

# Women MSMEs in times of crisis: challenges and opportunities

Women  
MSMEs in  
times of crisis

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## Abstract

**Purpose** – This study addresses the impact of the corona crisis on the performance of women small- to medium-sized enterprises (MSMEs) and explores the adopted innovative strategies by these women to stay in their businesses.

**Design/methodology/approach** – Both quantitative and qualitative methods are used in this cross-sectional country-level survey. A representative sample of 260 Palestinian women businesses completed the questionnaire. As well, semi-structured interviews have been conducted with 15 female entrepreneurs who succeeded to survive to collect qualitative data. Frequencies, cross-tabulations and Chi-Square tests are used to analyze quantitative data and thematic analysis is used to analyze the qualitative one.

**Findings** – The main findings show that the corona crisis harms the performance of many women MSMEs in terms of production, turnover profit. To reduce their lost sales during the crisis, women are more likely to benefit from social media and promotions than other methods. This study highlights the innovation strategies applied by the women MSMEs who managed to survive such as, among others, cash management and digital marketing.

**Practical implications** – The innovation strategies could be a road map for other women struggling MSMEs businesses to re-enter businesses again.

**Originality/value** – So far, little research has focused on women MSMEs in developing countries. The identified innovation strategies will potentially help aspiring women MSMEs to survive during the economic crisis.

**Keywords** Women MSMEs, Innovation strategies, Crisis, Survival

**Paper type** Research paper

## 1. Introduction

Since February 2020, the rapid spread of the 2019 coronavirus disease (COVID-19) all around the world established a global health threat and began causing chaos on the world economy (Piraccini *et al.*, 2020). To cope with the speed and scope of the global COVID-19 health pandemic and its impacts on the economy, governments across the world responded in diverse ways. Yet, the majority handled the endemic with lockdown procedures and social distancing which revealed huge impacts on the trade flows and economic affairs of the world (Liu *et al.*, 2020). Because this impact will depend on how the outbreak evolves, policymakers face difficult trade-offs between the health benefits of the adopted policies and their economic costs. The more successful the containment policies are, and the flatter the infection curve is, and the deeper the economic recession becomes (WorldBank, 2020).

In Palestinian Territories (West Bank and Gaza Strip), the public healthcare system is burdened and characterized by limited services, understaffing, frequent shortages of medicines and supplies and severe deficiencies of many services (Kitaneh and Hamdan, 2012; Waterston and Nasser, 2017). Faced by these constraints, the Palestinian Government was among the first to act and decided to go for the extreme to contain the coronavirus by applying tight restrictions on movement. As a result, many businesses were shut down while the main loser was the micro- and small- to medium-sized enterprises (MSMEs) (SEC, 2020). The majority of these enterprises are driven by the entrepreneurial spirit and represent about 98% of the Palestinian private sector (Bayyoud and Sayyad, 2016).



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The fragile political context of Palestine, due to unresolved political conflict, has imposed major restrictions on movement and access in the Palestinian investment climate. This has created a fragmented Palestinian economic space and markets shaped with uncertainty, risk and high costs for businesses and investors (Worldbank, 2014). When added to the COVID-19 economic shocks (Fernandes, 2020), survival becomes a primary business focus and seems to be the best estimate of success for MSMEs (Boyer and Blazy, 2014). At this point, to survive, the Palestinian MSMEs have to confront the crisis by innovation and to elaborate unique solutions (Unger *et al.*, 2011).

Innovation is crucial for the sustainable development and competitiveness of a firm and can boost firm profits. In the past, innovation has been considered the sole domain of large corporations; however, there has been growing acceptance that any business can be innovative, regardless of size or sector (Mbizi *et al.*, 2013; Ndubisi and Iftikhar, 2012). According to Paul *et al.* (2017), MSMEs that can introduce product or service innovation can gain a competitive advantage over their competitors. Innovation also helps MSMEs gain global recognition (Saridakis *et al.*, 2019), thereby giving them access to new, larger markets (Bodolica and Spraggon, 2014) and better ways to raise capital (Delgado *et al.*, 2011).

The role of women in innovation and economic development is well documented in developed countries (Garba and Kraemer-Mbula, 2018). In the past decade, there has been significant attention focused on female entrepreneurship in general (Gupta and Mirchandani, 2018; MAS, 2012) and innovation in women-owned ventures in particular (Lopez-Mulnix *et al.*, 2014), (Aulet, 2013). Because gender is relevant to the performance of small businesses for success and survival (Kalleberg and Leicht, 1991), and because women entrepreneurship is important for economic growth (Cabrera and Mauricio, 2017), therefore, increasing the knowledge of women MSMEs is a valid topic for research. Particularly, because such knowledge is limited in developing countries, this work attempts to bridge the literature gap by addressing the case of a developing country namely Palestine.

The research objectives for this work are twofold. First, the assessment impacts lockdown policies and social distancing on women-owned MSMEs. Secondly, to uncover the implication of specific innovation strategies with their survival during the COVID-19 era. Guided by the relevant literature, we analyze data of a representative sample of 260 self-administered questionnaires and 15 interviews with women MSME survivors in a developing country namely Palestine. Elaborating on responses, it is hoped that our research work will generate information that may assist these organizations in enhancing their performance as well as may help policymakers dilute the economic effects of the corona pandemic.

To sum up, concerning women MSMEs in Palestine, we intend to address two major research questions: (RQ1) What challenges and enablers are ever-present during the corona crisis? (RQ2) What innovation strategies are utilized by Palestinian women MSMEs to survive during the corona crisis?

Following this introduction, we briefly provide the research context of Palestine followed by the relevant literature, then the employed research methodology, the findings and discussion. Finally, the paper concludes and highlights the implications and limitations of the research.

## 2. Research context

Females comprise nearly half of the total population in Palestinian society at 49% or 2.45 million individuals (PCBS, 2018). In addition to this, 11% of households are headed by women thus representing the primary earners for those families. However, labor force participation for women is estimated at 21% along with sharp discrepancies between females and males. Based on daily wage rates, females earn approximately 71% of that their male counterparts earn (PCBS, 2019). However, the significance of female entrepreneurs as well as their input and contribution to the Palestinian economy has recently been recognized (Sullivan and Meek, 2012).

In 2012, female entrepreneurship in Palestine scored the lowest rank (58th out of 67) among countries in the world. It was also the second-worst country in terms of female ownership of establishments (Monitor, 2012). The earliest stages of female entrepreneurial activity were present throughout the same period, among young females particularly between the ages (18–34) which makes around 3.4% on average of all female adult population in Palestine compared to 16% for all male adults. However, female entrepreneurship activities in Palestine have contributed positively to employment opportunities despite their low rate. It had extremely impressive results; as it is reported that female entrepreneurship has employed 5.6% of the total Palestinian employed persons (Abdullah and Hattawy, 2014).

According to the Global Entrepreneurship Monitor (GEM) – one of the major barriers that young entrepreneurs experience is the absence of financial support, government policies as well as the political environment, along with institutional and social context. The GEM (2012) report indicates that entrepreneurs whose ages range between (25 and 44) declined in 2012, while entrepreneurs whose ages range between (18 and 24) had higher involvement rates (Zbierowski *et al.*, 2012). Furthermore, the report displayed the ratio of necessity to opportunity revealing that for every 100 opportunity-driven entrepreneurs, there are almost 72 necessity-driven entrepreneurs (which makes up about 42% in the West Bank and Gaza).

Palestinian regulations are not particularly business-friendly. The registration process is bureaucratic and outdated which makes it tedious and demotivating to entrepreneurs, with numerous rules, regulations and procedures that are associated with it (Suhail, 2014). Additionally, micro- and small firms are treated similarly as large companies without taking into consideration that their regulatory obligations should be at least reduced or minimized (Abuznaid, 2014).

The prevailing legal framework that constitutes economic activity includes a complex mix of legal codes such as Israeli military orders as well as outdated Ottoman, British, Jordanian and Egyptian laws (Jabari, 2010). These outdated laws and regulations act as a strong de-motivator for new entrepreneurial establishments in Palestine. These are considered one of the main barriers that encounter the presence, activities and growth of new enterprises along with the trouble of accessing new technology and markets (Kawasmı and White, 2010; Khalifa and Hantash, 2009).

Currently, in line with the global trend and due to high levels of unemployment rate in the Palestinian labor market, a shift in preference toward entrepreneurship was clear among parents, society and the government, as a potential resolution to solve some problems in the economy (PCBS, 2018). Despite this tendency, the entrepreneurial process in Palestine is characterized by its bureaucratic complications which include tax payments (direct and indirect) as well as the periodic licensing fees, this unsupportive setting resulted in many entrepreneurs favoring to remain in the informal sector. A study by Fallah (2014) indicated that a high number of informal entrepreneurs felt that there is no incentive to register in the formal sector, whereas 26% are not familiar with the benefits of formalization. Above all, female entrepreneurs face challenges that may stem from culture; therefore, various regulatory attempts have failed to encourage female entrepreneurship (Sadeq *et al.*, 2011).

### 3. Theoretical background

Entrepreneurship theory is the conceptual framework for this research study. Creative destruction was when the old ways of doing things are replaced by new combinations that are economically more viable (Schumpeter, 1942). He suggested that innovation cannot be separated from entrepreneurship. Charismatic entrepreneurs would use creative destruction as a vital source of innovations and bring about revolutionary changes (Audretsch, 2015; Nightingale, 2015; Waller and Sag, 2014). Schumpeter (1942) described an entrepreneur as an agent of change who caused the economic environment to evolve by introducing disruptive

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innovations. His entrepreneur view upset the conservative way of doing things and promoted the firm's economic development through new and innovative methods (Schumpeter, 1975)

Dobni *et al.* (2016) emphasized that protecting the market position is not a viable business strategy. The researchers found that depending on the status quo is risky and almost always proves fatal for the organization. Ošenieks and Babauska (2014) found that the complexity of innovation has increased because of the increased amount of knowledge that is available to organizations to help make their strategic choices. Bates and Robb (2014) found that small business owners who used the innovative entrepreneurial process to plan and organize their activities into business strategies may be able to keep their business viable. The innovative entrepreneurial process comprised the activities undertaken by entrepreneurs in pursuit of their innovative business ideas.

Recently, attention has switched to innovation among MSMEs, which have fewer slack resources to generate and commercialize innovations (Verreyne *et al.*, 2019). However, there is a limited understanding of how capabilities, such as entrepreneurship and innovation, affect the performance of smaller firms (Ndubisi and Iftikhar, 2012). Furthermore, in recent years, the connection between innovation and gender has attracted increased interest among researchers (Block *et al.*, 2017; Jennings and Brush, 2013; Johansson and Lindberg, 2011).

Anderson *et al.* (2014) define innovation as a new and improved way of doing things, something novel and useful. According to Baregheh *et al.* (2009), innovation is a multi-stage process by which an organization transforms an idea into a new or improved product or process to differentiate itself and compete successfully in the marketplace. Chandy and Tellis (1998) define innovation as the process of translating an idea into a commercially viable customer value proposition. This study embraces the Organization for Economic Co-operation and Development (OECD) Oslo Manual definition of innovation. Innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations (OECD, 2005).

An assessment of the literature regarding presumed differences concerning gender and organizational performance of small business concluded that businesses headed by women are not more likely to go out of business, nor less successful, than those owned by men (Kalleberg and Leicht, 1991; Watson and Robinson, 2003). However, a subsequent study by Cliff (1998) added new insights about potential differences between female and male entrepreneurs observing that for female entrepreneurs, personal considerations and willingness to incur risks appear to override economic considerations when women entrepreneurs are faced with the possibility of business expansion.

### *3.1 Factors influencing innovation*

While there is some research carried out on female innovation, most of these studies are about the developed context (Mekonnen Tadesse, 2017; Ritter-Hayashi *et al.*, 2016; Vijaya and Almasri, 2016). Gender and entrepreneurship theories build on Western cultures, and these theories are not always appropriate in other contexts (Marvel *et al.*, 2015), as state (Alsos *et al.*, 2013): "A difference between men and women in innovation needs to be interpreted against contextual and structural arrangements." Therefore, what are the success factors of female entrepreneurial innovators in developing countries? The following sections summarize the internal and external elements.

### *3.2 External success factors for female entrepreneurial innovators*

*3.2.1 Culture.* Previous studies show that structural and cultural obstacles are the main reasons for low female entrepreneurial activity in patriarchal societies (Marvel *et al.*, 2015; Okoń-Horodyńska, 2015; Özkazanç-Pan, 2015). For example, researchers point out that gender biases

are some of the obstacles that female entrepreneurs face in the Middle East and North Africa (MENA) region (Ahmad, 2011; Al-Dajani and Marlow, 2010; Naguib and Jamali, 2015).

3.2.2 *Economic opportunity and funding opportunities.* Ritter-Hayashi *et al.* (2016) report that when female economic opportunity is high, companies are more likely to benefit from a “gender-balanced ownership structure and workforce” in their innovative activities compared to companies in countries where an economic opportunity for women is low. Funding plays a pivotal role in innovation (Bates *et al.*, 2007). Beginning entrepreneurs in both developed and developing countries typically have a challenge with financing start-up costs; however, in developing economies, entrepreneurs may need to rely on their social networks (Minniti and Naudé, 2010).

3.2.3 *Social networks.* Stronger social ties to resource providers enable better access to resources, facilitate the startup phase and enhance the chance of getting opportunities (Aldrich and Zimmer, 1986). Mekonnen and Cestino (2017) support the role of social networks in knowledge transfer and adaptation of innovations. Their research highlights the fact that networks need to be right and helpful in broadening knowledge sharing – reinforcing the significance of networks in knowledge transfer as emphasized in literature (Tortoriello *et al.*, 2012). Thus, the right social networks play a significant role in innovation, allowing access to knowledge.

3.2.4 *Family demands.* According to Brush *et al.* (2009), motherhood may have larger impacts on women than on men. They identified motherhood as an essential micro-level component explaining female entrepreneurs’ experience. Family and life plans are found to have an impact on innovators’ success (Alsos *et al.*, 2013; Nählinder, 2010). If women discontinue an innovation process, it is most often for personal reasons, not the product or market reasons. They may end their innovative efforts and prioritize family over work (Nählinder, 2010).

### 3.3 *Internal success factors for female entrepreneurial innovators*

3.3.1 *Entrepreneurial orientation.* Women are significantly less oriented toward innovation and development strategies than men. The literature suggests that under the same external conditions, gender may influence the strategies adopted by entrepreneurs in responding to an economic crisis (Cesaroni and Sentuti, 2014; Millward and Freeman, 2002).

3.3.2 *Management and financial skills.* Brush *et al.* (2009) denote the required skills for an entrepreneur’s success as 3Ms; they are market, money and management. Danish and Smith (2012) focus on female entrepreneurship’s management and financial skills, including leadership, recruiting the right people and cash management, to help female businesses in their survival.

3.3.3 *Life’s background.* The innovators’ or entrepreneurs’ personal life experiences, particularly role models in one’s life, may enhance success in their endeavors. Women benefit from the role models on their career path (Nählinder, 2010). Role modeling appears strong for women in getting interested in independent careers, as research indicates an association between the entrepreneurial career of a child and parental entrepreneurial activity (Gray and Finley-Hervey, 2005).

3.3.4 *Education and training.* According to Gray and Finley-Hervey (2005), educational factor refers to the role that educational preparation (including acquired competencies and skills) plays in the female entrepreneur’s success. Entrepreneurial ability is associated with educational status and work experience (Minniti and Naudé, 2010). According to Lock and Smith (2016), education goes beyond school education, and women are eager to get professional training, for example, on running a business and risk management. In the context of developing countries, the experience can compensate for education (Minniti and Naudé, 2010), but in innovative activities, experience without education and a specific knowledge base may not be adequate.

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3.3.5 *Personality and self-confidence.* Cabrera and Mauricio (2017) include personality in female entrepreneurs' success factors, which can be labeled also as individual factors, which are persistence (Sullivan and Meek, 2012) or self-efficacy, hope, optimism and resilience (Pease and Cunningham, 2016).

Lack of self-confidence may be a hindrance to innovation efforts. Women may not appear self-confident even if they are. Also, women may not present their innovative suggestions because of a lack of confidence in forwarding their ideas (Millward and Freeman, 2002; Nählinder, 2010).

3.3.6 *Online selling.* Cesaroni *et al.* (2017) highlight the important factor of social media and women's ability in developing countries who use social media to create new business and networks much more effectively than male entrepreneurs especially since, in many developing countries, cultural factors can make it difficult for women to be entrepreneurial due to women's subordination, marginalization and lack of inclusion.

#### 4. Research methodology

The testing of the proposition of a theory can be done in two ways: either inductively or deductively (Guercini, 2014). Guided by the entrepreneurship theory at the beginning of this research study, the deduction is our research approach. Saunders *et al.* (2012) classified research studies into three categories: exploratory, descriptive or causal studies. The direction of inquiry of this research study follows a descriptive then exploratory approach.

An academic and business literature and other appropriate literature sources search were conducted. Although questionnaires may be used as the only data collection method, it is usually better to link them with other methods in a multi-method approach (Labaw, 1981). We employ both quantitative and qualitative methods that offer us an opportunity to probe deeply into the issues raised by this research (Sekaran and Bougie, 2016). We used questionnaires and semi-structured interviews to collect quantitative and qualitative primary data respectively.

Considering that physical contact between people, during the spread of COVID-19, should be minimized, a self-administered online survey designed to be completed by a respondent without the intervention of an interviewer is currently among the most suitable ways to administer a survey. Self-administered surveys are safe, cheap and can reach many enterprises in a short time. Disadvantages include a low response rate as the survey might not reach the right recipient (outdated email-address, spam folder, etc.) or the recipients might not return the survey on time or at all. Data quality might also suffer as recipients might skip or misunderstand questions (Sekaran and Bougie, 2016).

The researchers approached all the beneficiaries of the Palestinian Women Forum which counted 400 using a Google form (BWF, 2020). The response rate was 65% where 260 questionnaires were received back. Participants are female owners and/or managers of MSMEs owned by women. To accomplish cross-sectional descriptive part of our inquiry (RQ1), the questionnaire consists of four parts: Part 1 covers the respondents' profile, part 2 covers the status of businesses before COVID-19 pandemic, part 3 covers the status of these businesses during the pandemic while part 4 covers the proposed interventions and recommendations. Quantitative data analysis included the calculation of frequencies of variables, differences between variables and cross-tabulations.

To accomplish the exploratory part of our inquiry (RQ2), we conducted in-depth 15 semi-structured interviews. This small sample is what is likely to be available given the fragmented and small number of the survivals among women MSMEs. Yet, we were very keen to select survival women businesses from different locations, different sectors and different levels of education and ages.

Qualitative research includes as its advantages the ability to gain an understating of observed phenomena as it allows the use of probing as a technique of surfacing insights from

respondents (Saunders *et al.*, 2012; Silverman and Marvasti, 2008). The researchers addressed Palestinian women FSMEs who successfully managed to survive to better understand the innovation strategies followed by these women SMEs during the COVID-19 pandemic. The open-ended questions allow opportunities for further searching to take place so that the richness of information is surfaced (Saunders *et al.*, 2012).

The responses were analyzed through thematic analysis, which is a widely accepted approach for studying entrepreneurial situated practices and is appropriate for interpretative studies (Attride-Stirling, 2001). Quotations found in the transcriptions were linked to the created codes. Then, the codes were grouped according to the innovation strategies and survival of women businesses. A process of mapping and linking codes was undertaken to understand how each related to each other.

## 5. Findings and discussion

### 5.1 Characteristics of the participants:

The quantitative part of this cross-sectional study investigated the possible economic impacts on the Palestinian women MSMEs. The anonymous questionnaires were distributed by mail, out of 400 participants, 260 women responded. Participation was voluntary and confidential, and participants were informed about the study purpose. Data were collected during March-April 2020.

One-fifth of the participants are operating their businesses in Gaza Strip (20.8%). About half of the participants are between 30 and 40 years old (45.8%), most of them are educated with 46.9% having a bachelor's degree (Zbierowski *et al.*, 2012), Women's Business is more often categorized as micro-firms (78.5% employs three or fewer females), only 10.2% of the businesses had started in less than 10 years (Ritter-Hayashi *et al.*, 2016), it is also worth noting that 36.2% employ male full-time employees (MFTE). Finally, 20.8% of the participants are need driven entrepreneurs (breadwinners) and 75.4% are innovation-driven entrepreneurs as their main source of income is secured either from the spouse or from parents. Table 1 shows the characteristics of the respondents and few relevant business characteristics before the lockdown due to COVID-19 crisis.

### 5.2 Comparing monthly income between groups of women MSME before COVID-19

Based on respondents' characteristics, crosstabs and Chi-Square tests were used to assess the relationship between monthly income measures before the lockdown and selected respondent characteristics. In West Bank, as expected, one-third of businesses (28.7%) achieved a monthly income of "more than 2250 NIS" compared with 14.8% in the Gaza Strip. But this difference was not significant ( $X^2 = 6.741$ ,  $df = 4$ ,  $p = 0.167$ ). Based on sector, education or on the level of using the Internet in their businesses, there was no significant difference between business monthly income groups ( $p > 0.05$ ). However, based on participant's experience the more experienced women are more often in the higher income groups. Between all experience categories, these differences were significant ( $X^2 = 29.386$ ,  $df = 12$ ,  $p = 0.003$ ). Finally, just under half of the participants (45.8%) were aged "30–40" years, but 30.3% of women within the age group "41–50" years achieved above 2250 NIS monthly income. These differences were significant ( $X^2 = 21.095$ ,  $df = 12$ ,  $p = 0.049$ ).

### 5.3 Economic impacts on women MSME during the lockdown

Based on the level of income and number of employees, crosstabs and Chi-Square tests were used to analyze the relationships between the after-lockdown data and the before lockdown data. The frequencies of participants within income categories after lockdown show the extent women MSMEs had battled to survive. These differences were significant

Characteristics	<i>N</i>	%	Characteristics	<i>n</i>	%
<i>Age</i>			<i>Woman's experience</i>		
Less than 30 years	47	18.1	≤ 4 years	72	27.7
30–40 years	119	45.8	>4 years and ≤ 7 years	79	30.4
41–50 years	66	25.4	>7 years and ≤ 10 years	45	17.3
more than 50 years	28	10.8	>10 years	64	24.6
<i>Education</i>			<i>Main Source of Income</i>		
2 years of college	61	23.5	Own Business	54	20.8
Bachelor	122	46.9	Job Salary	8	3.1
Master	16	6.2	Parents or spouses	196	75.4
Others	5	1.9	<i>F-FTEs** before Lockdown</i>		
<i>Sector</i>			≤ 3 F-FTEs	204	78.5
HandCraft	73	28.1	>3 and ≤ 10 F-FTEs	49	18.8
Trade	34	13.1	>10 F-FTEs	5	1.9
Services	46	17.7	<i>Age of the Business</i>		
Agriculture/Food	55	21.2	<5 years	138	53.1
Others	52	20.0	> than 5 and ≤ 10 years	88	33.8
<i>Internet before lockdown</i>			> than 10 years	28	10.8
Utilize Internet	212	81.5	<i>M-FTEs*** before lockdown</i>		
Don't utilize the Internet	48	18.5	No M-FTE	166	63.8
<i>Income Before Lockdown (NIS)</i>			"M-FTEs" applies	94	36.2
less than NIS* 250	22	8.5	<i>Business Location</i>		
NIS 250–750	81	31.2	West Bank	206	79.2
NIS 750–2,250	90	34.6	Gaza Strip	54	20.8
NIS 2,251–6,250	51	19.6			
More than NIS 6,250	16	6.2			

**Table 1.** Characteristics of participants *N* = 260

**Note(s):** \*NIS; New Israeli Shekel (1 US\$ = 3.5 NIS); \*\*F-FTEs; Female Full-Time Employees; \*\*\* M-FTEs; Male Full-Time Employees

( $X^2 = 86.192$ ,  $df = 4$ ,  $p < 0.001$ ). Table 2 shows the number of participants in every monthly income category before and after the pandemic.

After lockdown, in their attempt to cut their monthly fixed costs, the majority of women MSMEs (236 observations) employed less than three female full-time employees (F-FTEs), compared with 204 observations before the crisis. The same applies to all other categories. These differences were significant ( $X^2 = 49.518$ ,  $df = 4$ ,  $p < 0.001$ ). Concerning employed males, 94 businesses employed males in full time before the crisis compared with 67 ones after the lockdown. The difference in male full-time employees (M-FTEs) was also significant ( $X^2 = 99.378$ ,  $df = 1$ ,  $p < 0.001$ ) showing a decrease in frequencies of M-FTEs categories. Results also confirm this impact on part-time employees for both females and males.

Monthly income category	Before crisis Observed <i>N</i>	After crisis Observed <i>N</i>
Valid <i>N</i> = 256		
Less than NIS 250	22	204
NIS 250–750	81	32
NIS 750–2,250	90	14
NIS 2,251–6,250	51	4
More than NIS 6,250	16	2
<i>Total</i>	<i>260</i>	<i>256</i>

**Table 2.** The extent of the decrease in observed monthly income



#### 5.4 The observed impact of lockdown on family and social activities

The lockdown and stay-at-home procedures that followed the spread of COVID-19 had exposed various effects on family issues, respondents were asked to choose the most perceived social impact on their social life. Observations show that 111 respondents (42.7%) were stressed during the lockdown, 12.7% felt closer to the family, 12.3% were supported by the family members, 11.2% had the chance to participate in social activities and finally, 6.2% could not utilize effectively the “stay-at-home” period. Whether this perception is associated with the number of family members (it was between 3 and 6), the cross-table revealed 77.4% of the stressed women were in the categories of three and four family members, an exception, 0.0% of the underutilized period group were in a family of five or six members. It seems that they have much to do for their relatively large families. Finally, despite the spread of differences between the crossing cells, these differences were not significant ( $X^2 = 12.048$ ,  $df = 12$ ,  $p = 0.442$ ).

#### 5.5 Economic efforts of women MSME during lockdown to increase sales

In their efforts to compensate their lost sales, the participants were asked to answer a multiple-response question including three different methods that may increase sales; (1) using social media, (2) offering a new product or new service and (3) offering promotions. The additional choice was “others”, where 113 participants replied by choosing “others”. Out of 147 businesses, 43.9% used social media, 26.1% offered a new service, and/or a new product and 30% offered promotions. Yet, 61% of the 147 cases had employed more than one method to increase their sale.

#### 5.6 Innovation strategies adopted by the survival women MSMEs

The semi-structured interviews aim to meet women MSMEs who managed to survive and cope with the corona crisis. These businesses did not struggle or stop their businesses during the pandemic. On the contrary, these women businesses show growth in turnover and profit. Table 3 summarizes the profile of the 15 women businesses.

Table 4 summarizes the common innovation strategies adopted by the survival of 15 women MSMEs.

#### 5.7 Cash management strategy

Women MSMEs put in place a plan to conserve cash and they are aggressive in this plan starting from the beginning of the pandemic. On average these women businesses have at least 12 months of cash on hand that covers the running costs. These businesses try to increase cash inflows and reduce cash outflows.

Location	Gaza Strip 5			West Bank 10	
Marital status	Married 13		Divorced 1		Widow 1
Age	30–35 5	36–40 3		41–45 6	Above 50 1
Education	High school		Primary school 3	BA	
Sector	11 Hand craft 4	Trade 6		Service 2	1 Agriculture/food 3

**Table 3.**  
Profile of women  
businesses

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I succeeded to manage cash by reducing utility costs, reducing inventory costs, drop the extras, cut wasteful discretionary spending, and pay payable later.

I am very keen to increase and speed up cash inflows through collecting receivable sooner and keep existing customers.

Women businesses are back to the essential and their core businesses by reducing unnecessary running costs. The sudden downturn in the market, coupled with the disruption of almost all businesses as usual will cause revenues to stall. Therefore, these businesses

I am back to basics and cut the salaries of my staff to 50 %.

I cut almost all contracts and cut marketing and sales spending till my customers are back to work and buying once more.

Most of the women businesses apply for soft loans offered by microfinance institutions. These programs provided immediate cash flow to the most MSMEs to help to keep employees on the payroll, and allowing businesses to grow once customers return

This loan will help me in providing cash in the short run to cover overhead costs like rent, payroll, and utilities.

This soft loan will give local businesses the breathing room they need to remain in business and thus maintain staff in light of the health crisis.

#### 5.8 Opportunity and flexibility strategy

Few women businesses shift some or all of their business to be part of a solution to the COVID-19 problem (i.e. flexibility) such as producing masks or hygienic cleansers. Therefore, women entrepreneurs who enjoy multi-skills and have flexible operations managed to cope with the new situation.

I shifted my operations from producing hand-made soap to producing hygienic waterless hands cleanser. I managed to shift the usage of my production line very fast with a minimum cost.

#### 5.9 Collaboration strategy

The networking platform allows women businesses to discuss challenges and strategies to move forward. Women in the network are supporting each other online and becoming each other's customers.

To unify the voices of women businesses are crucial in this moment of crisis, and we cannot leave big business to speak for us when it comes to an emergency stimulus or any economic policy that impacts us.

Collaborating, not competing, is the only way businesses can survive the pandemic. We've got this individualistic society, it's all about me, but when people are in relationships, the whole thing changes,

The tighter the community relationships, the more likely they're going to be resilient and survive this.

Strategy	15 women MSMEs														
Cash management	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Opportunity and flexibility	x	x	x	x	x	x	-	x	x	x	x	x	x	x	-
Collaboration	x	x	x	x	x	x	x	-	x	x	x	x	x	x	x
Digital marketing	x	-	x	x	x	x	x	x	x	x	-	x	x	x	x

**Table 4.**  
Innovation strategies

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Now is the opportunity where we can all look at community and collaboration and jump in and give of our greatest resources.

### 5.10 Digital marketing strategy

Social media, letters, email, phone calls are all effective ways to engage. All of the 15 women businesses have their way of online marketing using social media, electronic commerce and other digital platforms.

There is nothing like an inspiring timeline to make you connect with everything new on social media.

Although digital marketing is an efficient and effective tool during the quarantine time, women businesses face some challenges such as shipment and electronic payment. That is why networking with banks and logistics companies is necessary for digital marketing.

## 6. Conclusion

This paper aggregates the country level impacts of the corona crisis on women MSMEs in Palestine by surveying 260 women-owned businesses. It offers insights about the challenges faced by these women under the suspension of business activities. It is of importance as it discusses a case of the unstable business political and economic environment even when it is corona free. Added to this constraint faced by women entrepreneurs in developing economies (Panda, 2018), our results help managers to face this extra shock. This research work explored the innovative reaction of women to keep their businesses and to survive. The new combination of strategies that had been adopted during the lockdown; cash management, flexibility, cooperation and digital marketing facilitated the survival of Palestinian women entrepreneurs.

There is a big need for gender-disaggregated data to fully understand how women and men are affected by the virus to better allocate the available resources. Policymakers are requested to consider the different experiences faced by women and men during a pandemic to ensure that every business gets the most needed help to perform. Under the fears of the second wave of COVID-19, the generated knowledge of this work is not an end by itself. However, it may help to reduce the unplanned losses that may face businesses during the crisis.

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