



The Role of Technology and Business Skills in Microenterprise Development: the Case of Mozambique

Catia Batista, Nova University of Lisbon and NOVAFRICA

Sandra Sequeira, London School of Economics

Pedro C. Vicente, Nova University of Lisbon and NOVAFRICA

Maputo, 8 de Julho, 2015

Motivation

Over 50% of the urban poor are currently engaged in some form of microbusiness

A key determinant of low survival rates of microenterprises and limited growth is lack of access to credit

Sustaining an optimal level of savings can play a critical role in overcoming credit constraints and helping the poor optimize cash flows

Motivation

Recent experiences with mobile banking suggest that low-cost technologies such as cell phones could be an effective vehicle for the poor to access financial products that can enhance their savings capabilities

Recent setbacks with microcredit in Southeast Asia also highlight the importance of **ensuring that microentrepreneurs have the required business skills** to effectively mobilize and apply these savings for business growth

Research Questions

1. What is the impact of **access to interest-accruing savings** through mobile money on microentreprise **savings, investment and growth**?
2. What is the role of **business management skills** on microenterprise development and growth?
3. What is the **combined effect** of increased access to savings products and increased business management skills on microenterprise growth?

Research Design

Sample: 1,200 microentrepreneurs randomly selected from 23 formal and informal urban markets located in Maputo and Matola

Sample restricted to vendors operating in proper stores and stalls, for **which vendors have paid an operating fee to stay in the market** throughout the year

These vendors are often engaged in **retail businesses** (textiles, electronics, clothing, groceries) or **manufacturing** (shoemakers, seamstresses, tailors, hairdressers, etc)

Research Design

Random assignment to

Group 1 (“*mKesh intervention*”): open savings account through mobile banking

Group 2 (“*business training intervention*”): receive “business training” on how to best manage savings and investments with a goal to maximize the growth of the business

Group 3 (“*combined interventions*”): open savings account plus “business training”

Group 4 (“*control*”): does not receive either intervention

Business Training Intervention

1st visit: baseline survey and first module of business training program (concepts of revenue, profit, savings, investment and valid expenses for the business).

2nd visit: second module of business training program (creating balance sheets and budgets for the business) and distribution of logbooks to encourage vendors to track their expenses, credit sales and revenue on a regular basis

3rd visit: Q&A and check how/whether financial logbooks are being used

4th visit: implement outcome questionnaire and test if training had impact on knowledge of business skills

Business Training: Materials

- Business Training Manual
- Comic Strip
- Logbooks

MANUAL DE FORMAÇÃO DOS MICRO-EMPRESÁRIOS NOS MERCADOS URBANOS DA
CIDADE DE MAPUTO



Tabela de Conteúdos

1. Introdução
2. Receitas e despesas – como calcular o lucro do negócio?
3. Como calcular o lucro do negócio? Alguns avisos e exemplos.
4. Poupança: o que fazer com o dinheiro?
5. Poupança: evitar voltar para trás
6. Investimento: o que é? Como conseguir dinheiro para investir?
7. Investimento: quando pedir emprestado (txenecar) dinheiro?
8. Investimento: a que taxa de juro peço emprestado?
9. Orçamento: o que é e como se deve fazer?

Logbook examples

Livro 3

Exemplo:

- No dia 30 de Março de 2012, o Senhor Ezequiel quer preencher a Folha 3 (folha de registo diário).
- Sabendo as compras, vendas e clientes a crédito do dia 30 de Março, registados na folha 1 e 2, e sabendo que o Senhor Ezequiel pôs 400 MTn no xitique, depositou 50 MTn na sua conta mKesh, e pagou as despesas de eletricidade em 700 MTn.
- Ainda mais, o Senhor Ezequiel emprestou 300 meticais ao amigo Joaquim, para este poder pagar as despesas da escola do filho.

Como é que o Senhor Ezequiel faz o registo ao final do dia?

Livro 3 – Registo ao final do dia

Data	Compras Valor Total – Custos Directos	Vendas Valor Total – Receitas – Pago	Vendas Valor Total – Receitas – Não Pago (a crédito)	Despesas com a loja (eletricidade, taxa de mercado,...)		Transferências/Empréstimos		Poupança		
				Valor	Descrição	Valor	Pessoa - Descrição	Xitique	mkesh	Banco
30/03/2012	10200 MTn	7000 MTn	500 MTn	700 MTn	Electricidade	300 MTn	Joaquim – escola do filho	400 MTn	50 MTn	-

Uma semana depois

Dona Joana: sabes, usei todo dinheiro de ontem para guevar e para o matabicho que tomamos na barraca da cunhada. Podes pagar o gay gay para mim? Nem sei o que vamos comer em casa se eu não vender hoje.

Comadre, aprendemos que não se usa o dinheiro do negócio para coisas de casa. Não devias ter usado o dinheiro de ontem para o matabicho. Se separares bem o dinheiro do negocio e dos gastos pessoais dificilmente terás falta de dinheiro para guevar ou mesmo para comprar comida.



Mercado grossista

Eu heim... para mim dinheiro é para se gastar e quanto mais rápido gastar mais rápido vem.

Comadre, ti aconselho a separar os lucros e poupar porque quando guardas lá o dinheiro cresce Também e só gastas mesmo no que for preciso. Assim posso realizar os meus sonhos: posso comprar uma nova capulana ajudar um familiar que precise... mas e preciso primeiro poupar e só depois emprestar!!





mKesh Intervention

Participation incentive: vendors were given 76MTN in order to test usage of the mKesh service

Saving incentive: payment of bonus corresponding to 5% of the average mKesh value kept in their account each month, over a three-month period with a top limit of 25MTN per month (corresponding to 5% of an average monthly mKesh value of 500MTN)

BÓNUS POUPANÇA

Pôr dinheiro no  agora dá mais dinheiro!

Como
funciona
isso?!



Recebe 5 meticais por cada 100 meticais que conseguir **MANTER** na sua **CONTA MKESH** durante 1 mês!

Vamos dar-lhe este **BÓNUS** durante 3 meses!

*Os bónus são pagos em cada mês, mas pode existir um desfasamento de dias entre o final do mês e o pagamento do bónus.

APOIO:



USAID
FROM THE AMERICAN PEOPLE

IGC International
Growth Centre



Business Training: Incentives

Participation incentive: 20MTN purchase for microentrepreneur to fill in logbook at the time of our team's visit (goal: clarify any questions on logbook usage)

Commitment incentive: incentive to fill in logbooks after the research team's visit. When logbooks were distributed, all targeted individuals were told they would receive 130MTN (equivalent to 5USD) if they filled in their logbooks correctly.

[Note that our revisits were randomly scheduled to ensure that vendors were not strategically responding to these incentives, and that the payment was only made during our final visit.]

Baseline Data

71% of sample is micro enterprise with no employees

25% use a logbook to track sales, purchases or credit transactions

1% has a cash register

60% own a Bank account, 95% of them are current accounts

60% understand what “savings” mean

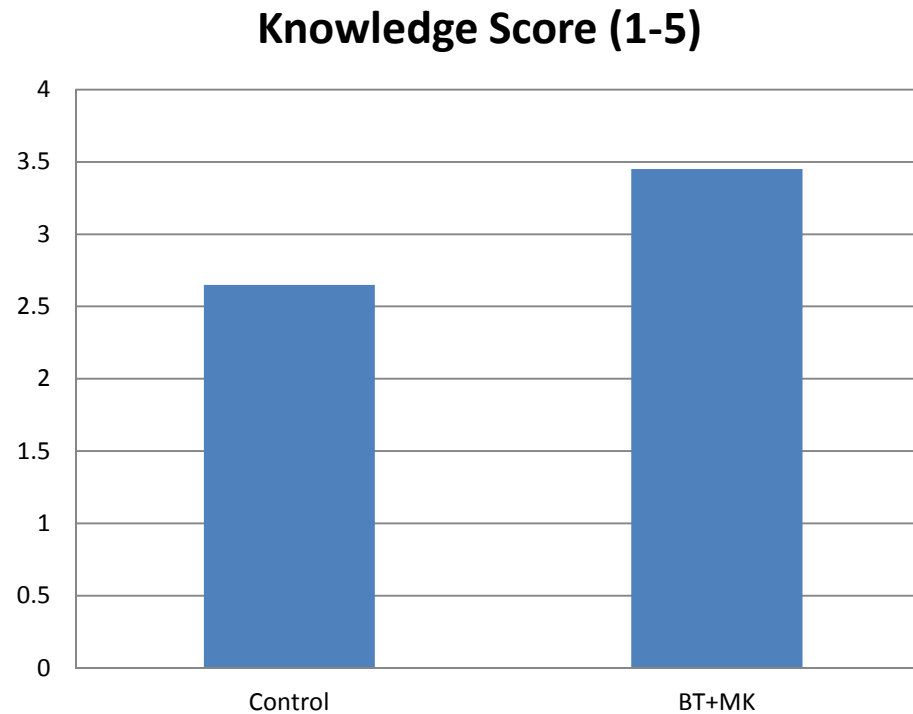
95% of them report the desire to save more

71% report the desire to save to invest in more products and paint the store

51% believe sales will grow next year

Preliminary Results

Business Training was well received and it increased understanding of basic accounting.



Preliminary Results

Impact Evaluation

Business Training decreased **transfers to relatives (14%)** and increased **total sales (64%)**

Strongest result for combined treatment

Unclear impact on **savings** and **expenditures**

Process Evaluation

- Main challenge was securing agents in markets
- Microentrepreneurs were interested in the training and kept their manual throughout the experiment

Concluding Remarks

Preliminary Results:

suggest mkesh and business training have significant impact on sales but no evidence yet of impact on investment or savings

Next steps:

Endline Survey to be conducted July-October 2015