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Business Training and Female Enterprise Start-Up, Growth, and Dynamics: Experimental Evidence from Sri Lanka

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Abstract:

We conduct a randomized experiment in Sri Lanka to measure the impact of the most commonly used business training course in developing countries, the Start-and-Improve Your Business (SIYB) program. In contrast to existing business training evaluations which are restricted to microfinance clients, we consider two more representative groups: a random sample of women operating subsistence enterprises, and a random sample of women who are out of the labor force but interested in starting a business. Both samples are randomized into three groups: a control group, a group invited to attend training, and a group invited to receive training and who receive a cash grant conditional on completing training. We track impacts over four rounds of follow-up surveys taken over two years and find that the short- and medium-term impacts differ. For women already in business, we find that although training alone leads to some changes in business practices, it has no impact on business profits, sales or capital stock. In contrast the combination of training and a grant leads to large and significant improvements in business profitability in the first eight months, but this impact dissipates in the second year. For women interested in starting enterprises, we find that business training speeds up the process of opening a business, and changes the selection of who operates a business by making the entrants less analytically skilled, but leads to no increase in net business ownership by our final survey round. Receiving a grant results in poorer women opening businesses, but again does not increase net business ownership. Training appears to have increased the profitability and business practices of the businesses started up, suggesting it may be more effective for new owners than for enhancing existing businesses.

Text: See [Discussion Paper No. 6896](#)



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