

Facilitating female entrepreneurship in rural Uganda

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Abstract

This interdisciplinary project combined complementary skills and expertise from the School of Engineering and Warwick Business School in order to facilitate female entrepreneurship in rural Uganda. Female entrepreneurship can be a means of empowering women, especially single and widowed women to gain financial independence as they are otherwise vulnerable to exploitation by predominantly male employers. The project incorporated three strands, interviewing women in rural Uganda to identify and more fully understand the barriers to entrepreneurship, delivering training sessions to help overcome the barriers identified and facilitating start-up of at least one project. A total of 24 women ranging in age from 18 – 26 years were interviewed. The major barrier to entrepreneurship was lack of start-up capital and ineligibility for securing bank loans as start-up capital. Training sessions covering aspects of strategic business planning, budgeting, saving and well-being were delivered to develop transferrable skills. The most popular choice for a start-up business was a bar/restaurant. A group of three women was selected and the start-up of a cooperatively run bar/restaurant was facilitated.

Introduction

From previous volunteering experiences to design and build hydropower schemes for remote rural communities, it was observed that single women were struggling to achieve financial independence and were particularly vulnerable to sexual exploitation when seeking employment since the majority of employers are male. It was felt that female entrepreneurship is an obvious means of circumventing this by enabling women to take ownership of their own earning potential and thus achieve some level of financial independence. This interdisciplinary project seeks to share expertise between the School of Engineering and leading experts in entrepreneurship from Warwick Business School, to benefit and empower a disadvantaged minority group in rural Uganda; thus promoting IATL's commitment to interdisciplinarity and internationalism.

The key aims of this project are to benefit a disadvantaged minority group in rural Uganda by:

1. Interviewing women to identify and more fully understand the barriers to entrepreneurship
2. Delivering appropriate training sessions to local ladies to help overcome the barriers identified
3. Facilitating start-up of at least one project

The controversy around the definition of entrepreneurship has been attributed to adolescence of research and lack of established theories (Howorth, 2005). A working definition rural entrepreneurship is a rural enterprise which employs local people, provides local services, contributes to the income flow of the local environment and adds value to the local economy (Henry, 2014). Entrepreneurship is becoming more prevalent in sub-Saharan Africa due to limited opportunities for formal wage employment in the private sector and a shrinking public sector (World Bank, 2006) (Langevang, 2009). It contributes to economic growth (Audretsch, 2006) and despite the significantly lower number of female entrepreneurs, the contribution of female entrepreneurship to poverty reduction is higher than that resulting from males (Minniti, 2010). Female entrepreneurship is reported to empower women and reduce poverty (Minniti, 2010), and is a driver of economic development. In order to encourage female entrepreneurship as a driver of economic development and poverty reduction, the factors contributing to the current gender gap must be better understood. Some attribute them to perceptual variables linked to evolutionary differences (Minniti, 2007); and more recently the factors limiting entrepreneurial activities in sub-Saharan Africa have been suggested as power distance and collectivism. (Takyi-Asiedu, 1993).

The social structure in Africa is hierarchical and authoritarian with a high power-distance index where those lower in the hierarchy are less powerful and expected to unquestioningly obey those higher up (Takyi-Asiedu, 1993). Thus children are expected to be obedient toward their parents and elders are treated with deference,

while subordinates in the workplace cannot challenge the views of the bosses. The parent-child and husband-wife relationships are such that girls and women are not encouraged to make independent decisions and expected to rely on males to make decisions by which they must abide. This traditional sexism may deprive African women of the prerequisites of initiative and independence upon which entrepreneurship relies. Additionally, the African society is a collectivist society, where individuals consider themselves to be part of a group, comprising the extended family with shared resources. In the absence of an organised care system the income earners are expected to financially support older, younger and unemployed family members. The prospect of giving up hard earned cash may constitute an additional barrier to female entrepreneurship. Another socio-cultural reason which may discourage female entrepreneurship is lack of support from husbands who may wish to restrict their wives' mobility to prevent marital infidelity and the belief that a financially independent wife may become rebellious (Takyi-Asiedu, 1993).

H1: the major barriers to entrepreneurship in rural Uganda were lack of start-up capital and insufficient collateral to secure bank loans.

Reduced access to education by women in developing countries is widely acknowledged in the literature (Robson, 2009) and since a higher level of education is associated with greater innovation activity (Hausman, 1999) this may indirectly disadvantage women in the pursuit of an entrepreneurial career. It may be the case that women do start their own businesses which are unsuccessful because small business success relies on innovation (Mahemba, 2003) and the level of education (King, 1993). Possible solutions are increased access to formal education for women, incentives for further study for both genders, and development of on-line study opportunities for individuals unable to attend classes; however, this would be reliant on access to technology. Chitsike (2000) claims that as well as lack of education, female entrepreneurs in rural areas face additional structural barriers; lack of assertiveness, self-confidence, lack of start-up capital, literacy and numeracy skills; with patrilineal inheritance resulting in lack of start-up capital and assets to secure bank loans (Chitsike, 2000).

The barriers in developing countries are not dissimilar to those identified in European Union and Central and Eastern European countries where female entrepreneurs faced similar barriers such as lack of start-up capital, lack of management skills and discrimination by finance providers (Smallbone, et al., 2000).

Methodology

The first stage of the project was a literature review to inform the questionnaires that would be used to identify barriers to female entrepreneurship in a rural location in western Uganda. As well as an intensive literature review, networking with a PhD student from WBS, Sam Adomako, who was researching a similar aspect of entrepreneurship in Africa, also helped to inform the questionnaires. Once in Uganda, the questionnaires were completed by interviewing single women.

The data were analysed and training sessions were carried out which covered areas such as business planning, opening a bank account, financial planning & saving, health & wellbeing and computer skills. A core group of women who showed interest in starting and running a business, initiative and enthusiasm were selected. One start up project was facilitated.

Results

A total of 24 ladies were interviewed in the semi-rural town of Fort Portal (Western Uganda) and the responses were analysed using a spread sheet (Microsoft Excel). Analysis confirmed that the major barriers were lack of start-up capital and ineligibility for commercial loans due to inadequate collateral to secure a bank loan. The 30% interest rate on bank loans was also considered to be a major barrier.

All the respondents had considered starting their own business, felt they were capable of running a business and were creative. All either had a family member or close friend with their own business, and about half (54%) had previous business experience; either from previous businesses ventures which failed, working for a family member or friend in their business or work experience/entrepreneurship challenges at school. Reasons for failure included social responsibilities - caring for children or the extended family. The respondents age ranged between 18 and 26 years, mean= 22.2 years (Fig. 1).

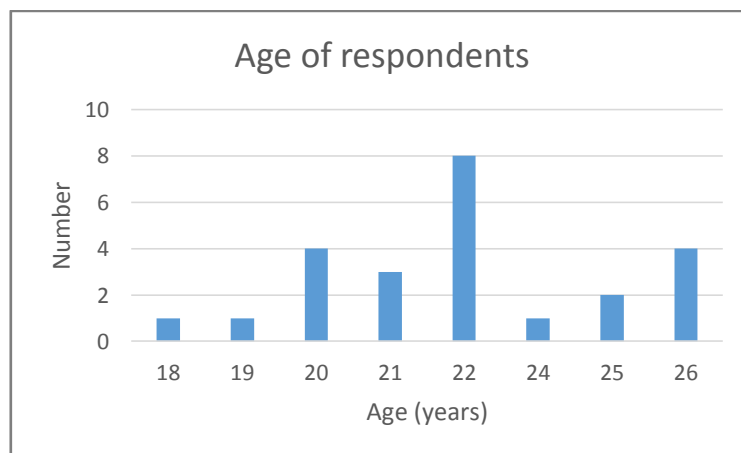


Figure 1: Age of questionnaire respondents

Educational qualifications varied considerably from completing primary school up to higher education degrees. Of the 24 ladies interviewed, the majority had completed secondary school. A minority (4%) had only completed primary school (P6). 25% had university degrees while 21% had pursued vocational qualifications. (Fig. 2). University degrees included journalism and environment while vocational qualifications included tailoring and knitting.

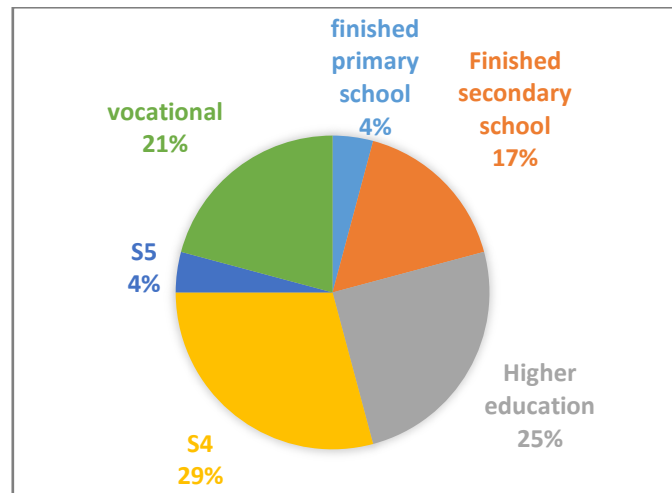


Figure 2: Educational qualifications of respondents

The most popular choice for a business start-up was a bar/restaurant (38%), followed by a boutique or clothing shop (21%). Other less popular choices included money lending, hairdressing, knitting, stationery shop, supermarket/general store, tailoring and tourism (Fig. 3). A group of three women showing the greatest enthusiasm and ability during training sessions were guided through the process of starting a bar/restaurant.

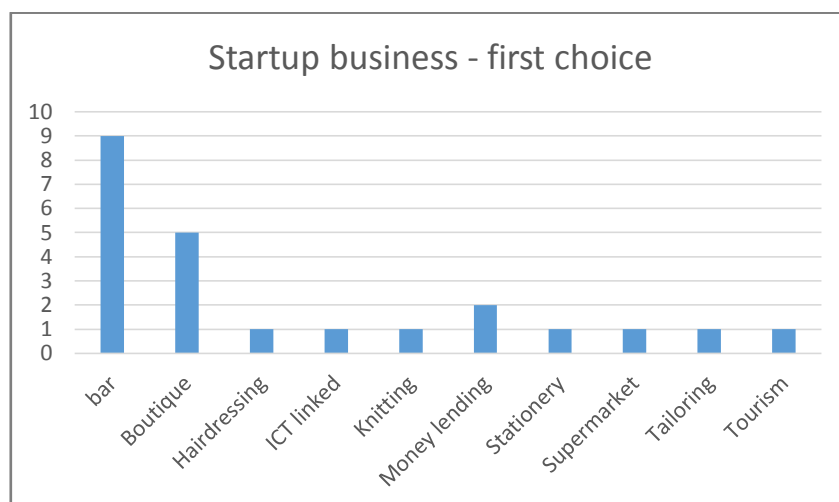


Figure 3: First choice for start-up business

Socially, all but one respondent (96%) felt their families would be supportive of them starting their own business. She wished to open a boutique and design clothes but anticipated that her family, particularly her parents, would consider the money they had spent on her university degree in Environmental Studies to be wasted. The fashion industry in Uganda is not considered to be particularly highly regarded and it is not possible to obtain higher education qualifications in fashion in Uganda. Reasons why families would be supportive are summarised in the word cloud in Figure 4 where the font size of the word indicates the popularity of that reason. The most popular reason for family support was financial support of the extended family including school fees for younger siblings. All interviewed considered financial independence a means of reducing parental financial burden.

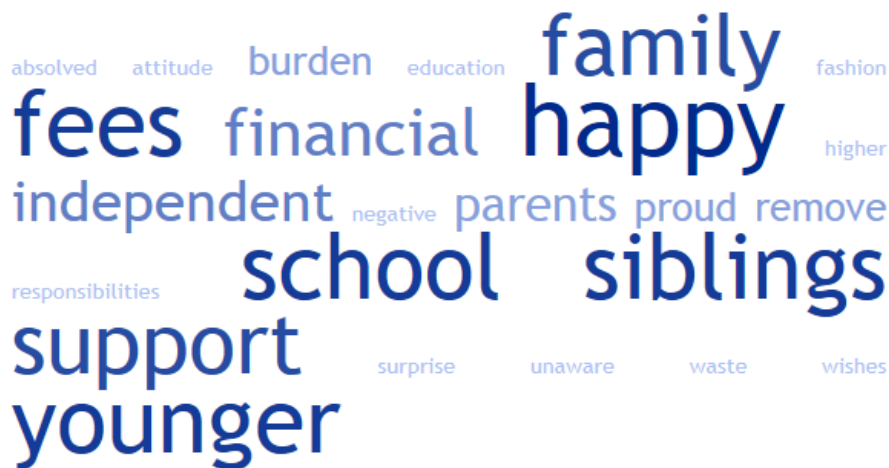


Figure 4: word cloud summarising reasons why families would support entrepreneurship

Conclusion and Outcome

The biggest barrier to entrepreneurship that women encountered was lack of start-up capital and lack of assets which made them ineligible for securing bank loans mainly due to patrilineal inheritance which prevents females from inheriting ancestral land and assets. The questionnaires confirmed that the sample population realised the value and benefits of starting their own business such as improved standard of living, financial independence and helping their parents to pay school fees for younger siblings. One bar/restaurant project was initiated to be run jointly by a cooperative formed of 3 ladies. It was anticipated that the training sessions would benefit the remainder of the ladies in the future to start their own businesses.

In spite of 100% of respondents agreeing that they were capable of starting their own business, training workshops were delivered to reinforce and remind them about the importance of strategic business planning, budgeting, and saving. In addition, interviews conveyed a strong sense of lack of self-confidence and self-esteem and these areas were also addressed during training sessions that were delivered, together with health and well-being: yoga, nutrition, dental hygiene, malaria prevention, birth control, pregnancy, stress, alcohol, drugs, smoking and HIV.

These findings were presented as a poster at the British Conference of Undergraduate Research (BCUR) in Manchester. The poster was well received and generated much interesting discussion. Additionally, this project, together with previous successful entrepreneurship projects in Malawi were used the basis for a lecture entitled 'Sustainability, International development and female entrepreneurship' to students undertaking the IATL interdisciplinary module Entrepreneurship: A Critical Perspective (IL020).

Networking with the founder of the charity Two Sides of the Same Coin (<http://www.twosidesofthesamecoin.org/>), an American charity with similar entrepreneurial objectives, enabled running of joint training and information sessions. Additional networking, allowed me to collaborate on a vocational programme. The programme was initiated by Carol Adams, a friend from a previous visit to Uganda, who runs a back packers' hostel and an orphanage for children whose parents have died of AIDS. She aims to provide vocational training for less academically able orphans incapable of pursuing higher education. As well as providing classrooms to deliver the training, the purpose built centre will also house a coffee shop, hair salon and craft shops to generate revenue. The project is funded by a German charity Welt Hunger Hilfe who keen to have my involvement in the future.

Supplementary Information



Training session- bank accounts and saving



Training session- inspirational talk from a female entrepreneur who runs her own organic vegetable business



Training session – well being



Training session –financial business planning



Training session – computer skills



Training session – computer skills



Training session



The three ladies selected for business start-up

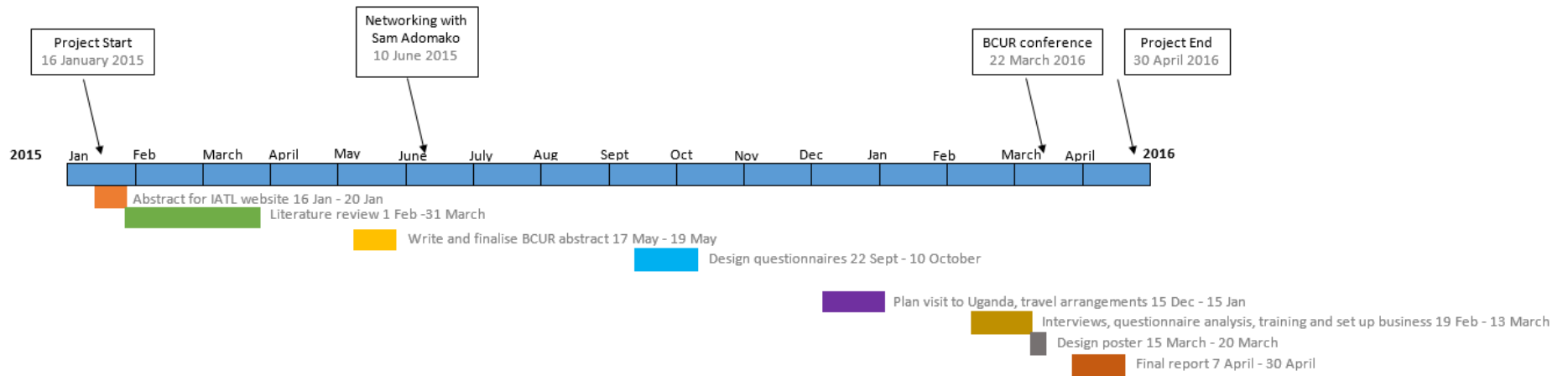


Carol Adams overseeing the progress of the vocational training centre construction



Poster presentation at BCUR

Project Timeline



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