

Breaking the Metal Ceiling: Female entrepreneurs who succeed in male-dominated sectors in Uganda

Francisco Campos, Markus Goldstein, Laura McGorman, Ana Maria Munoz Boudet and Obert Pimhidzai

Summary

Worldwide, female entrepreneurs tend to experience lower productivity and profit than their male peers. One reason for this is that women tend to be concentrated in less profitable businesses. This mixed methods study from Uganda investigates a range of factors that may hinder or help female entrepreneurs move into male-dominated sectors, where they are as successful as men, and significantly more successful than women who remain in traditionally female sectors. This analysis finds that information gaps about the relative profitability of male-dominated businesses play an important role, as do the types of role models influencing youth as they determine their career paths. Informational campaigns, as well as apprenticeship and mentorship programs, present potential policy options.

GENDER GAPS IN THE ECONOMIC SECTORS ARE WORLD-WIDE

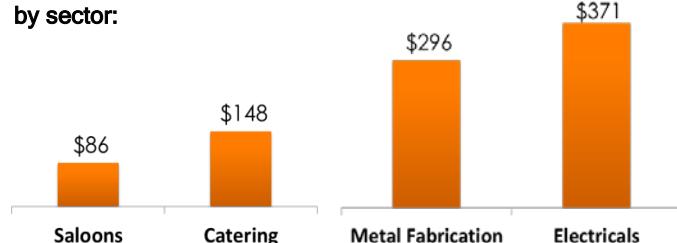
Across developed and developing countries, women are more likely to work in low-productivity sectors and in less profitable businesses. Value added per worker is lower in firms managed by women than in those managed by men across urban areas in Europe and Central Asia (34% lower), Latin America (35%), and Sub-Saharan Africa (6-8%). Female participation in entrepreneurial activities is higher in Africa than in any other region, but studies show that female-owned firms average 31% less in sales than male-owned firms.

One factor that comes up again and again in trying to explain this gender difference is the choice of firm sector. In Africa, women entrepreneurs are concentrated in hotels and restaurants, wholesale and retail trade, garments, textiles, leather goods and other services. Men are engaged in a wider range of sectors, including construction and manufacturing. Is this because most women prefer to work in certain sectors, or because they are constrained in their choice of profession? And if the latter, what constraints are they facing?

SOME FEMALE ENTREPRENEURS SUCCEED IN MALE-DOMINATED BUSINESSES

This study in Uganda presents an opportunity to examine what obstacles might be preventing women from “crossing over” into the more profitable, male-dominated sectors (defined as sectors where over 75% of enterprises are male-owned). Businesses owned by men are 3.1 times larger and earn 2.5 times more than female-owned firms, and yet only about 6% of Ugandan female entrepreneurs choose to work in male-dominated sectors. We refer to these women as “crossovers,” and they are the focus of our study because they appear to confront social convention in pursuit of economic success. To our knowledge, no other research exists on this subject, despite the potentially important policy implications for spurring productivity and economic growth.

Average monthly profit among informal enterprises in Uganda, by sector:



STUDY METHODOLOGY

To examine possible explanations for why more women don't cross over, we used quantitative data from 2011 sampling 735 entrepreneurs operating within and just outside of Kampala, most of who belonged to the Katwe Small Scale Industry Association (KASSIDA). In addition, a quantitative and qualitative survey was administered in 2012 to 63 crossovers and to 120 women working in traditionally female sectors. Of the latter, half of the participants were randomly sampled, and half were matched to the crossovers based on a number of pre-business characteristics, such as similar age and completion of primary school. To get a better sense of community-wide perceptions about female entrepreneurs, we also conducted 17 focus group discussions with crossovers, non-crossovers, clients, suppliers and male employees, and interviewed 12 community leaders and credit providers.



CROSSOVERS ARE MORE PROFITABLE

Our quantitative analysis reveals two significant findings. First, firms owned by crossovers are about three times more profitable, on average, than firms owned by non-crossovers. Second, businesses owned by women who cross over are just as profitable as businesses owned by men. Thus the rationale for crossing over is clear, which begs the question: What allows certain women to cross over, and what prevents more women from doing so? We examine the following explanations:

Factors not associated with crossing over:

- **Skills and abilities:** Women who cross over do not seem to have an innate intelligence that supported them in making the switch in sector. The team investigated this hypothesis using several tests for working memory, problem-solving skills and entrepreneurial spirit, and found that crossovers do not uniformly score higher.
- **Human and financial capital:** Level of education - the most common measure of human capital - does not significantly affect the probability that a woman crosses over. Similarly, even though male-dominated sectors tend to have higher capital requirements, this was not a consideration for entrepreneurs when selecting their sector.

Factors positively associated with crossing over:

- **Information about sectors:** Many female entrepreneurs are simply not aware that they could be earning higher profits in male-dominated sectors. About 75% of the non-crossovers we interviewed incorrectly believe that they make the same or more than crossovers, when in fact they do not.
- **Role models:** Most crossovers don't come up with the idea of working in a male-dominated sector by themselves. Rather, that decision originates from someone else's suggestion, observing others, and/or being offered a job in the sector by a friend or family member. Women who reported having a male role model in their youth were 20-28% more likely to be a crossover. Fathers and politicians are particularly strong role models for crossovers, either in introducing women to the sectors where they work, or by providing important contacts or financial support. On the other hand, non-crossovers are more likely to have been introduced to traditionally female sectors by mothers, and especially teachers. This suggests that the current education system actually reinforces the gender segregation of labor. Moreover, once women engage in a traditionally female sector, they are unlikely to make the switch to a male-dominated sector. Therefore early influence by a male role model is very important in shaping women's professional path to a more profitable sector. A

significant intermediary step in becoming a crossover is active exposure to the sector, either by becoming an apprentice, engaging in actively learning the trade, or being taken to observe the trade.

Ongoing constraints that crossovers face in sustaining their businesses:

- **Low technical skills:** This is the most common constraint mentioned by crossovers, even though these women do not report making significantly lower profits than their male counterparts, nor do they have any trouble finding customers. But clients do acknowledge that crossovers have limited technical skills, which could influence their decision about who to engage for a large contract.
- **Credit:** Both crossovers and non-crossovers commonly cite access to credit as a primary business issue. Crossovers are more likely to obtain credit from a bank or from a spouse, whereas non-crossovers most frequently borrow from a female friend or community member.

POLICY PRIORITIES

This paper explores an uncharted area in the literature on enterprises and gender. Based on our analysis, we provide policy recommendations for supporting women entrepreneurs in male-dominated sectors, but stress that experimentation and impact evaluations of these policies are critical for determining the most effective approaches. Policy options include:

- **Provide information** early to youth about the profitability of certain sectors, perhaps through informational campaigns or career guidance in schools. However, given teachers' current, strong role in preventing women from crossing over, any program using teachers requires significant training and sensitization of teachers.

- **Offer supportive engagement** with individuals who can guide female entrepreneurs as they seek to operate a business in a male-dominated sector. This is ideally done by drawing from the entrepreneur's existing network of friends and family, perhaps within the context of a youth mentorship program.
- **Facilitate active exposure** to the sector through apprenticeships or other work experience programs. It is especially important to target young women who are just entering the labor force, as well as older women without previous experience in a female-dominated sector.
- **Engage figures of influence** within communities to avoid potential opposition and to gain support in changing social perceptions of which sectors are appropriate for women.
- **Support crossovers in maintaining their businesses**, such as by facilitating access to networks or by creating business organizations dedicated to crossovers.



For questions and more information about the Africa Region's gender program, please contact Katherine Manchester at kmanchester@worldbank.org.

The World Bank
1818 H St. NW
Washington, DC 20433 USA