KEY MESSAGES

• Business training in low-income countries have scarcely shown impacts on revenues and profits, especially for female entrepreneurs. In this study, we test two kinds of trainings, one basic in-class training and one enhanced version supplemented with individualized coaching, to test their respective impact on women with established small businesses in Tanzania.

• We found that targeting the right entrepreneurs can improve the effectiveness of a tailored training and even lead to improvements in performance. In the study, the participants’ level of experience influenced the degree of impact of the business trainings. While on average neither training led to revenue or profit growth, entrepreneurs with at least nine years of experience benefitted from the enhanced program through increased revenues. In comparison, entrepreneurs with little experience had reduced revenues after participating in the program.

• We also determined that the content and delivery method of business support provided to the female entrepreneurs impact their adoption of business practices. While the basic training did not have an impact on business practices, participants in the enhanced training were more likely to adopt new practices.
Many women in low-income countries are self-employed in small-scale, low-productivity businesses. Business training is often cited as a critical intervention to increase the productivity of these enterprises and contribute to national development. However, business training programs in low-income settings have shown limited, if any, impacts on firm revenues and profits, particularly for female entrepreneurs. This is in part because women face gender-specific constraints that prevent them from reaping the benefits of such trainings. These constraints include lower educational attainments, lower endowments in assets, lower control over their resources or time, and restricted mobility. Prior research shows that interventions that do succeed in changing the business practices of their female beneficiaries are designed to specifically target these constraints and tend to combine general management training with sector-specific technical training.

SO WHAT TO DO ABOUT IT

To find out what could make business training work for female entrepreneurs, the World Bank’s Africa Region Gender Innovation Lab, in partnership with the Italian Association for Women in Development (AIDOS) and Tanzania Gatsby Trust (TGT), launched an experiment to identify the impacts of two types of business training programs on business outcomes for female entrepreneurs with high growth potential and active in diverse sectors in urban Tanzania.

The trainings were only delivered to women, with the specific goal of enhancing their skills and helping them overcome some of the gender-specific obstacles they face. The design of the trainings recognized that female entrepreneurs juggle several commitments and as a result face significant time and mobility constraints. To address these constraints, classes were run during times and for durations that were more convenient for women, were organized in locations accessible to women, and offered compensation for travel expenses.

In the basic version, entrepreneurs were provided in-class sessions for 6 weeks, to strengthen their managerial and technical skills. They were taught general business skills, including market analysis, cost control and leadership training, as well as more targeted technical courses relevant to their sector of operation.

In the enhanced version, the basic training was supplemented by an orientation workshop, as well as individual visits from business and technical coaches to

### TWO DIFFERENT TYPES OF TRAININGS: BASIC TRAINING AND ENHANCED TRAINING

#### BASIC TRAINING

- **In-class sessions for management and technical skills**
- **Entrepreneurship and business management training**
- **Sector-specific technical courses**
- **Classes organized at convenient times and location for women**

#### ENHANCED TRAINING

- **In-class sessions for management and technical skills**
- **Entrepreneurship and business management training**
- **Sector-specific technical courses**
- **Classes organized at convenient times and location for women**
- **Two-day orientation**
- **Individualized coaching sessions by management and technical coaches, on business site**
- **Sector-based business development services by experts, on business site**
the site of participants’ activities for a year following the training, providing them with management, marketing, financial and technical advice, and connecting them with consultants and mentors. These visits were tailored to the specific needs of the participants. For example, entrepreneurs engaged in food-related sectors were advised on quality control. These additional features were designed to go further in addressing mobility and time constraints, as well as to help with variation in education levels through face-to-face meetings.

HERE’S WHAT WE DID

From the pool of program applicants, 850 entrepreneurs were selected and 821 participated in a baseline survey from June-July 2010 before starting the training program. The entrepreneurs were then randomly assigned to either the control group, basic training group (in-class management and technical training) or the enhanced training group (orientation + in-class management and technical training and individualized coaching sessions). The training programs were then implemented. We collected follow up survey data from July-August 2012, a year after the last in-class session and two years after the baseline survey was conducted and the whole intervention started.

HERE’S WHAT WE FOUND

We do not observe any impact on business practices for the entrepreneurs assigned to the basic training. The enhanced training, on the other hand, increased adoption of these practices. This indicates that the delivery method has a large impact on the effectiveness of training programs. Individualized coaching targeting the specific sector and needs of participants is more likely to help female entrepreneurs to acquire relevant business skills. This deserves special consideration especially when the targeted group is made of women, who face gender-specific obstacles that should be addressed to create the conditions for the training to be effective. Notably, entrepreneurs were more likely to pay themselves a wage, suggesting a greater ability to separate business and household budgets, and were also more likely to formalize, be it registering their businesses or acquiring a tax identification number.

Training may increase knowledge, as reflected in the adoption of business practices, but it does not always translate into improved business outcomes. Neither the basic training nor the enhanced version delivered to female entrepreneurs resulted in better business outcomes on average after two years. This shows that such trainings should be complemented by programs targeting additional binding constraints that limit the ability of early entrepreneurs to grow their businesses.

We find that entrepreneurs with low levels of experience actually showed reduced revenues after participating in the programs. This may be because the training content was not helpful to participants who may not know how to adequately apply it in practice. These considerations are crucial for policy makers seeking to support entrepreneurs: developing a training that does not cater to the target group’s specific need could at best have no impact on their revenues and productivity, and at worst lead to a decrease in revenues.

**ENTREPRENEURSHIP AND EXPERIENCE**

**9+ years**

Entrepreneurs with over 9 years of experience see revenues increase after participating in **enhanced training**

**14+ years**

Entrepreneurs with over 14 years of experience see revenues increase after participating in the **basic training**
However, seasoned entrepreneurs - those with at least nine years of experience in their main business activity when the program started - saw their revenues increase after participating in the enhanced training package. This increase was larger the more experienced they were at the start of the training: the longer their experience, the higher the impact. Very experienced entrepreneurs who received the basic training were also better able than less experienced entrepreneurs to benefit from it. In the case of basic training, the impact is only positive for entrepreneurs with an extremely long tenure (more than 14 years). The kind of training provided in Tanzania should be targeted at experienced entrepreneurs, as their experience complements the managerial skills provided by training programs. This result suggests that this type of training requires experience to make the most of it.

MOVING FORWARD

A likely reason for these heterogeneous impacts is that different entrepreneurs face different sets of constraints, depending in part on their experience. Experienced entrepreneurs may have already overcome other binding constraints that still limit the ability of less mature entrepreneurs to grow their businesses. Identifying these constraints would help design trainings that effectively address the needs of new entrepreneurs. One way to achieve this may be to mobilize insights from psychology. For instance, GIL’s recent research found that Personal Initiative Training Leads to Remarkable Growth of Women-Owned Small Businesses in Togo. It may also be that certain personality traits enabled experienced entrepreneurs to benefit more from the training. Personal characteristics, such as grit, may have made them more likely to successfully manage a business for longer than the other entrepreneurs, and also made them more likely to successfully take advantage of the trainings. In this case, identifying these personality traits, adjusting the trainings to target women according to whether they display these characteristics, and developing them in those who don’t, may be more helpful than focusing on tenure. Indeed, GIL’s Soft Skills for Hard Constraints research found a positive link between women farmers’ noncognitive entrepreneurial skills (such as perseverance, passion for work, and optimism) and their performance in poor rural settings.

For more information on this study:


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