

**PAY**  
**OWNERSHIP**  
**VALUATION**

# POV

## Research Findings



# Table of Contents

<a href="#"><u>How to Use This Research</u></a>	<a href="#"><u>3</u></a>
<a href="#"><u>Why This Work Matters</u></a>	<a href="#"><u>4</u></a>
<a href="#"><u>Key Findings</u></a>	<a href="#"><u>5 – 8</u></a>
<a href="#"><u>Survey Overview</u></a>	<a href="#"><u>9 – 14</u></a>
<a href="#"><u>Capital Pathways</u></a>	<a href="#"><u>15 – 19</u></a>
<a href="#"><u>Fair Pay Practices</u></a>	<a href="#"><u>20 – 27</u></a>
<a href="#"><u>Challenges &amp; Support Needed for Fair Pay</u></a>	<a href="#"><u>28 – 31</u></a>
<a href="#"><u>Inferential Analyses:</u></a>	
<a href="#"><u>Predictors of Fair Pay Practices</u></a>	<a href="#"><u>32 – 38</u></a>
<a href="#"><u>Takeaways</u></a>	<a href="#"><u>39 – 40</u></a>
<a href="#"><u>Thank You</u></a>	<a href="#"><u>41</u></a>

# How to Use This Research

This exploratory research study could be used to:

- Generate discussions about how current policies and practices impact women and women of color
- Generate ideas about how to increase and align support to address the emerging factors unique to women and women of color
- Make presentations that engage new stakeholders

 **Nasdaq** Entrepreneurial Center



**PennState**

## Research Overview

- **Data Source & Methods:** Online survey via Qualtrics
- **Dates:** Oct. 29, 2021 – Nov. 13, 2021
- **Survey distribution:** Email invitation to women entrepreneurs in the NEC community and social media advertisements
- **Total number of respondents:** 152 women entrepreneurs
- **Selected data items informed by 4 focus groups with women business owners and Fair Pay Business Leaders**

# Why This Work Matters

Dear Entrepreneurship Community:

Women and women of color entrepreneurs hold the key to economic equity and a thriving entrepreneurial ecosystem. Empowering women entrepreneurs through strategic investments of support and capital could have positive ripple effects not only for their companies but also for their families and the communities where they live and work.

Thanks to the generous support of the Wells Fargo Foundation we were able to advance critical research anchored in women's direct experiences as entrepreneurs and individuals. We intend to continue to generate data-driven insights that advance opportunities that empower current women entrepreneurs and inspire the next generation.

Best wishes,

Meg Small, PhD  
Director of Social Innovation

Yoon Hur, PhD  
Assistant Research Professor

Gillian Sommerville  
Project Manager

Lee Carpenter  
Editor



**PennState**

# Key Findings

# Key Findings

**1. Women, particularly women entrepreneurs of color, are *leading the way in fair pay best practices.***

Increasing the number and sustainability of women-led businesses could be an effective mechanism to:

- Close the pay gap
- Create more equitable compensation practices
- Generate wealth, particularly for households with entrepreneurs of color

# Key Findings

**2. *Access to capital and years in business* matter more than revenue as drivers of women entrepreneurs' pay and business success. Access to *the right capital at the right time* could have exponential benefit as it is linked to several key drivers of fair pay.**

Persevering in one's business endeavor until year 8 matters

- Access to capital was the number one barrier to company profitability, growth, and entrepreneur compensation.
- Women entrepreneurs were more likely to pay themselves if their companies were eight years or older
- Women entrepreneurs were more likely to pay themselves if their companies had seed, and/or series A, B, or C funding

# Key Findings

## **3. *Basic economic stability factors* substantially limit women business owner growth and flourishing**

- The majority of women entrepreneurs report monthly income instability, and more than one-third of women entrepreneurs do not have a three-month emergency fund to cover living expenses.
- More women entrepreneurs report being food insecure compared to the national average.
- Childcare remains a significant expense for women entrepreneurs, but an absolute necessity.
- Healthcare also remains a significant expense, limiting growth and calculated risk-taking by women entrepreneurs.



# From Data to Action

## Exciting Opportunity for Social- and Public-Sector Partners

We are looking for collaborators to help address these questions:

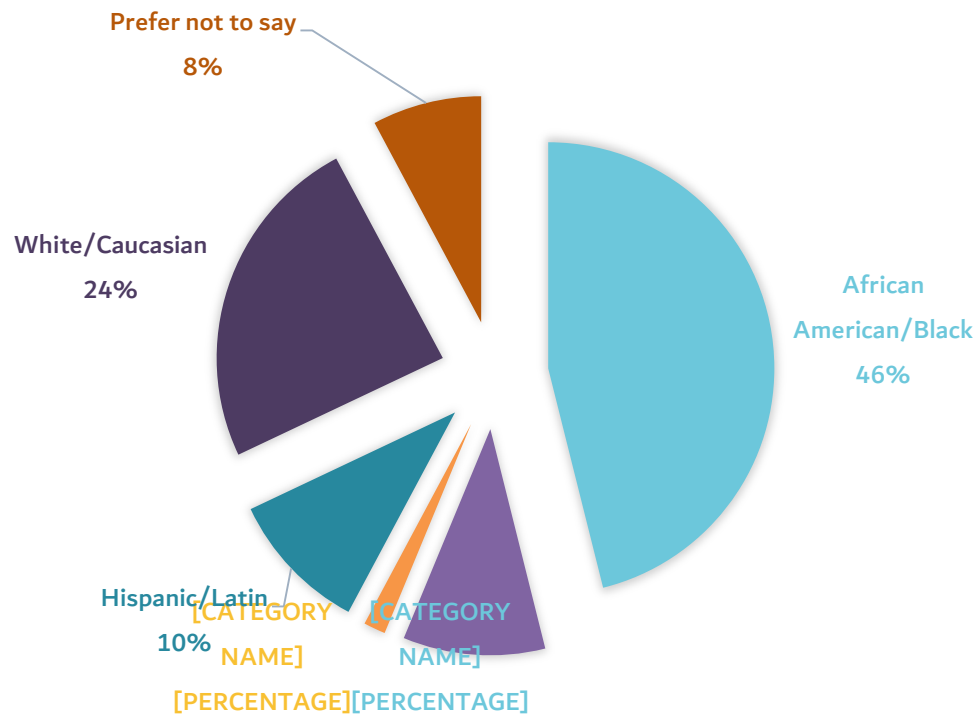
- How might we increase access to knowledge about women and women of color entrepreneurs' lived experiences and generate evidence about how these experiences are associated with entrepreneurial empowerment and economic equity?
- How might we do this in ways that empower the community rather than reinforce existing power imbalances?
- How could this empowered evidence help our social-sector and public-sector partners as they develop and evaluate programmatic and funding strategies?

If interested in learning more or collaborating, please contact us at [hello@thecenter.nasdaq.org](mailto:hello@thecenter.nasdaq.org).

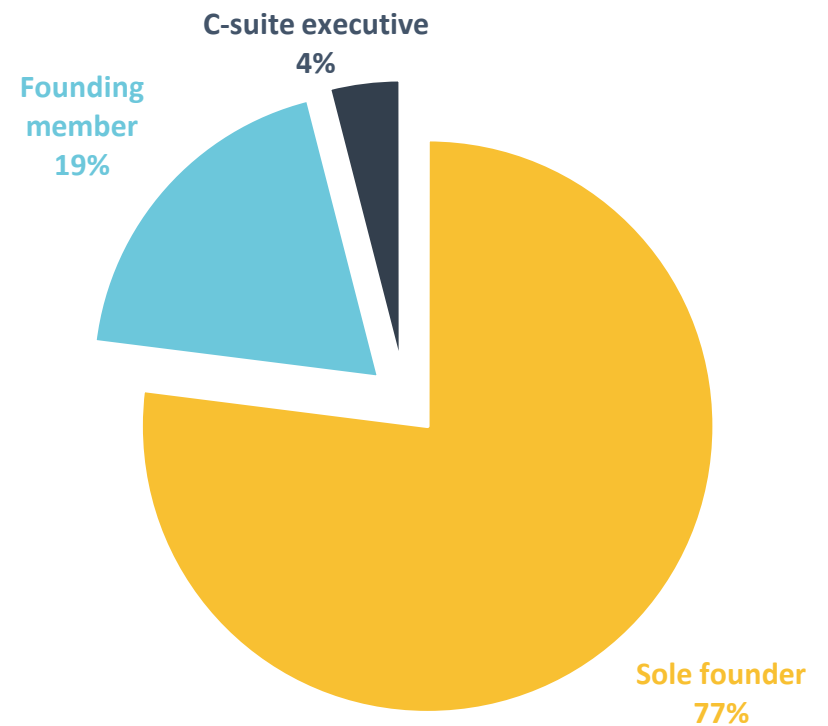
# Survey Overview

# POV Survey Respondents

## WOMEN ENTREPRENEURS BY RACE & ETHNICITY



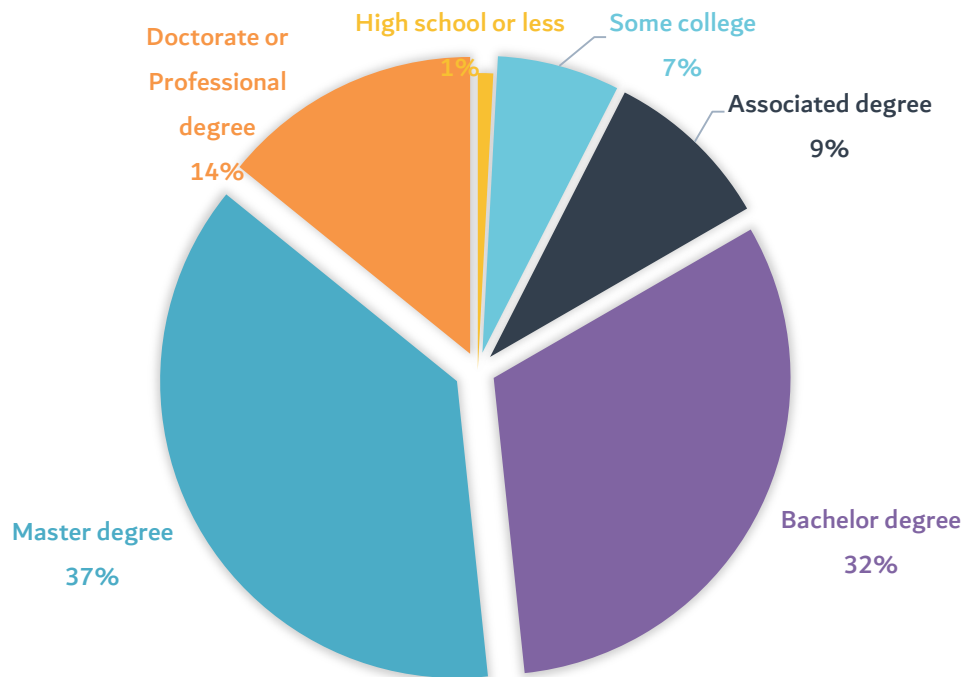
## ROLE IN THE COMPANY



**Mean Age: 44.7 (Range: 20-68)**

# Education

## WOMEN ENTREPRENEURS BY EDUCATION LEVEL



- Master's degree or higher: 51%
- High school or less: 1%
- Mother's education: 49% (had at least attended college)
- Father's education: 57% (had at least attended college)

# Representativeness of Our Sample

POV study respondents were recruited through the Nasdaq Entrepreneurial Center's community of women entrepreneurs ( $N=2,201$ ).

There were no differences between the POV sample and the NEC total community on:

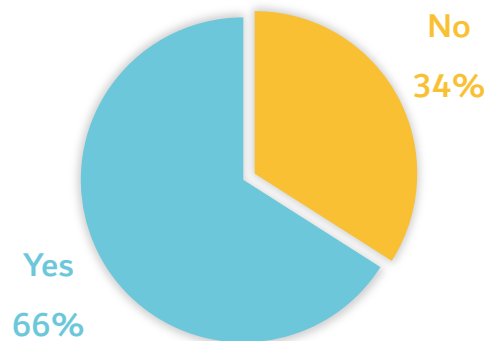
- Race/ethnicity
- Age
- Industry
- Revenue stage

POV respondents and the NEC community differ significantly from the [Annual Business Survey](#) conducted by the Census Bureau on race/ethnicity, with the NEC community including significantly more entrepreneurs of color.

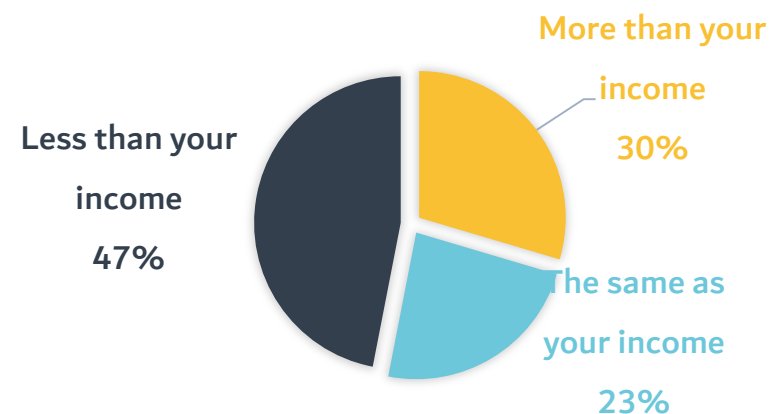
# Income

- Average household income: \$106,415 USD (Range: \$0 - \$200,000 USD)
- Income volatility: 59% said their income varies from month to month

## 3-MONTH EMERGENCY FUND FOR YOUR EXPENSES?



## SPENDING MORE THAN YOUR INCOME?



# Tell us about your company . . .

- Average # of employees: 5.9 (range 1-51)
- Average age of company: 4.9 yrs. (range 0-39)

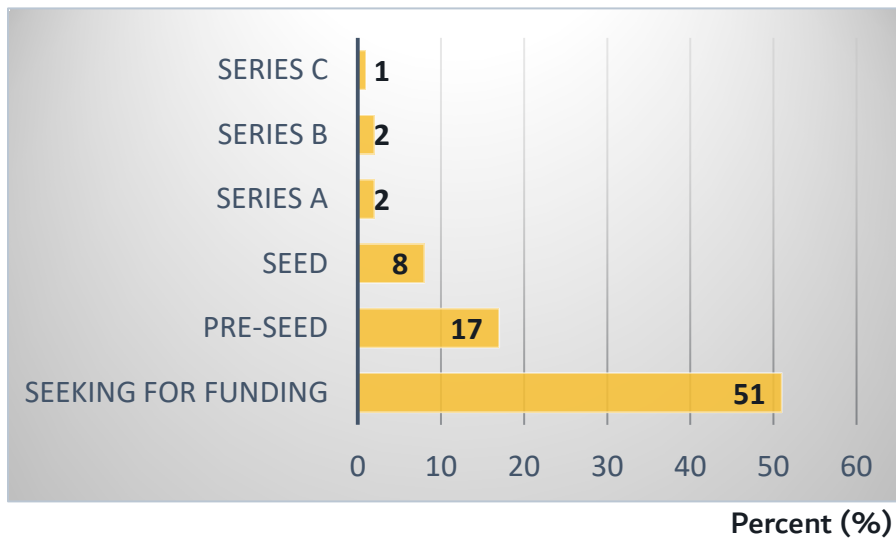
Industry	Percent (%)
Other services (except Public Administration)	31.8
Professional and management	24.5
Information	13.6
Education	12.7
Retail trade	9.1
Administrative and support	5.5
Manufacturing	4.5
Transportation and warehousing	3.6
Finance and insurance	3.6
Real estate	3.6
Wholesale trade	2.7
Accommodation and food	1.8
Agriculture, Forestry, Fishing and Hunting	0.9
Public Administration	0.9

# Capital Pathways

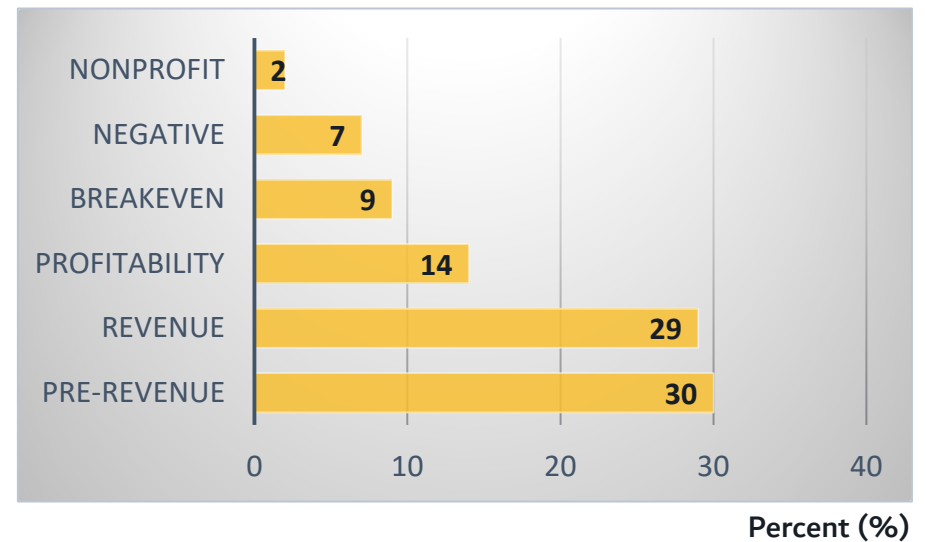


# Funding and Revenue Stages

## FUNDING STAGE



## REVENUE STAGE



Average profit: USD \$46,454 in the last 12 months  
(range: USD \$50-\$200,000)

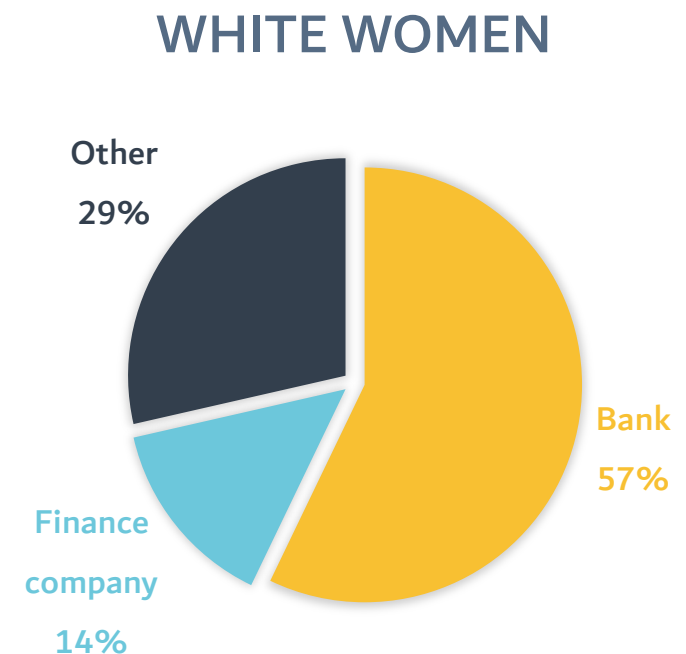
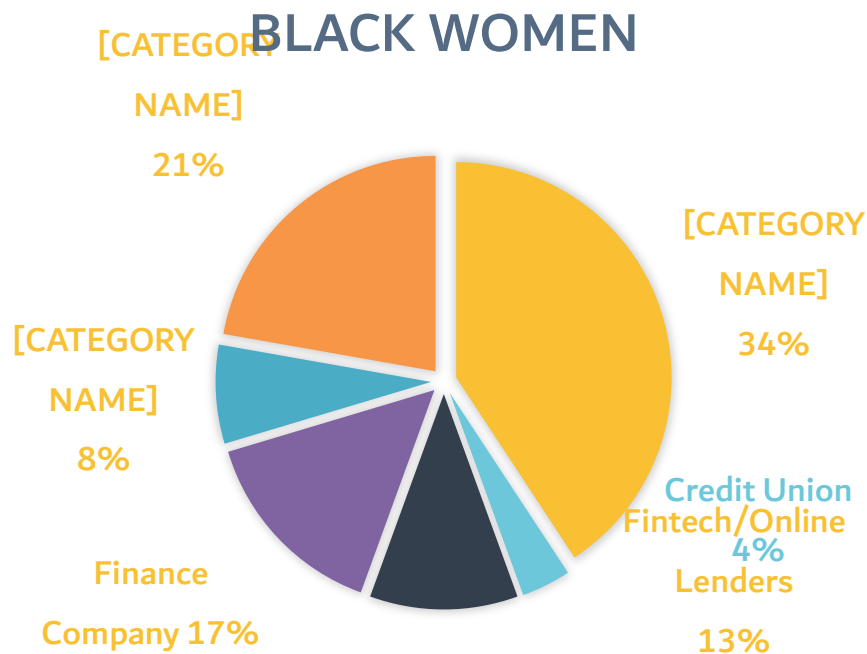
# Financial Sources: Company

Q. During the last 12 months, did your business submit an application for new credit? (e.g., a credit card, loan, line of credit, trade financing, etc.)



# Financial Sources: White compared to Non-white Respondents

Q. If yes, to which lenders did your business apply for new credit?

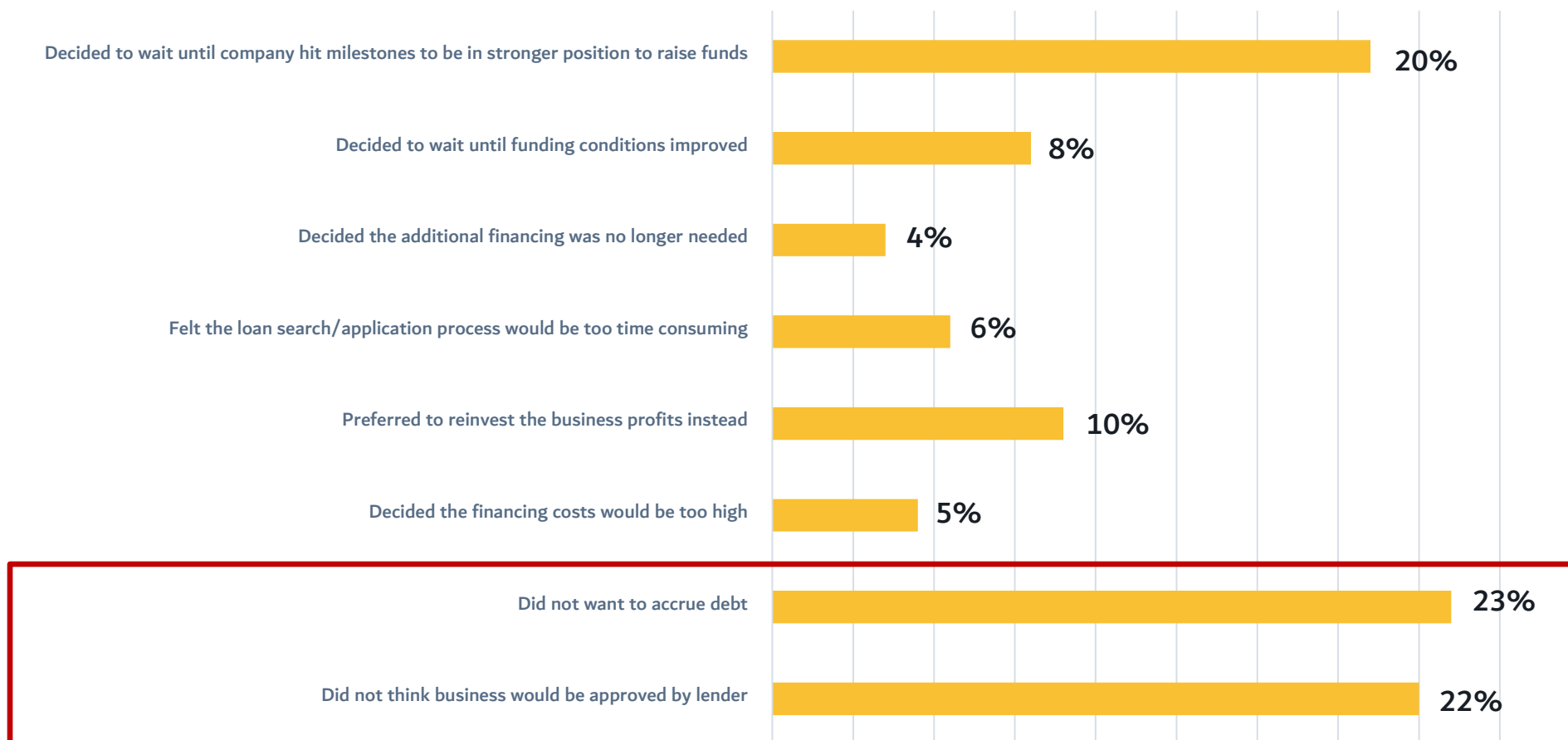


\*Non-white respondents are:  
7% Asian, 7% LatinX, 85% Black

# Reasons for not Seeking Financing

Q. If no, Why did your company choose not to apply for additional financing? Please check all that apply.

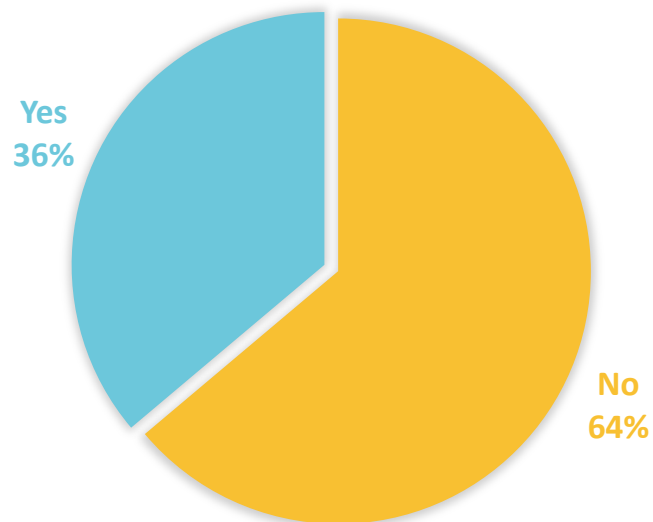
% of 180 total companies surveyed



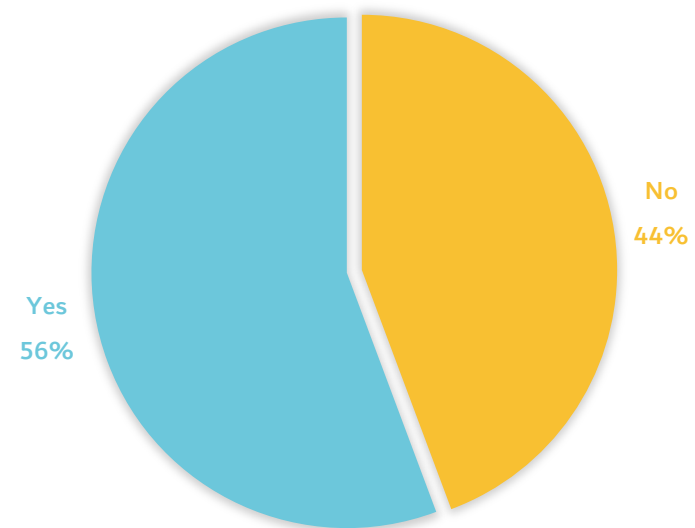
# Fair Pay Practices

# Fair Pay Practices: Salary Ranges

Q1. Does your company have clearly defined and accessible salary ranges?

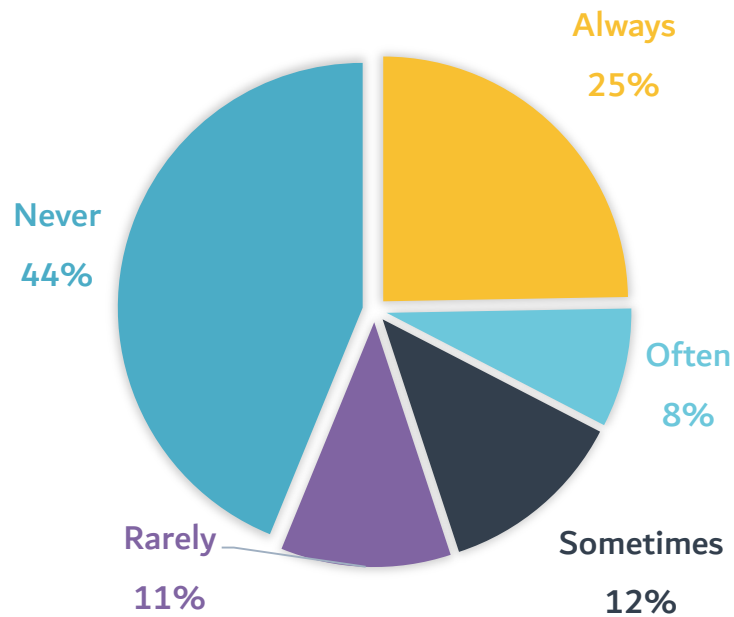


Q2. Does your company determine what criteria would put a candidate in specific portions of the range when you are hiring new employees?

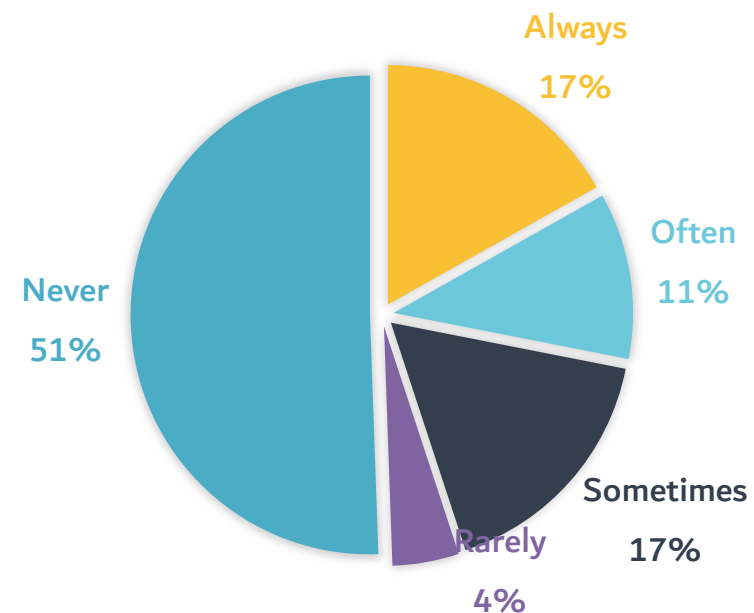


# Fair Pay Practices: Equity

Q3. How often does your company ask about salary history or salary expectations when you are hiring new employees?

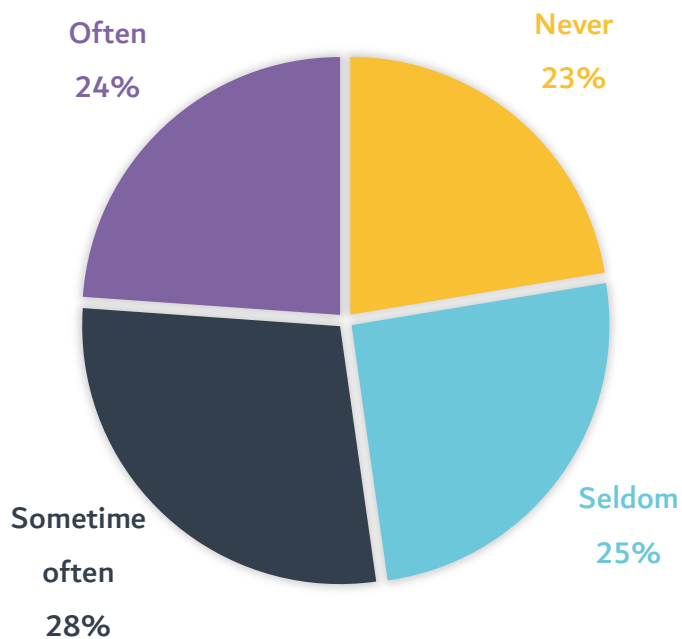


Q4. How often does your company engage in equity-based reviews in the hiring process? (e.g., point-in-time analyses of base pay, or a review of recommended merit increases before they are finalized)

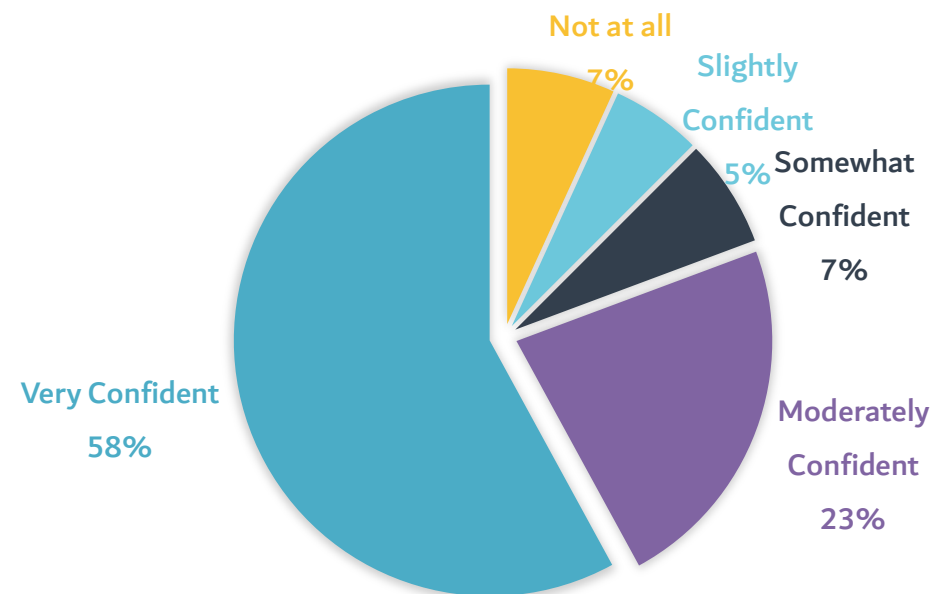


# Fair Pay Practices: Communication & Confidence

Q3. How often do your managers have intentional conversations about pay with their direct reports?



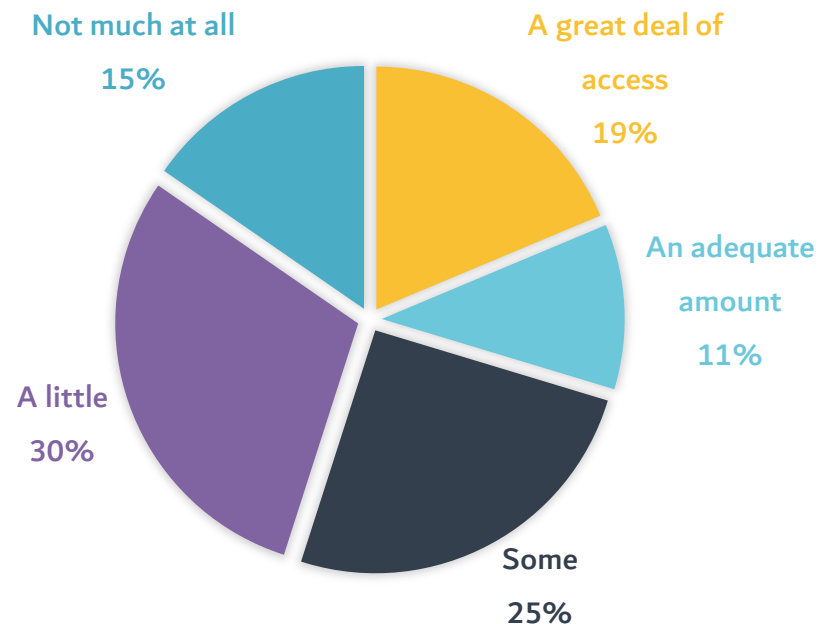
Q4. How confident do you feel talking to your employees about pay?



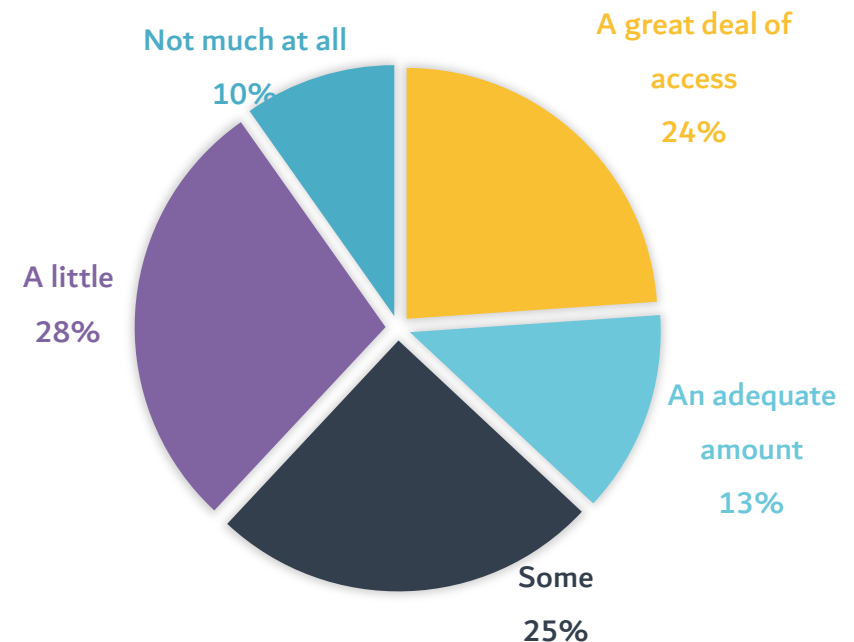


# Fair Pay Practices: Information

Q7. How much access do you have to high-quality information about the pay ranges in your market?



Q8. How much access do you have to high-quality information about pay equity in general?

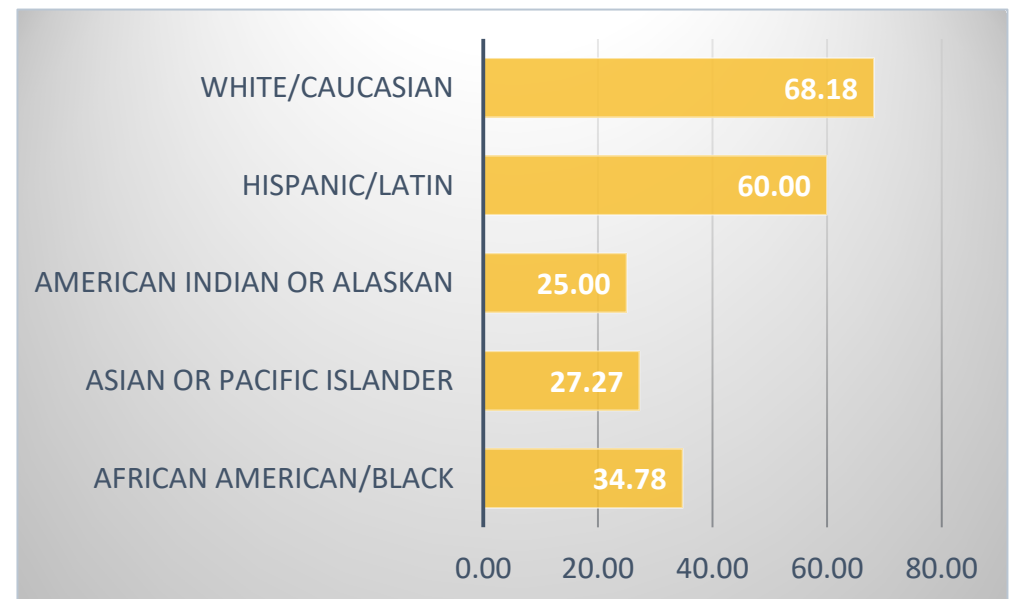


# Paying Yourself

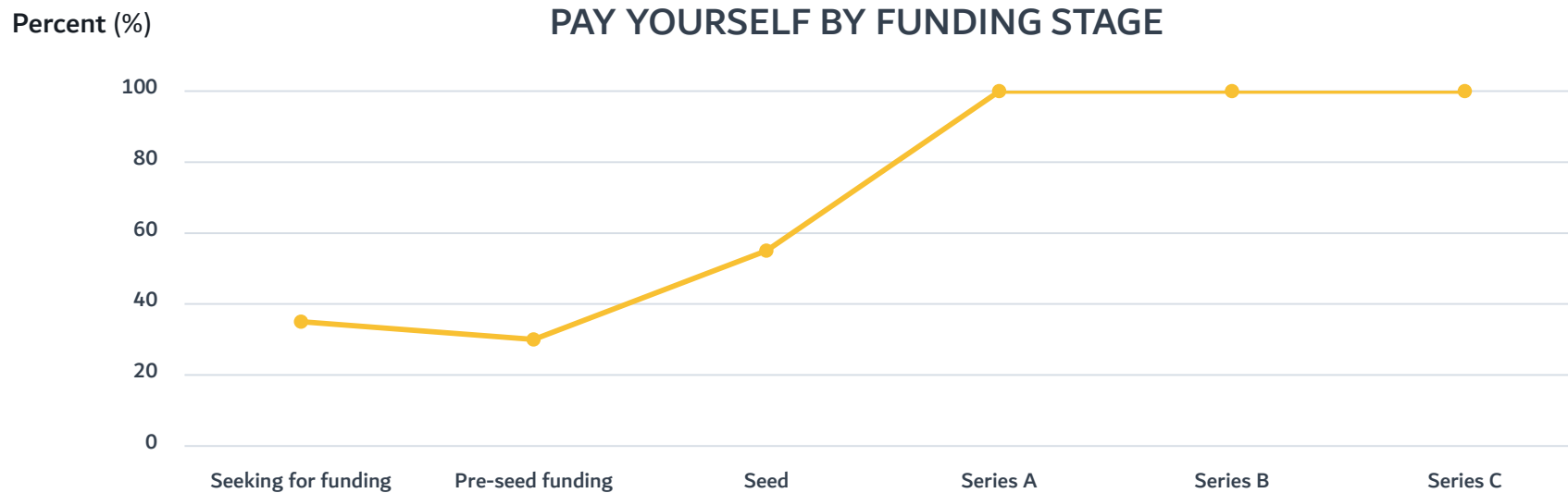
Q5. Do you currently pay yourself for work you do for your company?



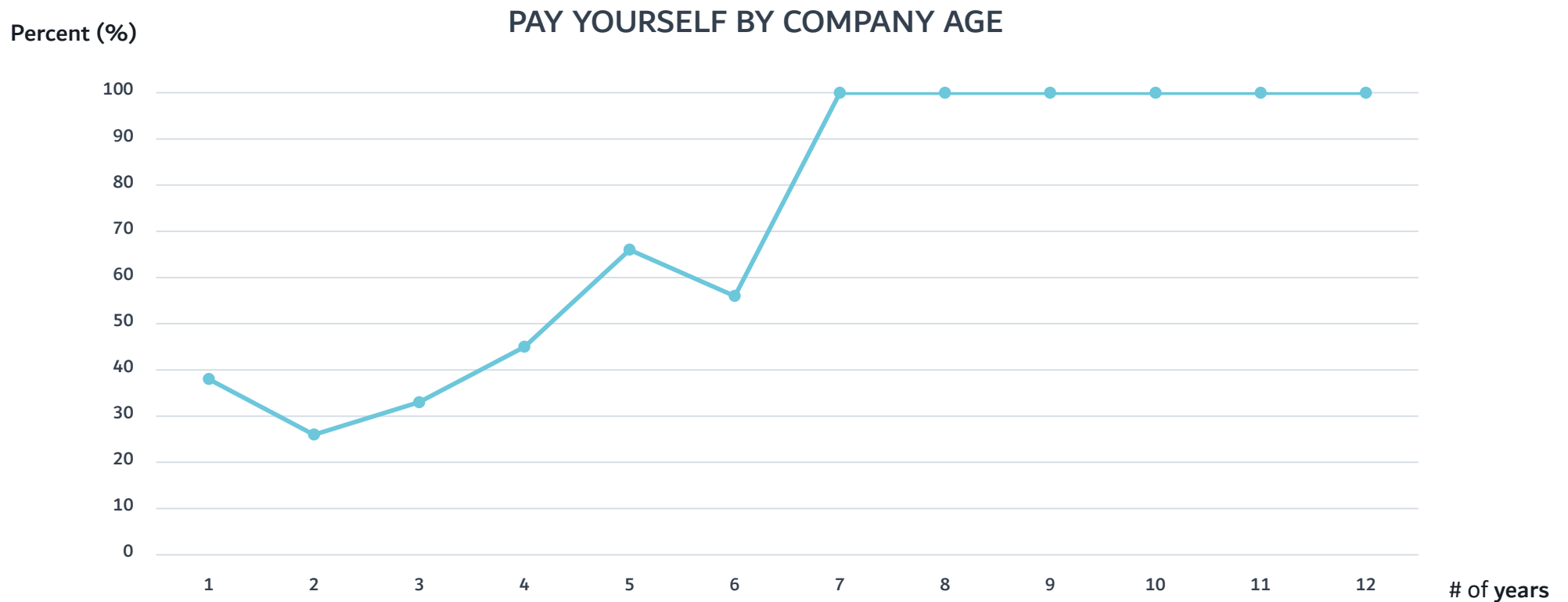
Percent of entrepreneurs paying themselves by race



# Pull and Push Factors: Funding and Revenue



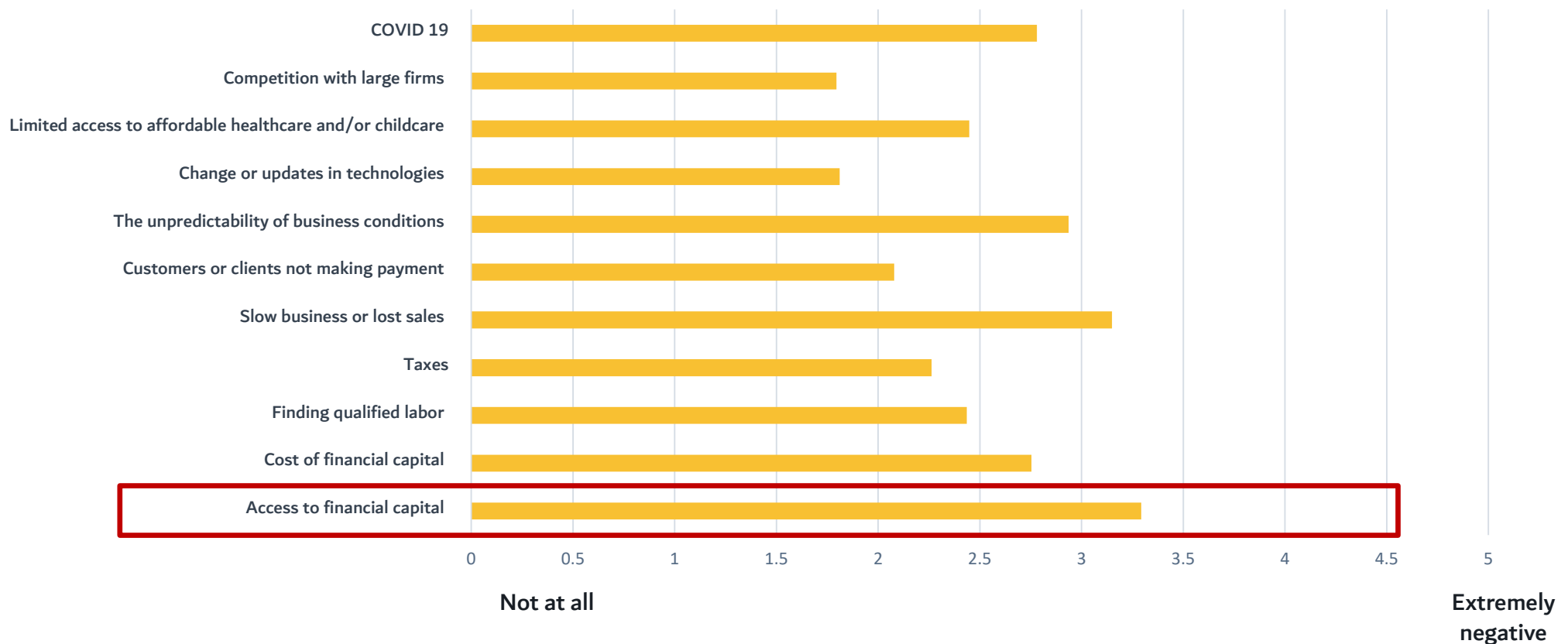
# Push & Pull Factor: Company Age



# Challenges & Support Needed for Fair Pay

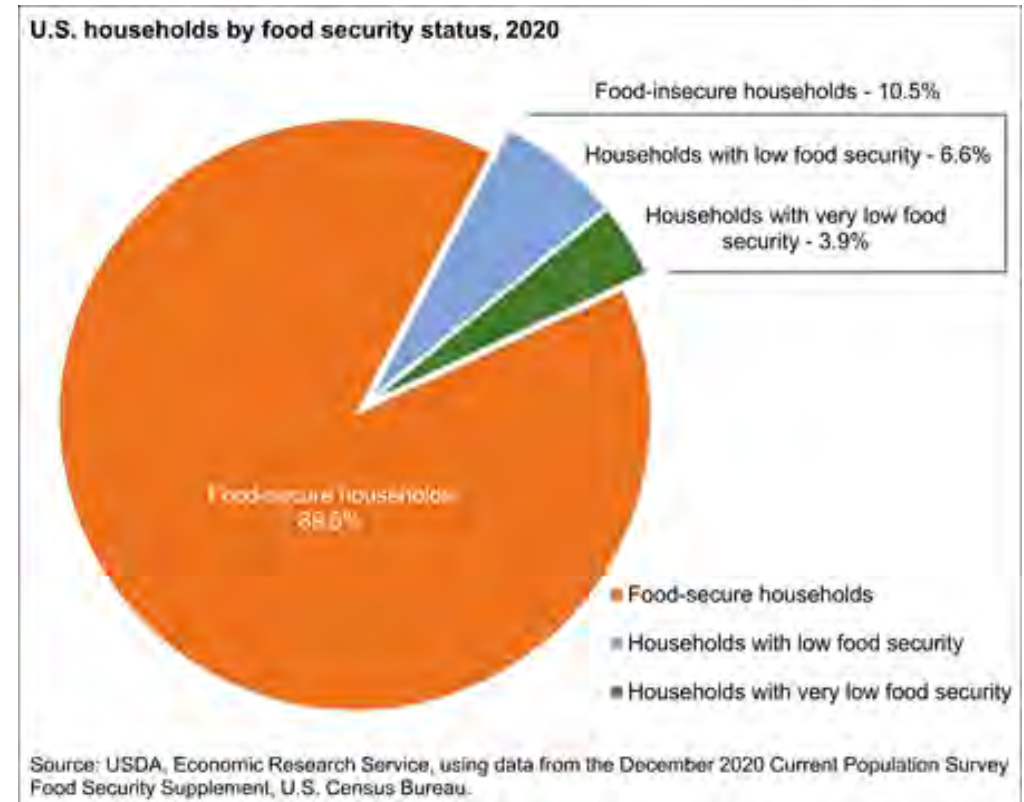
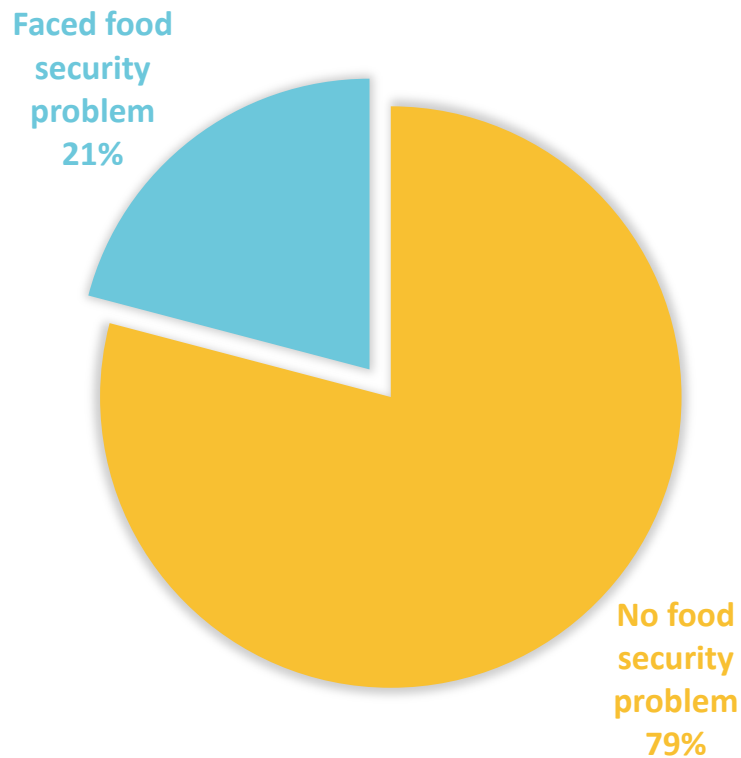
# Business Challenges

Q. To what degree did the following barriers negatively impact the profitability of your company?



# Economic Stability: Food Insecurity

Women entrepreneurs experience more food insecurity compared to all U.S. households



# Economic Stability Factors: Childcare and health insurance

## Childcare

- 60% of respondents have a child/children
- Average number of children: 1.8 (range: 1-5)
- 40% of respondents pay for childcare – on average, \$489 USD per week

## Health insurance

- 56% have health insurance through an employer or union
- 26% receive Medicare or Medicaid
- Health expenses over last 12 months: \$1259 USD on average



# Inferential Analyses: Predictors of Fair Pay Practices

# Inferential Analyses: Predictors of Fair Pay Practices

## Independent Variables

- **Company drivers**
  - Age of company
  - Funding status / Revenue status
- **Individual drivers**
  - Demographic characteristics
  - Social, emotional skills, and confidence
- **Economic stability drivers**
  - Income volatility
  - Food insecurity
  - Childcare
  - Healthcare

## Methods

### Full Information Maximum

Likelihood (FIML) estimation employed to deal with missing data in a multiple regression

### Controlled for

- Age of company
- Revenue
- # of employees

# Fair Pay Composite Variable

We estimated a simple latent fair pay composite variable using the fair pay items:

Category	Question Items	Response Items
Fair Pay Practice	Does your company have clearly defined and accessible salary ranges?	Yes/no
	Does your company determine what criteria would put a candidate in specific portions of the range when you are hiring new employee?	Yes/no
	Does your company ask salary history or salary expectations when you are hiring new employee?	Always/Often/Sometimes/Rarely/Never
	Does your company build equity-based review in hiring process? (e.g., point-in-time analyses of base pay, or a review of recommended merit increases before they are finalized)	Always/Often/Sometimes/Rarely/Never
	How often do your managers have intentional conversations about pay with their direct reports?	Never/Seldom/Sometimes often/Often
	How confident do you feel talking to your employees about pay?	Very Confident/Moderately Confident/Somewhat Confident/Slightly Confident/ Not at all Confident
	Do you currently pay yourself for work you do for your company?	Yes/no
Knowledge about Fair Pay Practice	How much access do you have to high-quality information about pay ranges and the current market conditions in general?	A great deal of access/ An adequate amount/Some/ A little/ Not much at all
	How much access do you have to high-quality information about pay equity in general?	A great deal of access/ An adequate amount/Some/ A little/ Not much at all

# Fair Pay Composite Variable\*



\*Explanations of variables are in the prior slide.

# Predictors of Fair Pay Practices: Company drivers

	FAIR PAY
<b>Revenue status (reference: pre-revenue)</b>	
Breakeven	0.874** (0.360)
Profitability	0.167 (0.197)
<b>Funding stage (reference: seeking funding)</b>	
Pre-seed	0.417* (0.229)
Seed	0.519* (0.312)
Series A	1.091* (0.594)
Series B	0.584 (0.620)

*N*=128. Company age and size included (results not shown). Standard errors in parentheses. \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

# Predictors of Fair Pay Practices: Individual drivers

	(1)	(2)	(3)
<b>Demographic</b>			
Race: BIPOC	0.275 (0.205)	0.292 (0.205)	0.377 (0.213)
Education: MA+	0.724* (0.364)	0.751** (0.362)	0.968 (0.654)
HH Income		-46.56 (42.40)	-39.99 (43.54)
<b>Social-Emotional Learnings</b>			
Self awareness			-0.457 (0.324)
Self management			0.186 (0.270)
Social awareness			-0.0553 (0.297)
Relationship skill			-0.123 (0.312)
Decision making			0.421** (0.233)

~~N=128, Company covariates (age, size, revenue) included (results not shown).~~  
Standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

# Predictors of Fair Pay Practices: Economic stability drivers

Variable	FAIR PAY
Income volatility	-0.0368 (0.183)
Food security	-0.253 (0.379)
Childcare expenses	-0.000376** (0.000346)
Health insurance (paid private)	-0.364 (0.300)

*N*=127, Company covariates (age, size, revenue) included (results not shown).  
Standard errors in parentheses. \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

# Takeaways



# Key Takeaways

- ➡ Early indicators suggest that empowering women business owners through access to capital and basic economic stability increases fair pay practices and overall economic dynamism.
- ➡ Research is needed to confirm these findings in a larger sample.
- ➡ By better understanding the unique experiences of women entrepreneurs we can inform policy and target much needed resources to those efforts likely to have the most impact.

# Thank You

This toolkit was made possible thanks to the generous support of the Wells Fargo Foundation. Our deep appreciation to Jenny Flores and her mighty team for their leadership and vision.

Special thanks to our project team for their help planning and conducting this study:

Yoon Hur  
Meg Small  
Gillian Sommerville  
Lee Carpenter  
Heidi Durham  
Zev Eigen  
Isis Torres

## Stay in touch.

If you are interested learning more, contact us at:  
[hello@theCenter.Nasdaq.org](mailto:hello@theCenter.Nasdaq.org)

Visit us at  
[theCenter.Nasdaq.org](http://theCenter.Nasdaq.org)

**PAY**  
**OWNERSHIP**  
**VALUATION**

**POV**