HOW DO WE MEASURE ENTREPRENEURSHIP FROM A GENDER PERSPECTIVE? OVERVIEW OF CURRENT APPROACHES AND EXISTING DATA SOURCES

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Objective: measure gender differences in entrepreneurship

Identify smart indicators of gender differences in entrepreneurship

Define the population of interest

Find sustainable processes and methodologies to collect the data

Start from a review of issues, options and existing data
Defining the entrepreneurs

• Who is an entrepreneur?

  – The founder of a start-up?
  – A board member of a publicly listed company?
  – The owner of a small, home-based business?
  – An innovating manager?

• Little convergence on definitions among researchers

• The typical traits of ‘entrepreneurs’ – willingness to take risk, innovativeness, problem-solving – are difficult to observe and measure.
The OECD/Eurostat Entrepreneurship Programme (EIP) defines entrepreneurs as:

“Entrepreneurs are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.”

The entrepreneurs are business owners who:

1) Make an investment to put in place and manage an activity involving a degree of risk and uncertainty;

2) the outcome of their activity needs to be ‘novel’;

3) the innovation embodied in the activity needs to generate economic value.
From a conceptual to an operational definition: some open questions

**Minimum size: Only employer enterprises?**

- **+**: comparability; ‘casual’ businesses are excluded
- **-**: exclusion of a relevant population; possible gender bias

**Maximum size: only SMEs? Specific legal forms?**

- **+**: defining the gender of large corporations is problematic
- **-**: upper bound is difficult to define in practice

Size thresholds for the business
Definition: Open questions

Mode of acquisition of ownership

Only business founders?

- +: more homogeneous population
- -: possible to be entrepreneurial no matter the mode of acquisition
POPULATION-BASED DATA
Advantages:
• high quality;
• timely;
• good international coverage.

Shortcomings:
• not all the self-employed are entrepreneurs;
• no information on the business other than its size and sector of activity;
• Comparability issues (treatment of incorporated self-employed).
Use of self-employment data from labour force or household surveys

**With current data**
- Number of employers and own account workers
- Characteristics and sector of activity of the self-employed

**With a new entrepreneurship module**
- Cleaner identification: distinguish free professionals, current and discontinued owners
- Entrepreneurial motivations, conditions at start, business characteristics, etc.
The share of women among employers has only marginally grown over the last decade in most OECD and G20 countries.
Trends in ‘own-account’ and ‘employer’ series

Women, EU27

Self-employed persons with employees (employers)

Self-employed persons without employees

own-account workers

employers

2008 Q2

Diverging trends for number of women own-account workers and employers during the crisis
Indicators on characteristics of self-employed women and men

Percentage of self-employed who completed tertiary education, 2010

Self-employed women have higher educational attainment than men
Measuring profits from household surveys

Gender gap in self-employment earnings

- Gender gap ranges from 10 to over 60%
- Accounting for both benefits and losses
- Measure is not fully harmonized; available only for the unincorporated self-employed; profits can be difficult to estimate for respondents
- Other measures: hourly earnings? drawings vs. profits

Source: Entrepreneurship at a Glance (2012)
Models for survey’s design and questions: mixed-surveys of micro-business owners

Mixed entrepreneur-enterprise surveys

• use an existing household-level data collection as sampling frame;
• provide estimates of the size and economic performance of micro-businesses, registered or not;
• include modules on capital and intermediates, expenses and earnings;
• include detailed information on micro-entrepreneurs: reasons for starting, employment history, time spent on the business.
• The methodology allows to capture data on gender issues in the informal sector.
• In the Mexican case (ENAMIN Survey), the share of female owners is higher for non-registered than for registered enterprises
Models for survey’s questions: Surveys of entrepreneurial attitudes and activities

• ‘Unofficial’ surveys conducted by research consortia or research companies.

• Phone or face-to-face interviews of randomized individuals.

• The Global Entrepreneurship Monitor (GEM) is the best known example.

• Very rich information on attitudes towards entrepreneurship, risk tolerance, expectations, access and use of networks, etc.
Measuring gender differences in entrepreneurial attitudes

Self-assessed feasibility of self-employment, 2012

Survey question: ‘would it be feasible for you to become self-employed within the next five years?’

Source; Flash Eurobarometer on Entrepreneurship, 2012
FIRM-LEVEL DATA
Use of firm-level data: advantages and limitations

**Advantage:**
- more suited than population surveys to the analysis of differences in the performance of firms owned and controlled by women and men.

**Issues:**
- Limited availability of comparable business surveys with information on owners;
- limited availability of linked business and population registers;
- very small businesses might not be covered.
Identifying ‘women-run’ enterprises

- **Women-run enterprises** are those enterprises where one or more women control the majority of shareholding and management.

- In practice, identification is easy only for the enterprises with a single owner
  - When there is more than one owner

Define a robust set of survey questions on distribution of ownership/management

Integrate information on shareholding/declared revenues of owners in business registers
Questions to identify the gender of firm’s owners in World Bank data

• **Core Enterprise Survey questionnaire:**
  - **Female Participation in Ownership:** ‘Are any of the owners female?’

• **In the 2013 Manufacturing Module:**
  - **Percentage of female ownership:** ‘What percentage of the firm is owned by females?’

• **Informal Surveys:**
  - **Gender of largest owner:** ‘Is the largest owner (the person most active in the operation of the firm) female?’

• **African Indicator Surveys:**
  - **Gender of majority of the owners:** ‘Are the majority of the owners female?’
Definition in the U.S. Survey of Business Owners

- Questionnaire asks for the gender and percentage of ownership for up to four owners
- A firm is classified as women-owned if one or more women own more than 50% of the business

Changes in number and employment of enterprises by gender of owner, 2002-07, United States

Source: Survey of Business Owners 2007
Surveys on enterprises founders

- Examples: SINE (France), Eurostat FOBS

- Why interesting?
  - Homogeneous, policy-relevant population
  - Sample selected from business registers
  - Possible longitudinal design

![Survival of female-founders by place of birth, France](image)
OECD experience on use of business registers

• Pilot project conducted in 2012 within the framework of the OECD Gender Initiative;

• Objective: test the feasibility of disaggregating EIP structural (size, industry) and demography (births, deaths, survival) indicators by gender;

• Coverage: 10 countries, only sole-proprietor enterprises.
Demography indicators from business registers by gender

3-Year survival rates of sole-proprietor enterprises

Source: Entrepreneurship at a Glance (2012)
Demography indicators from business registers by gender

3-Year Employment growth rates

Source: Entrepreneurship at a Glance (2012)
Lessons learnt from this project

• It is still difficult for most OECD countries to link business registers with data on individuals.

• Extensive processing is often needed, and moving beyond single-owner businesses is demanding on data.

• Simpler indicators from administrative sources should be considered (e.g. business registrations by gender).
TAKING STOCK AND MOVING FORWARD
A step-wise process with some open questions

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<th>Policy Question</th>
<th>Population</th>
<th>Available tools</th>
<th>Indicators</th>
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<tr>
<td>• Participation gaps?</td>
<td>• All business owners? Only founders?</td>
<td>• Use only existing data? New entrepreneurship module in population surveys?</td>
<td>• Which indicators? • Which ‘headline’ indicators?</td>
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Keep it realistic and sustainable

- Build as much as possible on existing data
  - Explore further the feasibility of using administrative sources
  - Expand existing surveys or use existing survey frames

- Evaluate response-burden and collection costs when considering different solutions
  - are detailed asset and expenditure modules necessary?
  - should demographic information on all owners be collected?
Extra slides
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<th>Issue</th>
<th>Indicators</th>
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<td><strong>Entrepreneurial Participation</strong></td>
<td>Share of employers</td>
<td>Labour Force Surveys</td>
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<td>Registered businesses, by gender</td>
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<td><strong>Entrepreneurial Outcomes</strong></td>
<td>Gender gap in business earnings</td>
<td>Household surveys</td>
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<td>Share of exported sales</td>
<td>Business Survey/Entrepreneurship module</td>
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<td><strong>Entrepreneurial resources and constraints</strong></td>
<td>Share of external credit in start-up finances</td>
<td>Business Survey/Entrepreneurship module</td>
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<td>Hours worked for the business, by presence of children</td>
<td>Entrepreneurship module</td>
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Contextual indicators

- Access to finance
- Work-family balance
- Entrepreneurial and financial education
- Access to social security
- Informality
- Senior management