



Conference Report on: Entrepreneurial growth and Networking effects in Rwanda.

Date: 28th April 2017

Venue: Kigali Serena Hotel

Starting Time: 9 AM

Acknowledgements

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1. Background

The aim of Africa2.0 was to host an action research project by hosting an inclusive conference where Entrepreneurship and the impact of Networking amongst youth and women would be the central topic with the intention of linking perspectives from different stakeholders; while also establishing the extent to which these perspectives converge or diverge. This brought about an advantage of going into the field and observing at close range the experiences of entrepreneurs, their environment and perceptions.

The study is was a collaborative project between Africa 2.0, Entreprenarium, staff from the University of Rwanda and all other invited participants. All invited experts were requested to contribute to the formulation of research questions (problem identification) within the current state of affairs and issues concerning entrepreneurial growth and networking in Rwanda. Given the broad nature of the subject and the different expertise from participants; the first phase involved a meeting with participants where they provide their experiences and perspectives in formulating research questions that would contribute to fruitful conference discussions i.e.;

- The first inception meeting aim took stock of what was there in terms of demand for knowledge related to the policy priorities and dilemma's, and the participants were requested to identify knowledge gaps and questions in the policy fields described in a concept note,
- Based on the first meeting, content of the proposed knowledge exchange activities would be used to developed papers leading to the conference,
- The conference itself would be seen as an opportunity to further a dialogue on already existing knowledge gaps that pertain to the topics in relation to Rwanda.

2. Purpose

Africa 2.0 seeks to contribute to African markets with competent entrepreneurs and would be employers; to be eventual catalyst of sustainable growth in their respective geographic setting. The eligibility criterion for these entrepreneurs is as follows:-

- Venture must be Africa-focused i.e. based in Africa and helping to meet some of the continent's development challenges
- Aged between 18-40
- Can be for-profit and/or social enterprise
- Less than \$50,000 raised to date in external funding
- Fewer than 50 employees

The engagement of different stakeholders through a conference enabled an inclusive approach to identifying and discussing short comings as well as synergies that entrepreneurs, stakeholders and interest groups faced individually and as a collective in Rwanda and as well as the role of networks in this regards. Rwanda was strategically chosen by Africa2.0 Netherlands for its current economic transitioning complemented by the role of gender diversity in the countries government representation. Rwanda's business environment started getting formalised in the early 2000's and as such its regulatory environment and business reforms are still fairly new visa vi their application in practice; however, this has not stopped the country's economy from growing consistently in the last decade. The Africa2.0 seeked to achieve an understanding of the ripple effects this situation has on entrepreneurship growth, especially pertaining to youth and women; the role of the private sector in and outside of complying with reforms related to entrepreneurship and the networking culture between these players. The aim was to hold a conference, qualitative more than quantitative in nature, involving experts and professionals from practice to share their varying perspectives; from which synergies would be identified and built upon.

The relevance of the conference relates to the strategic objectives of Africa2.0 is as far as:

- Creating synergies; bringing together professionals and experts of common interest;
- Linking Africa2.0 to a wider network of professionals i.e. researchers, policy makers, private sector, government and entrepreneurs;
- Leap frog; the experience brought by Africa2.0 and the expertise of knowledge from other professionals can bring about a deeper understanding of Rwanda's entrepreneurial dynamics and lessons from practice could be used to avoid pitfalls;
- Some of the knowledge gained can be transferrable to other African2.0 chapters / countries in Africa;
- Strengthening and capacitating Africa2.0 in Rwanda.

3. Scope and objectives of the study

The scope and objective of the project to conduct an action research through hosting an inclusive conference involving all relevant stakeholders of Africa2.0 and INCLUDE to discuss policy related matters and variables that affect entrepreneurship growth in the Rwandan country setting and the networking culture. The specific objectives of the study are as follows:

Phase 1

- Select / Identify start-up entrepreneurs, researchers, policy maker and regulators, politicians etc., who can contribute to constructive knowledge sharing.

- Event venue
- Setting the conference theme: e.g. Entrepreneurial growth & Networking effects in Rwanda – practices, opportunities & opportunity costs, national & regional impact, cross sector effects.
- Case studies to be discussed, best practices /challenges of start-ups (and the gender component if any) to be discussed in this context
- Initial meeting(s) with participants; 25 - 30 persons
- Target groups; a sample of the type of stakeholders that would be involved would be beneficial to the proposal i.e. which Government dept? Types of academics? Regulators if any? Industry reps. Entrepreneurial bodies etc.
- Cost implications for holding and coordinating a meeting(s) with all the stakeholders (the Kickoff Event)

Phase 2

- Exchange of experiences from the sample of invited stakeholders (business, academic research, political) in a conference format;
- Sharing of successful entrepreneurship experiences in Rwanda (individual cases and notable programmes);
- Demonstrate the successful experiences from regional and national perspective, i.e. comparative data by industry, size, life-cycles and gender dynamics.
- Share the impact of the Private sector on current roles played and future potential roles;
- Discuss the impact of entrepreneurship on woman and the youth of Rwanda;
- Discuss suggestion of challenges facing entrepreneurship in the Rwanda i.e. Funding, Skills, Regulations, policies and socio economic variables;
- Identify areas of convergence and divergence amongst stakeholders; build deliberate partnerships from which synergies can be exploited in as far as convergence is concerned.
- The role and impact of networks in dealing with the objectives highlighted above.

4. Methodology

The conference was hosted and facilitated by Africa2.0 The Netherlands in collaboration with Entreprenarium (Rwanda).

- Project profiling (conference theme, size and structure)
- Stakeholder identification (participants)
- Focus group discussions; i.e. with the eventual selected conference participants
- Event hosting and facilitation, in Rwanda.
- Knowledge exchange platform creation and management
- The inception event, brought different stakeholders (Africa2.0 and INCLUDE) together i.e. start-ups representatives, researchers, government representatives, NGO's, youth organisations representatives as well as investors and the private sector to the extent possible;

- Established a platform for knowledge exchange amongst stakeholders and interest groups to establishing sustainable synergies;
- Identification of conference discussion topics as it relates to the scope of the project;
- Submit a final report reflecting a fair balance of the knowledge exchange outcomes / deliverables.

5. Specific deliverable

The project deliverables are the development of a common and inclusive perspective of entrepreneurial growth and networking impact conference in relation to youth and women in a Rwandan with:

- Clear common goals that synergies can be built upon;
- Better and more common understanding of the Rwandan entrepreneurial landscape for Afrca2.0 Rwanda and global chapters
- The role of women and youth and the extent to which they are pioneers or beneficiaries in entrepreneurial growth and their networking initiatives;
- The role of the private sector and its current institutional set-up;
- Entrepreneurial impact as a source of employment to the youth and woman;
- Transferable knowledge, sharing with global Africa2.0 chapters and partners.

A number of topics came up during the inception meeting with all stakeholders and these were consolidated to form four (4) discussion papers for the main conference in Kigali.

The Conference deliberations were based on the following themes:

- Mind-set and Entrepreneurial Activities in Rwanda: A firm level investigation.
- Impact of Access to Finance Services on Business Development in Rwanda.
- Innovation and Firms' Performance in the Rwandan Manufacturing Industry. A firm Level Empirical Analysis.
- Effects of Corporate Governance on Corporate entrepreneurship and firm performance: Evidence from the Rwandan Manufacturing Industry.

These papers were led by the academic participants from the University of Rwanda including other participants from the inception meeting who had volunteered. The papers were presented to the conference and tabled for discussion with all other participants from the inception meeting. After the conference, the papers where further updated based on the conclusions and contributions made by the conference.

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6. Research outcomes

Mind-set and Entrepreneurial Activities in Rwanda: A firm level investigation

The objective of this paper was to find out the effect of mind set on entrepreneurial activities in Rwandan businesses. A clear understanding of this is necessary can guide the formulation of appropriate policy measures. We estimated an entrepreneurial activities equations using the OLS regression analysis. The factors affecting firm's sustainability include among others entrepreneurial mind set, manager's year of experience, gender and competition that entered in the market. Mind set variable was positive and significant suggesting that having a grow mind set increases the firm's sustainability. This means that entrepreneurs with an entrepreneurial mind set perform better in terms of creativity and risk taking propensity which are vital for business success. The study has shown that entrepreneurial mind set is an important factor of performance and sustainability in Rwanda without which a business would fail.

Since acquiring an entrepreneurial mind set requires re-learning how to motivate themselves, take risk, and become creative innovative, the study recommends entrepreneurial education to nurture and support firm's success. In addition, given that the data used in this study is cross-sectional collected only from Kigali and Butare, there is a need for further research using a more representative data covering the entire country. There should be a national representative data. The study looked at the entrepreneurship mind set at firm's level, for firms that are already established. There is need to analyse the entrepreneurial mind set at household level. Further, a data set collected at different time periods would help in capturing the dynamics of mind set and inform policy making process.

Impact of Access to Finance Services on Business Development in Rwanda

The overall objective of this study was to examine the relationship between access to finance and business development in Rwanda. The study was motivated by the need of understanding the factors affecting entrepreneurship in the country. A clear understanding of this is necessary to guide the formulation of appropriate policy measures. We estimated 2 equations; the access to finance equation and the business development equation. The factors that affect access to finance include among others age of the firm, interest and education. The relationship between access to finance and business development was clearly established by the results.

However, since we have used cross-sectional data collected only in Kigali and Butare, there is a need for further research using a more representative data covering the whole country. This to be possible, there should be a national representative data collection. In addition, as this study looked only the entrepreneurship at firm's level, there is need to analyze the same situation but at household level and collecting data as well.

In addition, since access to finance is an important factor in explaining business performance, there is need to develop more policies that increase access to finance for firms and households.

Innovation and Firms' Performance in the Rwandan Manufacturing Industry. A firm Level Empirical Analysis

This study had as specific objectives of (i) determining factors of innovation decision and (ii) effects of innovation activity on manufacturing firms' performance in Rwanda. To address these two objectives we recourse to the structural multistage modeling as suggested by Crépon et al. (1998). However, in order to conform to data availability, we used a two-stage technique, where in the first stage we determined the relationship between innovation decision and innovation output. In the second and last stage, we established the relationship between innovation output and firm's performance. Data used are from the World Bank '2006 - enterprise survey'.

This study resulted in three main outcomes: (i) product innovation is linked directly to the process innovation, meaning that firms which decided to engage in process innovation have introduced new or improved products on the market; (ii) innovation output, here the 'international quality-recognition', is not linked to the firm engagement in innovation. It is linked to the use of technology licensed from foreign firms; (iii) the 'international quality-recognition' is the main determinant of firm's financial performance.

With respect to empirical findings above, we recommended a public assistance in R&D to private manufacturing firms in order to boost their innovativeness. Also, it is advisable that manufacturing firms apply for an 'international quality-recognition', because it is important for their financial sustainability.

However, it is important to underline that empirical findings of this study must be considered with cautions. Data used are enough dated and didn't permit to consider all variables of interest, particularly gender and age of owner. Consequently, we suggest undertaking

deeper analyses which emphasize thematic studies (type of firms) and ownership structure of firms using data newly collected.

Effects of Corporate Governance on Corporate entrepreneurship and firm performance: Evidence from the Rwandan Manufacturing Industry

The double aims of this paper were of determining effects of corporate governance on corporate entrepreneurship and of determining effects of corporate governance on firm performance. To address these objectives, we had recourse to two complementary methodological approaches. The first dealing with estimate of variables representing the business environment and of the corporate governance on governance entrepreneurship, represented here by the change in the size of firms. The second approach used the augmented Cobb-Douglass production function in order to estimate effects of the business environment and of the corporate governance on the corporate performance.

This study resulted in four main outcomes: (i) the background of top managers contributes significantly to both corporate entrepreneurship and corporate performance, (ii) the sole proprietorship organizational form harms entrepreneurial activities and is negatively related to financial performance of manufacturing firms because of considerable financial constraints, (iii) electricity and raw materials expenses contribute significantly and positively to financial performance of Rwandese manufacturing firms, (iv) informal competition has no effect on entrepreneurial activities of manufacturing firms, however it harms their financial performance because firms are more interested in the short term business development rather than in the long term strategic innovative actions.

According to empirical findings above and in order to boost internal entrepreneurial activities of manufacturing firms, we recommend focusing more on the background and motivation of top managers. We also suggest helping manufacturing firms to accede finance, the key element for their internal entrepreneurship development. Further, we advise availing electricity and raw materials in order to improve manufacturing firms' financial performance, because the last is important for the corporate entrepreneurship.

However, these results and recommendations must be considered with reserve because the database used was not enough adapted to our problematic. We suggest undertaking further, detailed and deeper researches in the future, particularly using more appropriate database. This necessitates a new specific research project.