

Sensis® *Business Index*
Special Report

Women's Business Index

May 2005



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Introduction

The Sensis® *Business Index* is an ongoing series of surveys designed to track confidence and behaviour of small and medium enterprises (SMEs).

The primary objectives of the Sensis® *Business Index* are to track small and medium business activity over the past three months; expectations over both the next three and 12 months; and to measure overall confidence within the small business community. A second purpose is to provide an independent, objective channel for reporting proprietors’ experience and attitudes on key issues.

The *Women’s Business Index* analyses the Sensis® *Business Index* results by gender, and compares results for SMEs predominantly operated by females with SMEs in general.

The Sensis® *Business Index* is an initiative of Sensis as part of its commitment to this vital business sector. Surveying was conducted by Sweeney Research over the period 18 April to 13 May 2005.

This report was completed for the Australian Government Office for Women.

About the Survey

Since its inception in 1993, the Sensis® *Business Index* has been one of the most extensive and regular surveys of small businesses in Australia. Historically, the Sensis® *Business Index* has focused specifically on businesses employing 19 people or fewer. In November 2000 it was expanded to cover the medium business sector, while the regional and industrial sectors were also enhanced.

The May 2005 Sensis® *Business Index* results are based on telephone interviews conducted with 1,800 small and medium business proprietors. The sample size is divided between 1,400 small businesses and 400 medium businesses (the latter defined as businesses employing between 20 and 199 people).

Businesses interviewed for the May 2005 Sensis® *Business Index* were drawn from all metropolitan and major non-metropolitan regions within Australia. Quotas were set on geographical location and type of business in order to produce the standard sample structure shown below. Where replacement businesses are recruited, this sample structure is maintained.

At the analysis stage, results were weighted by selected Australian New Zealand Standard Industrial Classification (ANZSIC) divisions within the metropolitan and non-metropolitan region of each state and territory. This ensured the sample reflected the actual small and medium business population distribution. The Australian Bureau of Statistics (ABS) Business Register, as at June 1998, was used to weight the sample to be representative of the total business population.

The Sensis® *Business Index* asks whether there is more than one predominant decision-maker in the business. Where there is only one predominant decision-maker, the survey records the gender of that decision-maker. Where there is more than one predominant decision-maker in the business, the survey records whether the predominant gender is female, male or an equal mix of female and male operators. These results are then used for the *Women's Business Index*. In the May 2005 Sensis® *Business Index*, 16 per cent of the SMEs in the weighted sample were predominantly operated by females, with 67 per cent predominantly operated by males, and 17 per cent being equally operated by both males and females as joint decision makers.

All results in the *Women's Business Index* are based on the responses of those businesses surveyed. Results are reported as a net balance, which represents the total number of positive responses minus the total number of negative responses.

Interviewing for this latest survey was conducted over the period 18 April to 13 May 2005.

Location of Business			
	Total	Metro	Non-metro
New South Wales	300	240	60
Victoria	300	240	60
Queensland	300	165	135
South Australia	225	195	30
Western Australia	225	195	30
Tasmania	150	90	60
Northern Territory	150	90	60
Australian Capital Territory	150	150	-
Total	1800	1365	435

Division	
Manufacturing	200
Building/Construction	250
Wholesale Trade	150
Retail Trade	250
Accommodation, Cafes and Restaurants	100
Transport/Storage	150
Finance and Insurance	100
Communication, Property and Business Services	300
Health and Community Services	150
Cultural, Recreational and Personal Services	150
Total	1800

Women's Business Index – May 2005

Confidence in own business prospects over the next 12 months

The May 2005 Sensis® Business Index found declining levels of confidence amongst small and medium enterprises (SMEs) that were predominantly operated by women. However, this was in the context of declining confidence among SME proprietors nationally, and the gap between those that were predominantly female-operated and those that were predominantly male-operated has not changed in the past quarter. The most confident SMEs were again those that were equally operated by both females and males.

Predominantly female operated SMEs recorded falling business confidence with a net balance result of 45 per cent. This was comprised of 65 per cent of female-operated SMEs that were confident about their business prospects for the year ahead and 20 per cent that were worried. These figures compare with net confidence of 52 per cent overall, 52 per cent in SMEs that were predominantly operated by males, and 57 per cent in those SMEs where the key decision making was equally split between males and females.

This decline is consistent with declining business confidence in general. Overall, in May 2005, confidence amongst SME proprietors fell by seven points from a net balance of 59 per cent to a net balance of 52 per cent. The decline in confidence amongst female business proprietors of seven percentage points mirrors this national decline, as well as the decline in confidence amongst predominantly male-operated businesses.

Once again, whilst female SME operators still displayed the lowest confidence levels, they displayed the highest levels of extreme confidence of any gender group, with 18 per cent of predominantly female SMEs stating that they were extremely confident about their business prospects for the year ahead. At the other end of the scale, nine per cent of predominantly female operated SMEs reported feeling extremely worried, which was also the highest level of any gender-based group. The increase in the proportion of predominantly-female SMEs that are feeling worried about their business prospects is the main contributing factor to the overall decline in the net balance result this quarter.

Overall Confidence May 2005

	Female	Male	Both	Total
Extremely confident	18%	12%	18%	14%
Fairly confident	47%	54%	51%	53%
Neutral	15%	19%	19%	19%
Fairly worried	11%	12%	10%	12%
Extremely worried	9%	2%	2%	3%
Total confident	65%	66%	69%	67%
Total worried	20%	14%	12%	15%
*Net Balance	+45%	+52%	+57%	+52%

Q. Thinking about the next twelve months, how confident do you feel about your business prospects?

SOURCE: Sensis® Business Index
Sweeney Research – May 2005

Female Business Confidence Trends Past Five Quarters

	May 04	Aug 04	Nov 04	Feb 05	May 05
Extremely confident	20%	25%	21%	22%	18%
Fairly confident	61%	50%	44%	45%	47%
Neutral	13%	16%	21%	18%	15%
Fairly worried	6%	7%	10%	11%	11%
Extremely worried	0%	2%	4%	4%	9%
Total confident	81%	75%	65%	67	65%
Total worried	6%	9%	14%	15%	20%
*Net Balance	+75%	+66%	+51%	+52%	+45%

SOURCE: Sensis® Business Index
Sweeney Research – May 2005

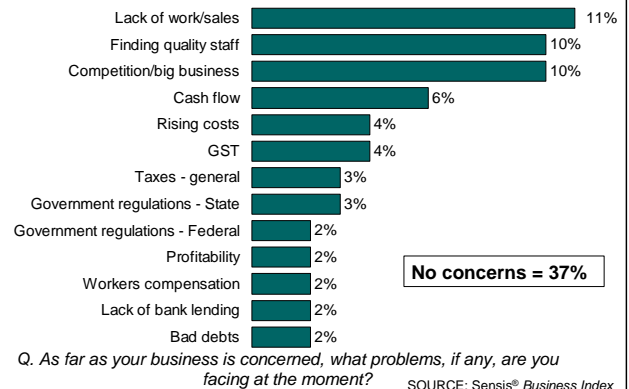
Concerns of female business operators

The most common concern for female-operated SMEs in May 2005 was a lack of work or sales, which was reported by 11 per cent of predominantly female-operated SMEs. This was lower than the proportion of SMEs in the general business population that reported problems with a lack of work or sales. This concern was unchanged for predominantly female-operated SMEs over the past quarter.

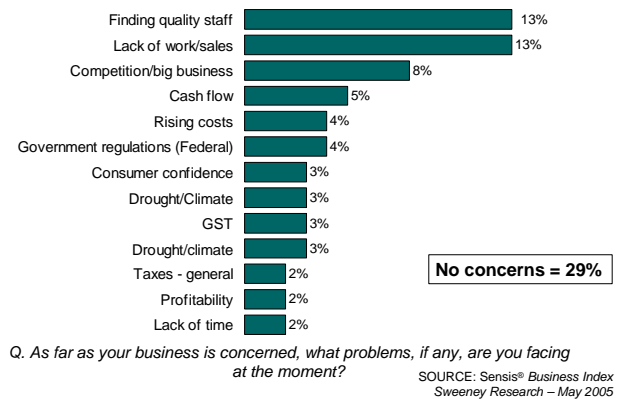
The second top concern for female-operated SMEs was finding quality staff, which was a concern for ten per cent of female-operated SMEs. The level of this problem has increased by one percentage point for predominantly female-operated SMEs. Overall, SMEs nationally reported that their greatest problem was currently the difficulty they were facing finding quality staff, having been reported by 13 per cent of SMEs, which is at the highest level that it has been for SMEs in the history of the Sensis® Business Index. Female-operated businesses were significantly less likely to be facing this problem than businesses in general, with 14 per cent of predominantly male-operated SMEs that reported having difficulties finding quality staff.

It is interesting to look at the differences that female and male-operated SMEs reported when looking at the difficulties that SMEs are facing finding quality staff. Whilst female-operated SMEs reported fewer problems finding quality staff than predominantly male-operated SMEs, the nature of the problems they faced also differed significantly from their male counterparts. Whilst for male-operated SMEs the main problem that was mentioned was a lack of skills, for female-operated SMEs the main problem reported was with finding people that wanted to work, followed by a lack of skills. Female-operated SMEs were much more concerned than their male counterparts with trying to find the right person to fit in their business, which was the third most reported problem with finding staff by female-operated SMEs. This problem was cited by 19 per cent of those female-operated SMEs that were having trouble finding staff, compared with only four per cent of their male-operated counterparts. Lack of qualifications was the next most cited problem for female-operated SMEs, followed by difficulties with staff retention.

Prime Concerns – May 2005 Predominantly female operated SMEs



Prime concerns – May 2005 All SMEs



The third most pressing concern overall facing female business operators was competition with larger businesses, which was also reported by ten per cent of predominantly female-operated SMEs. This was higher than the eight per cent of the general business population that reported problems in this area. It is also an increase from the two per cent of predominantly female-operated SMEs that reported difficulties in this area last quarter.

Overall 37 per cent of predominantly female-operated SMEs reported currently having no significant problems affecting their businesses. This has decreased from 44 per cent last quarter and compared with the 29 per cent of SMEs on average reported having no concerns in the past quarter.

Sales, employment and wages

Sales

In line with falling confidence in the past quarter, SMEs operated by females reported a significant fall in sales performance over the last quarter, at eight percentage points below average and a decline of 25 percentage points from the previous quarter. This result represents less female-operated SMEs increasing their sales in the past quarter, coupled with more having experienced an actual decrease in sales levels.

The outlook was also subdued for the current quarter, with female-operated SMEs reporting the lowest level of sales expectations at net 11 per cent. This compared with net 24 per cent for male-operated SMEs.

Value of Sales May 2005				
	Female	Male	Mixed	Total
Last Quarter				
Experienced increase	35%	39%	33%	37%
No change	29%	32%	30%	31%
Experienced decrease	37%	29%	36%	31%
*Net Balance	-2%	+10%	-3%	+6%
Current Quarter				
Expect increase	38%	44%	39%	42%
No change	34%	36%	47%	37%
Expect decrease	27%	20%	14%	20%
*Net Balance	+11%	+24%	+25%	+22%

SOURCE: Sensis® Business Index
Sweeney Research – May 2005

Employment

Female-operated SMEs reported the lowest level of net increase in employment for the second successive quarter, however at an improved level from the previous quarter. Only net one per cent of female-operated SMEs reported having increased their employment levels in the past quarter, in a quarter where on average there had been the highest employment performance in the history of the Sensis® Business Index.

For the current quarter, female-operated SMEs are reporting the lowest level of net employment expectations of any gender group, however, at a significantly lower level than expectation recorded last quarter of net 18 per cent.

Size of Workforce May 2005				
	Female	Male	Mixed	Total
Last Quarter				
Experienced increase	10%	19%	18%	18%
No change	81%	70%	75%	73%
Experienced decrease	9%	10%	8%	10%
*Net Balance	+1%	+9%	+10%	+8%
Current Quarter				
Expect increase	11%	14%	12%	13%
No change	72%	77%	82%	77%
Expect decrease	10%	8%	3%	7%
*Net Balance	+1%	+6%	+9%	+6%

SOURCE: Sensis® Business Index
Sweeney Research – May 2005

Wages

The net proportion of female-operated SMEs that reported an increase in wages was net three per cent, six percentage points lower than the national average, and the lowest of any gender group for the third successive quarter. Wage pressures were again highest in those SMEs that were operated predominantly by males. However, considering the weaker employment performance of female-operated SMEs in the past quarter, this is not an unexpected result.

For the current quarter, the net proportion of female-operated SMEs that are expecting their wages bill to increase was below the national average, with net seven per cent of female-operated SMEs expecting growth, compared to net 13 per cent on average.

Wages Bill May 2005				
	Female	Male	Mixed	Total
Last Quarter				
Experienced increase	18%	26%	22%	24%
No change	61%	57%	58%	58%
Experienced decrease	15%	14%	15%	15%
*Net Balance	+3%	+11%	+7%	+9%
Current Quarter				
Expect increase	18%	23%	25%	23%
No change	63%	64%	65%	64%
Expect decrease	11%	10%	6%	10%
*Net Balance	+7%	+13%	+19%	+13%

SOURCE: Sensis® Business Index
Sweeney Research – May 2005

Prices, capital expenditure and profitability

Prices

A net balance of 13 per cent of female-operated SMEs reported having increased their selling prices over the past quarter, a decrease of five percentage points from the previous quarter's result. Those SMEs with equal male-female decision makers were the most likely to have increased prices over the past quarter.

In the coming quarter, lower net proportions of female-operated SMEs were again expecting price increases than their male counterparts. Net 15 per cent of female-operated SMEs were expecting to increase their prices, compared to net 22 per cent of SMEs in male-operated SMEs.

Capital Expenditure

The proportion of female-operated SMEs that reported having increased their capital expenditure was again lower than the proportion that reported a reduction, resulting in a net balance of negative seven per cent in the past quarter. This was significantly below the average figure of net negative one per cent of SMEs that reported having increased their capital expenditure. Male-operated SMEs were the only gender-based group to record a net increase in capital expenditure in the past quarter.

All SMEs reported expecting net decreases in capital expenditure for the current quarter. A net negative 15 per cent of female-operated SMEs reported expecting to decrease their capital expenditure in the past quarter, down further from net negative nine per cent last quarter.

Profitability

In line with other indicators, female-operated SMEs reported a below average net balance of businesses with increased profitability in the past quarter. The net balance, at negative seven per cent, was below the positive one per cent net balance recorded for male-operated SMEs, and was down from the net 13 per cent that reported increased profitability last quarter.

For the current quarter, the lowest profitability expectations were amongst female-operated businesses, with the highest expectation being among those SMEs that were operated equally by a mix of females and males.

Prices Charged May 2005

	Female	Male	Mixed	Total
Last Quarter				
Experienced increase	16%	26%	32%	25%
No change	81%	71%	65%	71%
Experienced decrease	3%	4%	4%	4%
*Net Balance	+13%	+22%	+28%	+21%
Current Quarter				
Expect increase	19%	27%	29%	26%
No change	77%	67%	66%	69%
Expect decrease	4%	5%	5%	5%
*Net Balance	+15%	+22%	+24%	+22%

SOURCE: Sensis® Business Index
Sweeney Research – May 2005

Capital Expenditure May 2005

	Female	Male	Mixed	Total
Last Quarter				
Experienced increase	22%	26%	23%	25%
No change	44%	48%	46%	47%
Experienced decrease	29%	24%	28%	26%
*Net Balance	-7%	+2%	-5%	-1%
Current Quarter				
Expect increase	20%	22%	24%	22%
No change	42%	50%	47%	48%
Expect decrease	35%	26%	26%	28%
*Net Balance	-15%	-4%	-2%	-6%

SOURCE: Sensis® Business Index
Sweeney Research – May 2005

Profitability May 2005

	Female	Male	Mixed	Total
Last Quarter				
Experienced increase	28%	33%	31%	32%
No change	37%	35%	35%	35%
Experienced decrease	35%	32%	34%	33%
*Net Balance	-7%	+1%	-3%	-1%
Current Quarter				
Expect increase	36%	41%	36%	39%
No change	40%	39%	50%	41%
Expect decrease	23%	20%	14%	20%
*Net Balance	+13%	+21%	+22%	+19%

SOURCE: Sensis® Business Index
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