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Evidence Review

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Promoting women's economic empowerment through business trainings: What works?

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Abstract

This evidence review explores the effectiveness of business training programs in promoting women's economic empowerment, particularly in low- and middle-income countries. By synthesizing various studies, the review assesses the impact of such programs on women's business skills, earnings, and entrepreneurial activities. Findings indicate that while business training generally enhances business practices, its effects on tangible business outcomes like sales, revenues, or profits are mixed, with notably lesser benefits for female entrepreneurs than male entrepreneurs due to persistent gender-based barriers.

Main points

- Business training programs targeting potential and existing female entrepreneurs show varied results. Programs specifically designed to overcome gender-specific barriers, like providing childcare during sessions or targeting less restrictive societal norms, tend to have more positive outcomes.
- Training enhances the adoption of effective business practices but often fails to significantly impact business performance metrics such as profits and sales.
- The success of business training programs is highly dependent on cultural and societal contexts.
- Combining business training with access to capital (like microfinance) or assets (like livestock) can lead to better outcomes, especially in settings where women face significant economic disadvantages.

1 Motivation and objective

Despite progress in gender equality efforts, women in many parts of the world continue to face barriers to accessing economic opportunities and realizing their full potential (Duflo, 2012). An important part of women's economic empowerment is access to income earning opportunities both from wage and self-employment. As jobs in wage employment are limited, governments, NGOs, and microfinance institutions implement business training programs often combined with the provision of microfinance. It is estimated that every year at least USD 1 billion is spent on entrepreneurship trainings worldwide. Often targeted individuals are women and/or female entrepreneurs and the question arises whether training them regarding business practices can be effective in terms of increasing improving women's employment and earnings.

This evidence review is prepared for organizations that currently plan or implement business training programs for women. It aims to synthesize existing research evidence to inform the planning and implementation of business training programs. It thereby aims to facilitate the consideration of existing evidence for the implementation of new programs as well as the design of future evaluations to fill existing knowledge gaps.

2 Methodology

This evidence review included review papers and meta-studies either sourced through Google Scholar or identified in the [3ie Evidence Portal](#). I used these review papers to identify high-quality research that (1) uses rigorous experimental or quasi-experimental evaluation methodologies, (2) is well published in renown journals and (3) frequently cited in the literature.

3 Theory and empirical evidence

The provision of microfinance relies on the assumption that entrepreneurs need capital but have the required human capital to run a business successfully. This might however not be the case as especially in developing countries most entrepreneurs need to manage their business without having received a formal training (Karlan & Valdivia, 2011). Many business owners in developing countries do not seem to be using business practices that are commonly used in developed countries such as accounting or marketing (McKenzie & Woodruff, 2014). The use of commonly taught business practices is correlated with higher profits and incomes both within and across countries (McKenzie & Woodruff, 2017). Especially women who tend to have lower levels of education than men, may lack relevant business skills (Karlan & Valdivia, 2011). Further, in contrast to skills training programs that can lead to crowding out effects when the overall number of jobs is limited, business development programs are particularly attractive from the government perspective as they have the potential to create jobs when entrepreneurs create jobs for other people.

3.1 Type of programs

Most trainings that are referred to as business trainings focus on teaching business practices. For small firms, this involves record keeping, monitoring inventory, separating business and household accounts, budgeting, advertising, and promotion. For larger firms, this may also include human resource practices, quality control, target setting and performance monitoring. Some programs further focus on soft skills

such as the development of an entrepreneurial mindset and attitudes. Programs that specifically target women or female entrepreneurs may support them to deal with gender-based barriers to business development, facilitate their entry into certain sectors, and to potentially collaborate with other women (McKenzie et al., 2021). The most basic type of training program often implemented in extremely poor settings with less educated trainees involves the transfer of a productive asset, for instance a cow, together with asset-specific training (Bandiera et al., 2013).

3.2 Target groups

Business training programs engage two types of groups – existing entrepreneurs or individuals who could benefit from or show interest in being an entrepreneur. Programs often focus on specific geographic areas or industries (e.g., Berge et al., 2015) and in some cases let individuals or entrepreneurs apply for program participation and then randomly assign who is invited to participate in the program (Premand et al., 2016). Other programs engage clients of microfinance organizations (e.g., Field et al., 2010). Linked to the higher density of businesses, most research has focused on business trainings in urban areas and there is less evidence from rural areas (McKenzie et al., 2021).

3.3 Overall impact

Business training programs for existing entrepreneurs have been shown to increase the use of business practices but only rarely have impacts on sales, revenues or profits and business survival (Augsburg et al., 2012; Berge et al., 2015; de Mel et al., 2014; Karlan & Valdivia, 2011). Positive impacts on business outcomes are less commonly observed for female entrepreneurs compared to their male counterparts (Giné & Mansuri, 2014). This has been explained by women running lower quality businesses and facing more external constraints related to prevailing gender norms. These reasons also explain why women drop out of training frequently and show that female entrepreneurs need differently designed training programs (Berge et al., 2015; Giné & Mansuri, 2014). More promising examples stem from programs that are designed to account for constraints that women face (e.g. Field et al. 2016) and from programs that target women who are not yet entrepreneurs. It seems that business trainings can help women to start a new business but not to improve the outcomes of an existing business (de Mel et al., 2014; McKenzie & Woodruff, 2014). A meta-regression analysis further shows that business training programs are particularly beneficial for younger people (Cho & Honorati, 2014).

4 Evaluations with positive impacts

Target group matters. The business training “Start-and-Improve-Your-Business” most frequently implemented in developing countries was targeted to both potential female entrepreneurs and existing business owners. Depending on the target group, training topics center around starting a business, choosing a business idea, selecting products and prices, organizing staff, purchasing inputs, financial planning, marketing, costing, stock control and record keeping. In Sri Lanka, the provision of training on its own increased the market entry rate and profits for women who did not own a business yet. However, for existing entrepreneurs the training changed only business practices but not business outcomes. Further the training combined with cash had only short-term impacts on profits of existing business owners which disappeared after eight months (de Mel et al., 2014).

Bundled with asset-transfer. Instead of combining business training with microfinance, an alternative approach when targeting women (who are not yet entrepreneurs) is to provide a productive asset (such as a cow) with asset-specific training. In Bangladesh, this has been shown to increase the share of women engaged in self-employment instead of daily-wage employment as well as women's earnings even four years after the intervention (Bandiera et al., 2013). The so-called ultra-poor program was cost-effective when compared to the yields of a savings account.

Gender-perspective. Beyond targeting existing entrepreneurs or women who do not yet own a business, business trainings can teach business skills in a way that directly addresses the practical and strategic needs of low-income women in business. McKenzie & Puerto (2021) evaluate the program Gender and Enterprise Together by the International Labour Organization in Kenya that focuses on strengthening basic business and people management skills. It also supports women to develop entrepreneurial personality traits and to receive support through their networks and institutions. As a result, the business training increased sales and profits for treated firms. The program enabled women to increase their market sales by introducing new products. The effects persist over time and gains in profits after 1.5 years would be sufficient to compensate for the costs.

Constrained behavior. Rigid gender norms linked to traditional religious and caste institutions restrict women's behavior and potentially also their business activities. Field et al. (2010) examine whether and to what extent self-employed women as customers of a cooperative bank in India from different religions (Hindu vs. Muslim) and castes (lower and upper) benefit from a business training. The training focused on business skills and financial literacy. The business training had only positive impacts on the business outcomes for upper caste Hindu women who appeared to face the most severe restrictions. Further, considering these restrictions, Field et al. (2016) randomize whether women were invited to attend business counselling sessions with a friend. Attending with a friend increases business loans, reduces the probability of being a housewife, increases business activity and household income.

Consider keeping it simple. Given the very limited use of business practices in developing countries, it seems crucial to understand what type of business skills are useful for small business owners. Drexler et al. (2014) compare a standard accounting training with a simple rule-of-thumb training in the Dominican Republic. The standard accounting training did not have any measurable impact but the rule-of-thumb training enhanced business practices and had positive impacts on business revenues with important heterogeneities. Microentrepreneurs with poor business practices at the beginning benefitted the most highlighting the importance fitting the content to the needs of the targeted individuals.

Soft skills. Beyond business practices, soft skills such as having an entrepreneurial mindset could also play an important role for business outcomes. Campos et al. (2017) compare the impact of a formal business training with the impact of a personal initiative training program which focused on developing "self-starting, future-oriented, and persistent proactive mindset" (p. 1287). The authors show that for male and female business owners in Togo, profits, and sales increase but only through the personal initiative program and not through the formal business training. The training is shown to be cost-effective, "paying for itself within 1 year" (p. 1287).

Entrepreneurship education. Programs that combine soft skills and business skills are also implemented in schools and universities. Chioda et al. (2021) focus on a program in Uganda providing three weeks intensive training to students in their final year of secondary school and measure the impacts 3.5 years later. Students are more likely to be self-employed and have higher earnings. Similarly, trainings in secondary school increased self-employment rates and earnings in Tanzania (Berge et al., 2022) but only self-employment rates and not earnings in Brazil (Bruhn et al., 2022). Relatedly, trainings provided at universities several African countries had similar positive effects adding to the evidence showing that business trainings can encourage higher self-employment rates among younger people (Alaref et al., 2020) and in some cases also increase their earnings (Frese et al., 2016).

Stronger impacts in the medium-term. While most training programs have stronger impacts in the short term, a relevant exception to this was a business training program for female microfinance clients in Vietnam. The training sessions followed the GET Ahead program developed by the ILO but adjusted to the Vietnamese context covering nine modules on gender equality, entrepreneurship basics, business mapping, financial literacy, cash management, recordkeeping and calculation of costs and revenues. The program had positive impacts on business knowledge and practices in the short-term but impacts on profits and sales mainly appeared in the medium-term (Bulte et al., 2017).

5 Evaluations with moderate or no impacts

Short-term impacts. The above-described ILO program belongs to the most frequently implemented business trainings in developing countries. While the training on its own did not significantly impact earnings, the provision jointly with capital initially increased earnings but this positive impact disappeared after two years in Sri Lanka (de Mel et al., 2014). Beyond this, few studies measure program impacts after more than two years.

From business practices to profits. As mentioned above, a frequent challenge in business training programs is that the adoption of business practices also translates into higher profits or revenues. As such, Karlan & Valdivia (2011) evaluate a training implemented during 22 mandatory banking meetings for female microentrepreneurs in Peru. The training focused on typical business skills such as positioning the business, calculation of costs/prices and identifying customers/competitors. While the clients in the treatment group were more likely to use the business practices that were taught during the training, there was no significant improvement in the profits or revenues. The authors explain this with the adoption of business practices increasing the microentrepreneurs' opportunity cost of time substantially. Thereby the costs of adopting such practices turned out to be higher than the benefits. Going beyond the business outcomes, the authors also do not find any impact of the business training on women's participation in important family and finance decisions in their households. Overall, the results suggest that only the microfinance institution benefitted from the business training as it led to higher retention and repayment rates.

Only male entrepreneurs benefit. Berge et al. (2015) report that a business training for microfinance clients in Tanzania improved female entrepreneurs' business knowledge but did not improve their sales or profits, in contrast to male entrepreneurs who strongly benefitted from the program. Also, a program in Pakistan that provided eight days of training and the opportunity to participate in a loan lottery for a

relatively large loan documented only improvements in business practices and only for male entrepreneurs linking back to the more severe constraints faced by women (Giné & Mansuri, 2014).

Teaching entrepreneurship at college. While the entrepreneurship track provided to randomly selected female university students in Tunisia increased the self-employment rates, it did not impact their earnings. This is explained by an overall unchanged employment rate stemming from students switching from wage employment to self-employment without measurable changes in their earnings (Alaref et al., 2020).

Family pressure. As women face more external constraints than their male counterparts, family pressure and requests from close family members may also influence how they benefit from improved business outcomes. Bulte et al. (2018) shed light on an unintended impact of business trainings in the context of Vietnam. They show that business trainings on their own and particularly when husbands are invited to participate increase the share of women hiding income highlighting the potential importance of considering potential requests from family members.

6 Learnings and questions for future research

Entrepreneurship can be taught. The existing evidence shows that indeed entrepreneurship can be taught – both in terms of formal business skills and soft skills such as the entrepreneurial mindset. Several programs have been successful in increasing self-employment rates among women and increasing the adoption of business practices. Fewer programs have been effective in improving business outcomes.

Women face different constraints. In most developing country contexts, women face more constraints than men when it comes to the realization of businesses. These constraints determine their participation and completion of business training programs, the adoption of business practices and finally business outcomes. Future research needs to examine how training programs can be better tailored to address the specific needs and constraints faced by women and female entrepreneurs in diverse socio-cultural contexts. This will be crucial to prevent the use of limited resources for ineffective programs and will also contribute to developing strategies to enhance the long-term sustainability of business trainings for women.

Limited evidence on scalability and sustainability. Business trainings evaluated for research are typically implemented at smaller scale, more closely monitored than other business trainings and evaluated in a limited time frame. Potentially, the rigorously measured impacts represent upper bound estimates of the actual impact a program would have when implemented without the involvement of researchers. It is therefore crucial to generate more knowledge about the scalability and sustainability of business training programs when implemented and assessed at a larger scale and for a longer period of time. Relatedly, little is known about how to improve the cost-effectiveness of business training programs, and more research is needed on how to match target groups with the type of training.

Strengthen link between business practice adoption and business outcomes. It is a challenge for many programs to have an impact that goes beyond the short-term adoption of business practices and often these improved business practices do not translate into improved business outcomes. In some settings, rules-of-thumb or heuristics may be more beneficial for entrepreneurs than more sophisticated but time-consuming business practices. Therefore, future evaluations need to be designed to contribute to our understanding of how the link from adoption of business practices to improved business outcomes can be strengthened.

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