defined as the amount of private sector finance invested in an assisted program that has been induced by public spending.” (Sheikh and Steiber, 2002, p. 39-40).

The application of such criteria is not straightforward as there remains considerable debate about economic impact evaluations of small business assistance programs (see Chrisman and McMullan, 2002; Storey, 1998; Hjalmarsson and Johansson, 2003). For example, Chrisman has applied similar criteria in a series of empirical evaluations of education, consulting, and business development services (e.g., US Small Business Development Centres, University of Calgary's Venture Development Initiative). He notes that SME program evaluations should include at least three types of data:

- (1) objective measures of performance improvements of the entrepreneurial firms (e.g., change in sales, employment and profit growth);
- (2) measures of clients' valuations of the services rendered (e.g., percentage of expectation met by the service, perceived importance of services to performance); and,
- (3) clients' subjective assessments of program quality (e.g., value of services rendered).

"Thus, a program evaluation that uses different measures that capture different dimensions of performances is highly desirable." (Chrisman and McMullan, 2002, p. 64).

In determining the "net effect" of such programs, primary benefits are thought to include the imputed value or price attached to the small business consulting services. Secondary benefits are derived from client revenue and employment, sales and income tax revenues. Furthermore, the "economic development effects" of any program should consider additional factors such as the incremental rate of growth adjusted by the perceived value of the service, the average regional rate of growth, and the estimated dollar value of such services (e.g., cost to benefit ratio) (Chrisman and McMullan, 2002).<sup>6</sup>

Evaluation challenges are also discussed in Hjalmarsson and Johansson (2003). These authors note the lack of theory to guide policy and program development, the potential impacts of selection and

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<sup>6</sup> Chrisman (1997) also questions who should conduct an evaluation, how best to guard against response bias, and how researcher account for intervening variables that may confound the measurement of program impact.

survivor biases, the challenge in proving what aspect of the service “caused” the effect, and, that the majority of public program evaluation is based on participant perceptions about the service(s). “This is problematic given that when selection bias is considered, the positive effect of a policy falls considerably” (Wren and Storey, 1998 as cited by Hjalmarsson and Johansson, 2003). These and other challenges are reflected in the fact that the vast majority of SME programs are “monitored” rather than objectively “evaluated” (Hjalmarsson and Johansson, 2003).

### **Methodology and Data**

The approach used in this study was similar in spirit to that used by Chrisman (1997). Specifically, the work used large scale surveys of WEI clients to gather data about the gross economic impact (measured here by job creation) and to ascertain program strengths and weaknesses, as perceived by the clients. The gross impact was then compared with that of a control group of Western businesses to isolate the incremental, or net economic impact.<sup>7</sup> The results are measures that the program funders can use to compare incremental benefits with their internal data about the costs of operating the program.

Accordingly, the study drew primarily on data obtained from large-scale surveys for which the questionnaire design was informed from in-depth structured telephone interviews with WEI management, on-site visits, consultations with senior WEI staff and clients, and pre-tests. Telephone surveys were administered because experience has suggested that this approach engenders higher response rates than mail surveys and, to some degree, mitigate non-response and selection biases. The surveys were administered to three groups of potential respondents: training clients, loan clients, and a control group.

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<sup>7</sup> Chrisman (1997) also used aggregate job creation in Alberta (Western Canada) as a proxy for a control group.

## *Training Client Survey*

The WEI database identified almost 37,000 client contacts; however, the vast majority of these (34,368) were one-time contacts. These one-time contacts included one-off telephone inquiries, individuals who attended no more than one WEI event (speaker, luncheon, training session), or one-time drop-in visits. As such, this segment of the WEI clientele was not well-positioned to provide informative responses. Therefore, a stratified sampling plan for the survey of training clients was developed, one that distinguished "frequent" from "infrequent" WEI training clients. The distinction was based on the frequency of contact occasions as listed within the respective client tracking databases.

"Frequent" clients were defined as the 2,493 clients for whom multiple interactions with a WEI agency had been recorded. "Infrequent" clients were those for which no more than one contact occasion was listed. While rudimentary, this breakdown formed a reasonable and practical basis for the sampling plan, which sought to gather a census of the population of "frequent" clients augmented by a 15 percent random sample from among the "infrequent" clients. A total of 8,081 telephone calls were made using an independent professional marketing research firm. From among these calls, 4,882 were valid contacts (excludes invalid numbers, wrong numbers, fax/modem telephone lines, and situations where the respondent was not the owner). Of these, an overall total of 913 completed questionnaires were obtained. Of these responses, 758 were from "frequent" clients, representing a 30.4 percent response rate from the sub-population of "frequent" clients. The remaining 155 responses were from "infrequent" clients, reflecting an approximate response rate of 18.7 percent based on valid contact information. In the Canadian context, response rates of 30.4 percent and 18.7 percent are considered extremely high. Survey fatigue among Canadian business owners is such that response rates of ten percent or less are the norm. The lower response rate among infrequent clients is to be expected.



In order to check for possible non-response biases, the survey data was compared with the WEI contact information. The contact lists from the WEI agencies included data on legal form of business, whether or not the business was home-based, the industry sector of the enterprise, and the number of employees.<sup>8</sup> For both sub-samples (frequent contacts and infrequent contacts) no statistically significant differences ( $p\text{-value} < 0.05$ , according to Chi-square test statistics) between the population breakdowns and those of the survey data were observed except that the number of employees of surveyed firms was significantly higher at a  $p\text{-value}$  of less than 0.05. While it was not possible to be absolutely certain, this difference may be attributable to growth of the firm during the interim between the dates of original WEI contact (when the registration data information on number of employees had been collected) and the (subsequent) number of employees as of the date of survey administration.

#### *Loan Client Survey*

Of the 539 businesses that received loans from the WEI, the work sought to conduct a census of all of these firms; however, 71 contacts could not be reached or located. Of the remaining 468 potential respondents, 16 refused to participate (this is an extremely low rate of refusal) and 205 business owners (43.8 percent of eligible respondents) completed the survey. The balance is accounted for by calls to answering machines, repeated "no answer", respondent was not available, etc. As might be expected, 43.8 percent is an extremely high response rate in the Canadian context. High response rates are the best remedy for non-response biases; however, the survey data was also compared with the WEI contact information wherever possible as was done for the survey of training clients. No statistically significant differences at a  $p\text{-value}$  of five percent between the distributions of population attributes and attributes of survey data were observed according to standard Chi-square testing.

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<sup>8</sup> The four WEI agencies maintained independent contact databases. Not all of these retained the same data elements on their contact firms.

### *Control Group Survey*

As per Fischer and Reuber's (1992) guidelines for best practices for evaluating gender-based issues (as well as per Chrisman's (1997) counsel), a control group of business owners was surveyed. In this case, a survey instrument that paralleled those used for training and loan clients was employed and contact data were obtained by combining two commercial databases. The control group sample frame was stratified to select potential respondents that conformed with WEI's training client profiles in terms of sectoral distribution, region, and firm size (based on number of employees). The survey was again conducted by a professional marketing research organization. A total of 1,002 respondents (310 of whom were women business owners) was obtained, and this was a response rate of 12.0 percent. To assess the potential impact of non-response bias, the attributes of the control group were compared with data reported by Chambers and Chambers (2001) who had previously surveyed Western Canada business owners. Aside from the obvious effect of stratification, the sample data did not differ to any statistically significant extent from parameter estimates reported in the Chambers and Chambers, (2001) study.

### *Profile of Respondents*

Table 1 summarizes the profiles of respondents and their businesses. On average, all WEI clients are significantly younger than the men and women owners in the control group and significantly younger than the overall population of Western small business owners. In terms of education, WEI clients differed from the control group in that a higher proportion of WEI training clients were well-educated business owners.

**Table 1: Profile of WEI Clients and Control Group Respondents and Firms**

<i>(% of Responses)</i>	<b>Control Group Men</b>	<b>Control Group Women</b>	<b>Counselling and Training Clients</b>	<b>Financial and Loan Clients</b>
<b>Owner Age Profile</b>				
50 or more years	48.8	45.6	22.0	21.5
30 to 49 years	48.6	51.8	69.8	70.7
Less than 30 years	2.6	2.6	8.2	7.8
<b>Owner Education</b>				
Some university or graduate	26.6	27.0	54.0	41.9
College Graduate	12.8	16.9	13.0	23.1
No Tertiary	54.7	53.1	33.0	35.1
<b>Owner Total Experience</b>				
More than 15 years.	67.2	48.2	26.7	24.9
5 to 14.9 years	28.2	36.8	39.9	43.3
Less to 5 years	4.6	15	33.2	31.2
<b>Owners Current-Firm Experience</b>				
More than 15 years	41.5	27.3	9.6	4.5
5 to 14.9 years	41.1	45	34.8	38.0
Less than 5 years	17.4	27.7	55.6	57.6
Intend to Grow	51.3	46.7	65.0	79.0
<b>Size of Firm (Employees)</b>				
20 or more employees	9.4	2.3	1.1	1.0
5 to 19.9 employees	30.3	23.4	8.3	18.0
No employees	14.7	27.1	51.5	35.0
<b>Size of Firm (Revenue)</b>				
More than \$1,000K	28.4	12.8	1.8	11.8
\$500K to \$1,000K	17	9.6	4.7	6.8
\$100K to \$500K	34.9	42.9	20.3	32.3
Less than \$100,000	19.7	34.6	73.2	49.1
<b>Age of Firms</b>				
Pre 1995	75	62.2	24.8	20.9
1995 – 1998	15.3	22.8	31.6	44.9
1999 – 2000	7.5	8.8	25.3	24.4
2001 or later	2.3	6.2	18.2	9.8
<b>Sector</b>				
Manufacturing			7.6	9.9
Services			64.1	30.2
Retail & Wholesale			27.4	54.0
Other			0.9	5.0
<b>Stage of Development</b>				
Start-up	9.7	14.7	41.2	11.1
Growth	19.0	15.8	13.3	33.2
Maturity	49.0	48.0	16.1	34.7
Other*	22.3	21.5	29.5	21.1

*\*Turnaround, winding down, or closed firms.*

Table 1 also reveals that WEI clients possessed less business experience than did business owners in the control group, in terms of both experience with previous firms as well as in terms of experience with their current firms. It is salient that approximately one-third of WEI clients report less than five years of total experience. Finally, the majority of WEI client firms were younger and smaller than the control group firms. Thus, it would seem at the outset of the analysis that WEI is serving a particular clientele and is attempting to address a lack of experience through training.

Most striking is the observation that WEI training clients are disproportionately start-up situations while growth-oriented firms tend to be more represented among WEI loan clients. To control for these systematic differences between the client and control groups, subsequent analyses are conducted controlling for stage of business. The impact of the WEI services for coaching and counselling clients is now presented. This information is followed by the findings related to the impact of WEI on loan clients.

### **Empirical Findings: The Economic Impact of WEI**

As background, it is interesting to understand the reasons that respondents sought out the WEI. Using an open-ended question, survey respondents were asked why they had contacted the WEI. The tape-recorded responses were transcribed and coded. The majority of responses (80.1 percent) cited a wish to employ WEI services: assistance with business start-up (21.7 percent), obtaining education materials and information (19.1 percent), financing (16.0 percent), assistance in preparing a business plan (8.0 percent), and business development advice (6.9 percent). It is somewhat surprising that only a minority (4 percent of clients) made reference to the WEI being targeted to women. These respondents stated reasons such as: the desire to acquire assistance from other businesswomen; the desire to work with staff that understood women's needs; that the organization respects women; and that the organization finances women-owned firms.

With this background, the next sections report the analyses of WEI economic impact on, respectively, training clients and loan clients. The sample of training clients does not include any who had also received loans. The dimensions of the economic analysis include evaluation of survival rates, job creation and retention, and value of services provided.

### **WEI Training Clients**

#### *Survival rates of training clients.*

Of the 913 WEI training clients, 572 (62.7 percent) owned or co-owned a business at the time the questionnaire was administered. In addition, 200 (21.9 percent) never owned or co-owned a business. The remaining 141 (15.4 percent) respondents had at one time owned or co-owned a business but one that was no longer operating; however, not all of the 141 inactive firms had failed as 12 had been sold or merged. This information provides an approximate estimate of the survival rates of WEI clients such that the failure rate among WEI clients was 129 firms out of 713 (18.1 percent). This attrition occurred over a period of several years. The data do not specify when the firms went out of business, so it is not clear what the *annual* exit rate would have been; however, this attrition was not confined to a one-year period. As a basis of comparison, Chambers and Rylska, (2001, Ch. 5, p. 11) reported *annual* exit rates of 19.7 percent across Western Canada in the retail sector and 15 to 27 percent for various services sub-sectors. Accordingly, the data do suggest that the survival rate of WEI clients may have been higher than average.

The owners of each of the 141 discontinued operating businesses were asked: "*Can you please tell me the main reason why your business closed?*" Analysis of the 119 qualitative responses revealed that the predominant reasons for business closure reflected personal circumstances. Forty-two percent cited personal demands including (in descending order of frequency of mention) family responsibilities, physical demands or disability, time demands, relocation or pending relocation, poor health, and lack of motivation. Market factors were noted by 17.6 percent of the owners of closed businesses. These

included (again, in descending order of frequency of mention): “the market was too small”, “negative consumer attitudes to products and/or services”, “volatility of the market”, and “increasing competition” (e.g. mergers and acquisitions, box stores). Operational factors were identified by 19 percent of respondents. Examples included: relationships with business partners, attracting and retaining qualified employees, lack of physical space, and loss of personal control. Only 16 percent of services recipients described financial issues but these related mainly to poor financial performance; perceived inability to secure capital was rarely mentioned.

The overwhelming importance of “personal factors” in the decision to cease trading holds implications for training purposes. This suggests that SME training programs should provide clients with information about the importance of, and strategies to deal with, work/life balance and other personal dimensions of business ownership. Second, many of the statements categorized as “market factors” reflect poor market analyses during the planning phases of the business. These results support the importance of competitive and market assessment skills as a training priority (e.g. estimating demand, break-even analysis, sources of market information).

#### *Estimates of Job Creation and Retention, Training Clients*

Start-Ups. As noted, start-ups represent 41.2 percent of WEI training clients. On average, these firms employ 1.04 full-time employees and 1.12 part-time employees for a total of 1.60 full-time equivalent jobs per firm. Extrapolation of this level of new employment to the start-ups among the population of operating WEI training clients reveals that the WEI played a role in the start-up of firms that, at the time of the questionnaire administration, employed an estimated total of 1,030 full-time equivalent employees. This estimate only takes into account employment by start-up firms that were frequent contacts of the WEI. A considerably higher estimate results if this number is extrapolated to infrequent contacts; however, it is not as clear that the WEI played a significant role among infrequent contacts as it might have among firms that were frequent contacts.

Established Firms. WEI training clients were asked to respond to the following question:

*“Since you used the services was the business able to hire additional full-time employees or part-time employees?”*

Among established firms, 29 of the 572 firms in the sample reported that they had added full- or part-time employees, averaging 0.86 and 3.36 full- and part-time employees, respectively (an average of 2.54 full-time equivalent employees per firm for firms that added jobs). Extrapolation of these estimates to the population of frequent-contact firms suggests job creation among the frequent-contact portion of the established firms in the WEI client base of an additional 310 employees. By comparison, the established firms in the control group that added to employment added an average of 1.88 jobs per firm; however, only six percent of the established firms in the control group added employees, compared with 26 percent of the established firms among WEI frequent clients.

Struggling Firms. 30.2 percent of WEI clients were described by the owner-respondents as “struggling” at the time they approached WEI. On average, these firms employed 0.6 full-time and 1.7 part-time employees, respectively. Across the population of struggling firms among the frequent-contact WEI clients, then, WEI had a role in preserving an estimated 758 full-time job equivalents.

Other Economic Benefits. Finally, more than 15 percent of clients reported that the WEI’s counselling and training services saved them from entering a business that would likely have failed and 18 percent of established firms reported sales increases subsequent to involvement with the WEI. In the latter case, sales increases provide societal benefits in the form of additional value added taxes and taxes collected on business profits.

Overall, then, WEI-assisted firms have generated a minimum of approximately 2,098 job creations and retentions as well as indirect benefits from the multiplier effect and additions to the tax base from increased sales activity. This estimate is, if anything, conservative because it does not take into account the potential job generation among clients that were not frequent contacts. The survival

rates of WEI-assisted clients appear to be higher than average. However, the average number of new job creations per established firm did not differ to a statistically significant extent between WEI clients and control group respondents.<sup>9</sup> Yet a significantly higher proportion of WEI-assisted firms were likely to generate new jobs than firms in the control group at the same stage of development.<sup>10</sup> In other words, on a per firm basis there was no difference in job creation. However, the WEI client is more frequently growth-orientated. This leads to an analysis of what aspects of the WEI training services that clients deemed to be most useful.

#### *Clients' perceptions of program usefulness, training clients*

To ascertain program strengths and weaknesses, respondents were asked to rate the extent to which they agreed, on five-point scales, with each of a series of 15 statements listed in the leftmost column of Table 2. "Strongly Disagree" and "Strongly Agree" anchored the scales. Respondents who did not answer or who held no opinion on a particular question were treated as missing values. This set of statements collectively captured the spectrum of forms of assistance provided by the WEI.

Evaluations by Intensity of Contact. Given the differences of frequency and possibly of intensity with which clients interacted with WEI, respondents were asked to specify the nature of their involvement with WEI services and training. On the basis of these responses, clients were grouped into four following sub-categories: clients who reported that they had received only business advice or coaching (26.1 percent); clients who reported that they had received more intensive training (38.0 percent); clients who reported that they had received *both* advice and training (18.9 percent "high intensity" clients); and, those who had reported that they had received neither (17.0 percent, "low intensity clients").

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<sup>9</sup> Based on t-test of independent sample means, estimated p-value of the difference between means > 0.10.

<sup>10</sup> Based on t-test of independent sample proportions, at a p-value < 0.001.



Table 2 reports the proportion of respondents in each grouping who agreed (4 or 5 on the 5-point scale) that each of the services had assisted in the manner specified. The findings illustrate that different client segments view strengths quite differently. In almost every case, the difference across intensity-of-contact categories differed to a statistically significant extent according to one-way analysis of variance. Clients who had availed themselves of both training and business advisory services view the WEI much more positively than clients who used fewer services. Of course, this may reflect that the clients who used the services more frequently in the first place did so because they saw them as useful.

Respondents generally rated export assistance low. It is not clear if the rating reflected a lack of intention to export or poor quality of export-related programming. The finding does, however, represent a potential opportunity. Program personnel might focus on the benefits of export trade such as stronger growth rates, higher profitability, better jobs in terms of quality, durability and specialization, and improved technological and commercial capabilities (Lefebvre and Lefebvre, 2000). Not surprisingly, high intensity training clients tended to rank training services higher than did the control group and low intensity clients. Somewhat surprisingly, clients who had received general (objective) business training ranked all programs higher than those who had received one-on-one (strategic) advisory services. One possible explanation is the perceived value of group interaction, networking, and interactive learning that may be involved in training forums. Compared to the responses from the control group, the WEI appears to have several strengths and weaknesses. A caveat with respect to interpreting this aspect of the analysis is that the data do not reveal the intensity of control group respondents' interactions with their service providers. However, it would appear that the WEI is rated more highly, to a statistically significant extent, on the following dimensions: better understand financial risks; improve operations management skills; expand the business; and, set the price of product / services. Conversely women in the control group rated the training services they had accessed higher than WEI on the following

dimensions: developing the business concept; improving strategic management skills; understanding the market; starting the business; and, accessing financing.

Evaluations by Growth Orientation (Established Firms). An additional breakdown of interest is whether or not the firms were growth-oriented. Accordingly, respondents were asked to respond to: “*During the next two years, is it your intention to expand the size or scope of your business?*” Two distinct client groupings were: (a) firm owners who are seeking growth; and (b) owners who are not growth oriented. *A priori*, it seems reasonable to expect that these two groupings of coaching and counselling clients would seek different types of services. The results of this analysis of the data are presented in Table 3. In this instance, analysis is limited to established firms for two reasons. First, growth at the start-up phase is conceptually different from expansion of established firms. Second, limiting analysis to established firms facilitates comparisons with the established firms in the control group. For comparative purposes, Table 4 outlines the responses of start-up operators.

**Table 2: Strengths and Weaknesses of WEI Training Services by Contact Intensity and Type of Service**

The services helped me to ...	Intensity of Client Relationship				Total	p-value§	Control Group	
	Low	Training	Counseling	High			Male	Female
Evaluate my skills as an entrepreneur	74.6%	83.1%	69.1%	89.8%	79.7%	<b>0.000</b>	78.0%	86.7%
Build my self confidence	64.7%	75.3%	68.4%	82.6%	73.6%	<b>0.003</b>	75.8%	84.8%
Better understand my financial risks	65.8%	67.2%	64.9%	80.5%***	68.9%	<b>0.014</b>	53.8%	53.7%
Improve my operations management skills	62.2%	69.3%	64.5%	76.2%*	68.5%	0.062	75.7%	69.1%
Develop the business concept	62.9%	71.6%	59.9%	73.1%	67.5%	<b>0.019</b>	84.1%	81.8%*
Identify opportunities for growth	56.4%	67.2%	52.8%	79.0%	64.9%	<b>0.000</b>	85.1%	76.5%
Improve my strategic management skills	55.4%	67.3%	53.8%	72.7%	63.6%	<b>0.001</b>	79.7%	86.3%* *
Understand my market	53.7%	64.9%	56.5%	72.4%	62.7%	<b>0.005</b>	75.8%	83.1%* *
Build my business contacts or network	57.6%	63.5%	45.7%	69.2%	59.4%	<b>0.000</b>	65.9%	69.2%
Expand my business	33.7%	37.2%	34.7%	51.3%***	38.8%	<b>0.017</b>	11.3%	15.0%
Start the business	31.6%	40.7%	24.3%	52.9%	37.9%	<b>0.000</b>	68.0%	61.6%* *
Improve my personal financial welfare	35.3%	32.0%	31.3%	39.1%	33.7%	0.507	60.7%	43.1%
Set the price of my product / service	34.6%	34.4%	31.0%	34.0%**	33.3%	0.898	18.2%	20.8%
Access financing	25.0%	24.1%	27.9%	35.0%	27.6%	0.179	49.1%	53.8%* *
Become better able to export	6.4%	18.5%	9.8%	18.3%*	14.5%	0.081	16.4%	8.7%

§p-value for one-way ANOVA of differences across intensity categories; boldface p-value indicates  $p < 0.05$ ; \* indicate significance of differences between female control group response and high-intensity WEI clients: \*= $p$ -value  $< 0.05$ ; \*\*= $p$ -value  $< 0.01$ ; \*\*\*= $p$ -value  $< 0.001$ .

**Table 3: WEI Training Services Ratings: Established Firms by Owners' Growth Intentions**

	WEI Established Firms			Control Group Established Firms		
	Growth Intention		p-value	Growth Intention		p-value
	No	Yes		No	Yes	
<b>The services helped me to ...</b>						
Evaluate my skills as an entrepreneur	72.7%	84.0%	0.204	76.3%	79.0%	0.753
Build my self confidence	60.0%	75.8%	0.139	68.2%	83.6%	<b>0.064</b>
Build my business contacts or network	57.9%	74.4%	0.135	65.8%	69.4%	0.714
Improve my operations management skills	71.4%	73.9%	0.814	84.4%	80.0%	0.557
Improve my strategic management skills	61.1%	73.5%	0.280	82.5%	80.0%	0.754
Identify opportunities for growth	60.0%	71.3%	0.311	73.8%	88.7%	<b>0.049</b>
Better understand my financial risks	33.3%	69.8%	<b>0.003</b>	60.5%	51.9%	0.415
Develop the business concept	50.0%	64.7%	0.232	69.2%	78.3%	0.313
Understand my market	65.0%	62.2%	0.811	78.0%	73.0%	0.567
Expand my business	37.5%	59.3%	0.103	48.7%	68.2%	<b>0.049</b>
Improve my personal financial welfare	29.4%	34.7%	0.674	56.4%	57.4%	0.925
Access financing	13.3%	26.6%	0.273	27.3%	19.6%	0.411
Start the business	0.0%	26.5%	<b>0.023</b>	12.9%	5.6%	0.241
Set the price of my product / service	21.4%	23.1%	0.892	66.7%	33.3%	<b>0.001</b>
Become better able to export	0.0%	13.8%	0.215	11.1%	4.9%	0.343

**Table 4: Training Services Ratings: Start-up Firms**

<b>The services helped me to ...</b>	<b>WEI Start-Up Clients</b>	<b>Control Group Respondents</b>
Build my self confidence	89.7%	93.9%
Evaluate my skills as an entrepreneur	88.3%	87.1%
Develop the business concept	81.8%	82.8%
<b>Better understand my financial risks***</b>	81.6%	53.6%
Understand my market	80.8%	81.3%
Identify opportunities for growth	76.2%	78.8%
Improve my operations management skills	73.9%	80.6%
<b>Improve my strategic management skills**</b>	63.5%	86.7%
Build my business contacts or network	63.3%	70.0%
<b>Start the business**</b>	62.2%	36.0%
Access financing	50.0%	33.3%
<b>Expand my business***</b>	42.1%	79.3%
<b>Improve my personal financial welfare**</b>	31.8%	58.3%
Set the price of my product / service	30.2%	50.0%
Become better able to export	26.3%	30.0%

In general, the ratings of service outcomes by growth-oriented WEI clients appear to exceed the rating provided by clients that reported no growth intention. However, the differences were not, in general, statistically significant. On only two dimensions (financial risk assessment, start-up assistance) was the difference significant. Moreover, the ratings afforded by growth-oriented WEI clients did not differ significantly from those reported by control group respondents. It is interesting that within the control group, ratings differed significantly on four dimensions. The disparities in terms of how these various groupings of clients see WEI's strengths and weaknesses indicate that there may be multiple distinct market segments with diverging needs. Start-ups, growth-oriented, and established businesses need different types of training and coaching or business advice. Likewise, firms that are not seeking growth face different issues than firms that are growth-oriented. There does not appear to be a "one-size-fits-all" formula with respect to advisory services. To the extent that this holds true, programming would ideally be designed to suit differing sets of needs.

### **Loan Client Outcomes**

This section describes the role of the financing services in terms of how the program enabled the expansion or survival of firms;<sup>11</sup> and, the extent to which the loans preserved jobs or facilitated additional employment. In assessing effectiveness of interventions such as the WEI, it is important to gauge the extent to which the initiative provides value added that is incremental to that "which is already available". This involves measuring various elements of economic impact and then adjusting these to reflect estimates of what would have happened with the absence of the program. This is a challenge because it calls for the researcher to be able to identify the so-called "counterfactual" that which would

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<sup>11</sup> Accordingly, the results presented here will systematically understate the impact, as this work does not estimate indirect effects, such as leveraging of funds associated with the WEI loans. The extent of such leveraging was not available to the research team for the sample respondents whose experiences are reported here.

have happened if the existing program did not exist. Accordingly, several approaches were used to assess the level of incrementality.

Firm Expansion: Among loan clients, 65 percent had expressed the intention to pursue the growth of their businesses. The 139 business owners who expressed this intention also had a track record of business expansion. They had achieved average sales increases over last three years of 220 percent (median of 82 percent). Over the next two years, they are seeking to increase sales by an average of 90 percent (median of 75 percent). This corresponds to an increase in sales that averages \$197,000. Usually, they perceived growth in terms of expansion of lines of business or geographical expansion. Financing is required to support both forms of growth. They used the proceeds of the WEI loans accordingly, to acquire assets for the business, finance working capital, marketing and promotion, and product innovation. Loans facilitated growth by allowing firms to expand lines of business (60 to 70 percent of cases); expand markets (40 to 70 percent of cases); and create jobs (25 to 40 percent of cases). The loans also allowed substantial business development across the various stages of growth. The loans also helped 56 percent of respondents to develop a relationship with a commercial lending institution.

In addition, WEI loans saved firms from failure in approximately 33 percent of cases. (This finding relates to respondents' level of agreement with the question: "Because of the loan, the business was saved from failure".) It follows that, broadly speaking, loans were used for two purposes: to forestall failure and to enable growth. As a result, jobs were both created and retained. WEI business loans helped generate jobs in two groups of firms: those that were new when the loan was received and those that had been established at the time of the loan. One-third of WEI loan recipients were new firms at the time of the loan. WEI loans to these firms were therefore involved in the start-up of these businesses. These firms currently employ an average of approximately 2.1 full-time equivalent employees. Extrapolation of these results to the population of 539 loans corresponds to the addition of 373 full-time jobs. In addition, 25 percent of established firms reported hiring additional employees

associated with the loans. Assuming, conservatively, that each of these firms hired one employee, and extrapolating these results to the 539-firm population corresponds to creation of an additional 89 full-time equivalent jobs. Finally, 33 percent of firms were saved from failure by the WEI loan. Based on their current employment levels (average of 1.88 persons for those firms that were rescued) and extrapolating to the 539-firm loan population results in an estimate of 335 full-time jobs retained.

In addition, the growth and development of the firms provided additional contributions to economic welfare through direct and indirect contributions to the tax base. This includes additional corporate income (and other) taxes based on expanded levels of sales, tax payments by additional employees, and the ripple effect of higher levels of purchases. Overall, the 539 loans that WEI agencies have advanced businesses have been associated with the creation/retention of an estimated 797 full-time-equivalent jobs (an average of 1.48 jobs per loan) and helped facilitate expansion of the corporate and GST tax base in Western Canada. This estimate, together with internal WEI data allows the calculation of the maximum cost per job through the WEI lending program.

These figures compares favourably (in terms of jobs per dollar of loan) with the job creation / retention rate of 2.8 jobs per loan to young firms associated with the more restrictive and larger-scale federal Small Business Loans Act / Canada Small Business Financing Act (SBLA/CSBFA).<sup>12</sup> The loans program appears to operate at a level of incrementality of approximately 60 percent, again commensurate with that of the more restrictive SBLA/CSBFA. Moreover, additional levels of sales and profits associated with growth and recovery of client firms contribute substantively to the tax base.<sup>13</sup>

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<sup>12</sup> Evaluating the impact of Canada's (then) Small Business Lending Act, Haines and Riding (2001) calculate the estimated cost of job creation ranges from \$1,000 per job for small loans to \$3,000 per job for larger loans.

<sup>13</sup> In a review of the University of Calgary's Venture Development Program (also located in Western Canada), Chrisman (1997, p. 67) reports an average growth for clients of 14.4 per cent per firm (3.91 employees), an adjusted rate of growth of 10.7 percent taking into account overall growth in Alberta ( 3.91 employees) and overall impact of 1.23 jobs per firm when value of the service is factored into the estimate. That is, "about one-third of the actual jobs created – might be attributed to the service provide".



Estimate of incrementality. The Conference Board of Canada (2002) reported on a comparison of attempts to measure the incrementality (“additionality” in the UK and Europe) of loan guarantee programs. Their primary conclusion was that best practices were those that employed multiple lines of inquiry. Accordingly, survey respondents were posed several different questions that each sought to assess the degree to which the WEI loan was “incremental”, or “additional”, to lending that was otherwise available. The overall measurement of loan incrementality was based on an informal triangulation of the responses.

First, loan recipients were asked: “If the loan had not been available, would you have been able to start or continue to operate your business?”<sup>14</sup> On the basis of the responses, a level of incrementality of at least 53 percent was suggested with a maximum of 78.6 percent (depending on the breadth of definition of the term). To further evaluate incrementality, respondents were also asked, “At the time you took the loan, what other sources of financing do you think would have provided the funds you needed?” More than 46 percent of respondents could not identify an alternative source of capital. This presents a second measure of the minimum level of incrementality inherent in the WEI loans. A third approach to measuring incrementality was obtained by asking respondents’ opinions about their ability to borrow. The question was “Would you have received the additional funds if the loan had not been available?” Approximately 62 percent of respondents had not borrowed elsewhere and between 33 and 59 percent believed they would have obtained financing without the WEI loan.

In yet another attempt to measure incrementality, respondents were asked, “In what respects would you say that <name of WEI agency in province> differs from other lenders in relation to your business?” The most frequently cited differences between WEI and other lenders related to the personal service and advice provided to the WEI loan clients. The next most frequently-mentioned aspects of

WEI loans were financial aspects of the loan, cited by 26.7 percent of respondents. Among these respondents, more than half the comments referred to the (relatively less onerous) terms of lending (e.g. collateral requirements, fees structure). Eighteen percent of loan recipients indicated that WEI being a women's organization was the primary factor motivating their decision. Advisory services were a secondary motive, cited by only 4.9 percent of respondents. Collectively, more than 50 percent of respondents perceive the WEI as different from other lenders. This was also reflected in the responses to an open-ended question that asked respondents to specify why they had accepted the loan from the WEI. A minority of business owners mentioned the availability of WEI training and business advisory services as a rationale for borrowing from the WEI. This might be because training and advisory services are available from the WEI whether or not the client is also a borrowing client. However, this may also reflect that borrowers may find the relationship between themselves and the WEI ambiguous: on the one hand, WEI would be providing advice and assistance; on the other hand WEI would also be conducting loan oversight. This duality might create a tension that some business owners might find uncomfortable.

Clearly, measuring incrementality is not an exact science; however, assessment of the combination of the measures reported above suggests a level of incrementality of at least 55 percent.

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<sup>14</sup> One in ten (9.3 percent) indicated they could have raised funds elsewhere without material delay while one in four (25.4 percent) could have raised funds elsewhere but with material delay. About half (3.2 percent of loan recipients) indicated that the loan was incremental: 41.0 percent believed that they could not have raised the funds while 12.2 percent indicated that they would have been able to raise smaller amount. Twelve percent could not respond or did not know.

## Summary and Discussion

These results reported here document the economic impacts of a gender-specific SME training and lending programs. The survival rate of WEI clients appears higher than the norm for the Western Canadian small business population and incremental economic benefits were identified. By combining the incremental economic impacts reported here with internal information regarding the cost of supporting the programs, policy makers would be able to use these results arrive at a clear quantitative assessment of the economic cost/benefit ratio of the program.

Subject to the internal cost data, the results suggest that the program helps to fill the experience gap that limits women-owned firms from growing as fast as those owned by men. Furthermore, access to WEI's loans program is not only a financing opportunity. The availability of advisory services to complement the lending may offset the personal and external barriers that lead to business failure. The loans also provide the WEI agencies with a "foot in the door" to provide training.

Overall, it was found that the WEI was more effective in helping early-stage firms than established firms that were seeking to expand. Therefore, future program development needs to focus on servicing these distinct client groups: start-ups, growth-oriented businesses, and established but non-growth oriented business owners. Of particular interest are those business owners that seek growth. Related research suggests that, on average, women business owners are less likely to express a growth intention (Orser and Hogarth-Scott, 2002). Specific program attributes that complement owners' interests include improving strategic management skills, identifying opportunities for growth and becoming better able to export.<sup>15</sup> To accomplish the latter requires stronger organizational alliances

<sup>15</sup> For example, while approximately 10.6 percent of all Canadian SMEs export (Industry Canada, 2002), 18.3 percent of "high intensity" and 14.0 percent of "growth-orientated" WEI clients seek export assistance.

with export associations, the Department of International Trade Canada, post-secondary institutions and other government agencies that support advanced business practices.

The analysis of program strengths and weaknesses between the control group of business owners hints at gender differences in the perceived value of program attributes. It is not clear why women business owners rank *intrinsic* outcomes such as “evaluate my skills as an entrepreneurs” and “build self-confidence” higher while male business owners who rank *extrinsic* factors relatively higher (e.g., “improve my strategic management skills” and “identify opportunities for growth”). A second explanation is that women business owners (and trainers) are not fully aware of the benefits of firm growth, benefits such as preferred terms of credit, added-value to customers (e.g. breadth of product lines), employer of choice for quality employees, increased remuneration and the ability to delegate to others to maintain more control of personal time.

Given the increasing incidence of women in business ownership, the results support the importance of: (a) discussing the psychological aspects of firm growth; (b) ensuring that all SME training programs facilitate access to growth-orientated female role models and male/female business mentors; and (c) ensuring trainers are competent to advise growth-oriented business owners (e.g. versed in advanced financial management, exporting, strategic alliances provincial/federal employment legislation). It is also important that SME training agencies and policy makers be better informed about the economic importance of women business owners and the personal, individual, institutional, and organizational factors that potentially influence women business owners and their firms.

How do the WEI evaluation findings compare to reports about best practices for women entrepreneurs? Perhaps the approach described here might be usefully employed, and improved upon, in order to better document “best practices”. This evaluation supports The National Women’s Business Council (2004) assertion about the “need of research including fact-based information to drive program

design". Such research would make the business case and resolve arguments about the economic benefits of targeted programming in general and gender-based programs in particular.

In terms of program attributes, these results concur with the Institute for Small Business Research (2002) that suggests value in modular programs that provide both basic and advanced information. It also appears that group- and individual-based measures that include information about entrepreneurship development, business skills, and post-start-up support have value. However, in the context of the WEI study, further program development of advisory services targeted to growth oriented women business owners may be required. Training agencies are encouraged to review their program strengths and weaknesses, with special attention to those services targeted at growth oriented women business owners. Finally, the WEI results support the merit of programs that provide access to credit for women business owners, a request noted by all three of the "best practice" documents reviewed.

Further research is required to understand why anecdotal evidence suggests that women business owners are underrepresented in federal SME support programs. This study lends support to reporting on the participation by equity groups in all SME programs. The absence of such information impedes the development of policies that serve women-business owners. Senior policy makers are encouraged to develop strategies to address potential differences in the development and support needs of women business owners. A first step is to determine the level of participation of women in existing programs. A "gender-sensitive" assessment of existing programs and services might consider the following questions. Do existing policies assume that male and female business owners have identical or different needs? Are delivery agencies aware, sympathetic and responsive to potential gender differences of clients (e.g. being taken seriously, lack of management experience, growth aspirations)? Are senior personnel involved in creating response strategies to assist the growth of women-owned firms or is the job of championing change? Is the objective of supporting the growth of women-owned firms a component of federal economic development strategy? Alternatively, is support to women business

owners provided through periodic or one-off initiatives? Change also requires senior policy makers' accountability for the participation of women in SME training programs. The outcome of such an assessment is to help ensure consistent or institutionalized support to developing the entrepreneurial capacity of women business owners.

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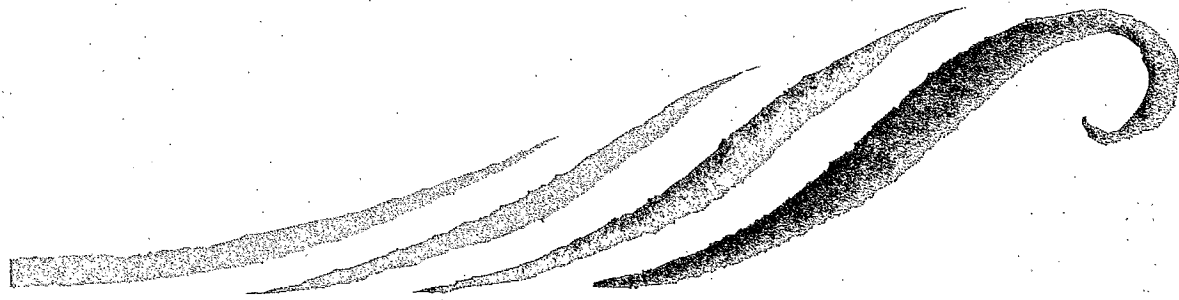
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# OECD Accelerating Women's Entrepreneurship Forum

Istanbul, Turkey

Ceylan Inter-Continental Hotel

5-7 June 2004

## PROGRAMME

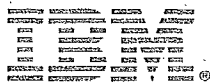
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## CALENDAR OF ALL OECD EVENTS IN ISTANBUL

Overview of the OECD Business Symposium, Global Marketplace, Ministerial, and Accelerating Women's Entrepreneurship Forum

Thursday, 3 June to Friday, 4 June	9:00 to 18:30	<p>A Business Symposium on the theme "SMEs Competing in a Knowledge Economy" will be held back-to-back with the Ministerial Conference, on 3 June. The main topics of the Business Symposium (which will have only plenary sessions) will be: Access to Knowledge, Knowledge Capital, and Implementing Technological Innovation. The Symposium will offer business organisations and individual firms (both small and large) the opportunity to strengthen their co-operation at the international level and to influence government policies and the international agenda for SMEs. Representatives of international organisations will also be invited to participate in the Business Symposium.</p> <p><b>If desired, women entrepreneurial delegates can participate in the Business Symposium.</b></p> <p>The conclusions from the discussions held during the Business Symposium will be brought forward as recommendations to Ministers on the morning of 4 June during a Joint Session of Ministers and Business Representatives, the first plenary session of the Ministerial Meeting.</p>
Thursday, 3 June to Sunday, 6 June	All Day, Each Day	<p><b>Global Marketplace</b>—Innovative, knowledge-based businesses will exhibit their products and services.</p>
	All Day, Each Day	<p><b>BtoB</b>—An opportunity to participate in informal business-to-business (BtoB) meetings.</p>
Friday, 4 June to Saturday, 5 June	8:30 to 18:00 on Friday, and 8:30 to 13:30 on Saturday	<p><b>OECD SME Ministerial Conference</b>—Note that security will be very tight. Only members of official national delegations and representatives from international organizations that the OECD has accredited (e.g., United Nations agencies, the World Bank) will be able to attend this event). A panel of particular interest re: Fostering Women's Entrepreneurship will take place on Friday, 4 June between 16:45 and 18:00. Only credentialed delegates may attend the Ministerial.</p>
Saturday, 5 June to Monday, 7 June	See Programme for Details	<p><b>Accelerating Women's Entrepreneurship Forum</b>—Opportunity to share strategies and best practices, and to participate in expert roundtables, mentoring, and training on key issues concerning women's entrepreneurship.</p>

# PROGRAMME

Accelerating Women's Entrepreneurship AN EXPERTS FORUM FOR SHARING BEST PRACTICES GLOBALLY

**SATURDAY, 5 JUNE** Best Practices Exchanges

14:30 – 15:45

*Room*  
*Marmara*  
*Floor P*

*Roundtable Room*  
*Anadolu*  
*Floor P*

## PARALLEL WORKSHOP 1—RESEARCH, DATA AND STATISTICS

**Moderated Panel**—Moderated by Julie R. Weeks, Executive Director, National Women's Business Council (NWBC), and former Research Director, Center for Women's Business Research (USA)

- Mr. Andreas Lindner—Statistics Directorate, OECD
- Mr. Rob van der Horst—European Observatory for SMEs
- Julie R. Weeks—The North American Perspective (USA)
- Professor Raymond Bethoux—The French Perspective (France)
- Dr. Gina Zabludovsky—The Perspective from Latin America (Mexico)
- Gerry Finnegan, WEDGE Program, International Labour Organisation (ILO)—The Developing Economies Perspective
- Annette St-Onge, Chair, International Council for Small Business (ICSB) Women in Business Special Interest Group—Assessing an Enabling Environment for Women's Entrepreneurship in Africa (Canada)

**Questions, Answers and Dialogue**

14:30 – 15:45

*Room*  
*Bosphorus I*  
*Floor P*

*Roundtable Room*  
*Bosphorus I*  
*Floor P*

## PARALLEL WORKSHOP 2—FINANCE

**Moderated Panel**—Moderated by Dr. Barbara Orser, Carleton University (Canada)

- Amanda Ellis, World Bank, formerly head of Westpac Bank's Women in Business Program in Australia and New Zealand, on behalf of the Global Banking Alliance for Women—Best Practice Bank Programs in 5 Countries (New Zealand)
- Leila Mokaddem, head, Women in Business Initiative, African Development Bank
- Ana Gomez-Plaza, Treasurer FEMENP and Member FEM, Access to Finance in Spain (Spain)
- Dr. Barbara Orser—Gender Differences in the Capitalization of Canadian Firms (Canada)
- Sue Preston, Entrepreneur in Residence, the Kauffman Foundation, and President, Seraph Capital Forum—Financing Growth in Women-Owned Businesses (USA)
- Robin Chase, founder, ZipCar—Springboard Enterprises' Venture Capital Forums for Women Entrepreneurs (USA)

**Questions, Answers and Dialogue**

15:45 – 17:00

*Room*  
*See Above*

**EXPERT ROUNDTABLE DISCUSSIONS OVER COFFEE**—Organised by issue and language groupings, with a Moderator and Rapporteur for each Roundtable (Research and Finance participants will continue their workshop dialogues)

**SATURDAY, 5 JUNE** Best Practices Exchanges (Continued)

17:00 – 19:00

Room  
Bosphorus II  
Floor P**OPENING PLENARY SESSION**

**Welcome by Forum Co-Chair:** Meltem Kurtsan, President, Kagider Association of Women Entrepreneurs (Turkey)

**Official OECD Welcome and Report from the Ministerial:** Dr. Herwig Schlögl, OECD Deputy Secretary General

**Welcome by the Turkish Ambassador to the OECD:** Sencar Ozsoy

**Welcome by Forum Co-Chair:** Virginia Littlejohn, CEO of Project Tsunami, and Senior Advisor to the OECD for Women's Entrepreneurship—Objectives of the Forum (USA)

**Welcome by IBM Diamond Sponsor:** Virginie Harris, Worldwide Integrated Marketing Communications Executive for Small and Medium Business—Technology as An Entrepreneurial Enabler and Catalyst for Business Growth (Australia)

**Keynote Address:** Melanie Sabelhaus, Deputy Administrator, US Small Business Administration—Government's Role in Fostering Women's Entrepreneurship and Facilitating Public-Private Partnerships (USA)

**Fast-Tracking Women's Entrepreneurship:** Yen Shien Shih, Vice Minister of Economy—Free and Young Program (Chinese Taipei)

**The Role of Research in Creating Policies, Programmes, and Credibility:**

- Lois Stevenson, Past President, International Council for Small Business (ICSB)—Multi-country Research on Policies and Programmes re: Women Entrepreneurs (Canada)
- Amanda Ellis, World Bank—Doing Business in 2004, an international comparison of regulatory barriers, and how gender is incorporated into their analysis
- Dina Ionescu, women's economic development consultant, and former head of the OECD's LEED women entrepreneurial programme—Research, Policy Making, and a Methodology for Capacity Building: A roadmap for encouraging decision-makers to introduce women entrepreneurial programmes in their development policies (Switzerland)

**The Role of Foundations in Fostering Women's Entrepreneurship:** Jonathan Ortmans—The Kauffman Foundation Experience (USA and UK)

**Questions, Answers and Dialogue**

**Closing Remarks:** Meltem Kurtsan (Turkey)

19:30 – 22:00

**OECD NETWORKING RECEPTION AT CIRAGAN PALACE KEMPINSKI**  
(for credentialed Ministerial Conference participants only)

**SMALL GROUP DINNERS** (participants will make their own plans, from among suggested restaurants)

**SUNDAY, 6 JUNE****Best Practices Exchanges**

9:30 – 11:00

*Room  
Bosphorus II  
Floor P*

**PLENARY SESSION AND BEST PRACTICES EXCHANGE**

**Horizon Speaker:** Marilyn Carlson Nelson, Chairman, Carlson Companies Inc.; Chair, National Women's Business Council; and Co-Chair, Davos World Economic Forum, 2004—Strategies for Getting Women's Entrepreneurship onto the National and Global Agendas (USA)

**Three Decades of Case Studies, Best Practices and Lessons Learned in the USA:** Moderated by Julie R. Weeks, Executive Director, the National Women's Business Council (NWBC)

- Julie R. Weeks, NWBC—Best Practices Handbook; Handbook of Public Policy History of Women's Entrepreneurship in the US; and overview of the key forces that have catalyzed women's entrepreneurship in the US
- Julie R. Weeks, NWBC, and Marsha Firestone, President, Women Presidents' Organization (WPO) and representing the Center for Women's Business Research—The Role of Research
- Terry Neese, President, Women Impacting Public Policy (WIPP), and Past President of the National Association of Women Business Owners (NAWBO)—The Role of Associations, Advocacy and Constituency Building
- Ann Marie Almeida, President, Association of Women's Business Centers (AWBC); and Marsha Firestone, Women Presidents' Organization—Entrepreneurial Education and Training
- Sue Preston, Entrepreneur in Residence, the Kauffman Foundation, and President, Seraph Capital Forum, and Joan Kerr, Executive Director, Supplier Diversity, SBC Communications—The Catalytic Roles Played by Foundations and Corporations
- Julie Weeks, NWBC, discussing microcredit, and government and bank programs; Sue Preston, Kauffman Foundation Entrepreneur in Residence, discussing angel investments; and Robin Chase, Springboard Enterprises, discussing venture capital—Access to Capital
- Susan Bari, President, Women's Business Enterprise National Council (WBENC)—Access to Corporate Markets
- Terry Neese (WIPP)—Access to Government Markets

**Remarks by the Turkish Minister of Industry:** Ali Coskun

**Questions, Answers and Dialogue**

11:00 – 11:30

**COFFEE BREAK**

11:30 – 13:00

*Room  
Marmara  
Floor P*

**PARALLEL WORKSHOP 3—INTERNATIONAL MARKETS AND NETWORKS**

**Horizon Speaker:** Cristina Semiao, IBM—eBusiness and Digital Trade in Services (Portugal)

**Moderated Panel—**Moderated by Andrina Lever, President, Lever Enterprises (Canada)

- Leyla Khaiat, World President, Les Femmes Chefs d'Entreprises Mondiales (FCEM) (Tunisia)
- Glenda Napier—IKED Programme in Sweden (Denmark)
- Danièle Rousseau, President, Dirigeantes (France)
- Amy Ryan, Department of Commerce (USA)
- Leila Mokaddem, African Development Bank
- Shade Young (Nigeria)

**Questions, Answers and Dialogue**

*Roundtable Room  
Anadolu  
Floor P*

**SUNDAY, 6 JUNE**

Best Practices Exchanges (Continued)

11:30 – 13:00

Room  
Bosphorus I  
Floor P

Roundtable Room  
Bosphorus I  
Floor P

**PARALLEL WORKSHOP 4—ENTREPRENEURIAL TRAINING**

**Moderated Panel**—Moderated by Jackie Brierton, consultant for creation of the UK's Strategic Framework on Women's Enterprise (UK)

- Erika Junglewitz, Vice-President, FEMENP, and Member and Executive Board of FEM—Entrepreneurial Education and Training in Spain (Spain)
- Nur Ger, Board Member, Kagider—Turkish Best Practices (Turkey)
- Dr. Jasmine Yang, National Youth Commission—Free and Young Program (Chinese Taipei)
- Patricia O'Conner, Beauty without Borders/Kabul Beauty School in Afghanistan (UK and USA)
- Emmy B. Simmons, Assistant Administrator for Economic Growth, Agriculture and Trade, USAID (USA)
- US Models:
  - Susan Duffy, George Washington University—Women's Entrepreneurial Leadership Program for undergraduates
  - Ann Marie Almeida, President, AWBC—Women's Business Centers
  - Marsha Firestone, President, Women Presidents' Organization—Peer-to-Peer Networking and Mentoring for Growth-Oriented Companies

Questions, Answers and Dialogue

13:00 – 14:30

Room  
Citronelle  
Floor N

**SMALL LUNCHEON CONVERSATION ON HIGH-GROWTH WOMEN ENTREPRENEURS** (invitation only, in English)

13:00 – 14:30

Room  
Anadolu  
Floor P

**EXPERT ROUNDTABLE LUNCHEON DISCUSSIONS**—Organised by issue and language, with a Moderator and Rapporteur for each Roundtable. (International Markets and Network panellists and Entrepreneurial Training panellists may wish to continue their workshop dialogues over lunch if they are not participating in the High-Growth Luncheon.)

14:30 – 16:00

Room  
Bosphorus II  
Floor P

**PLENARY SESSION—ACCESS TO CORPORATE MARKETS**

**Moderated Panel**—Moderated by Susan Bari, President, Women's Business Enterprise National Council (WBENC) (USA)

- Joan Kerr, Executive Director, Supplier Diversity Program, SBC Communications, and Chair of WBENC (USA)
- Javette Jenkins, Program Director, Global Supplier Diversity, IBM—Integrated Supply Chain (USA)
- Pam Farmer, HR Manager - Equality and Diversity, British Telecom—Migration Policy Group's European Supplier Diversity Project (UK)
- Carmen Castillo, President, Superior Design International, Inc. (SDI)—Vendor Management (Spain and USA)
- Himanshu (Sue) Bhatia, CEO, Rose International, a certified women's business enterprise (WBE) (USA and India)
- Lorraine Ruffing, former Head, UNCTAD's Enterprise Development Branch Division on Investment, Technology and Enterprise Development (France)

Questions, Answers and Dialogue

16:00 – 16:15

**COFFEE BREAK**

**SUNDAY, 6 JUNE****Best Practices Exchanges (Continued)**

16:15 – 19:00

*Room  
Bosphorus II  
Floor P***PLENARY SESSION—BEST PRACTICES EXCHANGE**—Moderated by Elena Nielsen, EU Enterprise Directorate/Women Entrepreneurs**Canadian Best Practices**

- Andrina Lever, Private Sector Consultant to the Parliamentary Task Force; and Past President, Women Entrepreneurs of Canada—The Canadian Prime Minister's Parliamentary Task Force on Women's Entrepreneurship, and The Canadian Best Practices Handbook (Canada)
- Dr. Barbara Orser, Carleton University—The Canadian Women's Enterprise Initiative (Canada)

**UK Strategic Framework for Women's Enterprise**

- Jackie Brierton, consultant for creation of the Strategic Framework (UK)

**Women Entrepreneurial Best Practices Methodologies and Initiatives in the European Union**

- Elena Nielsen, EU
- Professor Cosima Schmauch, University of Applied Science in Karlsruhe—Online Course for Women Entrepreneur Start-ups (Germany)
- Dinah Bennett, Women in the Network (UK)
- Christine Van Nuffel, The Flying Entrepreneur (Belgium)

**Swedish Best Practices (Nutek)**

- Marianne Karlberg, Swedish Business Development Agency (Sweden)
- Margareta Erikson and Cecilia Boström, Regional Projects (Sweden)

**Questions, Answers and Dialogue**

19:00 – 20:00

*Room  
Citronelle  
Floor N***NETWORKING RECEPTION****SMALL GROUP DINNERS** (on your own, from suggested restaurants)

**MONDAY, 7 JUNE** Strengthening NGOs and Advocacy, and Implementing Action Plans

9:30 – 10:45

*Room  
Dolmabahçe  
II and III  
Floor R*

**PLENARY SESSION—STRATEGIES FOR WOMEN ENTREPRENEURIAL NGO PROGRAMS TO OBTAIN FUNDING**

**Moderated Panel**—Moderated by Gerry Finnegan, WEDGE Program, International Labour Organisation

- Camelia Bulat, Manager, Center for International Private Enterprise (CIPE) (Rumania)
- Sue Preston, Entrepreneur in Residence, the Kauffman Foundation, and President, Seraph Capital Forum—The Foundation Perspective (USA)
- Joan Kerr, Executive Director, Supplier Diversity, SBC Communications, The Corporate Perspective (USA)
- Erika Watson, Executive Director, Prowess—The NGO Perspective (UK)
- Umit Boyner, Vice President, Kagider—Kagider's Women's Fund Project (Turkey)

**Questions, Answers and Dialogue**

10:45 – 11:15

**COFFEE BREAK**

11:15 – 12:30

*Room  
Dolmabahçe  
II and III  
Floor R*

**PLENARY SESSION—CAPACITY BUILDING, CONSTITUENCY BUILDING AND ADVOCACY**

**Moderated Panel**—Moderated by Barbara Kasoff, Chief Operating Officer, Women Impacting Public Policy (WIPP) (USA)

- Dr. Leyla Khaiat, World President, Les Femmes Chefs d'Entreprises Mondiales (FCEM) (Tunisia)
- Terry Neese, President, WIPP (USA)
- Dr. Isabella Moore, President of the British Chambers of Commerce; Vice President of Eurochambres; and President of the Eurochambres Women Network (UK)
- Ewa Riminska-Zimny, Senior Social Affairs Officer, Office of the Executive Secretary, UN Economic Commission for Europe
- Camelia Bulat, Manager, Center for International Private Enterprise (CIPE) (Rumania)
- Marta Turk, President, Association of Slovenian Entrepreneurs (Slovenia)
- Amanda Ellis, the World Bank—The Database and Capacity Building
- Leila Mokaddem, African Development Bank, Capacity Building for Women NGOs, including the use of ICTs

**Questions, Answers and Dialogue**

12:30 – 13:30

*Room  
Dolmabahçe  
II and III  
Floor R*

**CLOSING PLENARY SESSION**

**Conclusions and Recommendations**—Presentations by the Issue Moderators

**Planning Next Steps, Implementation Strategies, Methodologies, and Toolkit for Change**—Andrina Lever, Consultant for the Canadian Prime Minister's Parliamentary Task Force on Women's Entrepreneurship (Canada); and Julie Weeks, NWBC (USA)

**Concluding Remarks from the OECD**—Sergio Arzeni, Head, Local Economic and Employment Development (LEED) Programme

**Concluding Remarks from the Forum Co-Chairs**

- Meltem Kurtsan, President, Kagider Association (Turkey)
- Virginia Littlejohn, Project Tsunami (USA)

14:30 – 15:30  
*Room Anadolu  
Floor P*

**PRESS CONFERENCE**



**The Wave**

June, 2004 eNewsletter

Volume 2, Number 6

## Road from Istanbul An Integrated Approach to Finance and Training Is Needed



A few of the delegates at the Women's Entrepreneurship Forum after a particularly high-energy plenary session.

This is the first of 6 issues of *The Wave* about outcomes from the OECD's "Accelerating Women's Entrepreneurship Forum" in Istanbul on June 5-7, co-chaired by Tsunami's CEO. Five issues will address specific themes, and the sixth will recommend a global action agenda.

This *Wave* addresses the related issues of Finance and Training. Our thanks to Lorraine Ruffing, rapporteur for both workshops, for her notes which enabled the writing of this *Wave*.

### Access to Finance

Panellists discussed the need for policies and programs to address market failures that can make it difficult for women to obtain loans and/or equity capital. Five presentations concerned innovative programs that worked with suppliers of finance (banks, angels, venture capitalists), or demanders of capital (women

technical assistance and business development services (BDS) are necessary, and will decrease the perceived risks.

FEMENP, composed of 23 organizations with 7,000 members, provides financing, information and training, including business plan development.

As part of its financing programs, ADB stresses capacity building and networking among BDS providers, women entrepreneurs and their associations. ADB has worked with the International Labor Organization's (ILO) WEDGE program to strengthen women entrepreneurial associations, and the ADB is monitoring the performance of women's enterprises.

**Amanda Ellis** was the first Chair of the Global Banking Alliance for Women (GBAW)—an initiative of 5 banks in Australia, Canada, Ireland and the US—that grew out of a



**Dr. Herwig Schlögl**, Deputy Secretary General of the OECD, addressing the delegates in the opening plenary.

### About Tsunami

Project Tsunami, Incorporated ([www.projecttsunami.org](http://www.projecttsunami.org)), is a non-profit corporation based in the United States that is a global accelerator for women's entrepreneurship. It was designed to help create a tidal wave of economic opportunities in the US and abroad, by identifying and connecting key women entrepreneurial leaders, facilitating the sharing of best practices across countries, and helping to link effective programs with resources. It uses 21st Century technology to make a clearinghouse of resources and best practices available to its powerful global network of leaders and multipliers, who then disseminate this information widely to their members and stakeholders. The organization began its work with a major seed grant from the Kauffman Foundation, which funds innovative programs that foster entrepreneurship. IBM is a Diamond Sponsor.

Tsunami is an outgrowth of two major international conferences on women-owned small and medium enterprises put on by the Organization for Economic Cooperation and Development (OECD) in Paris in 1997 and 2000, for which Tsunami's CEO Virginia Littlejohn served as Senior Advisor. Project Tsunami influences research, policies, programs and practices that

entrepreneurs).

To solve supply-side problems, panellists recommended sensitizing providers of capital to women entrepreneurial needs, and training them in how to deal with this clientele. To facilitate access to capital, panellists felt that it was necessary to make women's enterprises more "bankable" by decreasing the perceived risks to lenders and investors through training.

Two speakers (Ana Gomez-Plaza of FEMENP in Spain, and Leila Mokaddem of the African Development Bank, or ADB) stressed the importance of an integrated approach. To help women in both accessing finance and putting it to good use,

previous OECD conference. Member banks share best practices and sensitize and train bankers in how to service the women entrepreneurial market. She is now at the World Bank, where she hopes to leverage GBAW learnings to ensure that mainstream commercial financial institutions better meet women's needs.

Two speakers addressed equity capital. Sue Preston, with the **Kauffman Foundation in the US**, spoke about financing from angels, seed funds, venture capitalists and corporate investors. To date, US women entrepreneurs receive only a small fraction of equity funding. She recommended forming "angel organizations" to educate women on becoming angel investors.  
(continued)

expand the WE sector by concentrating on 6 core strategies:

- 1) WE research, data and statistics;
- 2) Entrepreneurial education and training;
- 3) Access to finance;
- 4) Access to networks and to corporate, government and international markets;
- 5) Technology as an entrepreneurial enabler; and
- 6) Constituency building and advocacy.

We are also analyzing how these areas impact growth-oriented women entrepreneurs.

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