

# **PROMOTING ENTREPRENEURSHIP THROUGH THE MIND-SET CHANGE APPROACH: EMPIRICAL EVIDENCE FROM WOMEN ENTREPRENEURS IN UGANDA**

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## **Abstract**

*Entrepreneurship remains an engine of growth for economic development with Uganda ranking top most entrepreneurial country and with the highest women entrepreneurship. Notwithstanding this position, Women entrepreneurship remains most constrained by access to finance. But how women in Uganda make it to the top of the entrepreneurship world should be of concern. Drawing, evidence from Enterprise Uganda under the program “Support to Women’s Entrepreneurship”, this article explores the effectiveness of “Mind set change” strategic approach in accelerating entrepreneurship and improving the livelihoods. The implementation approach blended a mix of on-site training, business counseling and mentoring and field tours. It was hypothesized that, with mind-set change, women would more likely exhibit entrepreneurial behaviors, get more enterprising, better manage their businesses and improve their income and livelihoods. In a bid to track effectiveness of this approach, a survey was carried out using a structured questionnaire administered to a statistically representative sample of 350 randomly selected women beneficiary entrepreneurs in 4 districts of northern Uganda where the program was implemented. For triangulation, qualitative view of program managers and implementers were obtained to gain a more in-depth understanding. Findings demonstrated high access to*

*support interventions including training, study tours, business mentorship and counseling. Such support was fundamental in building a positive entrepreneurship mind-set manifesting through increased saving and income re-investment behaviors which consequently fosters business-start-ups. The beneficiaries adopted improved business management practices such as business planning and keeping books of accounts, which better positioned them to attract credit from financial institutions. All this ultimately enhanced entrepreneurship, improved income and livelihood of the beneficiaries. Interventions to fast-track women entrepreneurship should adopt the strategic approach of mind-set change which promotes savings, investment, income accumulation and a re-investment. A mix of practical interventions which allow entrepreneurs to see and experience entrepreneurship should be adopted to build a positive mind-set, entrepreneurship and business management behaviours.*

*Keywords: Entrepreneurship, Mindset change, Entrepreneurial-behavior, Livelihood*

## INTRODUCTION

Uganda ranks the World's most entrepreneurial country with an entrepreneurship rate of 28 per cent. The country also ranks highest in terms of women entrepreneurship in the world. A report by the MasterCard estimates that 34.8% of businesses in Uganda are owned by women (MIW, 2016). Consistently, women dominate Uganda's SME sector with the growth in the number of women-owned businesses having outpaced that of male-owned businesses by 1.5 times (236% compared to 153 %) over the past 10 years. Besides, the proportion of women-owned enterprises has increased by 19%, up from 37% (ILO, 2014). The country's remarkable entrepreneurship position has been attributed to high unemployment, strong entrepreneurial spirit arising from determination for earning a living, creativity, Government and non-government support through entrepreneurship training, ICT advancement.

The significance of Entrepreneurship and the Small, and Medium, Enterprises (MSEs) sector to economic growth cannot be over emphasized. The sector remains an engine of growth for economic development through fostering innovation, wealth creation and job creation as recognized in the country's vision 2040 and the National Development Plans NDPI (2010/11-2014/15) and NDPII (2015/6 -2019/20). Evidence from the statistical abstracts UBOS (2010) and the more recent National Small Business Survey (FSDU, 2015) as well as the MSMEs policy (MTIC, 2015) underscores the contribution of MSMEs to economic development. The sector accounts for 90% of the entire Private Sector, employs Over 2.5 million people, and generates over 80% of manufactured outputs which account for 20% of the Gross Domestic

Product (GDP). Currently, SMEs employ between 2.5 to 4 million people (Tushabomwe, 2006, 2010; Mbabazi, 2012; Tusubira & Nabeta, 2013; Uwonda et al, 2013; Kirabira, 2015; Turyahikayo, 2015). Notwithstanding the successes, critical challenges continue to constrain women entrepreneurship.

Most fundamental is lack of access to finance or venture capital. This arise from risk averseness to borrowing, regulatory restrictions and socio-cultural barriers such lack of rights to inherit land which deprive them of collateral to secure credit (MasterCard Index of Women's Entrepreneurship, 2016). Yet, banks and MFIs which remain dominate the market share (73%) in providing loans demand for collateral mainly land which women are less likely to own(Rafaella, 2015).Besides, the cost of credit is high which the businesses are perceived as highly risky (Ambrose, 2012).Indeed, 90% of the MSMEs start using own capital (FSDU, 2015). In fact, limited access to finance is responsible for closer of most SMEs in Uganda (Mbabazi, 2012; Calice et al., 2013; Kirabira, 2015; Turyihakayo, 2015).In view of this itching entrepreneurship terrain, the fundamental question is how then does, Uganda and particularly women maneuver to top entrepreneurship in the World. To answer this question, this we draw on to the Mind-set change approach to promoting entrepreneurship developed and utilized by Enterprise Uganda under the Support Women's Entrepreneurship program (SWEP programme).We reflect on how it works and provide empirical evidence on its effectiveness in empowering Women and improving their economic livelihood.

## **THE MINDSET CHANGE APPROACH TO PROMOTING ENTREPRENEURSHIP**

Recognizing this entrepreneurship terrain, Enterprise Uganda with Support from the Norway Government, initiated a Strengthening Women in Enterprise Project (SWEP) II, in five regions (Lango, Acholi, Karamoja Acholi and West Nile in Northern Uganda with an aim to promote entrepreneurship and economically empower the economically disadvantaged rural people. Northern Uganda is a region where, despite recovery from the two decades period of conflict and instability, remain more prone to economic unempowerment, with a dominant youth population who have limited productive assets and access to finance. In addition, they lack business development services, savings and investments and lack entrepreneurial skills. The three-year program targeted to benefit 5,133 rural people including, 4889 belonging to groups and 244 individual. The groups are composed of 79.8% women and 20.2% men (EU, 2010).

As a strategic approach, the program was centered on building entrepreneurship mindset and attitude through training, business counseling and mentoring, field and exposure visits. Mind-set change targeted to build the thinking that finances can be mobilized through savings mobilization, invested profitably through proper business planning, management, and

product marketing. In turn, the accruing incomes would be re-invested to generate more profit incomes and re-investments for enterprise growth. Since savings and investments in groups than individuals would fast-track realization of better outcomes, the project was blended with trainings on group governance and accountability for enhanced group cohesion, strengthening and development. As a matter project outcomes, the SWEPII project set to realize increased entrepreneurial behavior measured by increased savings, business start-ups, rate of savings re-investment as well as improved business management which would eventually translate into improved the incomes and livelihoods(EU, 2010). Figure 1 conceptualizes the mindset approach.

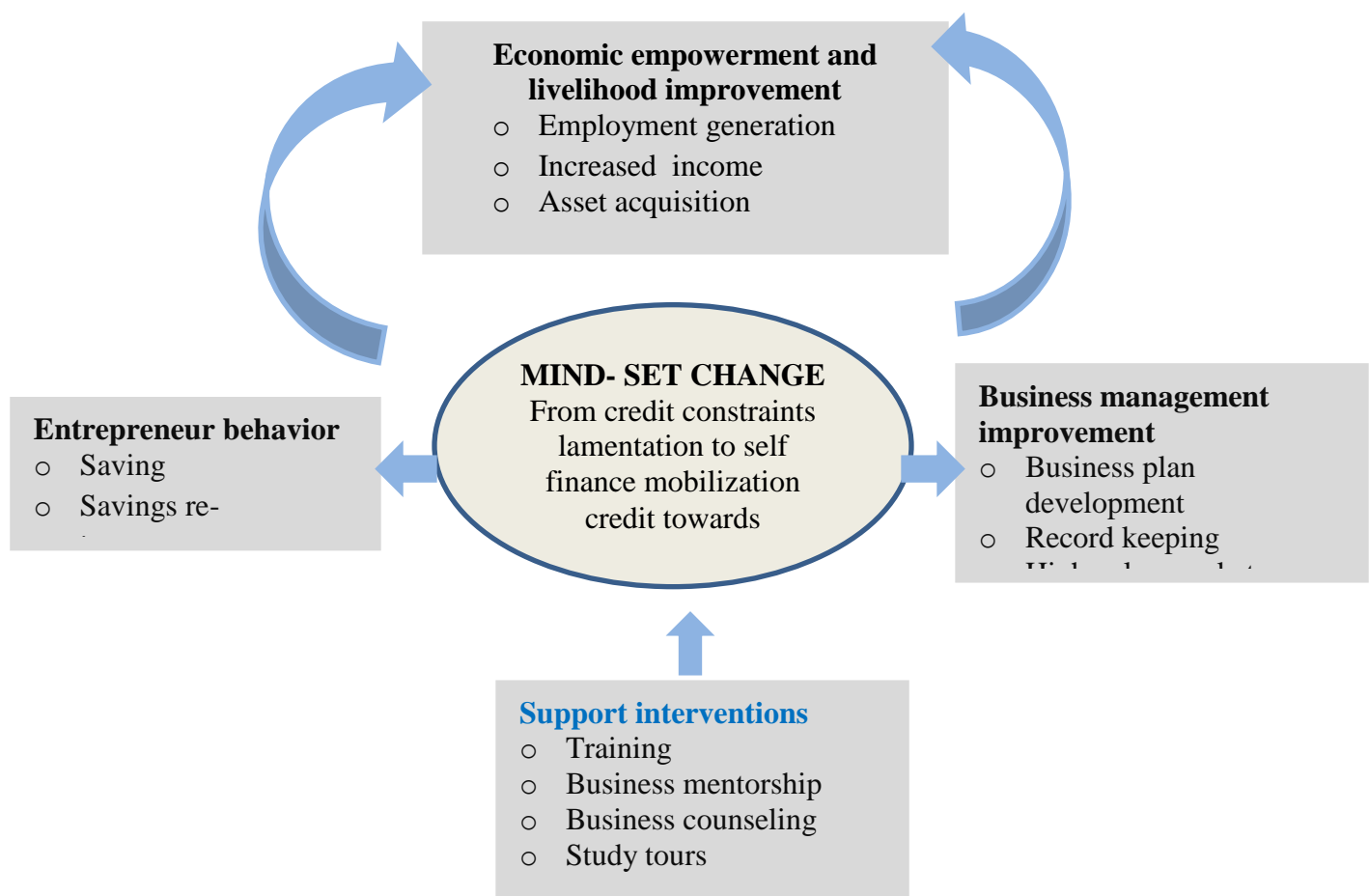


Figure 1: A Conceptualization of the Mindset approach to promoting entrepreneurship

An independent assessment of the program provides interesting lessons on effectiveness of the programme in promoting entrepreneurship towards economic empowerment and livelihood improvement. The lessons form a basis for this paper.

## KEY QUESTIONS

- i. How effective is the mind-set change approach in promotion of women entrepreneurship in rural communities of Uganda?
- ii. How does the entrepreneurship contribute to economic empowerment and livelihood improvement of the rural communities in Uganda?

## METHODOLOGY

This SWEPII program review was based on views collected through interviews of the project staff engaged in implementation and management of the program; key potential partner agencies and review of project documents (agreements, reports and the project MIS system. In addition, a survey was carried out using a structured questionnaire administered to a representative sample 350 randomly selected program beneficiaries across women groups in the 4 districts and 4 regions. The quantitative data was complemented with qualitative of program managers and implementers to triangulate the results of the quantitative analysis to gain a more in-depth understanding of the successes and challenges as recommended by Creswell (2011).

The selection of districts across the four regions was done purposively based on ease of accessibility. From each of the sampled districts, one women group was selected based on ease of accessibility since there were no unique attributes of interest in the analysis. Important to note, the survey team targeted groups with more than 50 members to ensure that the study draws an adequate number of respondents across the seven districts. The questionnaire was designed with closed-ended questions covering all specific aspects in the objectives of the study. The questionnaire was used to collect data that would generate quantitative evidences to inform the study.

Qualitative data was collected using Focus Group Discussions (FGDs), observations, and Key Informant Interviews (KIIs) with local leadership, the elderly, Technocrats and program managers. An interview guide was used to collect key informant views. Care was taken to ensure that all questions were relevant to the desired goal and was formulated from the perspective of the respondents. Quantitative data was analyzed using descriptive statistics mainly means and percentages. Qualitative data was subjected to content analysis technique which involved extraction of relevant themes of narrative statement.

## ANALYSIS AND FINDINGS

### Access to, application and usefulness of the support provided under SWEP II project

In order to analyze the contribution of the support through mind-set change approach, it is imperative to track the extent to which the beneficiaries accessed the different forms of support interventions and the extent to which they applied what they learnt. Table 1 presents the descriptive results on access to, application and usefulness of the support provided under SWEP II project.

Table 1: Access to, application and usefulness of the support provided under SWEP II project

	% of farmers accessed	% farmers applying the skill	Average ranking of usefulness
Training in Book keeping	80.7	75.1	3.86
Training on Business Plan development	96.8	89.5	3.32
Training on Entrepreneurship	94.4	87.4	3.92
Training on Leadership and biz. Mgnt	83.5	78.2	4.56
Training on savings mobilization	93.7	88.1	4.29
On-site-technical training and biz. Counseling	73.4	73.3	5.61
Study tours	67.7	65.6	4.02
Sensitization on violence against women & human rights	74.6	70.2	5.67
Sensitization on Environmental conservation	62.5	61.4	6.66

The results indicate strong evidence that women accessed the SWEP II support and almost equally applied the skills as they accessed them. Over 70% of the respondents accessed training or went for study tours. Notably training in areas of Business Plan development, Entrepreneur and business management and saving mobilization was more accessed i.e by over 90% of women. A significant proportion (65-89%) of the beneficiaries applied the skills learnt from the support. Similarly, the ranking for each support intervention in terms of usefulness revealed that trainings in the areas of business planning development, book keeping and entrepreneurial and business management were considered most useful respectively. In attest, some beneficiaries had this to say;

“Through exposure visits to a fish pond at Homa Farm in Gulu, I and my husband initially engaged in fish trade, started fish production and have a fish pond. Members of the society are looking up to them and getting inspired to do the same. Said by one of the women

“We acquired skills in seed production. We were guided through projected income statement and realized that we could make a profit. We got together and expect to produce 5

acres of Barley". Said by one of the farmers of Ayemedongocha group with 60 members in Dokoro district.

### Entrepreneurial and business management behavior among beneficiaries

As A result of the support, beneficiaries were expected adopt entrepreneurial and business management behavior. Among the key indicators, measured include the extent of income re-investment, saving rate, business planning, keeping books of accounts. Table 2 presents a description on the beneficiaries by entrepreneurial and business management behaviors.

Table 2: Beneficiaries' entrepreneurial and business management behaviors

Entrepreneur behavioral parameters	Survey estimate		
	Average Ratio	%	
Proportion of farmers re-investing their income	0.8:1	75.7	
Rate of re-investment of accrued incomes	0.5:1	50.0	
Proportion of farmers saving for investment	0.6:1	65.6	
Rate of investing savings	0.5:1	53.0	
Engagement in non-agribusiness ventures	0.5:1	52.6	
Business management practices			
Parameters	Percentage of beneficiaries		
	Survey (n=300)	Baseline	% increase
Keeping books of accounts	62.1	32.1	93.5
Have books of accounts audited	7.1	2.3	65.1
Doing business planning	89.5	41.3	74.5
Capital mobilization through finance soliciting and saving behavior			
Saving parameters	Percentage of beneficiaries		
	Survey (n=300)	Baseline	% increase
Accessed finance through borrowing	85%		
Belong to saving club	97.8	80.9	20.9
Saving part of income	90.9	45.6	99.3
Mode of savings			
SACCO	70.8	34	108.2
Telecom com	4.0	5.3	-24.5
Bank	15.8	12.5	26.4
Keep at home	13.1	48.2	-72.8
Average current savings	818, 989	414,596	



Results revealed a remarkable positive change in entrepreneurial behavior among beneficiary farmers both in terms of income re-investment, saving, business planning and keeping books of accounts.

Regarding savings, the majority (97.8%) of the beneficiaries belongs to saving groups and is actively saving (90.9%) and mainly in SACCOs (70.8%). In terms of percentage increase, women membership in saving groups increased by 20.9% and those saving increased by 99% from the baseline. On average, each group saved Uganda Shillings 818, 989 per month, a significant increase (by 97.5%) from Uganda Shillings 414,596 estimated at the baseline. More important the majority of farmers (65.6%) were saving for investment while a significant proportion (75.7%) was re-investing part of their income. In terms of the saving rate or intensity, ratios indicated that for a shilling earned, half (50%) is always re-invested at group and less than half (33%) at individual level.

AFOSEN (Action for food security Agency) is a group of 85 farmers engaged in production of cassava, soya bean and green. With training on saving mobilization by Enterprise Uganda, the group which originally had no savings, has been able to mobilize approximately 5 million.

Similarly, the analysis of business management practices generated positive results in terms of business management behavior with the majority (62.1%) of beneficiaries keeping books of accounts compared to 32.1% at baseline. This reflects a 93.5% increase. Similarly, the proportion of women doing business planning increased from 41.3% to 89.5% reflecting a 74.5% increase.

### **Business Start-ups**

Arising from the positive change in entrepreneurial behavior among beneficiary i.e increased re-investment, saving and undertaking business planning; there was significant evidence that women had become more enterprising. For every 10 farmers in any group, 5 were found to have ventured in other businesses. Business start-ups were also witnessed at group levels. For example; Aidah in Ayero Nyero farmers group, Albetong was a widow unable to send children to school, with entrepreneurial training by EU; she started a restaurant and doing farming. She is able to earn income, take care of family and send children to better private schools.

Harambe women group in Soroti has 65 members. As a result of on-site training and study tour on seedling production, Women have gained knowledge to multiply seedlings. They have multiplied 60000 seedlings of oranges which are awaiting sell. Similarly, Acwec Omio is a cooperative in Oyam supported by many agencies, but through the exchange visit which gave



her inspiration and boosted her skills in production, the cooperative started an Orchard seedlings business which operates at a capacity of 10,000 seedlings.

There was generally slow progress on boosting access to finance with only 15% of the women having so far accessed finance from financial institutions. However, some groups proved that they can attract finance from banks. For example

“A little Joint Farmers Association is a farmer group located in Oyam. Through the training on business plan development and financial access, the group accessed a loan of 300 million for investment in oil seed-soybean, g/nuts and sunflower. The slow progress on this indicator can be attributed to the fact that EU has just recently embarked on interventional measures to link farmers to financial providers like banks which have visited some farmers’ enterprises with focus on creating awareness about possible bank products for farmers and the procedure of accessing them. In attest of women’s fears in access to finance counselors had this to say”

### Impact of mind-set change and entrepreneurship

With mind-set change, it hypothesized that, women would more likely exhibit entrepreneurial behaviors, become more enterprising, better manage their businesses and improve their income and livelihoods. Building on the analyses in section 4, this section evidences how entrepreneurship was translating into job creations, incomes and improved livelihoods.

### Employment

Associated with the business start-ups, the project was observed to contribute to employment creation with 68% of the farmers’ group enterprises alone having provided employment of which 81.4% employ one worker. This translates into approximately 250 jobs created through employment of workers in new enterprises only. Figure 2 presents the percentage of business-start-ups by job creation.

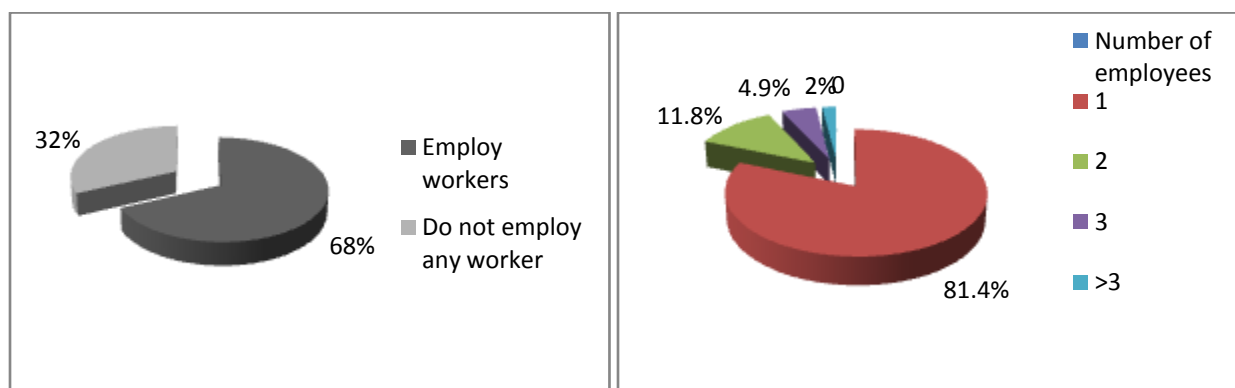


Figure 2: Job creation

### ***Income and Livelihood***

The analysis yielded significant evidence that the program was contributing to improvement of income and livelihood of women. As a result of the training in agribusiness, on-site technical training and study tours, women improved their production skills and enhanced production. They engaged in a variety of crop enterprises earning an average of Ugshs 422,988 per month. This is a significant increase by 71.0% from Ugshs 242,988, the income farmers earned at the start of the project.

Improved livelihood was also observed in terms of acquisition of assets but more importantly those which are productive in nature including mainly livestock and land as indicated by the majority of respondents. This is an indicator increasing production potential, incomes and further strengthening women's economic empowerment. Nearly all beneficiaries (99.3%) had acquired assets with incomes from their businesses. Figure 3 maps out the distribution of assets acquired among beneficiaries.

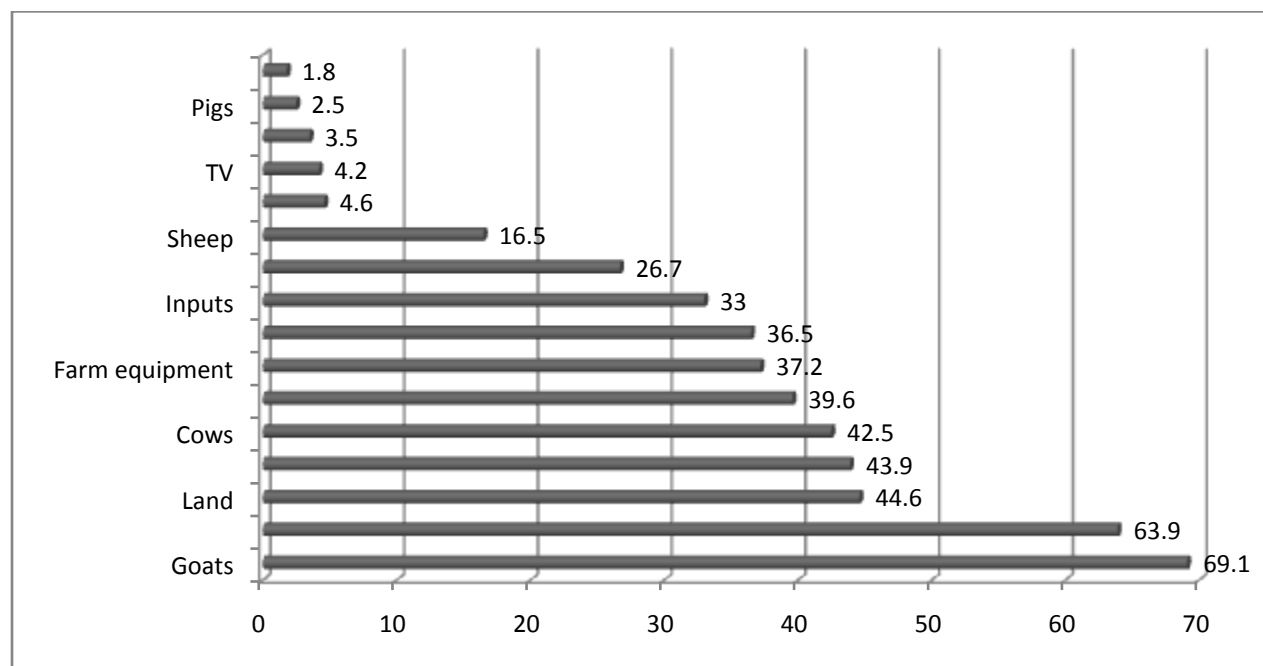


Figure 3: Percentage of respondents who had acquired assets as a result of EU support

### **CONCLUSION AND RECOMMENDATIONS**

With mind-set change, the study hypothesized that, women would more likely exhibit entrepreneurial behaviors, become more enterprising, better manage their businesses and improve their income and livelihoods. Evidence from the analysis confirms this hypothesis. Findings have demonstrated high access to support interventions including training, study tours,

business mentorship and counseling. Such support is paramount to building a positive entrepreneurship mind-set evidenced which manifests through increased saving and income re-investment behaviors which consequently fosters business-start-ups. With adoption of improved business management practices such as business planning and keeping books of accounts, women get better positioned to attract credit from financial institutions. All this mean increased business activity and improved business management translating into improved income and livelihood.

Evidence from this paper underscores the significance of mind-set change in promoting entrepreneurship by addressing barriers of access to finance which remains the most critical entrepreneurship challenge particularly for women who lack collateral to access business loans from financial institutions which are high and not friendly for business start-ups. This implies that interventions to fast-track women entrepreneurship should adopt the strategic approach of mind-set change which promotes savings, investment, income accumulation and a re-investment. A mix of practical interventions which allow entrepreneurs to see and experience entrepreneurship should be adopted to build a positive mind-set, entrepreneurship and business management behaviours. The interventional approaches include on-site trainings, study tours, business mentorship and counselling.

Findings from the study underscore the significance of mind-set change approach to promoting entrepreneurship with focus on business start-ups. The study did not go further to find out the extent of business continuity and how the businesses are performing. Findings of the study can be generalized to communities of entrepreneurs in Uganda.

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