

From striving to thriving: Female entrepreneurship in Africa

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GENDER
INNOVATION
LAB

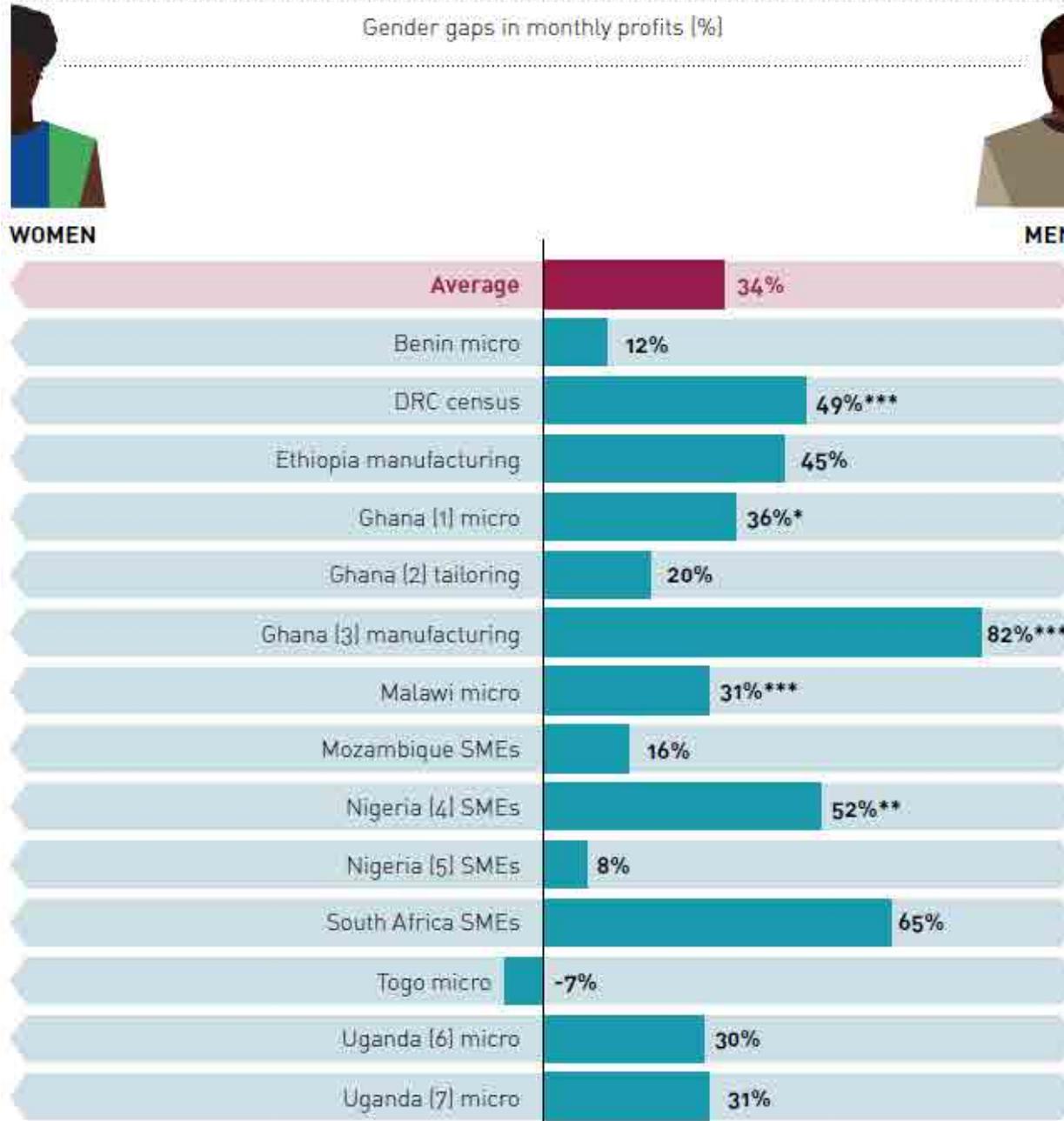


Profiting from Parity

Unlocking
the Potential
of Women's
Businesses
in Africa

**What's driving the gender gap
in business performance?**

Gender gap in profits wide on average, but varies across countries



- On average, monthly profits are 34% lower in female firms

Big contributors to the gender gap in profits

Decomposition Analysis

1. Lower capital
2. Sectoral choice
3. Skills

Capital

The problems

- Lower capital investment across the continent
 - DRC 72%
 - Ethiopia 46%
 - Togo 61%
 - South Africa 56%

Why?

One big reason is that women have lower ownership of assets

And assets are needed for substantial loans...the loans that help businesses grow

Psychometrics as an alternative to collateral

Psychometrics as alternative collateral?



Questionnaire
Self-administered
(about 45 mins)



Scoring Model
Based on database of
historic loan performance
of other tested loan
takers



Score
Cut-off or categorization

High score = reduced or no collateral

Sample Questions

00:04

How do people behave?



? I don't understand this image.



00:23

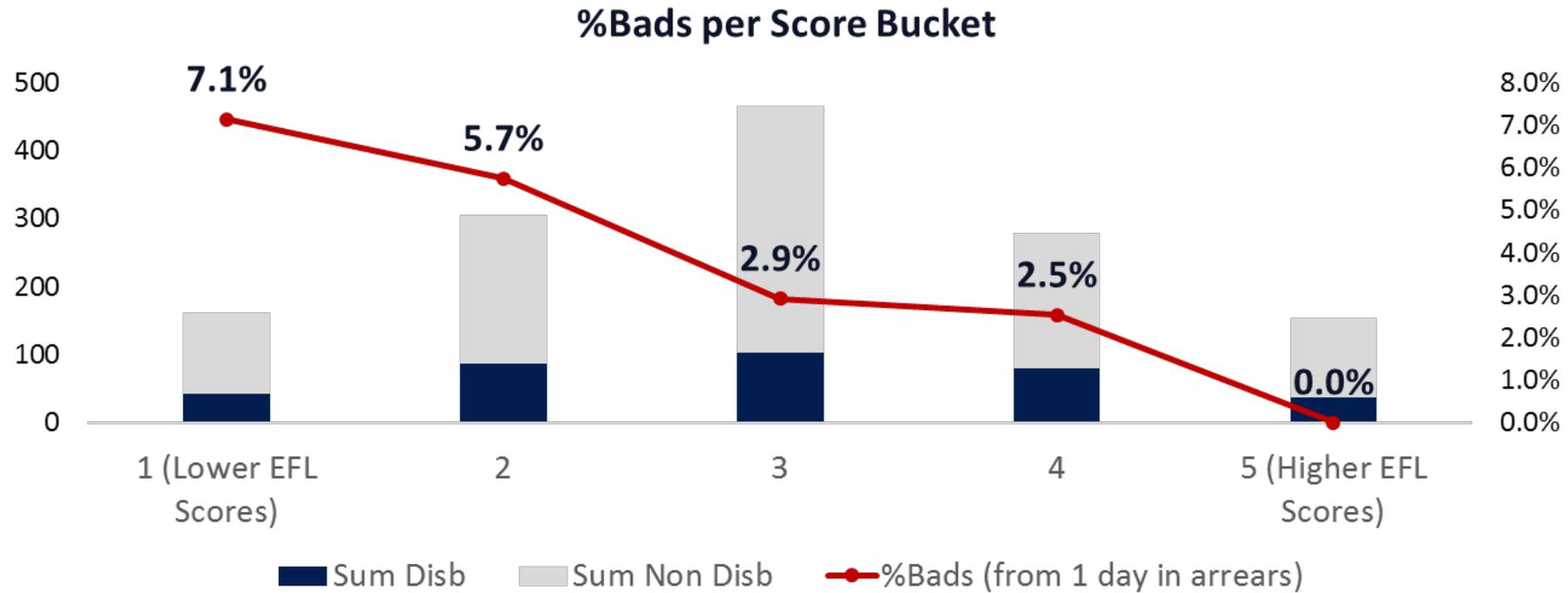
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What we are seeing so far



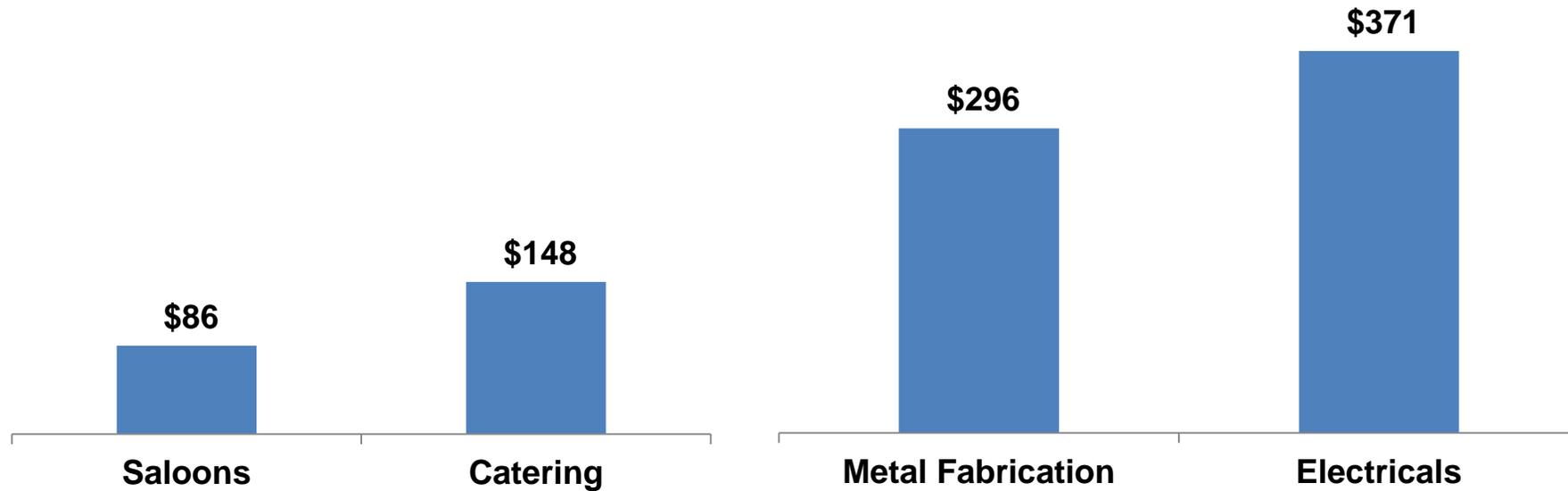
Big contributors to the gender gap in profits

Decomposition Analysis

1. Lower capital
2. **Sectoral choice (Uganda, Ethiopia, Botswana)**
3. Skills

Problem: female dominated sectors have lower profits (Uganda)

Monthly profit by sector among informal enterprises in Uganda



What matters for 'crossing over'

In both contexts

- A woman's first job matters – there is path dependence
- Information matters – knowledge of profit differentials is low
- Having the right type of mentorship and exposure are key
 - Teachers send women to female trades
 - Crossovers are **3.5 times** more likely to be introduced to their sector by their father or other male family member

Big contributors to the gender gap in profits

Decomposition Analysis

1. Lower capital
2. Sectoral choice
3. **Skills**

Maybe we are teaching the wrong skills, the wrong way? (Togo)



So what happened?



Standard business training – no impact



Personal initiative training: 30% higher profits



\$60 per month



Scalable



For women, the results were even more stark

Thank you



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