

Training or Mentorship? Experimental Evidence from a Two-Stage Training/Mentorship Program for Female Owned Microenterprises in Ethiopia

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Abstract

This study evaluates the impact of an innovative program in which trainees of a formal business training program provide mentorship to smaller firm owners within their same business/social network. Preliminary results from the evaluation show that the first stage formal business training does not produce any significant impact on reported profit, constructed profit, sales and number of employees. However, treatment trainees exhibit changes in business behavior consistent with the training. On the other hand, the second stage mentorship program, where trained mentors receiving the first stage training are grouped with a random subset of 'mentees' from their social/business network, exhibits stronger effects. Treatment mentees, on average, report higher profits and revenues compared to control mentees. However, they do not appear to change their financial behavior in terms of financial record keeping, annual budget and business plan. The effect on the business performance can be attributed to the exposure of the mentees to local business knowledge and flow of information and not to the adoption of standard business practices taught in formal business training programs.