

Women
Entrepreneurship
Knowledge Hub

A Look at Québec Women Entrepreneurship During the COVID-19 Pandemic

Results of the survey conducted by
Femmessor, April 2020

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in collaboration
with



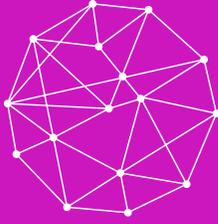
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About WEKH

Women Entrepreneurship Knowledge Hub (WEKH) is a national network and accessible digital platform for sharing research, resources, and leading strategies. With ten regional hubs and a network of more than 200 partners, WEKH is designed to address the needs of diverse women entrepreneurs across regions and across sectors. In response to COVID-19, WEKH adopted an agitator role connecting women entrepreneurs and support organizations across the country and led network calls and training sessions. WEKH's advanced technology platform, powered by Magnet, will enhance the capacity of women entrepreneurs and the organizations who serve them by linking them to resources and best practices from across the country.

With the support of the Government of Canada, WEKH will spread its expertise from coast to coast, enabling service providers, academics, government, and industry to enhance their support for women entrepreneurs. Ryerson University's Diversity Institute, in collaboration with Ryerson's Brookfield Institute for Innovation + Entrepreneurship and the Ted Rogers School of Management, is leading a team of researchers, business support organizations, and key stakeholders to create a more inclusive and supportive environment to grow women's entrepreneurship in Canada.

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About Femmessor

Femmessor is an organization dedicated to the development of women's entrepreneurship. Our mission is to contribute directly to the creation, growth, and acquisition of businesses that are owned or operated, in whole or in part, by women across all 17 regions of Quebec. Our financing services, combined with support tailored to the needs of entrepreneurs, allows Quebec women entrepreneurs to build sustainable and prosperous businesses. Femmessor is financially supported by the Ministère de l'Économie et de l'Innovation (MEI) and by the Government of Canada as part of the Strategy for Women in Entrepreneurship. Thanks to partnerships with the Fund for Women Entrepreneurs FQ (Femmessor, Fondation, Investissement Québec as agent for the Government of Quebec) and Desjardins Capital, with conventional loans and share capital, we facilitate access to nearly \$25 million dollars of funds to support companies with at least one woman in a strategic position and owning at least 25% of the shares.

Thank you to our collaborators

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Thanks also to all the other partners in the 17 regions of Quebec who relayed the survey in their networks.

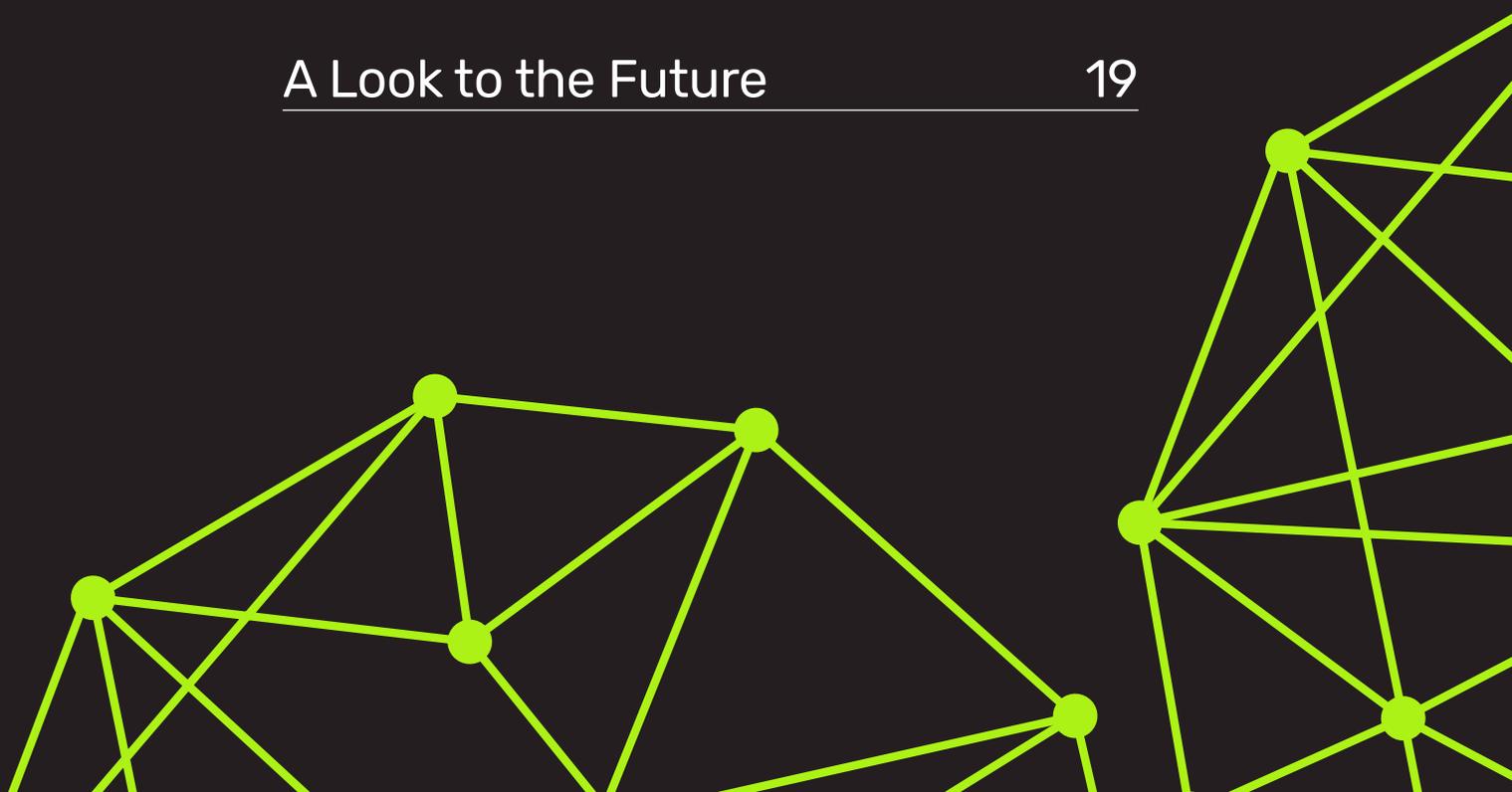
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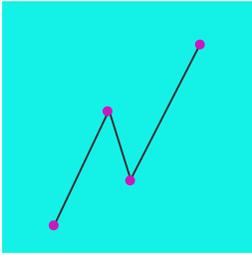
The original version of this report is available at:
https://femmessor.com/femmessor/data/files/pdfs/2020-05-01_femmessor_rapport_sondage_covid-19_web.pdf



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Highlights

- > **1,080 women entrepreneurs** from **17 regions of Québec** and from a range of sectors and business sizes responded to the survey.
- > Women entrepreneurs have been severely impacted by the crisis – **two out of three businesses** reported operating at 50% capacity.
- > **22.3%** of women entrepreneur respondents believe that their business will have difficulty surviving this crisis and may not recover.
- > For 18.3% of respondents, the current crisis has become an opportunity.
- > In general, women entrepreneurs are still confident about the future (**78% say they are confident or very confident**) and show great resilience.

For 18.3% of respondents, the current crisis has become an opportunity.

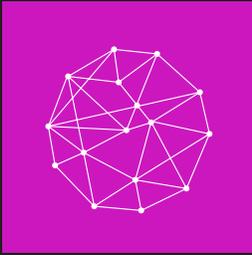
- > 49.4% of women entrepreneurs surveyed are **actively looking for funding** to ensure their survival or to adapt their business offerings to the current situation.
- > During the months of March and April, women-owned businesses suffered **financial losses of \$83,902** on average.
- > However, only 20% of these businesses said they **intended to take advantage of the measures** implemented by the Governments of Québec and Canada. A large proportion of respondents believed

they **did not qualify for the programs**. Others did not yet know whether available programs addressed their specific needs and if they would be able to take advantage of these measures. Others still were looking to other sources of funding.

- > When asked about **obstacles to funding**, women entrepreneurs cited two main factors: a difficulty making the case that they qualify, and challenges navigating different programs and organizations.
- > Women entrepreneurs also indicated that they required **support to go digital, adapt their business models, expand their networks, and develop their businesses** in order to recover from this crisis.
- > Respondents identified **five main expectations for economic recovery**. Some of these include: ensuring that buying local continues to be a top priority; being supported in acquiring digital and financial skills; and lastly, a shift in the global economic model. This last point refers to the importance of environmental sustainability and promoting measures that **enhance work–family balance, including working from home**.

(N=1080)

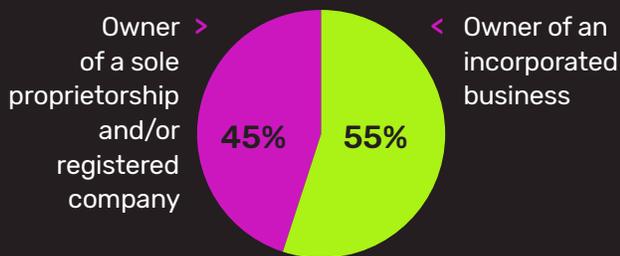




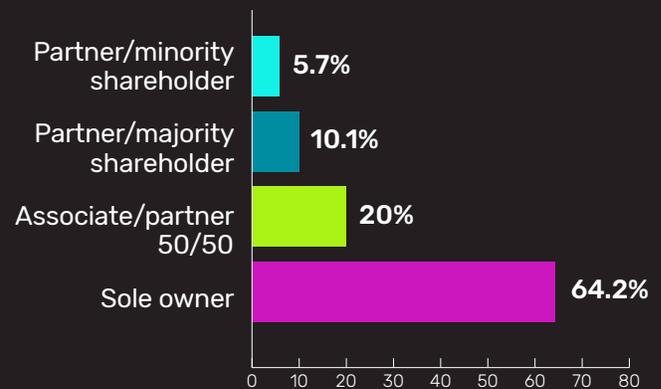
Profile of Businesses Led by Women Entrepreneurs

Type of Business

Type of business %

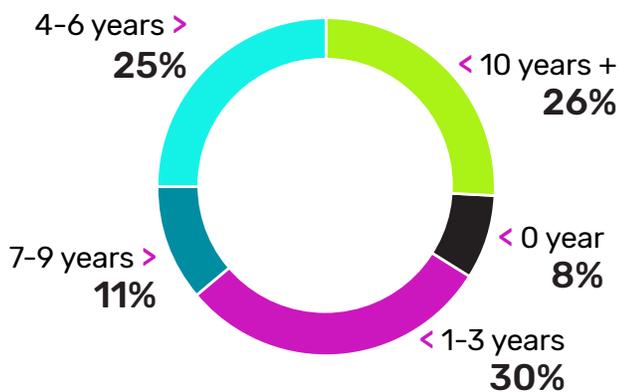


Type of ownership %

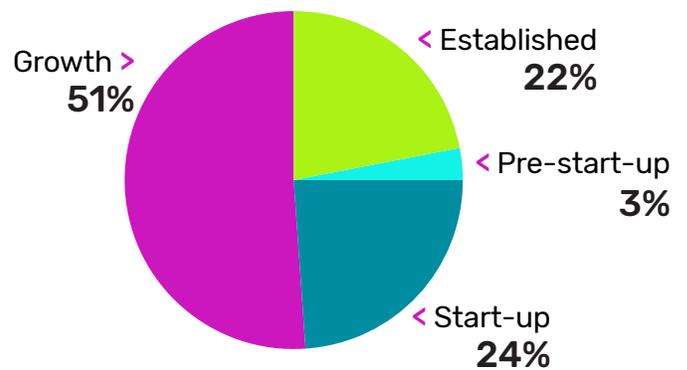


32% of businesses with no regular employees use between one and five contract employees.

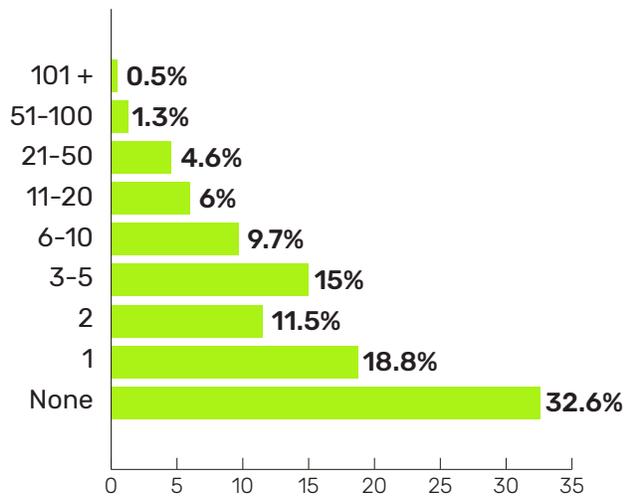
Number of years in business %



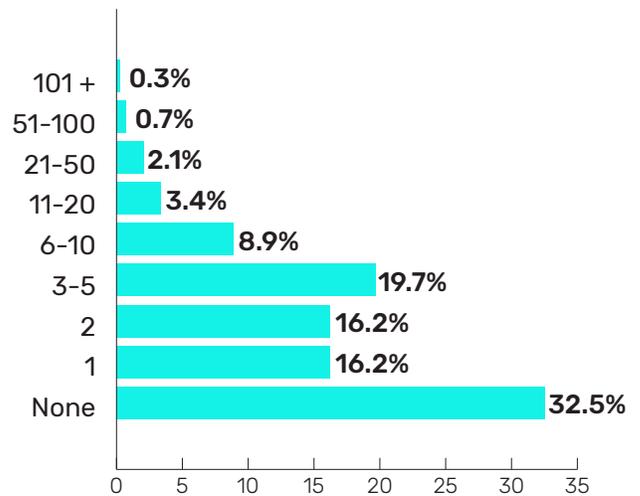
Stage of growth %



Number of regular employees %

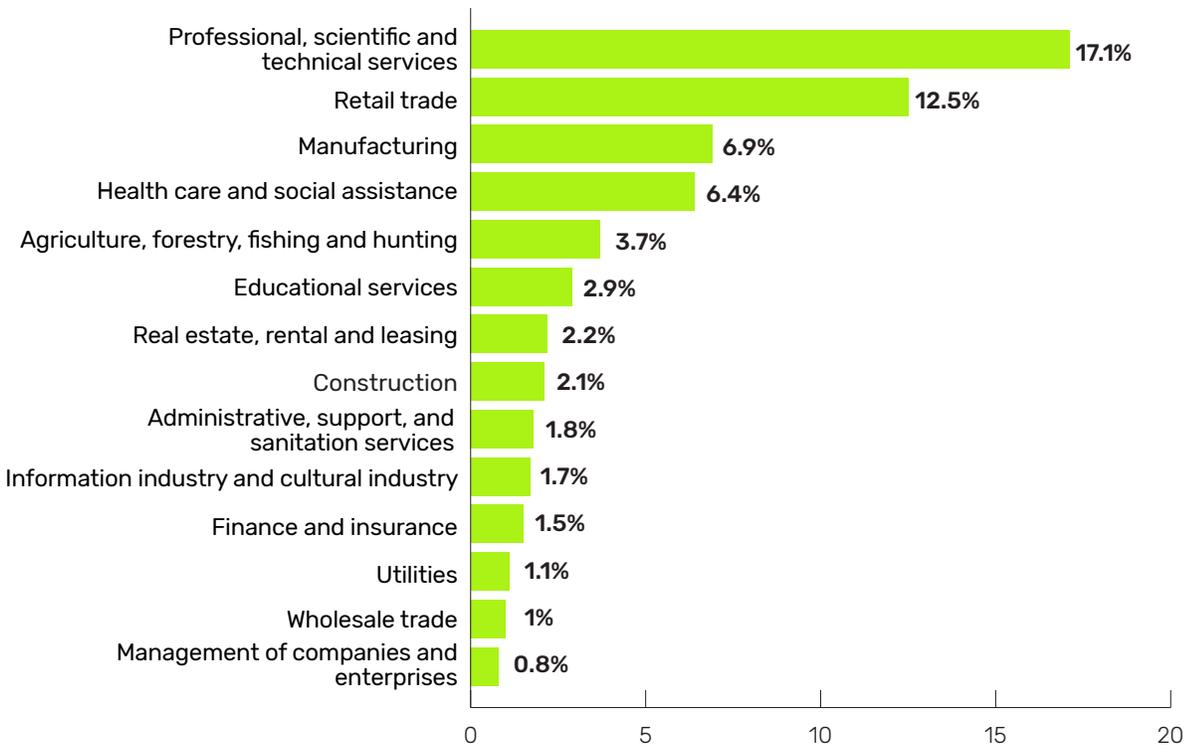


Number of temporary or contract employees %



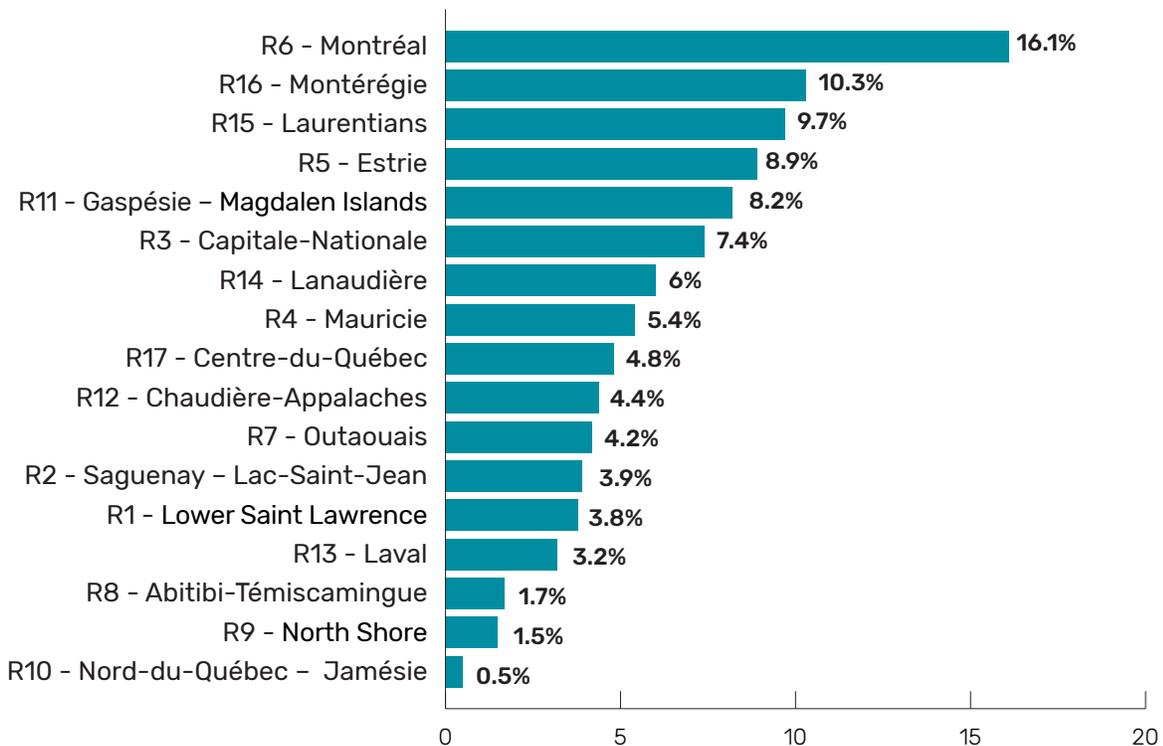
Sectoral & Regional Characteristics

Sector %



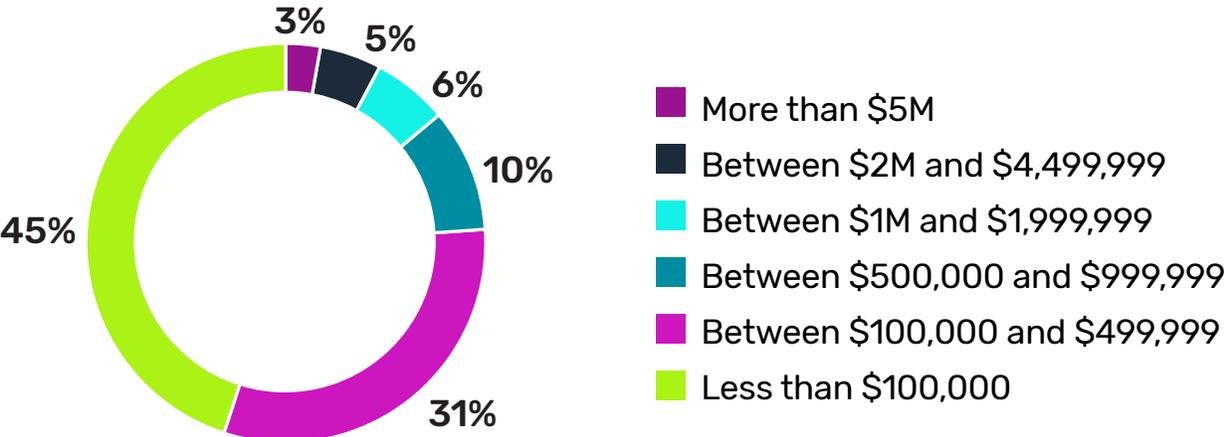
38% of respondents specified: Other

Region of Quebec %

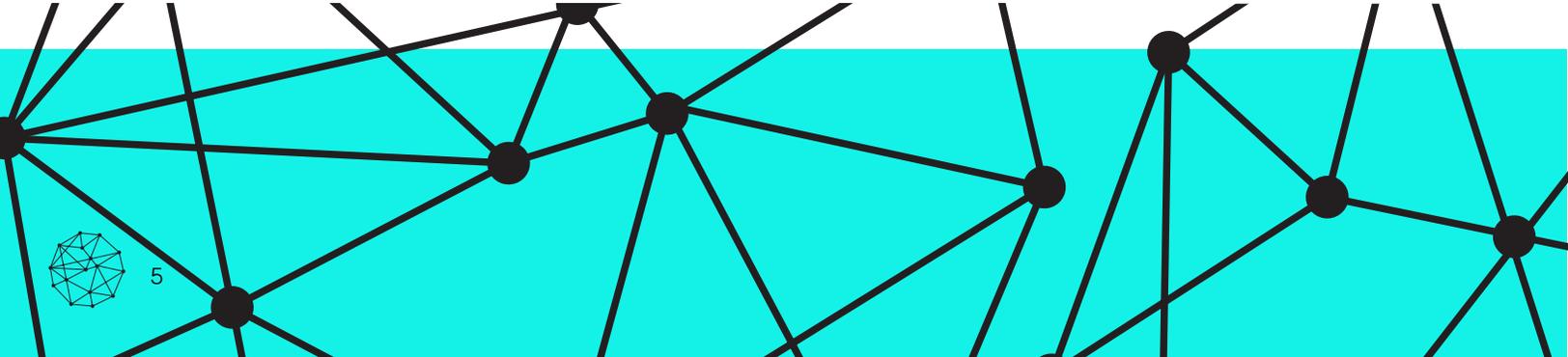
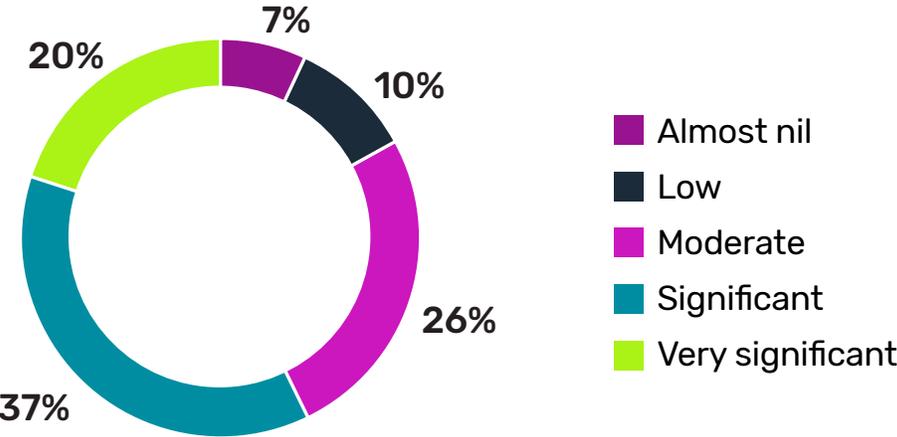


Financial Situation in View of COVID-19

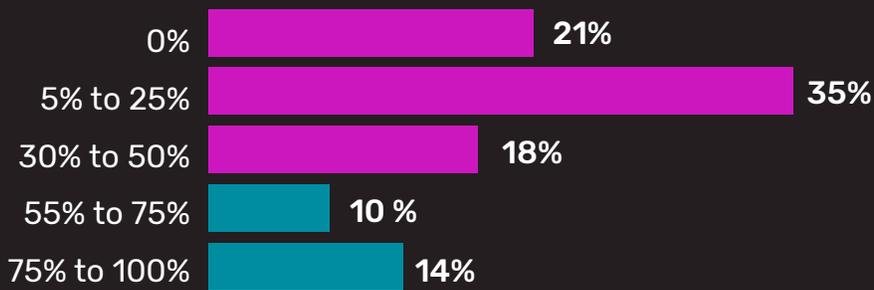
Turnover in 2019



Decrease in turnover due to COVID-19



Level of Operation %



74% of businesses operate at 50% capacity or less

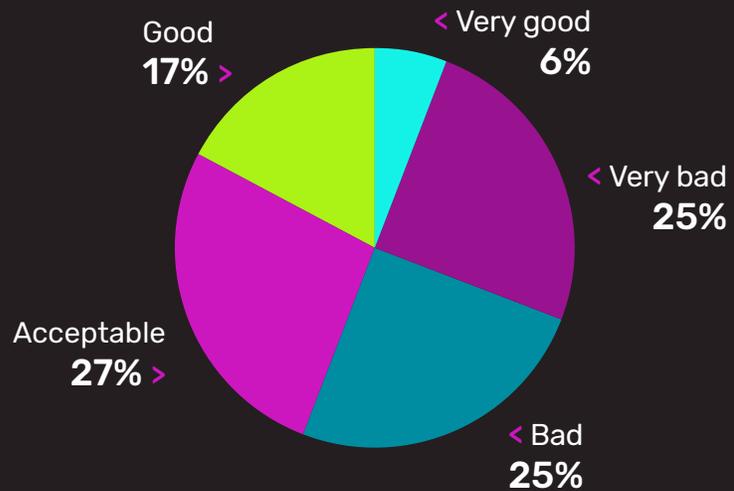
> Only 9% of them are operating at 100% capacity

Those most financially affected are:

- > businesses in retail trade, health care, and social assistance sectors, and
- > businesses in their pre-start-up or start-up phase.

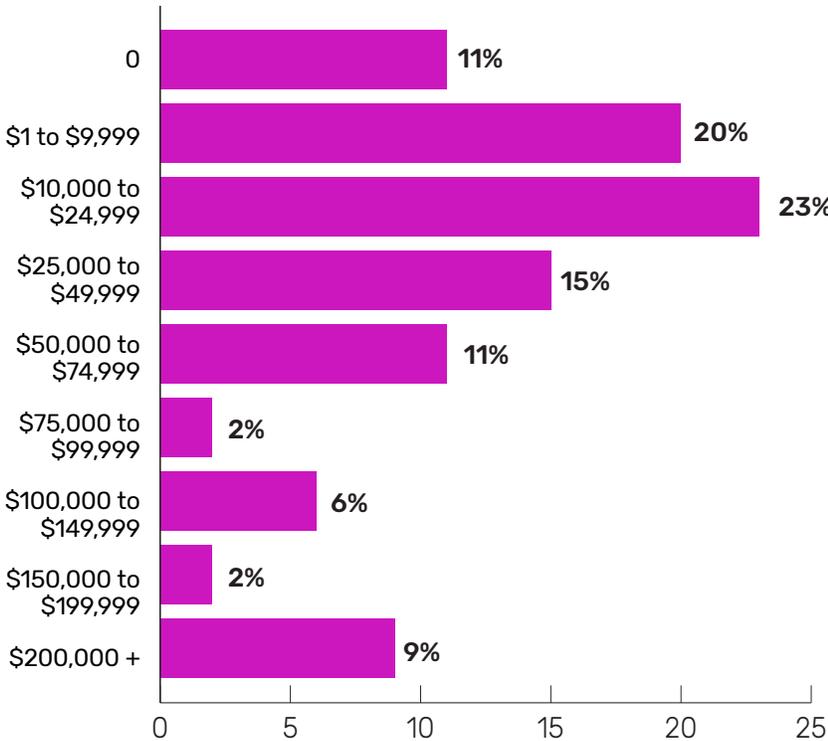
There is no correlation between financial impact and region or size of business.

Impact of crisis on financial situation



Financial Losses and Financing Needs

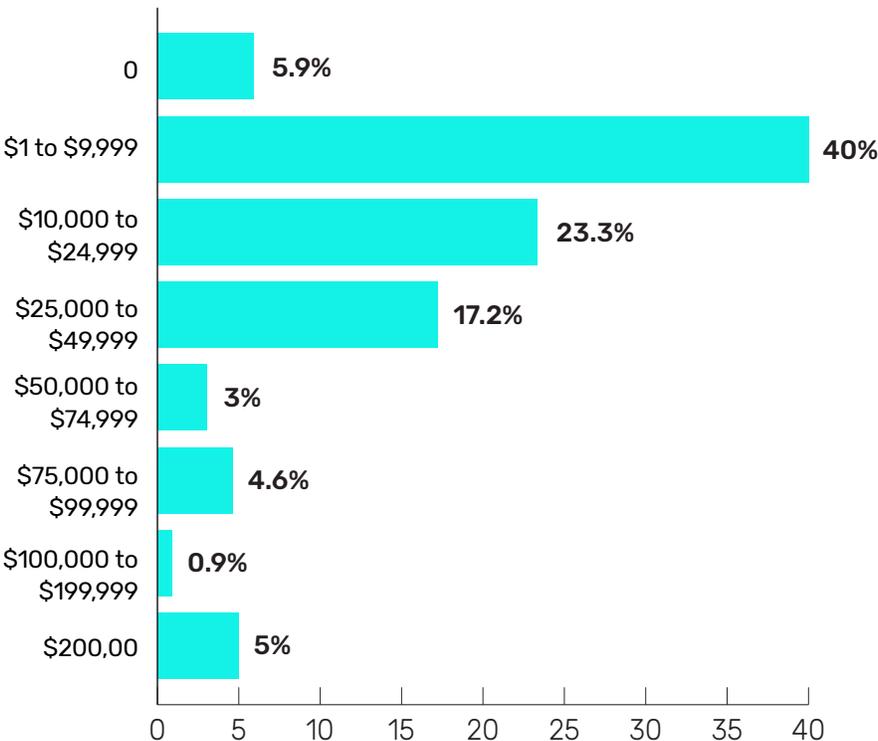
Financial losses to date (April 2020)



Financial losses to date, on average:

- > **Mean**
\$83,902
- > **Median**
\$20,000

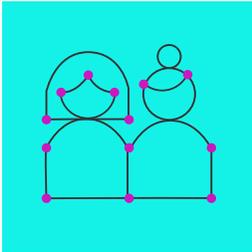
Financing needs %



Financing needs beyond what is available from government programs:

- > **Mean**
\$54,346
- > **Median**
\$25,000

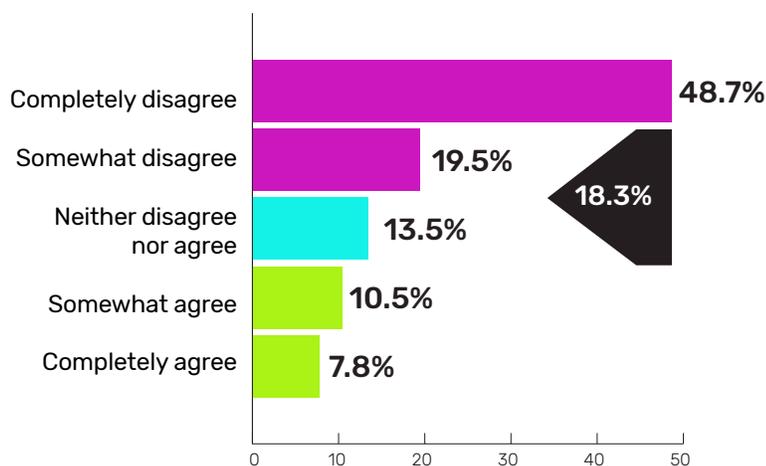




COVID-19 Crisis: Opportunities or Challenges?

COVID-19 Crisis: An Opportunity for Growth?

The Crisis Represents an Opportunity %



- > More businesses owned by this group of respondents are in the growth phase or well established.
- > The sectors represented in this group of respondents are the professional, scientific, and technical services sector, and the manufacturing sector.
- > More opportunities are perceived by smaller businesses with a turnover less than \$100K.
- > No difference from a regional perspective or by business size or number of years.

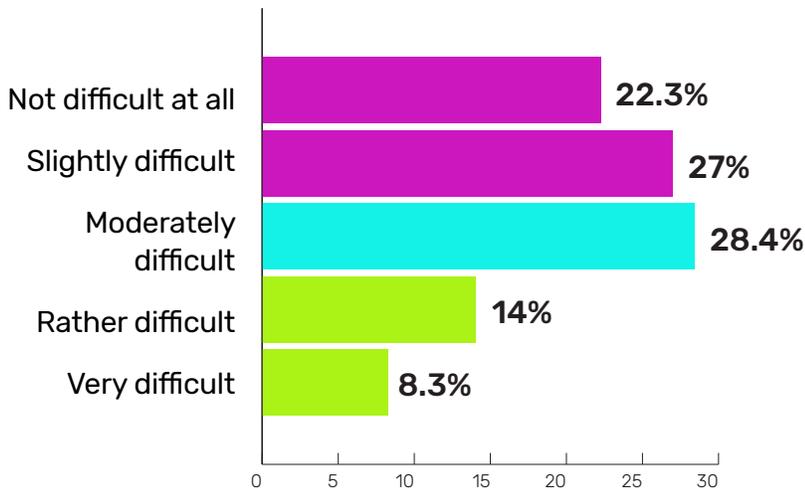
For 18.3% of respondents, the current crisis is viewed as an opportunity.

- > A positive outlook aligns with healthy financials and little anticipation of a turnover decrease in 2020. This group is more confident they will survive the crisis and is relatively unaffected by related personal difficulties.
- > These women entrepreneurs intend to turn their businesses around by adapting the range of products or services offered. They also plan to adapt their sales channels and expand their networks, particularly at the international level.
- > These respondents focus on ways to accelerate a digital shift in their businesses, and seek skills development support by participating in innovation workshops and process development training.
- > They are less likely to take advantage of federal and provincial assistance programs, except for the PACME program's two components.



Difficulty Surviving the COVID-19 Crisis

Degree of difficulty surviving the crisis %

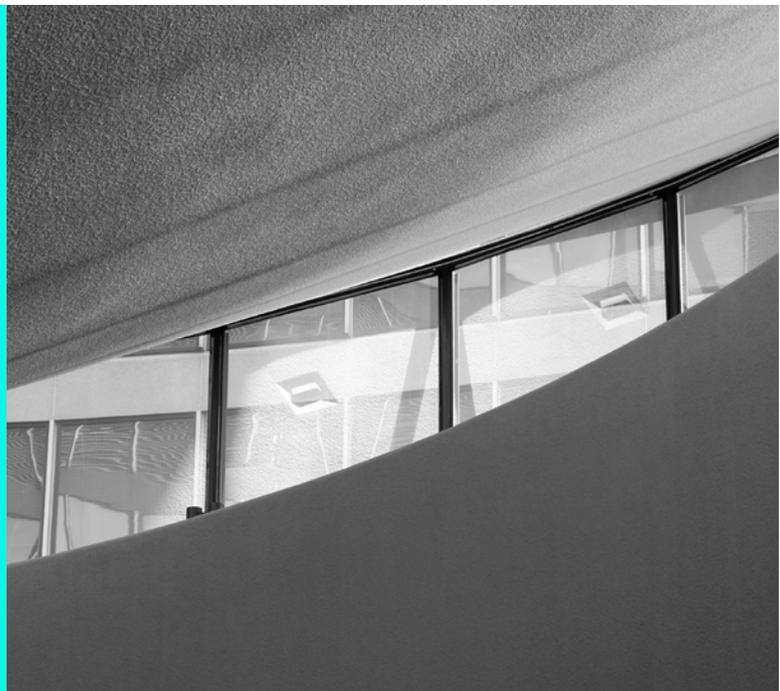


22.3% of women entrepreneurs believe that their business will have difficulty surviving this crisis.

22.3% of women entrepreneurs surveyed believe that their business will have difficulty surviving this crisis, including:

- > Women entrepreneurs who own smaller businesses that are in the start-up phase.
- > Those who operate in the retail or professional services sectors.
- > Older women, who are more likely to indicate they are experiencing difficulties.
- > Women entrepreneurs experiencing a decrease in turnover for 2020 or an otherwise challenging financial situation.

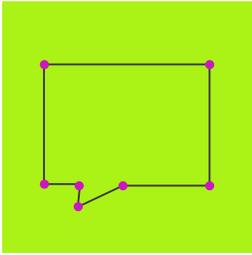
- > The difficulty in surviving the crisis is associated, unsurprisingly, with a decrease in turnover for 2020 and a poor financial situation at present.
- > This perception is very strongly linked with the need for additional funding. It is also strongly linked with the difficulties finding this funding, in particular, due to an already too high debt level.





During the survey period, approximately **58.4% of women entrepreneurs** felt stressed moderately often, often, or very often.

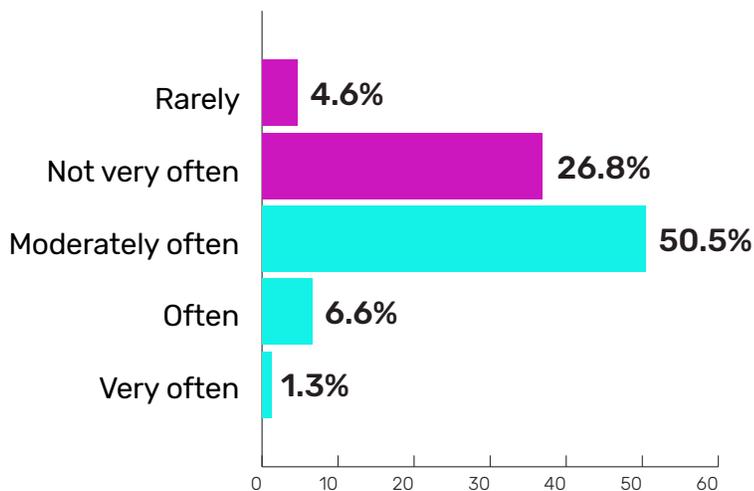




Reactions & Needs of Women Entrepreneurs in View of the COVID-19 Crisis

Stress related to the crisis

Level of stress %



*In the past month, approximately **58.4% of women entrepreneurs felt stressed quite often, often or very often.***

Feelings of stress are more frequent among:

- > Those who are in the pre-start-up or start-up phase of their business.
- > Those who operate in sectors most affected: professional, scientific, and technical services, as well as retail trade sectors.
- > Those with a turnover of \$100,000 or less.
- > Women entrepreneurs older in age.



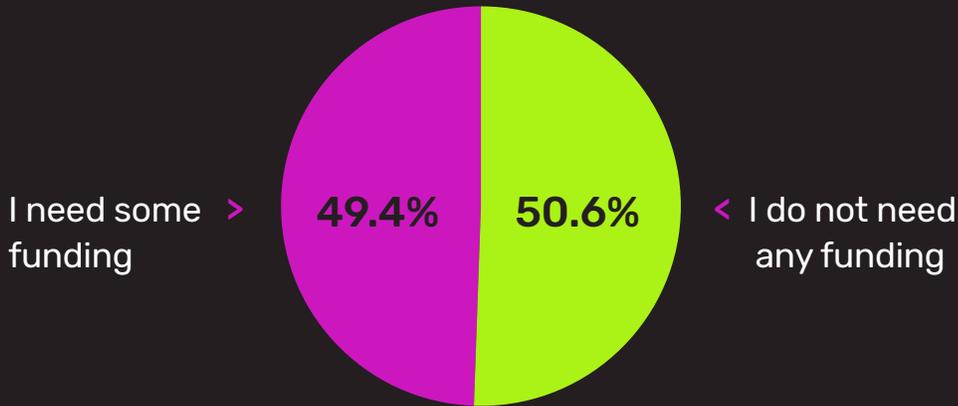
The main factors associated with more frequent stress are:

- > The feeling that it is difficult to see one's business survive the crisis.
- > An estimated significant decrease in turnover in 2020.
- > The need for additional funding.

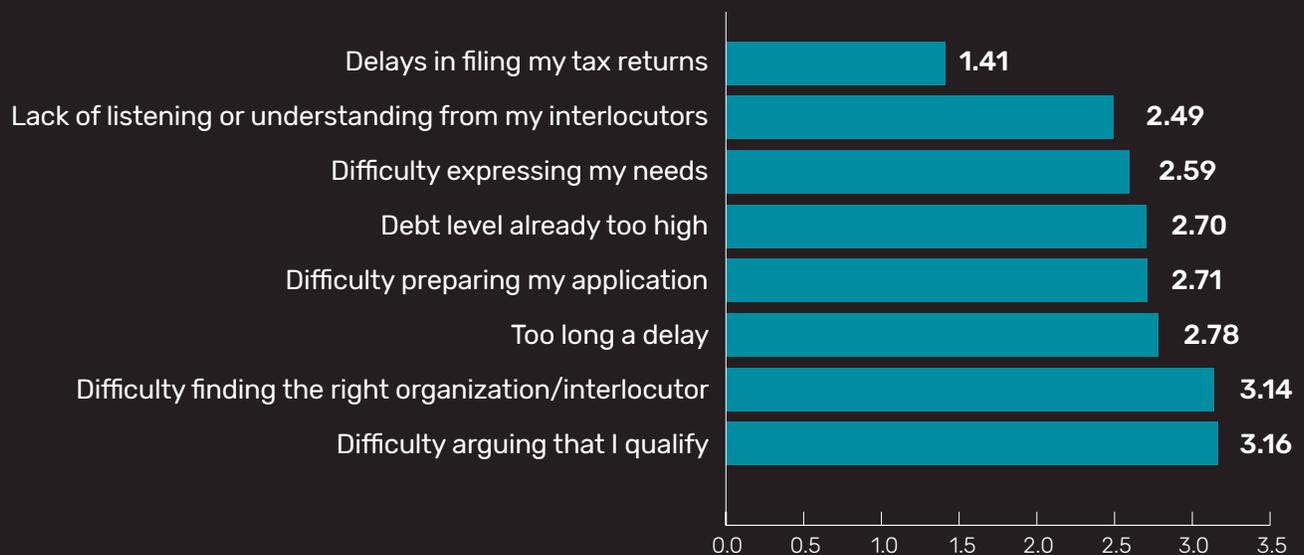


Operational Financial Resources Required

Funding need %



Obstacles to accessing funding



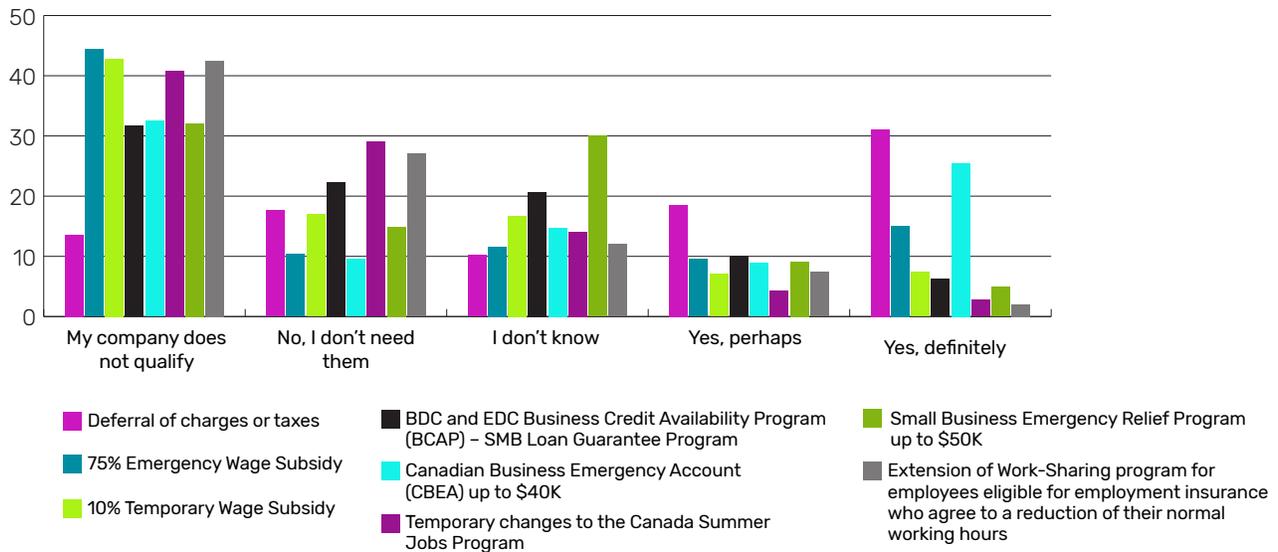
The difficulties encountered by women entrepreneurs have notable impacts, including a significant increase in stress levels. Stress can be instigated by:

- > Difficulty qualifying for various programs and supports,
- > Finding the right partner organizations,
- > Asserting needs and preparing applications, or
- > A deteriorating financial situation with some women entrepreneurs having to turn to their personal savings.



Accessibility to Assistance Programs

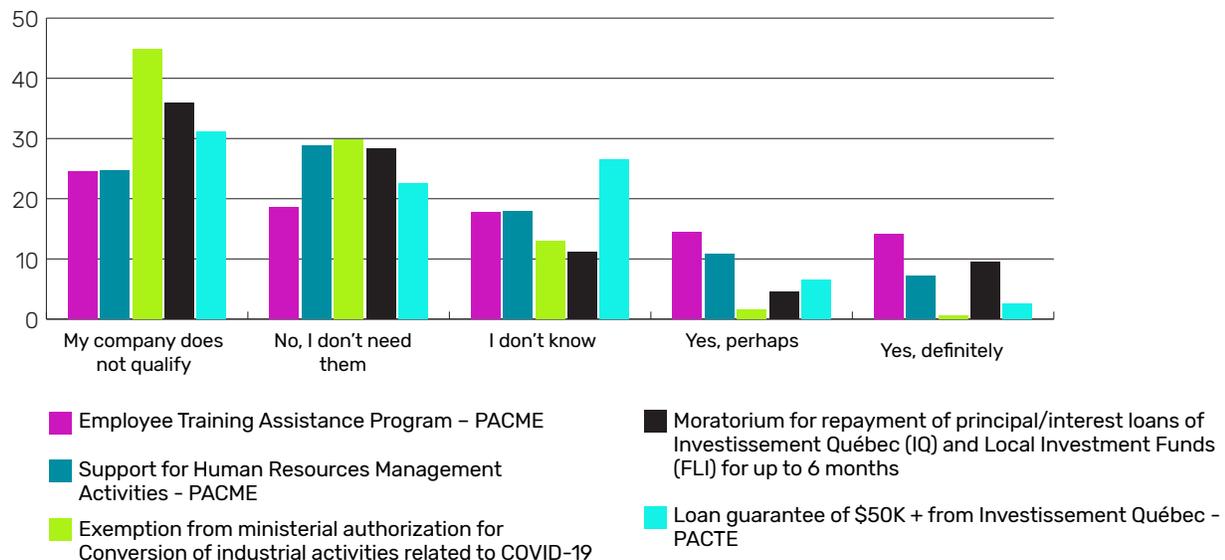
Federal programs (for all women entrepreneurs)



For both federal and provincial programs:

- > Only 20% of respondents indicated they planned to take advantage of supports introduced by the Governments of Québec or Canada.
- > A large proportion of respondents believed they did not qualify for the programs. Others did not yet know whether available programs addressed their specific needs and if they would be able to take advantage of these measures. Others still were looking to other sources of funding.

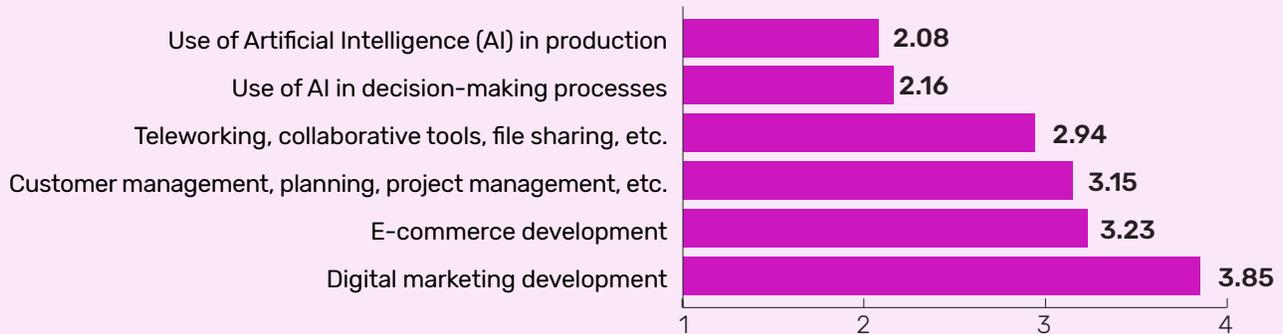
Provincial programs (for all women entrepreneurs)



Turning the business around

Women entrepreneurs also identified potential supports beyond financial interventions.

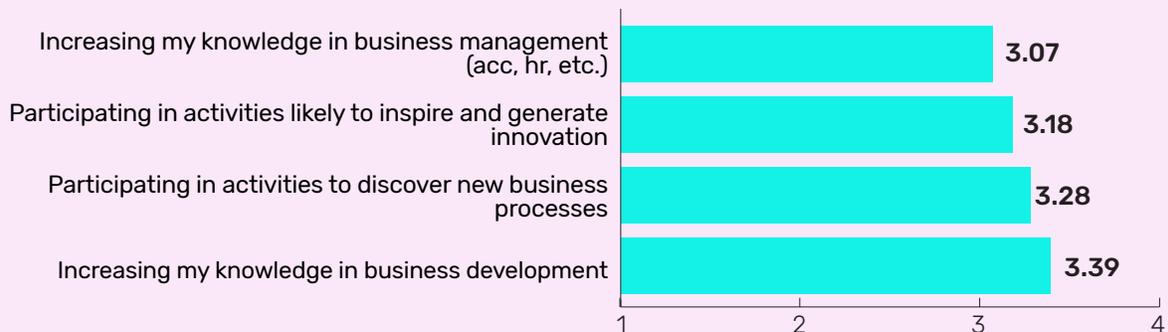
1 Making or accelerating the digital shift



2 Adapting my business model



3 Developing my skills



Adapting to Challenges

Women entrepreneurs for whom the crisis represents an opportunity:

- > see all the proposed measures as important levers, and
- > already demonstrate a sound understanding of business development.

Women entrepreneurs who are confident in their business are aiming at:

- > measures to expand and adapt to the market and the digital shift.

For all respondents and for those looking for funding, the methods of reviving their businesses were similar.

Women entrepreneurs trying to stay the course are focusing on:

- > their ability to adapt their products and knowledge development, and
- > employing a range of digital levers, including customer management and digital marketing.

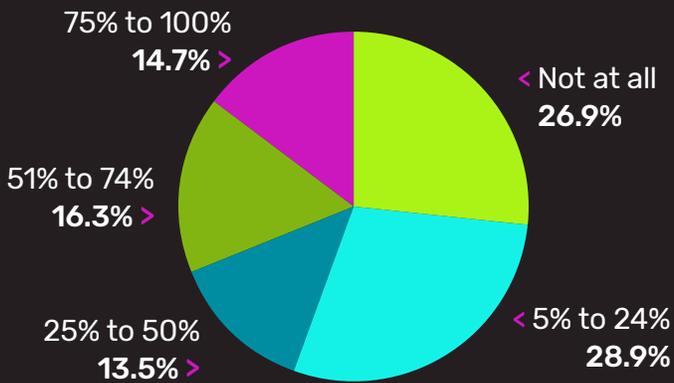
Women entrepreneurs whose businesses may not survive the crisis:

- > failed to adapt their products and services.
- > have a more limited network of contacts, and
- > are struggling with the digital shift.



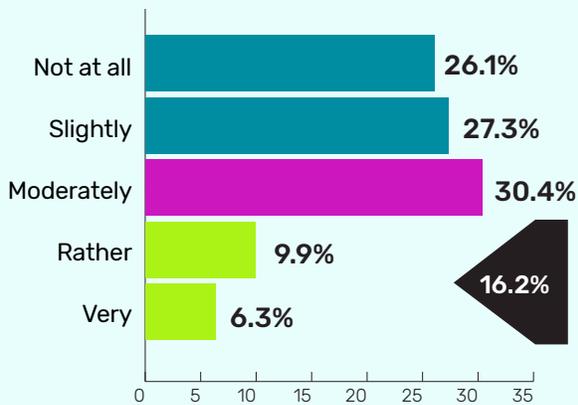
Self-Employed Women

Business operating at %

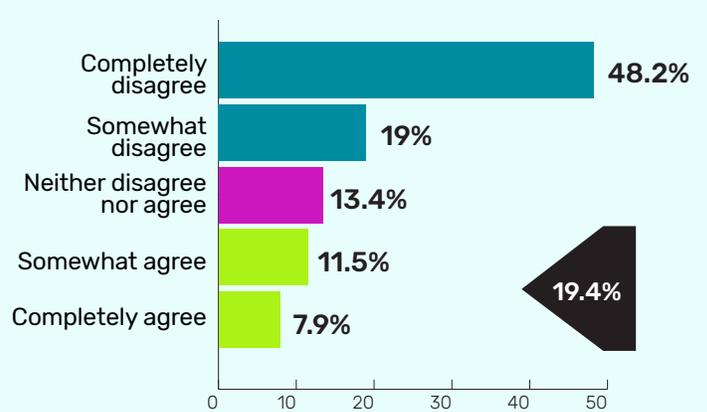


> Of the surveyed businesses, 69.3% are operating at below 50% and 26.9% are at a complete standstill.

Level of difficulty surviving the crisis %



Crisis representing an opportunity %



> Of those surveyed, 52.9% of self-employed women find the current crisis difficult to maintain but are staying the course.

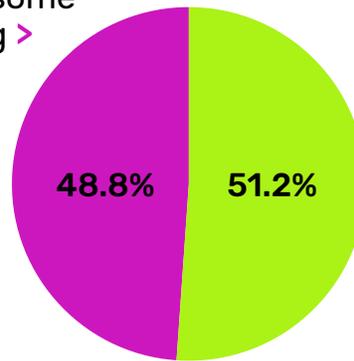
(N=266)



Needs of Self-Employed Women

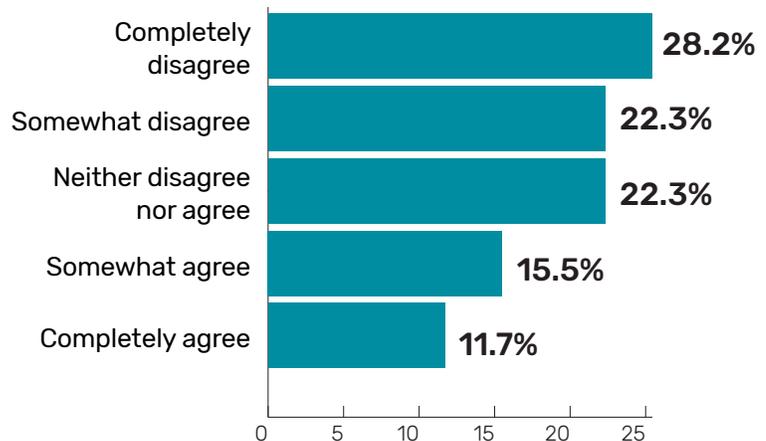
Financing needs

I need some funding >



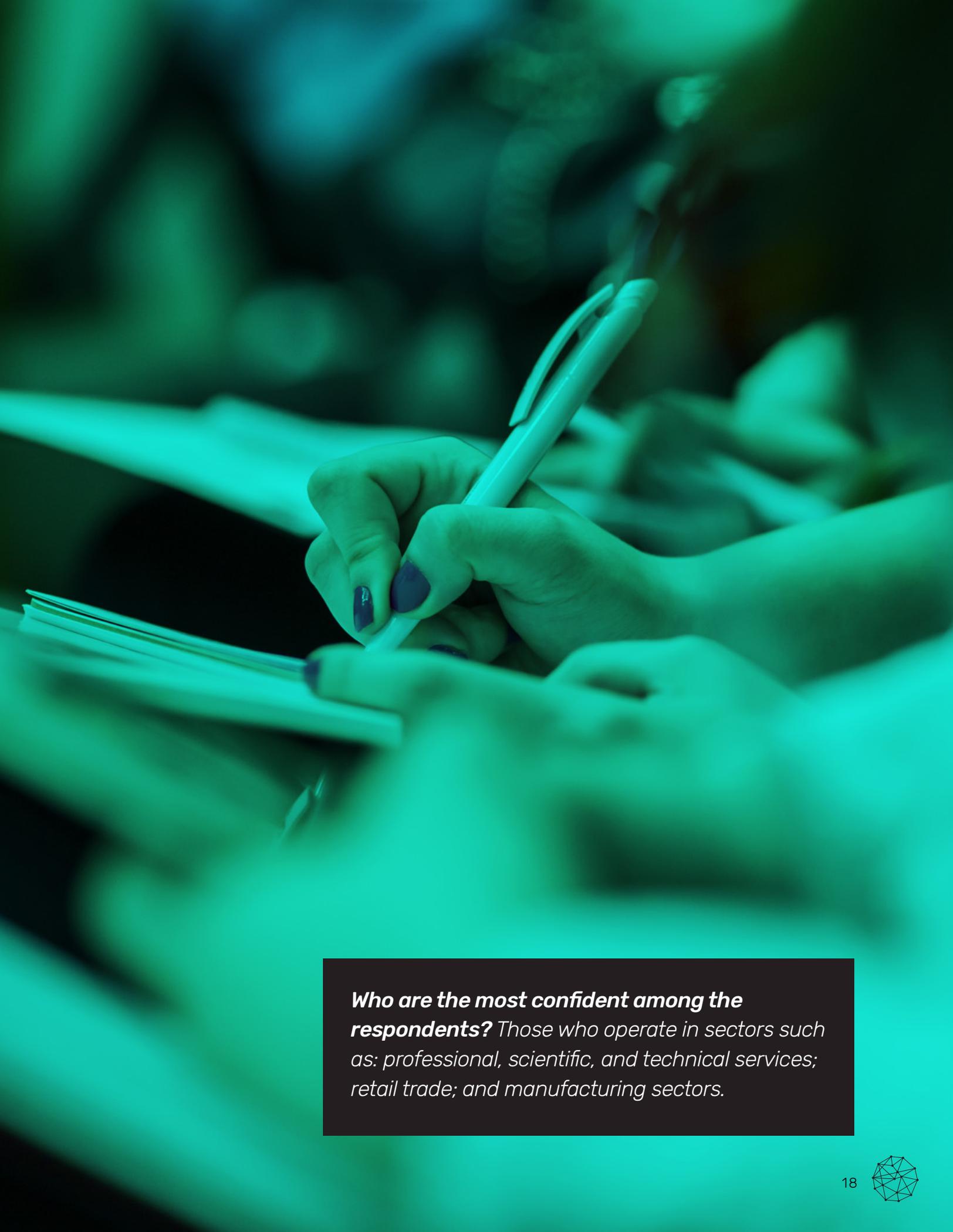
< I do not need any funding

Debt level already too high %



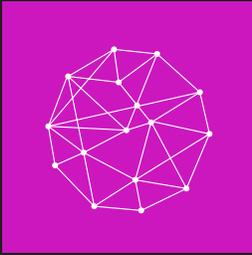
- > The crisis is impacting self-employed women significantly. Their financial situation is deteriorating, they have a relatively high debt level, and some are even turning to their personal savings to keep their businesses running.
- > Indeed, 52.6% of self-employed women surveyed are seriously considering digitalization as a way of adapting to and overcoming the crisis.





Who are the most confident among the respondents? *Those who operate in sectors such as: professional, scientific, and technical services; retail trade; and manufacturing sectors.*

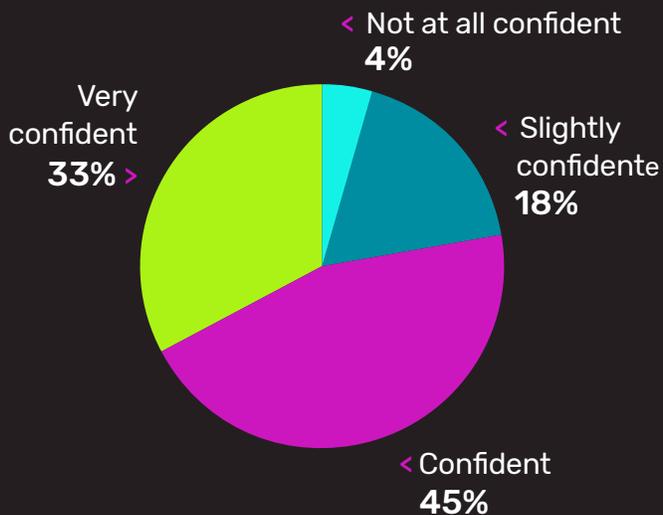




A Look at the Future

Level of Confidence

Level of confidence that the business will survive the COVID-19 crisis



Who are the most confident among the respondents?

- > Those who operate in sectors such as: professional, scientific, and technical services; retail trade; and manufacturing sectors.
- > Businesses in the growth or established phase and fewer in the pre-start-up or start-up phase.
- > Businesses with a turnover of over \$100,000 in 2019.
- > Younger women are more confident that their businesses will survive.





Expectations for Economic Recovery

Of the 1,080 survey respondents, 784 took the time to answer an open-ended question regarding their expectations for economic recovery. Five main themes emerged from the responses.

- > Promote Québec's local economy by encouraging the purchase of local products and services, and even lowering taxes on local production.
- > Develop e-commerce by supporting skills development among women entrepreneurs.
- > Support women entrepreneurs in acquiring the skills they need to grow their businesses, particularly in the areas of digital technology, financial management, business development, and networking.
- > Extend financial support measures through subsidies for small and medium enterprises (beyond the proposed credits and tax cuts), including wage subsidies extended to new hires and assistance with fixed cost payments.
- > Change the global economic model, especially with regard to environmental sustainability and promoting a work-family balance, including working from home practices.



Conclusion

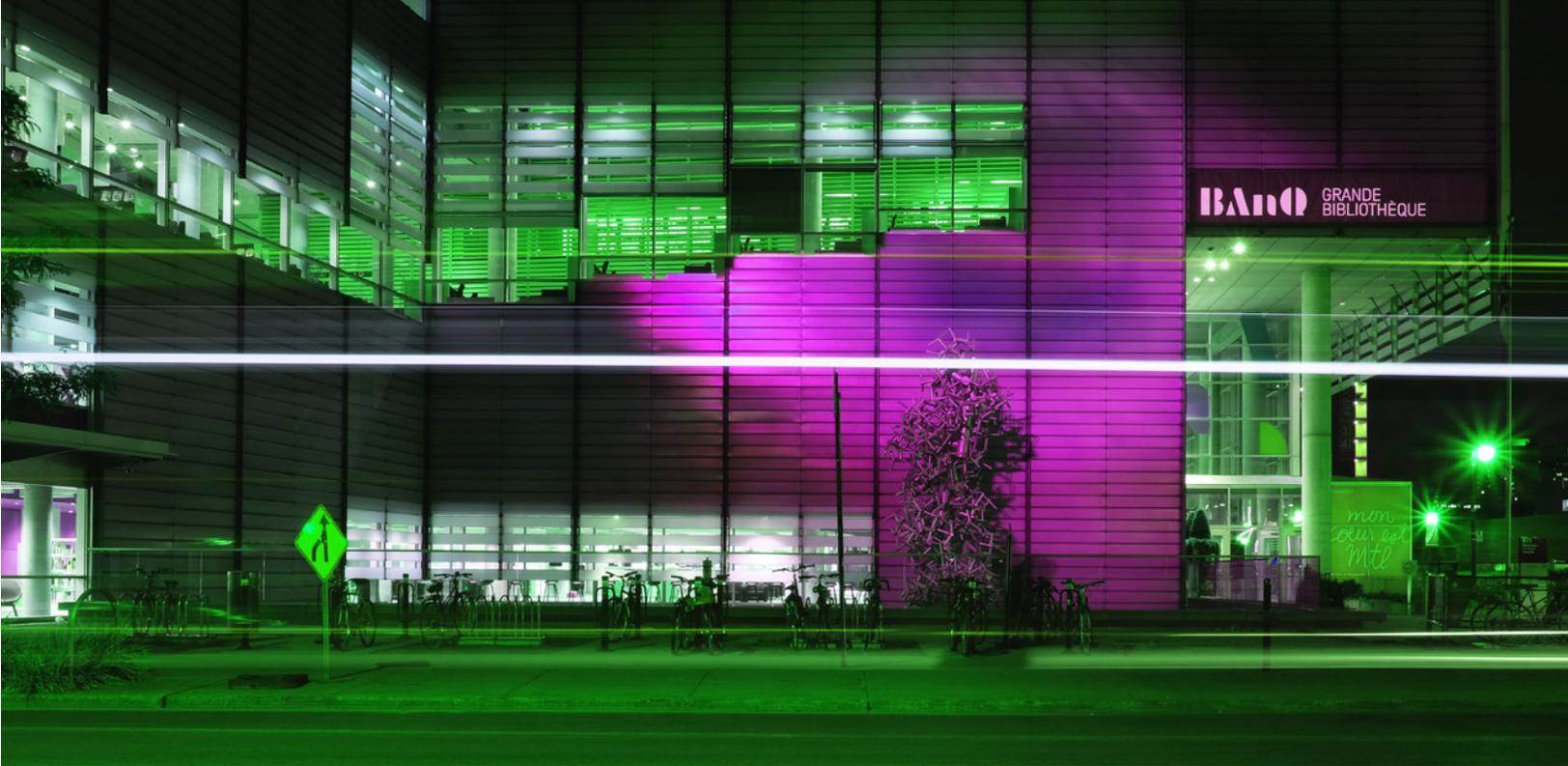
This survey illustrates that women-owned businesses are extremely fragile at this juncture. However, women entrepreneurs continue to be resilient as they work to survive and adapt to turn their businesses around.

- > Federal and provincial programs should be broadened, and access should be made easier to allow more women entrepreneurs to take advantage of these support measures.
- > The need for funding among women entrepreneurs is significant. However, they are facing obstacles that undermine their access to funding, and have a negative impact on their businesses and well-being. It is therefore vital to provide financing tools adapted to their specific situations to ensure not only survival but also recovery.
- > For women entrepreneurs, the priorities for economic recovery include: providing incentives to buy local, supporting measures for digitalization, developing new business skills, and changing the economic model to focus on environmental sustainability and balance.

Women entrepreneurs have a clear vision of what tomorrow's Québec Inc. should be. Despite the difficulties, they have confidence in the future and wish to take an active part in economic recovery.

In conclusion, it can be stated that women entrepreneurs have a clear vision of what tomorrow's Québec Inc. should be. Despite the difficulties, they have confidence in the future and wish to take an active part in economic recovery. It is up to all of us to help them realize this ambition.





Methodology

- > The COVID-19 crisis has impacted women entrepreneurs significantly. To gain insight into the challenges faced by women entrepreneurs, the business impacts of COVID-19, and their particular needs within this context, Femmessor conducted a vast Québec-wide survey between April 16 and 20, 2020.
- > Led by Femmessor, in collaboration with the BMO Chair in Diversity and Governance at Université de Montréal and the Women Entrepreneurship Knowledge Hub, the survey reached 1,080 women entrepreneurs from 17 regions of Québec and from all sectors of activity sectors and sizes of business.
- > The results of this survey provide an accurate and up-to-date picture of the state of women entrepreneurship in the province, which will help to direct support services and provide our government partners with feedback regarding how to best prepare Québec for a successful economic

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