

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 domestic entrepreneurship through social networking, mainly among women in rural areas. In its main focus country, Uganda, as in other eastern African countries, recent growth remains strongly externally and natural-resource driven, without productive linkages with the rest of the economy. The project seeks to identify strategies to counter this trend. It explores where opportunities for domestic entrepreneurship lie, and what assistance strategies could effectively empower aspiring entrepreneurs to grasp these opportunities. The project takes a combined research and action approach, in which Ugandan and Dutch researchers work in close partnership with other Ugandan parties. The scientific research – which is partly complete – is designed to better understand the life world of the small entrepreneur. This knowledge feeds into the design of hands-on experiments in which different interventions are tried out, with a view to finding replicable models of assistance that are worth sharing widely. Two resource centres are currently being set up in the small towns of Mpigi and Nakaseke as the hubs from where experiments will be run.

Main interim research findings

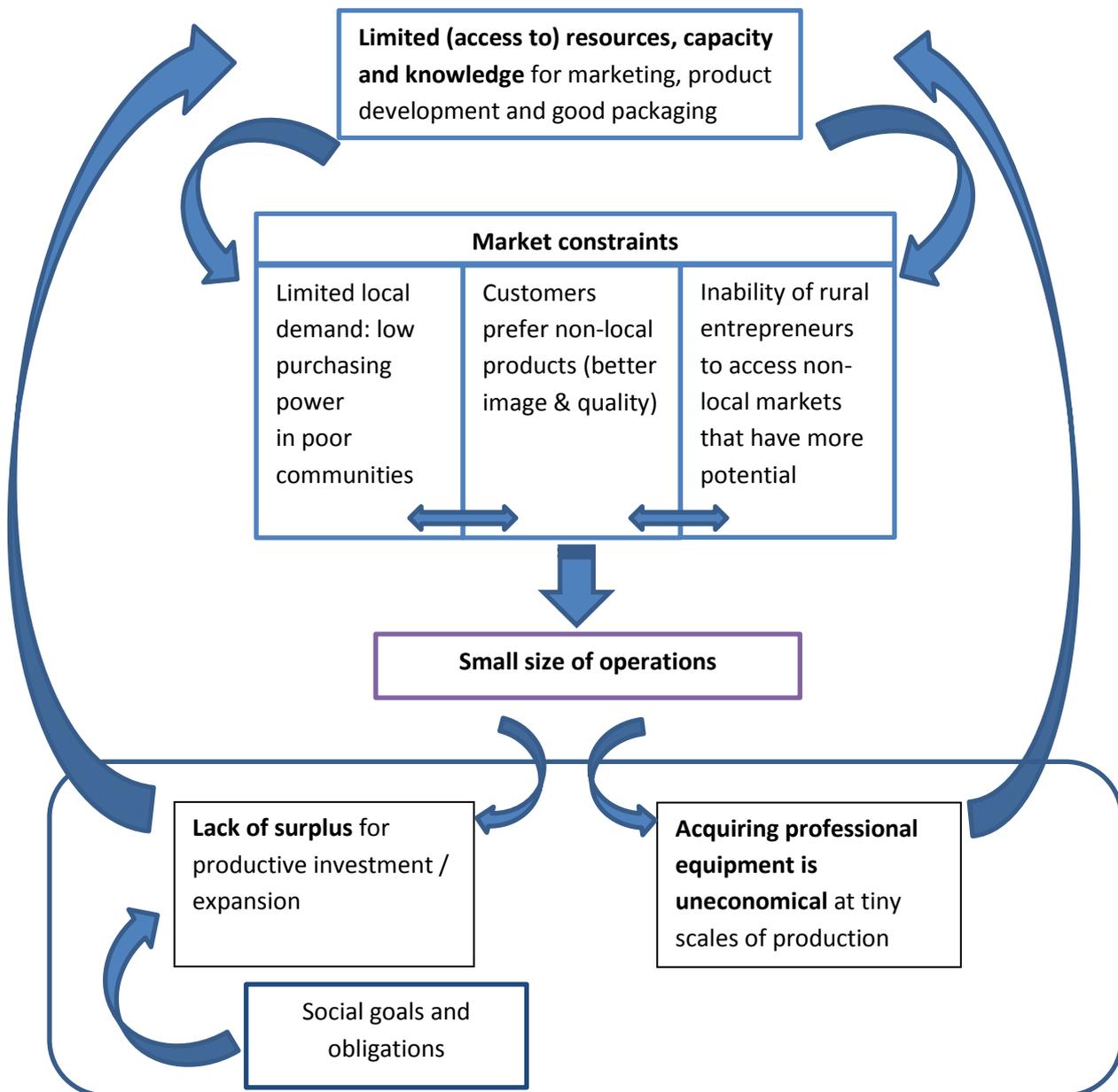
Many rural female entrepreneurs are trapped in poverty and the bottlenecks feed into each other, forming a vicious cycle that sustains the status quo (see figure). They are hampered by lack of financial and technical resources and limited knowledge and skills about procurement, production and marketing. Due to their restricted social circle, they also do not have the strategic contacts that could be mobilized to provide them with a leg up.

This situation constrains rural female entrepreneurs' capacity to access markets that offer growth potential for their businesses. Most are solely focused on trying to find customers in their immediate environment, but this is difficult due to the high level of poverty in local communities. At the same time, it is impossible to access non-local markets with more discerning customers who have higher purchasing power, as product quality and packaging often fall short of basic acceptable standards. This leads to businesses remaining stuck with marginal profitability and operating at a tiny scale. In this situation it is not economically viable to acquire professional equipment, even if finance for this was available, which it hardly ever is. However, in every small rural community one can also find a few remarkable individuals who somehow manage to grow into entrepreneurs in the true sense of the word. These individuals tend to have no children (unmarried women or widows) or grown up children, a supportive family, and some education.

The sale proceeds of rural female entrepreneurs are also used for non-business related goals (payment of school fees, healthcare, support of needy relatives, etc.), which can further limit business growth. Many women actually also prioritize these types of social goals over investment in their business, defining their business success in terms of their ability to meet important social goals and obligations. In terms of having to meet family obligations, women farmers seem to be worse off than women in food processing and non-agricultural activities: men lay claim to the proceeds from the land because they have the land rights, even though it is predominantly women who cultivate the land.

Farming women who also run small non-farming businesses are extreme multitaskers - they have to divide their time between the farming, their household activities, and the business. They do not have the option or expectation to develop a small side activity into a business that would occupy them full time and employ other people. But they do want to engage in something productive enough to make it worthwhile and motivating to spend time on, not sheer drudgery.

Figure 1. Constraints on rural female entrepreneurs



There is much scope for overcoming resource, capacity and knowledge constraints by improving social connectedness. The project is implementing the use of simple ICT-based services (such as an SMS-supported trading platform that cuts out exploitative traders), as well as more conventional social media to connect and inform people (such as local radio talk shows and a resource pocket guide for entrepreneurs). Schemes like Mpesa can be used to manage money better so that funds can be set aside for investment in the business.

Attention points for actors

Some attention points for actors who want to contribute to productive employment promotion are as follows:

- While it is necessary to take an integrated approach to move people out of the poverty trap, this should not be done by providing a whole range of support services. Too many services can smother the recipient and contribute to passivity and the expectation that outsiders will solve their problems. Identifying a few selective starting points for strategic interventions is more effective: one well-targeted strategic intervention can act on a range of different problems at the same time, because of the interlocked nature of the problems.
- A potential solution to the problems identified above is the establishment of a local resource centre – an easily accessible local hub where entrepreneurs can obtain information and establish contacts and be referred to professional assistance. Brokers in such resource centres can act as a middle person to connect sellers and buyers of agricultural produce. We are investigating how initiatives by local communities can be supported and extended by the Government to help rural entrepreneurs overcome lack of bargaining power and exchange problems. One promising model (of a targeted intervention) is a marketing platform using existing communication technology (SMS).
- Mobile financial services are a promising technology for rural women, but one that is still not completely accepted. Many rural entrepreneurs lack the skills to operate and manage their finances with such a service. We are developing a 'Mobile Money' training module that can be offered in the resource centres.
- The same type of assistance is unlikely to suit all entrepreneurs. The variety among entrepreneurs is extreme: some are very poor (but highly motivated), while others are well educated and well connected. Some are full-time farmers, others have diversified their activities. It is important to understand the individual's context and aspirations.
- Different actors (private/commercial, government and NGO) can have a useful role to play for different segments of entrepreneurs. For instance, savvy individuals with some formal education can benefit from being given access to the Internet in a nearby resource centre to enrich their knowledge, build connections and obtain new ideas, but this is unlikely to be effective for the majority of poor entrepreneurs. At the very least, these people would need an intermediary to help them to translate their problems into specific searchable questions, but a personal face-to-face approach to assistance, for instance, in the form of practical group training in food processing technologies or how to manage quality control and finances is likely to work much better for them.
- Social organization into local groups is also pivotal for this group as they can be approached and mobilized easily through their local group leaders and will also derive strength from

each other. Local radio is also a good medium to reach this group, as it is widely used in rural areas.

Policy messages

The main messages for policy makers are as follows:

- Build on locally-driven initiatives which are already there, such as a local community centre with a small library, a local radio station funded by a municipality, or a locally-based NGO that organizes basic secretarial training for women on old computers. These initiatives can be 'enriched' with some limited external help to amplify their developmental impact (examples from our project: assisting an NGO that is organizing women food processors into self-help groups in Mpigi and upgrading a community centre and radio station in Nakaseke).
- It is essential that women who want to be involved in productive activities receive support from the adult male relatives in their household. This does not necessarily mean active assistance in the business; more important is moral support – it helps female entrepreneurs a lot when their male relatives understand the importance of what they are aspiring to do, respect this, and allow them to pursue their aims without making competing demands on their time and money. In our research we found several positive examples of this, even in Muslim households with otherwise quite conventional gender relations. Such cases can be held up as positive role models for other households by organizations involved in support interventions. By engaging those men to talk about their experiences with other men in the community it can spread the message that women's business aspirations do not need to become a threat to household stability, but rather can lead to more dignity and fulfilment, increased financial resilience, and happiness.
- Small-scale agricultural entrepreneurs that lack bargaining power with commercial parties can be helped by being associated with a community broker based at a local resource centre, who would earn a percentage of the profits. Establishing an alternative market channel breaks the monopoly position of extant market traders.
- Mobile financial services can help entrepreneurs grow, however entrepreneurs need training that is integrated with financial management (how to manage finances using Mobile Money).
- Don't expect quick fixes; people need to develop trusting relations and need time to grow into new roles and adjust their expectations. Sometimes considerable trial and error is required before an intended 'solution' delivers on its potential. Projects usually only do well when they are prepared to go through several learning iterations and when there is sufficient time allowed for this.