

COVID-19 and Female Entrepreneurship in Kenya



Over the last decade, youth unemployment has increased. This has been exacerbated by the COVID-19 pandemic, particularly for young women. Researchers partnered with IPA to study how the pandemic affected young men and women differently and to evaluate how business grants and business development services (BDS) helped alleviate these impacts.

Key Findings

- The pandemic-related economic crisis impacted women more negatively than men. It exacerbated gender gaps in monthly sales and profits and it widened the gender gap in childcare hours by 30 percent, with women cutting back on work hours to care for children more than men.
- Business grants appear to have mitigated some of these negative effects with positive impacts on well-being and business outcomes for men and women entrepreneurs.
- Grants, especially when paired with BDS, increased women's daily work hours reducing time spent on domestic chores, leisure, and childcare.

Introduction

Prior to the COVID-19 pandemic, young women were already more likely than men to be unemployed and not receive education or vocational training.¹ When young women were employed, they were more likely to experience precarious or informal forms of employment. During the early stages of the pandemic, available data indicated that there was a sharp rise in youth unemployment, particularly for young women.

2

In Kenya, employment rates are particularly low among young Kenyan women. According to the 2014 Kenya Skills toward Employment and Productivity (STEP) Survey, only 37 percent of women aged 20 to 24 were working in urban Kenya, compared to 60 percent of men.

3

The Government of Kenya has been implementing the Kenya Youth Employment and Opportunities Project (KYEOP) since 2017 to increase employment and earning opportunities for young men and women by providing job training, entrepreneurship support, and access to relevant job market information.

This study focuses on the self-employment component of the program that provides select men and women with business grants and business development services to help them start or grow their businesses.

The Research

Researchers partnered with IPA Kenya and Kenya's Ministry of ICT, Innovation, and Youth Affairs to assess the effects of COVID-19 on young men and women entrepreneurs and evaluate how business grants of USD 360 and business development services—such as classroom training and one-on-one counseling—during the pandemic impacted them differently.

In 2020 and 2021, researchers conducted two rounds of a gender-focused survey among 1,715 participants (55 percent women). They compared men and women who received the grants, business development services, or both with participants who did not receive them. They measured indicators including business performance, economic status, time management, intrahousehold dynamics, and overall well-being.



Results and Policy Lessons

Results show that COVID-19 impacted women's micro-businesses more negatively than men's. Grants and Business Development Services have improved well-being and boosted business performance, including sales, profits, and ownership for men and women entrepreneurs.

Impacts of the pandemic on business ownership, sales, and profits:

Before the pandemic, business ownership was 58 percent for women and 62 percent for men. However, conditional on owning a business before the pandemic, women were five percentage points less likely than men to own a business in 2020 and 2021. The pandemic exacerbated gender gaps in monthly sales and profits among pre-pandemic business owners, with an 80 percent increase relative to the pre-pandemic gender gaps. Furthermore, new businesses started by women during the pandemic generated significantly less sales and profits than those started by men.

Impacts of the pandemic on business adaptation

Women entrepreneurs were less likely to adjust their businesses to the new challenges brought by the pandemic compared to men. They were also less likely than men to start online sales or remote work, to receive government support, and to take loans to maintain operations.

Impacts of the pandemic on childcare responsibilities and intrahousehold dynamics

The pandemic widened the gender gap in childcare hours by 30 percent, with women cutting back on work hours to care for children more than men. This shift in childcare responsibilities likely contributed to growing gender disparities in business ownership. During this period, women were also more likely than men to perceive a decline in their domestic standing, even nearly two years following the pandemic's start.

Impacts of grants and BDS on business ownership

Women benefited from the interventions as much as men, and in fact more so in relative terms. The probability of owning a business increased by 19 percentage points for men grant recipients (compared to 62 percent) and by 22 percentage points for women grant recipients (compared to 55 percent).



For those who received both a grant and BDS, the probability increased by 23 percentage points for men and 26 percentage points for women.

Considering that past research has found mixed impacts for various programs have found impacts for female-owned businesses but not for female-owned (e.g., Fafchamps et al. 2014), it is encouraging to see similar impacts for both men and women in the context of the pandemic.

Impacts of grants and BDS on business sales and profits

Grants increased monthly sales by 43 to 45 percent for men and 40 percent for women entrepreneurs, relative to their respective comparison group.

Impacts of grants and BDS on childcare responsibilities and subjective well-being

Grants, especially when paired with BDS, increased women's daily work hours reducing time spent on domestic chores, leisure, and childcare. However, these grants did not significantly alter how men allocated their time. Results also showed that the grants significantly improved subjective well-being, though the effects were less pronounced for women compared to men.

1. International Labor Organization, 2020. "Global Employment Trends for Youth 2020." Geneva: ILO. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_737648.pdf
2. International Labor Organization, June 2021 "An Update on the Youth Labor Market Impact of the COVID-19 Crisis," https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/briefingnote/wcms_795479.pdf

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