



OCTOBER 2023

# The Diaries Methodology for Women-owned Small Businesses

# OVERVIEW OF SMALL FIRM DIARIES

## FINANCIAL DIARIES METHODOLOGY

Weekly cash flow data for a year combined with extensive qualitative and quantitative surveys

## FOCUS ON 3 SECTORS WITH GROWTH AND EMPLOYMENT POTENTIAL

Light Manufacturing, Agri-Processing, Services

GLOBAL: 7 countries

SMALL FIRMS: 1–20 non-family employees

## FOCUS ON LOW-INCOME COMMUNITIES

~150 FIRMS PER COUNTRY

~30% WOMEN-LED FIRMS





# FUNDING PARTNERS



Center for  
Inclusive Growth

BILL & MELINDA  
GATES *foundation*



argidius



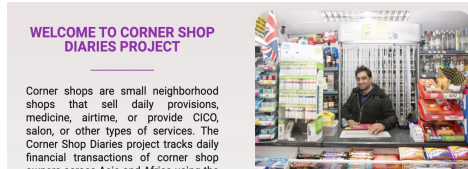
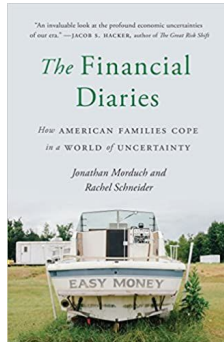
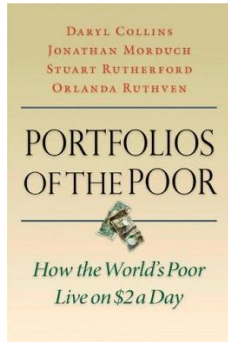
Aspen Network of  
Development  
Entrepreneurs



# FINANCIAL DIARIES METHODOLOGY

## Basic Elements

- **High frequency visits** (weekly) to small firms over 12 months.
- **Quantitative cash flow** data
- **Qualitative interviews** about choices and decision making with firm owners, employees, and suppliers.
- Allows us to **understand the complexity and volatility** being faced by small firms.





# DIARIES VS. SURVEY DATA: A FEMALE FISH PROCESSOR IN KENYA

One-time survey, month six:

- Revenue: \$PPP 4,523
- Expenses: \$PPP 1,788

Calculated Net Income: \$PPP 2,735.

We could estimate annual earnings at **\$PPP 32,825.**

One-time survey, recall month five, six, and seven:

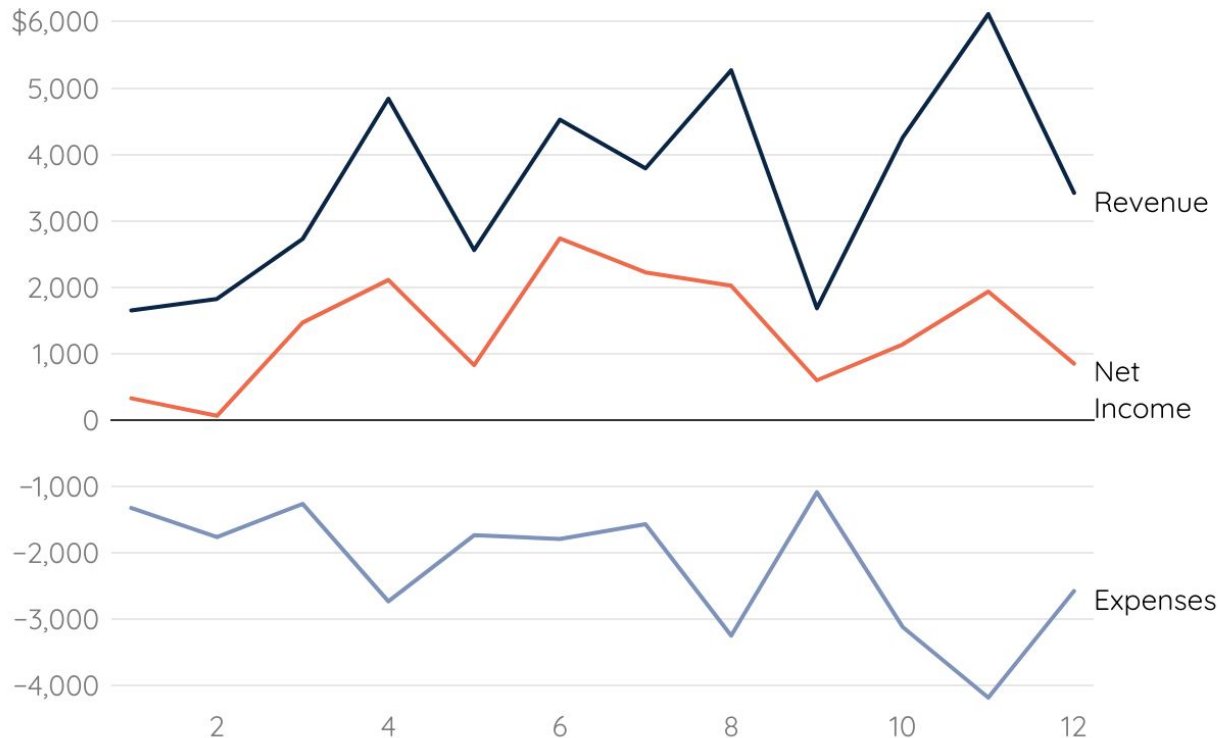
	Month Five	Month Six	Month Seven
Revenue (\$PPP)	2,560	4,524	3,791
Expenses (\$PPP)	1,732	1,788	1,566
Net Income (\$PPP)	828	2,735	2,224

We could estimate annual earnings at **\$PPP 23,154 or similar.**



# DIARIES DATA: FEMALE FISH PROCESSOR IN KENYA

## MONTHLY CASH FLOWS USING DIARIES DATA (\$PPP)



Calculated annual earnings: **\$PPP 16,316**

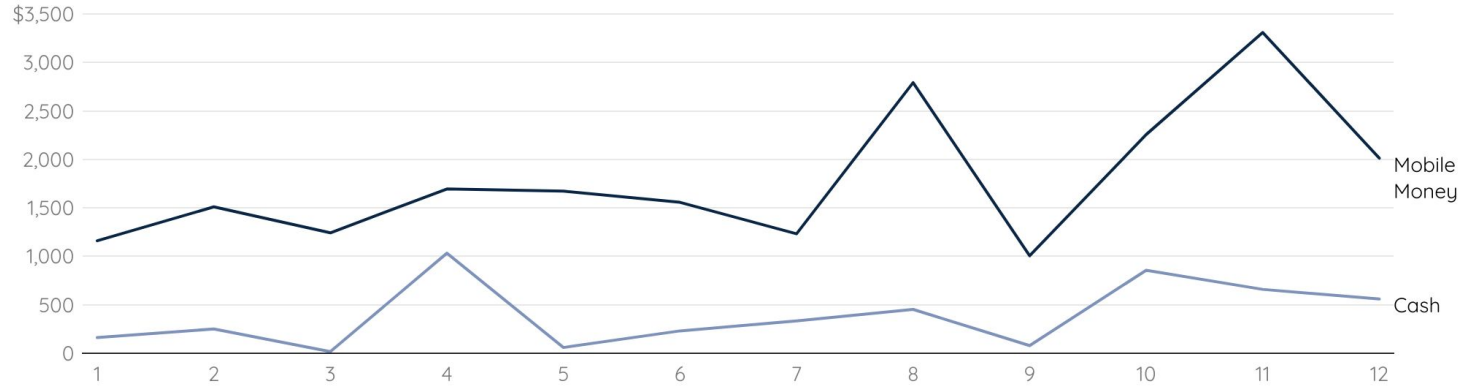
Volatility (Coefficient of Variation): 60%

Growth (Slope of Line of Best Fit): \$PPP 55

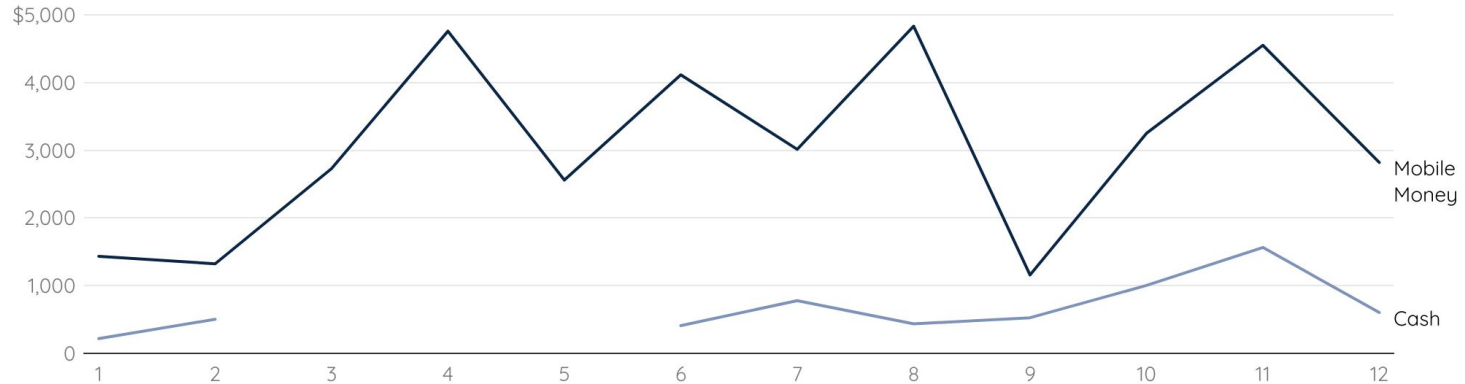


# DIARIES DATA: GOING DEEPER ON MANAGING FINANCES

### MONTHLY EXPENSES BY PAYMENT MODE (SPPP)



### MONTHLY REVENUE BY PAYMENT MODE (SPPP)





# DIARIES DATA: FURTHER FINDINGS ON MANAGING FINANCES

## TOTAL ANNUAL EXPENSES BY PAYMENT MODE (\$PPP)

<b>Expense type</b>	<b>Cash</b>	<b>▼ Mobile Money</b>
Raw materials	\$3,199	\$17,607
Employees	\$795	\$1,924
Storage	\$456	\$640
Utility costs	\$68	\$87
Fuel	\$0	\$21

Annually, only 15% of raw materials are paid for in cash, while 30% of employee materials are paid in cash.

Qualitative data:

- Prefers mobile money for ease and security
- Needs multiple loans to cover business and personal expenses
- Needs cash to maintain an account balance in several locations to pay multiple loans





## IN SUMMARY

### Diaries Data:

- Allows us to granularly measure size, financial performance, volatility and growth
- Provides an in-depth view on how firms use different tools to manage their finances
- Gives a qualitative understanding of the decisions made and challenges faced by female firm owners

# 4 KEY TAKEAWAYS



# 1

A Distinct  
Group

# 2

Stability  
Entrepreneurs

# 3

Missing Ingredient:  
Working Capital

# 4

Fragile Jobs,  
Vulnerable Workers



## WHO ARE SMALL FIRMS?

### A Distinct Group

#### Some stylized facts

- They straddle the line between formal and informal. Most had any formal registration, a third or less paying taxes.
- They are banked...but not fully integrated.
- In all countries, roughly half of firms had an active loan during the study.
- They have assets—land, buildings, tools—and are better off than their workers.

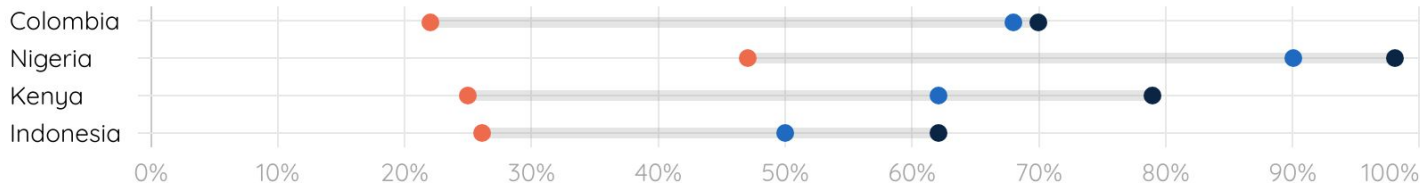


# ACCOUNT USAGE

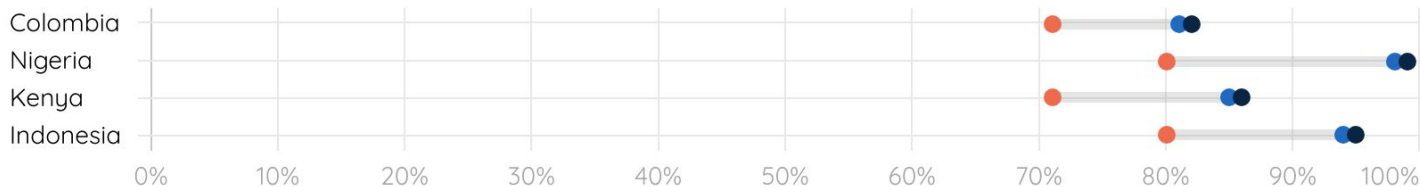
● Used account frequently\* ● Used account at least once ● Have an account

\*frequent use defined as 25% or more of transactions by value.

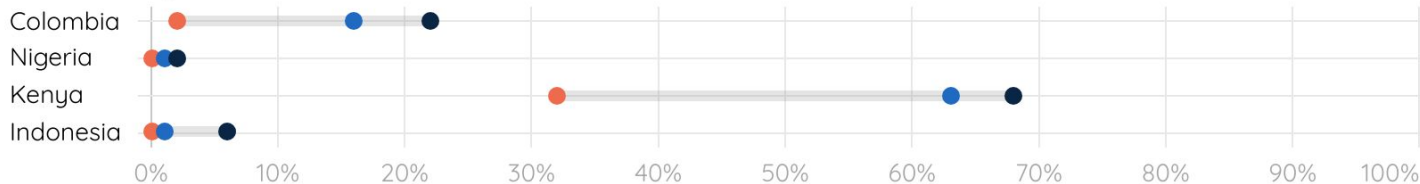
## Bank Account



## Cash box



## Mobile money



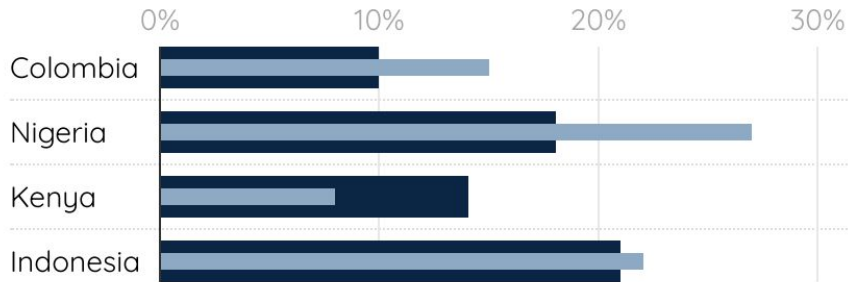
\*for 25% or more of transactions by value

# WOMEN-LED FIRMS AND THE GENDER GAP

Women-owned businesses in all countries had **lower median monthly operating margins** than men-owned firms while in most cases making up a larger portion of high earning firms.

## High earners

■ Men ■ Women



- In **Colombia** women were more banked and formalized but overall smaller in size.
- In **Nigeria** a higher percentage of women were highly financially integrated despite being smaller and less formalized.
- In **Kenya** fewer women were high-earners; they were also less banked, less formalized, and less digitally integrated.
- In **Indonesia** women were unbanked at higher rates, however those who were banked used their accounts more often.

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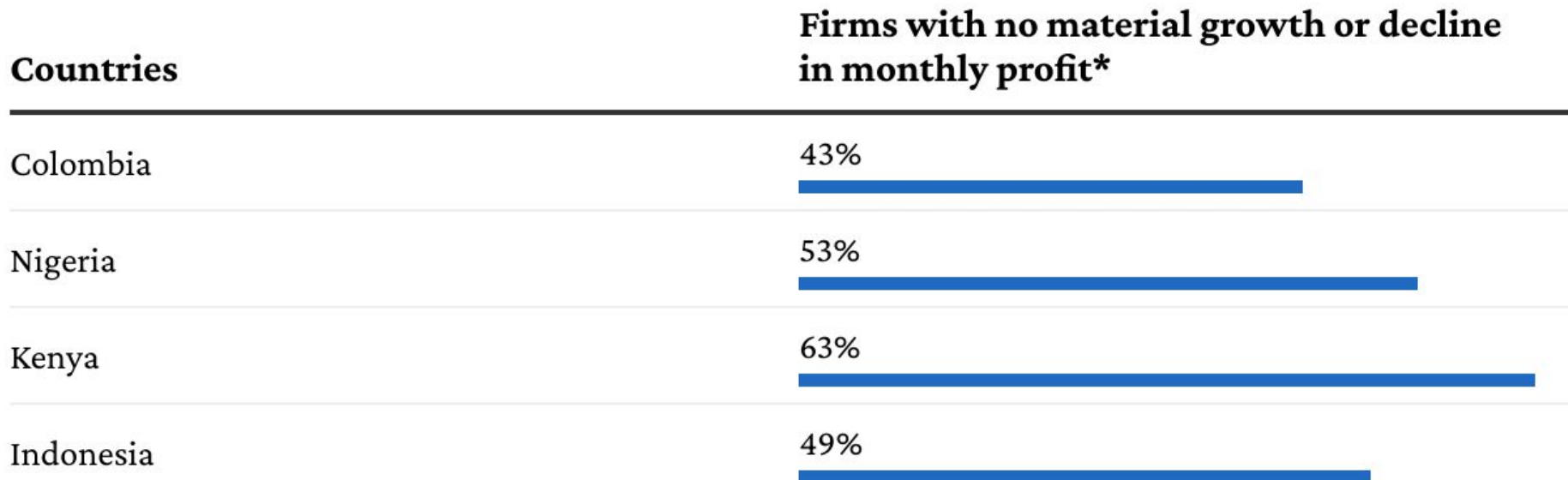
Missing Ingredient:  
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Fragile Jobs,  
Vulnerable Workers

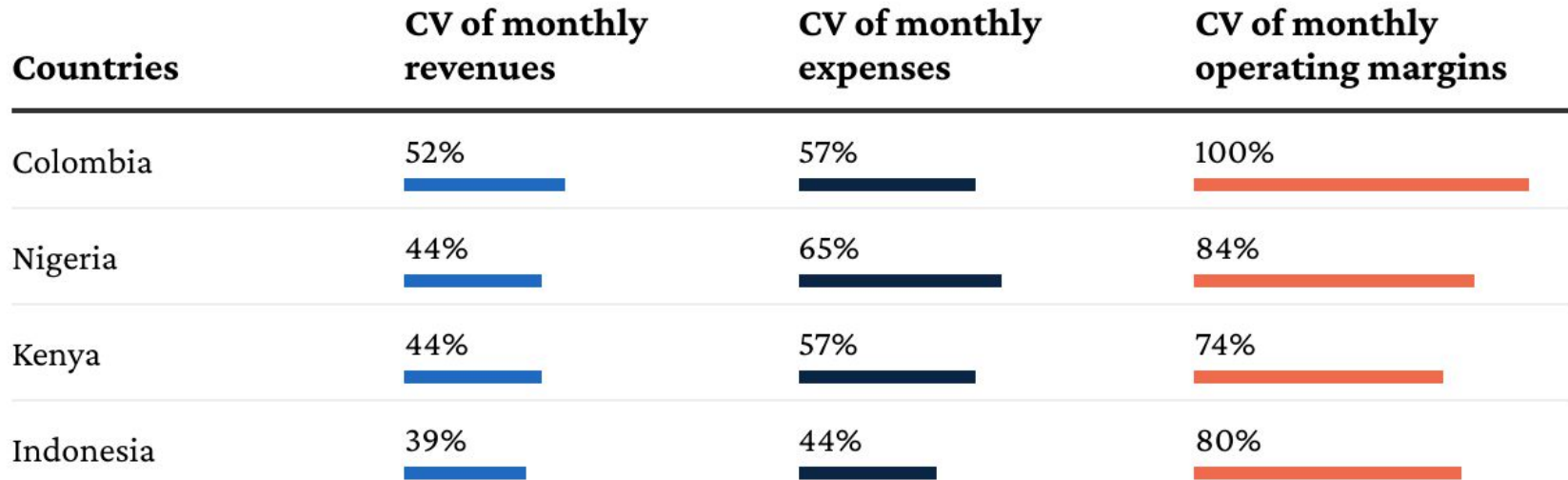


# STATIC BUT NOT STAGNANT



\*Firms that fall between a narrow range of approx -40 USD to 40 USD of change in monthly operating margin (simple proxy for profit).

# STABILITY ENTREPRENEURS: FEW TOOLS TO MANAGE VOLATILITY

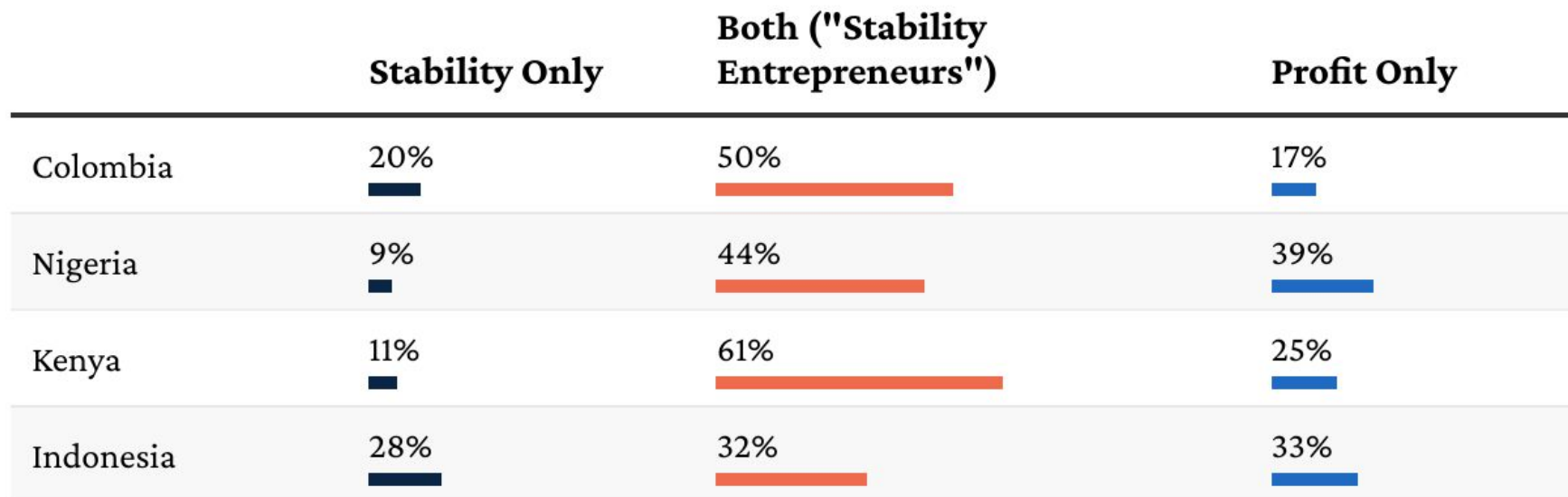






# STABILITY ENTREPRENEURS

WHAT IS YOUR VISION FOR YOUR BUSINESS OVER THE NEXT YEAR?



# 4 KEY TAKEAWAYS



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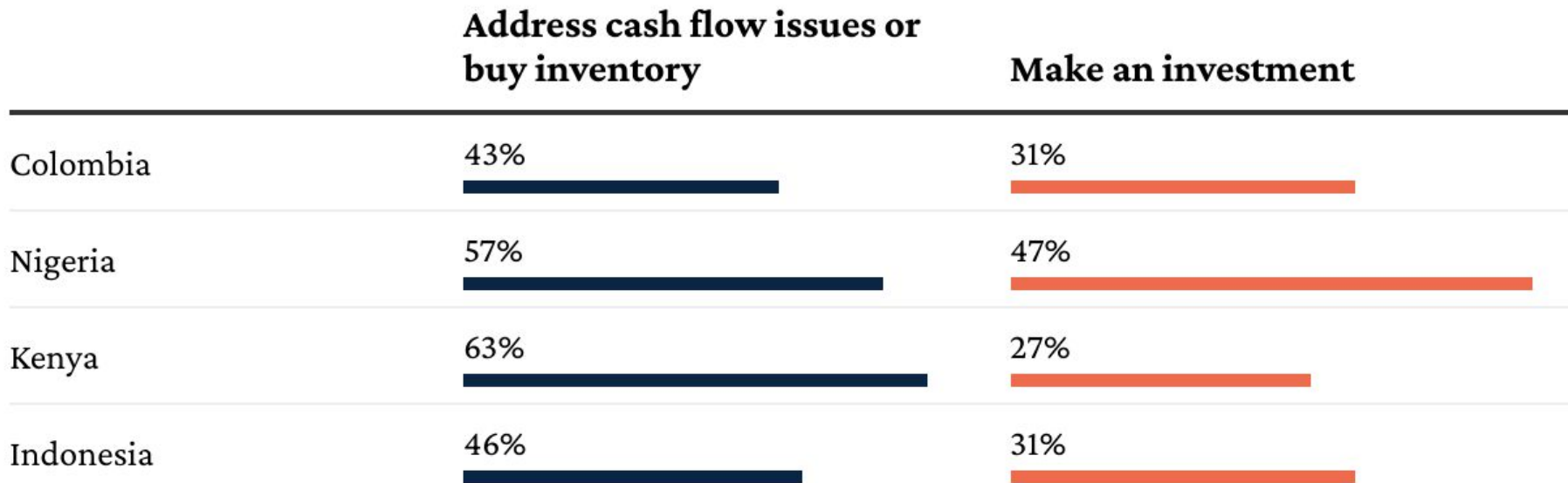
# 4

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# FOR WHAT DO YOU USE CREDIT?

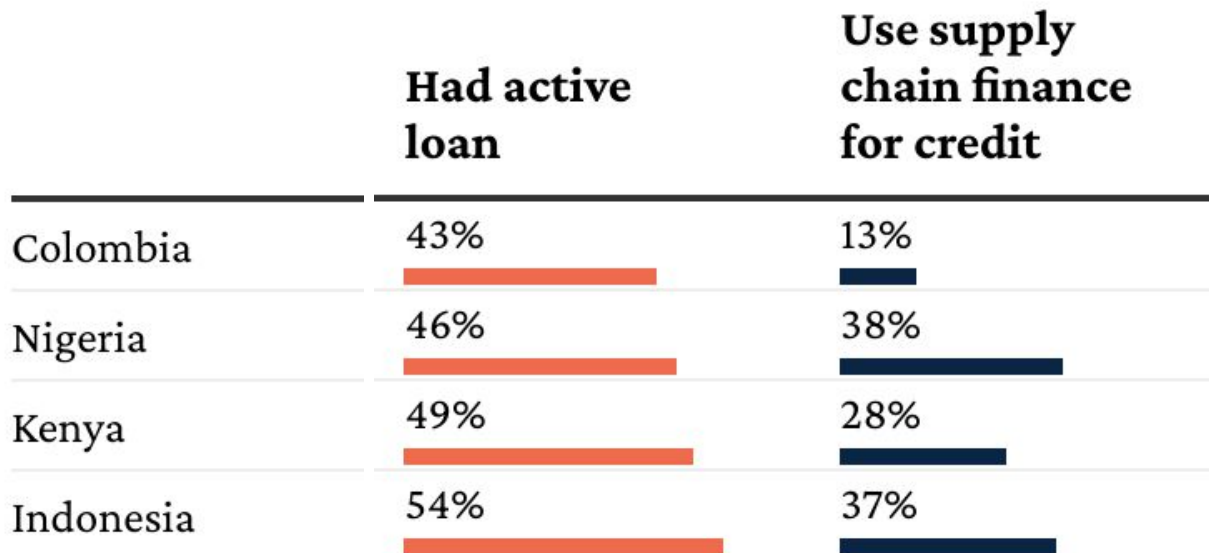
Would use a loan to:



Note: Answer choices were not mutually exclusive.



# ACCESS TO CREDIT



# 4 KEY TAKEAWAYS



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# FRAGILE JOBS: FLUCTUATIONS IN EMPLOYEE COUNT

Percent of total employees by number of months individuals received payment

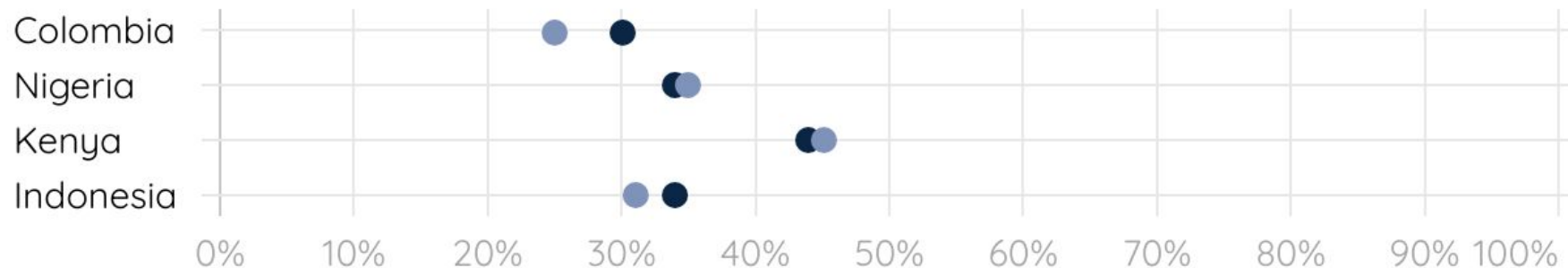




# FRAGILE JOBS: VOLATILITY OF EMPLOYEE PAYMENTS

CV of employee payments by number of months individuals received payment

● Paid from 3 to 8 months ● Paid 8+ months



# RECOMMENDATIONS



1

Design for Stability  
Entrepreneurs

2

Innovate Flexible  
Financing

3

Invest in Small Firm  
Jobs





Thank you

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