

Interim findings

Empowering female Ugandan entrepreneurs

The research project ‘Changing the mindset of Ugandan entrepreneurs: from muppets to gazelles’ aims to contribute to socially inclusive development in eastern Africa by identifying and tackling key constraints on innovative entrepreneurship, especially among female entrepreneurs. It explores where opportunities for innovative entrepreneurship lie and which assistance strategies could effectively empower aspiring entrepreneurs to grasp these opportunities. The following are the main findings and policy messages as we approach the end of the project:

Key findings

- Innovative entrepreneurship is determined predominantly by motivational resources. The main predictor of innovation is personal initiative. A second important motivational resource is confidence, especially business confidence. Opportunity recognition is also a predictor, particularly for making improvements that are well adapted to constraints of low-income contexts, so-called ‘frugal’ innovations. In addition to motivational resources, having a business network is also associated with innovativeness. Conversely, non-innovative and unsuccessful business people (about 25% in our survey among of 600 Ugandan entrepreneurs) tend to be heavily embedded in dense family networks involving multiplex relations that can impede business growth, owing to strong social obligations to share and help others.
- An especially disadvantaged group are rural female entrepreneurs. Many are trapped in poverty. They lack financial and technical resources; knowledge about procurement, production and markets; and marketing skills. Most rural female entrepreneurs also lack the strategic contacts to access new ideas, information and resources, all of which could provide them with inspiration or enable them to attain better bargaining positions.
- Our project equipped two resource centres in rural districts (Nakaseke and Mpigi in Central Uganda) with facilities that provide various services for entrepreneurs: improved radio broadcasting along with regular relevant programme content; an sms-based service carrying information about agricultural market prices; business mentoring by an advisor; and training in mobile money-using skills and basic principles of financial, quality, and customer/marketing management.
- According to a random evaluation survey of hundreds of farmers and business people, the radio and training services resulted in a remarkable reduction of quality complaints from customers, many new business ideas, access to new markets, and more proactive behaviour and increased confidence among a significant number of beneficiaries. The centres appear to be effective in responding to the high demand for information among entrepreneurs. They are also effective in spreading information about already pre-existing support possibilities that the target group had not yet been aware of.
- Mobile phone applications, particularly mobile money services, also offer promising possibilities to improve business operations. However, even though almost all entrepreneurs own a mobile phone, the lack of basic mobile phone-related literacy skills are still a constraint on their use for many. Several entrepreneurs – more women than men – were found to resort to financial intermediaries even for basic mobile money transactions, which led to a lack of control and the attendant risk of becoming a victim of dishonest behaviour. Even after completing the training, several entrepreneurs were found to have failed to master

some essential functions, like how to read and delete an sms. A lack of general literacy skills lies at the root of these problems.

Policy messages

- **Pay attention to the financial sustainability of local resource centres that offer support and training:** The substantial beneficial impact of resource centres such as those supported by our project is no longer in doubt, but the sustainability of the services offered needs attention. It should be explored how such centres can be empowered to raise money with some of their upgraded facilities, e.g. generating increased revenue through radio advertising or internet access. Our project found that a good start in this direction is made by establishing resource centres through existing locally-driven initiatives (e.g. a local women's NGO centre, or a radio station annex community centre and library) that already have traction among local social stakeholders, and 'enrich' them with limited external help. The strong sense of local ownership incentivizes the local staff and community to make the services endure. But success in this respect is not guaranteed. Temporary assistance can be required to make this happen, for example by boosting income-earning awareness and staff abilities to acquire external funding from other sources after a support project withdraws.
- **Conduct training to develop personal initiative and opportunity recognition:** Personal initiative and the ability to recognize opportunities are crucial determinants of innovation and success. A natural component of personal initiative training should be 'how to build a business network'. Opportunity recognition skills can be harnessed through training aimed at goal orientation/awareness. From our survey of 600 entrepreneurs, a purpose-oriented mindset was found to be the crucial driver for recognition of opportunities for (frugal) innovation.
- **Provide rural entrepreneurs with training in simple skills:** Rural entrepreneurs need training in simple skills, such as how to operate a mobile phone. Continuous efforts to raise the level of general literacy through education, including adult literacy, need to be made as well.
- **Organize entrepreneurs into small learning groups:** Local groups are pivotal for entrepreneurs, as they can be approached through their local group leaders and derive strength from each other. Such groups can help transfer entrepreneurial skills and increase social connectedness. Capable and successful entrepreneurs can be used to mentor these learning groups.
- **Understand women's aspirations and contexts:** Women in particular pursue different goals through their businesses. Their businesses form a small part of a much larger palette of activities for household income generation and risk diversification. Support for rural female entrepreneurs must be attuned to these goals, while helping them to attain more income security. In every rural community there are also capable female entrepreneurs who can be coached to become business leaders and provide productive employment and business mentoring services to others.
- **Focus on the role of men in supporting women entrepreneurs:** Men who support women entrepreneurs should be encouraged to spread the message that women's businesses are not threatening, but can lead to increased financial resilience, social dignity and happiness.
- **Do not expect quick fixes:** Successful projects need to go through several learning iterations; there are no quick fixes.

Knowledge products

- Conference, 'Dynamic entrepreneurship in developing countries', held at Eindhoven University of Technology, 18 Nov 2016 (organized by G Rooks, G Solano, HA Romijn). See: <http://www.includeplatform.net/conference-dynamic-entrepreneurship-developing-countries/>
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Contact

Dr Henny Romijn, research project leader, h.a.romijn@tue.nl

Weblink

<http://includeplatform.net/research-group/changing-the-mindset-of-ugandan-entrepreneurs-from-muppets-to-gazelles/>

¹ Salt TV is a television station in Uganda with a wide viewership among the local population within and beyond Kampala.