

Women's entrepreneurship works better with friends

By Ashlee Betteridge
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Women in developing countries have traditionally lagged when it comes to succeeding at entrepreneurship, despite efforts to include them. But a new randomised control trial (RCT) conducted by the Poverty Action Lab shows that it could come down to peer support.

[The study](#) sought to test whether women were disadvantaged as entrepreneurs by having limited positive peer effects on their businesses. To test this, the authors offered two days of business counselling to a random sample of customers of India's largest women's bank. A random subsample were invited to attend with a friend.

The experiment found that the sessions for the low-income, urban women "had substantial effects on business behaviors and outcomes, but only among those who were trained alongside a friend". While women in both groups were more likely to take out a loan after the training, there were substantial differences in how the loan was used.

"Women invited alone almost exclusively used the marginal loans for home repair, whereas those invited with a friend almost exclusively used the marginal loans for business purposes. Furthermore, survey data show that four months later, those invited with a friend report differences in business behaviour, including higher volume of business and more stated business plans to increase revenues, while women invited alone experience no change in these outcomes relative to the control group".

Women who attended with a friend also reported significantly higher household income and were less likely to report their occupation as being a housewife.

The presence of a friend helped women to set up and implement business-related goals, and changed women's aspirations. The benefits were found to be greatest among women from groups facing more restrictive social norms.

The study also found that encouraging women to set concrete business plans and goals increased demand for bank accounts—useful information for those working on improving women's financial inclusion.

The findings of this RCT are fascinating—though perhaps unsurprising to any woman with amazing female friends. But for anyone planning projects to unlock women's entrepreneurship, considering the power of peer support is a simple thing that could have

big outcomes.

About the author/s

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Link: <https://devpolicy.org/womens-entrepreneurship-works-better-with-friends-20140812/>

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