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MEASURING WOMEN'S ECONOMIC EMPOWERMENT: Critical Lessons from South America

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Understanding the Role of the Couple in Key Decisions and Actions of the Female Entrepreneur in Peru

Martin Valdivia

Subjective and psychological measures increasingly are used to assess women's empowerment. These measures, however, often remain unchanged even in the presence of an effective economic empowerment intervention. This raises the question: is the intervention ineffective or is the measurement incorrect? Some argue that women in poverty, especially in rural areas in developing countries, have difficulty interpreting and understanding these measures (Martinez-Restrepo, Yancari, & Ramos-Jaimes, 2016). On the other hand, the questions may reflect our lack of knowledge of how gender relations operate within households in poverty and villages in developing countries (Buvinic, 2017), particularly in certain South American contexts.

For this study, we analyzed two variants of the question about the extent to which women evidence *agency*: women's participation in making key business decisions and men's participation in carrying out household chores in urban Peru. The objective of our analysis was to understand in a better way the relationship between women entrepreneurs and their partners from the women's point of view,

especially concerning how both make business-related decisions and assume household chores as a result of an intervention to support small family businesses in Peru. Our analysis suggests ways to survey more accurately the process of decision making and the role of the partner in the household context.

First, following Kabeer (1999), to accomplish the objective of our analysis we needed to differentiate between strategic decision making, which has direct implications for women's empowerment, and second-order decision making, which does not. Thus, we considered decisions about the family business as strategic since they allow women to improve their well-being and possibly their economic autonomy. As discussed in Chapter 2, we must also understand what type of business decisions men make and what type women make, since the process of making decisions about the family business could reproduce or reinforce cultural gender roles. Indeed, a recent study by Babcock, Recalde, Vesterlund, and Weingart (2017) shows that at the same professional level, in a business setting, men are more likely to engage in strategic tasks—for example, designing the company's strategies—and women more likely to engage in organizational or support tasks—such as taking notes or preparing PowerPoint presentations for their bosses—that do not give them the necessary experience to get promoted.

Second, observing what happens at home with household chores because of the intervention allowed us to understand whether women are more likely to be involved in roles traditionally considered female. Feminist theory suggests that women's empowerment means not only more power for women, but also an egalitarian involvement of men in household chores and childcare (Bolzendahl & Myers, 2004). In this sense, we are completely changing the way we think about women's empowerment. Instead of overcharging women with yet more responsibilities, we assume that women are more empowered if men and women have more equal roles both at home and in the family business (Idígoras, Vicente, & Aldámiz-Echevarría, 2009). As discussed in the previous section, contrary to common beliefs, South American *supermadres* (super mothers)

might be disempowered because their unpaid responsibilities with children, chores, and groceries—and even the conditions imposed on accessing subsidies or incentives created by social programs—limit the time women have available for paid work, sleep, and leisure activities (Martinez-Restrepo, 2017).

Although we did not ask women entrepreneurs in the sample what processes would be empowering, we assumed that having more control over their time and over decision making in the business would advance their goal of becoming more empowered. Following what we discussed in Chapter 2, access to training (the intervention) and having greater control over time *(resources)* could be understood as preconditions of economic empowerment. Women gaining control of their time and over the decisions they make about the firm can subsequently allow them to have greater earnings and economic autonomy.

The Intervention

The intervention was part of Women Leadership in Small and Medium Enterprises (WLSME),[28] a program aimed at generating new learning about which business models for women's entrepreneurship in Small and Medium Enterprises (SMEs) work best in different developing countries' contexts.

We analyzed questions included in a questionnaire given to female entrepreneurs in Lima and Arequipa in the context of an experimental impact evaluation study. This study aimed to establish the causal effects of two variants of business development strategies to increase the profitability of women's businesses and to empower women as business leaders. The intervention consisted of three *treatment groups*. One was invited to a 16-hour business training in four sessions. The second group received an offer of 16 hours of individual business mentoring (IM) over four months. The third group was offered 16 hours of Peer Working Group (PWG).

28 WLSME is a USAID-funded international initiative (https://wlsme.org). The Peruvian project was led by Sector 3, an NGO specializing in implementing development projects in Peru, with a special focus on women's economic empowerment. GRADE, a research institution in Peru, is in charge of the impact evaluation of that project.

The fundamental question behind this study was whether positive peer pressure and support can offer advantages similar to individual mentoring for strengthening managerial skills within female-run businesses while increasing firms' size and profitability. Previous studies indicated that individual mentoring seems to work if appropriately designed, but it is too costly and does not scale well (Bruhn, Karlan, & Schoar, 2017). The study explored whether group-based advice, peer support, and peer pressure could provide similar results.

Sample and Methods

The sample was organized in seven cohorts, with a similar number of entrepreneurs randomly assigned to each treatment group.[29] The impact evaluation study included four measurements: a baseline and three follow-ups at six months, one year, and two years after the end of the treatment. For this case study, we could include only the sample of the first five cohorts (810), as we observed them at baseline and up to a year after the end of the intervention.

The questionnaire included a variety of measures of business knowledge, practices, and results, as well as measures of a woman's self-reported role within the household and the business. This case study tested the implications of expanding the questioning about the role of each member of the entrepreneurial couple in major business decisions and traditional household chores.[30] We examined not only the patterns found at baseline, but also the changes uncovered by the two follow-up surveys. We explored the connection between how the answers to these two questions changed after the intervention and the potential economic empowerment that resulted from the intervention, with the aim of better understanding the association between economic empowerment and these subjective measures of empowerment.

29 The first cohort had only 90 female entrepreneurs, 30 per treatment group. All other cohorts had 180 entrepreneurs, 60 per treatment group.

30 The specific questions analyzed for this piece can be found in Appendices A and B.

The first question refers to the role of the woman, her partner, and other household members in key business decisions such as making investments in equipment and new products, asking for a loan, hiring an employee, and choosing a provider (Table 4).

Table 4

Business-Related Questions – Impact Evaluation of WLSME program

Question: For each type of activity, indicate who makes the decision normally? Also, to what extent you feel you can take your own point of view regarding these activities?

Activity	Me			My Partner			Other Household Members		
	Express my opinion	Decide and act	Make no decision	Expresses his opinion	Decides and acts	Makes no decision	Express their opinion	Decide and act	Make no decision
1. Investment in equipment									
2. Location remodeling									
3. Add new products									
4. Loan applications									
5. Branding									
6. Picking providers									
7. Personnel selection									

Source. Author's elaboration.

The innovation of this study was to ask wives[31] about their role and that of their husbands in each decision. We also expanded the answer options to differentiate between situations in which the woman merely expresses an opinion about the decision and those in which she also decides and takes action. The idea behind this innovation was that women, when answering the question as traditionally designed, tended to say they made such decisions, ignoring or downplaying their partner's role in decision making. Asking about each one's role may better reveal the decision model prevalent in the household.

The second question focused on household chores traditionally assigned to women, such as washing and ironing, cooking, and taking care of minors or the sick (Table 5). We also included the task of performing minor household repairs, an activity less commonly thought of as carried out by women. Again, we asked separately about the role of the entrepreneur and the partner in these chores. The key innovation here was to expand the answer options. Respondents could indicate whether they generally, occasionally, or never performed such tasks. The idea was to see if specialization along gender roles occurred not only regarding household responsibilities, but also around the activities partners performed in support of one another. We also looked at the number of household members besides the female entrepreneur actively involved in such duties, even when the female entrepreneur was the main person responsible for each chore.

31 For the purpose of this research, married includes any couple that is living in a partnership.

Table 5

Household Chores Question

Question: At home, who is in charge of the following tasks in general? (Fill in column by column with one of the following options of answer: 1 = Generally, 2 = Occasionally, 3 = Never)

Activity	Tasks					
	Washing and ironing	Food preparation	House minor repairs	Family care	Care of sick members	House cleaning
1. You						
2. Partner						
3. Father						
4. Mother						
5. Domestic worker (paid)						
6. Other member of the household						
7. Does not apply						

Source. Author's elaboration.

Results

Since the questions selected for this case study focused specifically on the role of the partner, we first restricted our sample to those entrepreneurs who reported having a partner at home. Only around 55 percent of the female entrepreneurs in our sample were married or had a cohabiting partner at baseline. One out of three women entrepreneurs in our sample was single at the time of the baseline. Therefore, this analysis excluded 352 observations.

Table 6 reports answers by women entrepreneurs about their role, and that of their partners, in a set of seven key business-related decisions. Answer options included whether women expressed an opinion, decided and acted upon a decision, or made no decision at all. Since female business ownership was a criterion for inclusion in the original sample, it is no surprise to find that for all these business decisions, 90 percent of women self-report as key actors. For each firm decision, the answer provided information about the level of involvement of each actor (the female entrepreneur or her partner), going from reporting no decision at all (low involvement), to expressing an opinion, and to deciding and acting (high involvement).

The only decision with a significant variation in the percentage of women involved was related to loan applications, probably because defaulting on a loan may put household assets at risk, which has an impact beyond the business run by the female entrepreneur. Only 80 percent of the women declared themselves to be the main agent for decisions about loan applications. Women reported no involvement in loan-related decisions in almost 12 percent of the cases.

Table 6

Business-Related Decision Making Within Married Households at Baseline, Reported by Women Entrepreneurs About Themselves and Their Partners

	Expresses opinion	Decides and acts	Makes no decision	Number observed
Woman Entrepreneur				**431**
Investment in equipment	**7.4%**	**89.6%**	**3.0%**	
Location remodeling	**7.4%**	**89.3%**	**3.2%**	
Add new products	**6.7%**	**90.7%**	**2.6%**	
Loan applications	**8.4%**	**80.0%**	**11.6%**	
Branding	**7.2%**	**87.7%**	**5.1%**	
Picking providers	**7.0%**	**91.2%**	**1.9%**	
Personnel selection	**6.5%**	**90.3%**	**3.2%**	
Women's Perceptions of Their Partners				**431**
Investments in equipment	**24.1%**	**32.0%**	**43.9%**	
Location remodeling	**22.7%**	**27.1%**	**50.1%**	
Add new products	**24.6%**	**25.8%**	**49.7%**	
Loan applications	**22.0%**	**30.9%**	**47.1%**	
Branding	**22.3%**	**28.1%**	**49.7%**	
Picking providers	**20.6%**	**25.8%**	**53.6%**	
Personnel selection	**20.4%**	**26.7%**	**52.9%**	

Source. Author's calculations based on the answers to question 111 (Table 4) from MELD questionnaire at baseline (see Appendix A for original question in Spanish).

Note. All women entrepreneur reported being part of a couple, which means they indicated being married or having a partner as their civil status. Obs refers to the number of observations.

In sum, a majority of female entrepreneurs saw themselves as key decision makers for their businesses, even though a few reported less involvement when decisions could affect the financial position of the whole household. However, the most revealing answer was about the role of women entrepreneurs' partners, as it helped us identify the cases in which the decision was truly a joint endeavor. In the last panel, we see, for instance, that 32 percent of women entrepreneurs also reported their partners decided and acted (D&A) on investing in equipment for the firm. We can combine their separate answers to properly characterize the decision process, which we do in Table 7.

We first classified participation as either high involvement, if individuals D&A, or low involvement if they only express an opinion or make no decision (EO or ND). Then, for each decision, if the woman indicated high involvement (D&A) and the partner low involvement (EO or ND), we classified the decision-making process as entrepreneur-only. Partner-only refers to the opposite situation. If both indicated the same level of involvement, then we characterized the decision-making process as joint. There were a few cases in which all agents indicated no decision-making participation. We characterized such a situation as missing observations. This explains the differences in sample sizes across specific decisions.

Table 7 shows that although the woman reported that she runs the business, the partner plays an equally important role in 25 percent of the cases, suggesting they decide jointly. In the case of investments in equipment, 28 percent of the businesses had such a decision model. The highest percentages of businesses employed this decision model around investments and applying for loans. The model in which the entrepreneur decides alone was most common when the business activities were adding new products, picking providers, or hiring workers. These differences strongly suggest the need to be specific about the type of decision when asking about the decision model a particular couple uses.

Table 7

Business Decision Model Within the Household at Baseline

	Only entrepreneur decides and acts	Only partner decides and acts	Joint decision	Number of observations
Investment in equipment	66.4%	5.4%	28.1%	423
Location remodelling	70.8%	4.5%	24.7%	421
Add new products	72.8%	4.5%	22.8%	426
Loan applications	63.8%	6.9%	29.2%	390
Branding	69.2%	5.0%	25.7%	416
Picking providers	72.9%	4.4%	22.7%	428
Personnel selection	71.8%	4.3%	23.9%	422

Source. Author's calculations based on the answers to question 111 (Table 4) from MELD questionnaire at baseline (see Appendix A for original question in Spanish).

Note. Sample restricted to those women who reported being part of a couple at baseline (being married or with a partner as civil status). "Joint decision" means both agents report the same high level of involvement (both D&A or EO). "Entrepreneur only" indicates that the woman declares she has more decisive involvement (D&A), while the partner does not (no decision or only opinion). "Partner only" indicates that the partner has more decisive involvement than the woman entrepreneur.

Given the concept of economic empowerment as a process of change that enhances the individual's capacity for strategic planning, we wanted to evaluate whether this question about a business's decision-making model could capture change associated with the intervention. Stated another way: Could empowering messages in the business development strategies offered to women entrepreneurs in the study encourage them to make and act on more decisions? As already indicated, we have not yet found any effect of the interventions on the profitability and growth of the businesses run by the treated entrepreneurs.[32]

32 Recall that we are not yet able to use the full sample for this study. With only 70 percent of the sample available, some of the results may lack statistical power to reject the null hypothesis.

However, the training and mentoring messages included some aimed at increasing the entrepreneurs' self-esteem, potentially leading to further success. Also, it is possible that the business networking promoted in one of the treatments improved women's capacity for strategic planning more than the treatment based on individual mentoring.

Table 8 reports the impacts of the interventions on the way the entrepreneur makes decisions and the role of her life partner approximately six and 12 months after the end of the intervention (FU1 and FU2, respectively). We used two aggregate measures: in the top panel, we counted the number of decisions in which the entrepreneur and her partner had a certain role. In the bottom panel, we used a standardized index that, in practice, aggregates the individual decisions based on the standard deviation of each particular decision.[33] Neither measure showed significant effects as a result of either of the treatments (IM or PWG). In the case of the number of decisions, women started deciding alone in 4.6 out of seven decisions at baseline. After 12 months, the PWG treatment tended to decrease the number of decisions in which they decided alone. The patterns were similar for the standardized aggregate index, showing increased collaborative participation by the partner, although again, estimates were not statistically significant.[34]

33 Aggregating by summing the number of decisions for which they provide a specific answer may be intuitive but treats each decision as equally difficult, which is not true. Thus, we also include an aggregate standard index, following Valdivia (2015), which in practice weights each decision by a measure of its difficulty to change, as measured by their corresponding standard deviation.

34 Equivalent regressions for each business decision are reported in Appendix C. Recalling that we are still missing 352 observations from the last two cohorts, it may be that we lack statistical power at this point, and such results will appear more clearly with the full sample.

Table 8

Intention-to-Treat (ITT) Effects on the Process of Business Decisions Within the Household

	Control at BL	FU1			FU2		
		Obs	IM	PWG	Obs	IM	PWG
Number of decisions							
Women Entrepreneur only	**4.568**	**349**	**0.2580**	**0.0040**	**339**	**0.0283**	**-0.0837**
	(0.376)		**(0.267)**	**(0.342)**		**(0.278)**	**(0.299)**
Joint decision	**1.910**	**349**	**-0.2123**	**0.0609**	**339**	**0.0175**	**0.1029**
	(0.314)		**(0.228)**	**(0.292)**		**(0.290)**	**(0.336)**
Aggregate standardized index							
Women Entrepreneur only	**-0.000**	**349**	**0.0868**	**-0.0014**	**339**	**0.0102**	**-0.0281**
	(0.130)		**(0.093)**	**(0.118)**		**(0.096)**	**(0.104)**
Joint decision	**-0.000**	**349**	**-0.0754**	**0.0211**	**339**	**0.0057**	**0.0365**
	(0.111)		**(0.081)**	**(0.103)**		**(0.103)**	**(0.119)**

Source. Author's calculations based on MELD questionnaire at baseline (see Appendix A for original question in Spanish).

Note 1. FU1 refers to Follow-up 1 (6 months); FU2, refers to Follow-up 2 (12 months); Obs refers to the number of observations; IM refers to group with individual mentoring; PWG refers to peer working groups. Reported estimated effects are based on ANCOVA regression that controls for sector and cohort effects. The first panel works with the number of decisions with the particular feature in each horizontal line. The second panel is based on a standardized index weighting each decision by the standard deviation in their answers. For more information see Appendix C.

Note 2. Statistical significance is noted at the 1% (***), 5% (**), or 10% (*) level. Standard errors in parentheses.

Subsequently, we looked at the management of key household chores by the entrepreneur and the couple. Table 9 shows the role reported by both agents for a bundle of six key household chores: washing and ironing, food preparation, minor repairs, care of minor or sick family members, and cleaning. The reported answers confirm the persistence of traditional gender roles in this sample when assigning responsibilities for these household chores, despite the fact that the female partner runs a small business. About 50 percent of the female entrepreneurs interviewed at baseline self-reported being the main person in charge of tasks such as washing and ironing, food preparation, caring for sick family members, and house cleaning. That proportion was higher for the task of caring for minor family members (72 percent), but much smaller for minor house repairs (15 percent).

In turn, we saw partners taking on fewer responsibilities related to those chores traditionally reserved for females, although higher percentages tended to report occasional assignments of those chores. For instance, although only nine percent of the partners reported being the main person in charge of washing and ironing, an extra 30 percent reported occasional assignment of this chore, which men may frame as "support."

Table 9

Distribution of Household Chores Within the Household at Baseline, Reported by Women Entrepreneurs About Themselves and Their Partner

	Generally	Generally and Occasionally	Obs
Woman Entrepreneur			**431**
Washing and ironing	**47.3%**	**75.9%**	
Food preparation	**50.6%**	**80.7%**	
House minor repairs	**14.8%**	**31.1%**	
Family care	**72.2%**	**88.4%**	
Care of sick members	**47.1%**	**62.2%**	
House cleaning	**49.4%**	**74.9%**	
Women's Perceptions of Their Partners			**431**
Washing and ironing	**9.0%**	**40.4%**	
Food preparation	**7.0%**	**37.8%**	
House minor repairs	**55.5%**	**71.2%**	
Family care	**36.4%**	**64.7%**	
Care of sick members	**15.8%**	**41.8%**	
House cleaning	**17.6%**	**45.7%**	

Source. Author's calculations based on the answers to question 113 (Table 5) from MELD questionnaire at baseline (see Appendix B for original question in Spanish).

Note. All women entrepreneur reported being part of a couple, which means they indicated being married or having a partner as their civil status. Obs refers to the number of observations. The "Generally" column refers to the corresponding individual indicating that he/she is the person generally in charge of such chore.

Table 10 also shows some interesting empowering effects of the networking-based treatment, this time in the form of promoting the participation of male partners in key household chores that are traditionally assigned to women. These effects are statistically significant. The average number of household chores in which partners reported some participation was 2.9 at baseline. After 12 months, the networking-based treatment increased significantly the average by 0.41 chores, an increase of 0.22 standard deviations. The group that received IM demonstrated no significant effects. This finding confirms there is something special about PWG treatment that empowers the female entrepreneur within her household. Research shows that social norms have a stronger effect on individual behavior than on individual beliefs (Bohnet, 2016). This means that because gender relations are a social construct (Agarwal, 1997), an effective intervention methodology operates at the social/community level instead of the individual level.

Table 10

Intention-to-Treat (ITT) Effects on the Assignment of Responsibilities for Household Chores

	Control at BL	FU1			FU2		
		Obs	IM	PWG	Obs	IM	PWG
Number of household chores							
Partner as key person in charge	**1.4065** (0.159)	**351**	**-0.1187** (0.131)	**-0.0972** (0.190)	**346**	**-0.1045** (0.194)	**-0.0343** (0.221)
Partner as one of the persons in charge	**2.9419** (0.248)	**351**	**-0.1386** (0.248)	**-0.1695** (0.166)	**346**	**0.0909** (0.213)	**0.4147*** (0.223)
Aggregate standardized index							
Partner as key person in charge	**0.0000** (0.107)	**351**	**-0.0778** (0.099)	**-0.0878** (0.137)	**346**	**-0.1137** (0.141)	**-0.0088** (0.170)
Partner as one of the persons in charge	**0.0000** (0.122)	**351**	**-0.0679** (0.122)	**-0.0844** (0.082)	**346**	**0.0374** (0.105)	**0.2045*** (0.110)

Source. Author's calculations based on the MELD questionnaire at baseline (see Appendix B for original questions in Spanish).

Note 1. Reported estimate effects are based on ANCOVA regression that controls for sector and cohort efforts. The first panel shows the number of decisions and change related to each intervention. The second panel is based on a standardized index weighting each decision by the standard deviation in subjects' answers. FU1 refers to Follow-up 1 (6 months), FU2, refers to Follow-up 2 (12 months), Obs refers to the number of observations, BL to the Baseline, IM to Individual mentoring, PWG to Peer working groups. For more information see Appendix D.

Note 2. Statistical significance is noted at the 1% (***), 5% (**), or 10% (*) level. Standard errors in parentheses.

Discussion

This case study has shown that the PWG treatment to enhance managerial skills of female entrepreneurs generates empowering effects as measured by the woman's role, and that of her partner, in key business decisions and traditional household chores. The partner increases his participation in business decisions, but without excluding the female entrepreneur. In the case of responsibility for key household chores, the partner is not reported to be the main person responsible, but does increase his involvement.

The novelty of these measures is that they explore not only the role of the female entrepreneur, but also that of the partner by separating questions about the role of each member of the couple. Also, we expanded the options that characterize the participation, allowing for a leading and a subsidiary role, as presented in the tables analyzed here. We report evidence that suggested more confidence in the characterization of decision and responsibility models as a result of separating the questions for each agent and by expanding the answer options. It would be important to explore further how these questions function in other contexts to see whether the empowering effects correspond more to the special features of the treatments considered in the study or to the adjustments to the questions. In addition, it would be important to ask not only women, but also their male partners, since these questions are about the distribution of intra-household tasks. Finally, it will be important to ascertain whether the full sample of this study confirms these results, especially if the full sample demonstrates some business growth effects two years after the end of the treatments at the third follow-up.