Household Matters: Revisiting the Returns to Capital among Female Micro-entrepreneurs[*]

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Abstract

Several field experiments find positive returns to grants for male and not female micro-entrepreneurs. But, these analyses largely overlook that male and female micro-entrepreneurs often belong to the same household. Using data from randomized trials in India, Sri Lanka and Ghana, we show that the gender gap in microenterprise performance is not due to a gap in aptitude. Instead, low average returns of female-run enterprises are observed because women's capital is invested into their husbands' enterprises rather than their own. When women are the sole household enterprise operator, capital shocks lead to large increases in profits. Household-level income gains are equivalent regardless of the grant or loan recipient's gender.

1 Introduction

Several studies, such as the seminal work by De Mel et al. (2008) in Sri Lanka, show that relaxing capital constraints of micro-entrepreneurs in developing countries leads to substantial profit gains. This finding indicates both that microenterprises have high returns to capital and that micro-entrepreneurs are poised to take advantage of investment opportunities when provided with the resources to do so.

An important auxiliary finding, which has been replicated in other settings, is that male *but not* female-operated enterprises benefit from access to business grants (see Table 1; Blattman et al. (2014) is one exception). A common explanation for this finding is that female-run enterprises have low returns to capital or, alternatively, that women are less able to make sound enterprise investments when the opportunity arises.[1] This, in turn, has led some to ask whether credit programs for the poor, such as microfinance, should direct loans to men rather than women.[2]

In this paper, we propose and evaluate an alternative explanation: both women and men invest grants and loans in the highest-return enterprises within the household, which are very often operated by men. This behavior is consistent with the canonical separability result in economic theory which implies that, if returns to investment in male-operated activities in the household exceed those of female-operated activities, all household members (irrespective of gender) should optimally invest in the male-operated enterprises until marginal returns to capital across male and female activities are equalized.[3] If male enterprises outperform female enterprises or if average returns are equal but female micro-entrepreneurs are simply more likely to be married to male micro-entrepreneurs than the reverse, relaxing capital constraints will be associated with higher levels of investment in male enterprises as long as liquidity constraints are binding.

In order to assess evidence for this explanation, which we term the Enterprise Household Model, we examine the impact of increased financial access for one household member on *all* enterprises in a household. We first consider household investment responses to a field experiment we conducted with microfinance clients in Kolkata, India in 2007 (the primary results of which are reported in Field et al. (2013)). In that experiment, we randomly assigned female microfinance clients to either the classic microfinance contract or to one that eases liquidity constraints by providing a grace period before the first repayment. Using profit data from all household enterprises, we study how male- and female-run enterprises respond to an exogenous change in liquidity constraints granted to a female borrower. Next, for further corroboration of the Enterprise Household Model, we re-estimate returns to capital for the De Mel et al. (2008) and Fafchamps et al.

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[1] In de Mel et al. (2009), the authors further explore the gender gap in returns to capital among Sri Lankan micro-entrepreneurs and find suggestive evidence that both sectoral composition and spousal capture constrains female micro-entrepreneurs' investment decisions.

[2] Fafchamps et al. (2014), for instance, write, " ..microfinance programs that focus primarily on women may be ignoring a large group of enterprises with a need for more capital."

[3] For discussion of separability in the context of agricultural households, see Benjamin (1992) and Udry (1996).

(2014) samples in Sri Lanka and Ghana, explicitly accounting for the enterprise composition of the household.

To begin, we observe that female micro-entrepreneurs very often have access to multiple investment opportunities within the household. In our Kolkata sample, more than half of female micro-entrepreneurs live with another enterprise owner. Similarly, in the Sri Lanka and Ghana samples, 48% and 41% of female participants lived with another micro-entrepreneur at baseline. In contrast, only 29% of male participants in the Sri Lanka study and 26% in the Ghana study belonged to a household with a second self-employed person.[4]

In the first step of our analysis, we aggregate profits (and income) across household members in the Kolkata sample to estimate household returns to increased financial flexibility. Then, to examine whether returns to capital vary by household composition, we classify households with a female micro-entrepreneur by the portfolio of investment opportunities available to her and compare enterprise-level returns across clients with different opportunity sets.

We note two striking results. First, there is an important discrepancy between enterprise-level and household-level returns: while treatment has zero effect on female-enterprise profits, it has a substantial effect on household profits. The average impact of being in the treatment group (i.e. the impact of easing the female entrepreneur's credit constraint) is an increase of 20-29% in household profits relative to the control group. Second, the returns to relaxing liquidity constraints for female micro-entrepreneurs varies with the enterprise-ownership composition of the household. When the household has multiple enterprise owners – in other words, when the female micro-entrepreneur has alternative investment opportunities – the grace period contract has no impact on profits of the female-operated enterprise. But, when a female client is the sole entrepreneur in her household (30% of our sample), the grace period contract has a very large impact on her enterprise profits: there is an increase of 70-81% relative to the control group. Moreover, the gender gap in returns to easing credit constraints disappears: the level increase in these female entrepreneurs' profits is statistically indistinguishable from the increase observed in male-operated enterprises in multiple enterprise households.

Next, we similarly categorize female entrepreneurs in the De Mel et al. (2008) sample and re-estimate the treatment effect of grants on profits for households in that study. We find comparable results: On average, cash and in-kind grants have no impact on profits for female enterprise owners in the Sri Lanka sample but, among female micro-entrepreneurs in households with no other self-employed persons, grants lead to a statistically significant 7% increase in profits. Further, consistent with our Enterprise Household Model explanation, we observe a rise in household income among the full sample of households where female entrepreneurs receive a positive liquidity

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[4]In our sample, 54% of male entrepreneurs belong to households with other enterprise owners. But, given that our sample is limited to households that contain a female microfinance client, this share is likely to be much higher than in the general population of male entrepreneurs. A full breakdown of enterprise composition within the household is given in Section 2.

shock.

The discrepancy between individual- and household-level estimates of return in the Kolkata and Sri Lanka samples provides clear evidence that multiple-enterprise households choose to invest in male-operated enterprises. But, because this means that female entrepreneurs in these households are not recipients of a capital shock, we cannot estimate the marginal return to capital for their enterprises. We are therefore unable to compare returns *across* male and female enterprises in multiple-enterprise households and so cannot establish that the marginal returns to male enterprises are higher and that households are in fact investing optimally. For this analysis, we turn to Fafchamps et al. (2014), where female and male micro-entrepreneurs in Ghana received either cash or in-kind grants. In-kind grants are arguably difficult to liquidate and thus less likely to be reallocated to a household enterprise that was not sampled for the study.[5] We categorize study participants by household investment opportunities and separately estimate returns for recipients of the cash and in-kind grants. We show that when women are the sole entrepreneur in their household, their returns from the in-kind grant are not statistically different from the returns we observe for male entrepreneurs in multiple-enterprise households. Second, returns to female enterprises in multiple-enterprise households are significantly lower than those of men in multiple-enterprise households.

In summary, poor households often own multiple enterprises and these enterprises belong to various household members. Easing capital constraints for female and male entrepreneurs in single-enterprise households leads to comparable returns, but there is a large gender gap in impact when capital recipients are members of multiple-enterprise households. Evidence suggests that, when there are multiple enterprises in a household, women's enterprises attain much lower returns than those operated by men. It is beyond the scope of this paper to identify the causes for these household investment decisions. Nevertheless, we can conclude that, as predicted by the Enterprise Household Model, individuals optimize household income and not necessarily the returns to their own enterprise. Because of this, studies that measure profits only at the enterprise level risk underestimating the returns to increased financial access for female entrepreneurs.

In demonstrating that endogenous household investment decisions impact observed profitability of household enterprises, we build on insights from theoretical models of household transition out of agriculture via entrepreneurship (Banerjee and Newman, 1993) and related empirical studies such as Ghani et al. (2014), which find that households in transition out of agriculture coordinate investment decisions so as to optimize household-level profits. Our findings also reconcile results from the enterprise grant studies described here with results from recent evaluations of cash transfers and microfinance, which estimate returns at the household level and find that gender of the recipient is irrelevant (see Haushofer and Shapiro (2016); Fiala (2014) and Benhassine et al.

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[5]In the Sri Lanka study, participants were also randomly assigned to receive either in-kind or cash grants. But, unlike in the Ghana study, De Mel et al. (2008) did not stratify on gender.

(2015) for examples from the cash-transfer literature, and Augsburg et al. (2015) and Kevane and Wydick (2001) for examples from the microcredit literature).

The remainder of the paper is organized as follows: Section 2 uses the Field et al. (2013) sample to describe the nature of households enterprises and then demonstrates how level of aggregation influences estimated returns to capital. Section 3 describes comparable results for the De Mel et al. (2008) and Fafchamps et al. (2014) samples, and Section 4 concludes.

2   The Nature of Household Enterprises and Investment Choices: Evidence from Field et al. (2013)

Levels of entrepreneurship are typically high for poor urban households; moreover, these households undertake significant diversification of economic activity (Banerjee and Duflo, 2007). Using data from the Field et al. (2013) field experiment, we describe some salient features of household enterprise composition for a sample of poor urban households. We then examine how household investment responses to relaxed liquidity constraints for female entrepreneurs vary according to household enterprise composition.

2.1   The Nature of Household Enterprises

The experiment reported in Field et al. (2013) was conducted in 2007 in Kolkata, India in partnership with a microfinance institution, Village Financial Services Private, Ltd. (VFS). Inclusion criteria for selection into the study were that a client must be a woman aged between 18 and 55 and reside in a household with at least one income-generating activity in the form of an enterprise. VFS gives out individual-liability loans but clients are organized into groups for repayment meetings. Among clients in our sample, loans ranged from Rs. 4,000 – Rs. 10,000 (90 – 225 USD at the 2007 exchange rate). In the sample of Kolkata-based clients in Field et al. (2013), the average household owns 1.7 enterprises and 38.5% have multiple entrepreneurs.

We group households in the Kolkata sample according to the following categories: (1) only the female client owns an enterprise (30% of the sample); (2) only non-client household members own enterprises (31.5% of the sample); or, (3) both the client and non-client household member(s) own enterprises (38.5% of the sample). At least one fifth of households in each category have multiple enterprises and, in households with multiple micro-entrepreneurs, one quarter have three or more enterprises (see Figure 1, below).[6]

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[6]Categorization of households is based on retrospective data gathered at the three-year follow-up. At that time, we collected data on all household enterprises that were open at baseline or that had been opened in the interim period between surveys. We classify households according to investment opportunities available over the course of the three-year period: thus, if a female client was the sole entrepreneur at the time of intervention, but another household member later opened a enterprise, the household would be classified as having multiple enterprises (even if one or more of the enterprises closed before follow-up).

Figure 1: Number of Enterprise Owners by Household Type
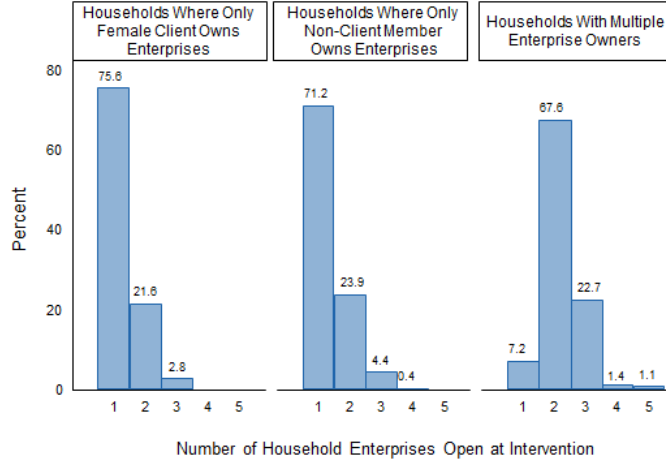
Two key patterns in household economic activity emerge: First, our categorization closely maps to the gender composition of enterprise ownership. In 97.6% of households with multiple entrepreneurs, the non-client entrepreneur is the client's spouse or another male household member. In households in which the client does not own an enterprise, enterprises are exclusively operated by men (by construction, client-only households have only female-operated enterprises).

Second, while there are stark differences between female-run enterprises in multiple- and single-enterprise households, male-run enterprises are almost identical across household types. Male micro-entrepreneurs report average weekly profits of between Rs. 1625 and Rs. 1430 in multiple- and single-enterprise households, respectively. Similarly, household enterprise composition does not affect male micro-entrepreneurs' industry choice: across household types, men predominantly operate in the retail sector. In contrast, for female micro-entrepreneurs, the presence of a second entrepreneur is associated with significantly lower profits and a different sector choice. In multiple-enterprise households, female micro-entrepreneurs report average weekly profits of Rs. 357 and the modal enterprise is piece-rate stitching. These women's profits amount to only 22% of what their spouse or other male household micro-entrepreneur earns. Yet, when a woman is the sole enterprise owner in the household, her average weekly profits are 1.5 times larger and, like male entrepreneurs, she predominantly chooses to operate in the retail sector. The link between a gender gap in profits and sectoral choice is also noted by de Mel et al. (2009).

2.2 Experimental design and estimation strategy

Between March and December 2007, 169 newly formed five-member loan groups were randomly assigned to one of two repayment schedules: 85 groups received the standard contract, in which the first loan repayment was due two weeks after loan disbursal and installments were due every two weeks after that. The remaining 84 groups received a contract that featured a two-month grace

period before the first loan installment. All other contract features were identical across the two groups.[7] In 2010, nearly three years after loan disbursement, we surveyed every enterprise owner within the household and collected data on long-run enterprise-level profits and household-level income.

VFS offers credit only to women, not all of whom are entrepreneurs. Thus, to make our sample comparable to the study samples for the enterprise grant experiments listed in Table 1, we exclude households in which the client did not operate an enterprise. Appendix Table A1 shows that treatment and control groups remain balanced after this sample restriction. Loan contract randomization allows us to estimate the causal impact on profit and income of relaxing credit constraints via the grace period contract. We estimate profits using responses to the following question: "Can you please tell us the average weekly profit you have now or had when your enterprise was last operational?" Following De Mel et al. (2008), if a client runs multiple household enterprises, we report (in column 1) the profits of the largest enterprise she owned in 2007. To measure the treatment effect on the clients' enterprises, we follow De Mel et al. (2008) and estimate the following enterprise-level regression:

$$Y_{fhg} = \alpha_1 + \beta_1 G_g + B_g + \gamma_1 X_{hg} + \mu_{fhg} \tag{1}$$

where Y_{fhg} are the enterprise profits of client f who lives in household h and belongs to microfinance group g. The omitted group consists of clients that operate in households assigned to the standard contract. Standard errors are clustered at the group-level. G_g is an dummy variable that equals one if the group was assigned to the grace period contract and B_g is a indicator of the stratification batch. No respondents dropped out of our experiment, so β_1 is the average treatment effect of being assigned the grace period contract. Table 2, Panels A and B report estimates without and with the controls (X_{hg}; we use the same controls as in Field et al. (2013) and these are listed in Appendix Table A1). To address noise in survey responses to questions that require a high level of aggregation, we trim enterprise and income outcomes such that the top 0.5% of the distribution is omitted from the analysis.

Following Field et al. (2013), we also estimate the following household model:

$$Y_{hg} = \alpha_2 + \beta_2 G_g + B_g + \gamma_2 X_{hg} + \mu_{hg} \tag{2}$$

Unlike in equation (1), here we aggregate enterprise profits across all household enterprises. β_2 is the average treatment effect *on all household enterprises combined* of being assigned the grace

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[7]In particular, after the first installment was paid, groups met with loan officers and repaid every two weeks, the full loan had to be repaid within 44 weeks, and all borrowers faced the same interest rate charges. For a comprehensive discussion of the control and treatment groups' relative interest rates, see Field et al. (2013). Groups were randomized into treatment or control in batches of 20 groups and were informed of their treatment status after group formation and loan approval, but prior to loan disbursement.

period contract.

2.3 Enterprise Classification and Returns in the Kolkata Sample

Consistent with findings from cash or in-kind grant studies, column (1) of Table 2 shows that the average treatment effect of the grace period contract on self-reported weekly profits for female loan recipients is not different from zero (equation 1). But, when we estimate effects at the household level (equation 2), results show that the grace period increases average weekly profits by 43–48% of the control mean (column 2). Household-level increases in profits are more than three-fold client-level estimates. This suggests that the average client largely invests her loan in other household enterprises.

Next, we turn to the intra-household dynamics underlying observed differences in household- and client-level responses to the liquidity shock. To do so, we examine enterprise-level profits but distinguish between households in which only the female client operates an enterprise and those in which the female client and other members operate enterprises.[8] A clear pattern emerges. While we observe no change in profits for female clients in households with multiple entrepreneurs (column 4), this seems to be because loans are invested in another household enterprise: as shown in column (5), the profits of husbands' and other household members' enterprises increase by 44–50% in response to the grace period. Meanwhile, we observe strikingly large treatment effects when women are the sole household enterprise owner: weekly profits for female entrepreneurs in this group are 70–81% higher than those of women in the control group (column 3). The treatment impact for women in this group also reduces the gender gap in profits: the level increase in profits for female entrepreneurs in single-enterprise households is statistically indistinguishable from the level increase in profits for non-client entrepreneurs (who are almost all male) in multiple-enterprise households (comparison of columns 3 and 5).

Estimates of effects on household income (columns 6 and 7) are noisy but comparable: treatment increases income by 20–29% for both household types. With the inclusion of controls, the income effect is significant at the 10% level for households in which the client is the sole enterprise owner and at the 5% level for households with multiple enterprise owners.

3 Comparison with microenterprise grant experiments

To evaluate the generalizability of the Enterprise Household Model, we undertake a parallel analysis for the De Mel et al. (2008) and Fafchamps et al. (2014) samples from Sri Lanka and Ghana, where the nature of treatment – provision of cash or in-kind grants to micro-entrepreneurs – is different from variation in loan contract.

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[8]This method of aggregation differs from column (1), where we followed the protocol of other studies and report profits of the client's largest enterprise. In columns (3)–(5), we aggregate profits across all of the enterprises that a client operates. This method is consistent with the argument of the paper that, rather than selecting one enterprise to survey, studies should be surveying all household enterprises.

3.1 Enterprise classification and returns in the Sri Lanka sample

We start with the De Mel et al. (2008) sample. In 2005, the authors identified a sample of 617 male and female micro-entrepreneurs in Sri Lanka who were self-employed, of working age, and had no paid employees.[9] A randomly assigned subset of these microenterprise owners were either offered unconditional cash grants or offered in-kind grants for enterprise equipment or inventories. Grant size was also randomized and grants were worth approximately USD 100 or USD 200. The authors conducted eight rounds of follow-up surveys over roughly two years.

Table 3 reports treatment effects on female-operated enterprises in the Sri Lanka sample. Column (1) replicates the authors' finding: the average treatment effect for female-operated enterprises is indistinguishable from zero.[10] Next, as we did with the Field et al. (2013) sample, we classify women in the Sri Lanka sample according to household investment opportunities.[11] We first consider the subset of female micro-entrepreneurs living in households with no other self-employed member. These women – whose household investment opportunities are limited to their own enterprise – reap significant benefits from the grants and their real profits increase by 30.1% of the control mean (column 2). This increase is statistically significant at the 10% level.

Are women with other self-employed household members re-allocating their grants to other household enterprises, as we observe in the Kolkata sample? While De Mel et al. (2008) did not include a detailed financial activity module for other household enterprises, they do collect monthly household income data. In column (3) we report a significant and large treatment effect on the log of total monthly household income for female entrepreneurs: households in the treatment group earn on average 8% higher income than households in the control group.[12]

3.2 Enterprise Classification and Returns in the Ghana Sample

Since cash grants and loans in multiple-enterprise households are often allocated to the male-run enterprise, we cannot accurately estimate the marginal returns to investment in female enterprises in these households in the Kolkata or Sri Lanka samples. Would the extra rupee invested in a female enterprise in a multiple-enterprise household produce a lower return than the extra rupee

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[9]The authors excluded enterprises that were directly affected by the 2004 tsunami from their main analysis, which left them with a sample of 408 enterprises.

[10]We use the authors' publicly available data and follow their method of analysis, including specification and data transformations. As such, we pool across cash and in-kind treatments and across survey rounds. Also following the authors, we trim outlying profit observations, eliminating the top 0.5% of absolute and percentage changes from one survey round to the next. Point estimates in column (1) of Table 3 identically replicate those in column (2) of Table V in De Mel et al. (2008) (though the authors include the full sample and interact gender with treatment amount, while we restrict the sample to female enterprise owners).

[11]Appendix Note A2 describes our method for categorizing women in the Sri Lanka sample.

[12]In unreported regressions, we separately estimate effects on household income for female micro-entrepreneurs in the De Mel et al. (2008) sample who live with another self-employed person and for those who are the sole entrepreneurs in their household. While the regressions are under powered, both groups report an increase in total monthly household income: women with no other self-employed household member report an increase in household income of 5% and women with other self-employed members report an increase of 8%. In the Field et al. (2013) sample we observe significant increases in household income for all household categories.

invested in a male enterprise? To investigate this question, we use the Ghana data reported in Fafchamps et al. (2014). The authors randomly assigned either in-kind or cash grants to female and male microenterprise owners. Unlike cash, which is fungible and can easily be invested in any household enterprise, in-kind grants tend to remain within the enterprise to which they are assigned. As the authors argue, this may reflect differences in the liquidity of in-kind grants or the structure of social expectations for sharing.

In Table 4, we exploit the stickiness of in-kind grants to estimate the returns to female and male-operated enterprises in households with multiple entrepreneurs. As with the De Mel et al. (2008) data, we first create a measure for whether a study participant is the only self-employed member of their household. This measure is interacted with the study participant's gender and with whether the participant received a treatment (in-kind in column 1 and cash in column 2) or was assigned to the control group. The omitted group are male enterprise owners in the control group. At the bottom of the table we provide the p-values from an F-test that compares the returns for female entrepreneurs in single-enterprise households to the returns for male entrepreneurs in multiple-enterprise households. The p-values of columns (1) and (2) show that we cannot reject equality between returns to the grant for these two groups. The second set of p-values are for a comparison of the returns of female- and male-run enterprises in households with multiple entrepreneurs. As shown in column (1), women in multiple enterprise households who received in-kind grants have significantly lower returns than do male in-kind grant recipients in multiple enterprise households. Estimates of the impact of cash grants are similar but with more noise.

4   Conclusion

Structural transformation and economic development in low-income countries is accompanied by a transition from agriculture to informal self-employment. As households take the first step in this direction and engage in informal self-employment, they typically diversify income-generating activities among members (Banerjee and Duflo, 2007), often through investment in multiple microenterprises: for instance, a wife and her daughter-in-law might work as seamstresses at home, while her husband fixes bicycles on the roadside. A growing experimental literature in development economics seeks to identify interventions (such as microfinance, business grants, skills training, cash transfers, or others) with the most potential to advance households' progress out of poverty.

Randomized evaluations in several countries have yielded evidence that easing the liquidity constraints of micro-entrepreneurs results in higher profits for male-operated but not for female-operated microenterprises. In this paper, we present a model that sheds light on this puzzle. We show that accounting for the multiplicity of investment opportunities within a household significantly affects the estimated returns to capital for women. When returns to capital are measured only at the enterprise-level, investment responses by female micro-entrepreneurs can be

easily overlooked. By classifying women in the sample of female microfinance clients in Kolkata (Field et al., 2013) by household type, we show that relaxing liquidity constraints for single-enterprise households leads to very large increases in female entrepreneurs' profits. The estimated returns to capital among this subset of female enterprise owners are of equal magnitude to those of male enterprise owners in our sample. Similarly, when we analyze returns to business grants among micro-entrepreneurs in the De Mel et al. (2008) study, we see that when women are the sole self-employed person in their household there are large treatment effects, though female-run enterprises demonstrated no returns to the grant on average.

Our findings suggest that female entrepreneurs are as capable as male entrepreneurs of making sound investment decisions. As such, while there may be household-level returns to interventions that aim to improve women's business skills, such programs are unlikely to have a significant impact on their level of profits. Research and policies that further our understanding of female entrepreneurs' sectoral choice and investment constraints hold more promise for closing the gender gap in microenterprise returns.

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Table 1: Enterprise Profits in the Literature on the Impact of Unconditional Cash or In-Kind Grants

Paper	Study Location	Treatment	Impact on Profits of Enterprise, by Gender	
			Impact on male-led enterprises (average profits, % increase over the control group)	Impact on female-led enterprises (average profits, % increase over the control group)
No Impact on Profits of Female-led Enterprises				
de Mel, S., McKenzie, D., and C. Woodruff (2008) and (2009).	Sri Lanka	Unconditional business grants or in-kind grants for business equipment/ inventories.	Profits increase by about 9% of grant amount.	No increase in profits on average.
Fafchamps,M., McKenzie, D., Quinn, S. and C. Woodruff (2014).	Ghana	Unconditional business grants or in-kind grants for business equipment/ inventories.	In-kind grants lead to 30-60% increase in profits.	No increase in profits on average.
Fiala, N. (2014).	Uganda	Unconditional business grants or loans.	Loans + training lead to 54% increase in profits. No impact on profits from the grant treatment.	No impact on profits from any of the interventions.
Berge, L., Bjorvatn, K. and B. Tungodden (2015).	Tanzania	Unconditional business grants	No impact on profits.	No impact on profits.
Positive Impact on Profits of Female-led Enterprises				
Blattman, C., Fiala, N. and S. Martinez (2014).	Uganda	Unconditional business grants	Profits increase by roughly 30% after 2 years and stay at this level after 4 years.	No increase in profits after 2 years, but 73% increase after 4 years. At 4 years, the level increase in profits is the same for women and men.

Note: None of the papers cited in Table 1 report impact of the treatment on household income.

Table 2: Enterprise Profits and Household Income in India (FPPR)

	Weekly Enterprise Profits (Rs.)					Log Household Monthly Income(Rs.)	
	All Households		Households where Client is Sole Enterprise Owner	Households with Multiple Enterprise Owner			
	Client's Largest Enterprise	All Household Enterprises	Client's Enterprises	Client's Enterprises	Husband's and Other Household Members' Enterprises	Households where Client is Sole Enterprise Owner	Households with Multiple Enterprise Owners
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Panel A: No Controls							
Grace Period	130.09	593.79**	446.14**	-39.60	709.50**	0.20*	0.29**
	[98.59]	[234.25]	[211.30]	[64.14]	[288.02]	[0.12]	[0.13]
Panel B: With Controls							
Grace Period	166.98	663.78***	382.39**	-27.03	820.50**	0.21	0.21
	[103.08]	[216.96]	[179.70]	[63.75]	[322.81]	[0.13]	[0.14]
Control Mean	401.91	1387.35	549.73	356.51	1625.44	9.02	9.41
	[949.66]	[1740.73]	[980.47]	[596.03]	[1717.80]	[0.80]	[0.97]
Observations	473	474	212	260	257	208	255

Notes: * significant at the 10% level; ** significant at the 5% level; *** significant at the 1% level.

(1) The outcome variable in columns 1-6 is "Can you please tell us the average weekly profit you have now or when your business was last operational?"; the outcome variable in columns 7 and 8 is the log of total household income over the previous 30 days.

(2) Regressions include stratification fixed effects and standard errors are clustered by loan group. Regressions in Panel B also include all controls presented in Appendix Table 2. In cases where a control variable is missing, its value is set to zero and a dummy is included for whether the variable is missing.

(3) To address noise in survey responses to questions that require a high level of aggregation, profit and income variables are trimmed such that the top 0.5% of the distribution are omitted from analysis.

(4) Number of observations differ between columns because of trimming: Each outcome variable is trimmed at the enterprise level and trimming occurs separately for the female client, spouse, and other household member distributions. For columns 2, 7 and 8, trimmed enterprise-level distributions are then summed across enterprises in the household. The household-level observation is thus included in the analysis if either the client or the other entrepreneur is within the bottom 99.5% of their respective distributions.

Table 3: Enterprise Profits and Household Income in Sri Lanka (DMW)

	Real Monthly Profits (LKR)		Log Real Monthly Household Income (LKR)
	All Female Enterprise Owners	Female Enterprise Owners in Households with No Other Self-Employed Persons	All Female Enterprise Owners
	(1)	(2)	(3)
Treatment Amount	-0.16	7.12*	0.08*
	[2.82]	[3.63]	[0.04]
Control Mean	28.52	23.67	28.52
	[23.78]	[18.39]	[23.78]
Sample	1,529	573	1,422
Enterprise-Period Observations	182	69	182

Notes: * significant at the 10% level; ** significant at the 5% level; *** significant at the 1% level.

The following notes are taken from DMW:

(1) The outcome variable in columns 1 and 2 is What was the total income the business earned during [month] after paying all expenses including wages of employees, but not including any income you paid yourself. That is, what were the profits of your business during [month]?; the coefficients in columns 1 and 2 show the effect on the outcome variable of a 100 rupee increase in the capital stock. The outcome variable in column 3 is the log of responses to the question How much is your total monthly household income now?.

(2) The sample for column 2 consists of households with female entrepreneurs and no other self-employed person. The sample in columns 1 and 3 includes all female enterprise operators. Following the authors' protocol, the samples in all columns exclude 20 enterprises which respondents reported were jointly operated, or where the identity of the owner changed in at least one survey round.

(3) The authors collected data via nine quarterly surveys, from March 2005 through March 2007. (Household income data is missing for wave 6). Both outcomes were measured monthly. The regression specification is identical to that reported in DMW, though they do not report the household income outcome. Following the authors' instructions for the specification: Profits and household income (collected in Sri Lankan Rupees) are deflated by the Sri Lankan CPI to reflect March 2005 price levels. Profit and income regressions include enterprise and survey wave fixed effects. Standard errors are clustered at the enterprise level and are shown in parentheses.

Table 4: Returns by Household Type and Gender in Ghana (FMQW)

Treatment:	Real Monthly Profits (Cedi)	
	In-kind (1)	Cash (2)
Treatment	-24.531 [23.582]	-11.427 [27.085]
Treatment × Multiple Enterprises	104.274** [50.352]	20.536 [39.212]
Treatment × Female	71.015** [29.274]	17.987 [27.746]
Treatment × Multiple Enterprises × Female	-133.111** [54.702]	-17.321 [42.068]
Control Mean	114.07 [147.34]	114.07 [147.34]
p-value: Treatment × Multiple Enterprises = Treatment × Female	0.490	0.932
p-value: Treatment × Multiple Enterprises = Treatment × Female + Treatment × Multiple Enterprises × Female	0.074	0.759
Enterprise-Period Observations	2,872	2,864
Number of Enterprises	604	607

Notes: * significant at the 10% level; ** significant at the 5% level; *** significant at the 1% level.
All estimation includes enterprise and survey wave fixed effects which vary by category. *Multiple Enterprises* is a dummy variable that is equal to one if the surveyed enterprise is operated by the respondent alone and at least one other person in the household is self-employed. In columns 1, the cash treatment sample is excluded. In columns 2, the in-kind treatment sample is excluded.

Appendix Table 1: Balance Check

	Households With Multiple Enterprise Owners		Households Where Only Female Client Owns Enterprises	
	Means of Control	Grace Period Effect	Means of Control	Grace Period Effect
	(1)	(2)	(3)	(4)
Age	34.03	-1.52	35.46	0.15
	[7.32]	(0.95)	[8.22]	(1.15)
Married	0.96	-0.03	0.88	-0.09*
	[0.19]	(0.03)	[0.33]	(0.05)
Muslim	0.01	0.02	0.02	0.00
	[0.08]	(0.02)	[0.14]	(0.02)
Household Size	4.15	0.22	3.98	-0.22
	[1.39]	(0.17)	[1.45]	(0.15)
Household Shock	0.75	0.03	0.79	-0.01
	[0.44]	(0.07)	[0.41]	(0.07)
No Drain in Neighborhood	0.16	-0.07	0.11	-0.03
	[0.37]	(0.06)	[0.31]	(0.05)
Has Financial Control	0.84	-0.03	0.89	-0.04
	[0.37]	(0.06)	[0.31]	(0.06)
Years of Education	6.45	-0.67	6.98	0.05
	[3.36]	(0.48)	[3.57]	(0.54)
Is a Homeowner	0.83	-0.03	0.76	0.07
	[0.37]	(0.05)	[0.43]	(0.06)
Number of Household Businesses	2.27	0.00	1.24	0.07
	[0.57]	(0.07)	[0.47]	(0.07)
Loan Amount 4,000 (Rs.)	0.02	-0.01	0.01	0.00
	[0.15]	(0.02)	[0.10]	(0.01)
Loan Amount 5,000 (Rs.)	0.05	-0.03	0.03	0.01
	[0.22]	(0.03)	[0.17]	(0.03)
Loan Amount 6,000 (Rs.)	0.30	-0.04	0.30	-0.11*
	[0.46]	(0.06)	[0.46]	(0.07)
Loan Amount 8,000 (Rs.)	0.58	-0.00	0.58	0.03
	[0.50]	(0.07)	[0.50]	(0.08)
Loan Amount 9,000 (Rs.)	0.00	0.00	0.00	0.02
	[0.00]	(0.00)	[0.00]	(0.02)
Loan Amount 10,000 (Rs.)	0.05	0.08**	0.09	0.05
	[0.22]	(0.04)	[0.28]	(0.05)
χ^2		22.18	17.07	
Joint Test- Prob > χ^2		0.02	0.31	

Notes: * significant at the 10% level; ** significant at the 5% level; *** significant at the 1% level.

(1) All data are from baseline survey. Columns 1 and 3 report means with standard deviations in brackets. Columns 2 and 4 report the test of differences of means between the referenced control and treatment group. We control for batch dummies and cluster standard errors by loan group.

(2) Joint test is the Chi-Sq. Statistic, which is computed by jointly estimating a system of seemingly unrelated regressions where the explanatory variable is a dummy for grace period and where standard errors are adjusted for within loan group correlation. The regressions include stratification dummies.

(3) Household shock: a dummy for birth, death, or heavy rain or flood within the past 30 days.

(4) Has Financial Control: Whether client answered "yes" to the following question: "If a close relative, such as your parent or sibling, fell sick and needed money, would you be able to lend money to that relative, if you had the extra money?"

(5) Number of Household Businesses: Total number of businesses that female and male household members reported operating at baseline, excluding businesses formed within either 30 days prior to or after loan group formation.

Appendix Note A2: Description of Analysis using DMW Data

DMW offer unconditional cash grants or in-kind business grants worth roughly USD100 - 200 to a sample of male and female entrepreneurs in Sri Lanka. Our analysis uses data collected through the authors nine quarterly enterprise surveys and three household surveys, conducted from March 2005 through March 2007. Study participants were awarded grants after the first and third round of surveys.[13] 190 female enterprise operators are surveyed at baseline and are included in the authors analysis. We classify these female entrepreneur according to investment opportunities available to them within the household: In the three household surveys (conducted at Rounds 1, 5, and 9), respondents are asked to describe the employment activities of all other household members.[14] Female entrepreneurs who report that another household member is engaged in self-employment activities in any of the three survey rounds are considered to have other investment opportunities in the household. Seventythree women reported in all three survey rounds that no other household member was involved in self-employment activities - this is the sample of women for whom we present results on the impact of the grants on profits in Table 3, column 2.[15]

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[13]See DMW for a detailed description of their experiment and data collected.

[14]Respondents are asked, "What activities is [household member] involved in at the present?" as question Q.12 in Round 1 and question H.6 in Rounds 5 and 9. "Self-economic activities" is one of eleven response options for this question.

[15]The sample in Table 3 differs slightly because, following DMWs inclusion criteria, women without at least three rounds of enterprise survey follow-up data are excluded from analysis.