



FUTURE OF BUSINESS SURVEY

GENDER MANAGEMENT IN BUSINESS

JANUARY 2017

CREATED IN COLLABORATION WITH

facebook





..... ABOUT THE FUTURE OF BUSINESS SURVEY

The Future of Business survey is a collaboration between Facebook, the OECD and the World Bank to provide monthly data on the perceptions, challenges, and outlook of online Small and Medium Enterprises (SMEs). It was first launched in 17 countries in February 2016 and it has expanded to currently include 33 countries. The survey is administered each month by German research company FactWorks.

The target population consists of SMEs that have an active Facebook business Page and include both newer and longer-standing businesses, spanning across a variety of sectors. To date, more than 60 million SMEs have created a Page, and 141,785 of these Facebook Page owners have taken the survey. With more businesses leveraging online tools each day, the survey provides a lens into a new mobilized, digital economy and, in particular, insights on the actors: a relatively unmeasured community worthy of deeper consideration and considerable policy interest.

The survey includes questions about perceptions of current and future economic activity, challenges, business characteristics and strategy.

A first report with initial findings and discussion of methodology, limitations, and future prospects was published in September, 2016. For more information, and access to the data and this report, visit www.futureofbusinesssurvey.org

..... **Definitions**

Male- (female-) run firms
are identified as enterprises having at least 65% male (female) owners or managers.

Business Confidence Score
is the weighted average of responses to the questions: “How would you evaluate the current state of your business?” and “What is your outlook for the next 6 months of your business?” Possible answers include “Positive”, “Negative” or “Neutral”. Scores range from -100 to +100, where -100 indicates that all firms for a given unit of analysis share a negative current and future outlook, and +100 indicates the opposite.



HIGHLIGHTS MANAGEMENT GENDER

Women face higher barriers to business entry than men.¹ On average, women around the world have less access to the education, training, and financing required to start a business.² Thus, they tend to be less active in business and as business creators.³ But once women are able to get around these kinds of barriers and start a business, how then do they compare to their male counterparts?

Research on these topics has focused on the gender gap in the propensity to start businesses as well as differences between male and female-run businesses currently in the market. Yet, the research on gender and the digital marketplace is more limited. To further explore this topic, we leverage data from the Future of Business Survey, a collaboration between Facebook, the OECD and the World Bank to measure small business sentiment in, currently, 33 countries (see previous page).

While most previous studies are based on the general population of SMEs in a country, the Future of Business Survey focuses

on the emerging population of businesses that are embracing digital. To date, 141,785 small business Facebook Page owners have taken the survey, providing the following highlights:

1. In many countries disproportionately fewer female-run businesses exist, in part reflecting institutional barriers.
2. But when women do get around these barriers, there is no difference in confidence between women and men-run firms when asked about the present and near-term outlooks of their businesses. Women-run businesses report facing the same challenges as those run by men.
3. Women-run businesses are more likely to leverage online tools to make their businesses succeed.

¹ OECD, 2016. *Entrepreneurship at a Glance*.

² International Labour Organization, 2016. *Women at work*.

³ LeanIn.org /McKinsey & Company, 2016. *Women in the Workplace*.



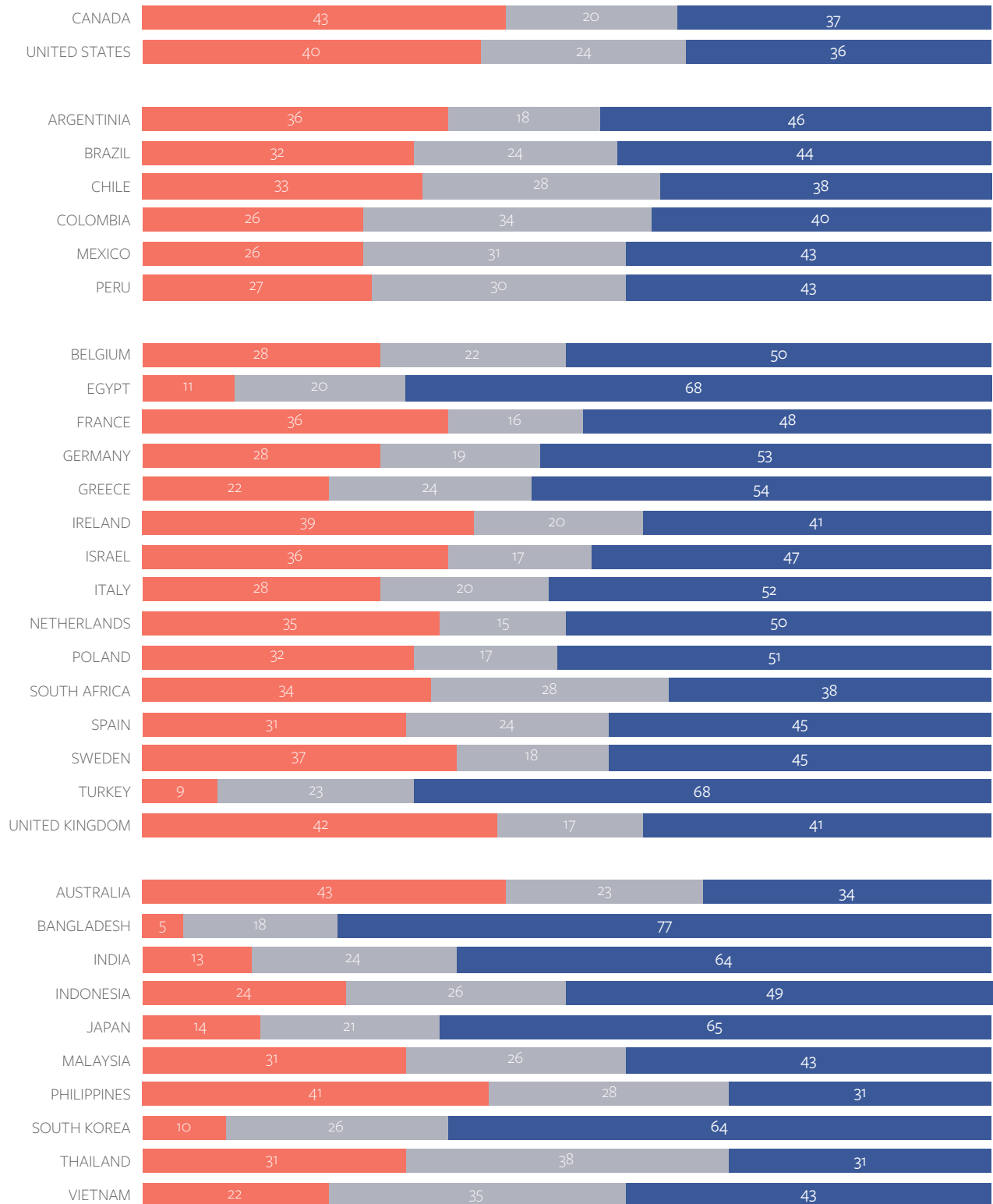
GENDER MANAGEMENT AND FIRMOGRAPHICS

Business ownership and management by gender and country

FIGURE 1

in %

■ Mainly female (at least 65% females) ■ Balanced ■ Mainly male (at least 65% males)





WHAT DO WOMEN-RUN FIRMS LOOK LIKE?

On average, women-run firms comprise 31% of the sample, compared to 45% that are men-run, and 24% that present a gender balance in ownership/management. We observe the lowest rate of women-run firms in Bangladesh, where they comprise just 5% of the sample. In contrast, in Canada, the US, UK, Australia, and the Philippines, women-run firms form more than 40% of the sample, exceeding the percentage of firms that are run by men.

Consistent with previous research⁴, the survey findings point to meaningful differences between male- and female-run businesses (see Table 1):

- **Women-led businesses are more likely to belong to retail/wholesale sectors** (21% female v. 15% male) **and personal services** (17% female v. 5% male). Men-led businesses are more likely to come from the media/IT sectors (3% female v. 11% male).
- **Women-led businesses tend to be younger.** One quarter of women-run businesses are less than one year old, whereas only 19% of men-run businesses are younger than one year. Conversely, 28% of male-run SMEs are more than 10 years old, compared to 18% of female-run SMEs.
- **Women-run firms are smaller:** two-thirds (68%) of female-run businesses are sole proprietors, compared to just half (49%) of male-run businesses.

Firmographics by business ownership and management gender

TABLE 1

Firm Size	Firm Age	
	Female-run	Male-run
Just me	68%	49%
2-4 employees	21%	24%
5-9 employees	6%	12%
10-19 employees	3%	7%
20-49 employees	2%	4%
50-249 employees	1%	3%
250+ employees	0.3%	1%

⁴ Amin, M., 2011. *Labor Productivity, Firm-size and Gender: The Case of Informal Firms in Argentina and Peru*.
 Brush, C. G., Carter, N. M., Gatewood, E. J., Greene, P.G., and Hart, M. M., 2006. *Growth Oriented Women Entrepreneurs and Their Businesses*.
 Sabarwal, S., and Terrell, K., 2008. *Does Gender Matter for Firm Performance? Evidence from Eastern Europe and Central Asia*.



BUSINESS CONFIDENCE: WOMEN-RUN FIRMS ARE AS CONFIDENT ABOUT THE CURRENT AND NEAR-TERM OUTLOOKS OF THEIR BUSINESSES

Previous research suggests that women are more tentative about starting a business than men.⁵ The new survey findings show that once women start or run a business, they report the same levels of confidence in their present and near-term business outlooks as men.⁶

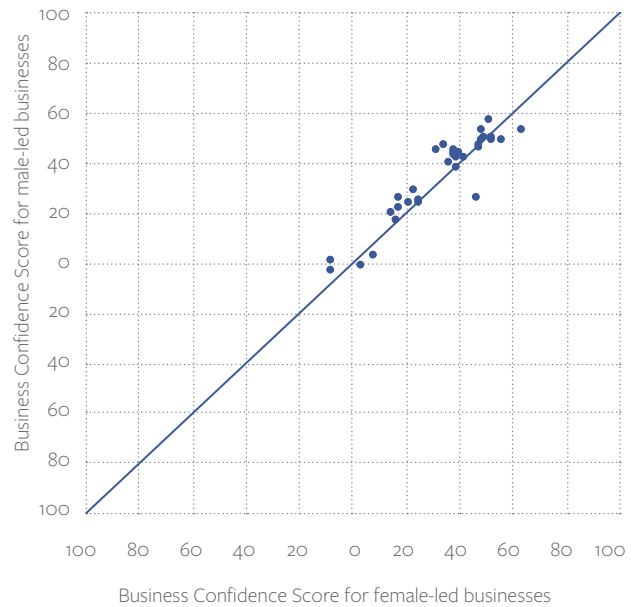
On average, male- and female-run businesses have similar Business Confidence Scores (BCS) across all countries and survey months (35 female v. 36 male). Moreover, when we break down this score into its constituent parts, the pattern persists: When asked to evaluate the current state of their businesses, 39% of female-run firms are positive compared to 42% of male-run firms. Likewise, when asked to evaluate the future outlook of their businesses, 60% of female-run firms report positive outlooks, compared to 58% of male-run firms.⁷

Figure 2 shows the relationship between business confidence for female- and male-run firms in each country. Points falling on the diagonal represent countries where female- and male-run firms have a similar BCS, whereas points on the left (right) side of the diagonal represent countries where male-run (female-run) firms are more positive than female-run (male-run) firms. Generally, data points are close to the diagonal, indicating that female-run firms are approximately as confident as male-run firms. Note that the same patterns persist when examining firms with different sizes. For each size class (sole proprietors / 2-9 employees / 10+ employees), female-run businesses have, on average, similar BCS as male-run businesses.

Business Confidence Score

FIGURE 2

by business ownership/management gender and country



Certainly, there are deviations from this general trend at the country level.⁸

- Women-run firms show meaningfully higher Business Confidence Scores in **Malaysia** (46 female v. 26 male) and the **Philippines** (63 female v. 53 male).
- Women-run firms show meaningfully lower Business Confidence Scores in **Sweden** (31 female v. 46 male), **Belgium** (34 female v. 47 male), **Chile** (17 female v. 27 male) and **Greece** (-8 female v. 1 male).

However, in general, the differences in reported business confidence between male- and female-run firms are minimal.

⁵ Cf. footnote 2.

⁶ The Future of Business survey looks at confidence in the state of the business, not the individual manager and their own skills. Thus, these findings do not conflict with previous research showing that women entrepreneurs are less confident than men (e.g., Global Entrepreneurship Monitor, 2012. 2012 *Women's Report*).

⁷ Though the magnitude of these differences is small, they are nonetheless statistically significant at the 5% level due to the large sample size on which the analysis is based (N=83,505).

⁸ Many of these countries are relatively new to the survey, and we only collected one or two months of data for them. In future reports this analysis should be repeated to check if the differences persist.



CHALLENGES OF RUNNING A BUSINESS: WOMEN AND MALE-LED BUSINESSES REPORT SIMILAR CHALLENGES.

While women report more challenges when it comes to starting a business, this pattern does not persist when asked about the challenges they face as small business owners and managers.⁹ Indeed, if anything, the pattern reverses, with male-run firms reporting business challenges at a higher rate than women-run firms.

The Future of Business Survey has asked businesses about 13 challenges.¹⁰ Table 2 reports the percentage of male- and female-run firms reporting each challenge across all waves of the survey. While differences between male- and female-run firms are statistically significant (likely due to the large sample size), most are relatively small –5 percentage points or less for 11 of the 13 challenges. Meaningful discrepancies (> 5 percentage point difference) only exist for:

- Retaining/recruiting skilled employees
(9 percentage points higher for male-run firms).
- Attracting customers
(7 percentage points higher for female-run firms).

There are a variety of ways to interpret these results, particularly in light of existing literature. For instance, we know that women do have a harder time finding funding¹¹, even though in this survey women-led firms are less likely to say that they have trouble securing financing for expansion (21% female v. 26% male) or business as usual (21% women v. 25% men). Perhaps women are less likely to *report* challenges, even if they face them at equal or higher rates. Another explanation is that women are less interested in scaling their businesses, and thus less likely to feel these challenges as acutely. And indeed, when we compare challenges reported by female- and male-run firms with more than 10 employees, differences are even smaller, and women-run firms are *slightly* more likely to report having trouble securing financing. Thus, the differences we observe may be attributable to ambition and scale. We hope to gain greater understanding of the mechanisms underlying women's responses in future iterations of the survey.

⁹ Cf. Footnote 1

¹⁰ In October 2016, "Selling to foreign markets" was added and "Regulatory and other barriers to exports" deleted.

¹¹ Brooks, A. W., Huang, L., Kearney, S. W., and Murray, F. E., 2014. *Investors prefer entrepreneurial ventures pitched by attractive men.*

Business challenges by business ownership / management gender

TABLE 2

Mainly run by	Management gender (all companies)			Business ownership (sole proprietors)			Management gender (2-9 employees)			Management gender (10+ employees)		
	Female	Male	Difference	Female	Male	Difference	Female	Male	Difference	Female	Male	Difference
Attracting customers	82%	75%	+7	85%	77%	+7	79%	75%	+4	71%	68%	+4
Increasing revenue	61%	59%	+2	60%	59%	+2	63%	60%	+3	57%	55%	+2
Maintaining profitability	48%	47%	+1	45%	44%	+1	54%	50%	+4	53%	50%	+3
Uncertainty over economic conditions	33%	34%	-1	32%	34%	-2	36%	34%	+1	33%	32%	+1
Developing new products/innovation	31%	33%	-2	29%	30%	-1	33%	35%	-1	35%	38%	-3
Retaining/recruiting skilled employees	18%	27%	-9	9%	14%	-5	32%	34%	-3	53%	51%	+1
Securing financing for expansion	21%	26%	-5	18%	24%	-5	26%	30%	-4	26%	25%	+1
Securing financing for business as usual	21%	25%	-4	19%	24%	-5	25%	27%	-2	25%	22%	+3
Tax laws and rules	18%	23%	-5	15%	22%	-7	23%	25%	-2	25%	23%	+3
Finding/working with suppliers	20%	22%	-2	19%	22%	-3	22%	23%	-1	18%	19%	0
Other government regulations	12%	16%	-4	10%	14%	-4	16%	18%	-2	22%	22%	+1
Regulatory and other barriers to exports	5%	7%	-2	4%	6%	-2	6%	8%	-2	7%	8%	-1
Selling to foreign markets	12%	17%	-5	11%	15%	-4	13%	18%	-5	18%	19%	-1
Total	34001	49504		22761	23881		9358	18563		1651	6604	

Font color indicates statistically significant ($p < 0.05$, two-tailed z-test) differences between male- and female-run firms. Red means that female-run firms face the respective challenge more than male-run firms, whereas blue indicates the opposite.



BREAKING DOWN BARRIERS: WOMEN-RUN BUSINESSES ARE MORE LIKELY TO LEVERAGE ONLINE TOOLS TO MAKE THEIR BUSINESSES SUCCEED

Preliminary results from the Future of Business survey indicate that women- and men-run firms are just as confident in their present and future business outlooks, and report very similar challenges.

How can we reconcile this result with conventional wisdom that women struggle to succeed in the marketplace?¹² While most previous studies are based on the general population of SMEs in a country, the Future of Business Survey focuses on the emerging population of businesses that are online - in other words, businesses that are embracing digital. This difference in sample frame may be central to the discrepancy in results.

Digital may help level the playing field, since businesses can reach out to customers all over the world without investing significant resources or confronting binding cultural norms.

According to the Future of Business survey, women run business are more likely to leverage online tools to make their businesses succeed in an increasingly global economy.

USING DIGITAL TOOLS TO BREAK THROUGH THE GLASS CEILING

Ashley Lim, The Little Link, Singapore

Ashley Lim always wanted to start a business, but was intimidated by the prospect. With the flexibility and low start-up costs of online business models, she was able to launch hers earlier than she expected. In 2011, Ashley launched The Little Link, an online business specializing in affordable cufflinks.

Lim invested in coding skills, and learned how to leverage ads to reach the largest online community at the lowest cost. In an interview, she noted: “I spent a lot of time reading up, trying out new methods and continuously optimising. The determination to succeed in my own business kept me going day and night.”

Last year, Lim made the decision to focus on The Little Link full-time. She plans to expand into a wider

product range, forging more exclusive partnerships and expanding to more markets via international e-commerce platforms. She is also ramping up her online advertising presence, which has already proven to be effective as the business has been winning a large market share in the United Arab Emirates.

Ashley says her advice to other women is to reject people and environments that silo you into a pre-determined path. “There were quite a number of people I knew, mostly women, with very traditional mind-sets who told me to my face that as a woman, I should be settling down to have a family instead of building a career,” she said. “Go for what you believe in and what makes you happy, instead of what society expects you to do.”

¹² Cf. footnote 4.



As a result of women’s growing economic power, there is need to focus on women entrepreneurs and consumers, particularly their use of online tools. When there is access, **women use technology at comparable rates to men, sometimes higher.**¹³

Results from the Future of Business Survey show similar patterns in technology usage; that is, women-run businesses use online tools for significantly more purposes than men (see Table 3).

Indeed, women-run SMEs use digital tools for 5 of the 6 purposes included in the Future of Business survey more than male-run businesses. Particularly,

- Women-run SMEs are 7 percentage points more likely to use online tools to show products/services (79% women v. 72% men).
- Women-run SMEs are 6 percentage points more likely to use online tools to provide information, such as opening hours and contact information (69% women v. 63% men).
- Men are only more likely (4 percentage points) to use online tools to manage internal businesses processes. This may be attributed to the fact that women-led businesses in the sample are younger and have fewer employees to manage than their male counterparts, and belong to more traditional sectors possibly characterized by less complexity (as discussed above).

Online tool usage by business ownership / management gender

TABLE 3

	Mainly run by	Female	Male	Difference
Advertise to potential new customers		78%	74%	+4
Show products/services		79%	72%	+7
Provide information		69%	63%	+6
Communicate with customers or suppliers		66%	62%	+4
Sell products/services (NET)		60%	57%	+2
Manage internal business processes		17%	21%	-4
Average number of purposes digital tools are used for		3.7	3.5	0.2

Font color indicates statistically significant (p<0.05, two-tailed z-test/t-test) differences between male- and female-run firms. Red means that female-run firms are more likely to use online tools for that purpose, whereas blue indicates that male-run firms are more likely to use online tools for that purpose.

Thus, the high-levels of confidence reported by women in the Future of Business survey may, at least in part, be explained by their embrace of new technologies that serve to level the playing field. As women around the world are increasingly becoming providers for their families, digital provides a viable path for them

to engage with the broader economy at a low cost and to overcome social norms. Unpacking this relationship between digitization and women’s economic empowerment requires further attention in future research.

¹³ Shiebinger, L., and Singh, S., 2010. *Gendered innovations. Mainstreaming sex and gender analysis into basic applied research.* Madrigal, A. C., 2012. *Sorry, young man, you’re not the most important demographic in tech.*



DISCUSSION

Studies have shown that female entrepreneurs contribute substantially to economic growth and poverty reduction around the world.¹⁴ In fact, according to UN estimates, women have the potential to add US\$89 billion to the Asia-Pacific economy each year.¹⁵

Yet, for too many women, economic participation remains out of reach. In particular, women are often more reluctant to set up their own business.

According to the survey, we find that, although barriers to starting a business in some countries are significant, when women circumvent them, they are equally confident about the present and near-term outlooks of their businesses as are men and report facing similar challenges. Moreover, women-run businesses are more likely to leverage online tools to make their businesses succeed in an increasingly global economy.

Gender equality in business should be a priority in every part of the world. We hope these results motivate women to start a business. When women succeed, economies do better.

¹⁴ World Bank, 2012. *Gender Equality and Development*.

¹⁵ UN Women, 2011. *In Pursuit of Justice*.



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