Skill Shortages as a Barrier to Women's Start Ups: A Model with Evidence from eSwatini

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Outline

- Motivation and contribution of the study
- Literature
- Data and empirical strategy
- Findings
- Conclusions and policy messages

Motivation and contributions

- Entrepreneurship as a source of inclusive growth (women, youth)
- Understanding entrepreneurial gender gaps and their drivers in Africa
- Use of a recent survey from the urban Eswatini

Literature

- Gender-related performance gaps in entrepreneurship: no clear-cut evidence (OECD, 2005; Sabarwal and Terrell, 2008; Bardasi et al., 2009; Hallward-Dremier, 2011)
- Training, skills and entrepreneurial performance: mixed evidence (Fairlie et al., 2015; Giné and Mansuri, 2014; De Mel and al., 2015; Verheul and Thurik, 2001)

Data

- Micro-survey of entrepreneurs (UN Swaziland, 2012): objectives, opportunities, constraints, location, years of operations, sector, employment, sales, etc.
- 640 small and medium-sized enterprises (SMEs)
- 290 firms (GEM concept of entrepreneurship): 148 men-run and 142 women-run
- Profit motive as a criterion for the identification of an entrepreneur

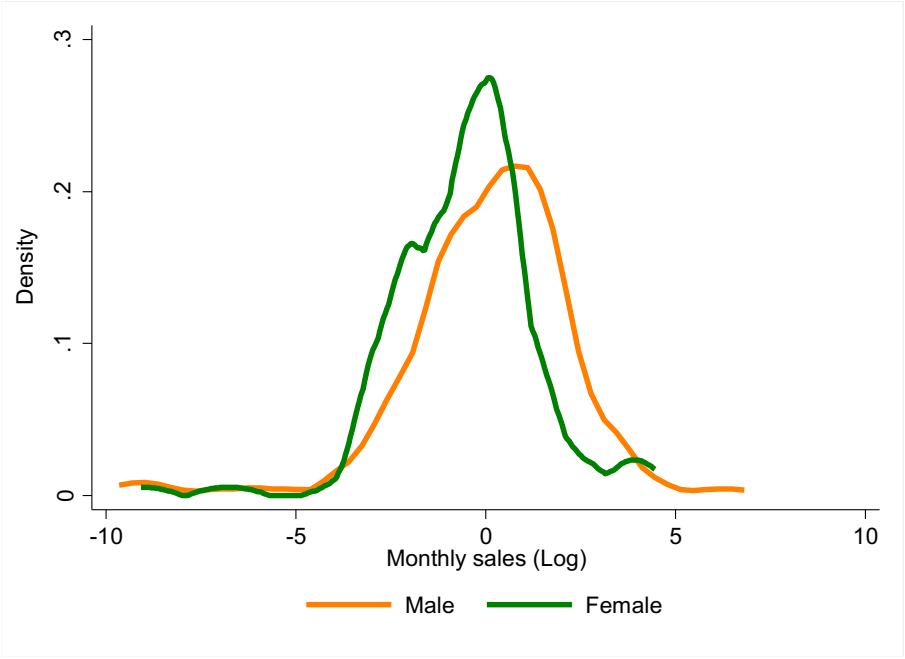
Stylized facts (1/3)

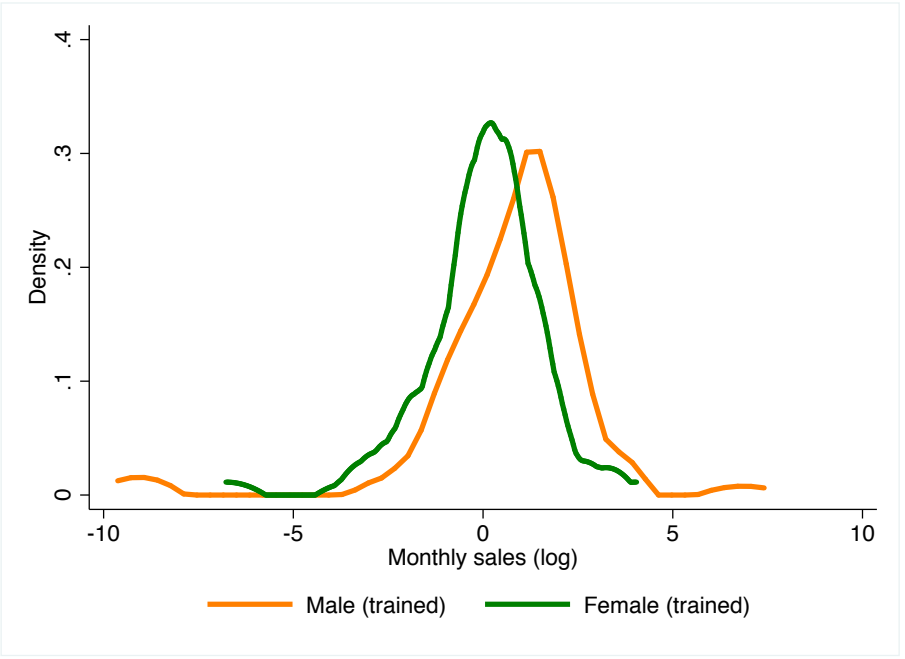
- Female and male entrepreneurs differ along several dimensions:

	MALE	FEMALE	SE*
Age of entrepreneur (years)	38.6	35.5	1.11***
Higher education	49.3	37.3	5.8**
Firm stable or growing	69.3	60.4	5.76 *
Sales (monthly, E th)	65.5	26.8	16.5
Sales same or higher than last year	52.9	43.3	3.23 *
Employment (av. 2012)	2.08	1.04	0.48 **
Skill shortage as barrier	18.5	16.7	2.26
Received business training	24.2	20.4	4.93
Young (35 years or less)	48.6	58.5	2.93 **
Start-up capital (E th)	68.7	22.9	6.0 ***
Personal contribution (Y/N)	63.7	60.1	2.9
Amount of personal contribution (E th)	42.7	18.7	4.76 ***
Applied for informal credit	4.1	9.4	1.5 **

Stylized facts (2/3)

- Firms performance and training: male entrepreneurs outperform female counterparts:





Stylized facts (3/3)

- Mean values of key characteristics of entrepreneurs and firms (men/women by sales quantiles):

Variable	Sales (E)	Age of entre-preneur (years)	Age of business (months)	Employment (people)	Hours per week working in the firm	Start-up capital
Women (mean values)						
Bottom 10%	213	35	23	0.4	32.8	7,734
10-25%	1,257	33	24	0.7	35.9	7,19
75-90%	29,778	34	15	1.4	52.4	47,556
90%+	273	42	26	1.9	47.9	65,2
Men (mean values)						
Bottom 10%	133	39	26	1.1	22.4	7,822
10-25%	1,481	37	27	0.4	45.2	14,517
75-90%	38,743	41	22	1.6	46.0	94,5
90%+	504,133	42	26	8.1	50.4	238,067

Identification strategy

- Focus on sales levels and growth (entrepreneurial performance) and early-stage entrepreneurship
- Links between performance, training and skills
- Probit and Quantile Regressions:

Firm performance = f(Training, Skill perception, Firms characteristics, entrepreneur characteristics)

Findings (1/2)

- Do entrepreneurs' skills and training matter for firm performance (growth of sales)?
  1. Business training: positive and statistically significant impact on performance of men entrepreneurs, but not on women.
  2. Self-confidence matters for female entrepreneurs: Negative perception of lack of skills as a barrier negatively affect performance.
  3. Access to informal credit during the start-up stage is linked with a stronger performance among women entrepreneurs.

Findings (2/2)

- Do entrepreneurs' skills and training matter for firm performance (sales distribution)?
  1. Business training: only positive for male entrepreneurs and at lower ranges of sales.
  2. No evidence that perception of skill shortages negatively affects sales performance of women (only high-performing male entrepreneurs).
  3. Different roles of specific proxies of soft skills (audacity, leadership and vision) on entrepreneurs' performance.
  4. Importance of education at higher sales (male and female).
  5. Role of the nature of the access for financial services.

Conclusions and policy messages

- Positive role of targeted training for productive start-ups and gender gaps.
- Importance of soft skills for female entrepreneurial performance.
- Fewer entrepreneurial skills: critical challenges for engagement in productive entrepreneurship for female entrepreneurs.
- Broader training for women entrepreneurs (business, technical and soft skills) may be needed
- Next for research: participation to global value chains and international entrepreneurship?

Thank you