Small Business Owners
(who also happen to be women)
At Mastercard, we understand that small business owners have many of the same requirements as large companies, and simply lack the resources to fulfill them. We work with partners, including financial institutions and technology companies, to provide small business owners the tools and solutions, beyond payments, to address their needs and make them successful.

**Innovating to meet new, unmet needs**

Since 2007, the number of women-owned businesses in the US has increased 58%, far outpacing the 12% growth rate of business overall.¹ The driving force behind this growth rate? According to women who’ve started businesses of their own, the number one reason they took the plunge was to “pursue a passion.” African American and Millennial women business owners are particularly likely to report passion as a motivator (46% and 41%, respectively). They also report the highest levels of satisfaction with their work (98% African American, 95% Millennial and 92% overall).

Second to passion, women are choosing to go into business for themselves to improve work-life balance and flexibility, while men are more likely to cite increasing earning potential as a motivator.

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**My business was borne out of a need I saw in society that was unmet.**

62% **All women**

71% **Women under 45**

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**My business was borne out of a personal need that I had.**

75% **All women**

80% **Women under 45**

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¹ Data from the U.S. Census Bureau, Women’s Business Ownership: 2017, 2020.
Especially for younger women, a desire to problem-solve lies at the heart of their passion. 75% of women small business owners say their “business was borne out of a personal need they had.” Among women under 45, this number rises to 80%. Two-thirds also feel drawn to focus on previously unaddressed causes that extend beyond their personal lives, saying their businesses came from unmet societal needs (62% overall, 71% women under 45). In short, women are solving the world’s problems – and their own – one small business at a time.

Given this larger societal remit, purpose also tends to be a stronger motivator than even profits. Half of women small business owners say they put purpose before profit (51%), compared to only 35% of their male counterparts. Two thirds of women small business owners would rather make less money in the short-term to maximize long-term community impact (63%). Similarly, women are much more interested in improving their communities through their businesses (37% of women, nearly 10% higher than men).

The fact that so many women are finding inspiration in the world around them means that their businesses aren’t often conceived in a business environment. 75% of women say business inspiration tends to strike when they have downtime or are not focusing on business at all.
Moving with speed, savvy and confidence

Fueled by the unsolved problems they encounter every day, women are optimistic about the future growth of their organizations. The vast majority say they are somewhat or very confident in their business' future growth (85%). Women also report equal levels of confidence as their male counterparts when managing many aspects of their business, such as operations, finances and budgeting and strategic planning.

For many women, this confidence is helping their businesses develop at a rapid-fire pace. Nearly two-thirds say it took less than a year to turn their business idea into a reality. At this pace, women-owned firms are growing at twice the speed of other businesses, contributing $3 trillion and 23 million jobs to the global economy.²
As they grow, women small business owners are looking to hire and empower those who can get the job done and fill gaps. The most important quality they are looking for in employees is being self-motivated and able to work independently (79%), followed by having a passion for the company’s mission (52%). More than one-third of women are also looking for their employees to be a source of inspiration (38%) and support (34%).

Many are also leaning into financial tools to help them get ahead, from forecasting and planning to leveraging credit cards as a tool to work for their business. 81% of women small business owners say they have a financial plan, compared to 76% of men. They are also more likely to say they “consciously aim to increase their credit score with tools such as automated payments and budget limits” (70% women, 61% men). In addition, women are leaning in to cards as a tool to help with tax preparation — 91% say having a separate card for business transactions helps create a paper trail for tax purposes (compared to 84% men).
Going blind in a biased world

Despite rising ambitions and pace, women still struggle to earn respect in the business community. More than half say that, when compared to their male counterparts, being taken seriously as a leader is a major challenge, a struggle that is right on par with work-life balance. More than half of men also agree that this is an obstacle faced uniquely by women.

This is reflected in the allocation of resources and opportunity, from the abysmal gap of venture capital (VC) funding that goes to women – female-founded companies received 2% of VC funding in 2017 ($1.9 billion of the $85 billion total invested) – to the dearth of women on boards and in the C-Suite – women hold around 10% of top executive positions and 5% of CEO positions at S&P 1500 companies. Given these gaps, it’s not surprising that the vast majority of women small business owners wish there were more female role models in their sector (82%), with a similar number of men also agreeing this is a need (80%).

MEN ACKNOWLEDGE THE ROLE THEY HAVE TO PLAY...

Men need to be part of the solution to closing the funding gap between male and female entrepreneurs.

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Women</th>
<th>Men</th>
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<tbody>
<tr>
<td>Balancing work and life commitments</td>
<td>60%</td>
<td>52%</td>
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<tr>
<td>Being taken seriously as a leader</td>
<td>57%</td>
<td>54%</td>
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<tr>
<td>Receiving funding</td>
<td>25%</td>
<td>23%</td>
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<tr>
<td>Finding support networks</td>
<td>24%</td>
<td>26%</td>
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...BUT GAPS PERSIST IN UNDERSTANDING THE MAGNITUDE OF THE CHALLENGE.

Subconscious gender bias on what the ‘ideal’ founder looks like prevents women from securing funding.

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<td>Women-owned businesses are often seen as hobbies.</td>
<td>69%</td>
<td>38%</td>
</tr>
<tr>
<td>Subconscious gender bias</td>
<td>72%</td>
<td>55%</td>
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Both men and women acknowledge the gender bias women face and the role men have to play in solving this issue. 79% of men agree that “men need to be part of the solution to closing the funding gap between male and female entrepreneurs” (as do 85% of women).

Despite an understanding that the issue requires action, gaps persist between men and women in understanding the true magnitude of the challenge. While 69% of women believe that “women-owned businesses are often seen as hobbies,” only 38% of men say the same. Similarly, women are much more likely to agree that “subconscious gender bias on what the ‘ideal’ founder looks like prevents women from securing funding” (72% women, compared to 55% men). As a result, women are 13% more likely than men to say they have used a credit card for expenses after being turned down for funding.

As a result of this bias, many women are in favor of gender neutrality when it comes to business opportunity. When asked the top ways to advance the careers of female entrepreneurs, gender-blind financing and entrepreneurship programs both fell within the top three, second only to women-focused mentorship programs. Women are also more likely to prefer gender-neutral titles, such as “small business owner” over gendered counterparts, such as “female small business owner.”
Mastercard recently announced a partnership with Create & Cultivate, an online community and conference for women looking to “create & cultivate” the career of their dreams. The partnership will provide access to panel discussions, networking opportunities and one-on-one mentorship. Our shared mission is to gather research and insights to ensure that we are developing the tools and solutions that female small business owners need, including automating the travel and expense process, tools that prevent identity theft, and improve their financial and operational processes.

Furthermore, Mastercard is committed to doing its part to improve women’s access to capital, one of the primary challenges they face, through an expansion of the company’s partnership with Astia, a trusted global ecosystem of engaged male and female investors and advisors, who offer crucial resources, capital, networks and expertise.
Methodology

This survey was conducted online within the United States by The Harris Poll on behalf of Mastercard from October 11-21, 2018, among 600 U.S. small business owners ages 18 and older, including 500 women and 100 men. All participants were owners or CEO of businesses with less than 200 employees, or entrepreneurs who have founded at least one business venture. All have been in business for more than two years, have $100,000 to $20 million in annual revenue and own a credit card or debit card used for business expenses. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

Sources
1 WBENC, 2018
2 World Bank, 2019
3 Fortune, 2018
4 Pew Research Center, 2018