



Women Are the ‘Cautious Pragmatists’ of the Business World

Survey finds Australian women business owners are more cautious around the economy but more pragmatic, more likely to reinvest in their business and more focused on technology than their male counterparts

Sydney, 17 May 2011 - Female business owners are cautious pragmatists who are more likely to plan and invest for business growth even though they remain more doubtful about Australia's economic recovery in 2011, according to the SME Business Sentiment Index 2011 sponsored by Sage, a global leader in mid-market business software.

The Sage study found distinct differences between males and females in the business world.

Just over four in ten male business owners (42%) believe their business is performing better now compared to this time last year. This confidence level drops noticeably to 30% among female business owners.

When it comes to the economy, one third of all male business owners (33%) believe that the economy is recovering compared to 2010, however only one quarter of women (27%) are likely to believe this is the case.

During the past 12 months female business owners were more cautious than their male counterparts on many issues such as reducing prices for customers (22% females versus 34% males), taking on more debt to grow the business (13% females versus 28% males) and in freezing or limiting all staff pay rises (7% females versus 18% males). Where male business owners typically concentrated more on the challenges of revenue growth and customer acquisition, women were more keenly focused on the challenges of rising costs and recruiting employees.

Attitudes to technology also divided the sexes. More than six in ten female business owners (62%) stated that they plan to increase their use of online software and services in the next 12 months, compared to just 51% of male business owners. Additionally, almost half of female business owners (48%) declared that investment in technology would be a key priority if they had more budget for business development, compared to just 31% of their male counterparts.

Women are more likely to have actively maintained their business web presence in the past 12 months so that customers can order online (40% versus 31% men) and to have a website that people can order and buy from (24% versus 18% men). Women owners are also more likely to perceive their online presence as critical to the future success of their business (73% versus 66% men). The study hypothesises that this may be due to women's greater relative presence in areas such as the retail and service related industries, which are well-suited to and often dependent upon the online commercial environment.

The post-GFC world

The repercussions of the global financial crisis (GFC) continue to exert a significant influence across all businesses with many companies reporting more limited revenue growth, greater competition and cash flow issues. Three quarters (75%) of businesses state that their costs have increased since the GFC but revenues have failed to grow by the same margin.

This was even more pronounced for women with 82% stating this was the case, compared to 73% of males. This may account in part for the greater caution seen earlier regarding the economy relative to their male counterparts.

Many businesses report having experienced an increase in cash flow issues since the GFC, however women business owners appear to be faring better in this area with only 47% reporting cash flow issues compared to 66% of male business owners.

More than half of all companies (55%) agree that their staff are now working harder but that profits aren't going up respectively. To cope, many businesses have reduced reinvestment in the business and have cut back on advertising and marketing expenditure, however critically more male business owners (46%) were likely to reduce investment in the business compared with females (36%).

Challenges for 2011

Almost six in ten women business owners (58%) identified rising costs as the number one business challenge in 2010 and nearly five in ten women (46%) anticipate that costs will remain a key challenge for the year ahead. This compares to 43% of males identifying rising costs as the number one issue in 2010 and 37% seeing it as a challenge in 2011.

Despite this concern about rising prices the study found that only one third of all companies (33%) have put in place documented plans to tackle the problem. This 'planning gap', which is more pronounced among women than men, is likely to have a compounding effect on business profits if projected revenues are not realised this year.

With business performance starting to pick up, the issue of staff shortages is beginning to re-emerge as a major issue. Six in ten Australian businesses state that they are struggling to find sufficient numbers of skilled staff to meet their requirements. Exacerbating the problem and contributing to concern for cost management - is the fact that 3 in 10 businesses (31%) report that existing staff are beginning to make demands for wage increases and almost half (47%) say they have increased pay levels during the past 12 months. Not surprisingly, the problem of staff shortages becomes more pronounced as business size increases.

Other key business challenges for 2011 include:

gaining new customers and accessing new markets (39%),
managing cash flow (34%),
maintaining or growing revenue (33%),
recruiting employees (25%), and
funding and access to capital (24%).

Alan Osrin, Managing Director, Sage says, Despite their concern for the economy and a consequent more conservative approach to finance, women take a far-sighted approach to equipping the business for growth. They are adept at realising the need to reinvest in their businesses and are focused on using technologies such as the web and online software to innovate, build their business presence and extend their customer reach.

About the study

The Sage SME Business Sentiment Index 2011 is the first in a series of market research studies to be commissioned by business management software specialist, Sage. The 2011 Index involved more than 600 business owners and decision makers across all business sizes and industries. The results highlight current business confidence levels, attitudes to business and employment issues, investment priorities, major business challenges of the past 12 months and anticipated challenges for the year ahead.

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