# WOMEN BUSINESS OWNERS in MEXICO

## An Emerging Economic Force

Report Authored by Dra.
Gina Zabludovsky
Universidad Nacional Autónoma de México

In collaboration with
*The National Foundation for Women Business Owners, USA*

Study Sponsored by IBM®
Mexico 1998

9 789683 674302

# WOMEN BUSINESS OWNERS in MEXICO

## An Emerging Economic Force


Report Authored by Dra.

**Gina Zabludovsky**

Autonomous National University of Mexico UNAM


In collaboration with

*The National Foundation for Women Business Owners, USA*

Universidad Nacional Autónoma de Mexico


Study Sponsored by IBM®

Mexico 1998

# Table of Contents

# Introduction and Acknowledgments

The growth of women's entrepreneurship is a phenomenon that is gaining increasing attention around the world. From government reports and other sources, it is estimated that between one-quarter and one-third of the world's businesses are owned and operated by women. These firms are in a variety of industries, range in size from the very small to multinational businesses, and are literally and figuratively changing the face of business across the globe.

The research study summarized in this publication is a first step in analyzing this phenomenon in México. Using a variety of sources, a representative sample of formally-registered businesses in the México City metropolitan area was queried about a number of important issues, including: key issue concerns; business plans and outlook; business financing; the use of technology; and the challenges and rewards of business ownership.

Although this study is not representative of all businesses in México, it provides an in-depth look at the characteristics, contributions and concerns of women and men business owners. It provides, for the first time, a look at the similarities and differences between women and men business owners and, it is hoped, will provide an impetus for further research.

## Acknowledgments

The author of this report is Dra. Gina Zabludovsky, Professor of Sociology in the School of Political and Social Science at the Autonomous National University of México (UNAM). Additional project design, management and analysis was provided by Julie R. Weeks, Director of Research of the National Foundation for Women Business Owners (United States).

This publication was made possible by the collaboration and assistance of a number of people:

**IBM** sponsored the research and underwrote the report publication. IBM support was directed by Gail Bamford, Market Segment Executive for Women Entrepreneurs, Latin America, and Ana Paula Nacif, Market Segment Executive for Women Entrepreneurs, México.

This survey extends an already strong partnership between IBM and women business owners internationally. IBM — a world leader in providing technology solutions to businesses of all sizes — has long recognized the economic importance of women-owned businesses and the need for gathering information about these businesses' challenges, contributions, and their similarities and differences with other businesses.

# Executive Summary

**Women Business Owners in México. An Emerging Economic Force** for Gina Zabludovsky in collaboration with The National Foundation for Women Business Owners. Study sponsored by IBM.

**Women entrepreneurs in the formal sector of the economy make up approximately 14% of the total number of entrepreneurs in Mexico City metropolitan area.**

*

Companies owned by women are in a variety of lines of business and in almost all areas of economic activity. Their presence is particularly significant in educational services, where they represent 36% of the businesses, in personal services (22%) and in trade (19% in wholesale and 17% in retail).

Women have also made inroads into non-traditional sectors such as in goods-producing industries, where they now represent 13% of entrepreneurs in durable manufacturing and 8% in non-durable manufacturing. The only exception to this trend is the construction industry, where the presence of women owners and managers is still uncommon.

*

Women entrepreneurs hold an especially significant place in the area of micro and small businesses. Although the sample only took into account the formal sector of the economy (those businesses that had gone through all the formalities of registration), the percentage of women in micro businesses **(up to 10 employees) is 20%, while in small** businesses (16 to 100 employees) it is 11% and in medium and large businesses (over 100 employees) it is only 4%.

*

Women also play an important role in the creation of new businesses. One-third (32%) of businesses owned by women are less than 5 years old, in contrast with 20% of the businesses owned by men. However, this fact should not be interpreted as an indication that women's businesses are unstable or "short-lived," because we also find women as owners of older establishments. Fully 25% of the businesses owned by women are between 5 and 10 years old, 29% are businesses that are between 10 and 20 years old and 12% of women-owned firms are over 20 years old.

The importance of women in promoting and creating new businesses becomes even more obvious when we observe that most of them (61%) are the founders of their businesses. Only 18% inherited their business, 13% purchased their business, and 8% obtained it without any investment of their own (as through a gift or marriage).

*

Women come into business ownership for a variety of reasons: independence and the desire to have their own business (29%); the need to improve their standard of living and to obtain income (20%); a keen interest in the particular line of business (18%); the continuation of a family business or because of encouragement by parents (18%); the need for income after the loss of employment (16%); and the search for personal achievement (11%).

*

Like other entrepreneurs, most of the women got involved in business activity gradually. However, the percentages of women who start out in their business activity as the result of a sudden event are greater than among men (28% and 24%, respectively). The most frequently cited sudden situations among women entrepreneurs are loss of employment (16%), illness or death of a parent or spouse (15%) and a change in job (12%).

*

The great majority of the businesses owned by women operate without any bank credit. Among those we interviewed, we found that only 14% receive some kind of bank credit, while 86% operate without any form of credit.

The absence of credit is part of a more general situation, since only 20% of the business owners interviewed (men and women) operate with some type of bank credit. This situation is particularly acute among micro businesses; only 11% of them receive any bank credit. Among medium and large businesses, fully 61% have bank credit.

Over half (52%) of women entrepreneurs have not even attempted to obtain a bank loan. Those who have applied for a loan have met with obstacles connected to the difficulty of obtaining financing at a favorable interest rate (23%), the complications of the process for obtaining credit (22%) and denial of credit due to a lack of collateral (13%). These problems are similar to those of men entrepreneurs.

Access to capital is thus of critical importance to women and men small business owners. When given a list of important issues, 77% of the men owners and 72% of the women indicated that access to capital is a very important issue for them in their business.

*

Nearly two-thirds (62%) of the women business owners surveyed finance their business with family and personal savings, 48% reinvest the earnings of the business itself and 39% obtain credit from their suppliers. These sources of financing are similar to those of men owners. However, while most of the women obtain their resources from themselves or members of their families, men usually resort to other support networks in the business world (partners, other businessmen, etc.). Women tend to turn more to peer landing pools than men (12% and 6%, respectively).

*

Most of the women interviewed are sole owners of their businesses (58%), although a significant share are in business with others (42%). Among the latter, joint ownership with family members predominate. When looking at only the women-owned businesses that have partners, we find that, in 67% of the cases, their partners are family members. (This percentage is very similar to that of businesses owned by men, where family ownership is 68%.) Entrepreneurs tend to establish emotional bonds with their partners, which is also reflected in the high number of friends (23% among the women and 20% among the men). However, in contrast to the men, the women are not as likely to establish alliances with other partners (30% of the men and 10% of the women). This situation can perhaps be explained by the absence of women in business circles where it is possible to establish partnerships and find support networks. The majority of the women's businesses also do not have investing partners (only 19% have them).

*

Women entrepreneurs make a very signification contribution to family income, totaling an average of 62% of household income, while 37% of them provide more than 75% of household income. The income that women obtain through their businesses is vital for their personal and family finances, since most of them (72%) have only this single source of income. In 79% of cases, women are the owners of a single business (compared with 61% among men).

*

Most of the women devote 40 hours or more per week to their businesses. Only 22% work less than 40 hours, 32% work 40 to 49 hours, 17% between 50 and 59 hours, and 29% work more than 50 hours per week.

*

Most of the businesses owned by women (86%) operate full time. Among these, 57% have plans to increase their sales and hire more workers in their own facilities, 28% plan to expand their business by opening up new locations, and 24% intend to continue working at their present level. Among the businesses that work part time, 58% plan to expand to become full time businesses.

*

Despite the fact they are generally smaller, businesses owned by women offer their workers more flexibility in their working hours (80% in contrast to 73% among the men owners), health care benefits in addition to those provided "Seguro Social" (Mexican government benefit system) (35% in contrast to 31%); additional maternity leave time, besides that formally established by law (22% as opposed to 20%); a retirement plan in addition to that established by the law (18% as opposed to 11%); educational support for children (20% as opposed to 15%) and dental services (12% as opposed to 7%).

*

For their part, the businesses with men as their owners offer their employees benefits connected with the possibilities of larger companies such as: opportunity for professional development (82% of the businesses owned by men and 77% of those owned by women), profit sharing (92% in contrast to 73%); cafeterias (37% as opposed to 32%); life insurance (28% as opposed to 12%) and disability insurance (19% as opposed to 12%).

*

Although the majority of the women in the sample (56%) are married, among women entrepreneurs there is a high percentage of unmarried women amounting to 45% (widowed, divorced and single). This situation contrasts with that of men business owners, where 83% are married. Most of the women are mothers; only 10% do not have children.

*

Entrepreneurs generally have a high level of education. Three-quarters (77%) of the men and 58% of the women studied in college or beyond, 3% of the men and 13% of the women took commercial or technical courses, 9% of the men and 15% of the women received their secondary education diploma, and 5% and 7%, respectively, reached the secondary level. As we can observe, women surpass men in the percentage who studied commercial and technical courses, while the percentage of men who studied in college is higher.

*

The majority of the entrepreneurs surveyed — both women and men — use computer technology. Eighty-three percent ( 83%) of the men's businesses and 64% of the women's businesses have computers. Most of them use one or more separate computers, but 29% of the men-owned firms and 14% of the women-owned businesses have local networks or more sophisticated systems.

*

Both men and women entrepreneurs are increasingly incorporating the Internet into their businesses. Nearly one-third (30%) of the men entrepreneurs and 22% of the women are regular Internet users, and 34% and 24%, respectively, are occasional users.

*

The data suggest that women have more obstacles or resistance to the initial use of the Internet, but once they have become familiarized with it, the differences between men and women decrease. Twelve percent (12%) of the men and 11% of the women use the Internet regularly and consider it to be a basic tool. If we only take into account those entrepreneurs who have computers and use the Internet, there is no difference between men and women who already have a page on the Web. In all cases (men and women) 25% of the entrepreneurs who have computers or the Internet have a home page for their business on the World Wide Web.

*

The main sources of satisfaction for women entrepreneurs are: personal fulfillment and fulfillment of professional goals (26%); the search for independence and the desire to have their own business (20%); the creation of sources of employment and helping employees to advance (17%); factors linked to the satisfaction of customers and users (15%); to earn more and create an inheritance (10%); and to render service and to be useful to others (10%).

*

The main frustrations of women entrepreneurs are difficulties with the government and bureaucratic formalities, the lack of financial support and economic solvency, devaluations and foreign economic crises and unfair competition. These responses are similar to those of men business owners.

*

Most entrepreneurs, men and women alike, report that there are government regulations that affect the development of their companies. Among them, they point most frequently to issues related to taxes and the tax system, and what they consider to be excessive bureaucratic formalities with the authorities of the Federal District and the various Departments of the State.

*

The greatest challenges for women entrepreneurs are: growth and expansion (including the opening of new branch offices and increasing sales) (31%) and maintaining and preserving their businesses to be able to continue in the market (28%).

*

Besides these frustrations and obstacles which they share with the men entrepreneurs, women cite a number of social barriers unique to their gender, among them: "machismo" and other cultural characteristics (40%); problems of reconciling conflicting roles (39%); mistrust (36%); difficulties in exercising authority and leadership (31%); absence of support networks (25%); exclusion from predominantly male business circles (23%) and other forms of discrimination (17%). Only 14% of women entrepreneurs have not faced these or other obstacles as women.

✹

The day-to-day issue concerns of women entrepreneurs are very similar to those of the men. Most of the entrepreneurs indicated that maintaining the profitability of their business is the most important issue. Nine out of every ten also considered as being very important the issue of finding good employees who will stay with the company, access to technology, training and education in business administration issues, controlling inflation. Additional issues of importance include: social and political instability; offering benefits to employees; assaults, extortion or attacks by criminal organizations; and corruption, pressure or illegal practices by government representatives.

Although the priorities of the responses are similar among men and women, the data show that women give greater importance to training in issues of business administration (85% compared to 78% among men), policies to promote and support businesses (77% of the women considered this as being very important in contrast to 62% of the men) and support services for the care of their children (56% of the women considered this very important as opposed to 31% of the men).

✹

With respect to the factors that benefit the growth and success of the business, women entrepreneurs consider it vital to have more support from government officials (74%), training programs in finance and marketing (68%); the possibility of attending conferences on business topics (67%), and the need to establish support networks with other associations of women (66%).

# Women Entrepreneurs in Mexico: An Emerging Economic Force

## Characteristics of Women-Owned Firms

Based on the interviewing conducted for this study, it is estimated that women own and operate approximately 14% of all firms in the formal economy in the México City metropolitan area. It is likely, however, that the percentage is even greater. To the extent that we went to businesses that were formally established (see the section on study methodology), the research did not include the informal sector of the economy, where the presence of women is quite significant. In addition, given the over-representation of medium and large businesses in the sample (which was more likely to include established firms), the probabilities for finding women were somewhat reduced since, as we will see later on, women tend to be concentrated in micro-business activities.


Despite these circumstances, the percentage of women coincides with the information from the *National Institute of Statistics, Geografhy and Informatic* (INEGI). According to data obtained through the National Employment Survey for the Federal District (Mexico City) (1996), the percentage of women among entrepreneurs was also 14%. This share is similar to that found in a recent analysis of national data.[1]

---

[1] According to the **National Employment Survey** (1996), there are 1,687,288 employers in the Republic of Mexico. Of these, 226,194 are women, which represents 13.47%,of the entrepreneurs in this country. However, if we take into account the data supplied by the National Institute of Geography and Statistics through the most recent Census of Industry, Trade and Services (1994) (which indicates that there are 310,069 private economic units in the Federal District), it could be estimated that women are the owners of about 40,000 businesses (in reality the data show 43,410). However, we consider that this figure is low, not only because of the arguments related to the size and formality of the businesses given earlier, but because these numbers only include the Federal District and not the entire metropolitan area of Mexico City. If we recalculate the number of women-owned firms based on these findings, it can be estimated that there are approximately 355,000 women entrepreneurs in the Republic of Mexico (a figure which is calculated on the basis of the data saying that there are 2,538,855 private establishments that exist in this country). However, this data must be taken with some reservation, since the figures reflect the total number of private establishments and not the number of businesses.

Women-owned businesses are becoming increasingly diversified. Their presence is now no longer restricted to traditional sectors. As shown in the preceding graph, there are many activities in which the percentage of women approaches 14%, which is their representation in the total number of businesses.

With the exception of the construction industry (in which all those interviewed were men), there are women-owned businesses in a wide variety of sectors, including industrial activities, especially durable manufacturing, where until a few years ago there were very few women.

The contribution of the women is especially relevant in activities such as educational services (36%), personal services (22%) and commercial activities (19% in wholesale and 17% in retail).[2]

Women have particular importance as owners and directors of micro businesses (those with up to 10 employees), not only in México, but in most other nations as well. Among firms with up to 11 employees, the share of women owners in relation to men rises to 20%, while in small business (firms with 11 to 100 employees) the share of women-owned firms barely reaches 11%, and only 4% of the medium and large businesses interviewed (firms with 100 or more employees) are women-owned.

Zabludovsky, G. with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

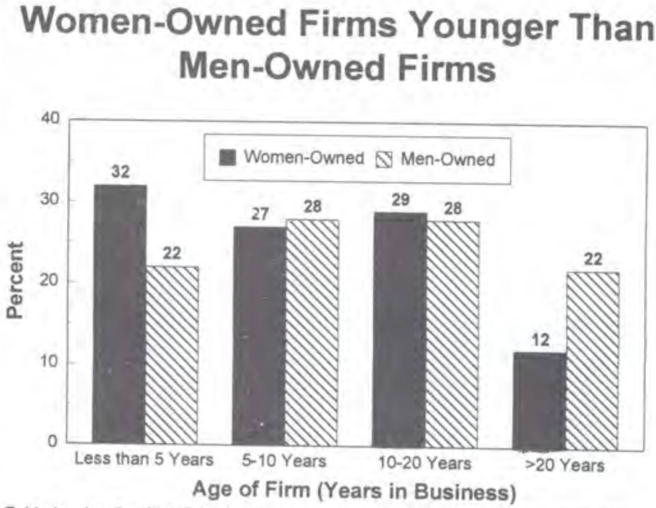
As can be seen in this graph, the percentage of micro businesses among the 300 men interviewed is 48%, while among women it goes up to 80%.[3] The remaining businesses owned by women are small (16%) and only 4% are medium and large.

---

[2] These findings are verified by previous research conducted by the author. See Zabludovsky, Gina, "Hacia un perfil de la Mujer Empresaria en México," **El Cotidiano**, UNAM.

[3] To the extent that a large part of the women are in micro-businesses, at some points of the present study, women's responses will be compared with those of all micro and small entrepreneurs (with no distinction as to sex). In this way, we will attempt to evaluate to what extent the problems detected belong exclusively to businesses owned by women, and to what extent they are related to the obstacles that confront micro-businesses in this country in general.

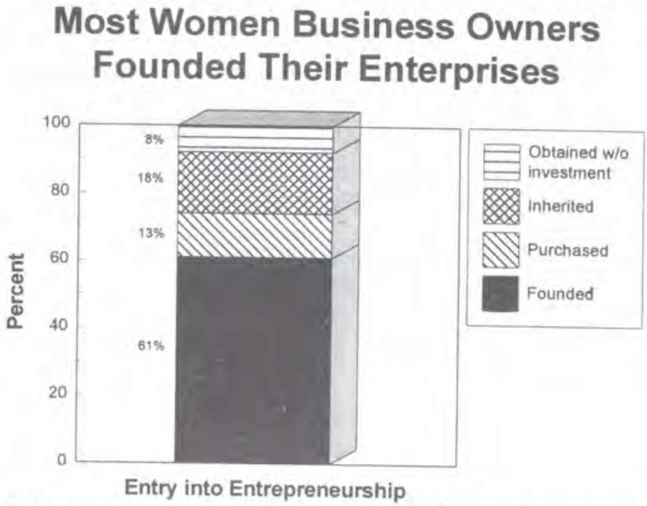
This reality contrasts with the case of the men, where the percentage of owners of small businesses is 34% and reached up to 18% as owners of medium and large businesses.[4]



Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

This is a reality which concurs with other data relating to women in positions of economic leadership. In a study we conducted in 1994 among women executives, there was found to be a similar percentage of women who end up occupying the highest ranking positions in the main corporations of the nation.[5]

Women are playing an important role in the creation of new businesses. Data on the length of time in business illustrates that the share of businesses owned by women that have been created in the last five years stands at 32%, while only 20% of the men-owned firms were started within the past five years.



Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

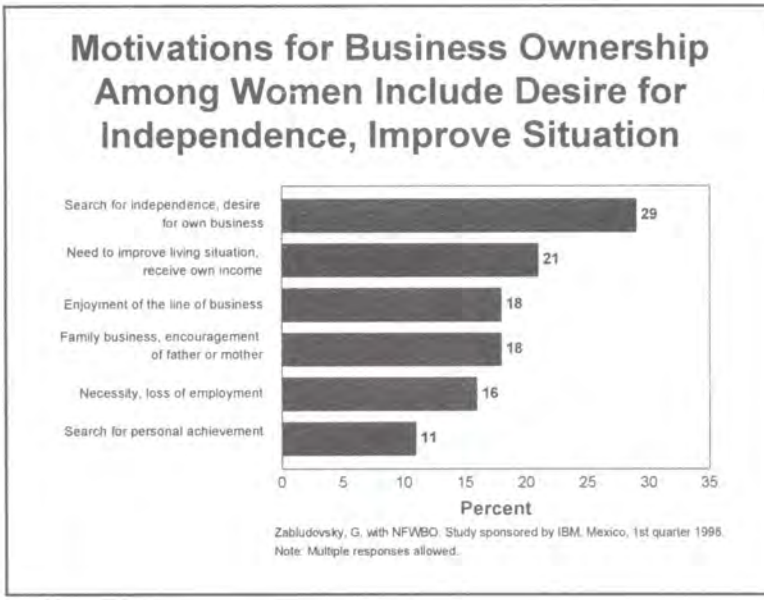
The relative youth of many businesses owned by women does not necessarily mean that these businesses are unstable or more short-lived. As we can observe in the graph above, women also have a significant presence as owners of older businesses. Twenty-seven percent (27%) of women are

---

4 In the United States, in contrast, a recent study by the National Foundation for Women Business Owners found, using a sample frame similar to the one used in this study, that 4% of women-owned firms had 100 or more employees, while 6% of the men-owned firms did.

5 For this, see Zabludovsky, Gina, "Presencia de las mujeres ejecutivas en México" (*"Presence of women executives in Mexico"*), **Sociológica**, Year 1, Number 13, January-April, 1997.

owners of businesses that are between 5 and 10 years old, 29% have been in business between 10 and 20 years, and 12% have owned their businesses for more than 20 years.

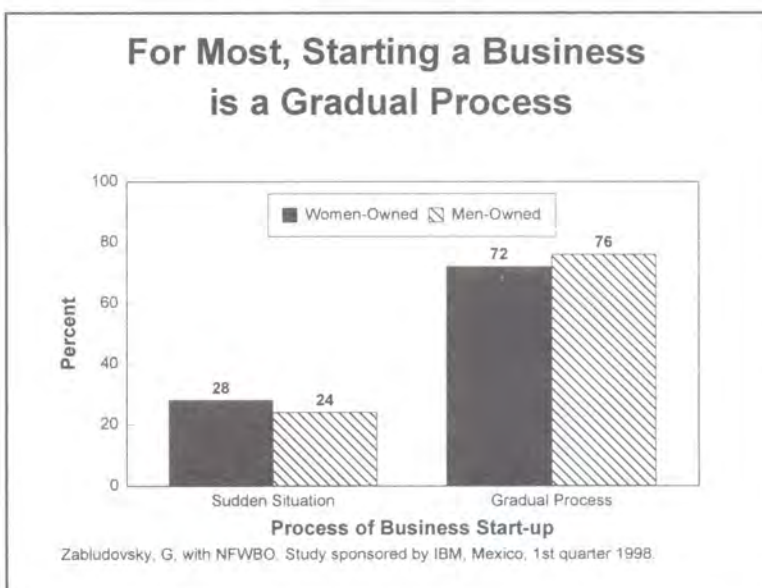


Zabludovsky, G. with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.
Note: Multiple responses allowed.

The growing importance of women in business creation and growth becomes even more apparent if we take into account the fact that most of them were the founders of new businesses.

As can be seen in the chart on the previous page, 61% of women founded their business, 18% inherited it, 13% purchased it and only 8% received it without any investment of their own (gift, bequest, etc.).

Women begin their business activities for a variety of motives and reasons. The main reasons that stand out are: the search for independence and the desire to have their own business (29% of cases); the need to improve their standard of living and to obtain income (21%); a keen interest in the particular line of business (18%); the fact that it was a family business or because of encouragement by their fathers or mothers (18%); factors linked to need and the loss of employment (16%); and the search for personal achievement (11%). These reasons are echoed in a recent study published in the United States, with a greater desire for flexibility also voiced by women in the U.S.



Zabludovsky, G. with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

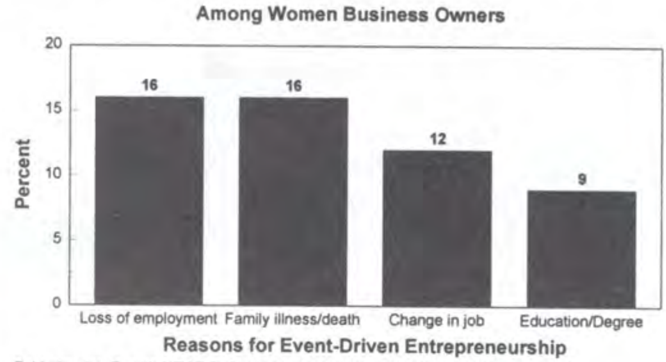
Most of the women got involved in business activity in a gradual manner, as part of a step-by-step process. However, the percentage of entrepreneurs who get started in their activity as the result of a sudden change in situation is greater among women (28%) than among men (24%).

Of the 83 women from the sample who answered that they had gotten started as part of a sudden change in situation, we found that these situations included the loss of employment

(16%), illness or death of parents or spouse (14%), change in employment (12%) and admission into a profession or the obtaining of a degree (9%).

Among the 71 men interviewed who are in business due to a sudden situation, we found that, in 25% of the cases, there was a loss of employment, followed by a change in employment (15% of cases) or inheritance of the business (11%).

**Loss of Employment, Family Illness/ Death Most Frequently Cited Reasons for Sudden Entry into Entrepreneurship**



Zabludovsky, G. with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

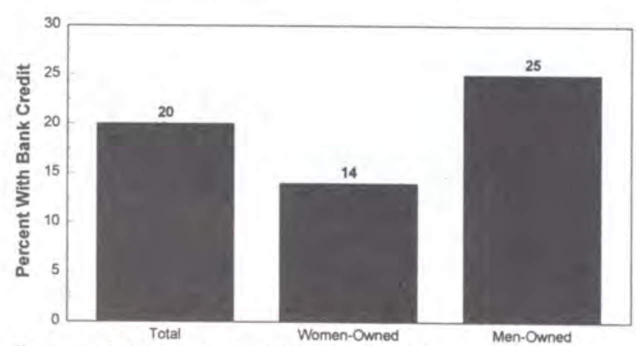
Thus we see that, like men, women who started up their business activity abruptly did so because of loss of employment. However, in contrast to the men, more women were thrust into business ownership as the result of a tragic situation, such as the death of a family member, whereby many were left without a parent or spouse.

## Access to Credit and Sources of Financing

The great majority of businesses owned by women (86%) operate without any bank credit. While it is true that this absence of credit is more acute among women-owned businesses, it is a trait common to entrepreneurs as a whole. Among men owners we found that the percentage of those who receive credit scarcely reaches 25%. In other words, only 20% of businesses (both of men and women) receive any type of credit.

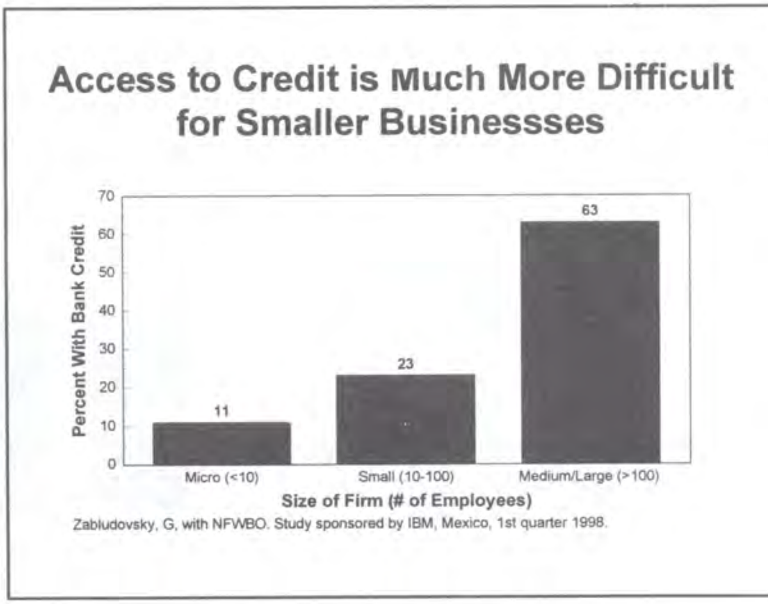
**Only One in Five Businesses Operate With Bank Credit**

**Women Much Less Likely to Have Bank Credit**



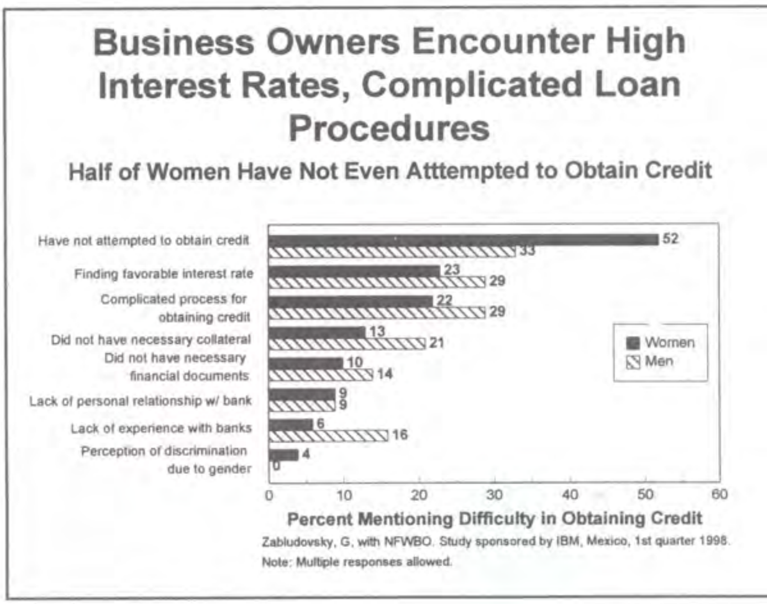
Zabludovsky, G. with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

This situation is directly linked with the size of the business since, as we can observe in the graph that follows, only 11% of micro-businesses receive bank credit, while among medium and large businesses this percentage rises to 63%. [6]




In answer to questions about obstacles to obtaining financing for the business, we found that just over half (52%) of women business owners have not even attempted to obtain financing. Among men, the number of entrepreneurs who have never attempted to obtain credit is 33% which, although high, constitutes a percentage that is significantly lower than that of women.

Those women who have approached banking institutions in search of financing have faced a number of obstacles, such as the impossibility of finding a favorable interest rate (23%); the fact that the process for applying for credit is too long and complicated (22%); and impossibility of submitting the necessary financial documents (10%).



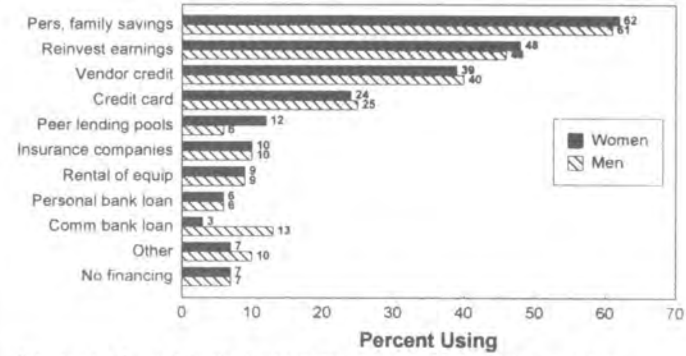

Once more, we found that the situation of women is similar to that of micro-business owners in the country in general. Fully half (50%) of the owners of firms with fewer than 16 employees (both men and women) have never attempted to obtain credit, and the obstacles indicated by women are also the most significant for men. In this sense, it is important to call attention to the fact that, when they approached various financial institutions, only 4% of women respond that they had met any openly discriminatory attitude specifically related to their

[6] This finding differs from research conducted among women business owners in other countries. In a recent study conducted at a women's business conference in Argentina among women entrepreneurs from several Latin American and Iber-American countries, a 56% majority said that they were operating with bank credit. In a 1996 study in the United States, 46% of women business owners had bank credit. See National Foundation for Women Business Owners, "Key Issues Affecting Women Business Owners in Argentina and Other Latin- and Iber-American Countries," April 1998, and "Capital Credit and Financing," October 1996.

gender.

However, as we will see later on, the fact that most women who have sought financing have not reported acts of direct discrimination by the banking sector does not mean that women do not face other obstacles related to gender.

**Most Business Owners Rely on Savings and Business Earnings for Their Firm's Capital Needs**

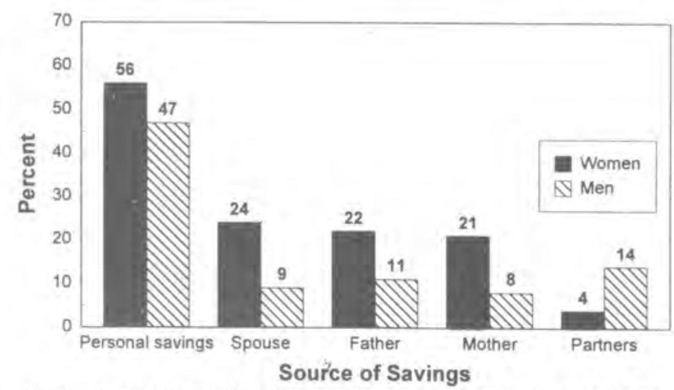



Zabludovsky, G. with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.
Note: Multiple responses allowed.

In the absence of bank loans, women entrepreneurs turn to a variety of sources of financing, particularly to personal and family savings (62%), the reinvestment of the earnings of the business (48%) and credit from suppliers (39%). Other important sources of financing are bank cards (24%) and, to a lesser extent, informal associations of fellow workers or circles of acquaintances and friends (12%) or financial support from insurance companies (10%).

These financial supports are very similar to those of the men, with the only significant difference being that men resort to informal associations such as groups of co-workers less than women do (only 6%).

**Sources of Personal and Family Savings**

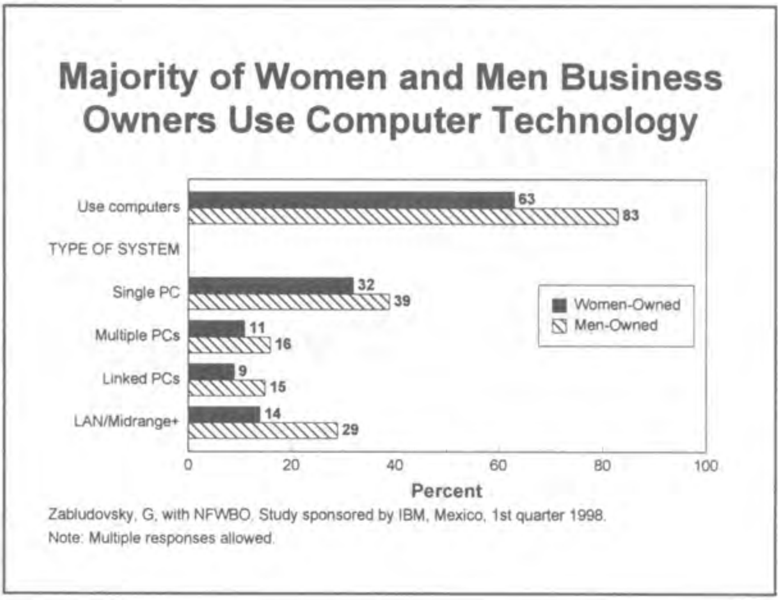



Zabludovsky, G. with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.
Note:Percentaged among those using personal/family savings

Now then, from whom do "personal and family savings" come? The majority of the women support their businesses with resources that come from themselves (56%). This percentage is greater than that among men, 47% of whom rely on personal savings.

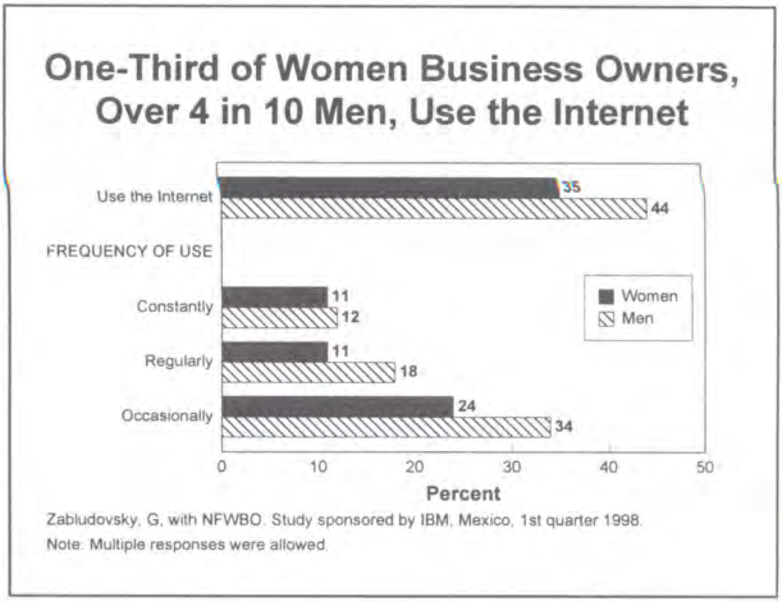
In addition to their own savings, women turn to the support of other family members, in particular their fathers (22%), their husbands (24%) and their mothers (21%).

Like the women, the men also finance their business with family support, but the responses show that they also have other support networks outside the family, such as their own partners (14%). In the family, they also turn to their fathers' savings (11%), to their brothers and sisters (10%) and to their mothers (8%).




## The Importance of Computer Technology

The majority of the entrepreneurs use computer technology. Eighty-three percent (83%) of the men's businesses and 64% of the women's have computers. Most one or more separate computers, but 29% of the men's businesses and 14% of the women's businesses have local networks and more sophisticated systems.[7]




Entrepreneurs are using the Internet as an important tool in their business. Nearly one-third (30%) of men-owned firms and 22% of women-owned businesses are regular users, and 34% and 24%, respectively, use the Internet occasionally. As can be observed, there is a slight majority of businesses owned by women (53%) that still do not use the Internet, compared with 35% of the businesses owned by men.[8]

---

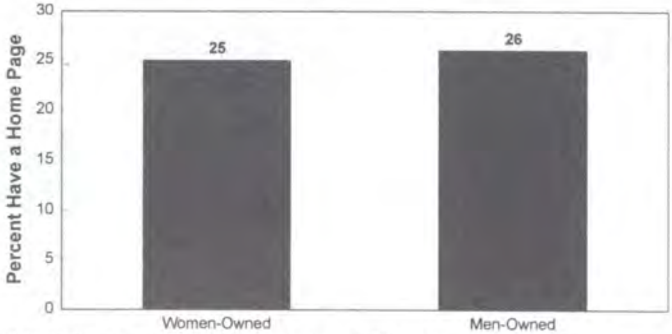
[7] Again, comparing these results with those found in other research, 95% of the women business owners interviewed at a recent Latin and Iber-American women's business conference in Argentina report using computers in their businesses, as do 93% of women-owned firms in the United States.

[8] Like other variables, the use of computers is also closely related to the size of the business. Over one-third (39%) of micro-businesses do not use computers, compared to only 4% among small businesses. All medium and large companies interviewed use computer systems in their businesses.

However, it is also important to take into account the fact that on the levels on which the most intensive use of the Internet is made, the differentiation between men and women decreases. The data suggests that women currently may have some initial resistance in the access to and use of the Internet, but once they are familiar with this tool, women do not exhibit any differences from men. Twelve percent (12%) of the men and 11% of the women use the Internet regularly and consider it to be a valuable tool.

This reality becomes just as noteworthy if we look at the companies that have a page on the World Wide Web (also known simply as the Web or WWW). As we can see in the following graph, if only the entrepreneurs who have computers and use the Internet are taken into account, there is no difference between men and women in the share who have a home page for their business on the Web. In every case (men and women), approximately 25% of the entrepreneurs who have computers and the Internet have a home page for their company on the Web.

**One-Quarter of Women- and Men-Owned Firms Have a Home Page for Their Business**




Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.
Note: Percentaged among those using the Internet.

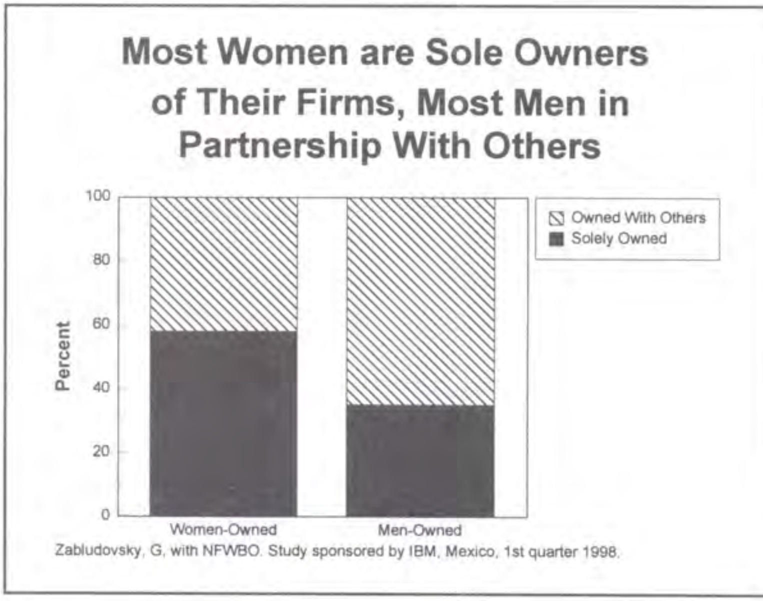
This suggests that women have some resistance or obstacles in becoming initiated into the uses of the Internet, which is somewhat related to the size of these firms and to the lack of resources available to women business owners. However, as soon as they become familiarized with this technology, women entrepreneurs begin to use it more intensively.

Research conducted by the National Foundation for Women Business Owners suggests that women take more time evaluating new business tools, such as computer technology. Research in the U.S. showed women-owned firms lagging men-owned firms in the use of computers until about four years ago, and lagging on their use of the Internet until last year, when their Internet and home page use actually surpassed that of their male counterparts.

## Co-owners, Partners and Family Members in Business

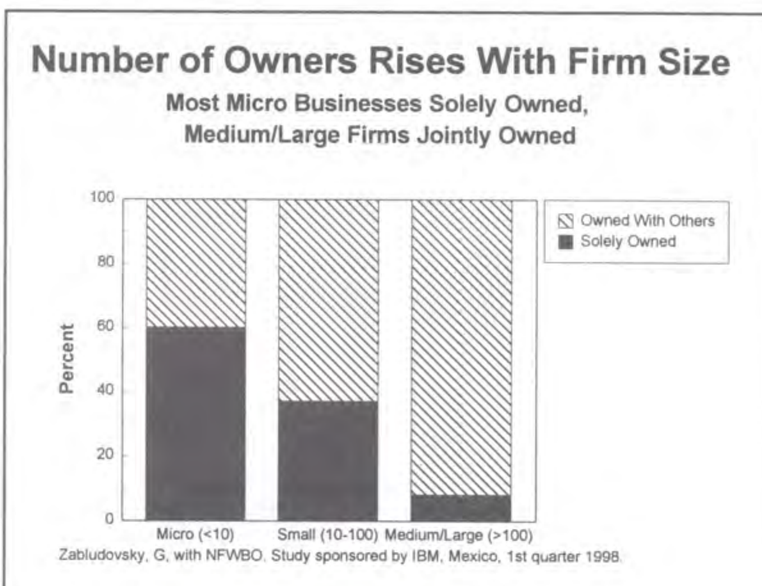
Most of the women are sole proprietors of their businesses (58%), although there is also a high percentage of business partnerships (42%). This situation contrasts with that of the men, the majority of whom (65%) are in business with others.

This situation of women-owned firms can be explained in part by the size of their businesses. As it would be logical to suppose, the smaller the size of the business, the more likely the owners are to be sole proprietors, as shown by the graph on the right.

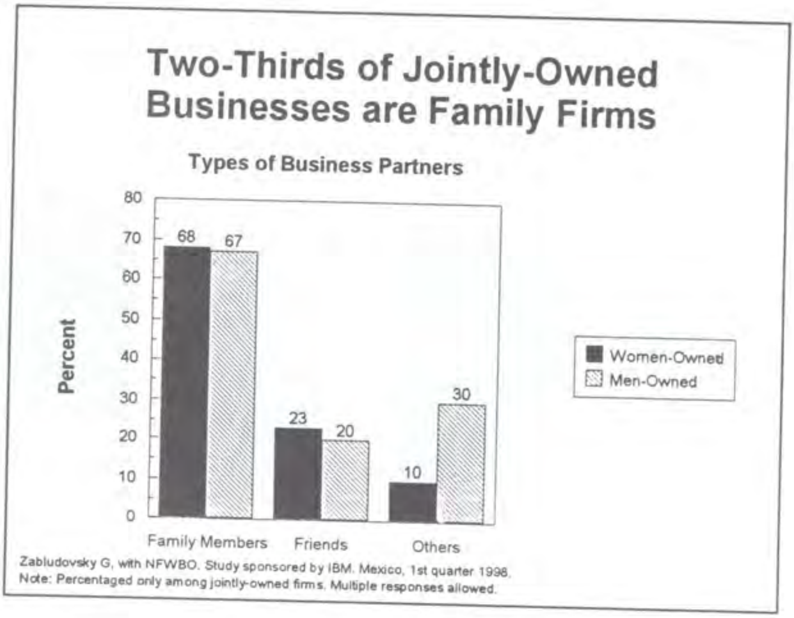



As can be seen in this graph, while only 40% of micro businesses are co-owned, fully 92% of medium and large firms have more than one owner. Like most entrepreneurs in this country, women co-owners of businesses tend to become partners with members of their families. As the following graph shows, 68% of all women-owned business partnerships and 67% of those of men are family businesses.

The importance of family businesses is also seen in the high number of family members who work within businesses. In women-owned businesses, 68% of women say they work with some member of their family, and 23% say they work with friends. Among the men, the percentage who work with some member of their family are also significant. Fully two-thirds (67%) work with some member of their family, and 20% work with friends.



However, in contrast to men business owners, women business owners do not establish alliances with other partners. Nearly one-third (30%) of the men do so, in comparison to only 10% of the women. This situation is perhaps explained by the absence of women in business circles where partnerships can be established and support networks can be found.



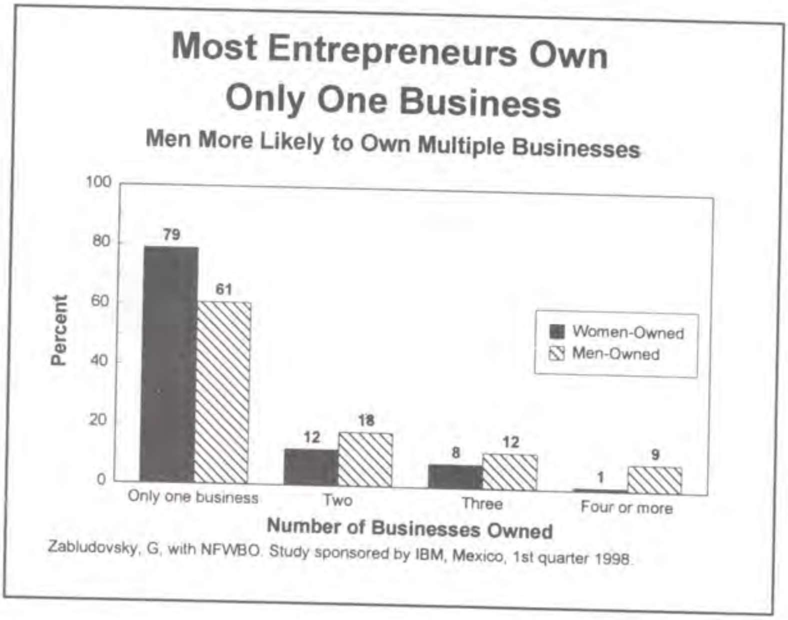
Zabludovsky G, with NFWBO. Study sponsored by IBM. Mexico, 1st quarter 1998.
Note: Percentaged only among jointly-owned firms. Multiple responses allowed.

The vast majority of women business owners also do not establish alliances with investment partners who share in the ownership of the business.

Only 19% of the women answered that they had investing co-owners (equity partners) in their businesses[9].

## The Contribution of Women Entrepreneurs to Family Income

Women entrepreneurs make a very signification contribution to family income, amounting to an average of 62% of household income. It is thus clear that the income women obtain from their businesses is vital for the support of the family; only in a few cases is the income supplemental. In fact, 37% of those interviewed contribute more than 75% of their family income.



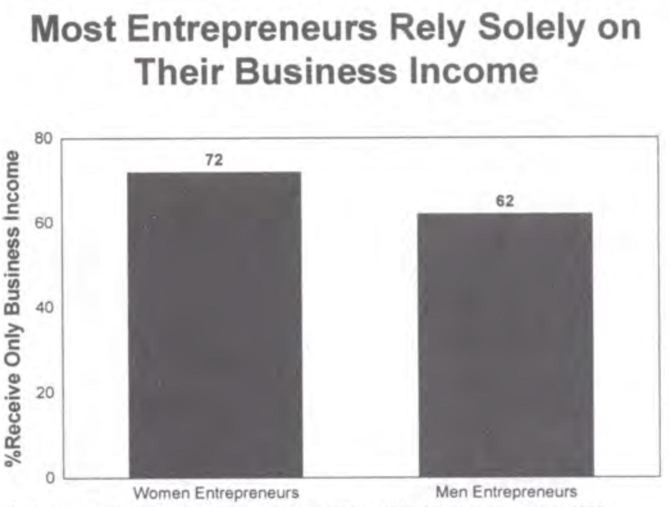
Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

Most of the women are owners of a single business and do not own any other business. While

[9] In every case, the investors are Mexican. Among those interviewed in the study we found no women-owned firms with foreign investors.

79% of the women interviewed responded that they did not have any other business, among men this percentage drops to 61%, as can be seen in the graph above.

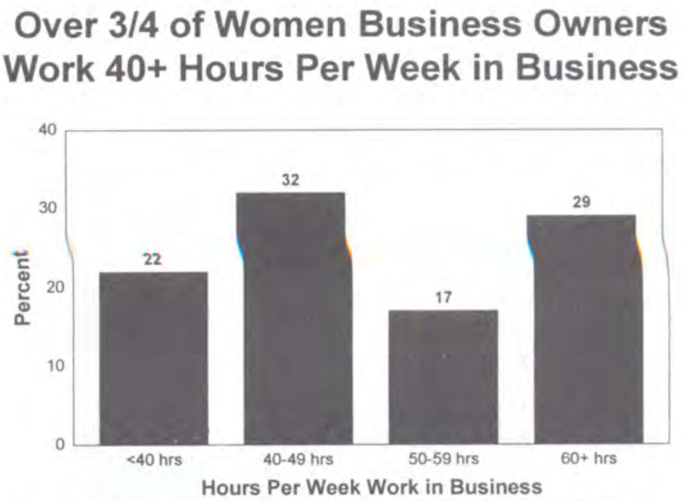
Most of the women business owners interviewed rely solely on their business income, and they do not have any additional source of income. Nearly three-quarters (72%) of the women are in this situation. Although the majority of men business owners report that their business income is their only source of income, the percentage is lower — 62%. In other words, only 28% of the women have some additional income besides what they receive from their business, while among the men, 38% have additional income.



Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

The majority of the women dedicate 40 hours a week or more to their business. Only 22% of them work less than 40 hours in their business, 32% work between 40 and 49 hours and 17% work 50 to 59 hours. Over one quarter (29%) even work over 60 hours a week.

This situation is corroborated, if we observe that the majority of the firms that are registered formally and that are owned by women (86%) are full-time businesses, only 14% work on a part-time basis. (See chart at the top of page 19.) However, the percentages of full-time businesses are somewhat lower than those of the men, where they reach a percentage of 92%.



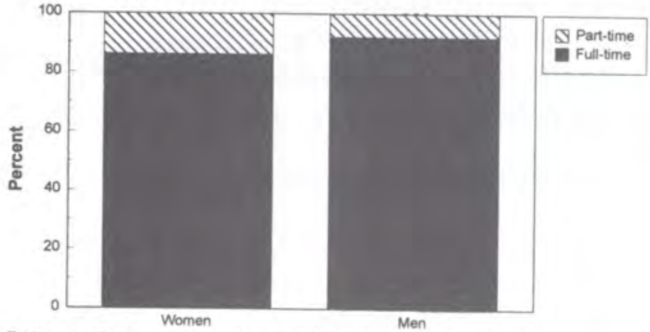
Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

Most of the businesses owned by women that operate full-time (57%) have plans (over the next two years) to grow and to hire more employees to work in existing facilities. Twenty-eight percent (28%) have plans for expanding the business by opening up new locations, and 34% plan to keep working at the present level.

Of the businesses that work part-time, the majority of them (58%) have plans to expand to become full-time businesses.

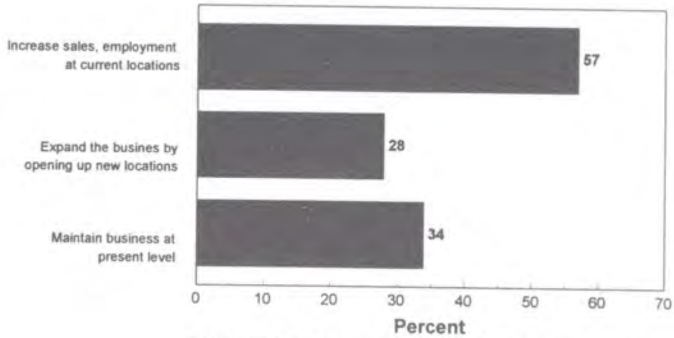
Most of the women and men business owners interviewed in this study have their business located in an office, retail or other setting — not in their home. However, 26% of the women-owned firms, and 19% of the men's, are home-based businesses.

**Strong Majorities of Women and Men Surveyed Operate Full-Time Businesses**




Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

**Majority of Full-Time Women Entrepreneurs Have Plans for Growth**

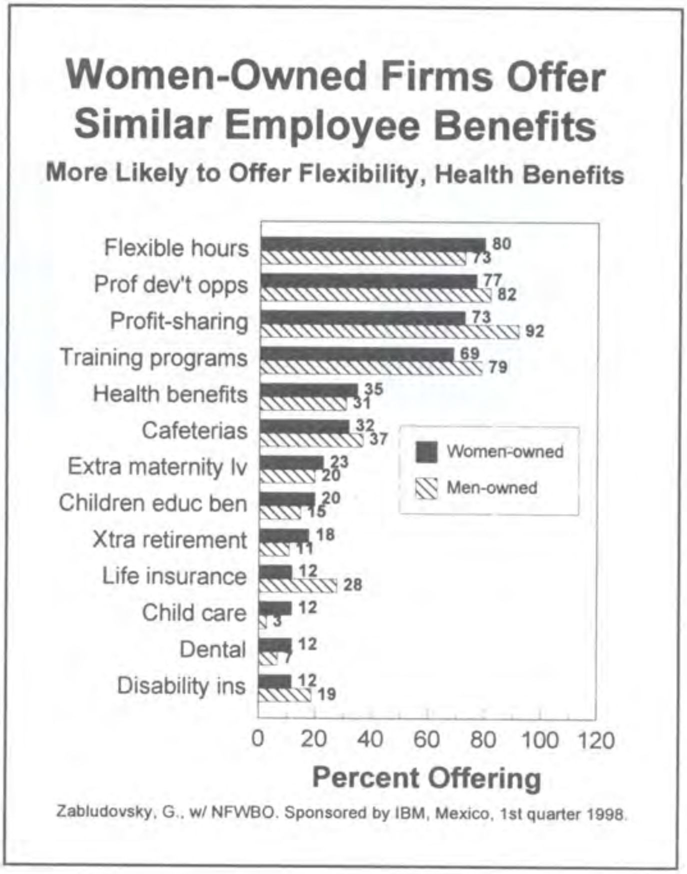



Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.
Note: Percentaged among full-time women-owned firms.

## Employee Benefits Offered by Business Owners

Businesses owned by women offer their workers more possibilities of having flexibility in their work schedules, dental and medical benefits (in addition to those provided by the *Seguro Social* (Mexican government benefit system); supports for children's education and extra maternity leave, in addition to the periods formally established by the law.

Conversely, due primarily to the relative sizes of their businesses, men-owned businesses tend to support their employees with a higher rate of profit-sharing than do women-owned firms, with opportunities for personal development and training programs.



## Involvement in International Trade

The majority of the women's businesses are concentrated in the domestic market and do not export any products or services.

As can be seen in the graph that follows, 78% of the women's businesses are in this situation, while 11% import products and services, 6% export and import some services and 5% are exporters[10].


Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

This situation contrasts with that of the men, where the percentage of entrepreneurs who do not have any regular exchange with foreign countries either as exporters or importers drops to 53%, meaning that fully 47% of men-owned firms are involved in international trade.

Like other situations previously described, the likelihood of involvement in international trade is directly related to firm size. The percentage of women-owned businesses that neither export nor import is similar to that of micro-businesses in general, without taking into account the gender of the business owner. As we can see in the graph below, 80% of micro-businesses do not export or import any service or product, and the likelihood of exports or imports increases in proportion to the size of the business.


Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

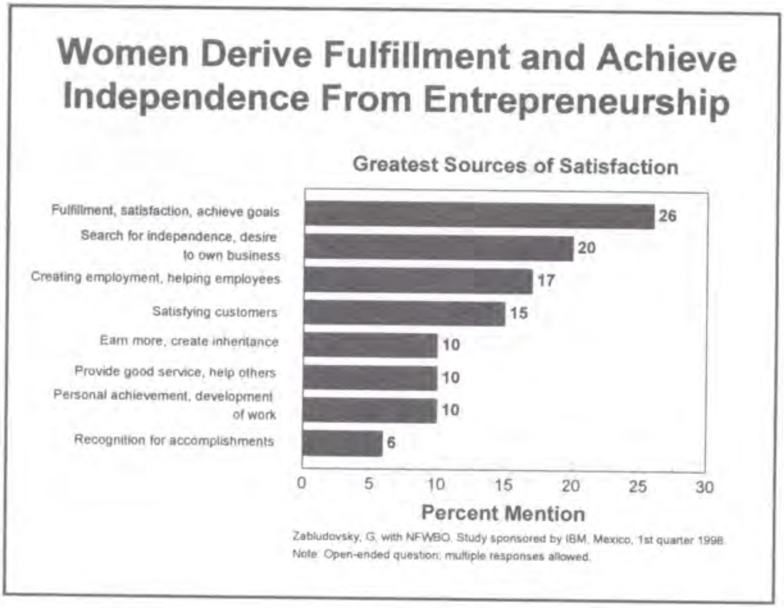
---

10 In the 32 women-owned businesses interviewed that have international trade activities, we found that these activities do not represent a significant source of income. In fact, in 53% of the cases, these activities represent less than 24% of revenues, in 22% they represent between 25% and 49%, and we found only 8 women's businesses whose commercial exchanges with foreign countries represent 50% or more of their revenues.

Those businesses belonging to women that do have exchange of products and services do so primarily with the following countries: United States (72%), Canada (34%), Spain (19%), Guatemala (13%) and El Salvador (13%).

## Rewards, Challenges and Expectations of Women and Men Entrepreneurs

The main sources of satisfaction for the women as entrepreneurs are personal fulfillment and satisfaction and the pursuit of professional goals (26%), the search for independence and the desire to have their own business (20%), the creation of sources of employment and support in the advancement of the employees (17%), factors linked with relationships and the satisfaction of customers and users (15%), to earn more and to create an inheritance (10%), to provide a good service and to be useful to others (10%), and on account of the fact that the work has previously been developed (10%).

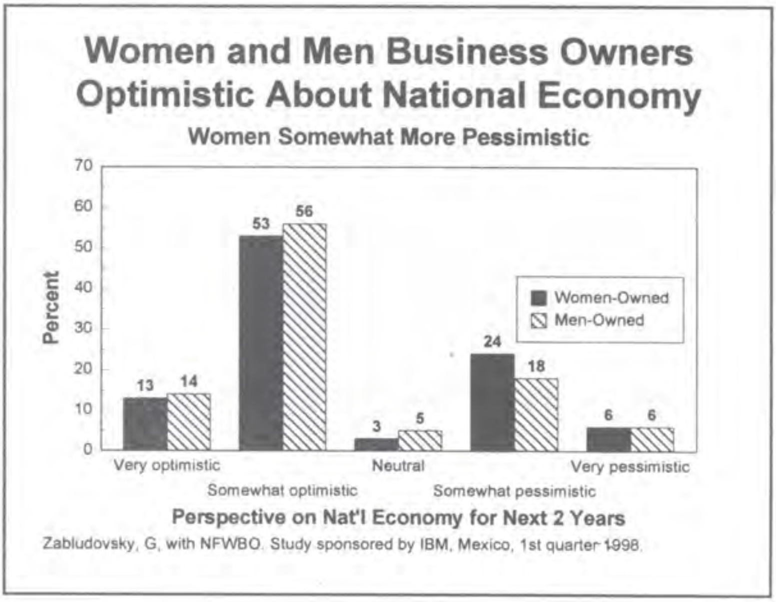



With respect to the main challenges and frustrations as entrepreneurs, the women responded that their main frustrations are difficulties with the government and bureaucratic procedures, the lack of financial support and economic solvency, devaluations, economic crises and external economic aspects, not being able to fulfill their goals and unfair competition.

As to their greatest challenges, women entrepreneurs indicated that their most significant challenges as a business owner are: growth, expansion and the opening of new locations to increase their sales (31%); and maintaining and preserving the business in order to be able to continue in the market (28%).

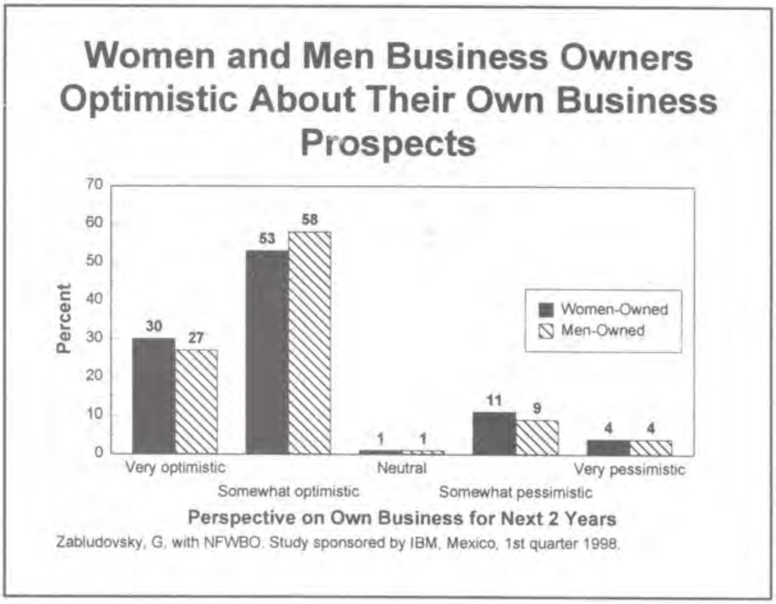
Besides these factors, the women cited as minor issues other more specific challenges such as becoming the best in their line of business, being a competitive company in the world arena, providing jobs, opening up to exports and others.

With respect to their views of the future of the national economy over the next two years, the majority of women entrepreneurs indicated that they felt somewhat optimistic (53%) or very optimistic (13%), 24% felt somewhat pessimistic and only 6% felt very pessimistic, as shown by the graph below. In general terms, the women feel somewhat more pessimistic than the men (in 17% of the cases).




As for their own business prospects over the next two years, 30% of the women described themselves as very optimistic, 53% as somewhat optimistic and only 11% said they were somewhat or very pessimistic.

Concerning their day-to-day issue concerns as business owners, women entrepreneurs consider that what is most important is to maintain the profitability of their business, followed by: finding good employees who will stay with the business; gaining access to technology; receiving training and education in subjects of business administration; and excessive inflation. These factors are followed in importance by other factors such as social and political instability, granting benefits to the employees and stability in exchanges rates and on the financial markets. After this, assaults, extortions or attacks from criminal organizations, corruption pressures and illegal practices by government representatives occupy an important place, as do policies to promote the development of businesses, development of infrastructure (such as roads, bridges, etc.), and support services for the care of children.



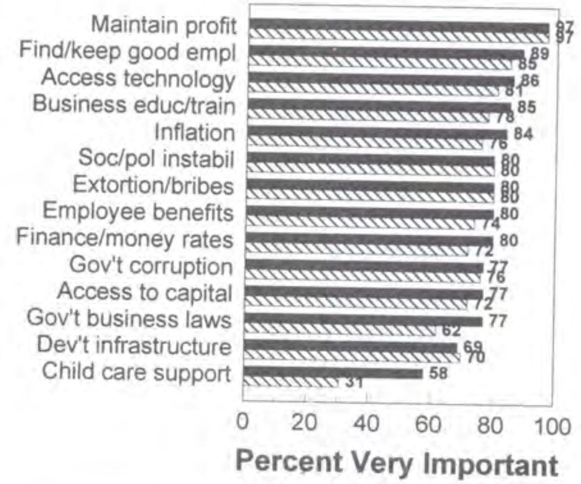

Although the priorities in the responses of men and women are similar in many ways, there are some noteworthy differences. Women place greater importance on training and administration in matters of business administration (85% as compared to 78%), on the necessity of more policies for promoting and supporting businesses (77% as compared to 62%), and also on more support services for the care of children such as nannies, pre-schools, child care centers (58% as compared to 31%).

Most women entrepreneurs (59%) consider that there are government regulations that affect the development of their businesses. The regulations that women point to the most are: tax laws, taxes and the system of taxation (37%); too many requirements, permits and the slowness of procedures (32%); the Government, the bureaucracy and various departments (30%); the corruption of the Government (10%); various regulations, controls, sanctions, fines (7%); and obligatory contributions and memberships in various institutions (4%).

In addition to obstacles common to both men and women, women face other difficulties relating to the issue of gender. The majority of women entrepreneurs feel they face obstacles because they are women. In fact, out of the total number of women interviewed, only 14% mentioned not facing any obstacles related to gender.

Among the most significant obstacles indicated by the women are: machismo and other cultural characteristics (40%), problems in reconciling different roles (39%); difficulties in exercising authority and leadership (36%); absence of other support networks (25%); exclusion from business circles that are predominantly male (23%), and other unspecified forms of discrimination (17%).

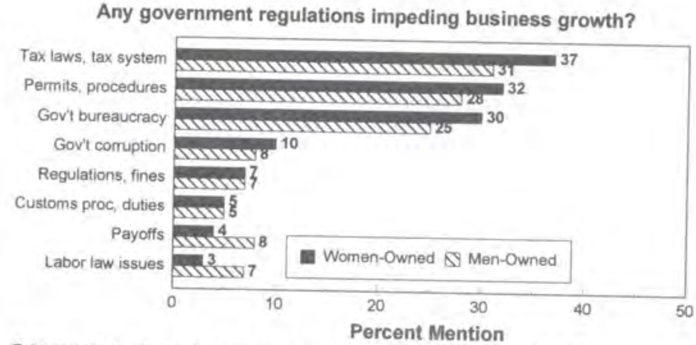
**Business Management, Technology and Economic Conditions are Most Important Business Concerns**




Zabludovsky, G., w/ NFWBO. Sponsored by IBM, Mexico, 1st quarter 1998.

**Business Owners Believe Tax Laws, Permits & Procedures are Hampering Business Growth**

Any government regulations impeding business growth?

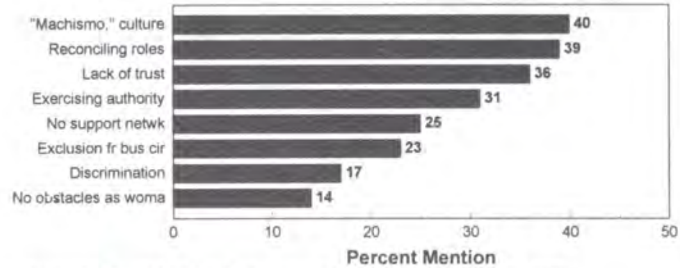



Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.
Note: Open-ended question; multiple responses allowed.

As factors that might benefit growth and the success of the business, women business owners mention: the need to find more support from government officials (74%); the need to attend training sessions in finances, marketing and other business topics (68%); attending seminars or conferences on business issues (67%); the suitability of establishing support networks with other women's organizations (66%). Also of importance to women business owners are: access to more information on international trade treaties such as the North American Free Trade Agreement (NAFTA); meeting with entrepreneurs in their community; organizing trips to other countries to meet with other entrepreneurial organizations, and trips within the Republic.

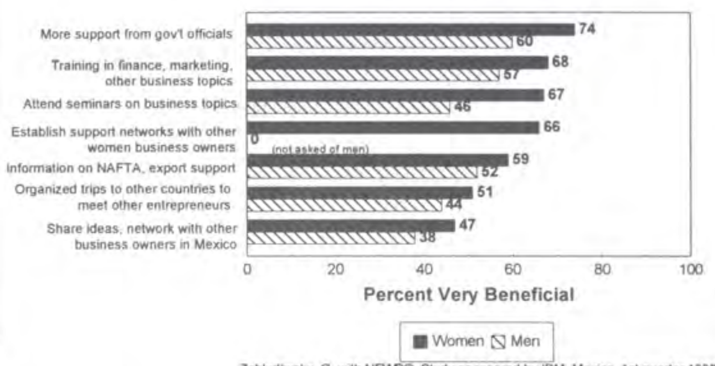
## "Machismo", Balancing Roles are Unique Obstacles Facing Women Entrepreneurs

**Have you faced any obstacles unique to being a woman business owner?**




Zabludovsky, G. with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.
Note: Open-ended question; multiple responses allowed.

## Business Owners Desire More Support from Government, More Business Education



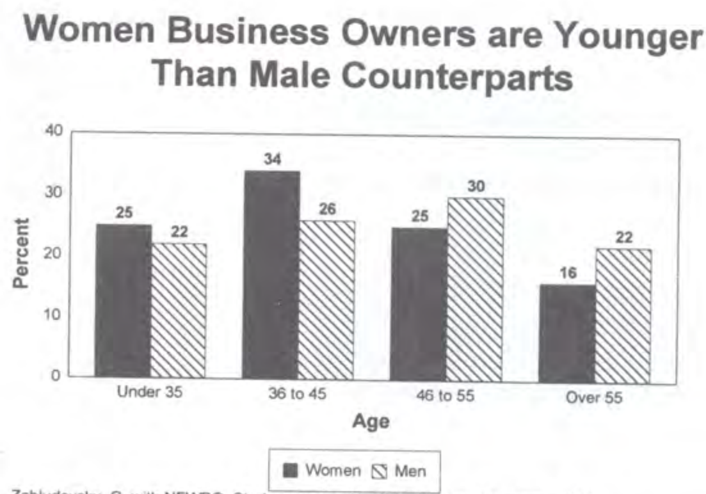

Zabludovsky, G. with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

With respect to affiliation with organizations, the women entrepreneurs have belonged to those formally established in this country for many years, such as the Chamber of the Transformation Industry (*Cámara de la Industria de Transformación*) (CANACINTRA), the Chamber of Commerce (CANACO), and others that make up the Confederation of Chambers of Industry (*Confederación de Cámaras de Industria*) (CONCAMIN). Only 7% of the women interviewed belonged to any organization specifically for women entrepreneurs.

## Personal Characteristics of Women and Men Entrepreneurs

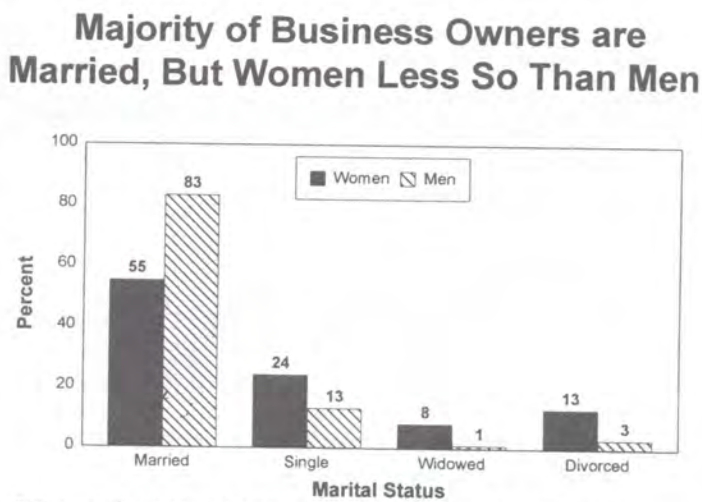
The women business owners interviewed are spread over a wide range of ages. However, one-third of them (34%) are between 36 and 45 years of age and most of them are under the age of 45.

If we compare these data with that of the men entrepreneurs interviewed, we see that the women tend to be younger. It is likely that this can be explained by the fact that the involvement of women in entrepreneurial circles is relatively recent, and therefore it is more difficult to find older women business owners. As time passes, and as certain stereotypes are smashed, the presence of older women entrepreneurs may become more frequent. In the United States, for example, there is virtually no difference in the average ages of women and men business owners.



Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

As we have detected in previous studies[11], among women entrepreneurs there is a high proportion of women who are not married (up to 45%). Although the majority of the women are married (55%), the percentage of single women stands at 24%, 13% are divorced, and 8% are widowed. This situation contrasts sharply from that of the men where, as we can observe in the graph that follows, 83% are married.



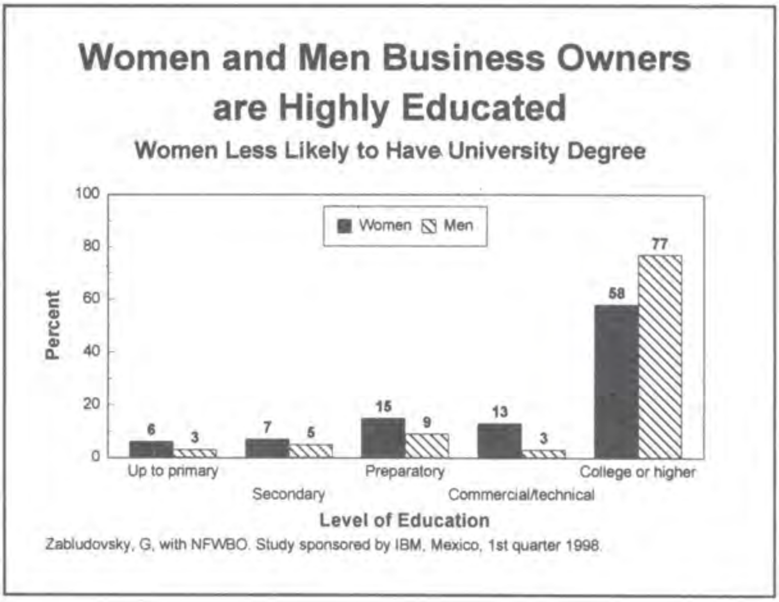
Zabludovsky, G, with NFWBO. Study sponsored by IBM, Mexico, 1st quarter 1998.

---

11 For this see Zabludovsky, Gina, "Perfil de la Mujer Empresaria en México" (*"Profile of the Women Entrepreneur in Mexico"*) in **El Cotidiano**, UAM-A, Mexico City, 1993.

Most of the women entrepreneurs are mothers. Among those interviewed, we found that only 10% of the women did not have children. With respect to the number of children, we found that 39% of the women entrepreneurs who are mothers have two children, 17% have 3 children, and 13% have 4 or more children.[12]

With respect to formal education, we found that entrepreneurs in general have a high level of education. Three-quarters (77%) of men and 58% of women studied on the college or graduate level, 3% of men and 13% of women went to commercial or technical schools, 9% of men and 15% of women reached the pre-secondary level, and 5% and 7%, respectively, reached the secondary level. Women thus surpass the men in the share who have taken commercial and technical courses, while the proportion of men who have studied in a university is greater.




This is the case in other similar research studies. Both women and men business owners are generally more well-educated than their counterparts in the workforce.

[12] These percentages differ from those of the men, only 6% of whom have no children and 47% of whom have 3 or more children. This situation may be related to the time the women entrepreneurs must dedicate to their work and the greater share who are unmarried or widowed, and to the fact that a majority of the domestic partners of men entrepreneurs probably dedicate themselves to the home.

# Methodological Summary

The basis of the study were 600 telephone interviews conducted from January to April 1998 with 300 men and 300 women from among entrepreneurs in the metropolitan area of Mexico City.

The questionnaire was drawn up by Julie Weeks of the National Foundation for Women Business Owners and Gina Zabludovsky, UNAM, and the interviews were conducted over the telephone by Gallup Mexico. In every case those interviewed were employers, owners of the business having an active role in the direction of the business.

Thus the study did not include any representatives who were not the owners of the business, or those were partners but did not work in the business, or those who were self-employed. Also, because the sample was drawn from lists of registered businesses, the study does not include the informal sector of the economy.

The initial shaping of the list was done by taking into account the size of the businesses. We were seeking to conduct a third of the interviews with micro business (up to ten employees) and equivalent portions among small business (from 11 to 100 employees), medium and large businesses (more than 100 employees).

In the end this was not possible, because the numerical significance of micro businesses in this country, and the difficulties in conducting a survey among owners of large corporations. However, our initial intent should be taken into account because, although we fell fall short of reaching three equal parts, there is an over-representation of small, medium and large businesses in relation to the reality in this country, where the percentages of micro-businesses surpass the levels of the present study.

To achieve our objectives, the field work was divided into two stages, which are described below.

**Stage I**

Three hundred interviews were conducted randomly among all businesses, without regard to gender of the owners. The selection of those interviewed was done randomly using a commercial list that those in charge of the study drew up from various sources of information, noted as follows.

Consulting the Entrepreneurial Information System (Sistema de Información Empresarial) (SIEM), we retrieved the data of the entrepreneurs who had registered through the Chamber of Commerce of Mexico City (Cámara de Comercio de la Ciudad de México) (CANACO) and The National Chamber of the Transformation Industry (Cámara Nacional de Industria de Transformación) (CANACINTRA). Initial attention was focused on these organizations, since their membership constitutes the largest business organizations in Mexico City. One is in the area of trade and services and the other is in industry, and they include a large diversity of lines of business.

To achieve an adequate representation of entrepreneurs as a whole, the listing was supplemented with businesses from various sectors that may not have registered through CANACO or CANACINTRA. Thus, information was obtained from other associations, and various specialized directories of business lines such as construction, the chemical industry, clothing, dry-cleaning business and others.

As a result of this part of the study, we obtained 260 interviews with men and 42 with women.

**Stage II**

In this stage a search was made for entrepreneurs according to their sex, to supplement the earlier list so as to reach a goal of 300 completed interviews of both women and men business owners. Thus, in this second phase 258 women and 40 men were interviewed.

The women interviewed were selected in various ways. The lists of CANACO, CANACINTRA and other similar organizations were thoroughly scanned to look for possible female names. Also, other commercial lists were consulted, and in a supplementary manner, names of women were culled from various associations of women entrepreneurs and lists of those who attended specific events directed to women entrepreneurs.