

Summary of “Closing the gender gap: identifying women’s exporting success using firm-level data for Canada”, a presentation at the WTO World Trade Congress on Gender (December 2022)

A note to readers

This is a summary of a presentation given by Julia Sekkel, Economist (Global Affairs Canada) to the [World Trade Congress on Gender](#) in December 2022. Ms. Sekkel co-authored a research chapter on the topic with Weimin Wang, Senior Research Economist (Statistics Canada), which will be published by the WTO in a book on women and trade (forthcoming); a link to the book will be shared here when it is published.

Motivation

Canada’s inclusive approach to trade recognizes that trade is not gender neutral. Because women and men—both as entrepreneurs or workers—are not equally represented in all sectors of the economy, international trade has different effects on sectors and therefore on gender. Understanding these different gender impacts of trade is paramount in guiding policy decisions aimed at creating opportunities for all groups of the society to benefit from trade.

In Canada, statistics from [Statistics Canada’s 2017 Survey of Finance and Growth of Small and Medium Enterprises](#) (SMEs) show that, despite having characteristics that are often associated with lower export activity, women-owned SMEs managed to almost close the gender gap in export participation. The survey includes over 9,000 SMEs and is nationally representative.

Motivated by these results, Sekkel and Wang (forthcoming) examine the role of gender in the export participation of Canadian SMEs, and identify specific characteristics and business activities of women-owned SMEs that are associated with a higher probability of exporting (i.e. export propensity) and with exporting a higher share of revenues (i.e. export intensity). This study provides, for the first time, empirical evidence of the benefits of e-commerce and innovation for the internationalization of women-owned SMEs, and identifies the importance of education and managerial experience in achieving success abroad.



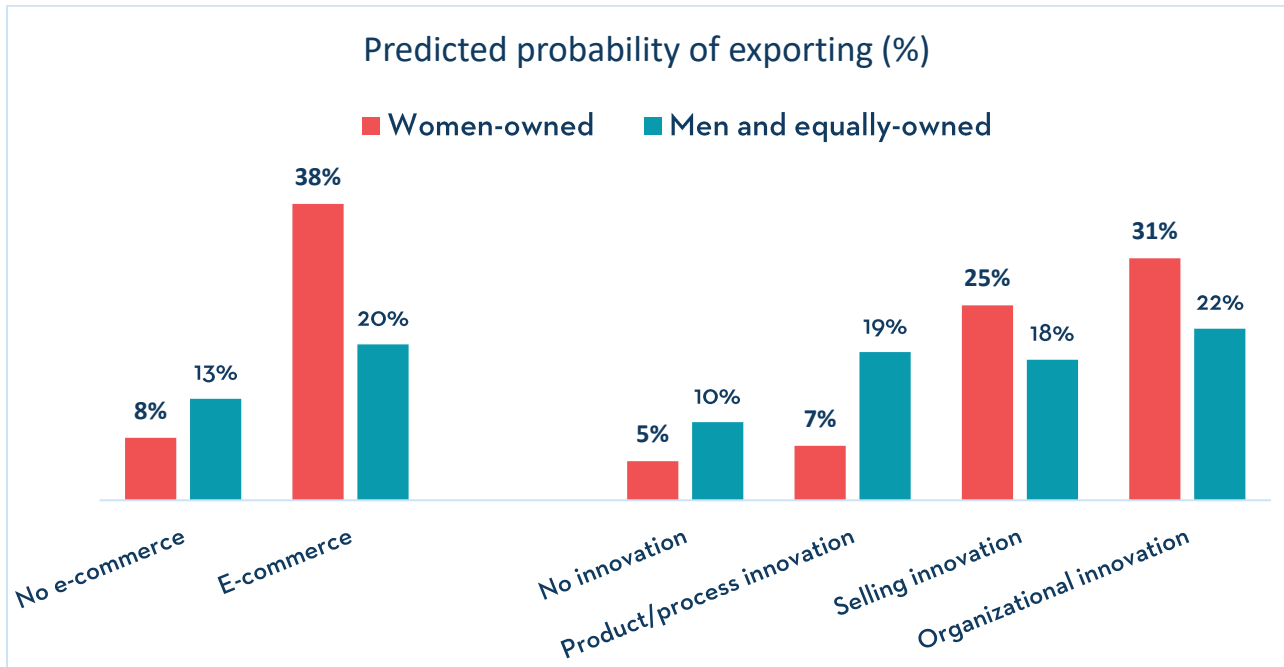
Key findings

Using econometric methods with firm-level data, this work has several findings:

1. Overall, SMEs that are owned by women are just as likely to export, and to have a similar share of revenues coming from exporting as men-owned or equally-owned SMEs. When business characteristics (e.g. industry, size) are taken into account, the gender difference in the probability of exporting, and the gender difference in their revenue shares coming from exports, were not statistically significant.
2. However, some characteristics normally associated with a higher probability of exporting might not have the same impacts for SMEs owned by women compared to SMEs owned by men or equally-owned. For example, larger SMEs (i.e. those with 20-499 employees) that are owned by women are less likely to export than men and equally-owned SMEs of the same size.
3. Providing e-commerce and developing innovations (specifically, organizational and selling innovations) tend to be much more important for increasing the likelihood of women-owned SMEs to export compared to SMEs owned by men and equally-owned (Figure 1).
4. E-commerce and innovations in selling and organizational methods likely help women to overcome the fact that women-owned SMEs tend to be smaller and more concentrated in services—factors that are normally associated with a decreased likelihood of exporting. Moreover, women-owned SMEs that do not innovate or have e-commerce are less likely to export than men and equally-owned SMEs.
5. While e-commerce or innovations do not appear to be associated with SMEs exporting a larger share of their revenues, having decision-makers with more years of education and more years of management experience were associated with higher export intensity for women-owned SMEs relative to men and equally-owned SMEs.



Figure 1: Importance of e-commerce and innovations for exporting SMEs, by gender (2017)



Notes: Results are from a probit model; point estimates are significant at 1% with robust standard errors using weighted data. Results are based on almost 4,500 observations. Note, the 7% number for women-owned SMEs doing product or process innovations is not statistically significant.

Source: Sekkel and Wang, forthcoming.

Data and methodology

The study uses data from Statistics Canada’s 2017 Survey of Financing and Growth of SMEs linked to tax filer information to explore the different exporting experiences of women. Probit regression models for export propensity were used to determine whether the gender gap in exporting is statistically significant, and two-part regression models were used to identify the factors associated with greater export intensity.

After controlling for firm characteristics such as productivity, size, industry and age of business, as well as managers’ attributes and behaviour, such as education, management experience, innovation and use of e-commerce, we test whether women’s ownership plays a role in SMEs’ probability of exporting. In line with previous studies for Canada and for developing countries, we find no gender effect for export propensity; in other words, when all of these characteristics and attributes are controlled for, women-owned SMEs are just as likely to export as men and equally-owned SMEs.

Factors associated with women’s increased probability of exporting

We identify firms’ and managers’ attributes that were more strongly correlated with higher export propensity and export intensity of women-owned SMEs by including gender interaction



variables in the model. We find that women-owned SMEs that used e-commerce (measured by the presence of an online payment feature in the company's website) or reported innovating in the areas of selling and organization were significantly more likely to export than men or equally-owned SMEs. These business behaviours seem to have played an important role in overcoming business characteristics that make enterprises less likely to export (e.g. smaller size and more concentrated in services industries). These results suggest that e-commerce as well as selling and organizational activities are a lot more important for women-owned businesses than their counterparts in allowing them to compete internationally.

Consistent with the literature, we find that women-owned SMEs with 20 or more employees were less likely to export than SMEs owned by men or equally-owned SMEs of the same size. For smaller SMEs, there was no statistically significant difference in the probability of exporting.

Factors associated with women's increased export intensity

Innovation activities and e-commerce were not significant factors associated with the share of revenues generated through export activity. This finding suggests that those activities may not suffice for SMEs to overcome the costs of international expansions.

We also find no individual gender effect in export intensity when firm characteristics are accounted for. Yet, women-owned SME exporters with higher education (i.e. bachelor's degree), and managers with more experience (i.e. 5 years or more) have a higher share of their revenues coming from export sales than their men and equally-owned SME exporter counterparts with the same levels of education and experience.

The bottom line

The main contribution of this paper is to identify and quantify enabling factors for women to become successful exporters. The analysis finds that e-commerce and business innovations are vital in enabling women to export, while education and management experience are key to increasing women's export success.