

Reimagining the way we examine women-run businesses

Lessons from the Corner Shop Diaries research

Strategic Insights # 10

July, 2021

A collaborative global research project by L-IFT and MSC



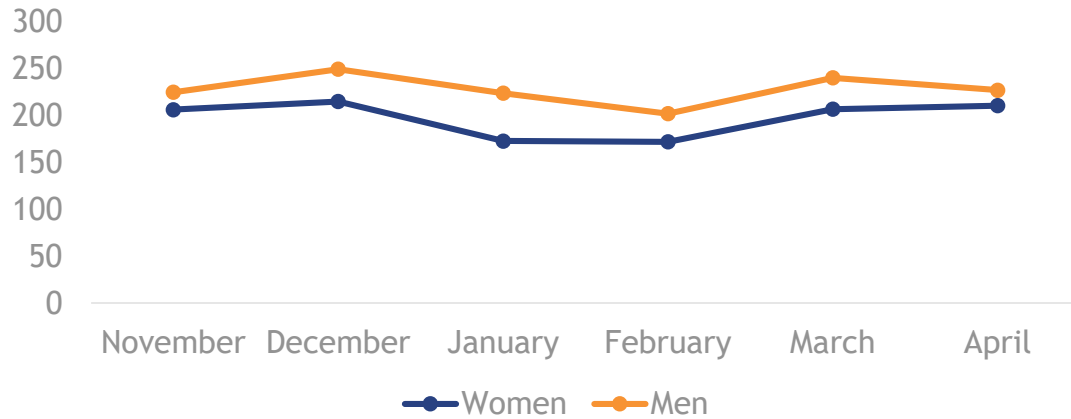
Women-run businesses operate differently than men-run businesses

Women-run businesses are smaller and operate for fewer hours, either from home or a location near home



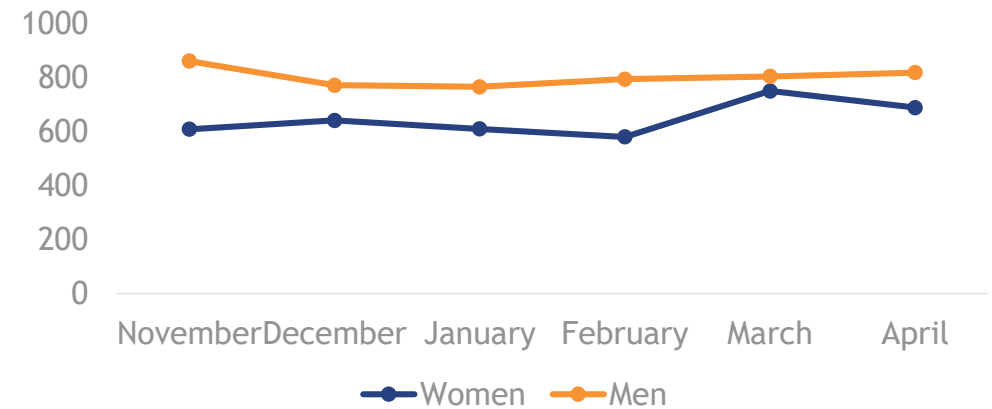
1. Women entrepreneurs dedicate fewer hours to their business as they have unpaid domestic responsibilities.

Average hours of work per month



2. Women-run businesses operate on a smaller scale and hence earn less revenue than their male counterparts.

Average monthly income (in USD)



3. Women mostly run small retail shops like groceries or shops that sell necessary provisions or cosmetics, service businesses like tailoring, beauty parlors, or home-based manufacturing units of handicrafts or food items, among others.

They tend to operate either from home or close to home, whereas men generally operate from main market places.

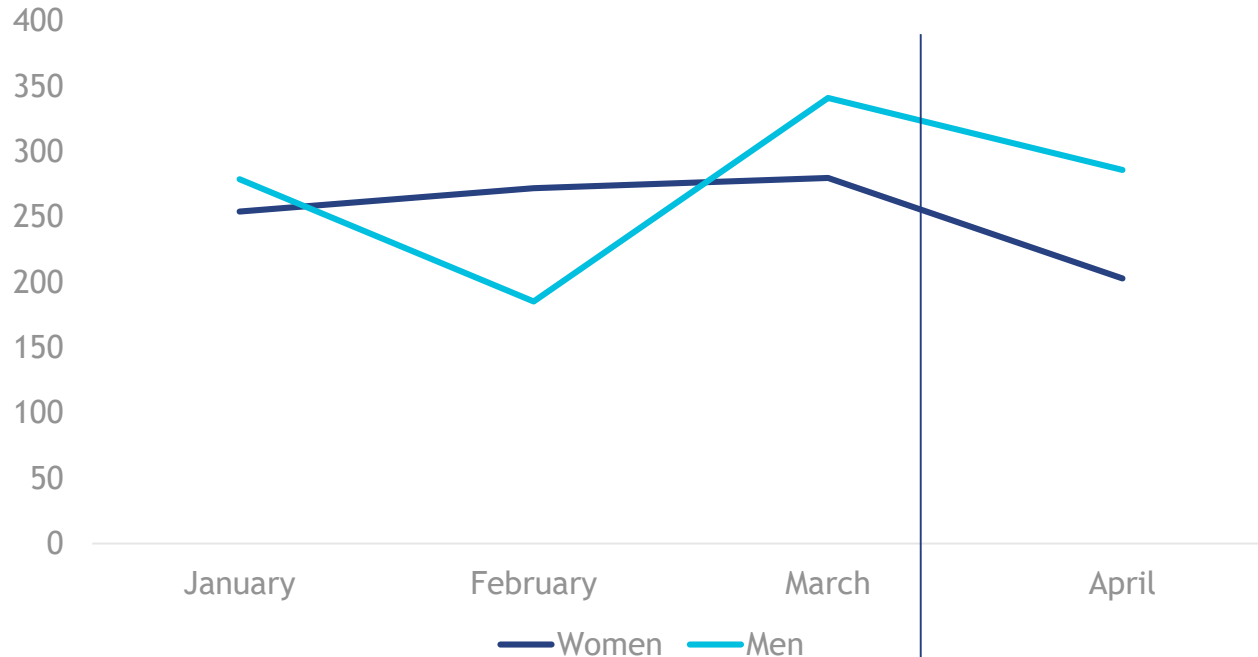
*Aggregate diaries data of six months (November, 2020-April, 2021) of 67 corner shop owners (men=39, women=28) across eight countries in Asia and Africa—India, Indonesia, Bangladesh, Nigeria, Senegal, Uganda, and Zimbabwe.

Women-run businesses are more susceptible to shocks like the COVID-19 pandemic

Increased restrictions on already constrained mobility and poorer access to markets, coupled with increased burden of unpaid care work, made the COVID-19 pandemic more challenging for women micro-business owners

Snapshot from India*

Monthly net income (in USD): All businesses



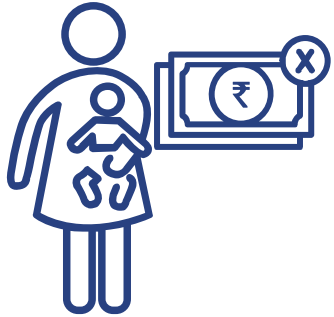
- Women-run businesses struggled with various factors that affected their incomes severely. These included decreased demand, rising costs of inputs, poorer access to markets, and an increased burden of care work at home, among others.
- The restrictive norms that affect women-run businesses make us wonder if we should apply the same lens to evaluate women and men-run businesses.
- This includes how we measure their success and ultimately, their potential to grow.

The government imposed lockdowns in India to tackle the second wave of COVID-19.

*Aggregate diaries data of four months (January, 2021-April, 2021) of 20 corner shop owners (men=14, women=6) of India

Social norms play an important role in the business decisions of women entrepreneurs (1/2)

1. Aspirations, shaped mostly by social norms, affect a woman's decision to pick an economic activity.



Some women prefer to have a part time business similar to [gig-work](#) due to the following benefits:

- Easier to manage
- Closer to home
- Allows enough time for unpaid care work

Women who are the primary breadwinners in their household are more likely to aspire for the growth of their businesses.

Mira, a diarist from Indonesia, quit her job at a factory to start a small grocery shop in her home. This allows her to earn money as well as take care of her husband, children, and aging mother.



Social norms play an important role in the business decisions of women entrepreneurs (2/2)

2. Social norms also affect business decisions



- Women-run businesses in India either purchase their supplies directly from the market or male members of their family help them get it.
- Many women-run businesses do not have a fixed supplier.

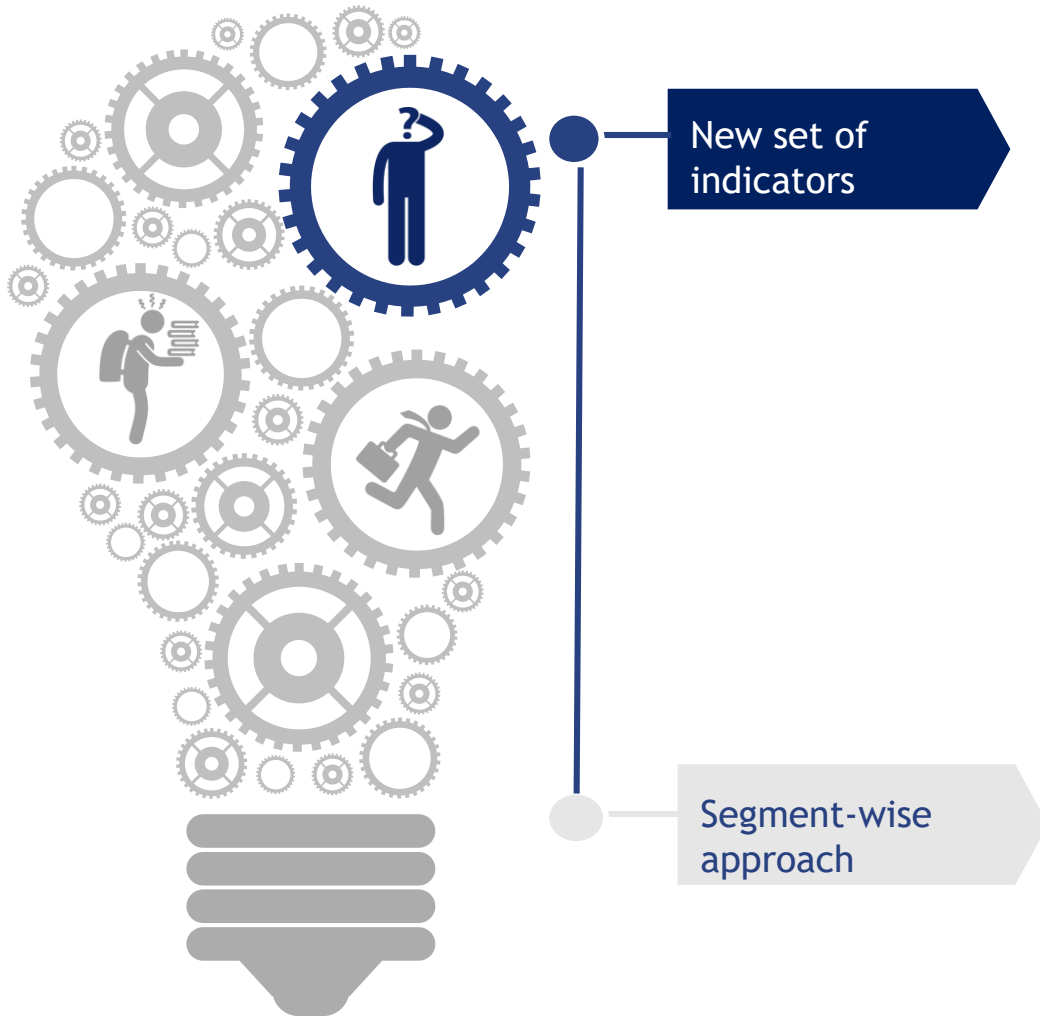


Business decisions have a great impact on revenue and opportunities for growth

- Fixed bulk suppliers offer greater discounts and economies of scale. Many women-run businesses fail to reap these benefits.
- Often, men in the family take business decisions and treat women's business as a secondary source of income.
- Women themselves may not be willing to expand their businesses due to the burden of household responsibilities.

Should we revisit our approach to examine women-run businesses? (1/2)

Considering “business growth” as the sacred yardstick and using it to evaluate women-run businesses or design WMSE* support programs may be unsuitable and needs more nuance

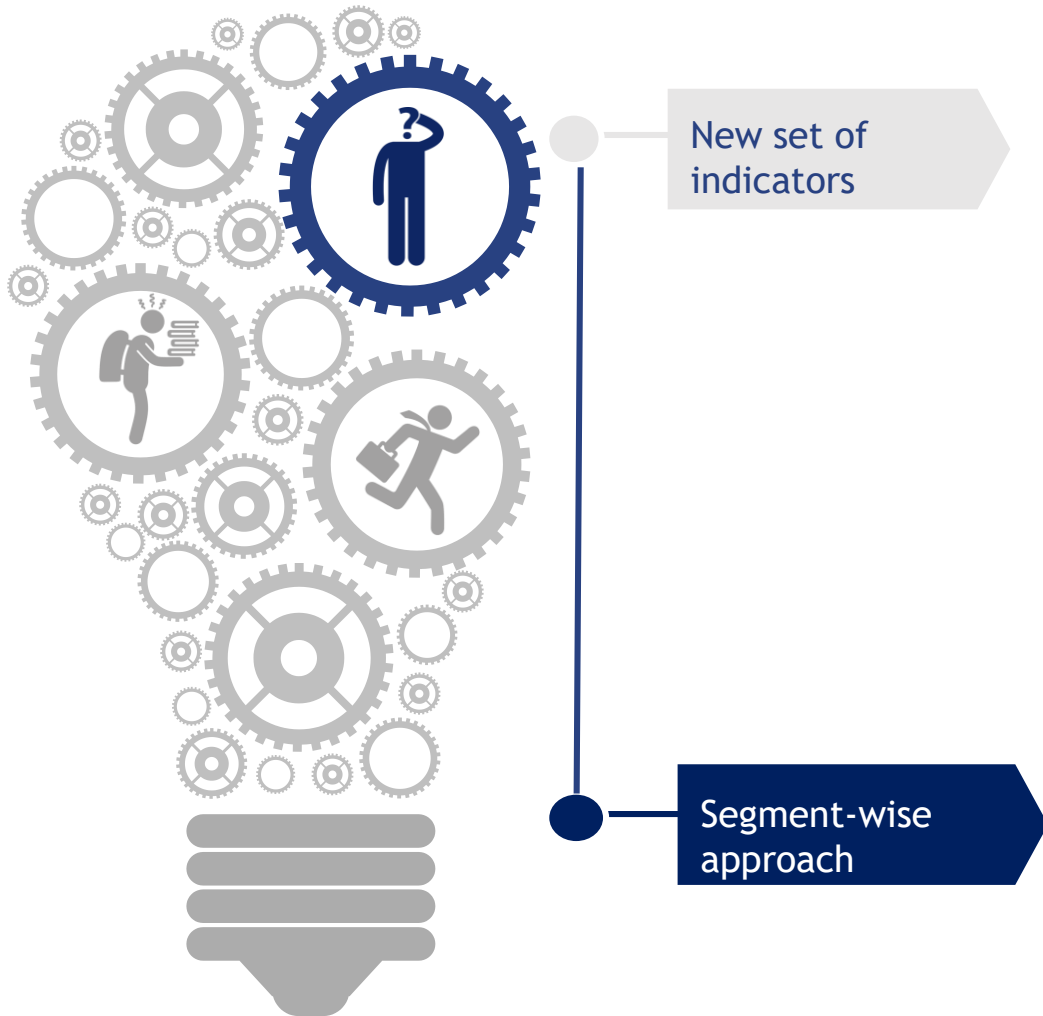


➤ Redefine the indicators to assess women-run businesses

1. Profit made per hour of work done, as women work fewer hours due to the burden of unpaid care work
2. Number of months the business can sustain without any sales or reduced sales, as women-run businesses are more susceptible to shocks
3. Whether the business has any plan to grow in the next year, as women-run businesses are smaller in size and their aspiration for growth varies
4. Whether the business is the primary source of income for the household or not, as support from the household and investment appetite depends on this

Should we revisit our approach to examine women-run businesses? (2/2)

Considering “business growth” as the sacred yardstick and using it to evaluate women-run businesses or design WMSE* support programs may be unsuitable and needs more nuance



- ▶ Examine women-run businesses disaggregated by segments

Segregating women-run businesses by their aspirations and context of the household—whether the business is a source of primary or secondary income—will help design better programs.

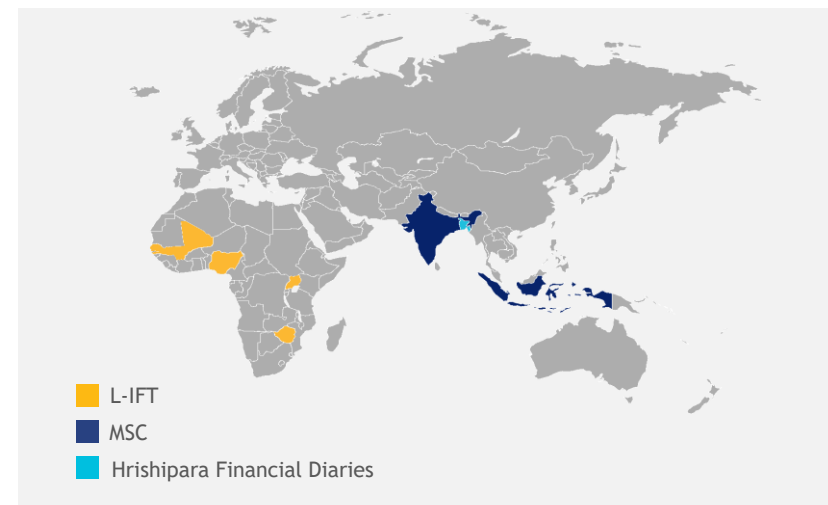
For example, programs that strengthen the future of work may provide better and customized support to gig work style women-run businesses rather than generic MSME support programs.

Annex



The corner shop diaries: A collaborative global research project by L-IFT and MSC

- L-IFT started the corner shop diaries project in Africa with the following objectives:
 - Track communities and monitor the availability and affordability* of food and other basics
 - Understand if shops could survive and help serve their communities
 - Assess options to support the recovery of MSMEs after the pandemic
- MSC joined the project in the second half of 2020 to bring the research to Asia.



Organization	Country of research	Number of shops tracked	Start date for data collection
L-IFT	Uganda	29	April, 2020
L-IFT	Nigeria	6	April, 2020
L-IFT	Zimbabwe	18	April, 2020
L-IFT	Senegal	25	April, 2020
L-IFT	Mali	18	January, 2021
MSC	India	25	October, 2020
MSC	Indonesia	25	October, 2020
Hrishipara Financial Diaries (Stuart Rutherford)	Bangladesh	5	July, 2020

*Jean Drèze’s work on [famines](#) shows that most famines are the result of failing markets, faltering supply chains, and price shocks. We were concerned that the implications would be the same as a result of the pandemic.

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publications

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Implemented **>875 DFS projects**

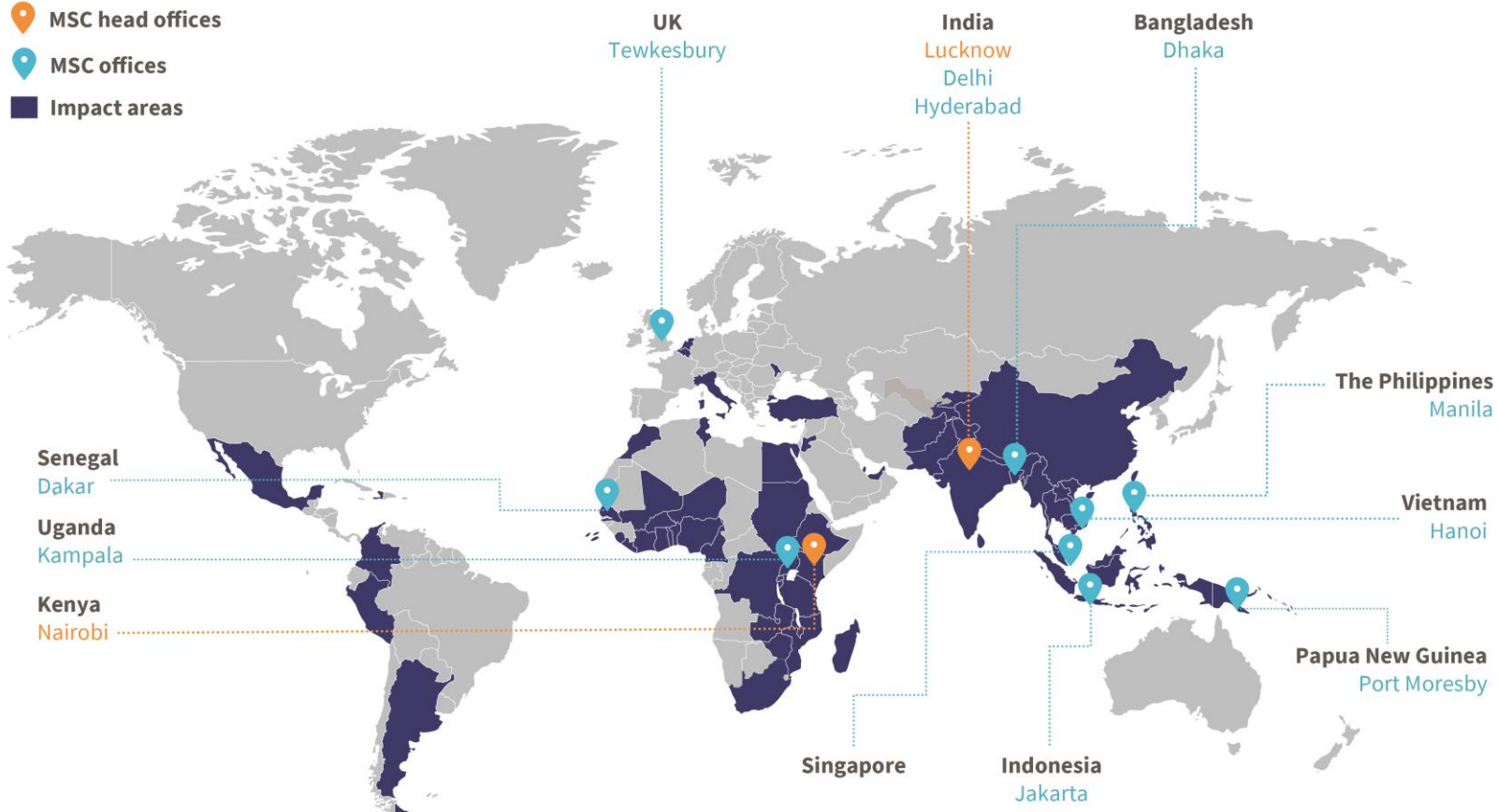
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