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:

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
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
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)
Main intention

- Under 19\textsuperscript{th} ICLS Resolution (o, the \textit{main intended destination} of production determines if a person is employed.

- Those producing \textit{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

Determinants
- Motivations and aspirations
- Entrepreneurial resources and constraints

Outcomes
- Entrepreneurial participation
- Enterprise performance

Impact
- Employment creation
- Growth with poverty reduction
- Women’s empowerment

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

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

<table>
<thead>
<tr>
<th>Indicator</th>
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</thead>
<tbody>
<tr>
<td>B1. Percentage of entrepreneurs who completed secondary or higher education</td>
<td>HH survey (primary), Enterprise-level data (supplemental)</td>
<td>Yes, in hh and labour force surveys and population censuses</td>
</tr>
<tr>
<td>B2. Percentage of entrepreneurs who received training /education on starting an enterprise</td>
<td>HH survey</td>
<td>Few microenterprise surveys (Mexico ENAMIN)</td>
</tr>
<tr>
<td>B3. Percentage of founders who used credit from banks to start enterprise</td>
<td>Enterprise-level data or HH surveys</td>
<td>WB Enterprise Survey, few firm-level, microenterprise surveys</td>
</tr>
<tr>
<td>B4. Percentage of entrepreneurs who used credit from banks to finance operating investments</td>
<td>Enterprise-level data or HH surveys</td>
<td>WB Enterprise Survey</td>
</tr>
<tr>
<td>Indicator</td>
<td>Data Source</td>
<td>Current Availability</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------</td>
<td>-----------------------------------------------------------</td>
</tr>
<tr>
<td><strong>B5.</strong> Percentage of entrepreneurs identifying access to finance as major constraint for enterprise growth</td>
<td>HH survey (primary), Enterprise-level data (supplemental)</td>
<td>Few microenterprise surveys and firm-level surveys (France SINE)</td>
</tr>
<tr>
<td><strong>B6.</strong> Percentage of entrepreneurs identifying lack of time as major constraint for enterprise growth</td>
<td>HH survey (primary), Enterprise-level data (supplemental)</td>
<td>In few microenterprise surveys</td>
</tr>
<tr>
<td><strong>B7.</strong> Average hours spent working on business per week</td>
<td>HH survey (primary), Enterprise-level data (supplemental)</td>
<td>Yes, in household and LFS</td>
</tr>
<tr>
<td><strong>B8.</strong> Percentage of entrepreneurs who regularly receive managerial advice, by source of advice</td>
<td>Household survey</td>
<td>Not available</td>
</tr>
</tbody>
</table>
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

<table>
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<tr>
<th>Indicator</th>
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<tr>
<td><strong>C1. Percentage of adult population who are entrepreneurs</strong></td>
<td>Household survey or population census (primary), Enterprise-level data (supplemental)</td>
<td>Yes, in household and labour force surveys and population censuses</td>
</tr>
<tr>
<td><strong>C2. Percentage of entrepreneurs, by size of enterprise and economic activity</strong></td>
<td>Household survey or population census (primary), Enterprise-level data (supplemental)</td>
<td>Yes, in household and labour force surveys and population censuses</td>
</tr>
<tr>
<td><strong>C3. Percentage of women who are main owners and managers of enterprise, by size of enterprise</strong></td>
<td>Household survey and Enterprise-level data</td>
<td>Not available, with limited exceptions (US SBO)</td>
</tr>
</tbody>
</table>
## Proposed indicators: entrepreneurial participation, by sex (cont’d.)

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

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<tr>
<th>Indicator</th>
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</thead>
<tbody>
<tr>
<td><strong>D1. Gender gap in earnings from enterprise</strong></td>
<td>Household survey or Enterprise-level data</td>
<td>Often only for unincorporated self-employed in household surveys, and in few micro-enterprise surveys</td>
</tr>
<tr>
<td><strong>D2. Gender gap in enterprise turnover</strong></td>
<td>Enterprise-level data (primary), household survey (supplemental)</td>
<td>WB Enterprise Survey and a few micro-enterprise surveys</td>
</tr>
<tr>
<td><strong>D3. Percentage of enterprises with employment growth</strong></td>
<td>Enterprise-level data (primary), household survey (supplemental)</td>
<td>Not available</td>
</tr>
</tbody>
</table>
Proposed indicators: enterprise performance, by sex of owner (cont’d.)

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</thead>
<tbody>
<tr>
<td><strong>D4. Average age of enterprise</strong></td>
<td>Household survey or Enterprise-level data</td>
<td>Enterprise surveys</td>
</tr>
<tr>
<td><strong>D5. Job satisfaction of entrepreneur</strong></td>
<td>Household survey</td>
<td>Not available</td>
</tr>
</tbody>
</table>
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)
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 the 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