Measuring entrepreneurship from a gender perspective

Developing Entrepreneurship Statistics by Gender in the Republic of Moldova

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GULAB SINGH

Social and Housing Statistics Section - UNSD

Outline

- Brief overview of EDGE Initiative
- EDGE methodology
  - Definition
  - Conceptual framework
  - Key indicators
- Use of household surveys for measuring entrepreneurship from a gender perspective
- NBS Moldova engagement
  - Sharing lessons learned from existing survey program
  - Potentially piloting the EDGE methodology on measuring entrepreneurship from a gender perspective

EDGE Initiative

- Joint collaboration of UNSD and UN Women seeking to accelerate existing efforts to generate internationally comparable gender indicators on health, education, employment, entrepreneurship, and asset ownership
- Builds on the work of the Inter-Agency and Expert Group on Gender Statistics (IAEG-GS)
- 3-year initiative (2013-2015)

Partners:

- ADB, AfDB, FAO, ILO, OECD, World Bank

Donors:

- Australia, Canada, Germany, Ireland, Republic of Korea, USA

Minimum Set of Gender Indicators

- 52 quantitative and 11 qualitative indicators agreed to by IAEG-GS in 2011 and by UN Stat Commission in 2013
  - **Quantitative indicators grouped into 3 tiers:**
  - **Tier 1 (data available + agreed int'l definition) →Started international compilation of indicators**
  - **Tier 2 (some data available + agreed int'l definition) →Promoting capacity building activities → IAEG-advisory group on emerging issues**
  - **Tier 3 (no data + no agreed int'l definition) → Methodological development for indicators → EDGE project**

EDGE objectives

Overall objective:

- Improve the integration of gender issues into the regular production of official statistics for better evidence-based policy making

Specific objectives:

1. Compile and disseminate online international data and metadata on education, employment, and health in line with Minimum Set of Gender Indicators

  - ✓ 35 quantitative "Tier 1" and 9 qualitative indicators available online at: http://unstats.un.org/unsd/gender/data.html

EDGE objectives (cont'd.)

Specific objectives:

2. Undertake methodological work on "Tier 3" indicators:

- Develop guidelines to measure individual-level asset ownership and entrepreneurship from a gender perspective (ongoing)
  - ✓ Methodological Survey Experiment, Uganda (2014)
- Pilot methodological guidelines in select countries (2015)
  - ✓ Fiji, Georgia, Maldives, Mexico, Mongolia, Philippines, South Africa, Swaziland, Uganda
- Present guidelines to UN Statistical Commission (2017)

EDGE objectives for this workshop

- Present, and receive feedback on, the EDGE methodology for measuring entrepreneurship from a gender perspective
- Discuss how NBS Moldova can benefit from, and contribute to, the EDGE project via:
  - sharing lessons learned from existing survey program
  - potentially piloting the EDGE methodology on measuring entrepreneurship from a gender perspective

Measuring entrepreneurship – EDGE methodology

Defining entrepreneurship:

- Who is an entrepreneur?
- Little convergence on definitions among researchers
- While there is agreement on the typical traits of 'entrepreneurs'- ***willingness to take risk, innovate, problem solve, value addition*** - these concepts are difficult to operationalise

Implications for EDGE initiative

- **Definition of entrepreneurship**:
  - Must strike a good balance between:
    - **broad definitions** that include people without entrepreneurial skills and traits, and
    - **narrow definitions** that exclude individuals within target group for women's empowerment (e.g. home-based entrepreneurs with no paid employees)
  - Must be easily implementable with standard data collection instruments
  - Should be statistically measureable by NSOs as a part of official statistics

EDGE operational definition of an entrepreneur

Entrepreneurs are those persons who own an enterprise, either alone or with other individuals. Excludes:

- Own use producers:
  - goods/services **not intended** for market
- Dependent self employed:
  - those whose functions are close to wage employees and who are economically dependent on single purchaser of their services
- 'Pure own account workers':
  - those whose work generally cannot be delegated to a 3rd person and who do not employ others even if they can afford to (e.g. baby sitters, domestic helpers)

Operational definition (cont'd.)

Main intention

- Under 19th ICLS Resolution (o, the **main intended destination** of production determines if a person is employed.
- Those producing **mainly** for own final use but selling some surplus in the market are not considered self-employed and hence, are not entrepreneurs.
  - The concept yet to be operationalized for agricultural producers
  - EDGE is measuring non-agricultural entrepreneurship

EDGE conceptual framework

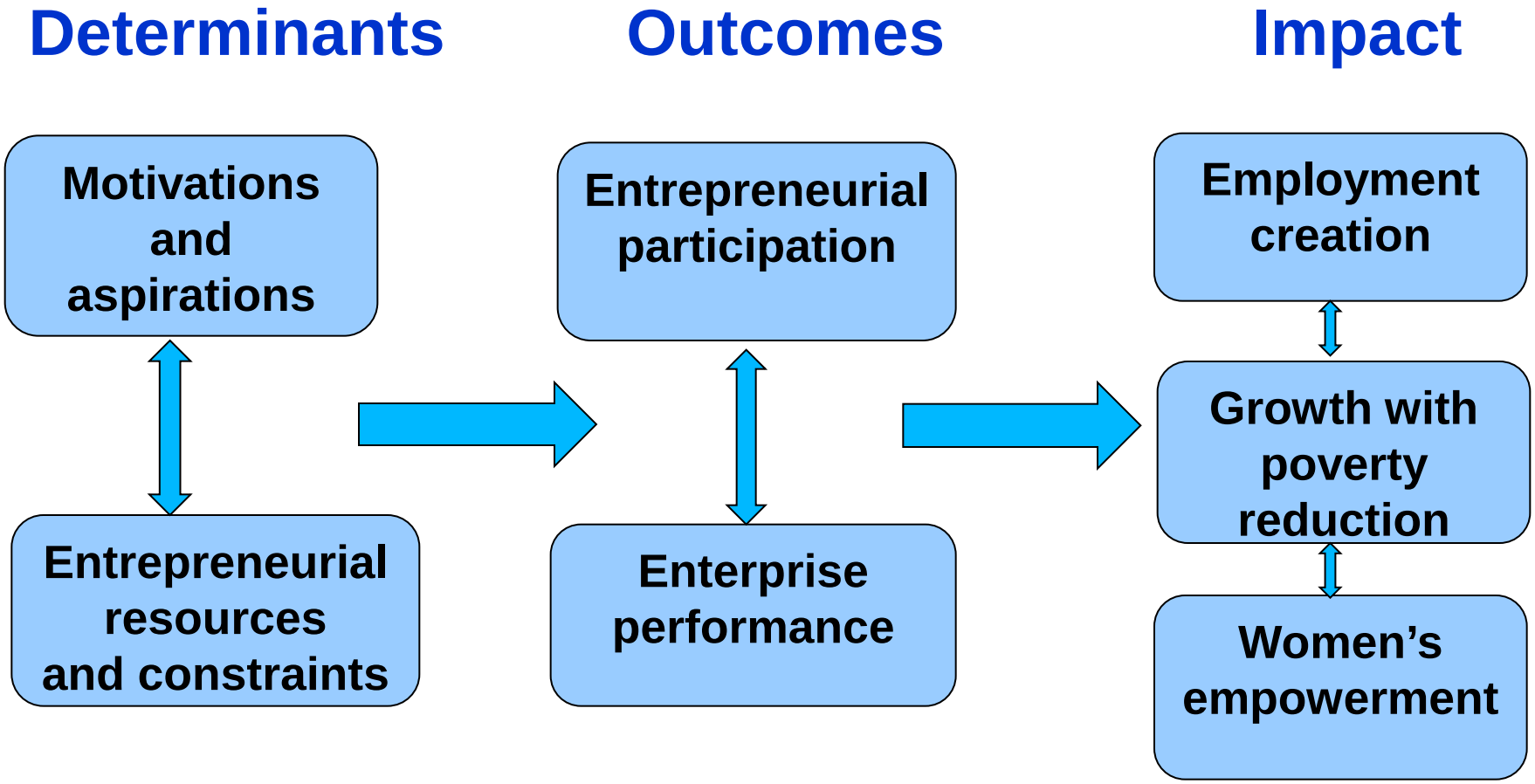
Data collection on gender differences should

- Provide comprehensive description of gender differentials in entrepreneurial outcome, and
- Help policy makers understand the main drivers of gender differentials

- Drivers of gender gap - Gender gaps in entrepreneurship manifest in
  - relatively low number of female entrepreneurs – motivations and aspiration differences, and
  - In a relatively small size of female-owned businesses – entrepreneurial resources and constraints
- Two main set of outcome variables should be targeted describing gender differentials in;
  - Entrepreneurial participation, and
  - Entrepreneurial performance

EDGE conceptual framework

United Nations Statistics Division



EDGE indicators on entrepreneurship

Analysis

Determinants of Entrepreneurship

Motivations and aspirations

- EDGE focus on how “entrepreneurial culture” shapes gender gaps in entrepreneurship
  - Motivations for starting an enterprise
  - Mode of acquisition of enterprise
  - Growth aspirations

Proposed indicators: motivations and aspirations, by sex

Indicator	Data Source	Current Availability
A1. Percentage of necessity entrepreneurs	Household survey (primary); enterprise survey (supplemental)	In unofficial data (GEM) and micro-enterprise surveys for a few countries
A2. Percentage of entrepreneurs who were unemployed before starting enterprise	Household survey (primary); enterprise survey (supplemental)	Household surveys can provide information on previous economic activity.
A3. Percentage of enterprise founders	Household survey or Enterprise-level data	Few countries, in surveys of business owners (US SBO, Mexico ENAMIN)
A4. Percentage of entrepreneurs satisfied with size of enterprise	Household survey (primary); enterprise survey (supplemental)	Few countries in micro-enterprise surveys

Determinants of Entrepreneurship - contd.

Entrepreneurial resources and constraints

- EDGE focus on self-reported “soft” and “hard” resources for starting/growing enterprise and constraints faced during start-up/management process:
  - Skill (education and training) of entrepreneur
  - Income available to invest in enterprise
  - Access to credit
  - Time available to invest in enterprise

Proposed indicators: entrepreneurial resources and constraints, by sex

Indicator	Data Source	Current Availability
B1. Percentage of entrepreneurs who completed secondary or higher education	HH survey (primary), Enterprise-level data (supplemental)	Yes, in hh and labour force surveys and population censuses
B2. Percentage of entrepreneurs who received training /education on starting an enterprise	HH survey	Few microenterprise surveys (Mexico ENAMIN)
B3. Percentage of founders who used credit from banks to start enterprise	Enterprise-level data or HH surveys	WB Enterprise Survey, few firm-level, microenterprise surveys
B4. Percentage of entrepreneurs who used credit from banks to finance operating investments	Enterprise-level data or HH surveys	WB Enterprise Survey

Proposed indicators: entrepreneurial resources and constraints, by sex (cont'd.)

Indicator	Data Source	Current Availability
B5. Percentage of entrepreneurs identifying access to finance as major constraint for enterprise growth	HH survey (primary), Enterprise-level data (supplemental)	Few microenterprise surveys and firm-level surveys (France SINE)
B6. Percentage of entrepreneurs identifying lack of time as major constraint for enterprise growth	HH survey (primary), Enterprise-level data (supplemental)	In few micro-enterprise surveys
B7. Average hours spent working on business per week	HH survey (primary), Enterprise-level data (supplemental)	Yes, in household and LFS
B8. Percentage of entrepreneurs who regularly receive managerial advice, by source of advice	Household survey	Not available

Outcomes of entrepreneurship

Entrepreneurial participation

- Most important objective of international data collection on women's entrepreneurship is to **produce a reliable and comparable measure of the number of men and women entrepreneurs**.
- EDGE focus on identifying a metric that is:
  - Easily and similarly understood across different development contexts
  - Easy to produce via light modifications to extant data collection instruments

Proposed indicators: entrepreneurial participation, by sex

Indicator	Data Source	Current Availability
C1. Percentage of adult population who are entrepreneurs	Household survey or population census (primary), Enterprise-level data (supplemental)	Yes, in household and labour force surveys and population censuses
C2. Percentage of entrepreneurs, by size of enterprise and economic activity	Household survey or population census (primary), Enterprise-level data (supplemental)	Yes, in household and labour force surveys and population censuses
C3. Percentage of women who are main owners and managers of enterprise, by size of enterprise	Household survey and Enterprise-level data	Not available, with limited exceptions (US SBO)

Proposed indicators: entrepreneurial participation, by sex (cont'd.)

Indicator	Data Source	Current Availability
C4. Percentage of enterprises owned by women/men, by size of enterprise and activity	Enterprise-level data (primary), household survey (supplemental)	WB Enterprise Survey for most countries
C5. Percentage of women/men among owners of unregistered enterprises	Household survey	From household, labour force and micro-enterprise surveys but only for a few countries
C6. Percentage of enterprises registered by women/men	Administrative data	Not available, with limited exceptions (Germany)

Outcomes of entrepreneurship contd.

Enterprise performance

- Performance is traditionally proxied by longitudinal indicators measuring growth path of enterprise
  - Requires highly developed infrastructure of longitudinal data
- EDGE focus is on performance indicators that can be more easily produced via cross-sectional surveys
- Challenges include:
  - Identifying a single concept of business earnings
  - Assessing best approach for measuring earnings
  - Apportioning share of profits in multi-owner enterprises

Proposed indicators: enterprise performance, by sex of owner

Indicator	Data Source	Current Availability
D1. Gender gap in earnings from enterprise	Household survey or Enterprise-level data	Often only for unincorporated self-employed in household surveys, and in few micro-enterprise surveys
D2. Gender gap in enterprise turnover	Enterprise-level data (primary), household survey (supplemental)	WB Enterprise Survey and a few micro-enterprise surveys
D3. Percentage of enterprises with employment growth	Enterprise-level data (primary), household survey (supplemental)	Not available

Proposed indicators: enterprise performance, by sex of owner (cont'd.)

Indicator	Data Source	Current Availability
D4. Average age of enterprise	Household survey or Enterprise-level data	Enterprise surveys
D5. Job satisfaction of entrepreneur	Household survey	Not available

Use of household surveys for measuring entrepreneurship from a gender perspective

Building on existing household-level data collection

- Introducing changes in existing household-level data collection is most feasible strategy
- Design of household surveys is generally more flexible than design of enterprise surveys
- Relevant synergies can be exploited with the EDGE household survey modules on asset ownership and entrepreneurship.

3 household-level options proposed in Draft EDGE methodological guidelines

1. Add three additional questions to existing labour force or general household surveys, namely (i) status in employment (ii) economic activities distinguishing between agricultural and non-agricultural and (iii) filtering those self-employed who are not treated as entrepreneur
2. Add roughly 5 questions to same instrument
3. Canvas full entrepreneurship module
   - Ideally using mixed 1-2 survey approach, otherwise appended to existing household survey

Option 1

- Add 3 internationally standardized questions to labour force or general household survey that identify enterprise owners, with and without employees, from the broader set of self-employed.

Q1. In what kind of status in employment did [NAME] spend most of his/her time in the last 7 days?

1. WAGE EMPLOYMENT (NOT INCLUDING CASUAL LABOUR BUT INCLUDING PAID TRAINING)
2. SELF-EMPLOYMENT(EMPLOYER)
3. SELF-EMPLOYMENT(OWN-ACCOUNT WORKER)
4. CONTRIBUTING FAMILY WORKER
5. CASUAL LABOURER
6. UNPAID TRAINEE
7. NOT ENGAGED IN ECONOMIC ACTIVITY
8. OTHER (SPECIFY)

Option 1 (cont'd.)

- **Q2**. In what economic activity was [NAME] engaged as self-employed during the last 7 days? (to be asked if reported codes 2 or 3 in Q1)
    1. NON-AGRICULTURE
    2. AGRICULTURE

Option 1 (cont'd.)

- **Q3**. Is [NAME], in his/her self-employment work? Read All Categories

1. A sole director of one's own limited-liability enterprise
2. A partner/associate in one's own limited-liability enterprise
3. Running alone one's own enterprise
4. A partner in an enterprise
5. Other (describe activity

Option 1 (cont'd.)

- These 3 questions:
  - Overcome uncertainties and comparability issues of cross-country analysis based on the number of self-employed
  - Enable derivation of core participation indicators:
    - ✓Percentage of enterprise owners who are women
    - ✓Percentage of adult population who are entrepreneurs, by sex

Option 2

- Add 5 internationally standardized additional questions to labour force or general household survey, asked of all individuals owning an enterprise to identify size of the enterprise, primary ownership and management.
- **Q1.** Excluding yourself, has any paid employee worked for your enterprise on a regular basis over the last month?
  a) yes, 1-5 paid employees
  b) yes, 6-15 paid employees
  c) yes, more than 15 paid employees
  d) no, I only receive unpaid help
  e) no, I do not have any paid or unpaid employees

Option 2 (cont'd.)

- Individuals reporting owning an enterprise in Q3 (Option 1) should be asked:

  Q2 - their **ownership shares** of the enterprise

  Q3 - Whether they have the **main responsibility** for day-to-day production and selling activities

  Q4 - Whether they have the **main responsibility** for managing day-to-day operations

  Q5 - Whether they hold **financial control** of the enterprise (signs loans/contracts, hires/fires workers)

Option 2 (cont'd.)

- These 5 questions:
  - Slightly increase data collection and response burdens
  - But allow for finer insights on gendered participation in entrepreneurship by focusing on **owners with primary decision-making responsibilities**
  - Also enable derivation of core indicator:
    - ✓percentage of women who are the main owners and managers of enterprises, by presence of employees

Option 3

- Add a full module on entrepreneurship to labour force or general household survey that enables measurement of the four dimensions of the EDGE conceptual framework

How NBS Moldova can benefit from, and contribute to, the EDGE project

- There is the possibility of adding a small set of questions into individual LFS questionnaire for deriving entrepreneurship indicators
- It would be good to know
  - Whether the individual questionnaire is canvassed to all adult members of he sample household or it is by proxy reporting by one household member.
  - Sample size

How NBS Moldova can benefit from, and contribute to, the EDGE project

- The entrepreneurship module can be built starting from the questions Q12 and Q39 on status in employment in main and secondary activity undertaken by respondents in the last week.
- The set of questions on entrepreneurship will be applied only to employers and own-account workers identified in Q12 and Q39.
- The set of questions may be placed after the module on "*Employment-related revenues*" on page 8 of the LFS questionnaire.
- The set will need a few screening questions:
  - To identify only entrepreneurs in non-agricultural activities
  - To separate dependent contractors from the own account workers
- Provide country experience on piloting this approach for informing the Guidelines

Thank You