



Conférence Femise 2003

4, 5 et 6 décembre 2003, Marseille

Forum Euro-Méditerranéen des Instituts Economiques
www.femise.org

MSEs Potentials and Success Determinants in Egypt 2003 (with special reference to Gender differentials)

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Cette conférence a été réalisée avec le soutien financier de la Commission des Communautés Européennes. Les opinions exprimées dans les contributions n'engagent que les auteurs et ne reflètent pas l'opinion officielle de la Commission.

This Conference was produced with financial support from the Commission of European Communities. The opinions expressed in the contributions are those of the authors only and do not necessarily reflect the opinions of the Commission of European Communities.

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December 2003



Importance of the Research Project

- Firstly, this project is based on a large survey of micro and small enterprises in Egypt;
- secondly, the design of the questionnaire forms and the questions included are comprehensive in terms of their coverage of policy-relevant issues;
- thirdly the methodology adopted in choosing the sample and the listing techniques has been thoroughly selected and tested;
- fourthly, the inclusion of a number of study approaches such as the comprehensive literature review, the base studies, the case studies and the focus group discussions analysis add richness and depth to the results, and
- finally, the main emphasis of the study is to examine the MSEs situation from a close perspective so as to come up with practical and action-oriented policy solutions.

Research Hypotheses

- Size Matters
- Institutions Matter
- Clusters Matter
- Management & Organization Matter

- Youth Matters
- Age & experience Matter
- Gender Matters

Efficiency
Expansion
Survival

Content of The Paper

- **Part 1 Introduction**
- **Part 2 Methodology of Listing and Data Collection and Data Processing**
- **Part 3 Main Findings**

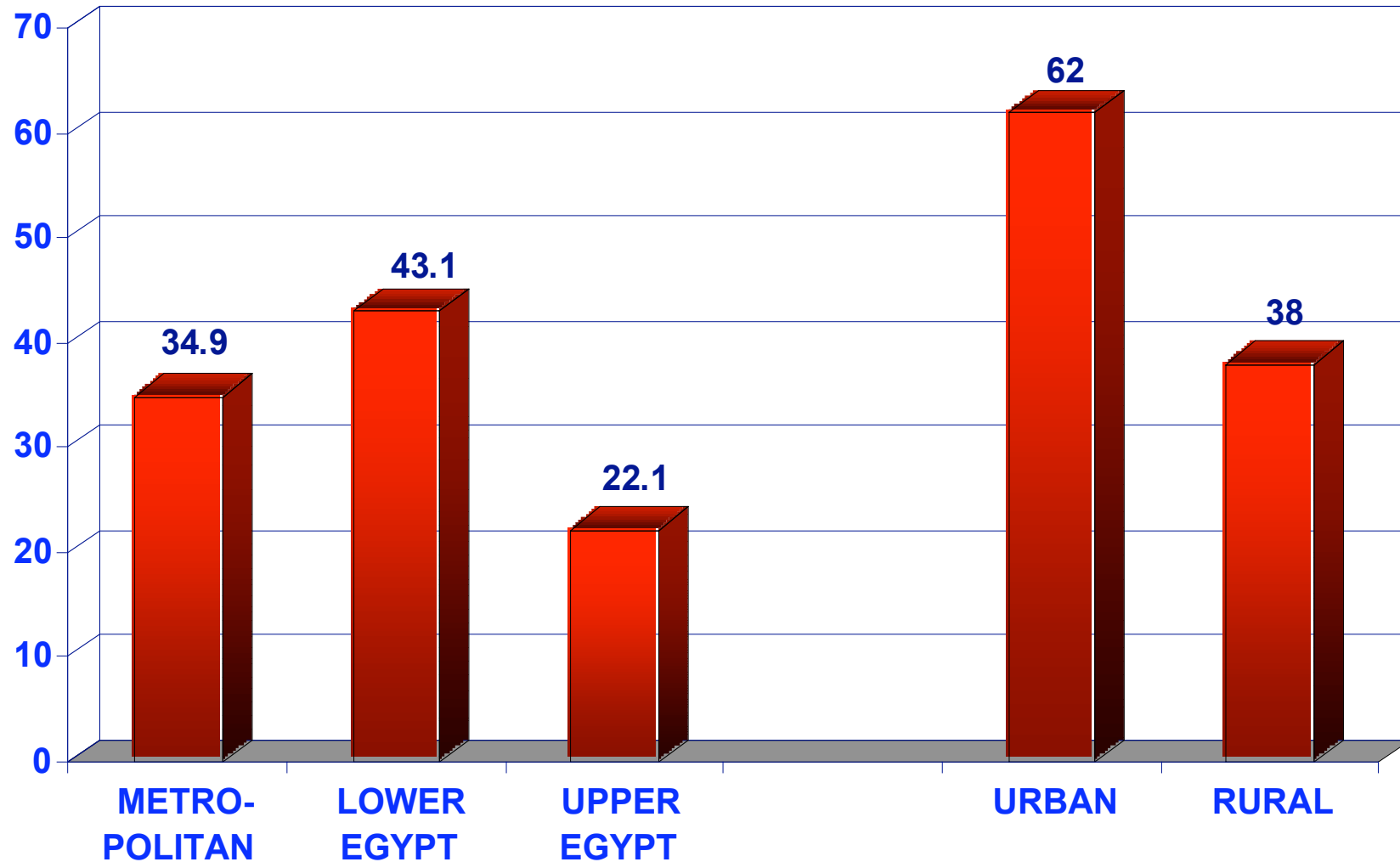
Part II Methodology

- ❖ The primary objective of the sample design of MSEs survey was to provide estimates on the national level and for **3 major administrative regions** (Metropolitan areas, Lower Egypt and Upper Egypt). **Eight** governorates were selected from the 3 regions.
- ❖ Around **26,000 MSEs** were listed in **120 PSUs** represent Urban (SHIKHAS) and Rural (VILLAGES) Areas.
- ❖ A Multi-Stage Systematic Random Sample of around **5400 MSEs** was selected to account for the possible non-response rate.
- ❖ **4958** questionnaire forms for EUs and HHs were covered in this initial survey.

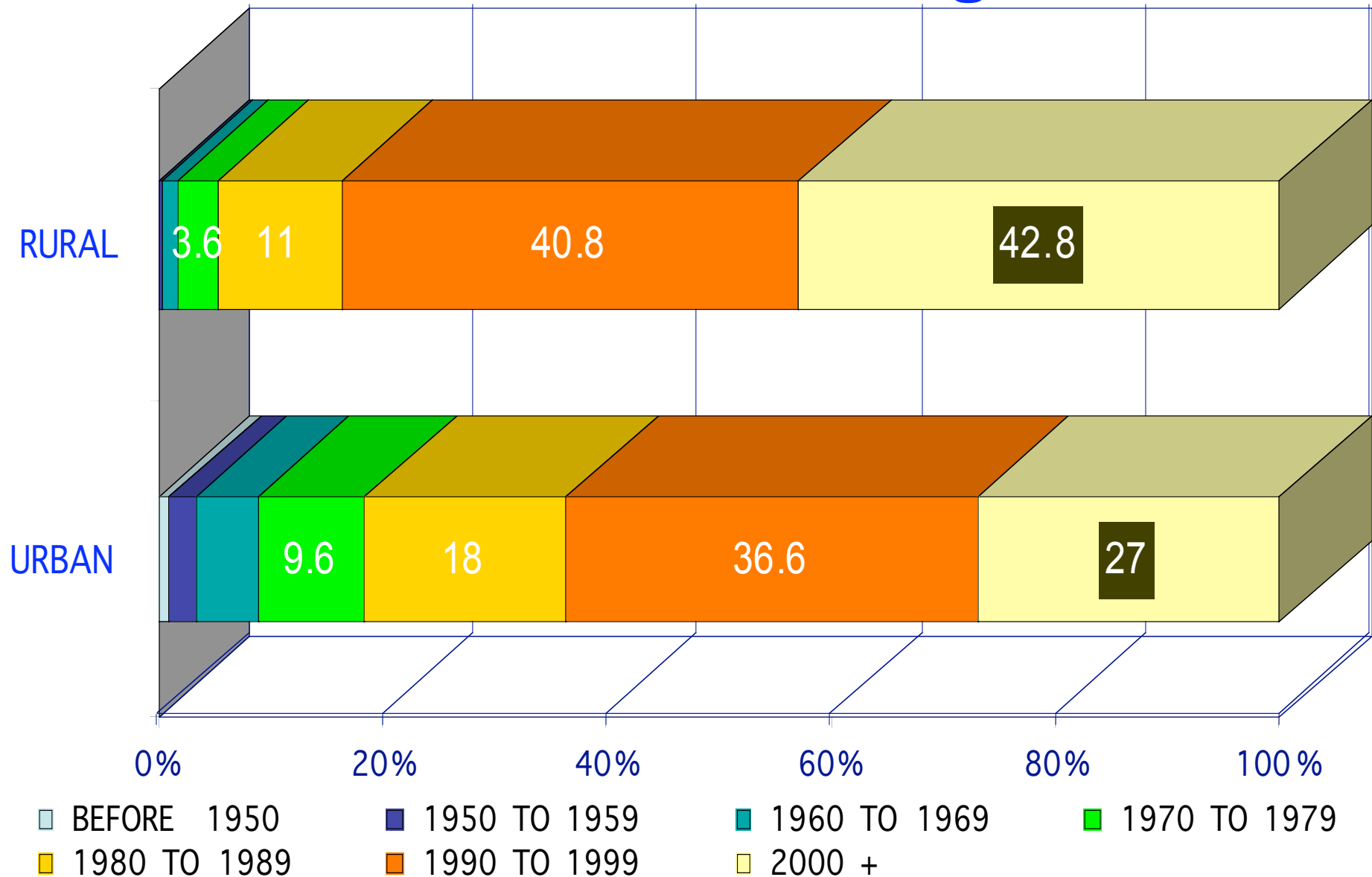
Part III Selected Findings



Distribution of EUs By Region & Area

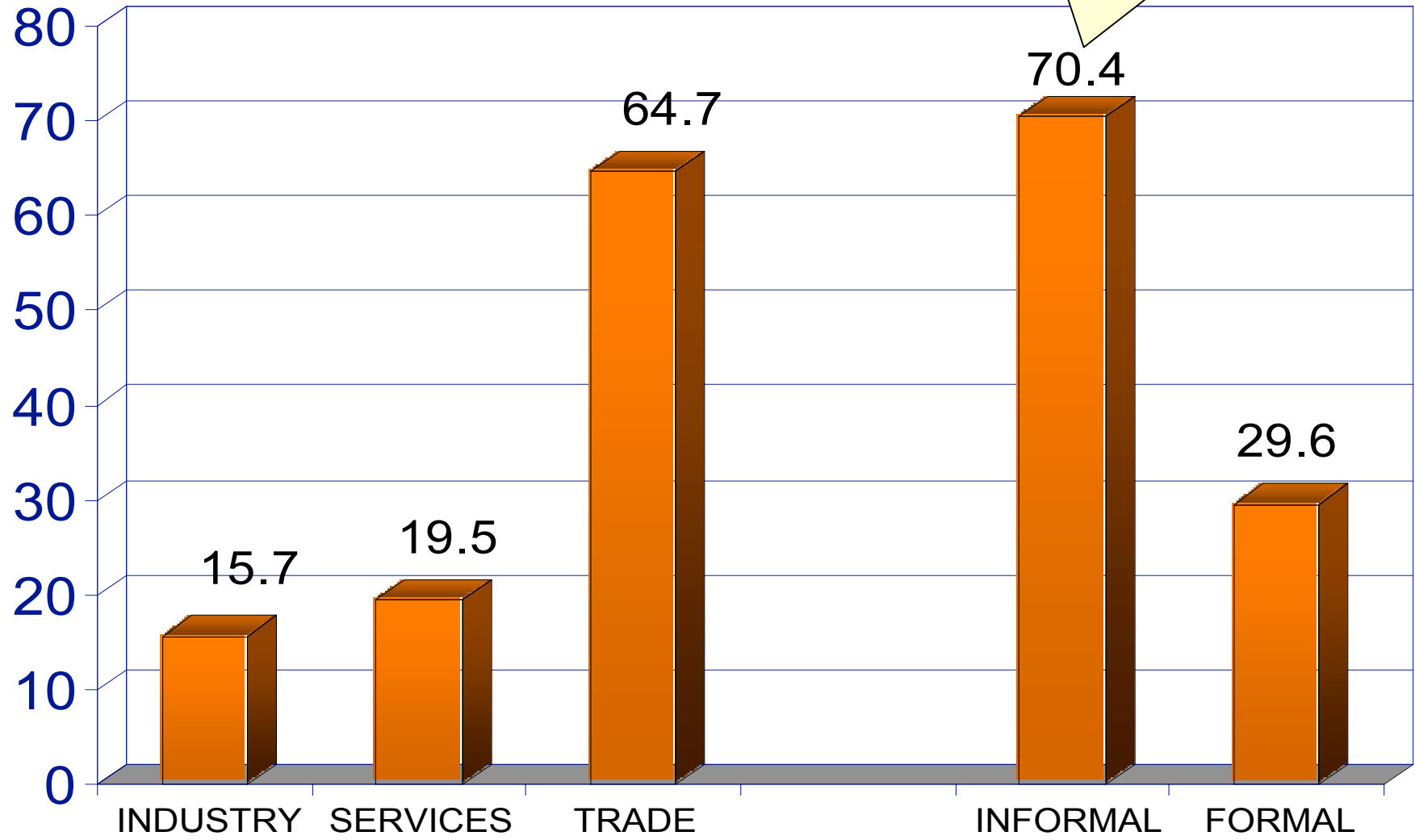


EUs distributed according to Year of Establishment & Region

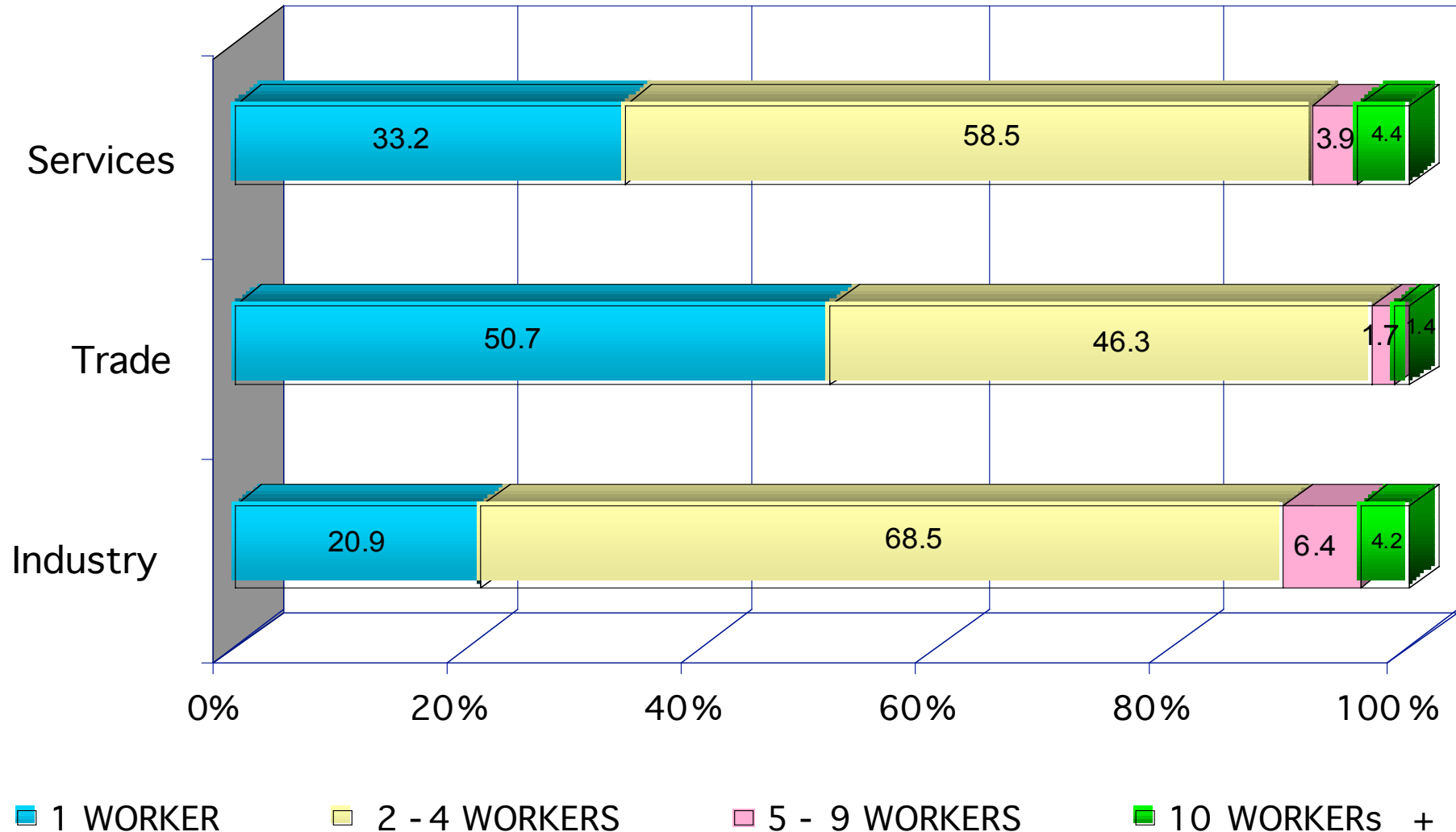


EUs By Economic Activity & Formality

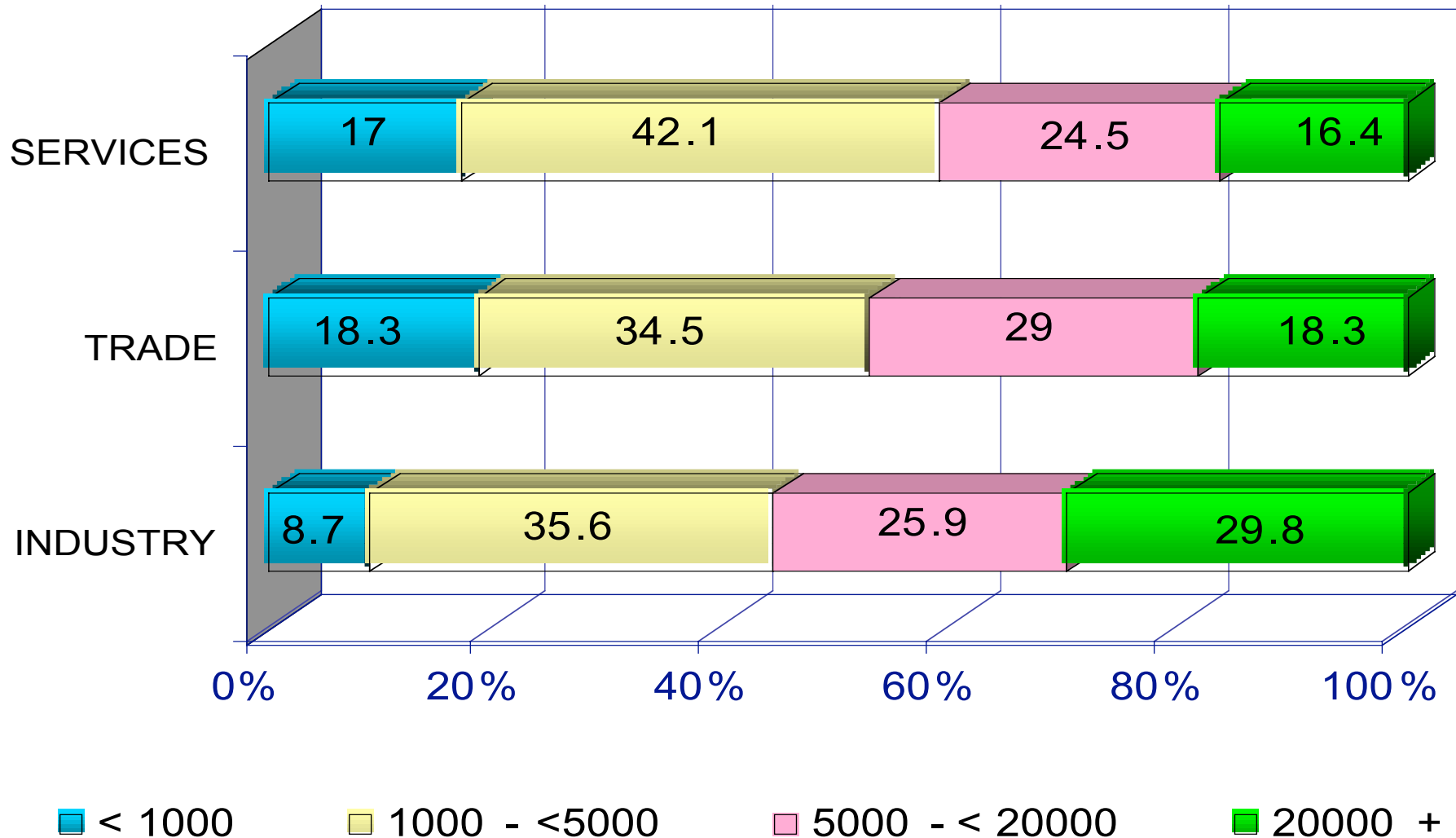
Rural-Upper-Egypt- 1worker EUs-
Limited invested capital



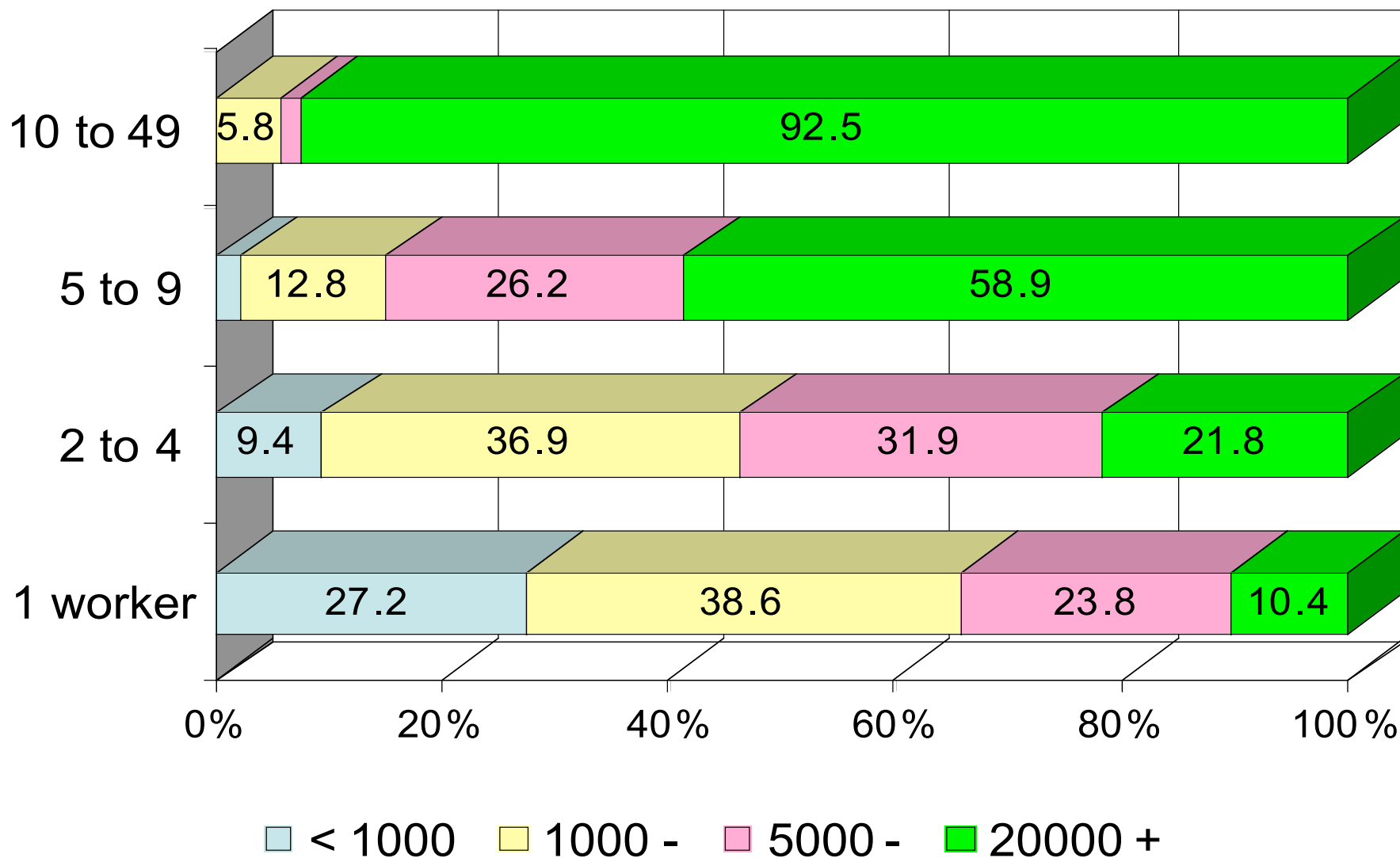
EUs Distributed By Economic Activity & Number of Workers



EU Distributed By Economic Activity & Invested Capital



EUs distributed according to number of workers & value of invested capital

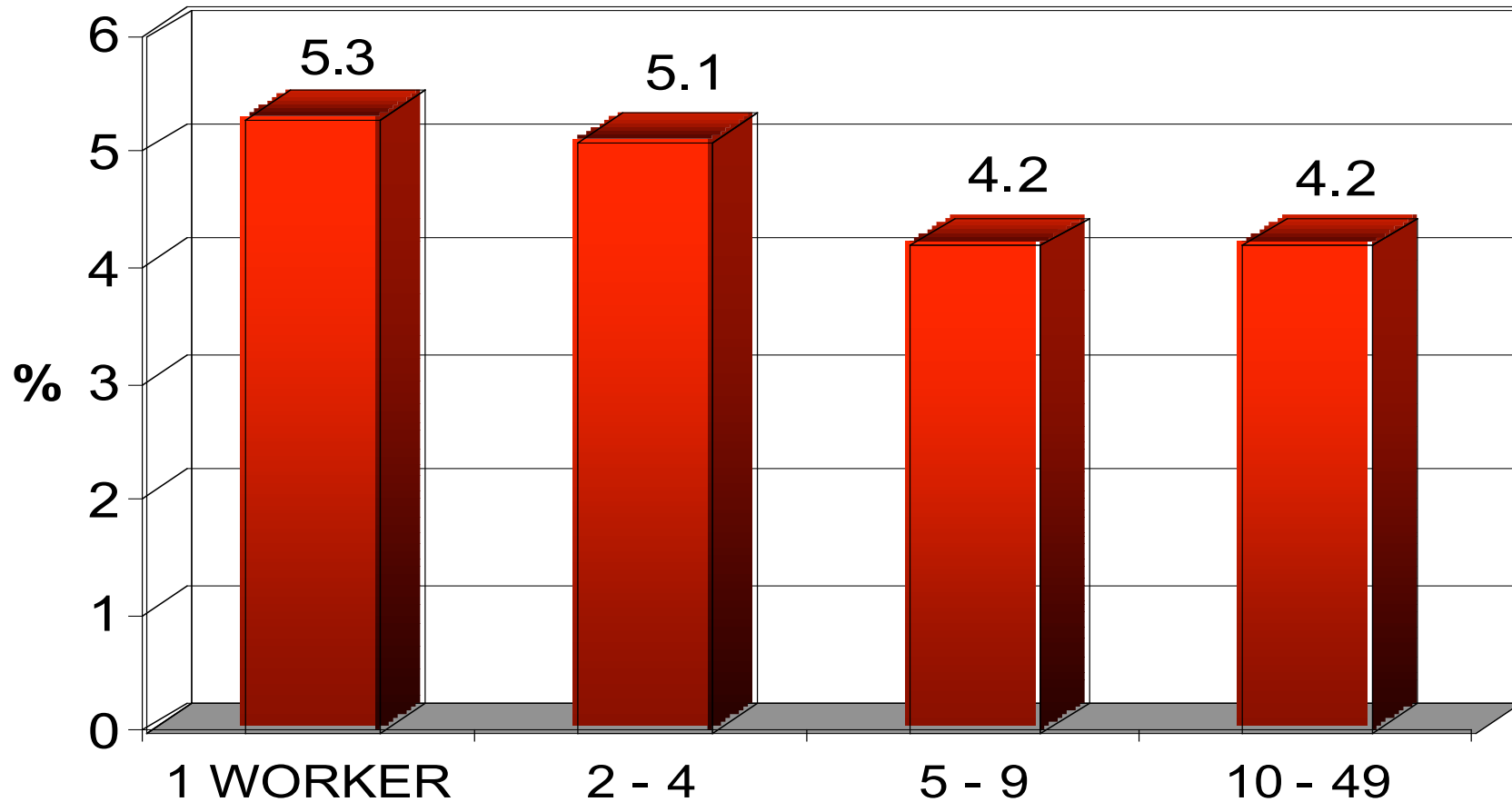


Enterprises by source of initial capital & size

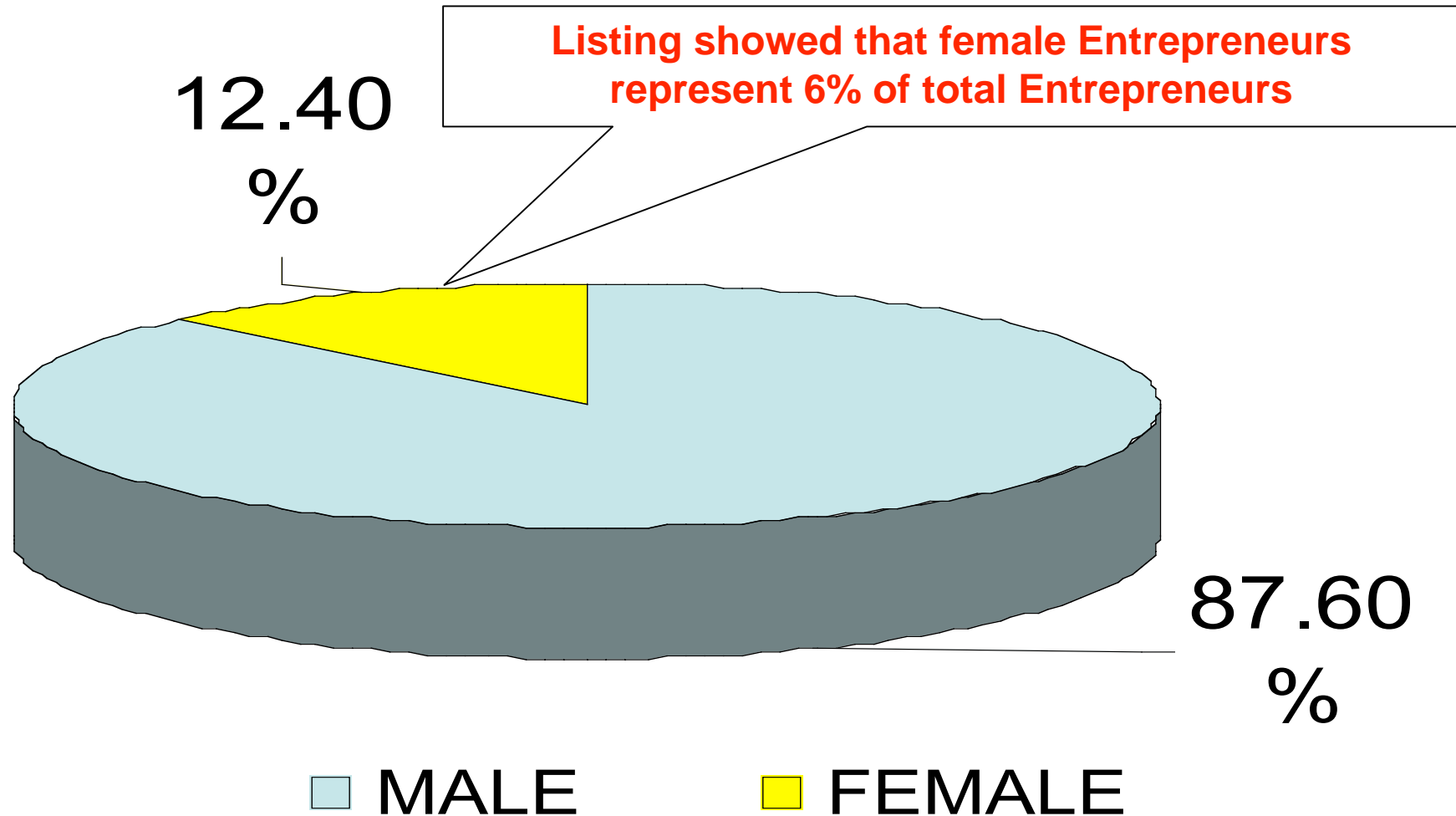
Source of capital	1 Worker	2 To 4	5 To 9	10 to 49
Inheritance	22.0	19.1	33.3	30.0
Own savings	63.3	70.7	61.0	64.2
Liquidation of assets	5.1	2.5	0.7	4.2
Formal loan	3.2	4.1	0.7	0.0
Informal loan	3.5	2.2	0.7	0.0
Own remittances	0.4	0.5	2.1	0.0
Others remittances	1.2	0.6	0.7	0.0
Other	1.3	0.3	0.7	1.7

Loans during the last 12 months

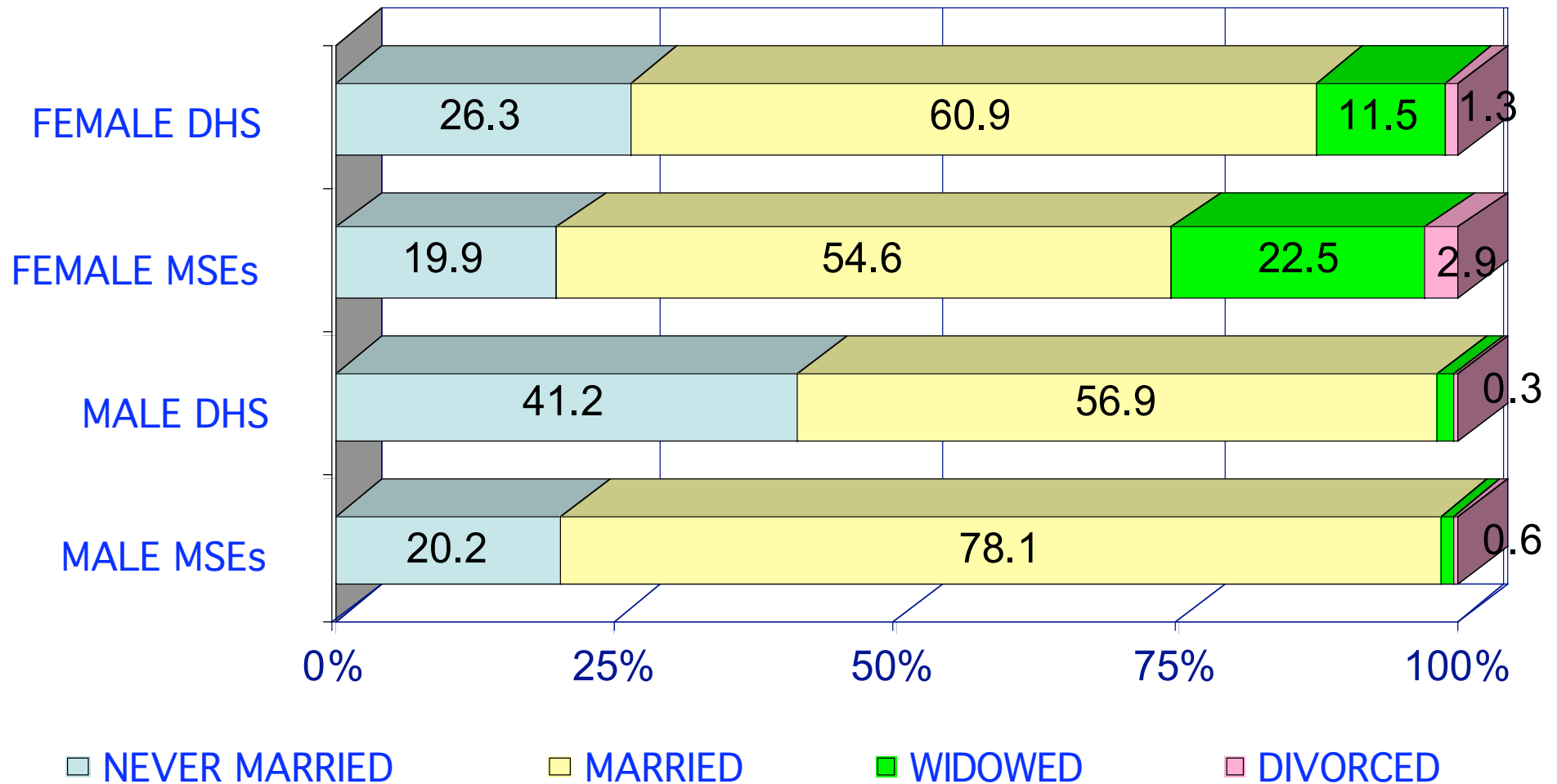
42% Banks- 40% informal Loans-11%SFD- 5% NGOs



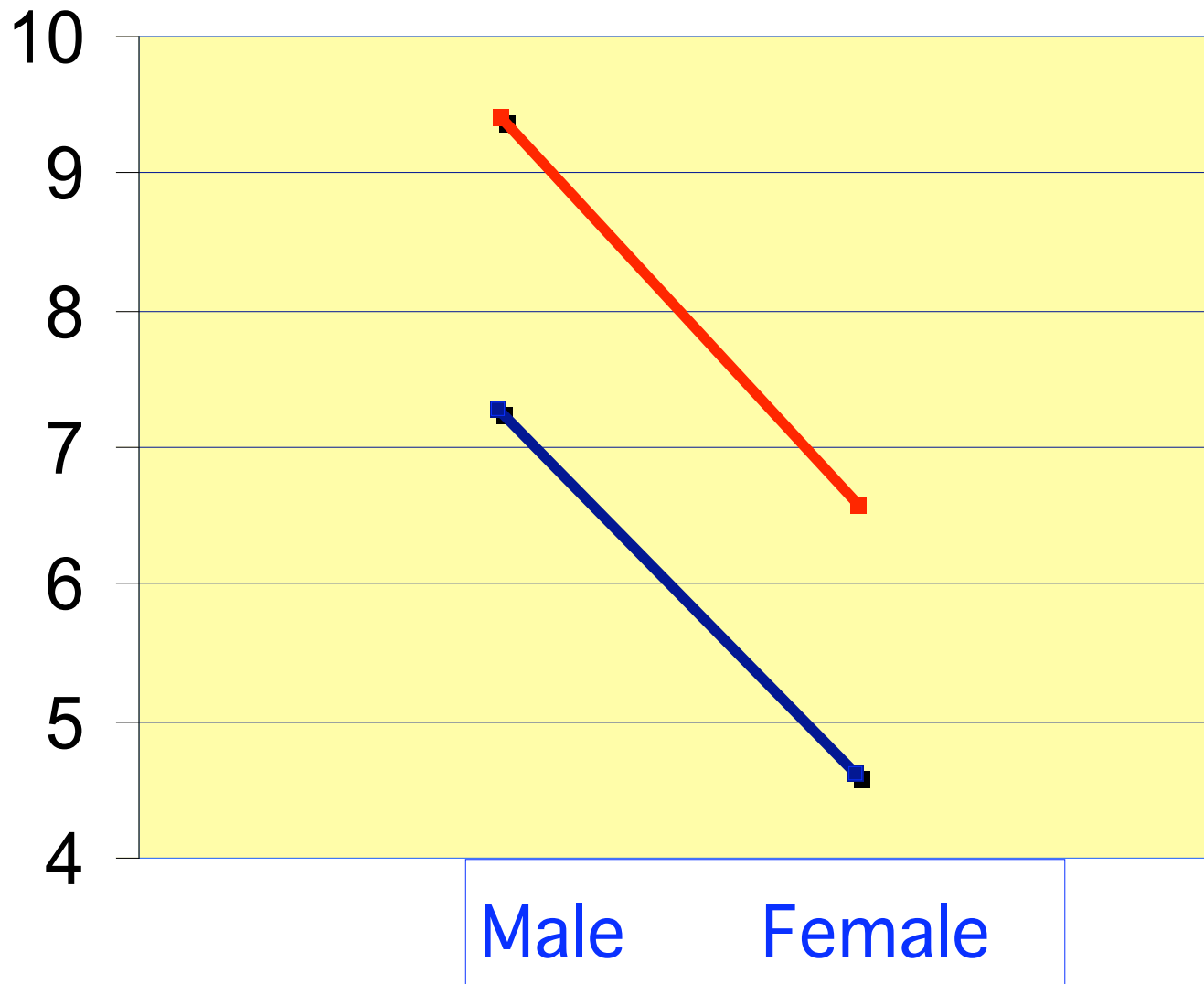
Ownership By Entrepreneurs' Gender



Marital Status of Entrepreneurs (MSEs) vs. Household Members (DHS)



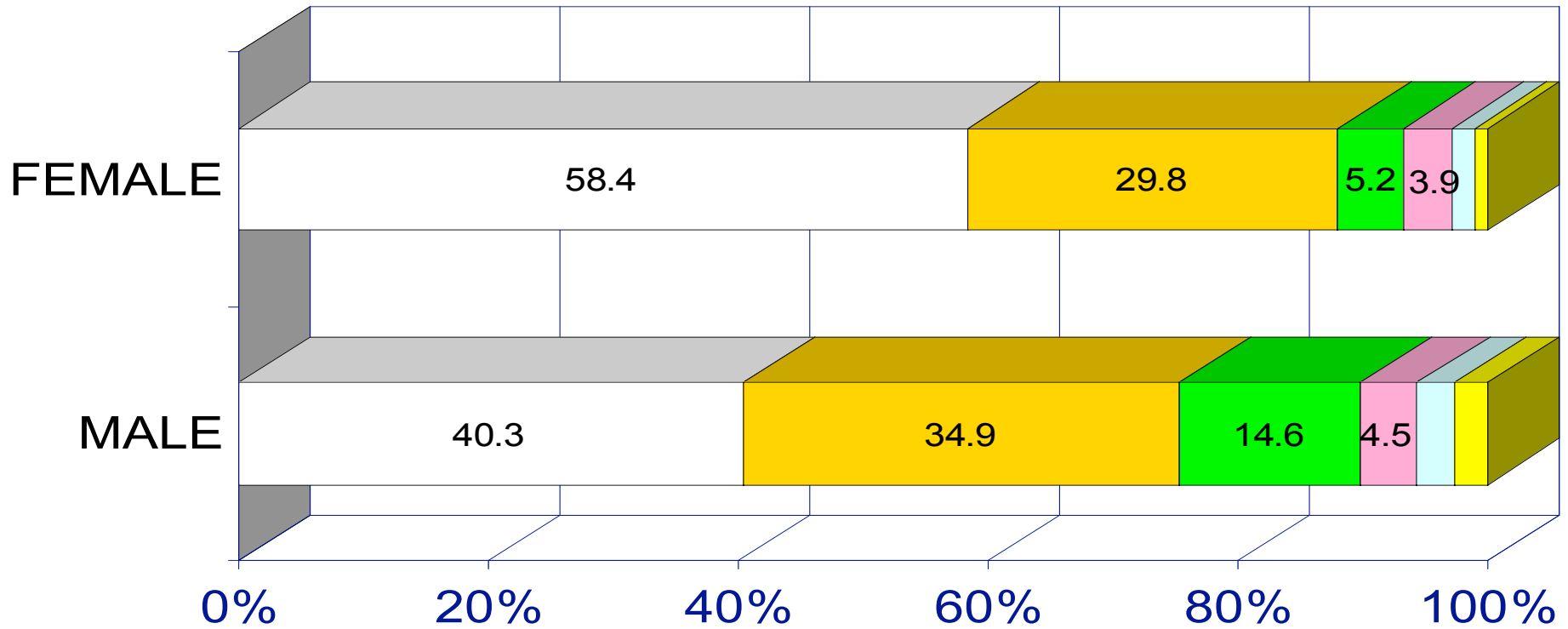
Mean Years of Education



Mean Y of Edu
8.4 y for males
5.7 for females

—■— Urban
—■— Rural

Distribution of EUs By Gender of Owner & Number of Workers



□ 1 WORKER

■ 2 WORKERS

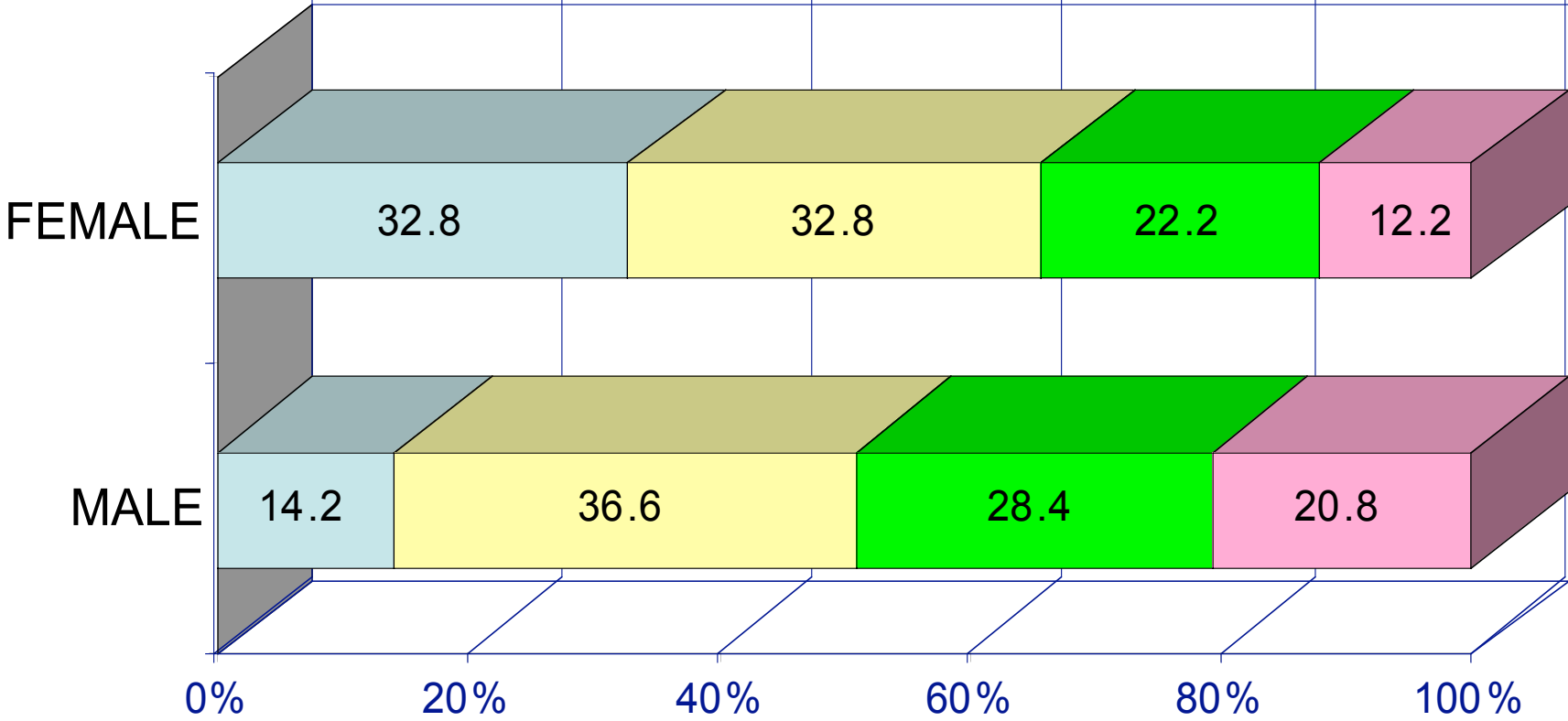
■ 3 WORKERS

■ 4 WORKERS

■ 5 TO 9 WORKERS

■ 10 TO 49 WORKERS

Value of Invested Capital (LE)



□ < 1000

■ 5000 TO < 20000

□ 1000 TO < 5000

□ 20000 OR MORE

Gender
Issues

Determinants of Success



Determinants of Success

- **Logistic Regression Model** was developed to attempt to understand the underlying factors that distinguish between a successful and an unsuccessful MSE.
- **Value Added/Labor** was used as a success indicator.
- The EU was considered successful if the **VA/L =>Mean VA/L** of the whole MSEs community and unsuccessful if otherwise.
- **The Predictor variables that showed to be significant** in the Logistic Regression Model included: Gender, Clusters, Business set-up, Infrastructure, Location, C/L ratios, Machinery and Equipments (Tools), Formality, and Education & Training.

Determinants of Success of All EUs

1. Clusters

2. Tools

3. C/L Ratio

4. Gender

5. Business
Setup

6. Area

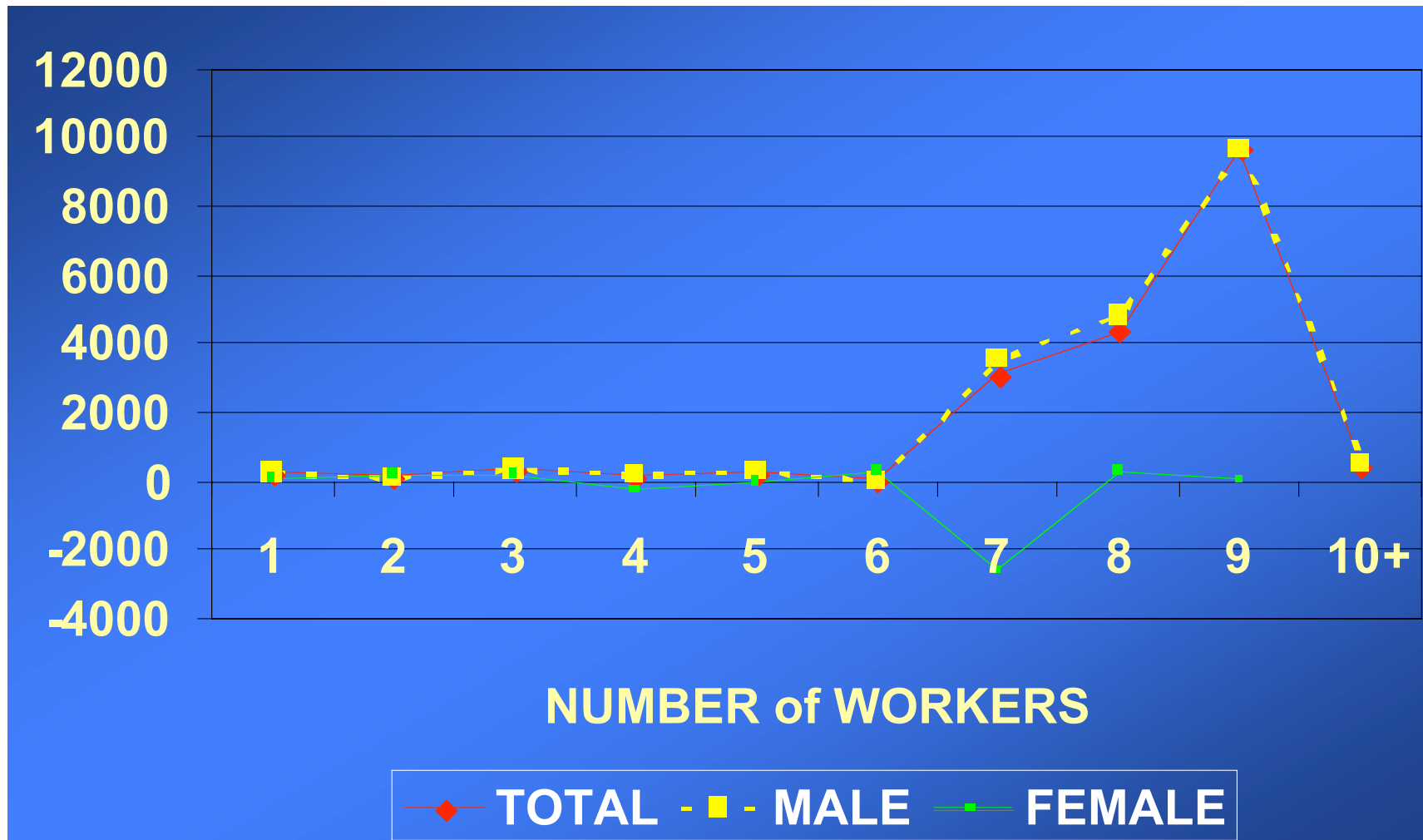
7. Formality

8. Infrastructure

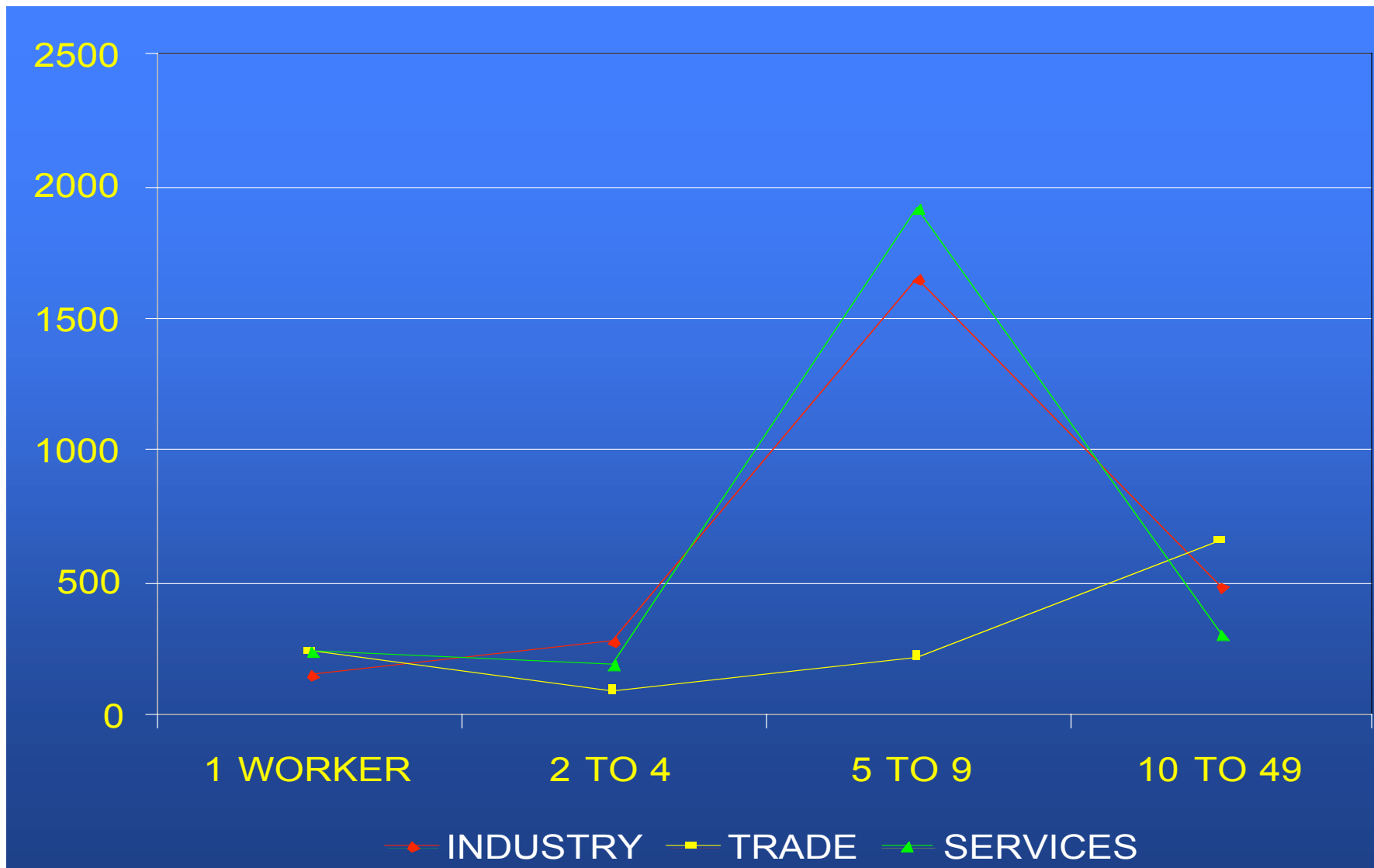
Classification
Rate 63.5%

Determinants of
Success

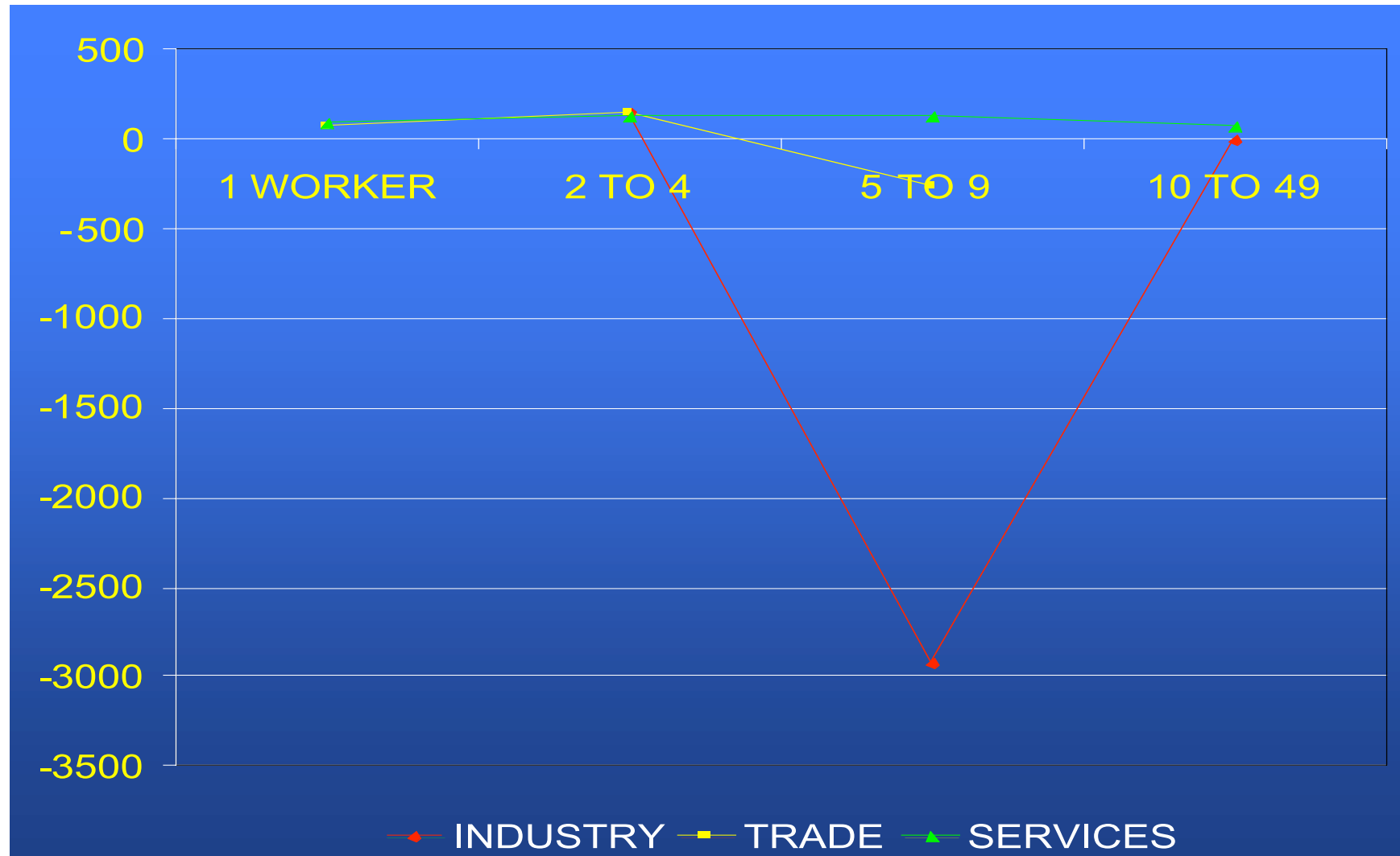
Mean value added per worker by size of enterprise



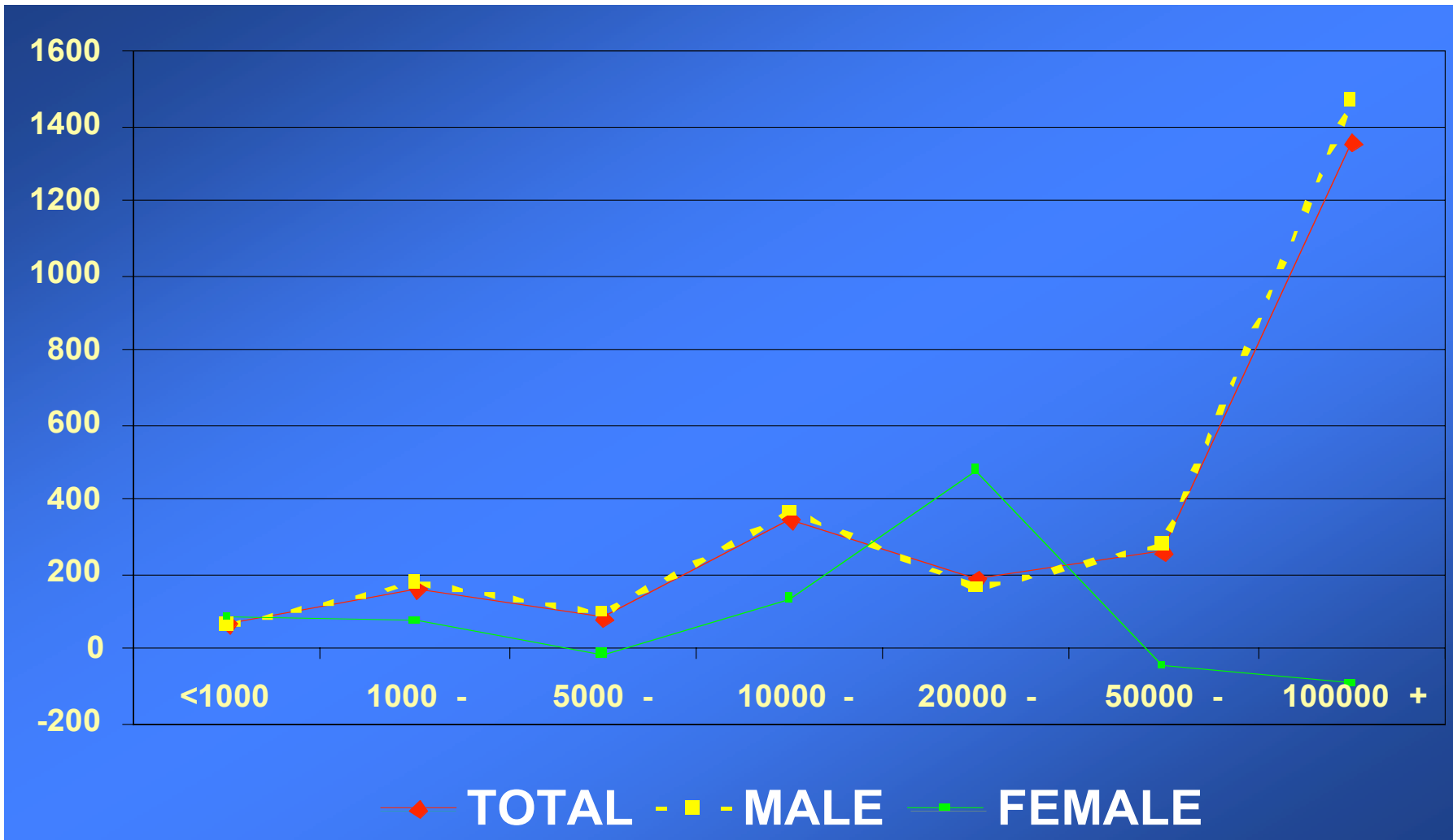
Male owned enterprises: VA/L & number of workers



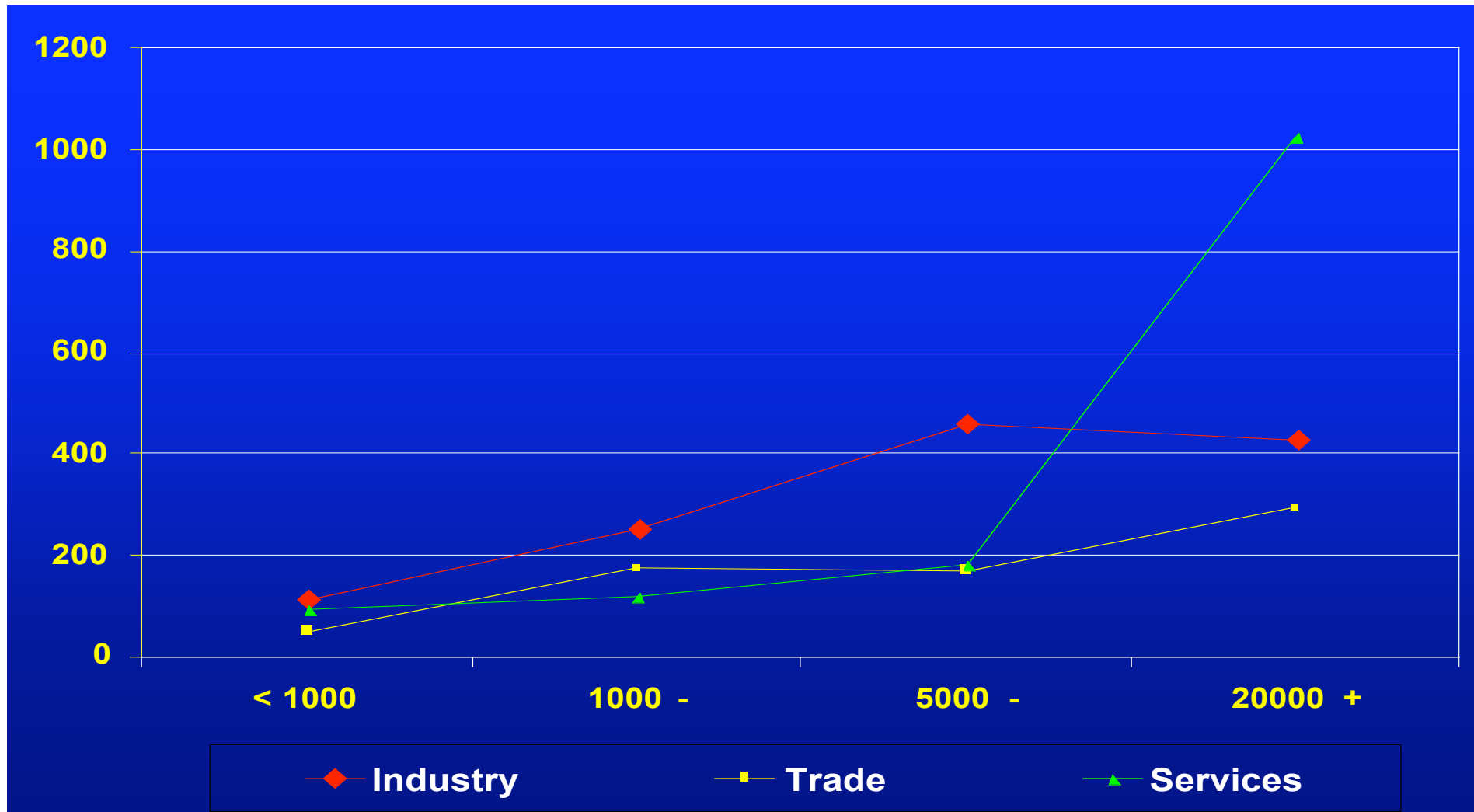
Female –owned EU:VA/L & Number of Workers



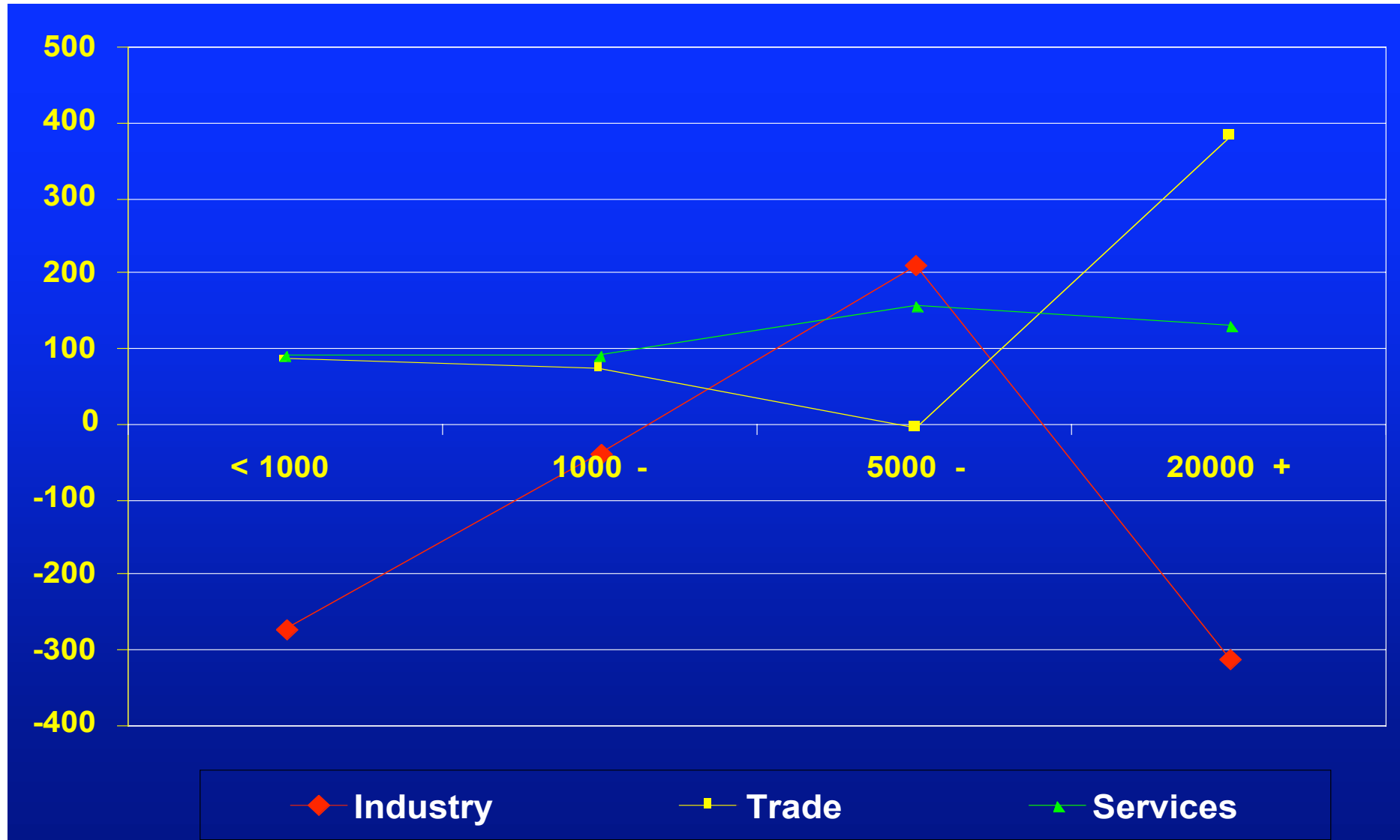
The EUs distributed by the Mean VA/L and the value of invested capital



Male-owned EU: Value of Capital & VA/L



Female-owned EU: Value of Capital & VA/L



Value added per worker by age of EU & economic activity



To conclude we go back to the project's assumptions and find that:

- **Yes , Size matters**
- **“ , Institutions matter**
- **“ , Clusters matter**
- **“ , Youth matters**
- **“ , Gender matters**
- **, Age of the EU matters:
Management & organization were
not tested.**