Women, global trade and what it takes to succeed

2015
The second annual survey of Australia’s international businesswomen conducted by Women in Global Business in conjunction with André Sammartino & Sarah Gundlach at the University of Melbourne
When WIGB launched four years ago, it was the realisation of a vision of several senior women executives from Australia’s trade promotion organisations including Austrade and State and Territorial government trade and investment agencies.

These insightful women recognised the warning indicators from scant data, that women led SME businesses in Australia were not achieving their export potential when measured against the general SME population. The formation of WIGB was designed to establish a government program to address the barriers that were acting to deter women led businesses from becoming global market leaders.

The multiple programs that WIGB established early on to break down these barriers, came about from research that mostly originated offshore. Predominantly emanating from the USA, this data was balanced by a good dose of local intuition and Australian common sense. What was missing was the Australian data as a foundation underpinning the rationale for, and effectiveness of, WIGB services. This longitudinal study, the first of its kind in Australia, seeks to do just that.

In this second report of the five year study, we are able for the first time to compare results from one year to the next. This has led to some surprising findings including the dominance of baby boomer women as breakthrough international businesswomen; the noticeable eagerness for more international expansion and the clear rise of China specifically and Asia generally as significant markets for women led SMEs.

On the downside this second report reveals that barriers are becoming more, not less challenging for women. This is despite 63% of women, who indicated they wanted to expand their business into more countries in the first report, achieving this goal by the second. Our report confirms the trend internationally, that the major hindrance for women led businesses to expand internationally is the lack of access to finance and capital. This second report drills down to investigate why.

Working together with our stakeholders, corporate partners, members and allies, WIGB will continue to advance programs to support women to break through these barriers and scale up their businesses to reach their full potential as global companies.

Cynthia Balogh
National Program Manager
Women in Global Business
Our sincere thanks and appreciation goes first and foremost to our University of Melbourne partners, Dr André Sammartino, Senior Lecturer in Strategy and International Business, University of Melbourne and Ms Sarah Gundlach, University of Melbourne.

The collaboration between WIGB and the University of Melbourne on this five year longitudinal study has been enormously productive. The findings have revealed surprises for both parties along the way and reinforced some expectations. Of enormous satisfaction to the project team is the fact that this work is shining the light, for the first time, on how one crucial part of Australia’s economy operates. As such the contribution to our body of knowledge and understanding cannot be underestimated.

Our heartfelt thanks also go to the hundreds of Australian businesswomen who took time out of their busy schedules to contribute their responses, thoughts and feedback on the second survey. By definition WIGB’s target audience are businesswomen who are already exceptional multi-taskers with busy business and private lives and demanding domestic and global travel schedules. The fact that they took the time out to complete the survey responses is an indication of how important they consider this topic. We sincerely value and appreciate their contributions to this study.

There is another group of businesswomen in Melbourne and Sydney who we must recognise and extend special additional thanks. These were the WIGB Members who agreed to participate in the focus groups. They gave very generously of their time. Their unique insights provided real substance and background to many of the findings and can be read in this report.

My gratitude also goes out to WIGB’s Advisory Committee members and State and Territory government stakeholders. Without their support for WIGB’s mission and operational support, this project could not be realised. To our sponsors and allies who helped promote the survey to their respective memberships, we truly value the partnership and your support. To Austrade staff who supported WIGB in the promotion of the survey our sincere thanks. Our thanks also go to the multiple interns who supported WIGB during all the stages of this project. Finally thanks to the production team at Bouquet Creative for their innovative and creative ideas.

Cynthia Balogh
National Program Manager
As Minister for Trade and Investment I’m always impressed, but never surprised by the entrepreneurial spirit of Australian businesspeople exploring avenues for growth in overseas markets.

This report – the second released by Women in Global Business and the University of Melbourne – builds on our understanding of the motivations, challenges and successes of Australia’s businesswomen, as they engage in international trade.

Based on the responses to this second survey, the Free Trade Agreements I recently concluded with Japan, Korea and China, certainly have the potential to significantly impact upon the future success of women involved in exporting, with Asia identified by respondents as an increasingly important region for doing business.

In fact, the report found that in terms of first expansion, China in particular is fast becoming a popular destination for businesswomen seeking a location to establish their first global trading point.

Not surprisingly the report made clear that Australian businesswomen are seasoned exporters with a thirst for further expansion, with 74 per cent indicating their intentions to expand into even more markets; an ambition backed by the Abbott Government’s aggressive trade and investment agenda, which is aimed at facilitating export growth for all Australian businesses.

The insights in this report will assist the government as it continues to support those seeking to either establish or expand their international business footprint; initiatives such as the government’s Export Finance Insurance Corporation (EFIC) and the Export Market Development Grant (EMDG) programme, are aimed at helping find solutions to financial hurdles, which I note, is a key issue raised by survey participants, and by exporters in general.

Understanding what drives Australia’s businesswomen to engage in international trading is critical to the mission of Women in Global Business and I commend this report as a valuable addition to our understanding of this important sector.

The Hon Andrew Robb AO MP
Minister for Trade and Investment

The Hon Andrew Robb AO MP
Women are playing an increasingly significant role in business and the global economy. Women currently control over $21 trillion of wealth and their success in any number of fields means their contribution to our financial systems is steadily growing.

That is why ANZ is delighted to partner with organisations like ‘Women in Global Business’ who play such a vital role in providing women with networks, support and opportunities to help build their businesses internationally.

As a global business operating in 33 markets across the region ANZ understands that we need to do more to support women’s access to capital and finance to manage their businesses and grow their personal wealth and we are actively working on a range of initiatives we believe will have an impact in this area.

This latest research report provides unique insights into the aspirations of women to expand their businesses internationally and of the success factors and barriers which are evident today.

As you read the report I am sure you will gain a greater appreciation for the significant contribution women are making to the region’s economy and their positive aspirations for future growth.

Joyce Phillips
CEO Global Wealth
Australia and New Zealand Banking Group Limited
This report is the second emanating from the five year partnership between Women in Global Business (WIGB) and the University of Melbourne to annually survey Australia’s international businesswomen.

It fills a critical gap in data about Australian businesswomen engaging in international business and expands our understanding of their successes, challenges and motivations. It provides unique insights and captures the views and opinions of these entrepreneurial women with global ambitions. We look at their significant but under recognised contribution to Australia’s economic growth and job creation. These women remain very optimistic about future growth. Our survey of 416 women, reveals a dynamic community of entrepreneurs and senior decision makers guiding organisations into markets around the world.

Women entrepreneurs go global fast

There is a large, active group of women-owned businesses operating across varied foreign markets. These are typically young, small-medium-sized enterprises, founded within the past 4-8 years. They have been very quick to embrace global opportunities. Over two-fifths (42%) internationalised within 12 months of start-up, and 81% within the first 5 years. A third of these organisations (33%) earn more than 50% of their sales revenue internationally.

Expanding overseas has been a key success driver for these women-owned businesses. Almost two thirds (62%) report sales growth of more than 10% over the past year. Over a third (35%) report sales growth of more than 40%. These numbers are even higher for organisations that have internationalised in the past five years, with 52% reporting sales growth of more than 40% in the past year. Foreign sales growth of more than 100% was reported by 16% of the women owned businesses. Almost a fifth (19%) of the women owned businesses also reported growth in employment numbers of 10% or more over the past 12 months, with 4% more than doubling their headcount. Again, employment growth was even higher for firms in early stages of internationalisation.

Of those who have internationalised within the past 5 years, 31% reported growth in employment numbers of 10% or more over the past 12 months, with 9% more than doubling their headcount.

Australia’s female international owner-operators do not fit the stereotype of young, brash entrepreneurs. Rather, these female success stories are overwhelmingly baby-boomers (62% are 50+ years of age). They are very well-educated (78% hold a bachelor degree or higher). They bring a wealth of life and business experience to their start-ups. Half (50%) have worked overseas in previous organisations, typically for five or more years, often in the USA, UK, China or Singapore.

Australia’s women-owned businesses have already achieved significant success overseas, with the majority (51%) operating in five or more foreign markets, and a quarter in ten or more. There is a strong appetite for further expansion with 74% indicating they are seeking to expand into new markets, and none intending to scale back their global reach.

The most common first locations for expansion by women owned organisations were the USA (14%), NZ (12%), UK (9%) and Japan (8%). China has been on the rise in recent years, accounting for 13% of first entries in the past five years. Asia is by far the most common region for
first expansion, up from 40% of firms who first went international 5 or more years ago to 47% of firms who internationalised within the past 5 years. The big drops have been in Europe (down from 20% to 11%) and Oceania (20% to 13%).

**Businesswomen leaders guiding global businesses**

The survey also identified a similar sized group of women employed in executive roles within internationalised organisations. Just over a quarter of the respondents are members of the C-suite within their organisation. These women are younger (only 18% were 50+), and even more highly educated (90% hold a bachelor degree or higher) than the aforementioned owner operators. Their organisations tend to be much larger – 43% have 500+ employees – and are older and more experienced overseas. We contend that some of these women may become the next generation of Australian international entrepreneurs, as they are currently building the sets of requisite skills for such transitions. Their rise within organisations also reflects the welcome growing presence of senior women in corporate Australia.

**The rise of China continues**

The countries most frequently identified as the most important market were China (34%), the USA (23%), and the UK (7%). China was more frequently cited as most important (36%) for the more experienced organisations (those operating internationally for over five years). China has jumped considerably since our first survey (from 18% to 34%). This year we also asked about the most important region and Asia was ranked #1 by just over half (52%) the women.

The most common business motivation (56% of owner-operators, 62% of women employed in strategic roles) for internationalisation was the proactive pursuit of new markets. The next most frequent triggers were reactive: responding to approaches from foreign clients, following key customers and other unexpected opportunities. Owner-operators were considerably more likely to be reactive than their more proactive employed counterparts. We argue this suggests a greater proactivity and confidence among Australia’s female entrepreneurs may come from the facilitation of better international networks for Australia’s aspiring global entrepreneurs, with government agencies a key avenue.

Australia’s businesswomen have confronted, and overcome, a number of hurdles in their internationalisation efforts. Among the most substantial barriers we identify are: the high $A, difficulty locating a suitable distributor, red tape issues in establishing foreign operations, a lack of resources to cover the investment timeframe (especially relative to the costs), and a lack of alternative sources of capital. Women running their own international organisations consistently rated these impediments as higher than the senior female employees (the exception was on the currency risk front). This is symptomatic of the large differences in access to resources, networks and information for these two groups of women.

This second annual survey allows us to track the progression of a subsample of the women from the first survey. Almost two thirds (63%) of the women who had indicated an intention to expand the number of countries in which their business operated had achieved this goal in 2014.
business abroad has not got easier however. As these women expand
their businesses into new locations, they continue to encounter issues
that hinder growth.

On almost all of the 31 issues we track across the survey, the
respondents report the barrier to be causing more or similar
hindrance to 12 months earlier. The only two
to drop noticeably are
cultural differences and
the perceived risks of losing
money selling products or
services abroad. The barrier
that has most consistently increased is lack
of alternative sources of capital.

In this second annual survey we
specifically investigate financing
challenges which emerged from the
inaugural survey as particularly salient
for Australian businesswomen in the
international arena. We find that
most internationalised women owned
organisations rely primarily on personal
savings and reinvested profits to fund
expansion. Only 21% of the owner-
operators had attempted to borrow to
fund internationalisation, and of these
attempts, only 27% were successful. Only
10% of respondents regarded ease of
accessing finance
as easy or very easy,
while 55% rated it
difficult or very difficult.
Almost two fifths (39%) of the internationally
engaged owner-operators felt
that gender made a difference to
their access to finance. This number
was considerably higher (52%) for female owner-operators
who were yet to internationalise. This does point to an often
underplayed constraint to ongoing international expansion of
women-owned Australian organisations.

Our report identifies a number of opportunities to nurture and
assist Australia’s businesswomen in their international efforts. We
offer promising evidence of the positive impact of mentoring
in reducing barriers and building confidence, and a clear
appetite for greater access to mentors. Programs such as WIGB
are ideal mechanisms for increased sharing of information,
contacts and lessons from successful counterparts, the building
of skills and capacity, networking, and as a forum for offering
specifically targeted policies and interventions.
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TYPICAL AUSTRALIAN WOMEN OWNER OPERATOR’S IN INTERNATIONAL BUSINESS

- 78% hold a bachelor degree or higher
- 72% were born in Australia
- 62% are over 50
- 61% work more than 50 hours/week
- 45% speak at least one other language
- 42% have previously worked overseas
- 37% completed management & commerce qualifications
- 28% have children at home
- 24% make 5+ business trips per year