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# Women entrepreneurs in the micro sector – emerging evidence from Tanzania

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May 22, 2008

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## In this presentation

- Description of type of businesses run by women in the informal sector using ILFS 2005 data
  - Contrast constraints to micro business run by women in urban areas with those of larger firms using ICA 2006 data
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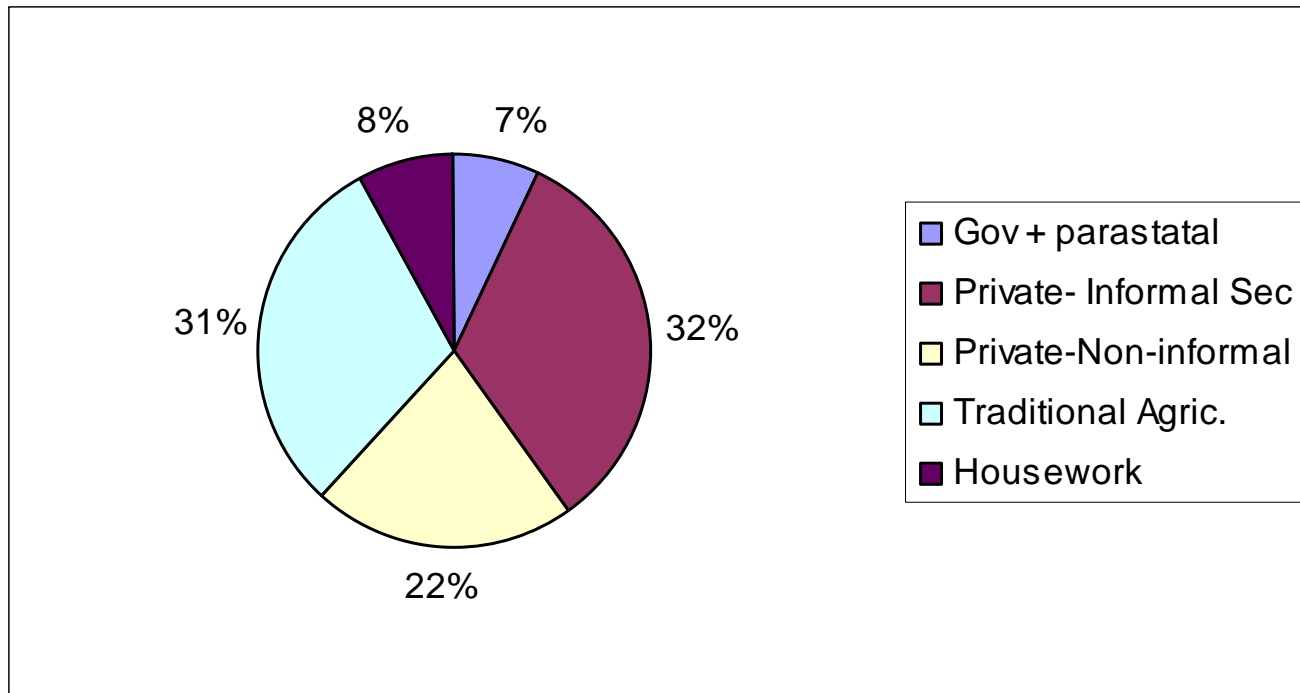
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# Definitions used

- In the Labour Force Survey the definition of informality is firm based. Elements considered: registration, **size**, keeping complete books of accounts
  - Given limited coverage of social security, there is no scope for a definition incorporating provisions of benefits
  - In the ICA 2006 micro is based only on size (less than 5 workers)
  - *Two definitions (informal and micro) are largely overlapping*
  - Focus on urban areas only
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# What are we talking about?

**Composition of urban employment (ILFS 2005)**



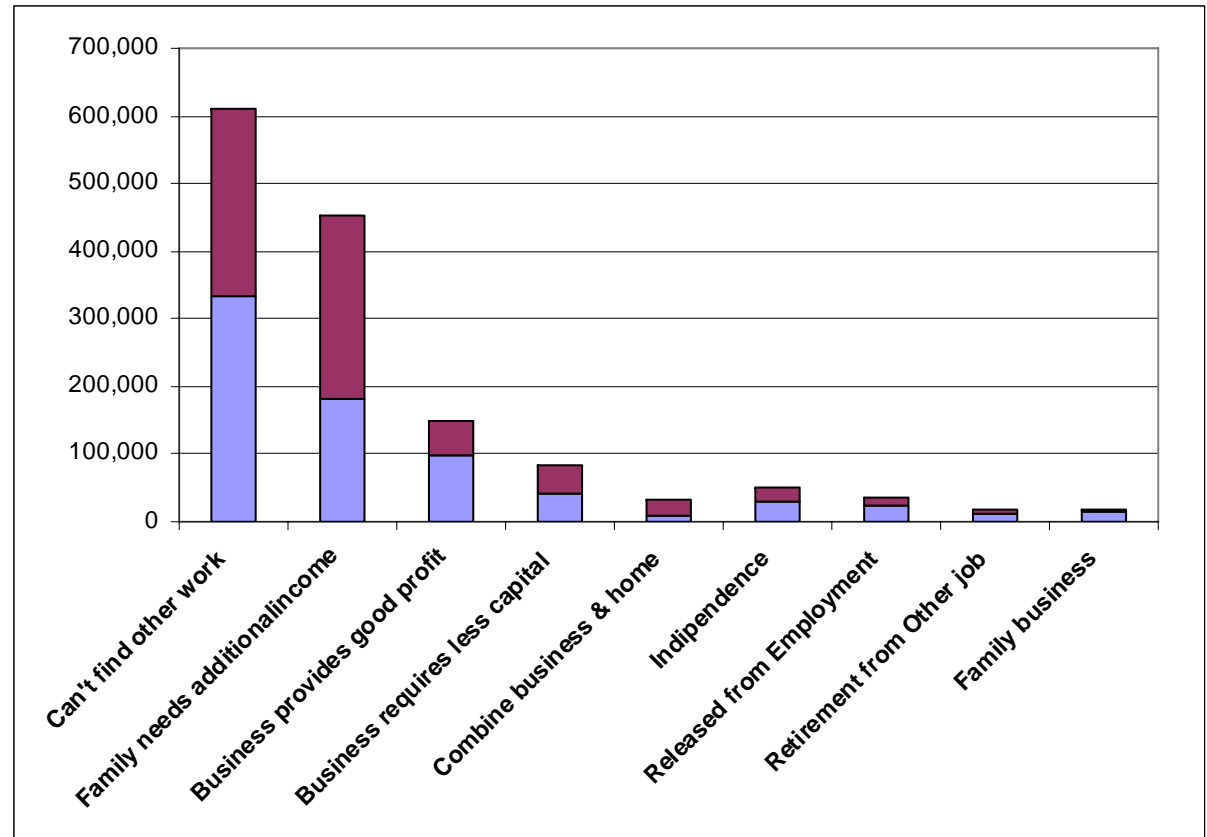
**Informal sector accounts for about 1/3 of urban employment**

**86 percent of informal employment is self-employed without paid workers  
→ micro-businesses**

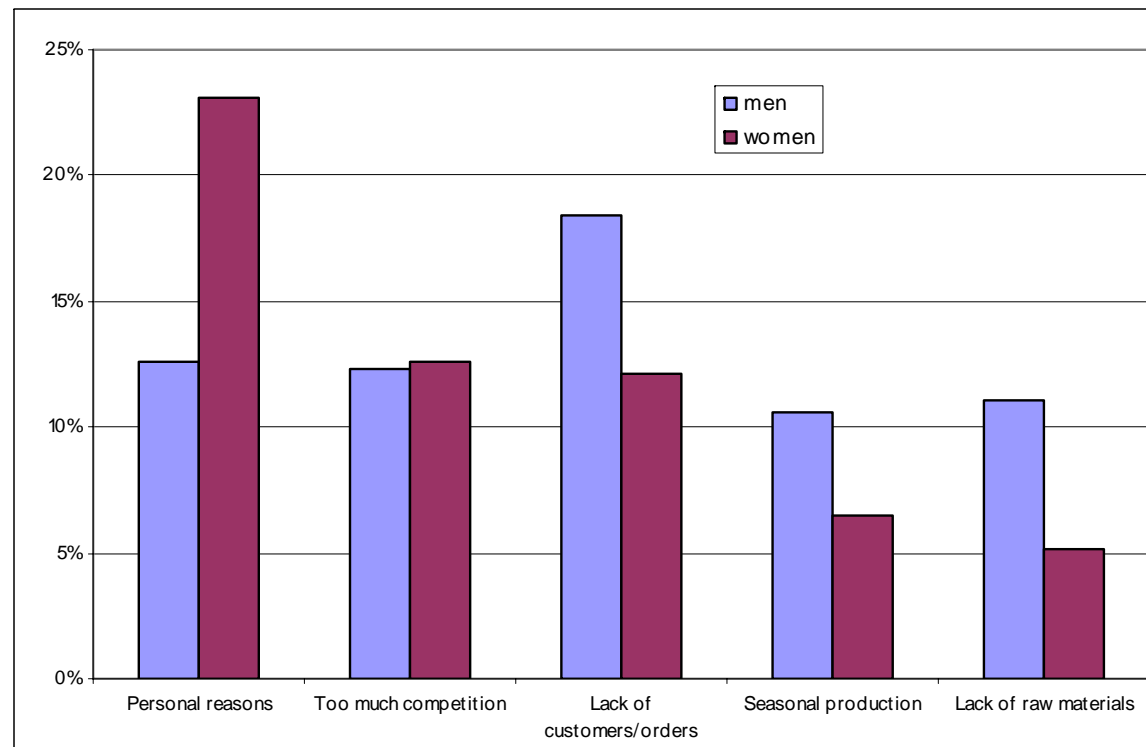
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- Women represent about  $\frac{1}{2}$  of self employed without workers and  $\frac{1}{3}$  of self-employed with paid employees
  - Many of these activities – most of those run by women (40 percent, vs. 17 percent for men) – are home based
  - In addition to having a main job, more than  $\frac{1}{4}$  of those with a formal job engage in self-employment as a secondary activity: 29 percent of men and 22 percent of women
  - It is common to run multiple small scale businesses (22 percent of informal workers report self-employment as a secondary activity; this is twice as common for men as for women)
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# Reasons to work as microentrepreneurs

entering in the sector to the extent that it is a choice, is not one dictated by profitability



# Main problems experienced in running the business

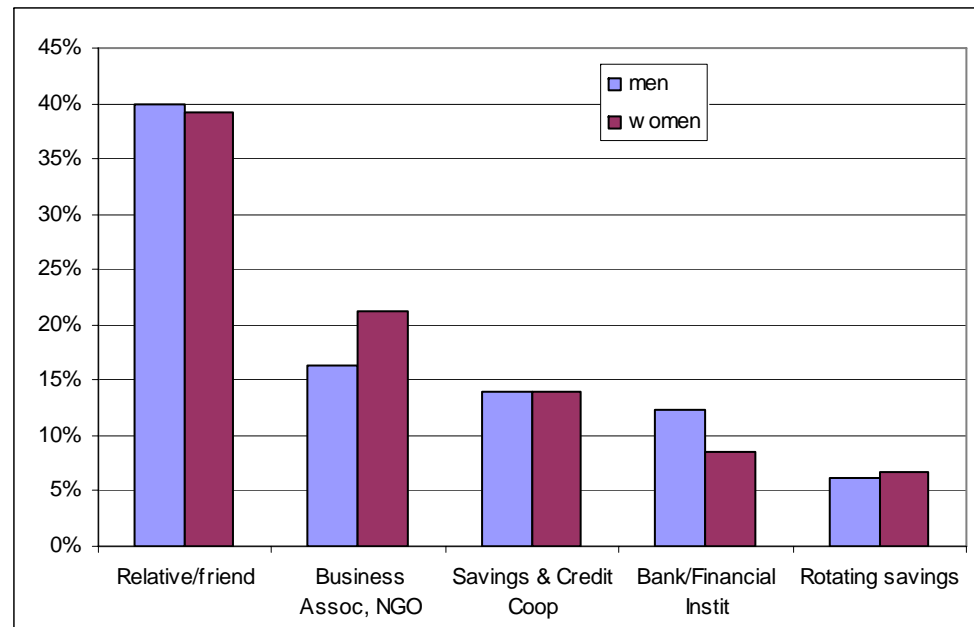


Also problems in running businesses suggest rather marginal activities

# Access to finance

- Not directly asked for as a constraint
- Only 9 percent of respondents received a loan

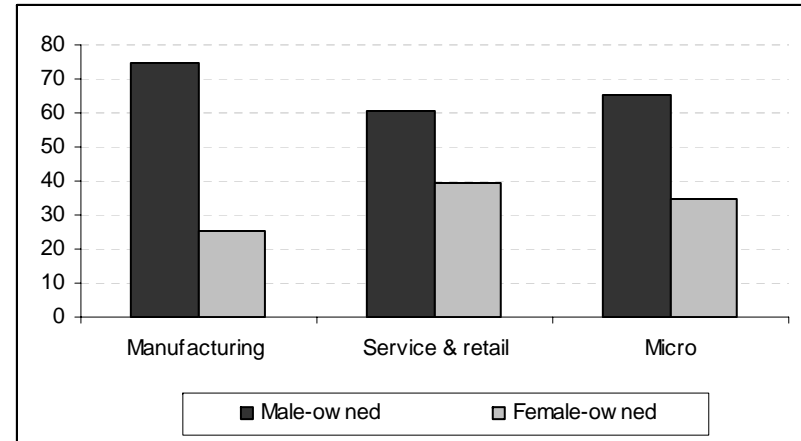
Main source of finance is informal



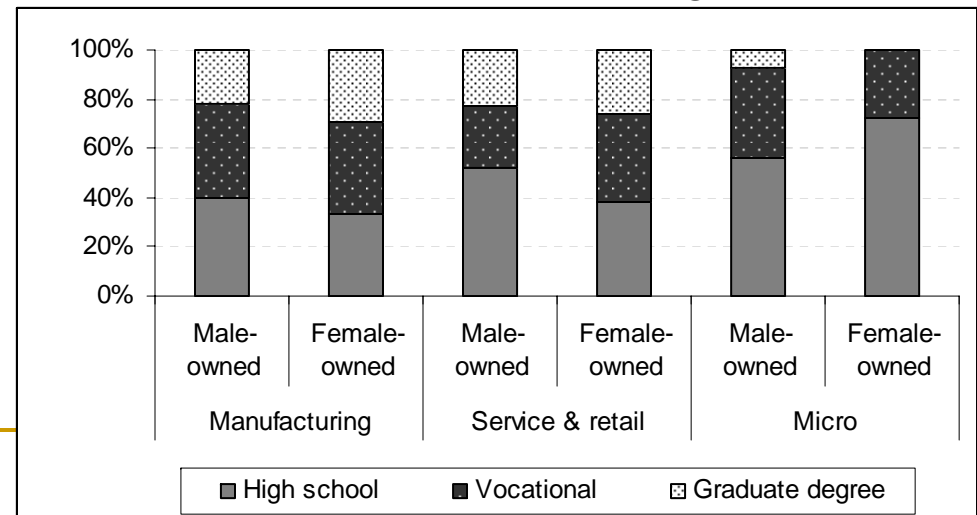
# Female micro-enterprises: main characteristics (ICA data)

- Micro firms not overwhelmingly female owned (only 35 percent).
- Micro-ent. are younger than larger firms – women owned particularly so (2.5 years less)
- Female micro-entrepreneurs: on average two years less of experience than men, and lower education

Firm ownership by gender



Education level of top manager



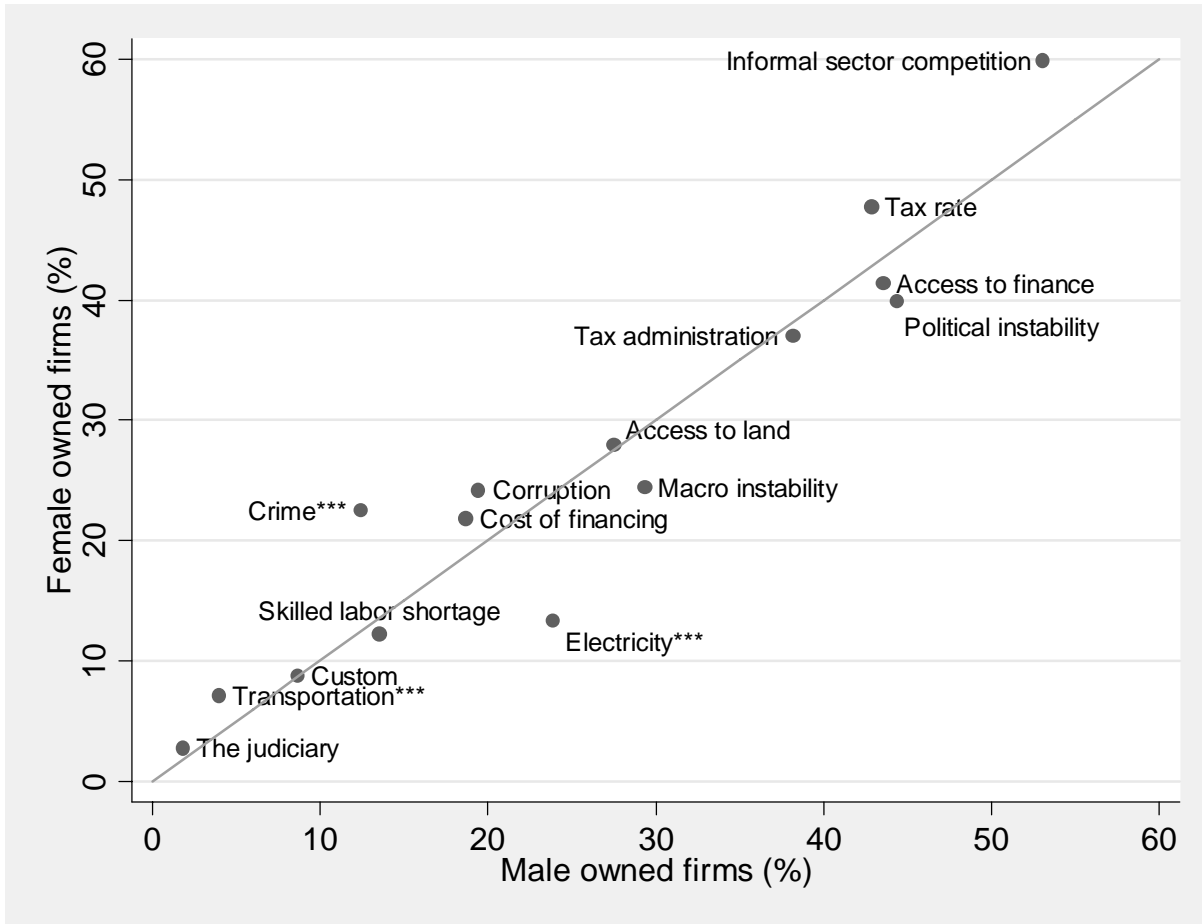
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- At startup, female micro firms larger than male ones.
  - When interviewed male micro-firms have caught up (on average no difference), though male micro firm more heterogeneous in performance
  - Female micro firms smaller in terms of median revenue
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# Constraints to business for female entrepreneurs

- In general:
    - transportation, custom and trade regulations, crime, corruption, and tax rate are reported to be more serious obstacles for female compared to male entrepreneurs.
  - For micro-firms:
    - Access to land, obtaining licenses and crime are more serious than for men (but overall small groups)
    - Electricity reported as major constraint (3/4 of respondents) but less so than for men
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# Distinguishing firm versus “women entrepreneurs” problems



# Differences between larger scale and smaller scale enterprises run by women

