

Understanding entrepreneurial ecosystems through social network analysis (SNA)

Case Study: Uganda | September 2019



A Joint Project By:



Impressum

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About the Project

This research was produced by the CSSC Initiative and was made possible with funding from Credit Suisse



The Credit Suisse – Swisscontact Program (CSSC) is a project funded by the Credit Suisse Financial Inclusion Initiative (FII) and implemented by Swisscontact. Together, our organizations want to identify best practice approaches to the promotion of entrepreneurship and ecosystem building and to share our insights with the global community. We believe that non-competitive collaboration, co-creation and partnership can catalyze our efforts to bring about meaningful change. We want to engage in joint activities with like-minded partners and organizations in order to strengthen the exchange of knowledge and foster best practices in this field.

One of our key initiatives involves using social network analysis (SNA) to better understand entrepreneurial ecosystems in developing markets. We would like to invite other organizations in this area to join forces with us to further enhance the tool we have developed and replicate it across more cities and regions. By mapping further ecosystems, we hope to gain a better understanding of how to strengthen local communities of entrepreneurs, contribute to cross-country learning and foster stronger international ties.

Let's connect!

Report in a Nutshell

Entrepreneurship is increasingly recognized as an engine of social and economic change in today's world – especially in countries with a nascent private sector. Even though vast numbers of new businesses are being created, the reality is that very few survive the first few years and among those that do, only a small proportion constitute productive firms that create value by generating employment, better income opportunities and economic growth.

There is an increasing awareness that the successful launch of new ventures not only depends on the behavior of entrepreneurs but also on the availability of resources and support networks and on the way in which these actors interconnect. As a result, many decision-makers and development organizations have shifted their attention toward more holistic strategies to facilitate the emergence of 'entrepreneurial ecosystems'.

Developing ecosystems is a complex undertaking. The methods that are currently applied to evaluate entrepreneurial ecosystems are mainly focused on mapping actors and support services. Given that the rate of success is higher when entrepreneurs can draw on dense networks with a high level of connectivity between the different actors, we believe there is significant scope for improvement in how we analyze ecosystems. We think that greater emphasis should be placed on examining the relationships between these different components, as well as on diversification and the evolution of an ecosystem over time. SNA provides an appropriate and innovative methodology for ecosystem builders as it focuses not only on the actors themselves but especially also on the connectivity and relationships between them. By looking first at the network, we can understand its dynamics as well as identifying key actors within the system. Once these findings have been validated with entrepreneurs and community members, ecosystem maps can be drawn up that serve as valuable tools in developing future strategies.

As our industry seeks to successfully cultivate entrepreneurship, a sound understanding of how, when, and why different players interact with one another is essential to make any intervention strategy more effective. Furthermore, SNA can be used to track how ecosystems evolve over time and to help us understand the impact of our interventions.

Swisscontact, together with its local partner Amarin Financial Group and the Makerere University Business School, has piloted SNA as a tool to better understand entrepreneurial ecosystems in Uganda. The following report summarizes the key findings of this case study and provides practical recommendations on how international organizations can cooperate effectively to help build thriving ecosystems around the globe.



Foreword

Dear ecosystem builders and entrepreneurship supporters,

It is our pleasure to present you the “Understanding entrepreneurial ecosystems through social network analysis (SNA)” publication, one of the first publications of the Credit Suisse Swisscontact initiative (CSSC), an initiative focused on identifying best practice approaches to the promotion of entrepreneurship and ecosystem building.

Credit Suisse itself looks back on more than 160 years of entrepreneurship. Founded in 1856, our initiators had the vision of supporting individuals, companies, and institutions who embodied entrepreneurial thinking.

Being entrepreneurially-minded is not simply part of our heritage – it is also an attitude and obligation that we must nurture for the future in and outside the bank. It is a mindset shared by our people and clients. It defines what we do as a global financial services provider in mature and emerging markets and across wealth management and investment banking but also in our corporate citizenship activities.

To contribute to the achievement of the United Nations Sustainable Development Goals (UN SDGs), Credit Suisse works with partner organizations across the globe that persistently and courageously work on effective and innovative ways to solve global challenges. We see entrepreneurship as key to reaching these goals.

To support entrepreneurs and build entrepreneurial ecosystems, one has to listen closely to entrepreneurial minds to understand what they need to be successful and to deliver against these needs. As we see in this case study, success is often not a factor of the entrepreneur alone.

Collaboration and partnership are also inherent to achieving the SDGs. We are convinced that by working with our longstanding partner Swisscontact, the Credit Suisse Swisscontact initiative (CSSC) is uniquely positioned to harvest the knowledge of a multitude of approaches to foster entrepreneurship across the globe.

We hope that this case study as well as other knowledge products that result from the CSSC will support those who work - like us - on enabling entrepreneurs across the globe to become even better at what they do. We hope that, equipped with these insights, we all contribute to more effective entrepreneurial ecosystems that breed innovation, incubate entrepreneurial approaches and grow them for the benefit of entire communities.

We invite you to join us in this formidable and exciting challenge.

Laura Hemrika
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Shifting focus towards Entrepreneurial Ecosystems

There is a vibrant entrepreneurial spirit in the developing world. However, the contribution that entrepreneurship makes to economic growth is still considerably smaller in developing countries than in developed countries¹. While most entrepreneurial activities are driven by an individual's personal ambition and ability, successful entrepreneurial ventures rarely work in isolation. Today, it is widely understood that a support network for entrepreneurs – comprising the organizations and institutions within their 'ecosystem' – is a critical component in the entrepreneurial equation for success.

Inspired by ever broader research and new findings that consistently link entrepreneurship with job creation, the development cooperation sector has started to focus more intensively on the use of an ecosystem approach to promote entrepreneurship. Support for entrepreneurs is thus moving away from purely technical assistance and market access towards the cultivation of environments that nurture sustainable start-ups.

The Kauffman Foundation has demonstrated that entrepreneurial success is higher in dense networks with a high level of connectivity between the different players². This reflects the fact that such networks allow for the faster flow of talent, information and resources – thus enabling entrepreneurs to quickly find what they need. Having a well-organized community of entrepreneurial players working together and reinforcing each other is therefore a key factor driving entrepreneurial success.

¹ Vinko Lepojević (2016): Entrepreneurship and economic development: A comparative analysis of developed and developing countries

² Entrepreneurial Ecosystem Building Playbook 3.0 available at <http://www.kaufmann.org>

Limitations of current available tools

When strengthening entrepreneurial ecosystems, it is vital to increase interconnectivity between the different actors – commonly referred to as ‘ecosystem support organizations’ (ESOs). That said, functioning ecosystems are not only well connected but also have an established culture of collaboration that works based on trust between the different players. Unfortunately, a lack of ecosystem building is therefore first and foremost about building a community to create a collective ‘we’ mindset that includes everyone in the entrepreneurial ecosystem – from entrepreneurs and ESOs to community and civic leaders, the media, government agencies, universities and foundations.

Several ecosystem tools are available, such as the ANDE ecosystem snapshot toolkit, Koltai 6+6 or GiZ ecosystem mapping. These are powerful tools to map ESOs and their services for entrepreneurs. However, given that their focus is on mapping the different actors within the system, they do not consider the dynamics within it. We therefore believe that there is further scope for improvement in the way we assess entrepreneurial ecosystems. If we want to strengthen entrepreneurial networks, these efforts should not be limited to identifying the system’s most critical actors but should also determine how – and how well – they are connected and how we can help them to evolve.

SNA provides an innovative methodology for ecosystem builders as it focuses not only on the actors themselves but also on the connectivity and relationships between them.

Strengthening an ecosystem means strengthening the network itself. Instead of duplicating efforts (e.g. bringing in a new incubator) or favoring existing incumbents through subsidies, ecosystem support initiatives should aim at creating synergies and benefits beyond single players.

SNA can provide an appropriate and innovative methodology for ecosystem builders to better assess and measure entrepreneurial ecosystems as it focuses not only on the actors themselves but also on the connectivity and relationships between them. By looking first at the network and not the actors, we are able to understand how coherent or robust the network actually is and to then identify key actors within the system. This allows us to better determine support needs (weak links) as well as important nodes (catalyzers or champions).

As we seek to successfully cultivate entrepreneurship by building stronger communities, a sound understanding of how and when different players interact with one another is key to make any intervention strategy more effective.

SNA offers insights into the depth and width of entrepreneurial ecosystems

The idea of applying SNA in entrepreneurial ecosystems is because entrepreneurial ecosystems are complex systems that do not follow the rational paradigms where inputs produce linear, predictable outputs that translate into impact. Many different elements constitute an entrepreneurial ecosystem and potentially contribute to the success or failure of an entrepreneurial venture. Hence, individual relationships between actors and businesses are only part of the picture. The complexity and dynamics of multiple relationships that are interwoven to form a network have a joint impact on individual businesses and could enable the ‘community’ of businesses within the network to achieve a higher level of effectiveness in terms of communication, the sharing of financial and non-financial resources, collaboration and innovation.

In its simplest form, SNA consists of nodes and ties. Nodes can represent an ESO, a government or non-government agency, a business or an individual entrepreneur. Ties are the lines connecting the nodes, representing a relationship between the various ecosystem players. These relationships can be formal, e.g. the offer of support or financial services, or less formal, e.g. knowledge transfer through peer exchange or mentoring, among both ESOs and/or entrepreneurs.

The purpose of SNA when examining entrepreneurial ecosystems is to assess their effectiveness by looking at a set of key performance indicators. Inspired by previous assessment models for measuring entrepreneurial ecosystems (e.g. Kauffman Foundations, Startup Genome), this research looks at the following four ecosystem indicators:

- **Density**³: How dense is the ecosystem network? How well are the ecosystem players connected, both horizontally (e.g. incubators with incubators) and vertically (incubators with accelerators, financial players, business networks etc.)?
- **Fluidity**: How are the services offered by ESOs accessed by entrepreneurs? How inclusive is the ecosystem across the various types of entrepreneurs?
- **Diversity**: How diverse are the services offered by ESOs? Are all-important services available and are there signs of specialization among ESOs?
- **Collaboration**: How much collaboration exists between the various ESOs? Do ESOs embrace cooperation or do they prefer to offer all types of support service on their own?

A further advantage of SNA is that it makes an abstract concept more tangible by making it possible to visualize the ecosystem. This visualization has proven to be a good entry point for discussions with ecosystem players as it helps them to understand the role they are playing within the network. In this sense, SNA acts as a mirror and challenges the company's self-image and perceptions. It also helps to identify other players within the network with whom they should interact in the future and establish collaborative relationships to improve their services and support entrepreneurs more efficiently and effectively. Unlike the traditional frameworks that focus on the supply-side factors of start-up ecosystems (which services are offered), SNA provides a 360° approach by also including the entrepreneurs themselves. Hence, SNA paints a picture not only of the service offering but also verifies whether entrepreneurs are accessing these services.

Finally, by looking at the quality of the relationships, SNA provides insights into the level of inter-organizational trust, which is vital for cross-organizational collaboration and is the very foundation of a properly functioning ecosystem.

³ Density is a common KPI used to measure entrepreneurial ecosystems. While more traditional frameworks usually look at actors (e.g. number of start-ups/incubators per people/companies, etc.), density within SNA refers to the number of connections within the network.



Entrepreneurship in Uganda

Uganda has repeatedly been named one of the world's most entrepreneurial countries. According to the Global Entrepreneurship Monitor (GEM)⁴, 35.5% of the adult population in Uganda owned or co-owned a new business in 2014. This is more than three times the global average (13%) and surpasses other comparable countries (Ethiopia 14.7%, Ghana 25.8% and Egypt 9.8%). The report emphasizes, “Ugandan citizens have high aspirations and positive attitudes towards entrepreneurship. They have low levels of fear of failure, and the vast majority sees good opportunities to start a business in the country.” However, while entrepreneurial activity is on the rise, only six percent of businesses expect to create six or more jobs in the next five years. This means that most of the businesses will either not survive or remain small-scale.

Despite the fact that entrepreneurship is widespread, the majority of founders and companies thus have little or no impact on local job creation. This is a major issue, particularly for a country where 400,000 young people enter the job market annually, competing for a mere 9,000 new jobs each year⁵. To capitalize on the entrepreneurial spirit in Uganda, there is a need to find ways to help entrepreneurs make the transition from surviving to thriving.

This paper focuses on the entrepreneurial ecosystem in Kampala and Jinja only. Kampala was chosen for the analysis, as it is Uganda’s most dynamic area of entrepreneurial activity. Jinja was chosen as it represents a secondary city which is at the periphery of the center while, at the same time, being at the center of the periphery. As a result, Jinja is representative of rural Uganda while also having sufficient levels of entrepreneurial activity to allow a meaningful SNA to be conducted.

The Ugandan entrepreneurial ecosystem

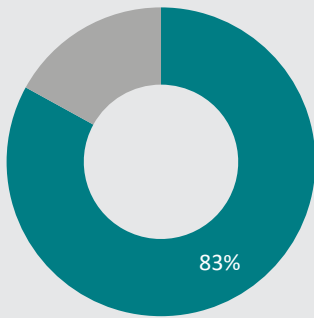
The large majority of entrepreneurs start their business for reasons of survival rather than growth. Less than 10% of entrepreneurs interviewed have the aspiration to successfully run a medium-sized business and employ staff and even fewer start their business based on a clear opportunity in the market. While social entrepreneurship is trending on a global level, there are still only a few local entrepreneurs that start a business with the aim of generating a social impact. In general, it seems that the terminology is not widely used. A supportive ecosystem dedicated to social entrepreneurs (a trend that we see in other ecosystems, including in some developing countries) is absent and it seems that social entrepreneurship in Uganda tends to be limited to traditionally recognized public and non-governmental organizations

⁴ GEM Uganda Economy Profile, 2014

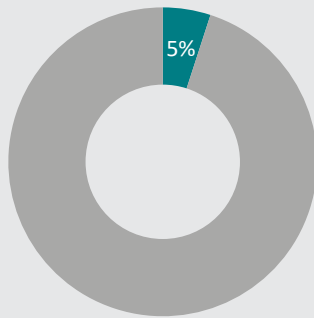
⁵ Business Fights Poverty: Creating business from nothing

Motivation of Ugandan Entrepreneurs to start a business

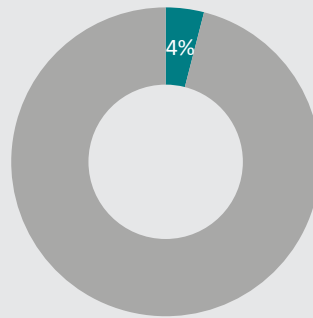
Earn money for myself/
my family



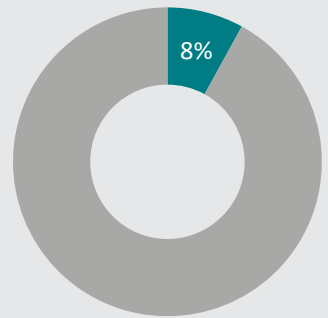
Have an innovative product



Want to create a positive
impact



Run a (traditional) SME

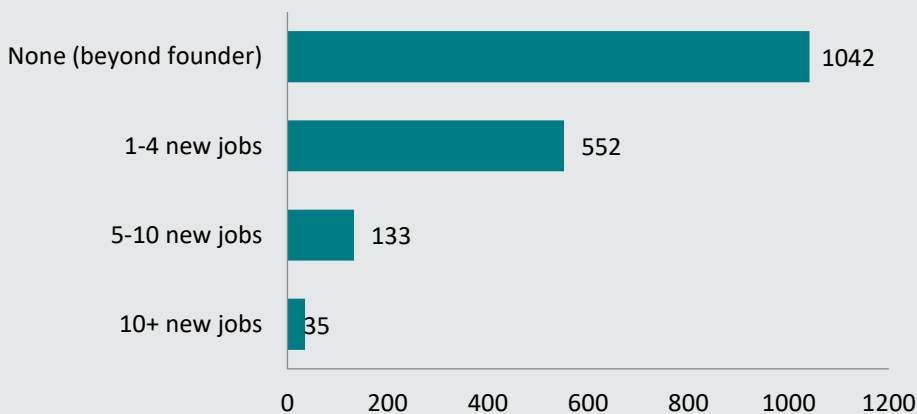


Source: SNA Swisscontact

From the sample, it was established that 55% of entrepreneurs were operating informally (i.e. not registered with the Uganda Registration Services Bureau). There seems to be various reasons for this – from not knowing how to register to being frightened of the administrative work involved when transitioning from an informal to a formal business status. In some cases, this may be intentional – as a means to avoid the taxes associated with operating a formal business. However, this also means missing out on opportunities, like bidding for government contracts or public programs that could offer financial security and a path to growth. Although only a small number of entrepreneurs access support services from the local ecosystem, those who operate formally tend to access more and more diverse support services. While NGOs and training institutions provide services to both formal and informal businesses (with a slight predominance of informal businesses), the services offered by incubators /accelerators, business networks or in few cases venture capital were accessed primarily by entrepreneurs who have formalized their businesses.

Net new jobs created by Entrepreneurs

Note: New jobs refers to new permanent employees. 35 respondents did not disclose.



Source: SNA Swisscontact

A large majority of the businesses surveyed do not create new jobs beyond the role of their founders, followed by micro- businesses with only 1-4 employees. Out of the 1,797 business surveyed, only 64 were able to create more than seven new jobs on a net basis. Of these growing businesses, 86% are registered with the Uganda Registration Services Bureau.

Survey

The survey is based on 2,060 interviews, of which 263 were conducted with ESOs and 1,797 with entrepreneurs. Two ecosystems are included: Kampala (69% of respondents) and Jinja (31%).

An entrepreneur is defined as “anyone who owns or co-owns a business in any sector and has been in business for a maximum of seven years”. This compares to the Global Entrepreneurship Monitor (GEM), which looks at entrepreneurs who have been in business for three and a half years. The entrepreneurship journey takes longer in Uganda.

Peer-to-peer learning is happening – albeit at a low level

Peer-to-peer learning is widely recognized as being a crucial ingredient to support entrepreneurship because it facilitates the transfer of knowledge and experience from one entrepreneur to another. Two out of three entrepreneurs engage in informal knowledge exchanges with other entrepreneurs, the number being slightly higher in Kampala (68%) than in Jinja (64%). However, in both regions, this peer network consists on average of only three connections. In addition, there is a significant difference in the quality of peer exchanges. A recent study conducted by Endeavour Insights⁶ concluded that although each relationship seems to be beneficial, receiving experience, mentoring or investment from an entrepreneur who has successfully scaled up a company was associated with much higher levels of performance among emerging entrepreneurs. It is beyond the scope of this study to make judgments about the quality and effectiveness of peer exchanges in Uganda. However, the low level of productive entrepreneurship and the relatively small number of events bringing entrepreneurs together to learn and connect suggests that there is still significant potential to improve networking between entrepreneurs. This can be achieved by bringing them together in an environment that catalyzes learning and fosters relationship building beyond their personal network in order to discuss challenges and share feedback and advice. For peer-to-peer learning to be effective, these connections should not only happen horizontally between entrepreneurs at the same stage of business development. It is important to identify and connect entrepreneurs at different stages of development.

Limitation:

Although we used both random sampling and snowballing as the methodology to capture entrepreneurs and ecosystem actors, it is impossible to represent the entire entrepreneurial ecosystem. First, the collection of data is dependent on the willingness of individuals to participate in the survey. Second, there are always more actors in a system that could be interviewed. This raises the question which actors should be included. We advocate for a practical approach that does not focus on who ‘can’ be included but rather on who the system’s most critical players are. Despite these limitations, we are confident that the presented sample is representative of the Uganda ecosystem.

Access to early-stage finance beyond personal or family investments is limited

The availability of early-stage financing for entrepreneurs in the form of grants and loans is limited. Around 80% of all entrepreneurs invested their own money or received financial support from family and friends (21%). Only 6% obtained a loan from a microfinance institution (MFI) and 5% from banks. Interestingly, the picture looks very similar for all types of businesses, whether they were established by a subsistence entrepreneur, take the form of an innovative or social business, or comprise a traditional SME. The only exceptions are angel investments and grants. Only two entrepreneurs received capital from business angels or venture capital funds and, as expected, they are both leading an innovative and growth-oriented business (ICT and energy sector) that is at scaling stage. The other exception are grants that are more accessible to social entrepreneurs (10%) and innovative startups (7%), compared to small and medium-sized businesses (1%) or subsistence entrepreneurs (0%). Overall, the market for grants remains thin with only 1% of entrepreneurs having received one in the last 24 months.

⁶ Fostering Productive Entrepreneurship Communities available at <https://endeavor.org/impact/insight/>



Applying SNA

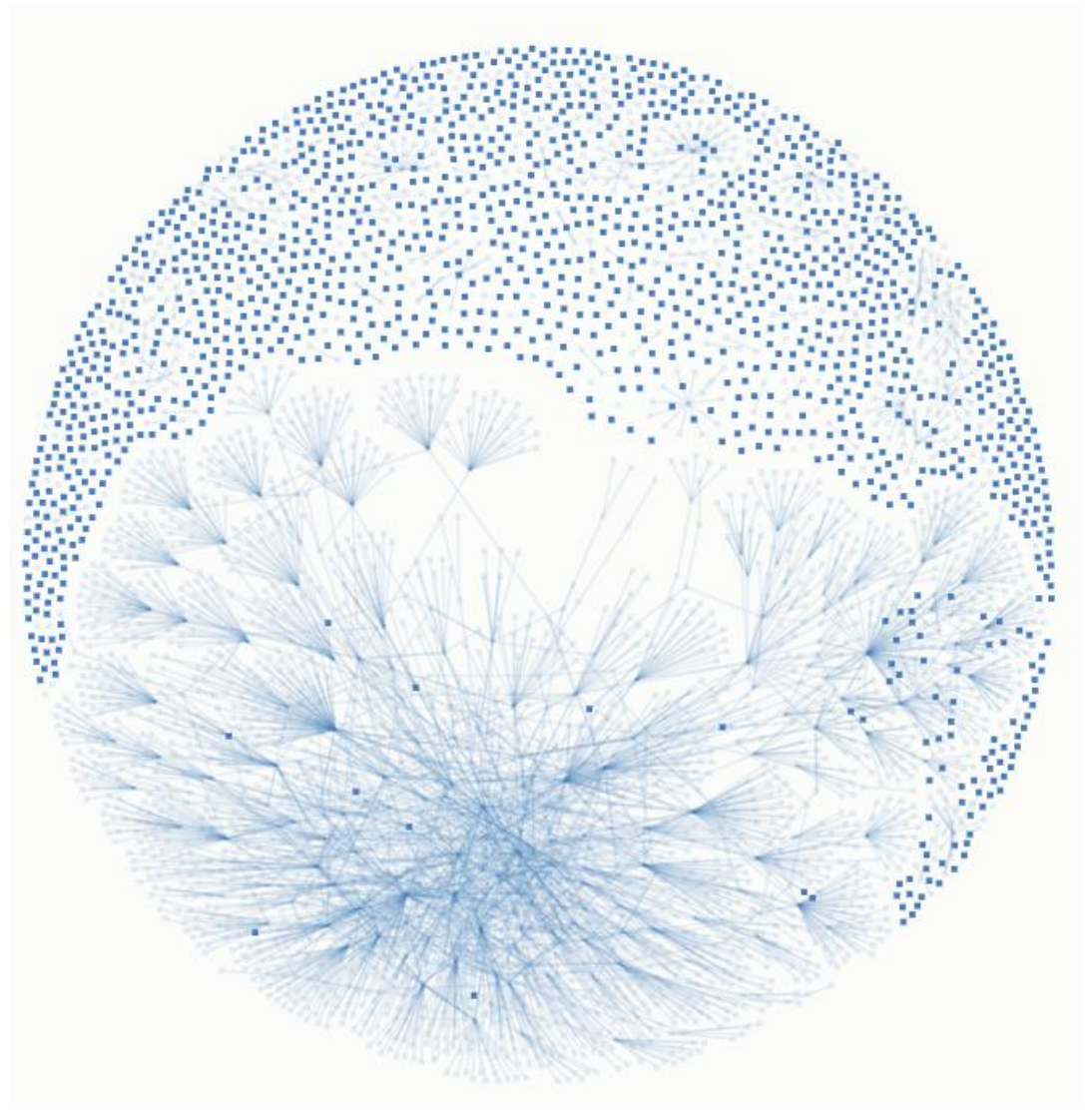
The following section summarizes the findings of the SNA as well as the conclusions drawn about the community within the Ugandan entrepreneurial ecosystem. As explained earlier, it provides insights on four areas that facilitate an understanding of ecosystems: Density, Fluidity, Diversity and Collaboration.

Half of the entrepreneurs are not being served by the ecosystem

The findings illustrated how many entrepreneurs are on an isolated entrepreneurial journey and are without support. Half the entrepreneurs were not connected to the ecosystem and therefore were not served by the supporting actors in the ecosystem (business development services, incubators and accelerators, business networks, financiers and investors or government agencies).

Entrepreneurs not served by the ecosystem

Highlighted elements represent entrepreneurs who did not receive any support or financial service beyond their own family.



Source: SNA Swisscontact

This applied to both formal and informal enterprises but was more prevalent (54%) among informal entrepreneurs. The majority (94%) of entrepreneurs who did not receive support were in the tertiary sector, which includes trade, fashion and beauty, ICT, accommodation and food services, and events planning, among others. This situation requires closer examination given that the COBE report 2010 (“Census of Business Establishments”, published by the Uganda Bureau of Statistics) indicated that the tertiary sector was the most dominant in Uganda, accounting for over 84% of businesses. There was also no major difference between the Kampala and Jinja ecosystems in this regard. However, it should be noted that while Kampala has plenty of ecosystem actors who can support entrepreneurs, Jinja does not.

It is unclear whether it is feasible for all entrepreneurs to be part of the ecosystem. The question is what facilitating efforts would be needed and whether the private sector alone can bring about this change.

SNA identified a significant number of ecosystem support organizations. Kampala, as the economic powerhouse, has many players – with a full range of actors, co-working spaces, business development services, incubators and accelerators, business networks, and financiers and investors.

Overview of Actors in Kampala/Jinja		
	Kampala	Jinja
Co-working	3	0
Incubator / accelerator	29	1
Financier / investor	52	10
Service providers*	42	2
Training institution	22	7
Business networks	17	13
Academic institution	5	0
NGOs	12	4
Gov. Agency	4	2
Other**	10	0

Source: SNA Swisscontact

* includes business services such as legal, tax, marketing, human resources, etc.
** includes e.g. equipment provider, export platforms

Many players, little interaction

Measured using the ties between nodes (ESOs), which represent interactions within the ecosystem, the study established that connections with the ecosystem are minimal. On average, ESOs cater for only 2.5 relationships. As a result, network density is extremely low. Comparing the number of actual connections to the number of potential connections, Kampala remains at the lowest end, scoring 0.0. (‘1’ being the highest possible density number, and ‘0’ the lowest). Even looking at ‘well’ connected actors (defined as catering for more than five connections), the network remains loose (0.2). It can be noted that despite the high level of effort that is geared towards the development of entrepreneurship in Kampala, in practice most of the actors and their beneficiaries still operate in isolation.

The low level of interaction applies both horizontally (e.g. incubator with incubator) and vertically (e.g. incubator with accelerators, financial players, business networks, etc.).

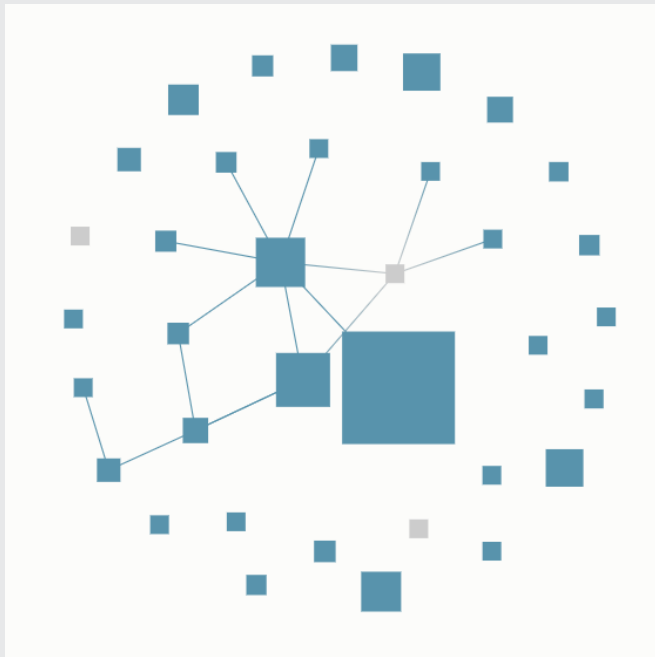
This lack of interaction leads to two challenges.

1. No specialization of ecosystem actors: It has been observed that the majority of the players offered almost the full range of services: training, coaching, mentoring, technical assistance, linkage to peers, linkage to markets, financial literacy and community building, often across the different industries. There were few signs of specialization.
2. Limited support on growth path: For entrepreneurs to thrive, it is necessary to provide a stimulating environment by ensuring access to support services throughout all the stages of growth and development of a young business.

Specialization and the subsequent emergence of sub-ecosystems are seen as a maturity indicator for ecosystems. Sub-ecosystems are tailored to specific industries (e.g. health, agriculture, and education), technologies (e.g. biotech, AI) or areas of interest (e.g. art, social entrepreneurship).

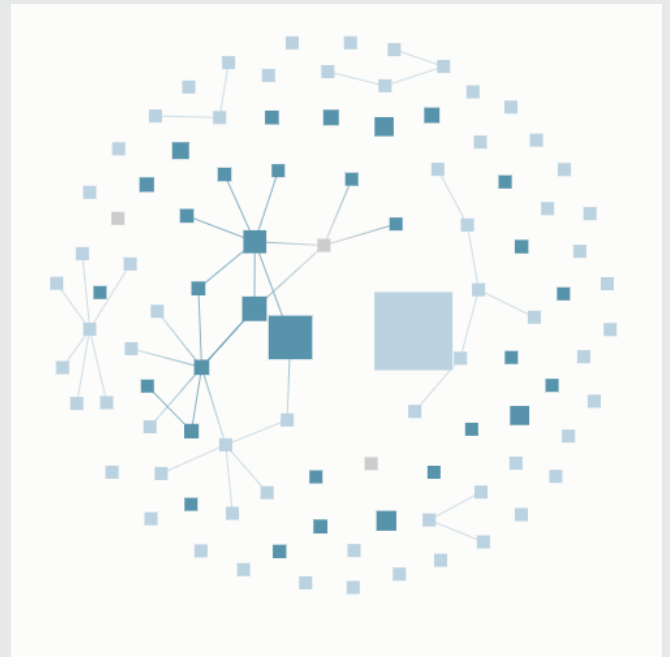
Mapping the interactions between key ecosystem support organizations

Interaction between co-working spaces and incubators/accelerators



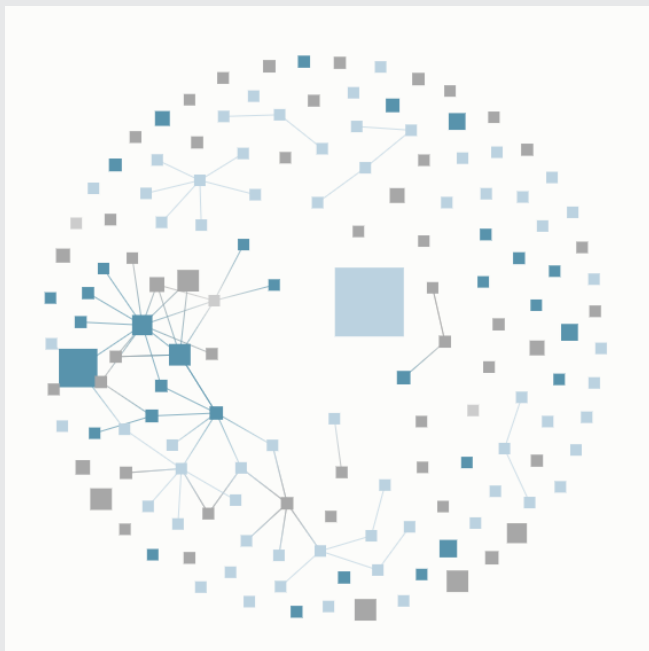
Source: SNA Swisscontact

Interaction between co-working spaces, incubators/accelerators and financier/investor



Source: SNA Swisscontact

Interaction between co-working spaces, incubators/accelerators, financier/investor and service provider



Source: SNA Swisscontact

Legend:

- Light Grey = Co-working Space
- Blue = Incubators/Accelerators
- Light Blue = Financier/Investors
- Grey = Service Providers

Size = number of entrepreneurs supported over last 24 months

As there is no indication of any such evolution, available resources remain under-utilized. Instead of looking for specialization and building up networks with suitable partner organizations that support entrepreneurs on their growth path, ecosystem players in Kampala work with the few resources they already have and provide every kind of service themselves.

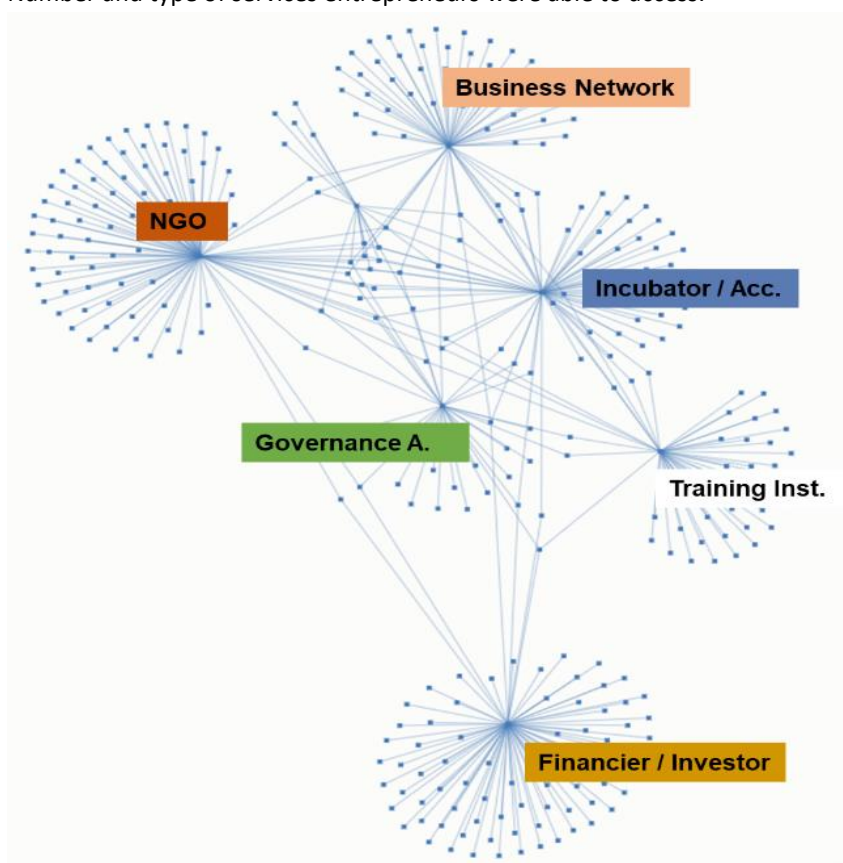
This is not the case for Jinja, which has only a few actors and lacks some crucial support within the district. This means that while Kampala may not exponentially benefit from additional actors in the ecosystem, Jinja would need more actors participating in the ecosystem to realize its full potential. There is also a minimal connection between the Kampala and Jinja ecosystems although they are only 81.2 km apart. Linking ecosystem-building efforts to regional development strategies could not only create important knowledge spillovers but also generate wider community recognition in Jinja about the role that entrepreneurship can play in driving economic development.

Entrepreneurs are at risk of exiting the ecosystem because of over-reliance on one ecosystem actor

As discussed in the previous section, most of the ecosystem works in isolation with the entrepreneurs that are supported. There are isolated networks of ecosystem actors and entrepreneurs and where such networks are connected to the ecosystem, they are connected with only 2.5 other relationships. This situation is particularly pronounced in Jinja, where entrepreneurs rely on the business cooperative and/ or Saving and Credit Cooperative (SACCO) for support. This means that if a shock occurs and triggers the collapse of the ecosystem actor, the entrepreneur is likely to drop out of the ecosystem.

Type(s) of support received by entrepreneurs

Number and type of services entrepreneurs were able to access.



Source: SNA Swisscontact

Collaboration among actors is not significant.

Among actors where there was interaction, collaboration was minimal. Only 16% of the ecosystem actors collaborated⁷ with each other. As explained above, ecosystem actors offered almost all services directly to the entrepreneurs they work with. This limits the need for collaboration among actors. A case in point is a financial institution that creates its own business development program to cater for its clientele and therefore offers the entrepreneur services that they would otherwise get from a business service provider and business network.

⁷ Collaboration is defined as the joint actions of two or more ecosystem players to achieve a common goal (e.g. organizing joint events, building up exchange platforms/networks)



Conclusion and recommendations

Strong ecosystems allow entrepreneurs to quickly find required knowledge and resources. The SNA in Uganda has shown that entrepreneurs tend to receive little support on their growth path. A major reason is that ESOs do not sufficiently provide the linkages needed to help entrepreneurs get faster and easier access to support services or funding.

This gap is not driven by the absence of relevant players. For example, Kampala accounts for a good number of ecosystem support organizations such as co-working spaces, incubators, business networks or financial service providers but there is clearly still a lack of collaboration between them. This limited interaction was found to be the result of a lack of trust and a clear understanding of the benefits of the connection. Interacting in ecosystems requires a change of mindset, especially for more traditional actors. Ecosystems grow and become stronger through the continual interaction of all stakeholders who are working toward a common goal – supporting entrepreneurs. All co-working spaces, incubators, business networks and capital in the world will not create value without motivated and talented entrepreneurs who take risks and work hard to make their businesses perform, thus contributing to job and wealth creation at a local level. Increasing the survival rates of entrepreneurs and helping them to become more productive is the main purpose of entrepreneurial ecosystems. In this context, the need for collaboration trumps more traditional competitive considerations. Entrepreneurial ecosystems are about creating win-win situations based on the principle of ‘give and take’. Successful collaboration can therefore only happen if each ecosystem actor is clear about what it BRINGS TO the ecosystem and what it TAKES FROM the ecosystem. Hence, each participant needs to think not only about her own goals but also about the goals of the ecosystem and how she can help it to advance.

A flourishing entrepreneurial ecosystem needs some cement to bond together its actors and lubricant to facilitate relationships in order to drive prosperity. We believe that international cooperation should focus on strengthening those two ingredients. SNA has proven to be a very effective tool for engaging ecosystem actors. For many participants, an ecosystem remains a very abstract concept. By visualizing it, we have provided a tool to show how well (or not) they are connected, and this can trigger immediate reactions. The focus of discussions turned out to be less on the individual but rather on the purpose and vision of the ecosystem itself. Intuitively, the actors felt that they needed more and better interaction but also more diverse actors to support a strong ecosystem.



Lessons learned and next steps

Most cities or regions already have existing ecosystem actors. They may not be connected and may work in silos, but they provide foundations and are a source of people with valuable local knowledge. We at Swisscontact strongly believe that the first step should be to build closer connections and link the different players with one another. It is important to focus on ecosystem actors who are willing to look beyond leadership and act as catalysts for change. When connected with like-minded actors, they can jointly formulate a vision and work towards it, drawing in new actors and thus gaining more support services for entrepreneurs.

Being an implementation agency, our focus is on working WITH the entrepreneurial community to co-create and implement solutions. Given its more dynamic approach and its potential to trigger engagement and create momentum among relevant stakeholders, we believe that SNA should serve as the starting point for any ecosystem building initiative. This way, it not only allows resource and service gaps in the system to be identified but also makes it possible from the start to engage local ecosystem actors who are willing to get involved and work towards a common vision — jointly designing and implementing interventions that are not only approved but also owned by local ecosystem actors.

Guiding principles for future ecosystem building initiatives

To achieve this, we have defined four principles that guide our strategy for ecosystem building projects:

1. We remain neutral and work from the bottom up. Ecosystem building should mean locally owned initiatives.
2. We reinforce the efforts of those actors who are already doing amazing things.
3. We identify existing opportunities to avoid the duplication of efforts.
4. We only support interventions if they benefit more than one player.

Literature and experience have demonstrated that the more dynamic and inclusive ecosystems are, the more resources they attract. In addition, these additional resources form the basis to stimulate growth, income and job creation.

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