

It's not so easy to grow female-
owned enterprises: Lessons from
experiments in Sri Lanka

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Three experiments

1) Grants of \$100 and \$200 in cash and in-kind to **existing microenterprise owners**

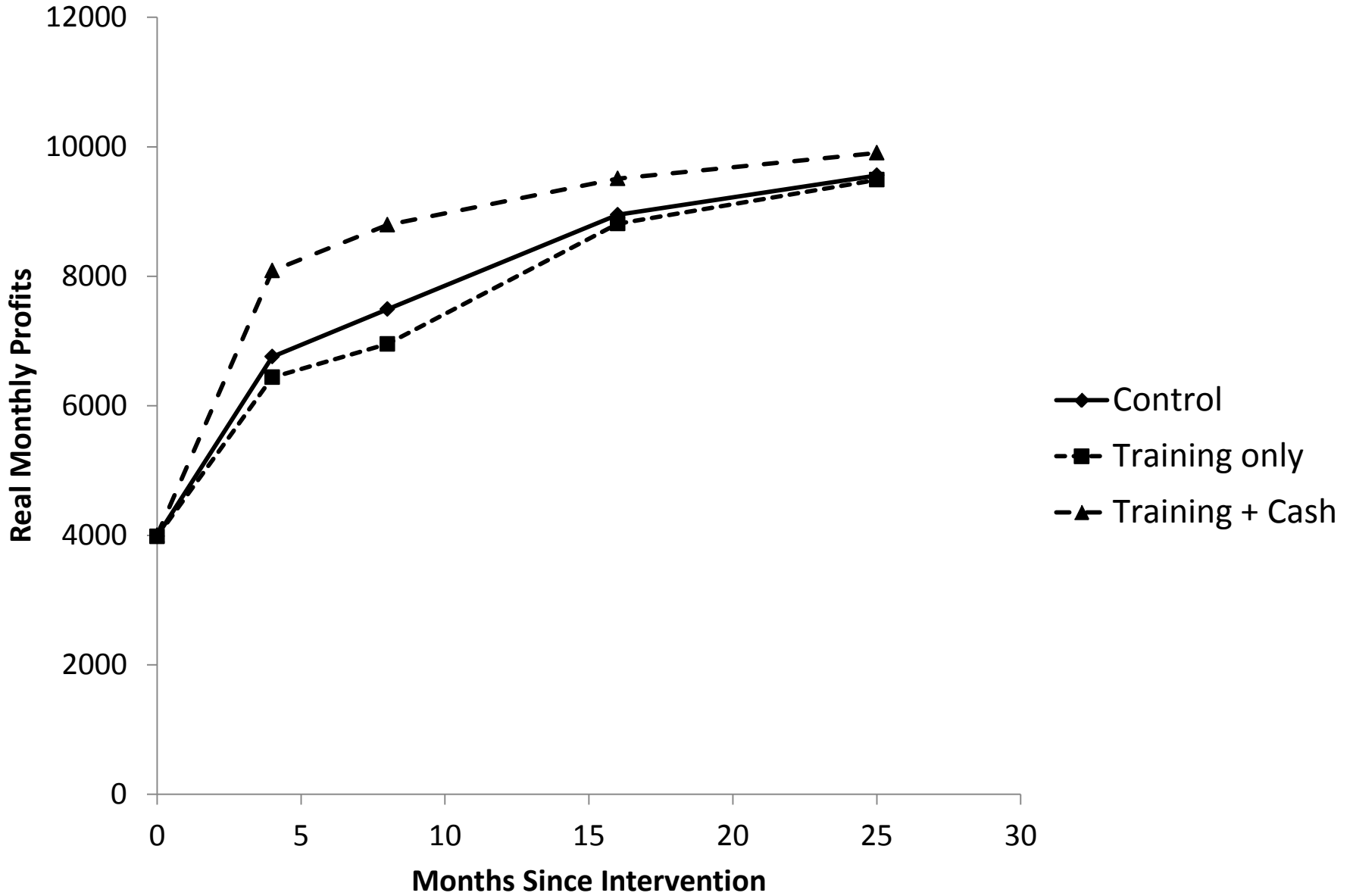
: When given to men, very high average returns, lasting impacts over 5 years
: When given to women, ZERO average impact on firm profits, no impact on survivorship of business



Three experiments

- 2) **Business training, plus grants of \$150 conditional on finishing training to existing female owned businesses.**
- Training alone leads to no impact on business profits, sales or capital stock
 - Combination of training plus a grant leads to large and significant improvements in business profitability in the first eight months, but this impact dissipates in the second year

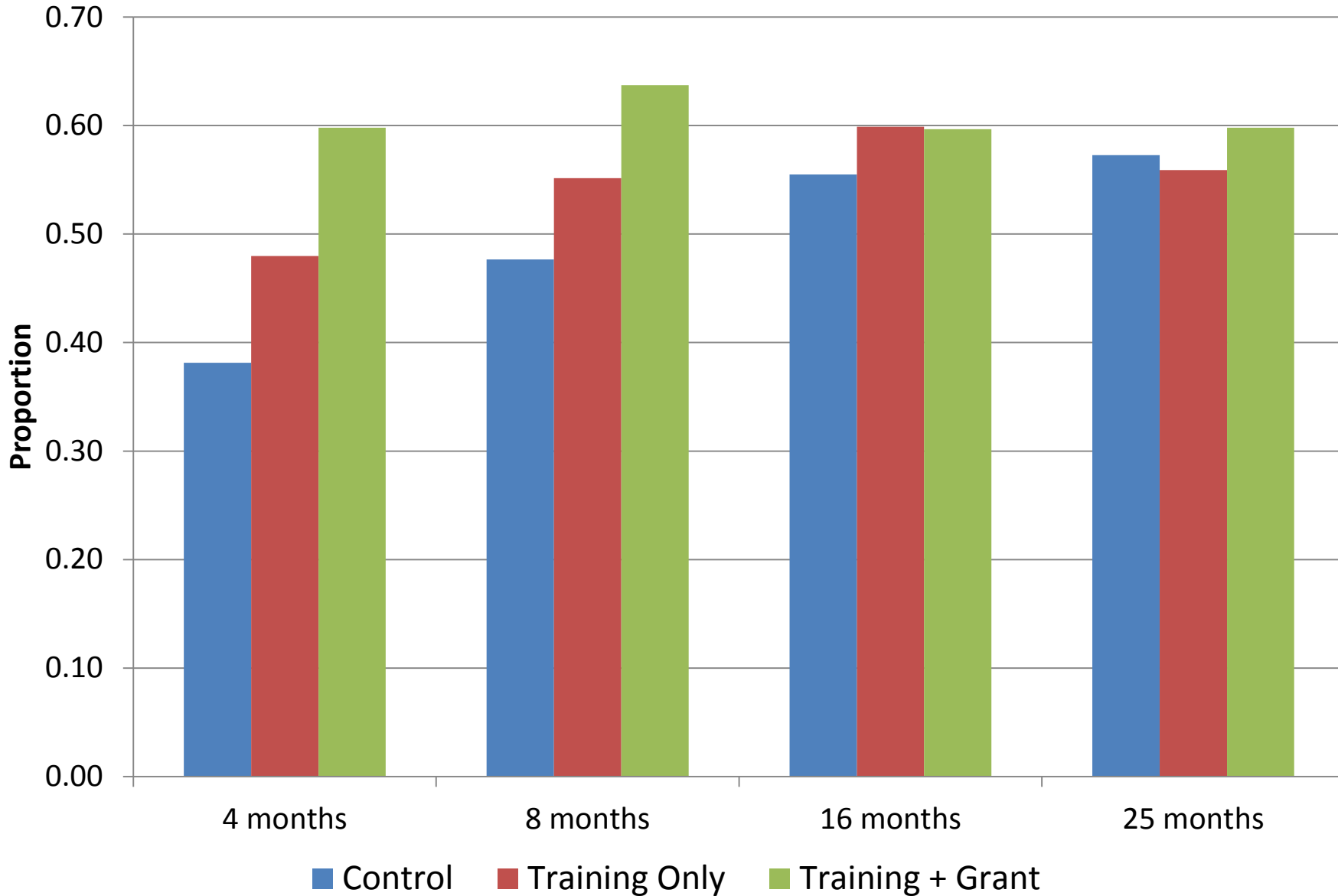
Real Profits for Current Firms over Time

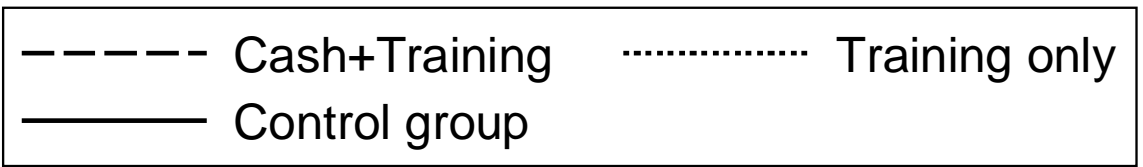
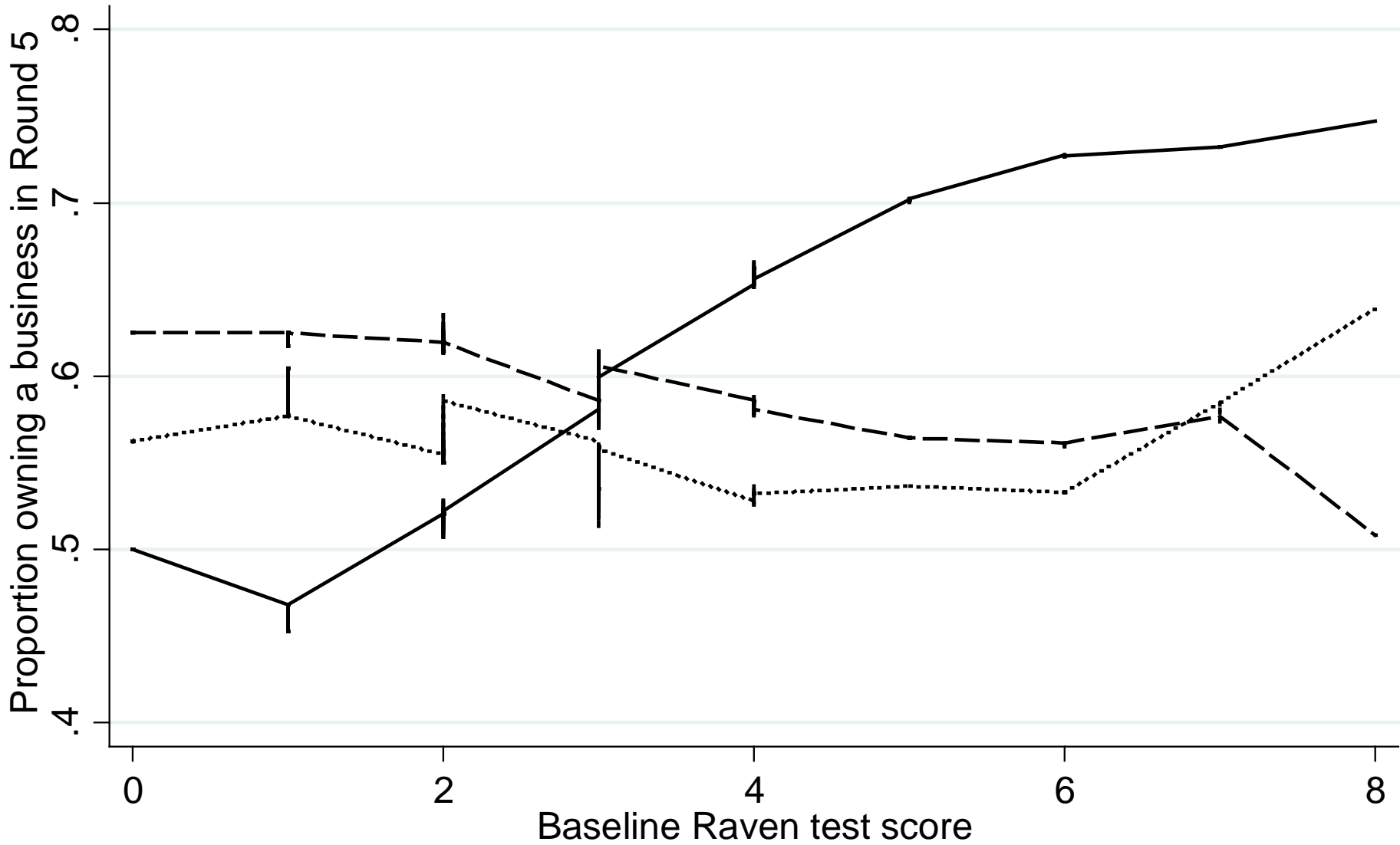


Three experiments

- 3) Business training, plus grant conditional on completing training to **potential business owners**
- business training speeds up the process of opening a business
 - Changes the selection of **who** opens a business – less analytically skilled, and poorer individuals induced to open business (but also wealthier and better skilled opt out).

Proportion owning a business by survey round





Do we need an $f(\cdot)$ change?

- $Y = f(A, K, L)$
 - Grants change K
 - Business training aims to change A
 - But the problem might be $f(\cdot)$
- Many women seem to be working in industries where efficient scale is very low – can reach this low scale very quickly, and then more capital or training doesn't help much.
- Do we need programs that do a better job trying to get women to change **what** they do, not just **how** they do it?
 - But not clear whether it works to e.g. train women as mechanics
 - Difficult to know who right target group is...

Is the goal for many of these women not to work?

- urban labor force participation rate for women aged 20 to 40 in Sri Lanka was 38 percent in 2009, compared to rates over 90 percent for prime-aged men
- While a lack of wealth may prevent the poorest women from working, as they get more wealth, in this social context women may want to get out of work.

