

Researchers

David McKenzie
World Bank

Susana Puerto
International Labour Organization

Staff

Grace Makana
Research Coordinator

Ahmed Bilal Hakeem
Research Manager

The Impacts of Business Training and Mentoring for Women-Owned Businesses in Kenya

Timeline

2013-2016

Sample Size

3,537 individuals in 157 markets

Research Implemented by IPA

Yes

The Impacts of Business Training and Mentoring for Women-Owned Businesses in Kenya

Abstract

Business training programs aim to instill standardized management practices in participants in hopes that these will help raise business performance. However, decision makers and researchers have struggled to find conclusive evidence on the firm-level impacts of these trainings. In Kenya, researchers conducted a randomized evaluation to measure the impact of the Gender and Enterprise Together (GET Ahead) business training program and a complementary mentoring program on the profitability, growth, survival of women-owned businesses and whether any gains came at the expense of nearby businesses. Results found that training and mentoring raised firm performance among participants and that these increases did not come at the expense of peer businesses in the area.

Policy Issue

One way to elevate the performance of businesses in developing country could be by raising the management practices of micro- and small business: for one, firms that use more business practices tend to exhibit higher sales, profits, productivity, and survival rates. However, small businesses typically operate with very low profit margins, making it costly even for ambitious entrepreneurs to invest in management trainings. In response, international and local organizations have deployed many programs aimed at raising the

quality of management among businesses, but it is unclear what their impacts are and whether any attributed gains come at the expense of other firms.

Beyond management practices, other cultural and social barriers may limit the growth prospects of a particular business. For instance, women entrepreneurs are more likely than their male colleagues to be in the informal sector, running smaller firms mainly in services or in similarly lower value-added sectors. Some programs aimed at growing the managerial skills of female business owners aim to enable them to address the underlying impediments to their economic empowerment, whether cultural or otherwise. Evaluating the effects of programs with this *gender lens* could also inform future program design.

Context of the Evaluation

Since 2004, the International Labour Organizations' Women's Entrepreneurship Development program has conducted a business management training with a strong gender component called *Gender and Enterprise Together* (GET ahead) in 21 countries. This five-day course covers the basics of business planning, soft skills, and management skills, coupled with two modules on female entrepreneurship and challenges facing female entrepreneurs vis-à-vis their environment.

This evaluation of the program was conducted in four counties in Kenya: Kakamega and Kisii in the Western region, and Embu and Kitui in the Eastern region. These counties are largely rural, and the majority of the population live below the poverty line. The average business in the study earned 1,100 Kenyan shillings (US\$13) in weekly profits on sales of 4,500 shillings (US\$65). Firms in the sample are on average using just over half of 26 management practices measured.

Details of the Intervention

Researchers conducted a randomized evaluation to measure the impact of the Gender and Enterprise Together (GET ahead) business training program on the profitability, growth and survival of female-owned businesses, and evaluated whether any gains in profitability came at the expense of other business owners. A mentorship program was introduced a year and a half after the training took place to test whether it strengthened the training effects among those who had received the training.

1. **Training program:** Business-owners assigned to training were offered the five-day training program. Training was offered free of charge, and participants were provided transport subsidies of approximately US\$6 per day to cover the costs of traveling to training locations.
 - a. Training topics covered standard courses such as recordkeeping; separating business and household finances; marketing; financial concepts; costing and pricing; generating and fine-tuning new business ideas; setting smart objectives; and traits needed for business success.
 - b. In addition, they included gender concepts such as the difference between sex

and gender, and the role of cultural constraints in shaping women in business, dividing household and business tasks, how to network with other women, and the role of women's associations.

2. **Mentoring program:** A year and a half after the training took place, researchers tested the impact of adding a mentorship program to the training. Researchers selected a subset of markets with 15 trained entrepreneurs or more and randomly assigned participants to receive the mentorship program. The program matched groups of six entrepreneurs with a mentor, for 10 biweekly mentoring sessions, spanning five months. In addition, mentors met with the entrepreneurs once a month to provide individualized guidance.
3. **Comparison group**

Results and Policy Lessons

The training for women entrepreneurs showed promising effects on program participants even 1-3 years after the intervention in both business outcomes and numbers of hours worked on the business. At the same time, the mentoring component also complemented the uptake of management practices. Neither training had negative effects on firms not offered the programs.

Financial outcomes

The training program showed effects extending three years after intervention, with results comparable for training and mentoring in this section:

- Compared to the average in the comparison group, weekly sales and profits among treated entrepreneurs were 18 percent and 15 percent higher, respectively, with an impact on survival of 3 percentage points higher.
- Researchers find a re-investment of profits taking place, by comparing the higher capitalization available three years after the program, versus one-year effects.

Managerial outcomes

- Training-only entrepreneurs showed a 10-13 percent increase in the use of managerial practices versus participants in the comparison group.
- Entrepreneurs who received training and mentoring saw increases three times as large as those assigned to training only

An improved customer experience led to more sales and revenue per customer for treated firms. First, participating entrepreneurs reported cleaner facilities, shops more open on time, and a nicer customer service by the owner.

- Training only entrepreneurs reportedly served an additional 14 customers per week 3 years after training. There do not appear to be any negative spillovers from this growth to control firms.

Researchers also noted a broader product selection to explain customer growth

- Entrepreneurs assigned to training were 9 to 11 percentage points more likely to have introduced a new product to their business

Attitudinal outcomes

- Training and mentoring, 3 years after the intervention resulted in 4 more hours worked per week among treated entrepreneurs.
- While the training and mentoring did not lead to changes in household power dynamics, they did raise the reported current and future well-being metric among participants by .2 to .3 steps (from an average of 5 out of 10).

Market outcomes

- There appeared no negative effects of the programs to nonparticipant firms, meaning that the success of trained entrepreneurs did not come at the cost of existing entrepreneurs or newcomers. Overall the market-level sales, profits and customer base grew.

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