

Exploring Motivation and Success Among Canadian Women Entrepreneurs

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ABSTRACT. This paper presents preliminary findings on the reasons why Canadian women start businesses, and the relationship between their motivations and economic success. The analysis draws on *The Survey of Self-Employment*, a nationally representative survey of 3,840 Canadians conducted in 2000 by Statistics Canada and Human Resources Development Canada. Drawing on existing studies which identify three broad groups of motivation—classic, work-family, and forced—the paper examines how prevalent these motivations are amongst Canadian women, and how motivations are linked to the types of businesses women build and the economic rewards they receive. The findings suggest diversity in the motivations and success of women entrepreneurs.

SOMMAIRE. Cet article présente les conclusions préliminaires concernant les raisons pour lesquelles les Canadiennes se lancent dans l'entreprise, ainsi que la relation entre motivation et succès économique. L'analyse s'inspire du *Sondage sur le travail indépendant*, effectué au niveau national sur 3840 Canadiens en 2000 par Statistique Canada et Développement en ressources humaines Canada. Partant d'études identifiant trois types de motivation—*classique*, *travail-famille* et *forcée*—cet article examine leur prévalence chez les Canadiennes et comment elles sont liées aux types d'entreprises qu'elles entreprennent et aux récompenses économiques qui en découlent. Les conclusions suggèrent la diversité dans les motivations et le succès des femmes entrepreneurs.

Introduction

Canadian women's entrance into self-employment and small business ownership in recent years has been nothing short of dramatic. In a relatively short period of time, they have established themselves as a formidable presence, contributing an estimated \$18 billion to the Canadian economy and attracting much attention from policy makers and academic researchers alike (Canada, 2003). While many women thrive in entrepreneurial work—earning good incomes and building vibrant businesses—not all women achieve high levels of financial success. Instead there is growing evidence of diversity among Canadian women entrepreneurs,¹ both in terms of their economic performance and success, as well as their motivations for pursuing their own business (see for example Cliff and Cash, 2005; Fischer et al., 1993; Hughes, 2005; Orser, 2004).

This paper presents preliminary findings on the question of why Canadian women are entering entrepreneurship in such numbers, and the relationship between women's motivations, the nature of their business, and their economic outcomes and success. The analysis

1. There has been much debate over how to define "entrepreneurs," "small business owners," and the "self-employed" (see Hughes, 2005, for an overview of this debate). This paper adopts the broad definition of entrepreneurship used by the Global Entrepreneurship Monitor (GEM) project: "Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of any existing business, by an individual, a team of individuals, or an established business" (Reynolds, Hay and Camp, 1999: 3). The term "women entrepreneurs" therefore includes self-employed women who work alone in incorporated or unincorporated businesses, as well as business owners who work and employ others in an incorporated or unincorporated business. In addition to the term entrepreneurs, this paper also refers to women in self-employment and small business ownership (SE/SBO).

draws on *The Survey of Self-Employment*, a national survey of 3,840 Canadians that was conducted in 2000 by Statistics Canada and Human Resources Development Canada. In order to contextualize the analysis, the paper begins by briefly outlining the changing nature of entrepreneurship in Canada. It then reviews existing studies on the motivations of women entrepreneurs. Subsequent sections discuss the data and findings. The conclusion considers implications for public policy.

Contextualizing Women's Entrepreneurship in Canada

Women's influx into entrepreneurship occurs at a time when entrepreneurship itself is undergoing important change. As Reynolds, Hay and Camp (1999) note in the Global Entrepreneurship Monitor (GEM) project: "Entrepreneurship is now center stage in the public policy arena of most countries" (5). With the shift from "old" to "new" economy (Audretsch and Thurik, 2001; OECD, 2000), and the growing importance of new technologies, emerging creative and knowledge-based work, and 'flexible' firms (see for example Bakker, 1996; Florida, 2002; OECD, 2000; Reich, 2001), we are seeing important changes in the *level* and *nature* of entrepreneurship. Compared to the "old" post-war Canadian economy, where self-employment and small business ownership (SE/SBO) played a declining role relative to paid employment (Arai, 1997), entrepreneurship has become an increasingly important source of economic growth. It is also far more diverse in nature (Picot and Heisz, 2000; Statistics Canada and HRDC, 2002). Alongside small business in traditional sectors, we are seeing rapid expansion of service and knowledge-based firms, as well as the growth of micro home-based business, free agents or solo self-employed workers, and "involuntary" entrepreneurs.

A few brief statistics illustrate the extent of this change. In the last three decades, for example, the number of Canadians in SE/SBO has risen from just over 1 million to nearly 2.4 million in 2004 (Industry Canada, 2005: 24). Women have made especially dramatic gains in this sector. While men's presence in SE/SBO has almost doubled in this period, women's numbers have nearly tripled, with approximately 850,000 women now operating a business. Of note, women have made gains both as "employers" and "solo" workers (those working alone without paid help), and are more likely than in the past to operate in incorporated businesses and in knowledge-based sectors (Industry Canada 1998). According to time series data from Statistics Canada's *Canadian Socio-Economic Information Management System* (CANSIM),² just over one quarter of women in SE/SBO now have incorporated businesses (10.1% solo and 15.8% employers), and they have made significant gains in key knowledge-based sectors, with growing numbers in "upper-tier services"³ such as management, education, professional, science and technical areas. Alongside these impressive advances, we also see a sizeable group of female entrepreneurs in unincorporated solo businesses (62.7%), who remain concentrated in traditional female sectors in personal services and retail sales (Statistics Canada, CANSIM II, Table 242-0012).

2. CANSIM provides over 27 million time series dealing with a range of social, economic, and fiscal issues in Canada. Data can be accessed through Statistics Canada website at www.statscan.ca. In this paper, data is identified with reference to the matrix/table number (e.g. 242-0012) from which it has been retrieved.

3. Upper tier services include more highly skilled, value added sectors in business services, education, health, welfare, and public administration. Lower tier services refers to more labour intensive sectors in retail trade and consumer services (Krahn, Lowe and Hughes, 2006: 59).

Motivations in Women's Entrepreneurship

Change of this magnitude raises questions about underlying motivations. Equally important is the question of how motivations are linked to business success (Reynolds et al., 2002: 17). To date, a number of studies have examined women's motivations for becoming entrepreneurs (see Brush, 1992; Cliff and Cash, 2005; Gatewood, 2004; Hughes, 2005, for discussions of this issue). Some highlight *individual, psychological, or personality* reasons, while others point to broader *social and economic constraints*. Reflecting this different emphasis, a key point of debate concerns the relative role of "choice" and "circumstance," and the extent to which women have been "pulled" or "pushed" into entrepreneurship.

The following summaries provide an overview of three commonly identified groups of motivations—classic, forced, and work-family—that emerge from research in Canada, the U.S. and Britain. While it is difficult to compare studies given the wide range of approaches and measures used,⁴ this overview nevertheless allows us to identify the most commonly cited motivators across several different national contexts and time periods. It also raises questions about how prevalent these motivations are for the diverse group of women entrepreneurs operating in the Canadian economy today.

Classic Entrepreneurs—Independence, Challenge, Financial Independence

A common finding in many studies is that women are pulled into, or attracted to, entrepreneurship for many of the same "classic" reasons as men—most notably a desire for greater independence, challenge, and improved financial opportunity. Lavoie's (1988) review of Canadian studies found quite consistent evidence on this across the country for the period of the 1980s. For example, a 1986 survey of 1,000 women by the BC Women's Program found challenge and self-fulfilment to be top motivators (reported by 46% of women), followed by financial independence (23%). An Ontario study of 472 women by Collom (1982) cited "personal challenge," "own boss," and "financial independence" as the top three motivators (no percentages reported in original study). Though small scale, a Quebec study of 50 women entrepreneurs by the Ministère de L'Industrie et du Commerce (1985) found challenge to be the primary motivator (reported by 44%), followed by financial independence (16%) and self-fulfilment (16%). Stevenson's (1984) study of 447 women in Atlantic Canada also found the desire to be one's own boss, financial independence, and self-fulfilment to be leading motivators (see Lavoie, 1988: 30–31 and 49–53 for further details of each study).

Subsequent studies in Canada, the US and UK highlight these same factors (Belcourt, 1988, 1990; Carter and Cannon, 1992; Fischer, Reuber and Dyke, 1993; Lee-Gosselin and Grise, 1990; Hughes, 2005; Moore and Buttner, 1997; Carr, 2000). For example, Belcourt's (1988, 1990) study of 36 elite business women found independence to be the top motivator (cited by 67% of women), followed by financial opportunity (39%) and challenge (28%). Lee-Gosselin and Grise (1990), though also noting other factors, emphasize the issue of "self-determination" (including challenge and control) in their study of 400 Quebec women entrepreneurs. More recently Hughes' (2005) study of 61 Alberta women found challenging work and independence to be the most commonly cited motivators. Of special note a mixed sample study of 608 women and men by Fischer and

4. Studies vary from large surveys to small-scale interviews. Measures of motivation also vary, from uni-dimensional, forced choice rankings to open-ended, multi-dimensional measures.

colleagues (Fischer, 1992; Fischer, Reuber and Dyke, 1993) found similar motivations for men and women with respect to social/recognition and lifestyle issues, but slightly higher financial motivation for women than for men. In the US, a 1998 survey by Catalyst and the National Foundation for Women Business Owners (NFWBO) found that the majority of women were motivated by an entrepreneurial idea (Carr, 2000: 213). Moore and Buttner's (1997) multi-method study of 129 US women found challenge and self-determination to be the most influential. In the UK Carter and Cannon (1992) also find independence and challenge to be leading motivators.

Forced Entrepreneurs—Unemployment, Job Loss, Lack of Work Opportunities

Though very few early studies of women entrepreneurs examine job loss or difficulty finding employment as a major motivating factor (Belcourt, 1988, 1990; Lavoie, 1988), this issue has been more fully explored in recent research, both for women and men. Bogenhold and Staber's (1991) analysis of Canada and several other countries finds a strong positive relationship between rising self-employment and unemployment rates up to the late 1980s. However, studies of more recent periods in Canada by Arai (1997) and Lin et al. (1999a, 1999b) do not support an "unemployment push" hypothesis. The Global Entrepreneurship Monitor (GEM) suggests as little as 1% of the Canadian labour force are "necessity entrepreneurs"—though it also cautions that experts surveyed in each country seem poorly informed about "necessity based" or "forced" entrepreneurs (Reynolds et al., 2002: 7, 17).

Other studies, however, suggest that "push" factors are relevant for some entrepreneurs as a result of greater insecurity and flexibility in the "new economy." For example, Moore and Mueller (2002) find involuntary layoff and prolonged joblessness to be important motivators. Nationally representative data from Statistics Canada's *Survey of Work Arrangements* also shows that for 13.3% of women and 11.3% of men a lack of available work was the main reason for entering SE/SBO (Statistics Canada, 1997: 35–36). In Alberta, Chambers (1998) finds a link between restructuring and downsizing and rising levels of SE/SBO from the mid-1980s to late 1990s. Hughes (2005) also finds unemployment and layoff to be important for a small group of women in her study.

Outside of Canada, in the U.S. and Britain, several studies also suggest job loss and downsizing are relevant for a small minority of entrepreneurs (Carr, 2000; Dennis, 1996; Jurik, 1998; Reed, 2001). For example, Jurik's (1998) small scale study of women in New England and Sun Belt states found that about 20% were motivated by economic constraints. The Catalyst/NFWBO survey discussed by Carr (2000) suggests that push factors were relevant for 6 to 10% of women, with recent entrepreneurs more likely to be "forced." In Britain, several studies point to a rise in "forced" entrepreneurship for women in the 1980s and 1990s in specific regions and sectors (Baines and Wheelock, 1998; Granger et al., 1995; MacDonald, 1996). While most of these studies use small, non-representative samples, more recent analysis by Smeaton (2003) of three large national British surveys confirms that "push" factors have taken on growing importance in Britain since the 1980s, due to contracting out and redundancy in certain sectors.

Work-Family Entrepreneurs—Work-Family Balance, Flexibility

While traditional theories of entrepreneurship overlook work-family motivations, these factors appear to be especially important for women. Indeed, one of the key contributions of studies on women's entrepreneurship has been to highlight the importance of this issue (see Brush, 1992; Stevenson, 1986, 1990 for valuable discussions). In Canada, Stevenson

(1986) notes the attraction of flexibility for balancing family and work. Lee-Gosselin and Grise (1990) also underline the role of family-based motivations, noting that for some women “starting a business may be an adaptive response to the demands of the parent and spouse/partner roles, which are very important to them” (425). More recent analysis by Arai (2000) with nationally representative data for Canada confirms that the presence and number of children significantly increases women’s likelihood of entering SE/SBO. Hughes (2005) also finds work-family balance and flexibility to be important motivators for a subsection of women in her Alberta study and in the Canadian economy overall.

In the US, Moore and Buttner (1997) also note the role of work-family balance for 16% of women in their study. Carr (2000) also notes that flexibility was a motivator for half of the women surveyed in the 1998 Catalyst/NFWBO survey. Earlier analysis by Carr (1996) of nationally representative mixed gender data also finds that family responsibilities, especially the presence of children, are far more important for female than male entrepreneurs. In Britain, several small scale studies underline the role of family responsibilities in explaining women’s entrance into the small business sector (Baines and Wheelock, 1998; Green and Cohen, 1995).

Research Focus and Data

Despite the strengths and range of literature on women’s entrepreneurial motivations, a limitation of existing studies is that very few utilize nationally representative, mixed gender data. As a result, it is difficult to generalize about women’s motivations, or about differences between women and men, or amongst women themselves. Likewise, while there has been a significant amount of research done on women’s motivations, there has been less exploration of the links between women’s motivations and their economic success. Thus, while we may surmise that challenge and independence are key motivators for Canadian women, we actually do not know how prevalent they are in the current context, nor how they compare to other motivators such as work-family balance or job loss. In order to evaluate the situation in Canada, the analysis in this paper draws on nationally representative data to address several key questions about the prevalence of various motivations for Canadian women entrepreneurs, the differences in motivations between women and men, as well as amongst women, and the links between women’s motivation and their economic success. The specific questions and measures used in the analysis are discussed in detail in the next section, along with the key findings.

Secondary analysis in this paper draws on the *Survey of Self-Employment (SSE)*, which was conducted by Statistics Canada in April 2000 on behalf of Human Resources Development Canada. The objective of the *SSE* was to gather much needed information on the rising phenomenon of SE/SBO. It was administered as a supplement to the monthly *Labour Force Survey (LFS)* and utilizes the *LFS* sampling frame, concepts, and definitions. The *LFS* is a monthly household survey conducted by Statistics Canada. It is considered to be representative of 98% of all Canadians (with the exception of non-civilian, institutionalized). Participants in the *SSE* had to be aged 15–69 and self-employed in their main job in the reference week of the survey. The *SSE* had a response rate of 60.6% and a sample size of 4,015. The sample used in this study ($n=3,840$) represents those individuals who agreed to release their data to HRDC for analysis (see Statistics Canada and Human Resources Development Canada, 2002: 10–12). To ensure the sample is representative, weights provided by Statistics Canada are used.

In addition to standard questions included on the *LFS* about socio-demographic, family and labour market background, the *SSE* included additional questions on a range

of issues unique to those working independently in their own business. These include respondents' initial reasons for entering small business or self-employment, the types of work-related training they have engaged in (for example, formal or informal), the types of working arrangements in place (for example, work location, control over work, usual hours, employees), and their economic performance and security (for example, income, retirement savings). Further details on the questionnaire and methodology used in the *SSE* are available from the Microdata User Guide (Statistics Canada and Human Resources Development Canada, 2000).

With respect to the categories of SE/SBO used in the analysis, the *LFS* and *SSE* distinguish between five types: (1) working owners of incorporated businesses with paid help; (2) working owners of unincorporated businesses without paid help; (3) working owners of unincorporated businesses or other self-employed with paid help; (4) working owners of unincorporated businesses or other self-employed without paid help; and (5) unpaid family members. In this analysis the fifth category is excluded, to ensure comparisons are made strictly between those who are receiving pay. In some cases in the analysis the four groups are used separately. In others they are aggregated into two main groups: (1) *solo* or *own account self-employed*, which includes those working alone in an incorporated or unincorporated business; and (2) *employers*, which includes those employing others in an incorporated business.

Results

1) What motivates Canadian women entrepreneurs to start their own business? How do the motivations of women differ from those of men, and from one another?

Existing research would lead us to believe that most women are motivated by “classic factors” such as challenge, independence, and financial opportunity. Given the lack of representative data, however, we do not know how important these “classic” motivators are, relative to “work-family” or “forced” motivators, or the extent of differences between women and men, or amongst women themselves. The *SSE* allows us to assess women and men's motivations by drawing on two separate questions. The first question posed to all respondents asked: “Did you become self-employed because you could not find suitable paid employment? Yes or No?” Those responding “yes” are classified as “forced entrepreneurs.” The second questions asked (to those responding “no” to the first question): “What is the *main* reason you became self-employed instead of working for an employer?” Thirteen possible responses are provided, including motivators commonly cited in studies such as challenge, independence, flexibility, and work-family balance.

Overall, 22% of women in the survey indicated they had entered SE/SBO because they could not find suitable paid employment, a figure that is similar for men (21.7%). While these findings do not support “push” factors as a majority motivator, they do suggest there is a sizeable group of “forced” or “necessity” entrepreneurs within the “new” Canadian economy. For those who chose to enter SE/SBO voluntarily, a wide range of motivations are evident, as seen in Table 1. It is important to note that Table 1 does not include “forced entrepreneurs” and that the reported percentages reflect only those who entered SE/SBO voluntarily. The question also asks about *main* motivation and may therefore overlook other important factors.⁵

5. As I have argued elsewhere, motivations for entering SE/SBO are complex and may represent a continuum of “push” and “pull” factors (Hughes, 2003, 2005). A limitation of the *SSE* is that it does not allow us to assess additional factors.

Overall, Table 1 indicates considerable diversity in the motivations of women entrepreneurs. As existing studies suggest, the most commonly reported motivator is a desire for independence, freedom, and to be one's own boss (cited by 24% of women). However, other "classic" motivators—such as challenge and financial opportunity—are somewhat less important, and superseded by work-family balance (13.3%) and flexible hours (10.2%). Close behind these is another factor often associated with work-family balance, the ability to work from home (8.4%). Several other "classic" factors are also important. Challenge (10.0%) is the most commonly cited, followed down the list by opportunities for more money (6.4%) and control (4.6%).

As reported at the bottom of Table 1, the gender differences in motivations are statistically significant. It is interesting, and in keeping with the research previously discussed, to see that "work-family" factors are far less salient for men. Just 7.9% of men cite any of the work-family factors as a primary motivator (that is, balance, flexible hours, work from home). This compares to a striking 31.9% of all women. Conversely, "classic" motivators such as independence, challenge, control, and more money are far more commonly cited by men. The only exception is challenge, creativity, and success, cited by roughly equal proportions of women and men (10.0% and 9.7% respectively). Perhaps the most notable gender difference on classic factors is the ranking of independence which, despite being the top motivator for both sexes, is cited by 42.1% of men, and just 24.0% of women.

Table 1. Motivation for entering SE/SBO, Canada, 2000

Main Reason	Women (%)	Men (%)
Independence, Freedom, Own Boss	24.0	42.1
Work-Family Balance	13.3	1.7
Flexible Hours	10.2	5.3
Challenge, Creativity, Success	10.0	9.7
Joined / Took Over Family Business	8.8	9.5
Work from Home	8.4	.9
Nature of Job	7.8	5.8
Other ¹	6.6	6.7
More Money, Less Tax	6.4	9.6
Control, Responsibility, Decisions	4.6	8.7
Total Responses ²	n = 958	n = 2028

Pearson Chi-Square $p = .000$

¹ Includes an original response category "other," as well as responses with small cell sizes such as "less stress" (reported by 0.8%).

² Excludes those who responded yes to previous question on whether they became self-employed due to lack of job opportunities (n=838).

In order to more accurately compare the reported motivations for women and men with the threefold typology derived from existing studies, we can sort women and men into three groups—classic, forced, and work-family entrepreneurs. This is done by combining responses to the two *SSE* questions in order to classify the full sample according to their *main* reason for entering SE/SBO. A note of caution is warranted, however, as the motivations reported in the *SSE* are forced choice answers, where respondents are asked to provide one "main reason from a predetermined list of options." The reductionist approach greatly simplifies more complex, multi-dimensional motivations (see Fenwick, 2002; Hughes, 2005, for discussions of this issue). Thus, it needs to be emphasized that

Table 2. Typology of Motivations, Canada, 2000

	Women (%)	Men (%)
Classic Entrepreneurs (Pull)	52.7	71.5
Work-Family Entrepreneurs	25.3	6.8
Forced Entrepreneurs (Push)	22.0	21.7
Total ¹	n = 1232	n = 2608

Pearson Chi-Square $p = .000$

¹ Includes the full sample (n=3840) who responded to both questions concerning motivation.

the responses provided reflect an existing typology provided by Statistics Canada, rather than one generated from the spontaneous responses of entrepreneurs themselves.⁶

With these cautions in mind, Table 2 shows the results of classifying motivations in this manner. As we can see, the largest group—which accounts for the 52.7% of women and 71.5% of men—are in fact classic entrepreneurs who pursue SE/SBO voluntarily for a variety of reasons. This category includes those who choose as their main motivation “a desire for independence, freedom, own boss,” “challenge, creativity, success,” “control, responsibility, decisions,” “more money, less tax,” and opportunities relating to a “family business.” The second largest group, making up 25.3% of women but just 6.8% of men, are “work-family entrepreneurs.” This group includes those citing “work-family balance,” “flexible hours,” and “ability to work from home” as their main motivators. The remaining group are “forced entrepreneurs” who have entered SE/SBO because of a lack of suitable job opportunities. This group accounts for one-fifth of all women, a figure that is higher than most existing research suggests.

2) Comparing women by the three main types of motivations, how do they differ in their personal and educational background, and in the businesses they pursue?

In terms of their socio-demographic and educational backgrounds, are there significant differences between these three groups of women? For example, are women with higher education more likely to be classic entrepreneurs? Are married women more likely to be motivated by work-family balance? Existing studies would lead us to expect the latter, given that several studies find marital status and/or children to be associated with greater emphasis on work-family motivators (Carr 1996; Arai 2000).

Table 3 reports differences amongst these three groups of women, in terms of age, marital status, education and immigrant status. First, in terms of age, classic and forced entrepreneurs tend to be older, while far more work-family entrepreneurs are concentrated in the mid-life age group as we would expect. Work-family entrepreneurs are also more likely to be married or living common law (85.9%), although this is the typical situation for the vast majority of women. Immigrant status also differs across the groups, with work-family entrepreneurs significantly less likely to be immigrants (10.9%), in comparison to classic (18.2%) and forced (22.8%) entrepreneurs.

Educational and work background is important not only for determining motivation, but also for understanding differences in business performance and success, an issue which we later explore. Here we see some significant differences. Classic entrepreneurs are much more likely to have a university degree (27.5%), either undergraduate or graduate. Another

6. Despite these caveats, it bears noting that the categories used are derived from existing studies (such as those reviewed in earlier sections) which use a broad range of measures and approaches. Moreover, while forced choice answers are less than ideal, 99.95% of respondents did choose to select one main motivator, with only 0.5% choosing other available options such as “don’t know,” “refuse,” or “no response.”

Table 3. Socio-demographic Background of Women in SE/SBO, Canada, 2000

Age	Classic (%)	Work-Family (%)	Forced (%)
15-24	4.0	2.0	3.0
25-34	17.1	22.7	18.1
35-44	32.4	40.5	29.9
45-54	31.0	23.0	34.3
55+	15.6	11.8	14.8
Pearson Chi-Square p = .008			
Marital Status			
Married / Common Law	75.2	85.9	74.6
Separated/Divorced/ Widow	12.4	9.5	16.2
Single	12.4	4.6	9.2
Pearson Chi-Square p = .000			
Immigrant (yes)	18.2	10.9	22.8
Pearson Chi-Square p = .001			
Education			
HS or less, non-grad	12.4	10.5	17.3
HS grad, some PS	27.4	36.8	31.3
PS Cert/Diploma	32.7	35.9	33.1
Univ Degree – Bach/Grad	27.5	16.8	18.4
Pearson Chi-Square p = .000			
Past Experience			
Employee	64.2	68.1	64.0
Self-Employed	4.6	1.6	3.3
Both	28.0	25.7	28.7
No Experience	3.2	4.6	4.0
Pearson Chi-Square p = .288			
Total ¹	n=649	n=312	n=271

¹ Includes all women (n=1232) who responded to both questions concerning motivation.

one-third (32.7%) have post-secondary certificates and diplomas. Work-family entrepreneurs are also the most likely to have taken some post-secondary education without completing a credential (36.8%), and the least likely to have a university degree (16.8%). Finally, while roughly one-half of forced entrepreneurs have university (18.4%) or post-secondary credentials (33.1%), they are also less likely to have completed high school (17.3%). Interestingly, as far as past work experience is concerned, there are no significant differences. The vast majority in all three groups—roughly two-thirds—have worked as an employee at some point in the past. Another quarter or more has past work experience both in paid and self-employment.

Turning to their businesses, we can again note differences between the three groups. Classic entrepreneurs are far more likely to be working in an incorporated business (37.5%), and to be an employer, having had employees at some point during the year (50.5%). Compared to other groups, they are far less likely to work in home-based businesses (29.4%), and far more likely to work full-time (82.3%) and to work longer hours (an average of 41.9 per week). They also have much longer business tenure, with one-third in operation for 10 years or more. As far as industry location is concerned, 49.8% are in upper-tier services (for example, professional and technical services) and 35.2% in lower-tier services (for example, personal services, accommodation, retail sales). They are also more likely than other groups to be in the goods sector, with 15.0% of women working there.

In contrast, work-family entrepreneurs are far more likely than the other groups to be engaged in home-based (67.0%) businesses, to work part-time (33.4%) and to work relatively shorter weekly hours (34.7 hours on average). Compared to classic entrepreneurs they have younger businesses with nearly one-half (47.5%) in operation for less than 5

Table 4. Business Background of Women in SE/SBO, Canada, 2000

	Classic (%)	Work-Family (%)	Forced (%)
Incorporated (yes)	37.5	16.1	18.8
Pearson Chi-Square p = .000			
Employees (yes)	50.5	20.7	30.6
Pearson Chi-Square p = .000			
Home-based Business (yes)	29.4	67.0	41.2
Pearson Chi-Square p = .000			
Work Status			
Full-time	82.3	66.6	74.8
Part-time	17.7	33.4	25.2
Pearson Chi-Square p = .000			
Tenure			
> 5 years	40.3	47.5	56.5
5-10 years	26.4	23.4	29.0
10 + years	33.2	29.0	14.5
Pearson Chi-Square p = .000			
Industry ²			
Goods	15.0	10.5	4.4
Upper Tier Service	49.8	58.4	52.0
Lower Tier Service	35.2	31.1	43.5
Pearson Chi-Square p = .000			
	(Mean Hours)	(Mean Hours)	(Mean Hours)
Usual weekly hours			
Full-time	46.5	42.6	45.6
Part-time	20.2	18.9	19.5
Total	41.9	34.7	39.0
Total ¹	n=649	n=312	n=271

¹ Includes all women (n=1232) who responded to both questions concerning motivation.

² Upper tier services include more highly skilled, value added sectors in business services, education, health, welfare, and public administration. Lower tier services refers to more labour intensive sectors in retail trade and consumer services (Krahn, Lowe and Hughes, 2006: 59).

years. However, there are a sizeable number (29.0%) who have operated for 10 years or more. In terms of business sector, the majority of work-family entrepreneurs are in upper-tier services (58.4%). Surprisingly, perhaps, given the prevalence of home-based businesses, 10.5% are in goods sectors, with the remainder (31.1%) in lower-tier service sectors. Just one-fifth are employers (20.7%), and relatively few have incorporated their business (16.1%).

Finally, forced entrepreneurs are far more recent entrants into this sector, with 56.5% having business tenure of 5 years or less. Almost half have home-based businesses (41.2%), and only a minority are incorporated (18.8%). Two-thirds of forced entrepreneurs are solo workers, but nearly one-third (30.6%) have had employees during the year. Compared to work-family entrepreneurs they are slightly less likely to work part-time, and the usual hours for full-time and part-time workers are almost on par with classic entrepreneurs. Very few (4.4%) work in the goods sector, with the majority in upper-tier (52.0%) and lower-tier (43.5%) services.

3) How do women's motivations correspond to their economic performance and success?

Given differences in women's motivations, the sectors they work in, and the hours they devote to their work, we would expect to see variation in their economic performance. In particular, based on the literature, we would expect to see much lower incomes for work-family and forced entrepreneurs. Indeed, when we look at selected performance measures

Table 5. Economic Performance of Women in SE/SBO, Canada, 2000

	Classic (%)	Work-Family (%)	Forced (%)
Income			
Less than \$20,000	29.7	62.9	60.0
\$20,000 – 39,999	34.9	26.5	29.2
\$40,000 – 59,999	13.3	6.5	7.7
\$60,000 +	22.1	4.1	3.1
Pearson Chi-Square p = .000			
Have experienced financial difficulty (yes)	35.1	27.3	42.1
Pearson Chi-Square p = .001			
Would take paid job (yes)	25.5	18.6	53.8
Pearson Chi-Square p = .000			
Total ¹	n=649	n=312	n=271

¹ Includes all women (n=12 32) who responded to both questions concerning motivation.

we do see these types of differences. Table 5 presents data for three outcomes measures. The first is self-reported income (originally reported in \$5,000 intervals and recoded here to a fourfold category). It should be noted that the *SSE* defines net income before taxes and deductions for unincorporated businesses, and gross personal income before taxes and deductions for incorporated businesses. Negative income/net losses are excluded from the data (Statistics Canada and HRDC, 2002: 12–20). In addition to income, a second measure asks whether respondents “Have ever experienced financial difficulties as a result of being self-employed. Yes or no?” The third measure asks “If instead of self-employment, you could get a paid job at the going wage or salary rate for someone with your experience and education, would you accept it. Yes or no?”

Table 5 presents the results for these measures. As we can see, classic entrepreneurs have much higher income levels. Over one third earn incomes above \$40,000 a year, and there is a sizable group in the \$60,000+ category (22.1%). Another one-third (34.9%) earn \$20,000-39,999, with the remainder earning less than \$20,000 (29.7%). In contrast, work-family and forced entrepreneurs are far more likely to earn low incomes, with nearly two-thirds of women earning under \$20,000 a year. Just a tiny percentage of women in both groups are present in the upper income levels (60,000 +). Indeed, there is remarkable similarity in the income distributions for these two groups.

Additional measures suggest further variation in economic security and performance across the three groups. Not surprisingly, in light of reported income levels, nearly half of forced entrepreneurs (42.1%) report having experienced financial difficulties, and well over half would be willing to take a paid job (53.8%) if they could find something suitable. In contrast, just one quarter of classic entrepreneurs express any interest in paid employment, and roughly one-third report having experienced some financial difficulty. Given the similar income levels of forced and work-family entrepreneurs, it is interesting to see that the latter are the least likely to report financial difficulties (27.3%), or a willingness to take a paid job (18.6%). This perhaps reflects greater access to other sources of household income (e.g. a primary breadwinner) as well as a conscious trade-off between income and quality of life rewards.

Given that classic, work-family, and forced entrepreneurs differ significantly in terms of their businesses, as well as their education and socio-demographic characteristics, it is possible that the variations we see in economic performance and returns are due to these differences, rather than women’s *motivations per se*. Preliminary regression analysis (not

reported here) using dummy variables to test the effect of “classic,” “work-family” and “forced” motivation suggests that motivations do have a statistically significant relationship to income, even when controlling for many of the socio-demographic and business related factors in Tables 3 and 4. However, more extensive analysis of the data is needed before it is possible to say definitively whether and how motivations matter for women’s business performance and success.

Conclusions and Policy Implications

Two key findings emerge from this preliminary analysis. The most important is that there are notable differences among Canadian women entrepreneurs in terms of their motivation for starting a business, and between the motivations of women and men. Second, for women, different motivations appear to be linked to different types of businesses and economic success. Of the three groups identified, classic entrepreneurs have higher human capital, higher income, and operate in more traditional businesses that are incorporated, non-home based, and employing others. In contrast, work-family entrepreneurs work the least hours of all three groups, have lower incomes and are the most likely to be in unincorporated, home-based businesses, working alone. Forced entrepreneurs are more recent entrants, with the majority working in unincorporated solo business. While their income levels parallel those of work-family entrepreneurs, however, their work hours more closely resemble those of classic entrepreneurs.

From a policy standpoint these findings suggest that, in addition to shared interests, there are important sources of diversity among Canadian women entrepreneurs. A key question then is how well current policies and programs respond to these distinct groups. Many current programs, for example, seek to improve business performance and growth, an issue of great interest to classic and forced entrepreneurs. But such programs may be less relevant to work-family entrepreneurs who appear to be making a conscious trade-off between growth, financial returns, and quality of life. So, too, the financial difficulties faced by many forced entrepreneurs raise policy concerns both for women’s long-term economic security, and overall performance of the SE/SBO sector. Targeted initiatives for this group might help them build more viable businesses or, failing that, transition into employment that is more financially secure.

Though diverse, Canadian women entrepreneurs do not lack common ground. On the contrary, they share many basic concerns. For example, previous analysis based on the *SSE* (Hughes, 2005) makes clear the importance of human capital development. Women entrepreneurs of all kinds have high levels of interest in training and education, and enjoy higher economic returns as a result of engaging in it. Thus, skill development and training have a critical role to play in improving the economic performance of women entrepreneurs (Hughes, 2005). Public policy that addresses these types of common interests, while also paying attention to the diversity among women entrepreneurs, will greatly facilitate women’s success in this rapidly expanding sector. So too will academic research that sheds further light on the diversity among Canadian women entrepreneurs, and the relationship between their motivations and success.

Acknowledgments

I would like to thank the editors and anonymous reviewers for their very helpful comments and feedback on an earlier draft of this paper. I also wish to acknowledge the assistance provided by HRSDC/Statistics Canada in accessing the *Survey of Self-Employment in Canada* in previous analysis which has informed this paper.

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