

Gender, Entrepreneurship, and Competitiveness

Results from Enterprise Survey data

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PRMGE, The World Bank



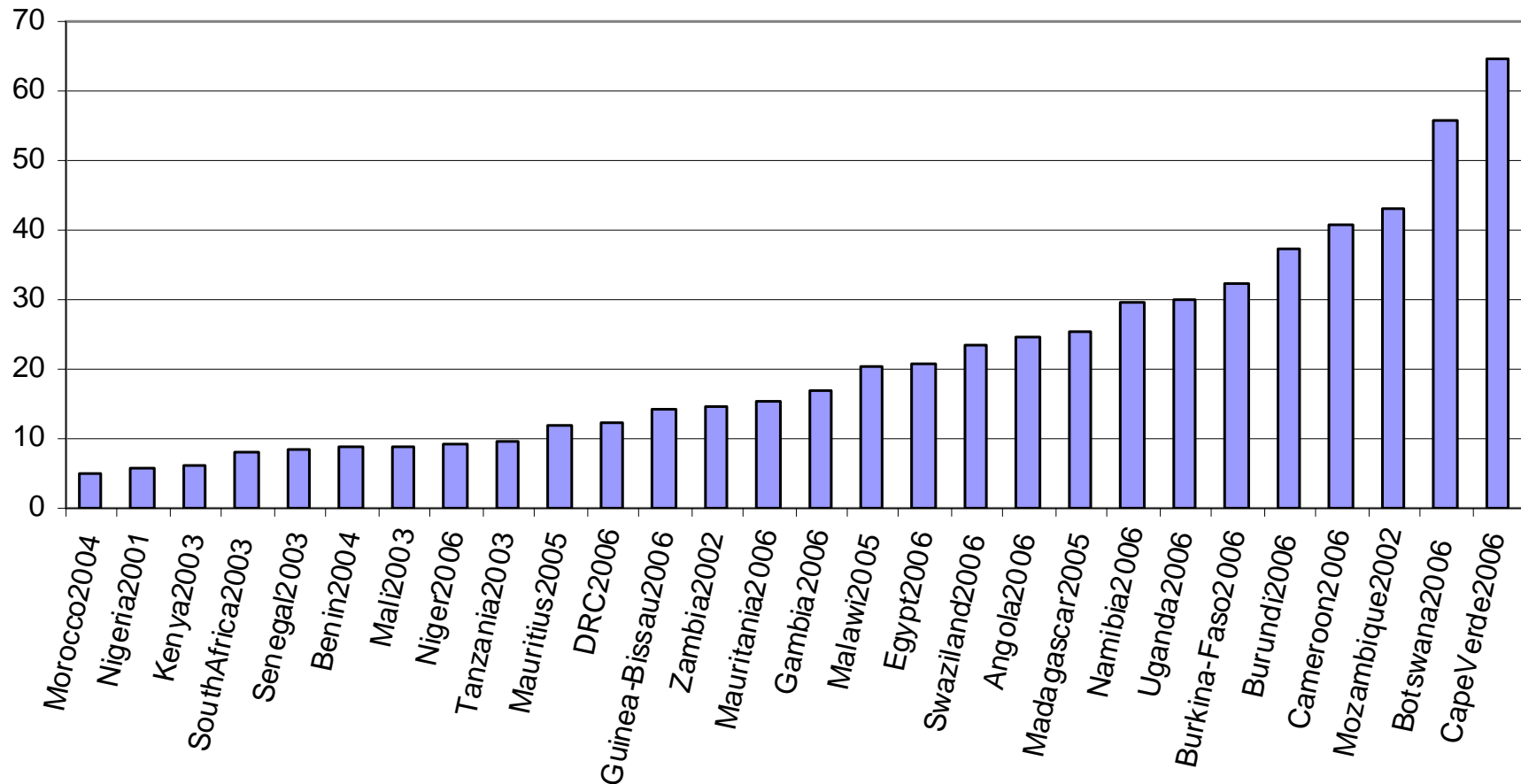
Objectives

1. Shed light on the nature of men's and women's enterprises;
2. Assess the extent to which constraints faced by men and women entrepreneurs differ;
3. Assess whether IC constraints affect performance of male- and female-owned enterprises differently.



1. Differences in the characteristics of male- and female-owned enterprises

Women are less likely than men to own a business in most African countries





Relevant characteristics

□ **Individual characteristics**

- Characteristics of the entrepreneur (age, level of education, etc.)
- Motivations to be in business
- Channels of firm acquisition

□ **Firm characteristics**

- Sector
- Size

□ **“Environmental” characteristics**

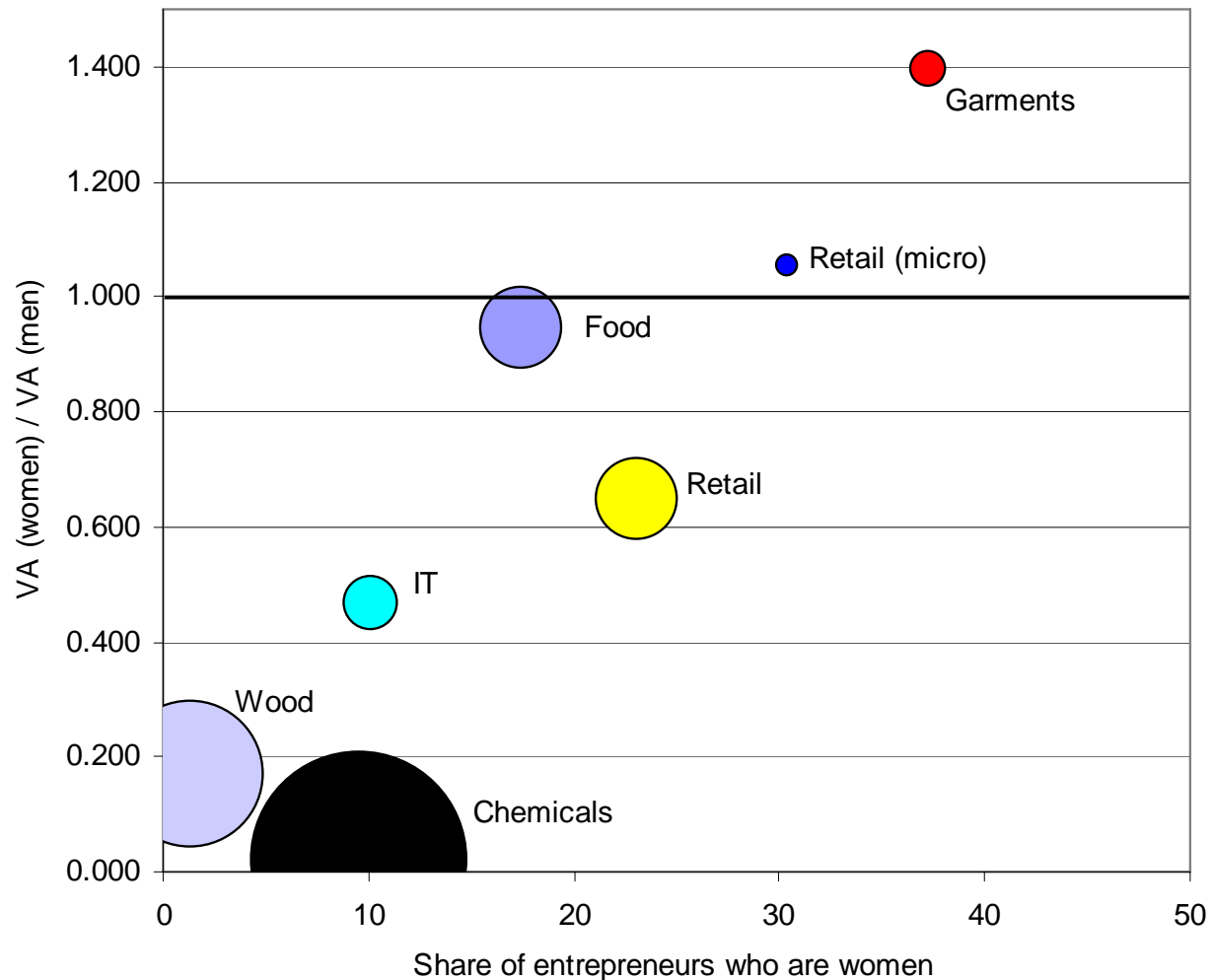
- Geographical distribution – Culture, history, traditions
- Regulations

Unlike men, women tend to concentrate in few industrial sectors

	Formal (manufacturing and services)		Micro		% of all entrepreneurs who are women	
	Men	Women	Men	Women	Formal	Micro
Manufacturing:						
Food	11.0	9.2	2.9	2.8	17.5	28.6
Garment	6.4	15.1	3.5	7.0	37.3	45.5
Textiles	0.8	0.6	0.0	0.7	15.8	
Machinery and equipment	0.5	0.0	0.3	0.0		
Chemicals	2.2	0.9	0.0	0.7	9.6	
Electronics	0.6	0.0				
Non-metallic minerals	1.0	0.0	1.2	0.0	0.0	
Wood and wood products	9.2	0.5	4.4	0.0	1.3	0.0
Metals and metal products	6.9	0.0	2.9	0.0	0.0	
Other	6.5	2.2	3.5	0.7	7.8	7.7
Retail	23.7	28.1	73.1	76.2	23.1	30.4
Information Technology	4.7	2.1	1.2	0.7	10.1	
Construction and Transport	3.9	0.3	0.0	0.7	1.6	
Hotels and Restaurants	13.6	33.3	1.5	3.5	38.2	
Others	9.3	7.9	5.6	7.0	17.7	34.5
All	100.0	100.0	100.0	100.0	20.2	29.5

Nigeria Enterprise Survey, 2007/08

... which can be an indication of gender-specific constraints (access to credit/capital?)



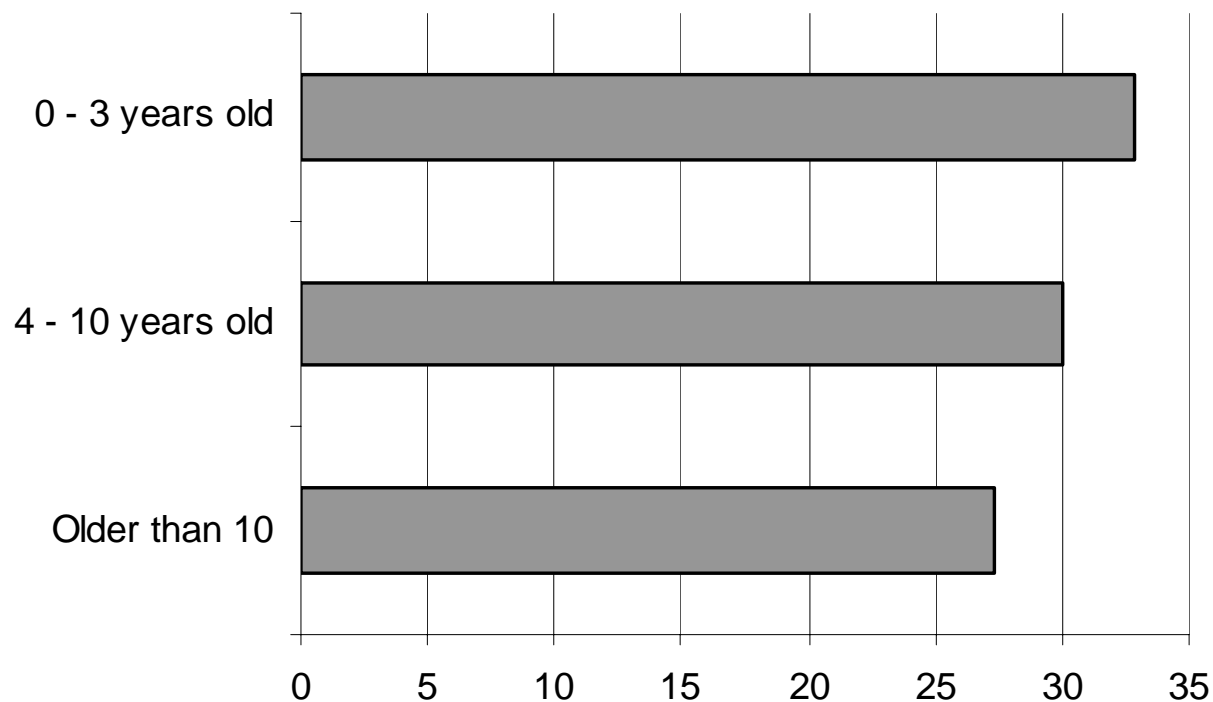
Nigeria Enterprise Survey, 2007/08

Female-owned enterprises are *not* necessarily small and medium size

Ownership		Startup			Current		
		Manuf.	Services	Micro	Manuf.	Services	Micro
Mean	Male owned	20.5	5.3	2.5	30.3	13.4	3.2
	Female owned	36.6	12.1	3.4	82.9	28.6	2.9
Median	Male owned	5.0	3.0	2.0	11.0	6.5	2.0
	Female owned	15.0	7.0	2.5	35.0	21.0	3.0

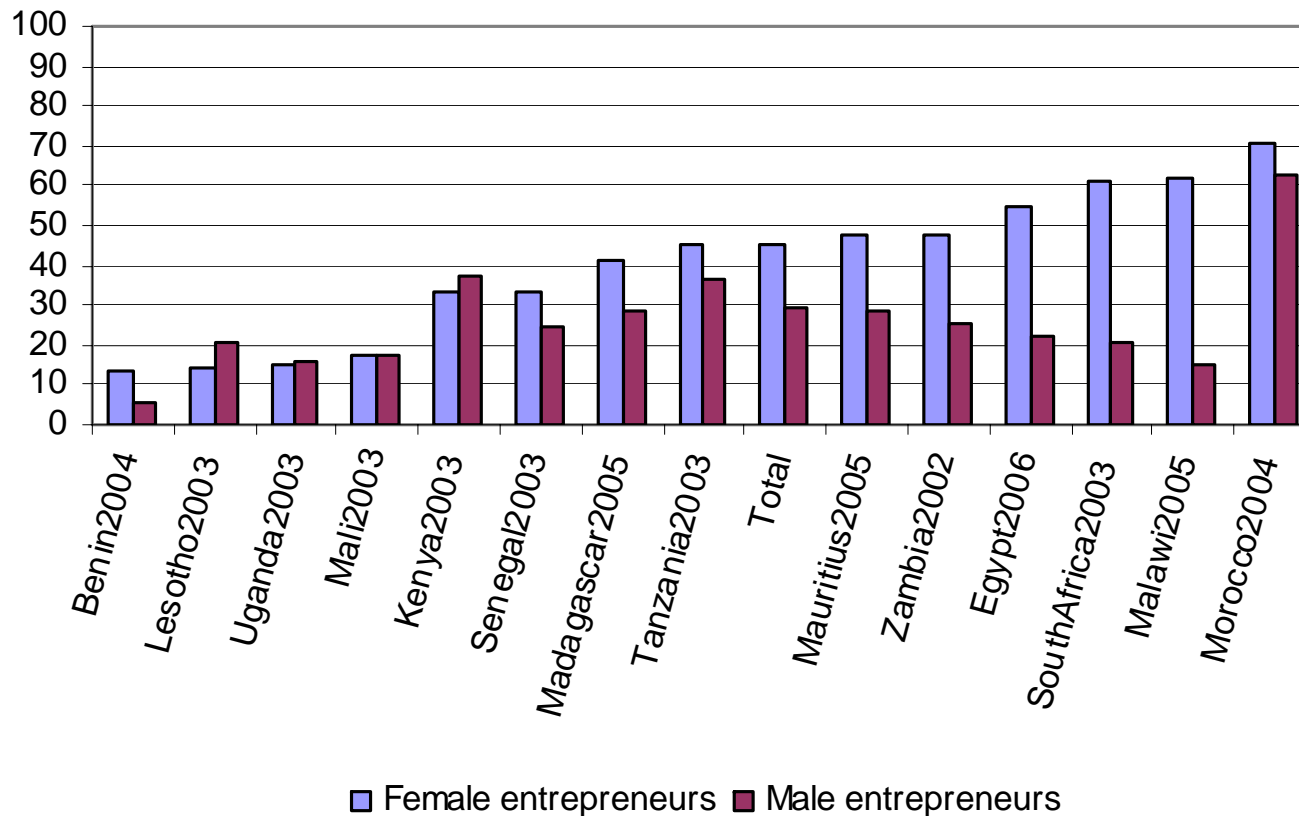
Number of employees at start-up and at interview,
Ethiopia Enterprise Survey, 2007

Female-owned enterprises tend to be younger than male-owned enterprises



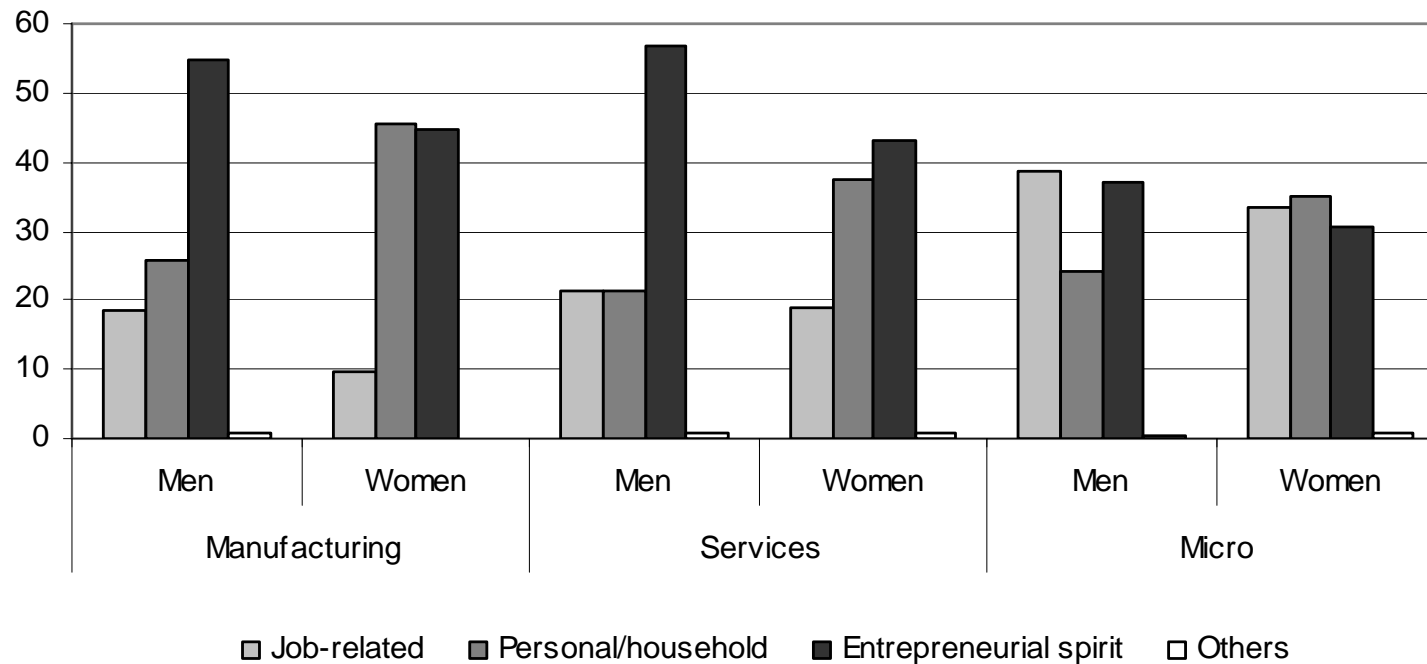
Percentage of women entrepreneur by firm's age, Ethiopia Enterprise Survey, 2007

Women are more likely to run their business in partnership and family businesses



Percentage of entrepreneurs in family enterprises, source: Africa Competitiveness Report, 2007

Motivations to be in business may differ between men and women



Motivations to be in business, by sector and sex of owner
Nigeria Enterprise Survey, 2007/08

Reasons why women are in business may be extra-economic

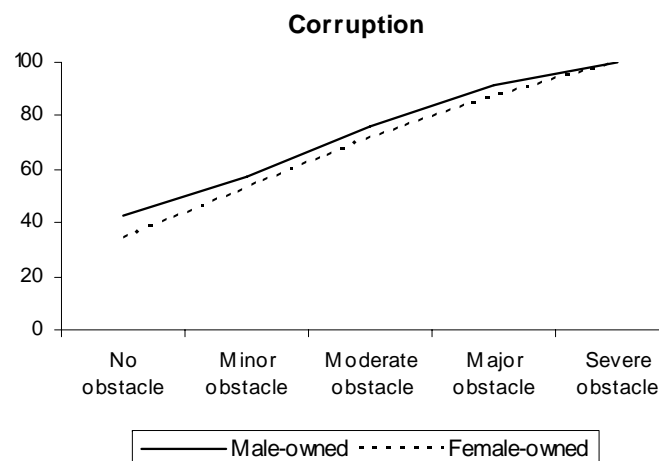
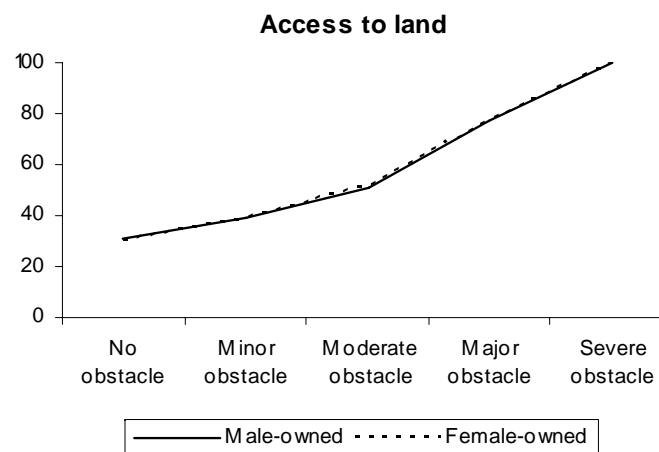
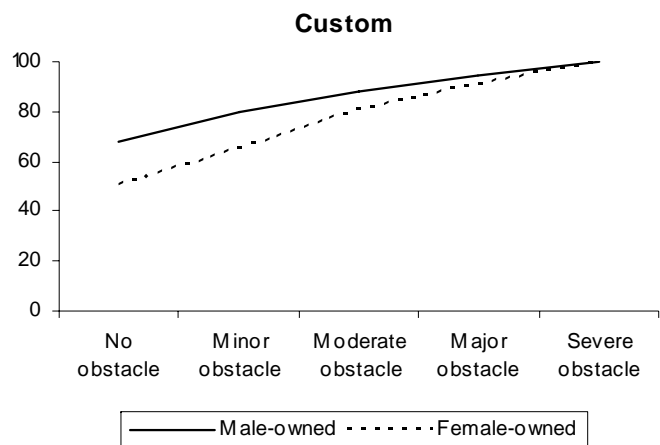
	Region [^]	Manufacturing	Services	Formal (manufacturing and services)	Micro
Sokoto	NC	9.0	24.7	21.0	35.7
Kaduna	NC	9.7	21.6	15.9	49.0
Kano	NC	12.8	19.4	15.9	23.9
Bauchi	NE	10.3	16.2	13.5	17.2
Abuja	MB	14.1	42.9	30.8	36.4
Lagos	SW	14.1	25.5	20.1	25.0
Ogun	SW	15.3	23.1	19.7	50.0
Cross River	SS	13.4	20.6	18.2	20.4
Anambra	SE	12.0	25.9	21.1	22.9
Enugu	SE	22.2	27.9	25.9	30.6
Abia	SE	21.7	23.7	22.9	18.8
All		13.8	24.7	20.2	29.5
More industrialized states [†]		13.3	25.3	19.7	35.5
Less industrialized states		15.0	24.0	21.0	23.2
States with better regulatory environment [‡]		12.8	25.2	20.1	31.7
States with worse regulatory environment		14.9	24.2	20.3	27.5



2.

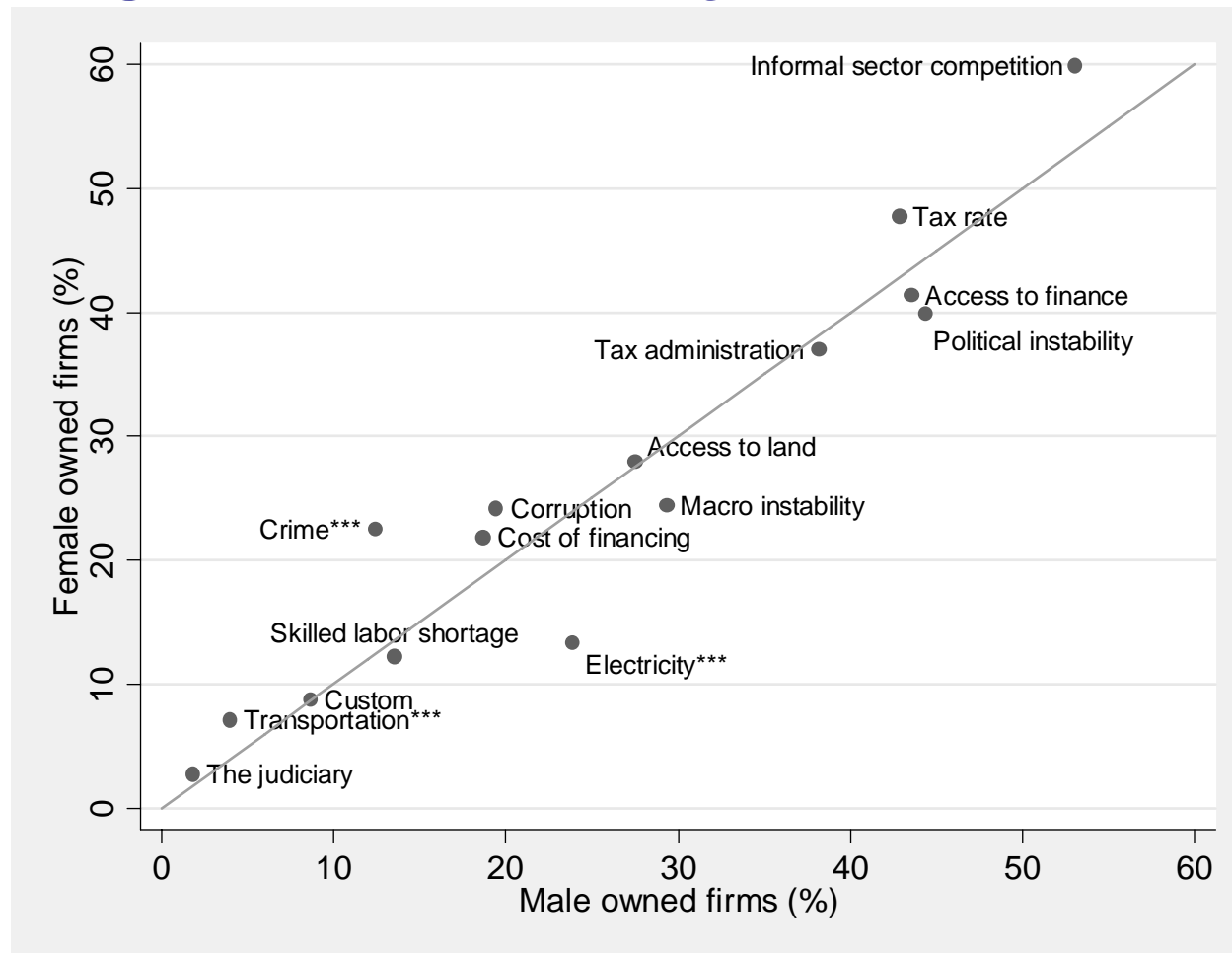
Are there differences in perceived investment climate constraints between male- and female-owned enterprises?

Some IC constraints affect female entrepreneurs more severely than men, but not all constraints do



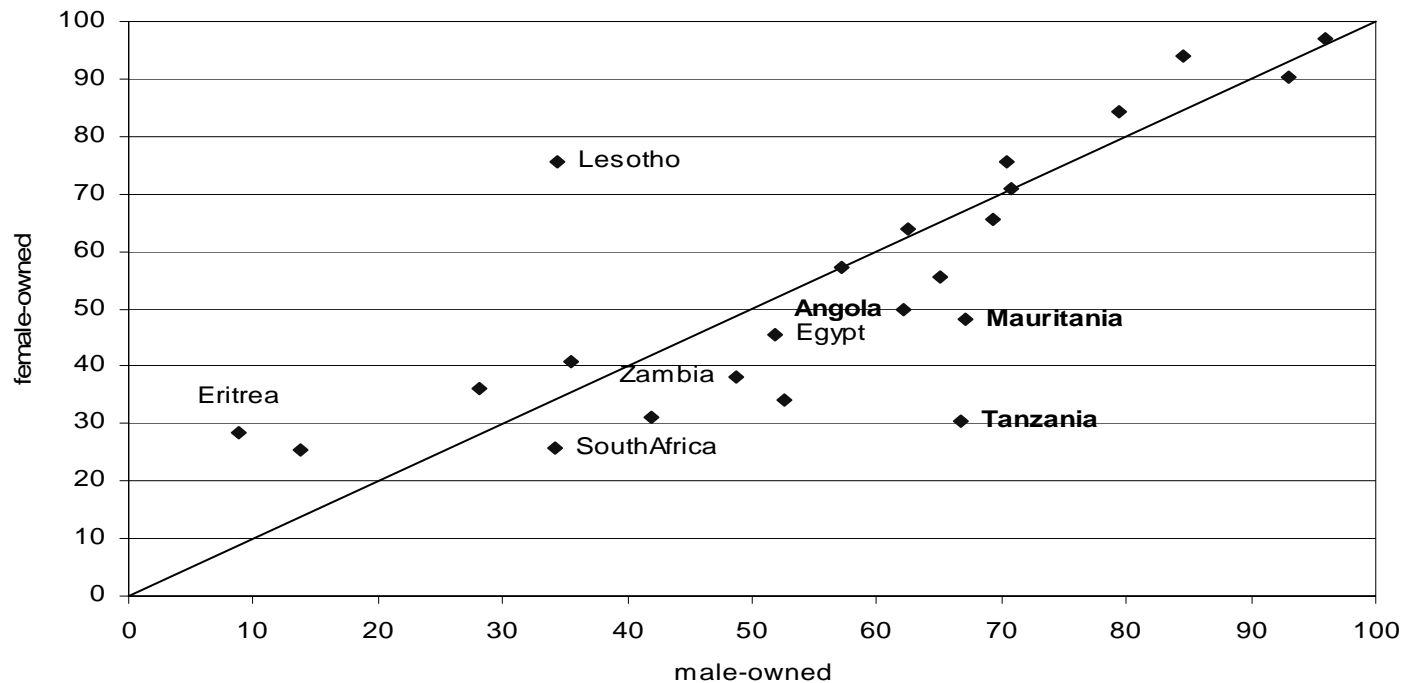
Cumulative distribution of intensity of selected constraints, Ethiopia Enterprise Survey, 2007

Comparable men and women entrepreneurs tend to agree on severity of IC constraints



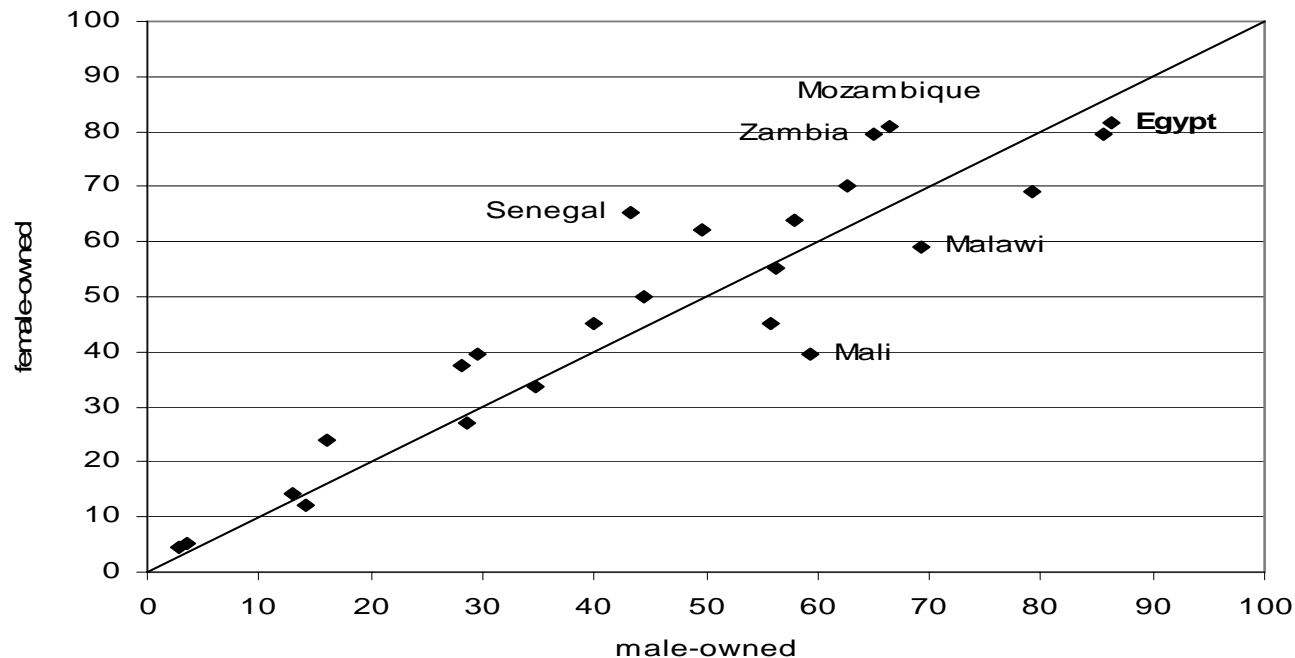
Predicted probability to perceive a constraint major/severe, Ethiopia Enterprise Survey, 2007

Men and women agree in their perception of constraints in other African countries as well (e.g. access to finance)



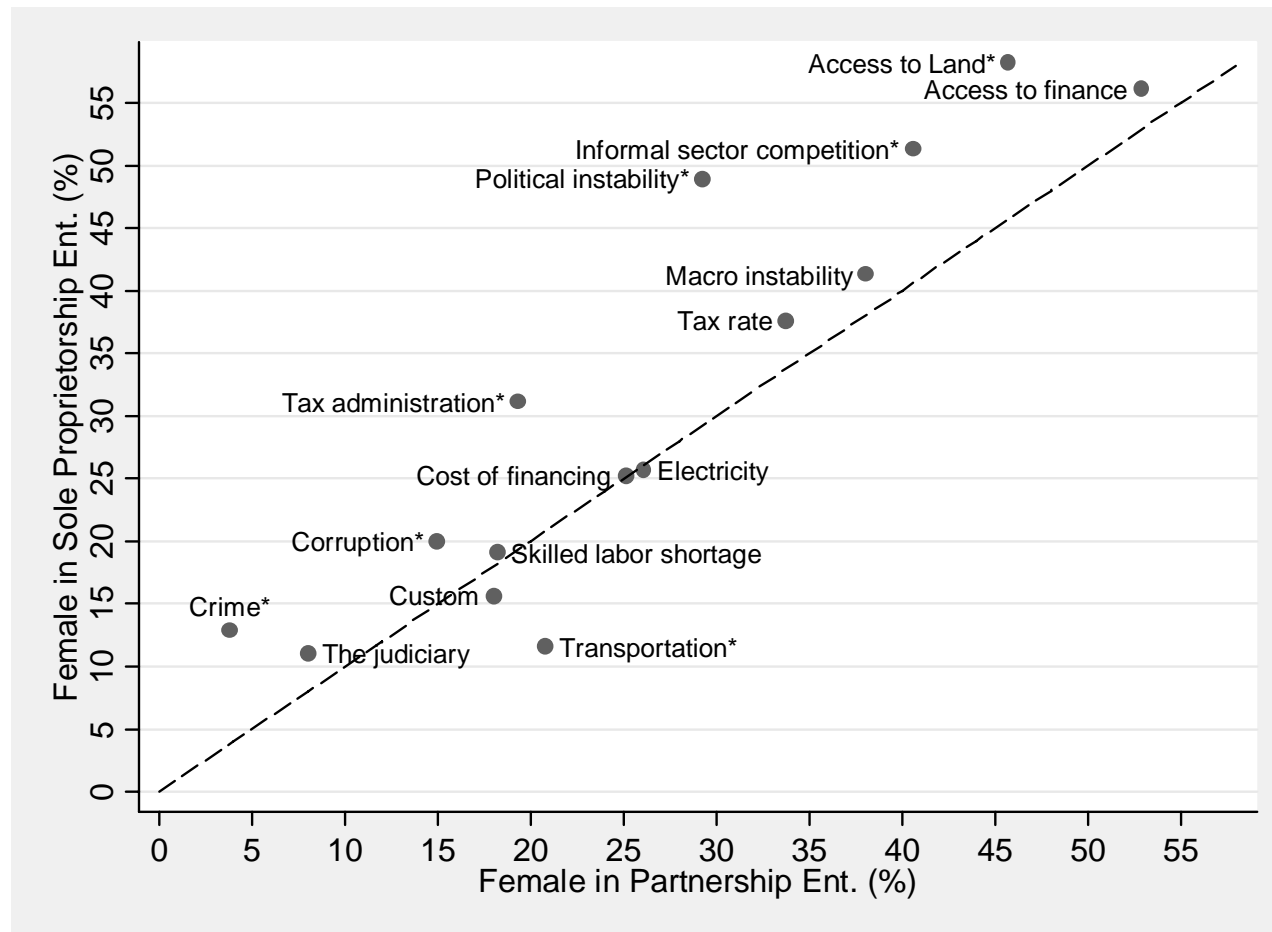
Predicted probability to perceive a constraint major/severe, source: Africa Competitiveness Report, 2007

Men and women agree in their perception of constraints in other African countries as well (e.g. corruption)



Predicted probability to perceive a constraint major/severe, source: Africa Competitiveness Report, 2007

Characteristics other than gender (e.g. legal status) can better explain differences in IC constraints



Predicted probability to perceive a constraint major/severe, Ethiopia Enterprise Survey, 2007



3.

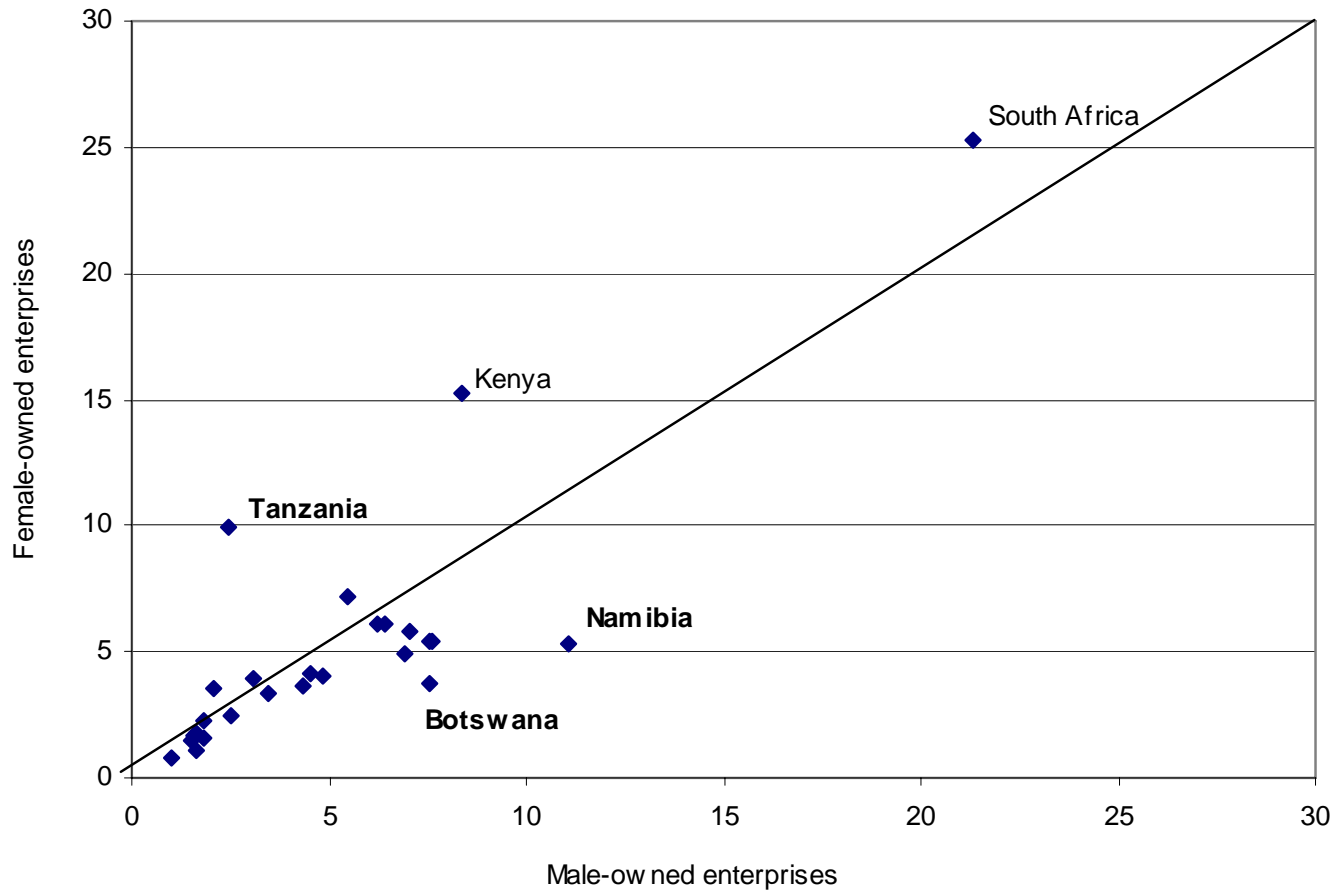
Do investment climate constraints affect male- and female-owned enterprises differently?



Some IC constraints affect female entrepreneurs disproportionately

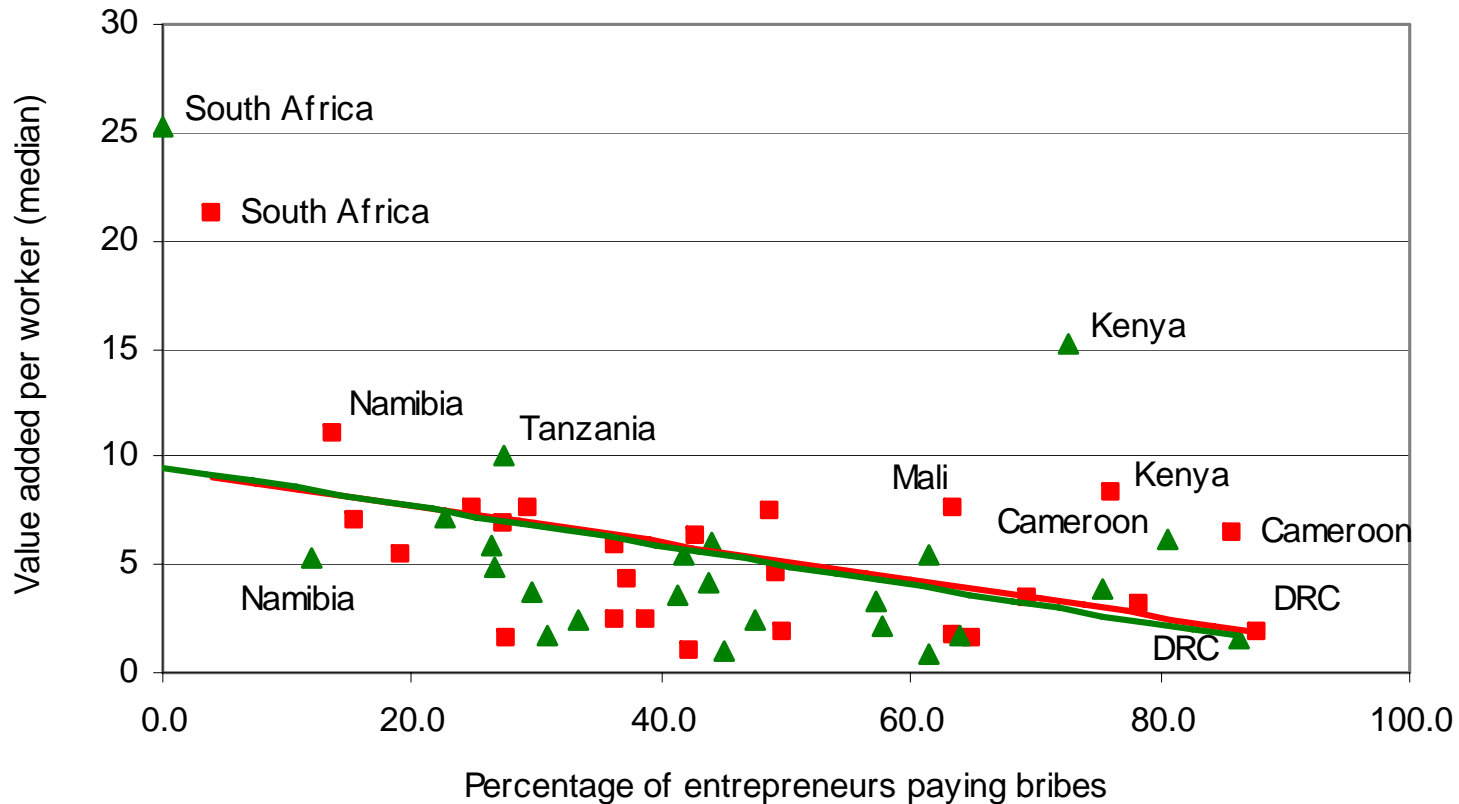
- In Ethiopia constraints such as **corruption, crime, access to finance** and **cost of finance** have a larger negative impact on female-owned enterprises;
- Infrastructural constraints do not appear to affect the TFP of female-owned enterprises disproportionately.

In Africa, firm performance of male- and female-owned enterprises is quite similar



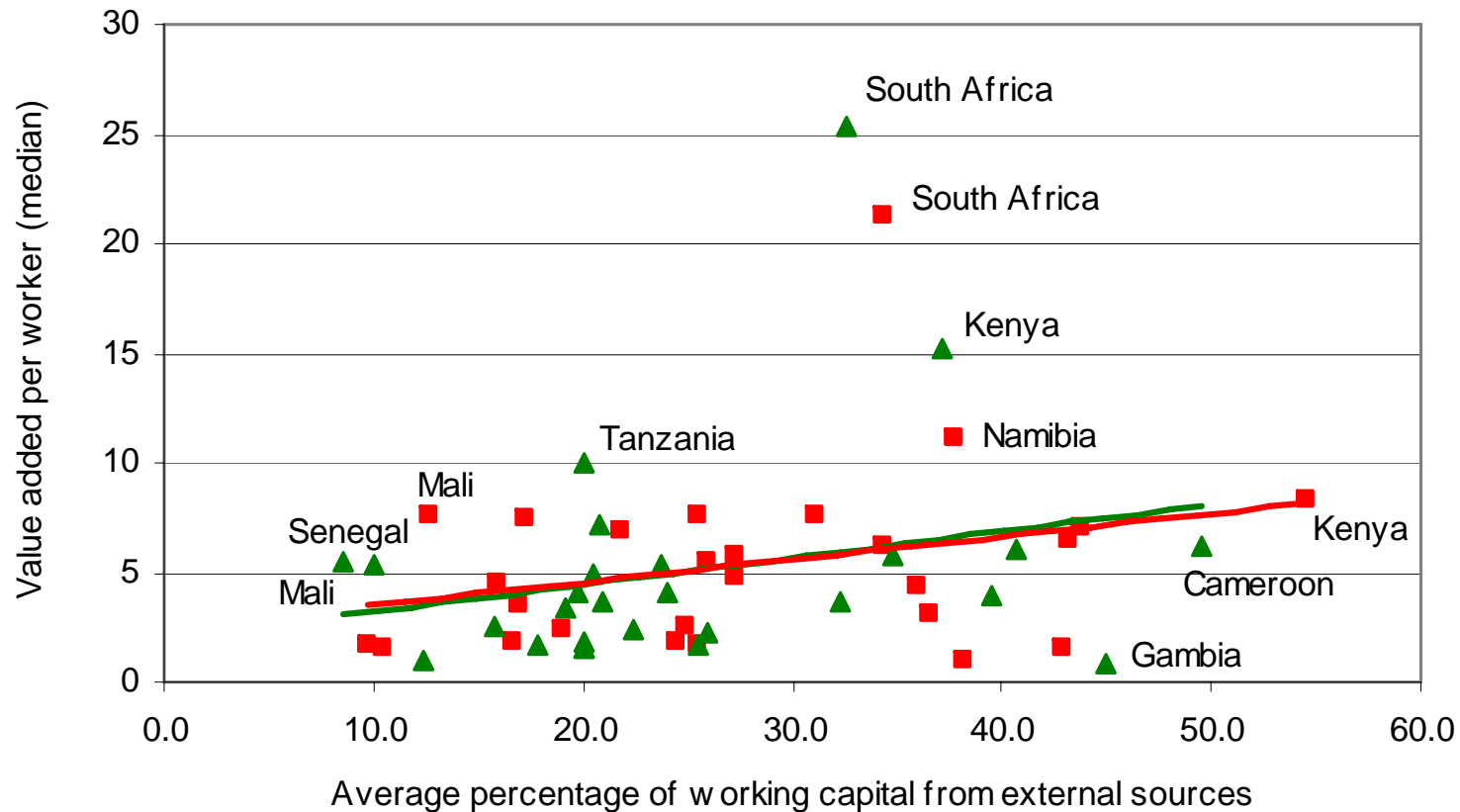
Median value added per worker, by sex of the owner
Source: Africa Competitiveness Report, 2007

Impact of IC constraints on firm's productivity is also similar



Corruption (% of entrepreneurs paying bribes),
Source: Africa Competitiveness Report, 2007

Impact of IC constraints on firm's productivity is also similar



Access to finance (% of working capital from external sources)

Source: Africa Competitiveness Report, 2007



Discussion

Overall, little differences in constraints and performance between male- and female-owned firms after the firm's and entrepreneur's characteristics are controlled for

What explains this finding?

- There may be important **barriers to *entry*** into entrepreneurship
 - Women who are 'formal' entrepreneurs are a selected group
 - Women tend to concentrate in certain sectors
 - Women tend to concentrate in the informal sector
- Data limitations – Who **controls** the firm?
- We need to better understand why women concentrate in a few **sectors**, typically those that require less capital
- Some IC constraints produce more severe consequences on TFP of female-owned enterprises than of men's
- Both men *and* women face substantial constraints!



Next steps

- Improve available information in surveys
 - More information on the entrepreneur in the next round of Enterprise Survey data;
 - Inclusion of questions on relationship between ownership and management and background of the entrepreneur;
- Improve data analysis
 - Focus on the formal *and* informal sector
 - Focus on the process of entry, formalization, selection of sector
 - Use other types of surveys, use case study analysis
- Address legal and regulatory constraints
- Focus on specific constraints that appear to affect women more severely (crime, corruption, access to finance)