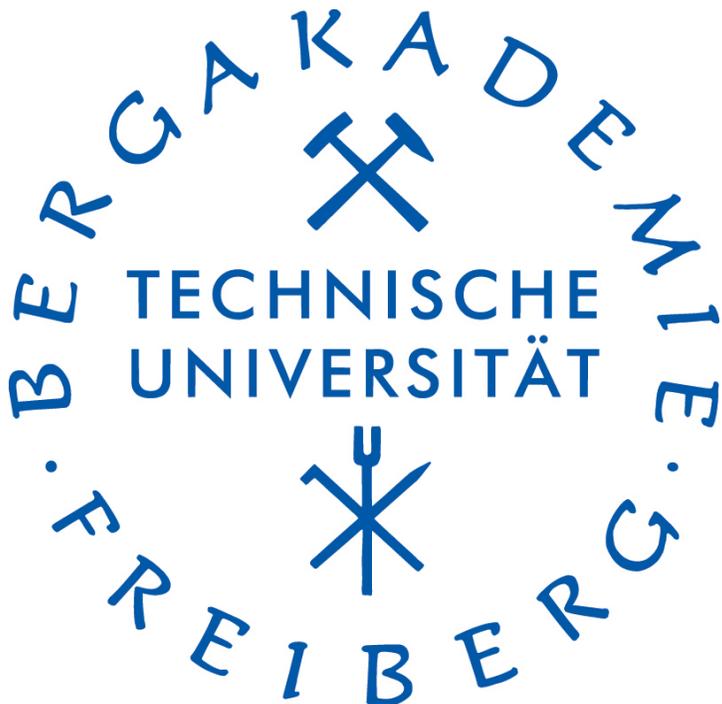


Gender Discrimination in Credit Access in Sub-Saharan Africa: Does Firm Size Matter?



**FACULTÉ
DE SCIENCES ÉCONOMIQUES
ET DE GESTION**



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Outline



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Introduction

SSA the most difficult region to do business

Access to credit one of the major hurdles

Hurdle goes higher for women

Firm size and credit discrimination not explored.

WBES from Asiedu *et Al* (2013)

Literature review

Pervasive discrimination in access to credit in SSA (Mbah, 2020)

Women who manage to gain credit face higher interest rates and shorter repayment periods (Asiedu and Freeman, 2018)

Lack of credit inhibit economic opportunities and household income of women

This reduces economic growth and also reinforces gender inequality (Ferrant & Kolev, 2016).

Lack of credit also hinder education and healthcare investments. (Kabeer and Mahmud, 2004)

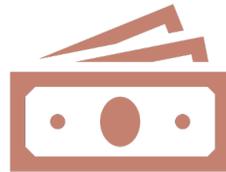
Theoretical framework



Gendered division of labour

Differences in access to credit stem from different roles assigned to men and women in the household and society (labour market) (Crompton, 2007)..

Policy recommendation: promote gender equality (Treas & Tai, 2016)



Capital Theory

Resources, including credit, is vital for economic growth and development, lack of it reduces ability to create more (Petri, 2020).

Policy: promotion of equal access to financial resources (Richter, 1989).

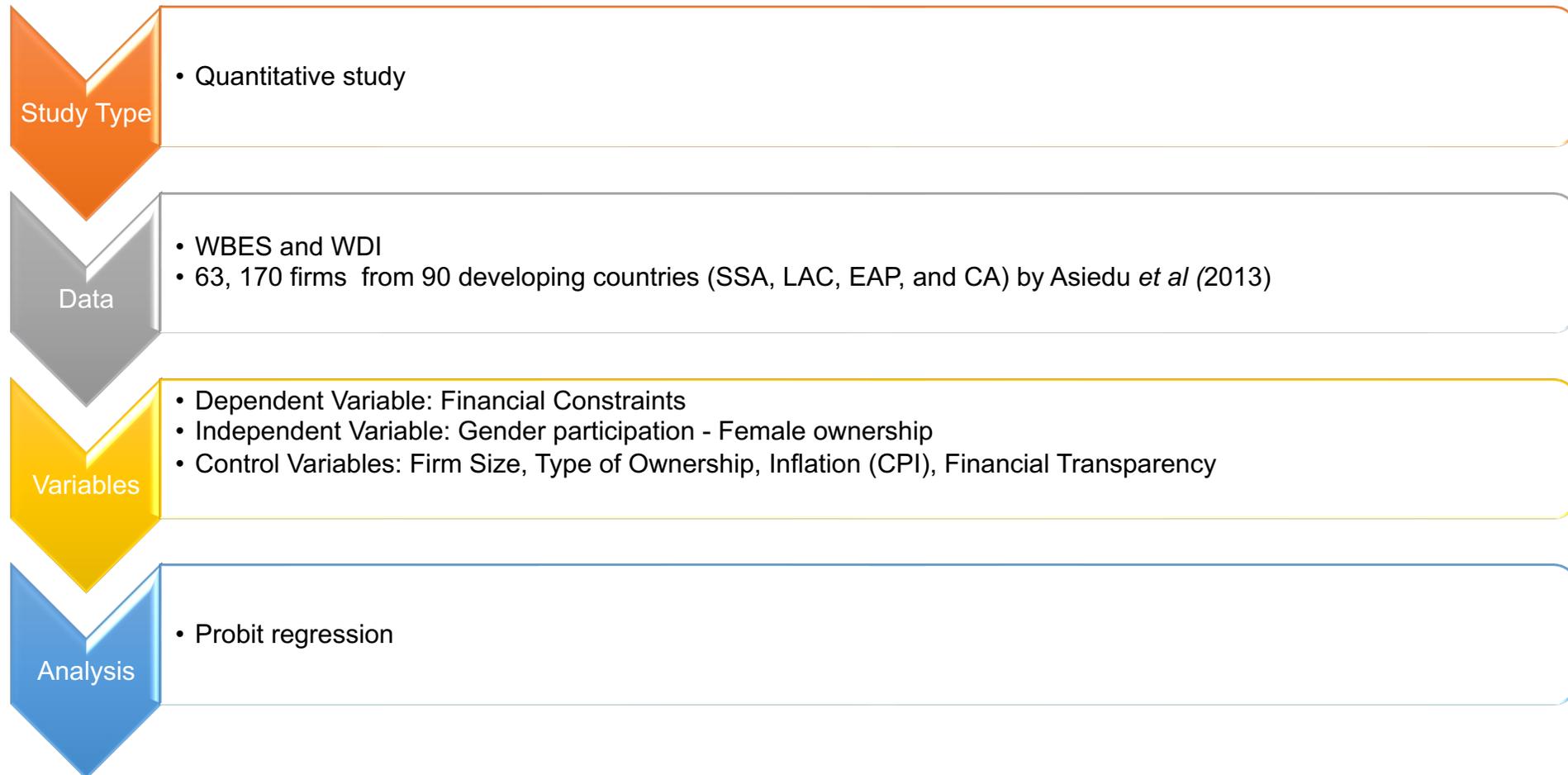


Institutional Theory

theory states that the behaviour of individuals and organizations is shaped by social norms, values, and practices (Jepperson & Meyer, 2021).

Policy: promote institutional reforms that support gender equality (Dheeraj, 2023)

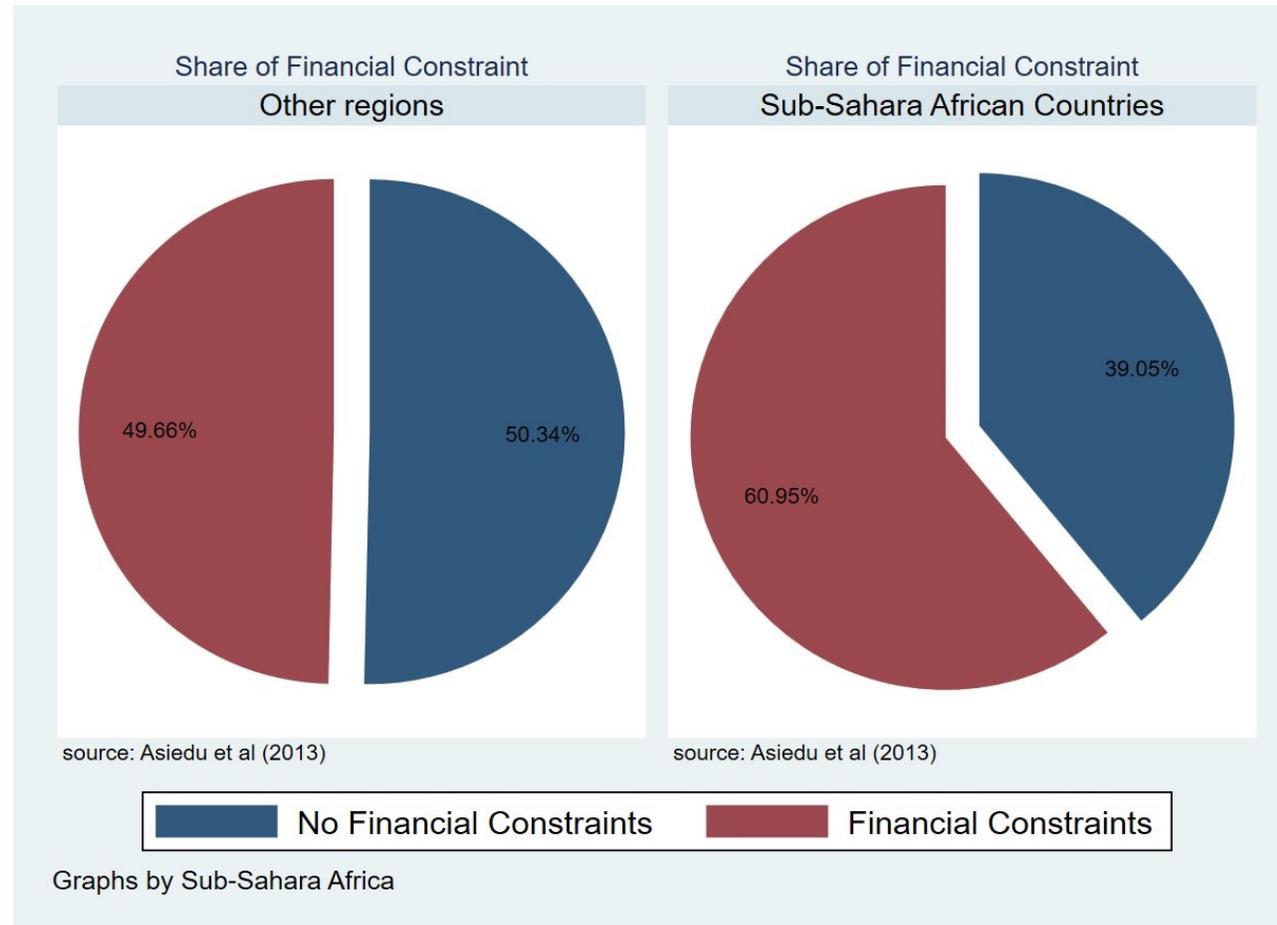
Methodology



Gender Discrimination in Credit Access in SSA: Does Firm Size Matter?

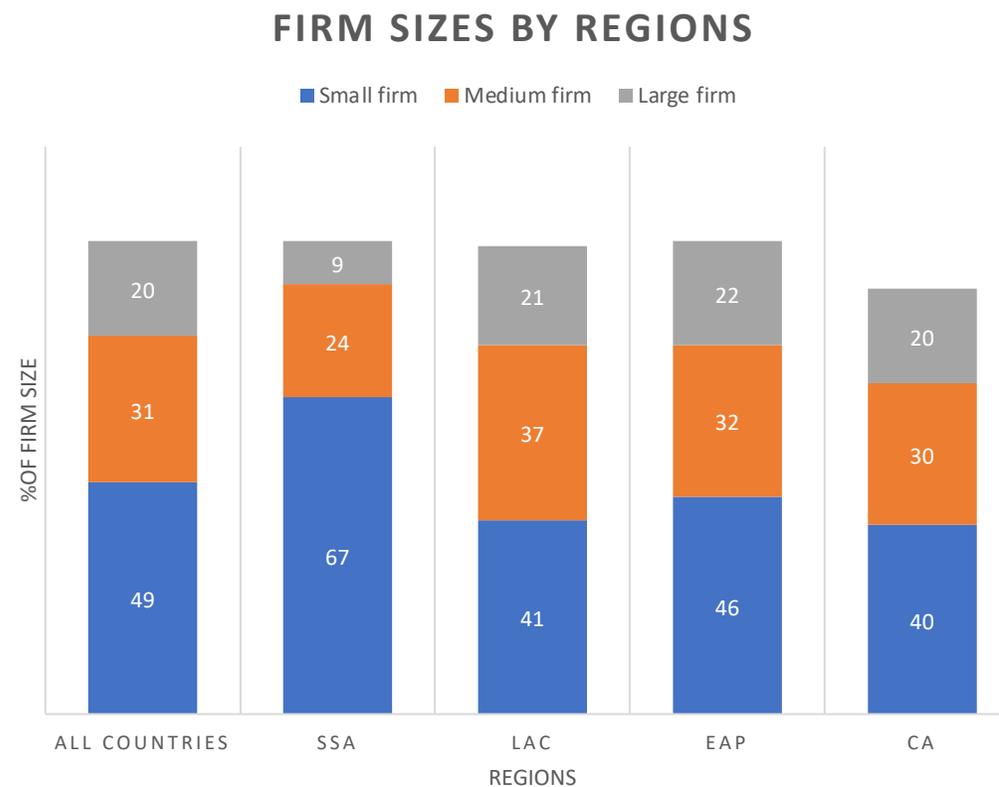
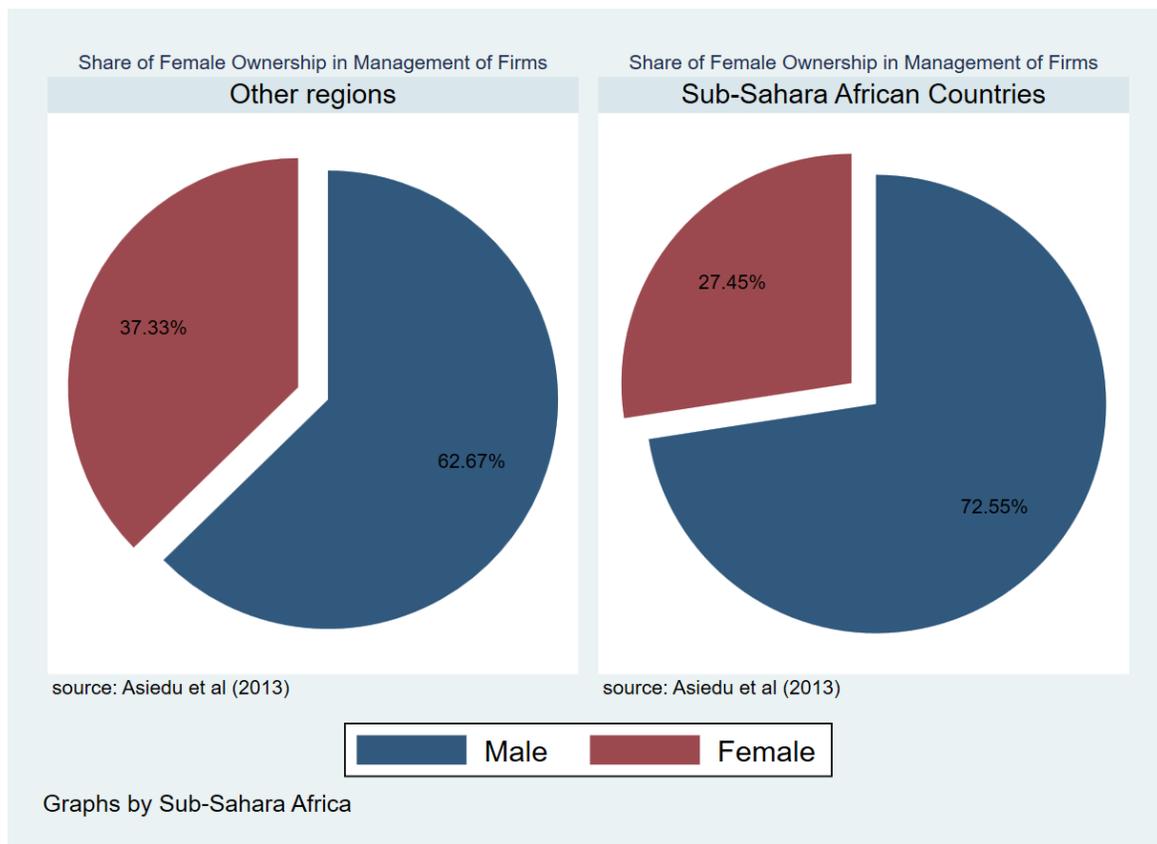
Descriptive Statistics of key variable of study's interest

Financial Constraints



Descriptive Statistics of the key variable of the study's interest

Gender Participation and Firm Sizes



Empirical Strategy

Equation 1 This Study's Model Specification

- **$Financial_Constraint_{ijk} = \beta_0 + \beta_1 Gender_{ijk} + \beta_2 X_{ijk} + \varepsilon_{ijk}$**

Where

Financial_Constraint_{ijk} = Financial Constraint in a firm i in a country j in a subregion k

Gender_{ijk} = Gender of the owner of firm i in a country j in a subregion k

X_{ijk} = Vector containing all the control variables in a firm i in a country j in a subregion k

ε_{ijk} = error term representing other variables not included in the model

β = (Coefficient) estimated effects of the independent and control variables on the financial constraint.

Gender Discrimination in Credit Access in SSA: Does Firm Size Matter?

Results

- Female-owned small, medium, and large firms 9.7, 10, and 9.6 percentage points respectively more likely to face credit constraints
- Firm size does matter
- Foreign ownership reduces credit constraint
- Financial Transparency reduces credit constraints by 43, 48, and 46 percentage points for small, medium, and large firms respectively
- Inflation positive and significant

Dependent Variable = Access to Credit (Financial Constraint)			
	(1)	(2)	(3)
VARIABLES	Probit Small	Probit Medium	Probit Large
Gender Participation in top Management = 1, Female	0.0965***	0.100***	0.0960***
	(0.0316)	(0.0316)	(0.0316)
Type of ownership of firm = 1, Foreign Ownership	-0.199***	-0.229***	-0.201***
	(0.0391)	(0.0387)	(0.0391)
Small Firm size = 1, Small firm size	0.225***		
	(0.0327)		
Financial Transparency = 1, Audited Financial statement	-0.426***	-0.482***	-0.458***
	(0.0309)	(0.0296)	(0.0297)
Inflation (CPI)	0.0316***	0.0310***	0.0316***
	(0.00372)	(0.00371)	(0.00371)
Medium Firm size = 1, Medium firm size		-0.105***	
		(0.0342)	
Large Firm size = 1, Large firm size			-0.328***
			(0.0532)
Constant	-0.0591	0.153***	0.135***
	(0.0487)	(0.0394)	(0.0392)
Observations	8,197	8,197	8,197
ssa FE	YES	YES	YES

Discussion

1

Results

The gender gap in credit access exists and firm size matters in terms of gender discrimination in SSA

This study is in agreement with (Mbah, 2020, Kabeer and Mahmud, 2004 and Ferrant & Kolev, 2016)

2

Theoretical Reasons

Capital Theory

Institutional theory

Gendered division of labour

3

Impact

Gender inequality, poverty especially in female-headed households, and sluggish economic and jobs growth.

Policies Recommendations

Boosting financial literacy

Improving access to credit

Promoting gender-responsive financial services

Encourage gender diversity in decision-making

Conclusion and Limitations

Conclusion

- Gender gap in access to credit in SSA exist
- Size of firm does matter
- Financial transparency and foreign ownership of firm reduce credit constraints

Limitations

- Nebulous definition of female ownership
- limited only to SSA

Thank you