



Enabling high-potential entrepreneurs: A retrospective evaluation of business training programme in Uganda

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- The growth of business training interventions has concentrated on small, informal business enterprises, and little is known about the high-potential formal firms.
- This study conducts a retrospective evaluation of a business training intervention targeted at such firms and finds evidence of significant improvements in business performance (revenue, costs, and profits), business practices, and innovations.
- Management practices remain unaffected despite existing evidence on the benefits of improvements in management practices and firm performance.
- More rigorous studies of this group of firms are essential, especially to highlight the barriers faced by women-owned firms.

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Small and Medium-Sized Enterprises (SMEs) are critical drivers of job creation and economic growth in low- and middle-income countries (LMICs). To enhance their capacity, business training and incubation programmes have become increasingly popular. However, evidence on their effectiveness—particularly for high-potential, formal SMEs—remains limited and mixed (McKenzie, 2021; McKenzie & Puerto, 2021).

This brief summarises a quasi-experimental impact evaluation of the Enterprise Development Program (EDP), a business training initiative offered by the Stanbic Business Incubator (SBI) in Uganda. The programme targets established, formal SMEs with growth potential—a segment often underrepresented in the literature, which has traditionally focused on micro-entrepreneurs or informal firms.

The Stanbic Business Incubator Enterprise Development Program

The EDP is an intensive 3.5-month mini-MBA-style training that includes modules on financial literacy, business planning, e-commerce and marketing, human resource management, risk management, and corporate governance, among others. The programme combines soft skills (for example, negotiation, ethics, and client relationship management) with hard skills (for example, financial management and bid writing). After completion, firms receive one year of mentoring by local business leaders, most of whom are former programme participants. The mentoring component is not evaluated in this study. Eligible firms must fulfil four main conditions, including (1) be formally registered, (2) have been operating for ≥ 12 months, (3) employ ≥ 5 individuals and (4) have an annual turnover $\geq \$10,000$ or Uganda shillings 30 million.

A retrospective evaluation

The study used a retrospective quasi-experimental design, analysing data from 584 firms that applied to the EDP between 2020 and 2024 in the Kampala Metropolitan Area, comprising the Kampala, Wakiso, and Mukono districts. Using administrative data on applications, we aggregated a list of about 1,250 firms that applied to the programme between 2020 and 2024. From this list, enumerators reached 597 firms for an initial follow-up conducted in December 2023 and January 2024, and 442 firms for a second follow-up conducted in January to February 2025. We then linked retrospective data and administrative data provided by firms during the application. Selection into the intervention was not random. Following the selection criteria, some firms were invited to participate while others were not, creating a non-random variation in programme participation. However, using application/administrative data, we apply Inverse Probability Weighting (IPW) to account for this non-random selection. We then develop IPW weights and implement weighted least squares

regressions on each follow-up and the combined/pooled by comparing trained firms with a weighted control group of similar firms that applied but were not selected. The final sample included 584 firms, with 442 tracked in a follow-up survey.

Training entrepreneurs improved firm business performance, practices, and innovations.

Improvements in business performance

The training programme had significant positive effects on both business performance and practices. Regarding business performance, three key indicators were used: firm revenue, costs, and business profits, which represent the difference between revenue and costs. Pooled results indicate that the revenues increased by 0.44 standard deviations and profits increased by 0.32 standard deviations. Simple back-of-the-envelope calculations suggest that revenue grew by slightly more than USD 4,000 and profits increased by about USD 2,300. However, firm costs also increased. We observed that firm costs increased by about 0.19 standard deviations, or roughly about USD 350.

Business practices, innovation, and inventory management

The study also assessed business practices and innovations. To assess business practices, the researchers followed established assessment methods, asking a range of questions, and developed a business practices index and a business innovations index. For ease of interpretation, the index is demeaned and represented in standard deviations. We found that the intervention was associated with a 0.4 standard deviation increase in business practices and a 0.25 standard deviation increase in business innovations, mainly driven by the adoption of enterprise resource planning systems. In addition, we also looked at inventory management practices and found that the intervention was associated with a 0.22 standard deviation improvement in inventory management. By and large, these findings are consistent with improvements observed in other contexts (Anderson & McKenzie, 2022; Bakhtiar, Bastian, & Goldstein, 2022).

The study also looked at impacts on management practices. Measuring management practices in business environments is better done with the World Management Survey questionnaires, which assess various dimensions in which managers' behaviour, practices, and decisions affect the outcomes of firms. We focused on talent management in this study. We find very limited improvements in the management practices index. There might be some power-related limitations, given that only about 84% of the firms interviewed at follow-up responded to the management questions. Improvements in business practices, innovations, and inventory management account for a substantial component of

firm performance. The intervention generally did not improve the performance of female-owned businesses, further highlighting the constraints faced by women (Berge, Bjorvatn, & Tungodden, 2015; Ubfal, 2024).

Policy recommendations for business training ecosystems (government and private sector)

Target high-potential firms with intensive training

The EDP successfully improved firm performance by targeting established, formal SMEs with clear growth trajectories. Short, one-off trainings often show limited effects (Karlan & Valdivia, 2011), but longer, more structured programmes can lead to significant impacts. It would be more useful for governments and donors to prioritise longer, comprehensive training programmes that combine soft and hard skills, targeting SMEs that already have a foundation for growth (for example, registered, employing staff, and generating revenue) to derive the highest return.

Focus on practical business skills—not just management

The largest gains came from improvements in basic business practices (for example, bookkeeping and inventory) and innovation adoption (for example, ERP systems), rather than high-level management skills. Training programmes should thus emphasise practical, actionable skills such as financial management, record-keeping, client management, and digital tools. Programmes should understand that abstract management training complements basic operational capacities are strengthened and should not be used as substitutes.

Address gender gaps with tailored support

Women-owned firms perform worse than others. Female entrepreneurs often face unique barriers, including access to networks, capital, and time (Ubfal, 2024). Incubators, training programmes, and the overall policymaking landscape should design gender-sensitive interventions. Complementary policies addressing childcare, mobility, and social norms may also be necessary.

Conclusion

Business training programmes can be highly effective when well-targeted and well-designed. The SBI's Enterprise Development Program demonstrates that intensive, skills-based training for high-potential SMEs can lead to significant improvements in revenue, profits, and operational practices.

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