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Timeline

2011-2013

Study Status

Results

Study Type

Randomized Evaluation

Sample Size

600 women

Research Implemented by IPA

Yes

Returns to Consulting for Women Entrepreneurs in Uganda



A dairy enterprise participating in the Women Mean Business program ©Ian Kusimakwe

Abstract

Training programs for entrepreneurs may help them increase their productivity and profits through changes in skills, attitudes, and managerial practices. In urban Uganda, researchers conducted a randomized evaluation to measure the direct and indirect effects of Women Mean Business, a program providing classroom training and individualized mentoring for women entrepreneurs. Results showed that Women Mean Business led to significant and lasting effects on business practices, attitudes, and financial outcomes for firms. In neighborhoods where more firms were invited to participate, revenues were higher, suggesting that more consumers were drawn in, but prices fell and the positive impact on profits was lower due to greater competition.

Policy Issue

Of Africa's self-employed population, 58 percent are women. Training programs may help women entrepreneurs increase their productivity and profits through changes in skills, attitudes, and managerial practices. However, evidence on their effectiveness is mixed.¹ In addition, evidence is primarily limited to impacts on participating firms when in reality,

changing business practices can have a broader effect on firm competition and social learning as well as on consumers.

Context of the Evaluation

In Uganda, 38.4 percent of businesses are owned by women, the second highest proportion in the world behind Botswana.² However, women micro entrepreneurs earn approximately 30 percent lower profits than men.³

To catalyze profits of small but established women-owned firms in urban Uganda, the NGO TechnoServe offered Women Mean Business, a 16-month technical assistance program. Women entrepreneurs who entered the program took part in three central components: (1) classroom-based training on essential business skills such as financial management, marketing, and customer service as well as sector-specific training sessions; (2) personalized coaching to develop a business plan; and (3) mentorships with a more experienced businessperson.



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Details of the Intervention

Researchers partnered with IPA and TechnoServe to conduct a randomized evaluation of the Women Mean Business program to measure its direct and indirect impacts on business

practices and financial outcomes for women-owned enterprises.

The program was implemented and evaluated in five cities in central Uganda: Entebbe, Kampala, Jinja, Mukono and Wakiso. To measure the impacts of the program on participating businesses as well as any possible effects on surrounding businesses, researchers paired 133 neighborhoods in those cities according to the number of participating firms they contained. In each pair, one neighborhood was randomly assigned to have 70 percent of eligible applicants admitted to the program and one neighborhood was assigned to have 40 percent of eligible applicants admitted.

Following this, a subset of the 1,297 eligible firms that applied to the program were then randomly selected to be invited to participate, according to the relevant ratio in each neighborhood. A total of 806 firms were invited to receive the Women Mean Business program and 491 firms served as the comparison group.

The intervention took place between 2012 and 2013. Researchers conducted surveys with participating businesses before the intervention and nine rounds of follow-up surveys lasting three years after the program had ended.

Results and Policy Lessons

Preliminary Results

Women Mean Business led to significant and lasting effects on business practices, attitudes, and financial outcomes for firms. However, in neighborhoods where more firms were invited to participate in the program, revenues were higher, suggesting that more consumers were drawn in, but prices fell and the positive impact on profits was lower due to greater competition.

Participation: Of the 806 firms invited to Women Mean Business, 66 percent attended at least one training group training session, 62 percent met with their coach, and 51 percent met with their mentor.

Business Practices: Participating firms scored 0.52 standard deviations higher in an index of multiple practices recommended by the program, including creation of a written business plan, and improvements in recordkeeping and customer service practices.

Financial Outcomes: Participating firms earned on average 22 percent higher revenue and 15 percent higher profits. This was primarily driven by a greater quantity of sales of existing products and services. However, in neighborhoods with more treated firms, firms had higher revenues but lower prices and no increase in profits. This suggests that demand in these neighborhoods increases, but that to firms faced downward price pressure from higher competition. It also suggests that simple comparisons of intervention group and comparison group firms within the same markets were likely to overstate the direct private gains from participating in the program.

Consumer Impacts: Results suggest that Women Mean Business had benefited consumers, as sales increased while prices decreased. The positive impact is likely due to both the direct impact of the training and to competitive pressure prompting firm owners to lower prices.

Sources

- ¹ McKenzie, David, and Christopher Woodruff. "What are we learning from business training and entrepreneurship evaluations around the developing world?." *The World Bank Research Observer* 29, no. 1 (2014): 48-82.
- ² Mastercard. *The Mastercard Index of Women Entrepreneurs*. New York: Mastercard, 2022.
- ³ World Bank Group. *Profiting from parity: Unlocking the potential of women's business in Africa*. World Bank, 2019.

October 02, 2023