

FEMALE ENTREPRENEURS WHO SUCCEED IN MALE-DOMINATED SECTORS IN ETHIOPIA

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KEY MESSAGES

- **In developing countries, female entrepreneurs have low returns. Yet, the few women who cross over into traditionally male-dominated sectors double their profits.** So why don't more women cross over?
- **When parents and husbands support them, women are more likely to cross over. When they lack information on the earnings potential in male-dominated sectors, they are less likely to.** This suggests a path to promote women entrepreneurs crossing over.
- **Women who cross over face particular operational challenges, and may need additional support, both in overcoming discrimination and in building networks.**

The challenges Ethiopian women face in getting jobs and earning income come from a range of sources. Women start from a more difficult situation than men --without easy access to finance, land, training, education and effective business networks¹. The share of women in Ethiopia without education is almost twice that of men, which in turn limits women entrepreneurs' ability to grow their businesses². Reducing gender inequalities in education and the labor market could increase annual GDP growth in Ethiopia by around 1.9 percentage points³.

Occupational sector selection has been identified as an important determinant of returns for female entrepreneurs. If sectors that are traditionally male-owned provide an opportunity to earn higher returns then why do women continue to work in lower return sectors? Here we examine this question in a bid towards encouraging the productivity of female businesses and closing the gender gap.

GENDER INNOVATION LAB

The Gender Innovation Lab (GIL) conducts impact evaluations of development interventions in Sub-Saharan Africa, seeking to generate evidence on how to close the gender gap in earnings, productivity, assets and agency. The GIL team is currently working on over 50 impact evaluations in 21 countries with the aim of building an evidence base with lessons for the region.

The impact objective of GIL is increasing take-up of effective policies by governments, development organizations and the private sector in order to address the underlying causes of gender inequality in Africa, particularly in terms of women's economic and social empowerment. The lab aims to do this by producing and delivering a new body of evidence and developing a compelling narrative, geared towards policymakers, on what works and what does not work in promoting gender equality.

¹ Triodos Facet 2011

² The Ethiopia Demographic and Health Survey 2011

³ Unleashing the Potential of Ethiopian Women, World Bank 2008

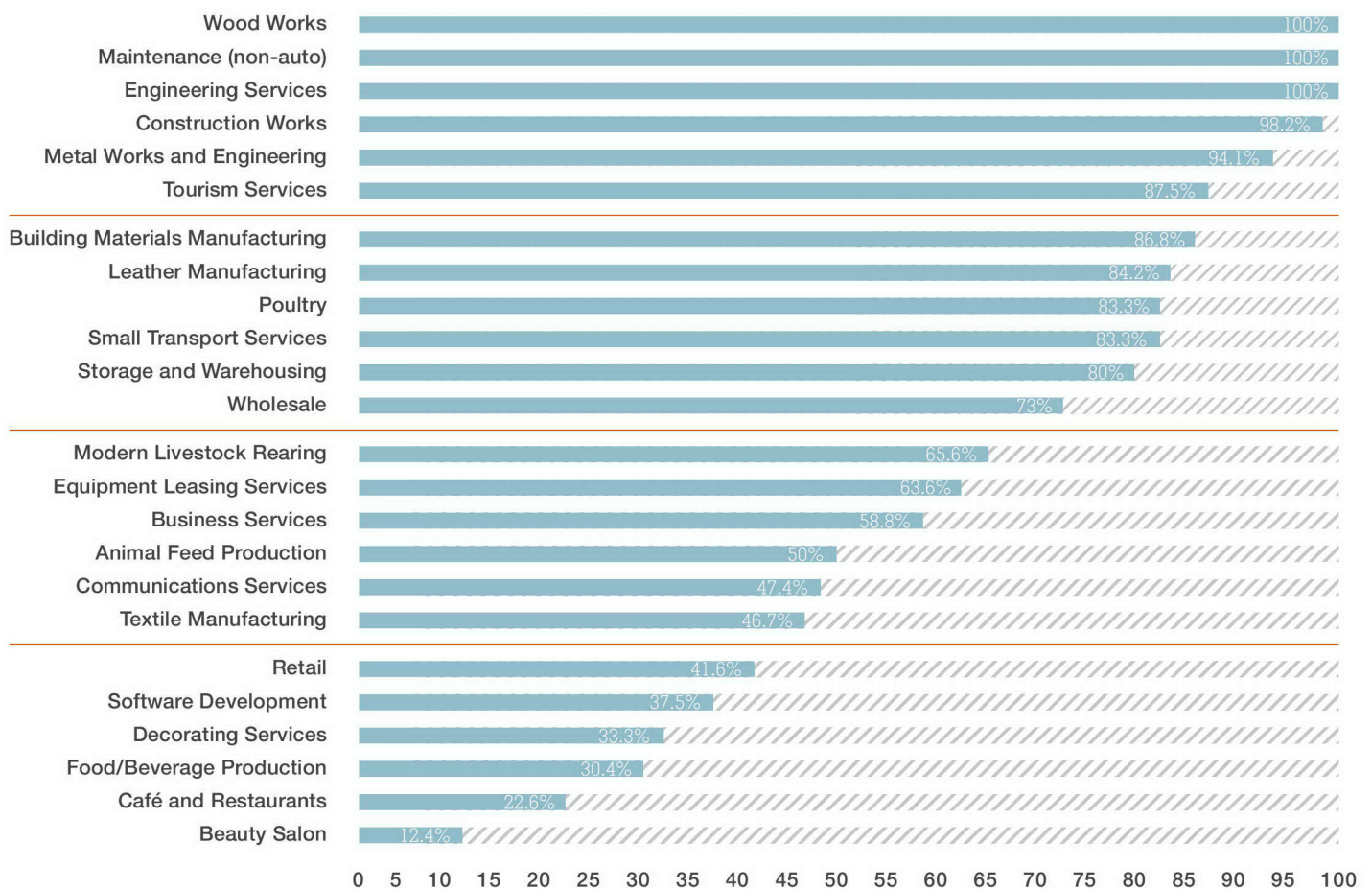
SO WHAT TO DO ABOUT IT?

In 2011, the Gender Innovation Lab conducted a study in Uganda to examine the possible explanations for why women do not cross over to more profitable, male dominated sectors. Two significant findings were revealed from this study: 1. Firms owned by women who cross over are about three times more profitable, on average, than firms owned by women who remain in traditionally female sectors; 2. Businesses owned by women who cross over are just as profitable as businesses owned by men.

We decided to revisit these findings in Ethiopia to see if the results hold in a different context. As it turns out, in Ethiopia the findings are similar - women who work in more male-dominated sectors earn significantly more than those who do not - reinforcing the importance of sector selection on profitability. The new study in Ethiopia also illuminates some of the unique challenges that women entrepreneurs face working in male-dominated sectors.

WHAT ARE THE MALE DOMINATED SECTORS?

PERCENTAGE OF RESPONSES WHO REPORTED MOST BUSINESSES IN THIS SECTOR ARE OWNED BY MEN/WOMEN



Male dominated sectors are those where >75% responses from the sample of 2,369 WEDP clients said most businesses within their sector are owned by men.

■ reported "owned by men"
 ▨ reported "owned by women"

Figure 1: The graph shows the sectors that were classified as male-dominated that include 164 crossovers and female-dominated that include 626 non-crossovers.

HERE'S WHAT WE DID

To study the question of why more women don't crossover to more profitable, male dominated sectors, we used quantitative data collected in 2014 on a sample of 790 women entrepreneurs as part of the Women's Entrepreneurship Development Project (WEDP) supported by the World Bank. The sample of 790 women entrepreneurs were randomly selected from a larger sample of 2,369 registered WEDP clients across six different Ethiopian cities: Addis Ababa, Adama, Bahir Dar, Dire Dawa, Hawassa and Mekelle. WEDP programming targets growth-oriented female entrepreneurs and therefore our sample should not be deemed representative of all female Ethiopian entrepreneurs.

We investigated the differences in size and firm-level performance between enterprises owned by crossover and non-crossover women. We also looked for potential differences in household demographics, wealth status, financial access, entrepreneurial characteristics, influences and business challenges to understand the factors associated with women crossing over to male dominated sectors. We interpret these differences simply as correlations between the outcome of interest and a woman's likelihood of crossing over but cannot always be sure on the direction of causality. By investigating the characteristics of crossover women we try to uncover what encourages or prevents certain women from crossing over.

HERE'S WHAT WE FOUND

CROSSOVER FIRMS OUTPERFORM NON-CROSSOVER FIRMS

We find that female enterprises in male-dominated sectors perform better than those in traditional female

sectors. Crossover firms have statistically higher profits and are significantly larger as measured by the number of employees. This data shows that supporting female entrepreneurs to enter sectors that are male-dominated is associated with significant business growth.

PROFITS OF FEMALE FIRMS

PROFITS PAST MONTH (ETHIOPIAN BIRR)

13588



Crossovers

6172



Non-Crossovers

FIRM SIZE OF FEMALE FIRMS

NUMBER OF EMPLOYEES

4.34



Crossovers

1.95



Non-Crossovers

WHEN PARENTS AND HUSBANDS SUPPORT THEM, WOMEN ARE MORE LIKELY TO CROSS OVER. WHEN THEY LACK INFORMATION ON THE EARNINGS POTENTIAL IN MALE-DOMINATED SECTORS, THEY ARE LESS LIKELY TO.

SPOUSAL SUPPORT / Crossover women are more likely to be married, live in bigger households, have more children and live in households with a higher asset wealth status. The husband of a crossover woman is also 25 percentage points more likely to work in a business himself than the non-crossover husbands. Crossover firms are more likely to report having started their business due to an opportunity provided to them by their husband. Therefore, involving men could open up new opportunities for women.

PARENTAL INFLUENCES / We analyzed the occupational choices of the father and mother of women entrepreneurs and found that if the father had a wage job then this is positively correlated with being a crossover. On the other hand, if either the mother or father had worked on a farm this is negatively correlated with being a crossover. Qualitative work suggests that a father's occupation could influence a women's likelihood of crossing over through providing start-up funds for a business or initiating introductions to appropriate contacts in male-dominated industries. This result reinforces findings from the Uganda study that concluded early exposure by a male role model is important in encouraging women to enter a male-dominated sector.

INFORMATION BARRIERS ABOUT SECTOR PROFITABILITY / We find that female entrepreneurs are unaware of the potential profitability of male-dominated sectors. 64% of the non-crossover firms have lower profits than the average level of profits for crossover firms but incorrectly believe they make the same or more than crossovers when they actually do not. Informing women, particularly in their youth, about the potential profitability of various business sectors could be important to encourage entry into the higher return sectors.

WOMEN WHO CROSS OVER FACE PARTICULAR CHALLENGES, AND MAY NEED ADDITIONAL SUPPORT, BOTH IN OVERCOMING OPERATIONAL CHALLENGES AND IN CREATING NETWORKS.

ENTREPRENEURIAL ABILITY / Interestingly, women who cross over do not seem to differ from non-crossovers in various measures of cognitive and non-cognitive skills. Specifically, proxies

for ability, Digitspan Test and Raven's Test, plus measures of impatience, self-efficacy, strive for achievement, impulsiveness, passion for work, tenacity, locus of control, work centrality and being an organized person were all balanced across crossover and non-crossover entrepreneurs.

ACCESS TO FINANCE / Self-reports of sectoral choice, reveal that start-up capital considerations are not an important predictor of the type of business that women end up in. However, both crossovers and non-crossovers commonly cite access to credit as a primary business issue with 37% of businesses naming access to credit as the top challenge faced in the business.

HARASSMENT AND DISCRIMINATION / For both crossover and non-crossover entrepreneurs harassment is an issue. In the past year, as many as 11% of the women entrepreneurs report being sexually harassed and 22% of the women were subject to some form of abuse. Crossover women face more difficulty in terms of discrimination from customers and employees than non-crossovers. In particular, crossovers are more likely to report that clients prefer to deal with male business owners and they are also more likely to face problems with male employees.

BUILDING NETWORKS / In terms of networks, crossover women are significantly more likely to face difficulty in building networks in their sector of operation and do not seem to benefit from networks of females in the same industry. Crossover entrepreneurs are more likely to feel despised by other women business owners.



POLICY PRIORITIES

Providing support to women entrepreneurs to transition into more profitable sectors that are often male-dominated is a step in the right direction to close the gender gap. Further experimentation is needed to determine the most effective approaches.

EDUCATE ON SECTOR PROFITABILITY / Providing information to youth about the profitability of certain business sectors through career guidance in schools, work experience or apprentice schemes could correct beliefs about profitability and encourage more women to enter higher-return male-dominated sectors. Similarly, raising awareness of current women business owners on sector profitability may allow for diversification into more profitable ventures.

ENGAGE MEN / Women with supportive husbands and fathers are more likely to cross over into a male-dominated sector. Men should be encouraged to introduce their wives or daughters to their own business networks, pass on key technical skills and/or help them access start-up capital.

ESTABLISH BUSINESS NETWORKS / Facilitating access to networks and providing training on how to overcome discrimination and improve negotiation skills could give women a collective voice and ameliorate some of the challenges women face when operating within a male-dominated sector.

CREDIT PROVISION / Dedicated lending initiatives such as WEDP which are supporting female entrepreneurs in maintaining business operations are critical to easing financial constraints and helping their businesses grow.

FOR MORE INFORMATION,
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