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Female entrepreneurs in the time of COVID-19: 1 hour less for business, 2 hours more for family

**Brief summary of the research conducted by HETFA Research Institute
among female entrepreneurs in Hungary in May and June 2020**

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Female entrepreneurs in the time of COVID-19: 1 hour less for business, 2 hours more for family

The coronavirus epidemic posed multiple challenges for female entrepreneurs who, even in the ordinary course of life, cope with the complex management tasks of reconciling business, private and family responsibilities on a daily basis. The crisis stuck businesses considerably, what is more increased tasks at home that caused serious difficulties for business owners, especially women raising children. The article presents the results of the recent research of HETFA Research Institute examining Hungarian women entrepreneurs' situation in the face of the epidemic.

Numerous articles have addressed how women cope with the difficulties of the coronavirus epidemic. These writings focused mainly on front-line health workers and mothers who experienced increased burdens at home following the closure of educational and health care institutions. At the same time, women who run businesses have received significantly less attention, even though they have been challenged in multiple ways in recent months. On the one hand, as entrepreneurs and employers, they had to deal with the limitations of epidemiological measures and the accompanying economic effects. On the other hand, as women and mothers, they typically also took on the lion's share of household and home care tasks, such as studying with children, cooking for the family or looking after elderly family members.

The research conducted by HETFA Research Institute, based on an online questionnaire survey and personal interviews, examined how Hungarian female entrepreneurs coped with the difficulties caused by the virus, both on the economic and family fronts. The online questionnaire was filled by 368 Hungarian female entrepreneurs. This article presents the main results of the research.¹

Slightly more than half of the female entrepreneurs surveyed consider their business to be their main activity, a quarter run the company with some beside other income generating activity, while a fifth have an inactive status (e.g. childcare, retirement, ongoing studies). Almost without exception, these entrepreneurs run small or micro-enterprises; two-thirds of them are self-employed or without employees, with the remaining 10 working with a maximum of 10 employees. The majority of respondents work in economic (30%) and personal / community services (23%).

72% of businesses run by women were adversely affected by the epidemic

The economic downturn that accompanied the coronavirus epidemic had serious impact on Hungarian women-led businesses: 72% have been negatively affected in recent months. Almost 10% of them are in the most difficult situation that makes practically impossible for them to continue operating the business. However, it is reassuring that in addition to the negative effects, some positive feedback has been gathered too: nearly as many have reported that the epidemic has brought favourable business opportunities.

¹ The online survey was completed by frequent Internet users, among whom the highly educated and those living in Budapest or its agglomeration were over-represented, therefore the validity of our findings is limited due to the chosen methodology.

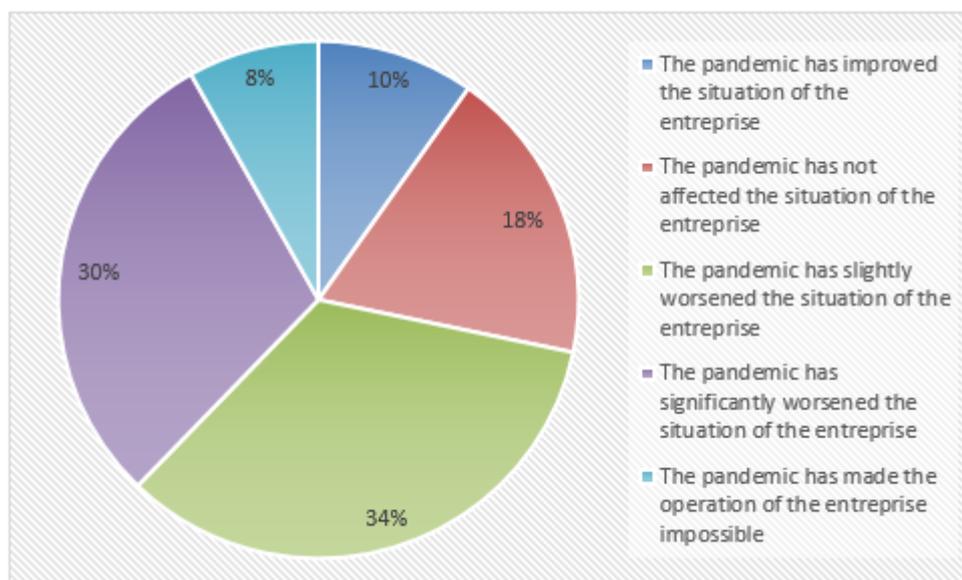


Figure 1 What kind of impact have the COVID-19 pandemic had on your enterprise?

The sudden loss of revenue is a serious problem

As a result of the introduction of epidemiological precautions, restrictive measures and the partial shutdown of the economy, the decline in incomes affects nearly two-thirds of respondents - 60% believe their annual revenues in 2020 will be less than in the last year. Entrepreneurs in a worse position estimate they could lose about 30 to 40% of their annual income in 2020.

It comes as no surprise that those working in the field of tourism and hospitality are in the most difficult situation, losing possibly up to 40% of their annual income this year. Trade and personal services are also among the sectors most affected - business owners in these areas expect an average revenue loss of 25-35% by 2020. However, female entrepreneurs in education and health care have also been more affected by the epidemic than the sector as a whole, presumably because these companies operate in the private sector, where activities had to be cancelled due to the epidemic (e.g. private health services could not be provided during the crisis in Hungary).

Table 1 Economic exposure of sectors of respondents

	Exposure in the national economy	Proportion of respondents by sector in the sample	Proportion of respondents negatively affected by the epidemic
Accommodation services, hospitality sector	high	5%	100%
Other community care, personal and social services	high	23%	77%
Trade and repair services	medium	14%	77%
Economic services, administration services; real estate transactions; financial intermediation	medium	35%	56%
Industry, manufacturing; construction	low	12%	81%
Education; health and social care	low	7%	76,5%

Recession as potential for renewal

The surveyed entrepreneurs reacted in many ways to the epidemic and the consequent situation. In addition to the difficulties, several have reported effects that could strengthen their business in the long run, such as introducing new products, expanding online sales or exploring new markets. One-third of respondents reshaped their activities or introduced new ones, while the same number were those who curbed or suspended it. Developing online sales, reducing working hours, performing maintenance tasks and training employees appeared as the most common and important structural changes in businesses. The least used measures were cutbacks and sending employees on (paid or unpaid) leave, which is understandable given that 65% of female entrepreneurs surveyed are self-employed.

Table 2 What measures have been introduced in your enterprise to mitigate the effects of the crisis?

Measure	Proportion of mentions (%)
New / modified activities	34%
Reduced / suspended activity	33%
Strengthening online sales	29%
Reduction of working hours	21%
Maintenance and development activities	19%
No actions were taken	14%
Staff trainings	11%
Workforce reduction	9%
Days off / paid leave	8%
Introduction of home delivery	6%
Use of (governmental) aid/support	6%
Unpaid leave	2%

The introduction / development of online solutions is one of the most obvious strategies for tackling the coronavirus crisis - almost a third of the entrepreneurs surveyed used web sales as an economic response to the epidemic. The use of online tools was part of the usual operation for half of the respondents even before the crisis, mainly in financial services, education and financial intermediation. These solutions however, were less common among entrepreneurs working in health care, social services and tourism. The crisis has therefore less affected those working in sectors and activities where the proportion of web-based solutions was higher before the epidemic, compared to businesses where physical contact is more important, making the latter facing serious difficulties due to epidemiological measures.

The majority survived without support

Two-thirds (63%) of the women entrepreneurs surveyed did not receive any support in connection with the epidemic. As - both in Hungary and abroad - female entrepreneurs are mostly self-employed or do not employ others, employment support was not an option for them from the outset. However, almost 15% of the respondents used the option guaranteed by the government to suspend loan repayments or the payment of KATA (eased tax scheme for small businesses). The least popular forms of support included soft loans and investment grants, which were not attractive options due to administrative burdens and business size, as illustrated in the interview quote below.

“The terms of the business loans were very complicated in addition to the fact that I was simply too small to be eligible for business loans. As a KATA entrepreneur, I can generate my operating costs in a quarter job, but it isn’t adequate to maintain my living conditions. ” (Entrepreneur working in trainings)

Table 3 Have you had recourse to any business support instrument during the pandemic?

Support instrument	Proportion of users (%)
Did not use any support instrument	63%
Suspension payment of Small taxpayers’ itemized lump sum tax (KATA)	16%
Suspension of loan repayment	14%
Tax / contribution discount; subsequent payment of taxes and contributions	8%
Wage subsidies, support for part-time employment, support for R&I workers	7%
Taking reduced loan	1%
Investment aid	1%

Complex management task with new challenges

Reconciling entrepreneurial activity, private and family responsibilities is a complex management task even in normal periods, which posed another challenge to entrepreneurs by the epidemiological crisis. It is enough to take into consideration the increased household or caring tasks (e.g. helping and caring elderly family members and friends) in times of confinement at home. This is especially true for female entrepreneurs raising children, as digital education in its various forms could only engage children to a limited extent when schools were closed due to the epidemic. According to our results, the majority of tasks has typically fallen on the shoulders of women and mothers.

Time reallocated from business to household tasks

Half of the female entrepreneurs reported that they did not spend less time on their business during the quarantine period compared to the pre-epidemic period. Those who spent less time on business during the epidemic justified this in almost equal proportions by declining orders and increased household and care responsibilities. Out of the entrepreneurs with children – constituting approx. half of our sample – 17% raise young children (also) under the age of seven who reallocated resources in favour of the household. 39% of female entrepreneurs raising young children under the age of seven

said they had less time for their business due to increased caring responsibilities, while 26% of female entrepreneurs raising school-age children thought similarly. According to their own statements, 70-75% of both household and child-related tasks, and other care tasks were their sole responsibility in the family.

“A lot of training participants work at multinational companies, where they have been already sent to home office in February, so more people came to the trainings in this period. When we closed, many people asked for online education, but I couldn’t take it because of my kid. For the first three days when the schools was still open I posted every day, I made online videos. And then, when online education started for the kids, it has become a disaster. I couldn’t work.”

On an average weekday, respondents raising a preschool child spent 1.5 hours a day more time caring for children and then 1 hour more doing household chores, compared to the pre-epidemic period. The change in the schedules of female entrepreneurs raising school children is even more dramatic: they spent more than 2 hours more on caring and 1 hour more on housekeeping - a total of one and a half hours less on their business. Compared to the previous average of 8 working hours it means a 20% loss.

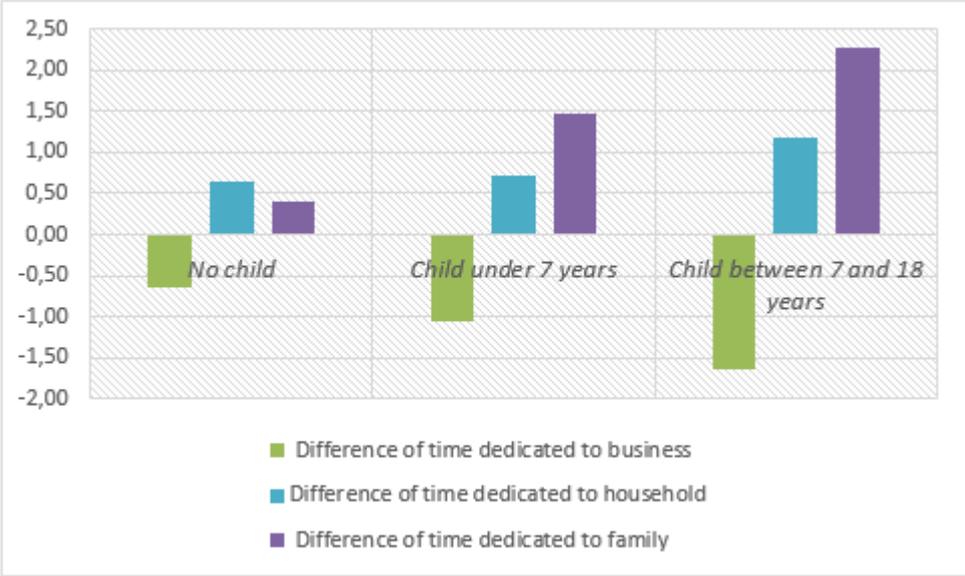


Figure 2 Changes in the schedule of female entrepreneurs as a result of the epidemic

It seems that the greatest burden was borne by the female entrepreneurs raising school children. Their caring and household responsibilities increased by nearly 3 hours a day during the epidemic - albeit temporarily, they sacrificed their businesses for home education.