Community Empowerment through Entrepreneurial Training: Ensuring Sustainable Community Economic Development in Uganda

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Abstract
This study has been conducted among market vendors at Gaba, a suburb located on the shores of Lake Victoria, Uganda. The study was intended to equip the market vendors with managerial and entrepreneurial skills to enable them to improve their productivity. The study was phenomenological in nature and the voice of the participants was central. A mixed method approach was utilized whereby tests, hands-on projects and individual interviews were carried out with the identified research group. The findings of the study indicated that there was strong necessity to train or equip people in Small and Medium Businesses Enterprises (SMEs) with entrepreneurship skills. Recommendations made in this study include: Implore both Government and Non- Governmental Organizations and individuals to get involved and support this program; that universities and higher institutions of learning put policies and practices in place in order to support the older cohort of students

Key Word: Small and Medium Business Enterprises, SME, Market Vendors, Suitable Development

1. INTRODUCTION
This paper also relates to studies analyzing the effectiveness of entrepreneurship-support interventions in developing countries. Entrepreneurship is a key building block of productivity growth (Baumol, 1968), and a large share of the labour force in most developing countries is self-employed (Gollin, 2002; Banerjee and Duflo, 2008). Previous studies often focus on the activation of low productivity workers, the inactive, or the unemployed. For example, Almeida and Galasso (2010) or De Mel et al. (2010) analyze the effects of business training on a sample of potential business owners, while Klinger and Schündeln (2011) study entrepreneurs with existing businesses of about employees. Almeida and Galasso (2010) show that combining entrepreneurship support was effective in increasing self-employment, particularly for women with related labour market experience. Evaluations of entrepreneurship-support interventions such as business training and grants have shown that they can be effective in fostering self-employment and earnings. However, most of the evidence to date has focused on either existing business or on individuals that are low skilled (McKenzie and Woodruff, 2012).

Kampala University organized this entrepreneur training to offer transformational training programs design to inspire mature people to become innovative and accountable. We introduce participants to the entrepreneurial mindset and provide hands-on training in high impact entrepreneurship. Participants developed creative capacity, entrepreneurial confidence, and acquire the necessary skills to build scalable startups that solve real problems. The training simulated life in small enterprises by challenging participants to learn new modes of the team- based problem solving, ideation, and business model development to create a working foundation for a viable enterprise.

1.1 Background
The nature of business found at Gaba Market, Kampala is majorly small and medium enterprises involving mature people who engage in the fish business, operate stalls in a very busy lakeside market and attends to shops on both retail and wholesale basis. Small and Medium Enterprises (SMEs) are important to economic growth and significantly essential to generate profit, increase sales and provide the return on investment to the owners of SMEs. In developing countries, the primary barrier to economic growth is often not so much with a scarcity of capital, labour or land, but it is the scarcity of the dynamic entrepreneurs that can bring the markets and mechanisms that can facilitate the economic growth (United Nations Development Program, 1999). Entrepreneurial activity is the key to growth and prosperity in many countries. Entrepreneurship development is the key factor in economic development (Harper, 2003).

Entrepreneurship has been considered as the backbone of economic development. It has been well established that the level of economic growth of a region to a large extent, depends on the level of entrepreneurial activities in the region. It is argued that the entrepreneurs can be created and nurtured through appropriate interventions in the form of entrepreneurship development programs (India Entrepreneurship Movement 2008). The Asian Productivity Organization (2007) in its report on Entrepreneurship development for competitive small and medium enterprises mentioned that entrepreneurship training and education is regarding knowledge-based human capital investment as a prerequisite for sustained economic growth and productivity of enterprises. A firm’s

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competitive advantage stems from its entrepreneurial capabilities, management abilities and technical know-how and its adaptability to the internal and external business environment. Basic education and continuing investment in on-the-job, for developing entrepreneurial skills is therefore important. Entrepreneurship skills are very important to the survival and growth of SMEs. Entrepreneurial development has been conceived by successive governments as a program of activities to enhance the knowledge, skill, behaviour and attitudes of individual and groups to assume the role of entrepreneurs.

Skill is knowledge demonstrated by actions or the ability to perform in a certain way. Skills are acquired through training and education (Perks & Smith, 2006). Education and training create circumstances in which a person can acquire and apply the skill that will help him/her achieve the objective of the business. Skills development can be achieved through training and education (Erasmus, 2005). The difference between education and training is that education prepares the individual for life while training prepares him or her to perform specific tasks. In this study, the focus was on skills development through training. Landzani (2004) argues that changing circumstances require that small business managers/owners receive regular training in order to reduce failure rates, increase profits and achieve growth. This is necessary because most small business owners start their businesses without appropriate training.

Many SMEs in Uganda suffer from lack of technical and business skills. SMEs themselves identify a variety of skills gaps in areas including ICT, technical and industrial knowledge, communication skills, social and interpersonal skills, finance, accounting and management on top of basic literacy skills. There is also limited innovation and competitiveness in the SME sector caused by a lack of technical and managerial skill. The unstructured environment in which SMEs operate and their inability to be open to new or innovative ideas presents a major challenge to the development of the SME sector (Ministry of Finance and Economic Planning, 2010).

2. LITERATURE
2.1 Definition of Key Terms in Entrepreneurship Skills Development
2.1.1 Entrepreneur: The word “Entrepreneur” is derived from the French verb ‘entreprendre’. This means ‘to undertake’. The word entrepreneur means one who takes the risk of starting a new organization or introducing a new idea, product or service to society. (Hisrich and Peters, 2002). Hornby (2006) also defined an entrepreneur as a person who makes money by starting or running businesses, especially when this involves taking financial risks. However to Shane and Venkataraman (2010), an entrepreneur, is “one who undertakes innovations, finances and displays business in an effort to transform innovations into economic goods”. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity.

2.1.2 Entrepreneurship Development: Abianga (2010) defined development as the act or process of growth, progress and improvement within a physical setting. Hornby (2006) similarly defined development as the gradual growth of something so that it becomes more advanced and stronger. This varies slightly from what United Nations Development Program (UNDP Report 1999) defined entrepreneurship development; as referring to the process of enhancing entrepreneurial skills and knowledge through structured training and institution building programs. Entrepreneurship development aims to enlarge the base of entrepreneurs in order to hasten the pace at which new ventures are created. This accelerates employment generation and economic development.

The characteristics of a successful entrepreneur include a thorough understanding of the industry, good leadership skills, foresight on demand and supply changes and the willingness to act on such risky foresight.

Schumpeter’s innovation theory of entrepreneurship cited by Scudder (2011) explains that an entrepreneur is one having three major characteristics: innovation, foresight, and creativity. Entrepreneurship takes place when the entrepreneur creates a new product, introduces a new way to make a product, discovers a new market for a product, finds a new source of raw material, finds the new way of making things or organization. Schumpeter’s innovation theory, however, ignores the entrepreneur's risk-taking ability and organizational skills, and place undue importance on innovation.

Various authors have come up with different skills that an entrepreneur must have so that he can be able to expand his enterprise or business success, among those various traits, the researchers focused on three which is related to what they found out during the study: the ability to recognize opportunity; communication skills and innovative skills.

2.1.3 Ability to recognize opportunity: Entrepreneurs recognize opportunities where they are and they utilize them by producing products or services that will fill the vacuum identified. Entrepreneurs often see things in a holistic sense; they can see the “big picture” when others see only the parts. This process, known as scanning the environment, allows the entrepreneur to see the entire business environment and the industry and helps to formulate
the larger picture of the business activity. Entrepreneurs try their hand on opportunities that are by-passed by others; these opportunities may include: meeting the demand that is not currently met, pushing up a product that is much better than what is currently in the market, solving a problem or annoyance that consumers have (Lambing & Kuehl, 2007).

2.1.4 Communication skills: Due to the fact that the majority of the vendors never had enough or even any elementary or higher education, they lack the basic literacy and communication skills. On the lack of communication skills between the supplier and the customer, Lind (2005) highlights the importance of listening to the customer requirements in order to understand their expected and perceived benefit of the product.

2.1.5 Innovative skills; There was the need for enforcing practical innovative skills among the participants to train them to become innovative in their small enterprises. These are usually a combination of cognitive skills such as the ability to think creatively and critically; behavioural skills such as the ability to solve problems. One of the reasons entrepreneurs are successful is that they are imaginative, innovative and can envision alternative scenarios.

2.2 Barriers SME’s Growth – A Global Context
There is a general worldwide lack of innovation among entrepreneurs. Innovation plays a crucial role in nowadays business. It is regarded as a key characteristic of SMEs, mainly due to the attitude of the manager. Innovative enterprises are able to respond within the bounds of the knowledge about existing products or services to changes required by the customer within their niche market. (Levy and Powell 2005). The impacts of globalization have pressured SMEs to greater demands. Innovation relies on bringing together different types of research and utilizing this knowledge to design new products, (Morrison, 2006).

Asian Productivity Organization (APO) (2001) highlights the lack of skilled labor as one of the most crucial obstacles for SMEs, thus, it is difficult for them to attract highly educated workers and retain skilled employees (high labor turnover) since they prefer to work for large Enterprises Scale that can offer higher salary, job security and career possibilities. According to Brush, Ceru, and Blackburn (2009) marketing is another obstacle for companies to grow since many businesses confront challenges establishing effective distribution channels, communicating product features, pricing products and services in an attractive way, implementing sales and marketing efforts to win and retain customers and undertaking constant product development in order to sustain sales.

SMEs tend to have low productivity and they are weak in terms of competition which is the result of using less advanced technology, not maximizing machinery utility and not improving in technology due to the limitation of funding and most SMEs are mainly users of technology, not adaptors of technology (The Office of Small and Medium Enterprises Promotion, 2007). Many managers are not aware of applying the accurate technology in their business and they do not have the ability to choose appropriate technology for their business. According to APO (2001), insufficient capital or lack of financial sources is the major obstacle for SMEs and usually, entrepreneurs need to utilize personal financial sources to start up their business and to expand the operations since the internal financial sources are normally insufficient. Nichter and Goldmark (2009) claim that SMEs have difficulty in growing due to insufficient collateral, high transaction costs and incapability to deal with the complexity of formal institutions. According to Guffey (2008), financing the firm is essential and getting access to finance plays a crucial role in firm’s growth process. For many lenders it is almost impossible to assess the risks of an investment this is mainly because of the high level of uncertainty (World Bank, 2000). SMEs do not have an easy access to credit and equity finance, this is because of the weak banking institutions in the region and the absence of capital markets. The government policies have been an issue on the growth of SMEs in different countries.

The significance of SMEs within an economy emphasize the importance of having governmental policies that support SMEs; issuing regulations that help them and their ability to operate efficiently and regulations that imply low administrative costs (Harvie & Lee, 2005). Laws and regulations are big challenges that SMEs facing. The World Bank researchers argued that constraints that are facing the growth of SMEs are complex tax systems (World Bank, 2009).

2.3 The Ugandan Context
Ugandan SMEs face many challenges, these include but not limited to: Limited technical and business skills: Many SMEs suffer from lack of technical and business skills. SMEs themselves identify a variety of skills gaps in areas including ICT, technical and industrial knowledge, finance, accounting, entrepreneurship skills and management. Many SMEs have rudimentary production facilities, low-quality products and underutilize appropriate technologies. There is also limited innovation and competitiveness in the SME sector caused by a lack of technical and entrepreneurship skill.

2.3.1 The High Cost Of Doing Business: The high cost of doing business is cited by SME owners as one of the biggest challenges. This is in terms of high energy and transport costs. In addition, SMEs in Uganda face significant
compliance burdens dealing with existing regulation. The current tax regime is both costly and difficult to comprehend.

2.3.2 Lack Of Access To Finance: SMEs lack access to financial services. As evidenced by the PSF survey, financial institutions perceive SMEs as high risk and are therefore inflexible in terms of collateral and repayment terms.

Difficulty accessing market information and markets: SMEs face difficulties accessing and utilizing information regarding local, regional and international pricing, a major constraint to business planning as well as about the regulatory environment in Uganda and regionally. SMEs have inadequate access to market information that could benefit their businesses as well as inadequate knowledge about marketing their products both nationally and internationally. Among SMEs there is poor participation in the policy making process, meaning they have little knowledge of interventions designed to assist them.

An Enterprise’s competitive advantage is built on its entrepreneurial capabilities, abilities and technical management know-how and its adaptability to the internal and external business environment. Basic education and continuing investment on training for developing entrepreneurial skills are therefore important. The researchers have defined entrepreneurship skills development as a work of developing people as the entrepreneur through capacity building and education program for ensuring their business growth. If a firm does not have the capability of selling due to lack of entrepreneurship skills it will be sold and the chance of surviving beyond his competitors.

2.4 Education Institutions Intervening in Skills Development

Educational institutions are meant to ensure that its products are a productive force for the nation. The University must relate its program to the current economic sphere of its community to judge the relevance of its courses to the sustainability of its products once they graduate. The university should, therefore, ensure that it has ties with its surrounding community.

In a similar move, Kampala University set out to impart entrepreneurship skills among community members around the institution. The basic aim was to instil in them an entrepreneurial mindset and also equip them with skills required by entrepreneurs to set up and sustain their small businesses. The university intervened in providing the fish and market vendors with business skills; by training them the required attributes depending on the challenges they face while starting and operating a successful enterprise, particularly a small business.

3. METHODOLOGY

The methodology is the set methods and techniques that are used when studying a particular subject or a particular kind of work (Du Plessis, 2004). This study employed qualitative and quantitative methods. Through the qualitative method, data are more in the form of words rather than numbers and these words were grouped in categories. The researchers used the qualitative method to study the data from the program regarding barriers, challenges and experiences of the market vendors at Gaba, Kampala, Uganda. A mixed method approach was utilized whereby tests, hands-on projects and individual interviews were carried out with the identified research group. The research also used a causal comparative method to explore the relationship between the ability to recognize opportunities, innovative skills and communication skills among the vendors. Through quantitative research, techniques and measures produce quantifiable data. The exercise was made simpler when the respondents were organized on-job entrepreneurship training and later distributed at the end of program questionnaires.

Kothari, (2004) postulates that a case study is usually used to make general assumptions of a larger field, by researching and observing one or a few components in the field, rather than research the whole field. It is in this light that we decided to carry out a case study on the market vendor of Gaba to assess the relationship between entrepreneurship training and community economic development. The target population is 58 members of Market Vendors and 13 fish mongers totaling to 71. Since it was a case study a census of the entire population was used. Primary data was collected from all those who were admitted in the entrepreneurship training program using tests, hands-on projects and individual interviews while secondary data, on the other hand, was gathered through documentary reviews and were collected from Private Sector Foundation-Uganda reports and available literature in the Ministry of Gender, Labour and Social Development, and the Ministry of Finance, Planning and Economic Development, Uganda.

In order to collect quantifiable data, the researchers applied end of program questionnaires. A total of 71 respondents (participants) submitted their responses. The researchers have adopted two theories which are Israel Kirzner theory who indicated that profitability is made possible by discovering opportunity and Joseph Schumpeter’s innovation theory of entrepreneurship his model turns to enhance profit made possible by innovation skills.

The coded data were entered in Statistical Package for Social Sciences (SPSS) and then analyzed. Percentages were calculated and present the summary in a tabular form. Descriptive data were presented using charts, cross tabulation, graphs so as to help us discover the relationship between independent variables that is community empowerment
through entrepreneurship skills training and dependent variable which is sustainable economic development through SMEs in Uganda. This discovery of relationship helped the researchers draw the conclusion.

In order to determine the growth of SMEs in terms of net profit, return on investment and percentage change in sales specifically for Vendors at Gaba Market, some formulas were used and these include:

The Return on Investment (ROI) is used to gauge the profitability of the business it evaluates the performance of a business by dividing net profit by net worth (Horngren, 2006). This profitability has been measured after getting data from the vendors regarding net profit and net worth on annual basis from 2009 to 2011, ROI = Net profit / Net worth. The profit was measured in order to verify if the percentage change in profit between 2009 and 2010. Written as a formula the Net Profit= Total revenues – total expenses for a given accounting period. If the difference is negative, the change is a decrease and if the difference is positive, it is an increase. Written as a formula, the percent change in sales is: i.e. % change in sale= (2011 amount – 2010 amount) / 2010 amount.

The study used a 4 level Likert scale where the measure is on the level of agreement. Strongly agree (1) Agree (2) Disagree (3), Strongly Disagree (4). The table below indicates the mean range.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>1.00-1.75</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>1.75-2.50</td>
</tr>
<tr>
<td>Disagree</td>
<td>2.50-3.25</td>
</tr>
<tr>
<td>Strong Agree</td>
<td>3.23-4.00</td>
</tr>
</tbody>
</table>

### 4. DATA /FINDING

In order to prove that education equips people with knowledge and managerial skills, making them understand better the business dynamics and being able to manage the business effectively, the researchers documented the respondents’ education levels.

**Table: 2 Education Levels of Respondents**

<table>
<thead>
<tr>
<th>Sex</th>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Primary</td>
<td>14</td>
<td>45.1</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>09</td>
<td>29.0</td>
</tr>
<tr>
<td></td>
<td>University</td>
<td>01</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>No formal education</td>
<td>07</td>
<td>22.5</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>31</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td>Female</td>
<td>Primary</td>
<td>17</td>
<td>42.5</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>07</td>
<td>17.5</td>
</tr>
<tr>
<td></td>
<td>University</td>
<td>03</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>No Formal Education</td>
<td>13</td>
<td>32.5</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From the table 2, it is indicated that only than 49.8% of the respondents had attained primary education and that 22.8% have never attended any formal education. Majority of the respondents (82%) indicated that the stall they were operating belonged to them while a small proportion (12%) was actually mere stall attendants. Regarding the duration, while working at Gaba, most of the respondents (87.5%) had been vendors for more than 5 years while 23% had been in their business for a period of 6 months-2 years.

**Entrepreneurial Skills Training**

Through training, the vendors acquired skills and knowledge of improving their businesses. As to whether the respondents had ever been trained in entrepreneurship skills; it is evident that a substantial percentage of the respondents (87%) had not had any training in entrepreneurship skills. Those who had received training constituted 11% and were trained in negotiation and customer care communication skills by some local Non-Governmental organizations. On the whole, it was evident that Gaba Market vendors were not adequately trained in entrepreneurship skills.

Regarding the question "If your entrepreneurship training will add value to your business growth", the figure 6, displays alternative answers from the respondents.
A percentage of 69% of all the participants in the program believed that the entrepreneurship training had greatly streamlined their activities and will lead to better results.

In response to having the ability to recognize the opportunity for increasing business profit ability, a greater majority of respondents 31% indicated that they were capable of buying resources or producing goods and selling them while 34% said that they can use the funds for entrepreneurial ventures.

All respondents agreed that good communication skills are needed to conduct their business effectively. The vendors needed these skills to communicate his ideas to clients. Asked about the language they were most comfortable using, their response is as indicated in table 3.

**Table3 The Language in which respondents can communicate comfortably**

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can communicate comfortably with customers in Luganda</td>
<td>71</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>I can communicate comfortably with customers in English</td>
<td>2</td>
<td>2</td>
<td>39</td>
<td>22</td>
<td>3.7</td>
</tr>
<tr>
<td>I can communicate comfortably with customers in Lusoga</td>
<td>14</td>
<td>14</td>
<td>21</td>
<td>32</td>
<td>2.13</td>
</tr>
<tr>
<td>I can communicate comfortably with customers in Kiswahili</td>
<td>4</td>
<td>2</td>
<td>10</td>
<td>44</td>
<td>2.66</td>
</tr>
</tbody>
</table>

**AVERAGE MEAN**

2.4

All the respondents strongly agreed that Luganda is their most favourable medium of communication. However, this affects their businesses in the sense that they fail to communicate properly with clients who speak English including tourists who come to view the lake or attend beach activities. As a result, they may lose such customers which greatly affect their sales.
5. CONCLUSION
Entrepreneurship training leads to better business practices and increased revenues and profits. In this study, lack of entrepreneurship training was identified as one of the key factors that limit the growth of the small businesses among the Gaba Vendors. The University program which trained them and equipped them with proper entrepreneurship skills was therefore timely and appropriate. They need to be constantly be equipped with such skills as separating money between business and household, reinvesting profits in the business, maintaining records of sales and expenses, and thinking proactively about new markets, opportunities for profitability and proper communication, social and interpersonal skills.

The participants expressed several other challenges including: lack of capital, lack of IT skills, level of academic requirement and time management. Since most of them had taken a long time away from books, they had different needs of the mature students compared to the more traditional younger student.

Recommendations made in this study included: To implore both Government and Non-Governmental Organizations and individuals to get involved and support people in Small and Medium business to acquire on-job entrepreneurial training and other refresher courses that can enable them to sustain and develop their business.

I was also recommended that universities and higher institutions of learning should put policies and practices that can support the older cohort of students. A clear curriculum and qualified support staff who can ably handle such category of people will greatly bring the fundamental difference in communities around the university and ensure sustainable community economic development.

REFERENCES


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