

Gender and Entrepreneurship in the informal sector: An African perspective

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Introduction

- limited literature on gender and entrepreneurship that focuses on Africa
- evidence at the firm level of the inequalities and gender dynamics that influence entrepreneurship and use of the broad spectrum of ICTs in the informal sector.
- use of lens of inclusive growth which Heintz (2012) defines as “growth that takes place in a context in which economic opportunities (including employment opportunities) expand, the poor’s access to these opportunities improves, and inequalities are reduced.
- explores factors that motivate female and male entrepreneurs to start a business as well as the institutional, financial and educational barriers to entrepreneurship amongst men and women.
- Employment is considered one of the means to bring about inclusive growth.
- Women face same structural constraints encountered in the formal sector, limiting the choices they make in the informal sector.

Informal sector: A refuge for the poor and marginalised

- The informal sector is viewed as a domain that could bring about inclusive growth
- Faced with constraints to employment in the formal sector men and women have found refuge in the informal sector
- The informal sector is where the majority of the poor work and derive their livelihoods



**Kiosk in
Uganda**



Cameroon

A higher share of females are pushed into the informal sector

Table 1: Push and Pull classification

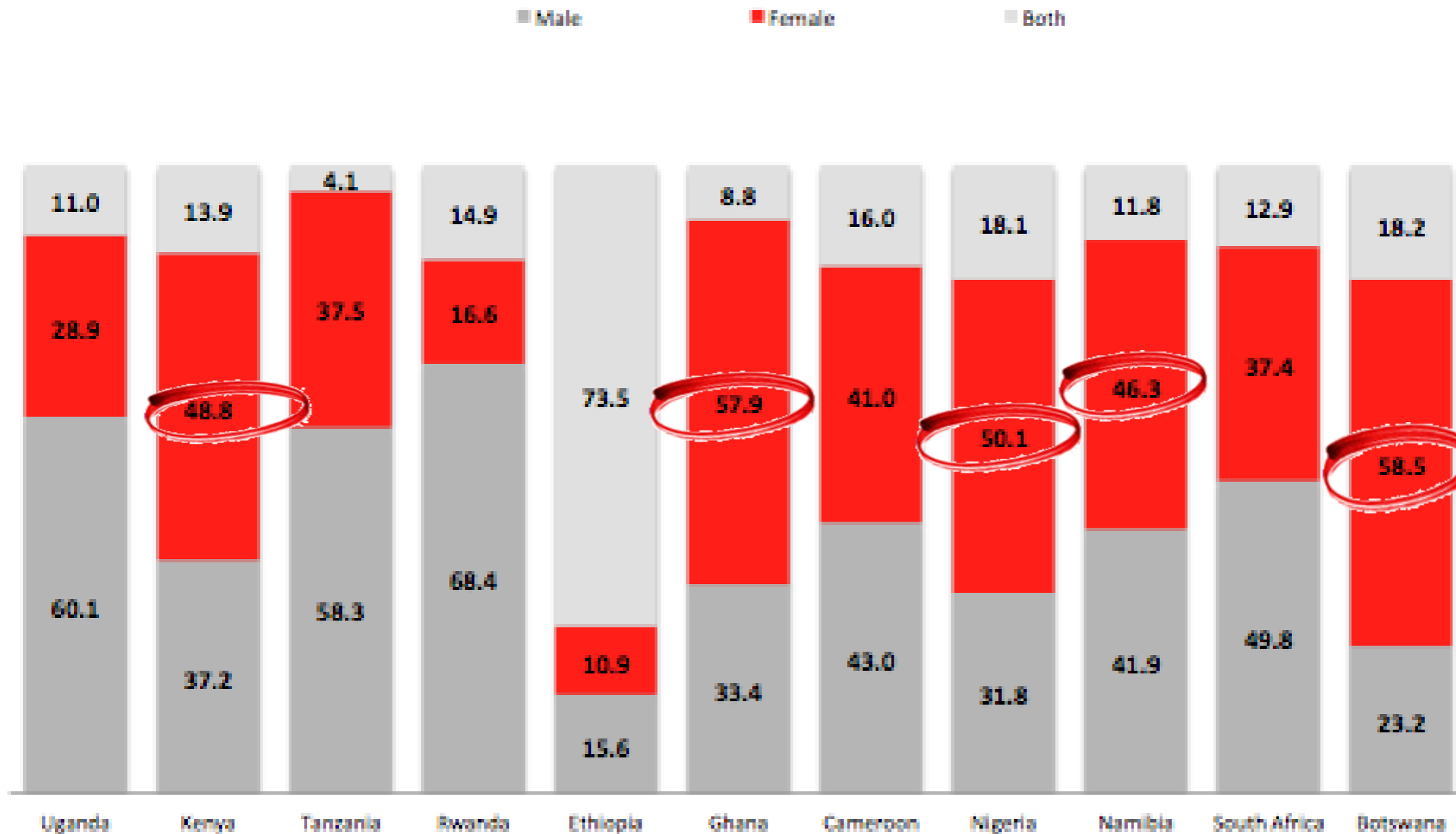
	Pull Factor						Push Factor	
	My own business pays more than being employed / be my own boss		To make money additional to my salary		Total Pull Factor		Otherwise I would have been unemployed/ to make a living	
	Male	Female	Male	Female	Male	Female	Male	Female
Botswana	15.3%	10.3%	21.4%	30.1%	36.7%	40.4%	56.4%	58.8%
Cameroon	39.7%	28.9%	5.4%	5.0%	45.1%	33.9%	54.9%	66.1%
Ethiopia	19.9%	3.4%	2.7%	0.2%	22.6%	3.6%	77.4%	96.4%
Ghana	42.6%	25.0%	11.4%	13.7%	54.0%	38.7%	45.9%	61.2%
Kenya	27.5%	32.4%	29.6%	20.6%	57.1%	53.0%	42.9%	47.0%
Namibia	6.6%	6.5%	17.4%	16.7%	24.0%	23.2%	76.0%	76.8%
Nigeria	41.3%	30.8%	11.3%	5.8%	52.6%	36.6%	47.4%	63.3%
Rwanda	30.9%	37.8%	11.4%	8.3%	42.3%	46.1%	57.7%	54.0%
South Africa	29.8%	16.1%	15.8%	9.2%	45.6%	25.3%	52.7%	71.7%
Tanzania	40.2%	21.0%	11.9%	7.0%	52.1%	28.0%	47.9%	71.9%
Uganda	45.9%	41.5%	11.0%	7.0%	56.9%	48.5%	43.1%	51.6%

Women lag behind men in terms of income and education

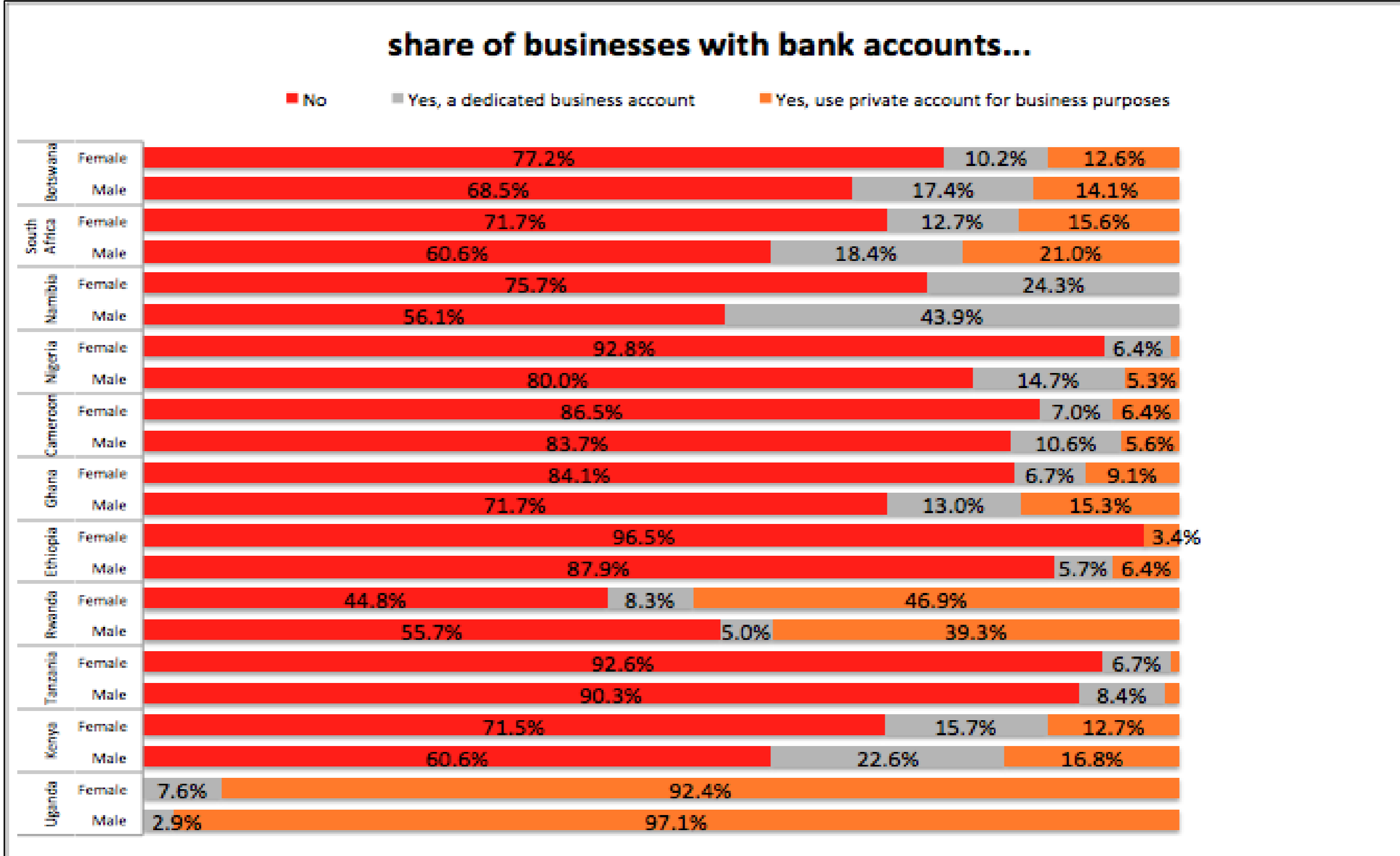
- ❑ Women are faced with structural constraints that limit the choices they make in the formal and informal sectors
 - ❑ Lack of access to education
 - ❑ Lower levels of income
 - ❑ Lack of assets
 - ❑ Limited access to financial resources and the formal banking system
- ❑ Results showed inequalities in income that exist between randomly selected male and female individuals at the household level
- ❑ The average income for women was less than men in all countries except Cameroon and Namibia
- ❑ The percentage of women with primary and secondary education was more or less on par with men.
- ❑ greater percentage of men than women had tertiary education

Mixed ownership results

share of ownership of informal businesses



Lack of access to financial resources hinders entrepreneurs



Gender differences in ICT access and use for business purposes vary

- Mobile phones are the ICTs widely used amongst informal businesses.
- Mobile phone is the tool most widely used to communicate with suppliers and customers.
- The share of male owned businesses using fixed lines was slightly higher than female owned ones in most of the countries except for Botswana, Rwanda and Kenya.
- Gender differences greater in mobile phone use.
- More male owned businesses using mobile phones than female owned ones.
- Inequalities more pronounced in Ethiopia where 46.4 % male owned businesses used mobile phones for business purposes in comparison to 3.2% female owned business.

Mobile phones are the most commonly used ICT

Table 2: Informal businesses using fixed-lines and mobile

	with a working fixed line			using mobile phones for business purposes		
	National	Male Owner	Female Owner	National	Male Owner	Female Owner
Botswana	3.5%	0.9%	2.0%	42.3%	45.4%	36.8%
Cameroon	1.3%	0.6%	0.3%	56.2%	68.0%	40.9%
Ethiopia	0.3%	1.8%	0.4%	12.3%	46.4%	3.2%
Ghana	0.7%	1.4%	0.2%	44.9%	57.3%	35.7%
Kenya	0.1%	0.0%	0.1%	67.4%	70.3%	62%
Namibia	4.1%	5.9%	2.7%	51.9%	60.5%	45.3%
Nigeria	0.2%	0.2%	0.1%	44.2%	57.3%	37.2%
Rwanda	1.3%	1.2%	2.0%	53.4%	54.5%	44.9%
South Africa	15.0%	12.8%	12.7%	49.5%	55.0%	38.3%
Tanzania	1.0%	1.7%	0.0%	44.4%	46.6%	39.8%
Uganda	6.9%	8.0%	6.1%	67.9%	68.9%	63.9%

Gender differences in ICT access and use for business purposes vary (contd...)

Table 5: Informal businesses with computers and Internet access

	with a working computer or laptop			working Internet connection		
	National	Male Owner	Female Owner	National	Male Owner	Female Owner
Botswana	4.2%	4.0%	1.7%	2.9%	3.6%	2.0%
Cameroon	4.4%	2.2%	2.6%	2.2%	2.0%	0.0%
Ethiopia	0.1%	0.5%	0.0%	0.0%	0.3%	0.0%
Ghana	1.3%	3.2%	0.0%	0.7%	1.2%	0.2%
Kenya	3.5%	6.3%	0.0%	3.0%	6.2%	1.2%
Namibia	2.5%	3.9%	1.6%	2.2%	3.9%	0.9%
Nigeria	2.7%	4.9%	1.9%	0.1%	0.3%	0.0%
Rwanda	2.0%	2.0%	2.8%	0.7%	0.5%	0.3%
South Africa	11.5%	8.9%	8.7%	10.5%	7.5%	7.8%
Tanzania	2.8%	3.3%	2.3%	0.1%	0.0%	0.2%
Uganda	3.2%	2.7%	4.6%	2.0%	1.4%	3.2%

- Computer use by female owned informal businesses was a little higher than men in Cameroon, Rwanda, and Uganda.
- In South Africa, Tanzania and Uganda, slightly more share of female owned businesses have working Internet connection.
- These mixed results suggest that there could be other reasons affecting the differences in the use of ICTs other than the gender of the business owners.

Barriers to use of ICTs for business purposes

- The overwhelming reason for the non-use of fixed lines was that there was **no need**, though more so among female run businesses in most of the countries.
- Mobile phones was not being used mainly because male and female entrepreneurs thought they were **not relevant**. This reason was prevalent among men in all the countries surveyed.
- The second most cited reason for not using a mobile phone was that there was **no need**. A larger share of female entrepreneurs stated that there was no need for mobile phones. Significant gender differences were found in Ethiopia (**47.8%** female owners compared to **28.7%** male owners) and in South Africa (**55.1%** of women compared to **35.6%** of men owned businesses).
- The most cited reasons for not having internet access was that it was too expensive, there was no need or it was not

Results from modelling income in the informal sector

- Females earn significantly less income from self-employment in comparison to males.
- Years of formal education have a positive and significant impact on income earned from self-employment.
- Having a mobile phone and using the Internet can boost income earned in the informal sector.
- There is a gender gap in income within the informal sector.

Conclusions

- Entrepreneurship in the selected African countries has mainly arisen out of necessity rather than opportunity.
- Generally in most countries surveyed a higher proportion of female entrepreneurs were pushed into the informal sector to make a living than their male counterparts.
- While the education level between men and women at primary and secondary levels was more or less on par, greater gender differences were found at the tertiary level.
- Women earned less than men from self-employment.
- Lower number of female entrepreneurs had access to bank accounts than male entrepreneurs.

Conclusions (Contd...)

- The structural inequalities between men and women have not been reduced and thus women continue to be excluded from many opportunities.
- These structural factors have contributed to the gender differences among entrepreneurs in terms of access and use of ICTs for business purposes.
- Although gender gaps were found in the access and use of ICTs, gender alone could not be the contributing factor as results varied across countries.
- The model confirms that there is a gap in income earned by men and women even within the informal sector.

Policy Implications

- ❖ Need to address issues around social stratification.
- ❖ Create a business environment that encourages informal entrepreneurs to acquire the necessary business skills to grow their businesses.
- ❖ Equip informal entrepreneurs with the necessary ICT skills by facilitating ICT skills training programmes.
- ❖ Address issues around bank deposit fees and promote mobile money to create financial inclusion for the informal sector.
- ❖ Wider issues of affordability and access need to be addressed.

THANK YOU

