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Scholars Program

THE IMPRINT OF EDUCATION SPOTLIGHT ON ENTREPRENEURSHIP

June 2022

This Spotlight report series summarizes the preliminary findings from *The Imprint of Education*, a five-year longitudinal cohort study of African alumni of the Mastercard Foundation Scholars Program (from selected countries and cohorts) carried out by the Human Sciences Research Council. The findings presented here should be interpreted as a reflection of what has been found so far and is a work in progress. It is important to interpret these findings not as representative of the whole Scholar population, but rather of the specific study population.

The Mastercard Foundation Scholars Program is a network of universities and non-governmental organizations with a commitment to inclusive and relevant education. The Program provides young African leaders, especially those from under-resourced communities, with the knowledge and skills they need to transition into dignified and fulfilling livelihoods and contribute to the social and economic transformation of the African continent. A key outcome of the Scholars Program is to develop a

cohort of socially conscious, transformative leaders who both can and want to make a difference in their worlds. The Scholars Program seeks to make this a reality for secondary and tertiary students from marginalized communities whose academic talent exceeds their financial resources. By asking alumni to make their education count not only for themselves, but also to benefit their communities and wider society, the Scholars Program aims to develop a new generation of African leaders.

KEY STATISTICS

In 2020, **18% of secondary alumni and 38% of tertiary alumni** had started their own businesses. A year later most were continuing.

46% of tertiary alumni who had started a business had paid employees or paid family members.

29% of secondary alumni who had started a business had paid employees or paid family members.

73% of businesses were for profit.

45% of businesses are making a profit.

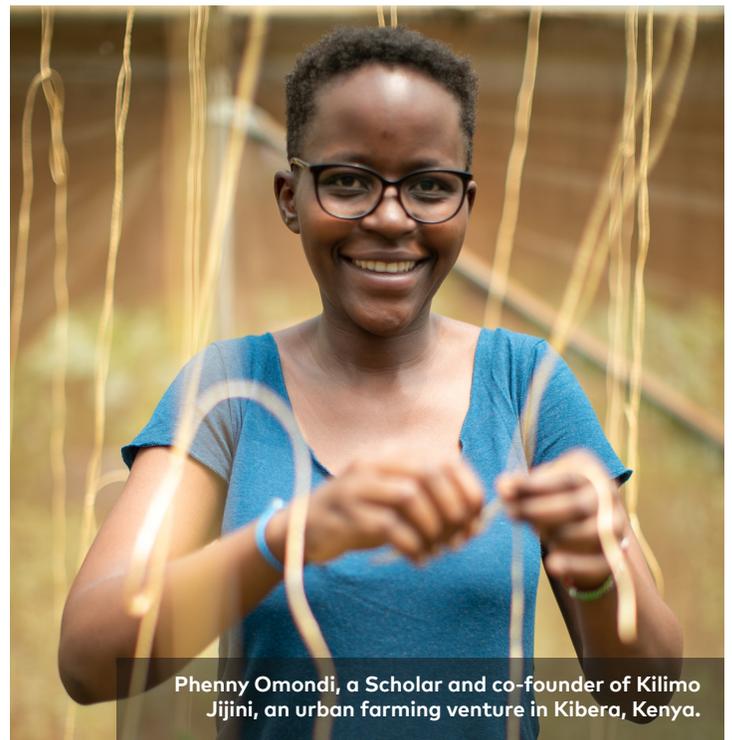
70% of alumni considered their businesses to be social enterprises.

ENTREPRENEURSHIP AND JOB CREATION

One of the guiding ideas of the Mastercard Foundation Scholars Program is that of the multiplier effect. A concept commonly used in economics, the multiplier effect happens when a singular input yields an output with a wide impact. In this instance, the provision of scholarships by the Scholars Program is the input while the envisaged output is alumni who include job creation and entrepreneurship in their career plans. This report presents an overview of findings from data collected in 2020 and 2021 on the entrepreneurship outcomes of the Mastercard Foundation Scholars Program. The first year of data collection focused on businesses alumni had started, how they had funded them, the reasons why they had started them, and whether they were able to create income for themselves and others. Using these insights, the second year of research explored alumni's understandings of entrepreneurship and the main drivers of their successes and failures.

More tertiary institution alumni than secondary school alumni had their own businesses in both the 2020 and 2021 Alumni Tracer Study surveys, with the majority of businesses tending to be informal. There was, however, a slight decrease in the

proportion of tertiary institution alumni who reported having started their own businesses: from 38% in 2020 to 35% in 2021. Amongst secondary school alumni, the proportion of those who had started businesses remained constant at 18% for both years.



Phenny Omondi, a Scholar and co-founder of Kilimo Jijini, an urban farming venture in Kibera, Kenya.

Credit: Intersect Productions Inc.

WHY BECOME AN ENTREPRENEUR?

These figures for young people starting their own businesses in their early (the average age in 2020 was 21 for secondary school alumni) and late twenties (27 for tertiary institution alumni) are particularly high. When tertiary alumni were asked in interviews why this might be so, many spoke of the fact that entrepreneurship was integral to the Mastercard Foundation Scholars Program experience, and that the Scholars Program had been intentional about both attracting and training people who actively sought solutions to problems and had the potential to become entrepreneurs. As one participant living outside of the African continent put it:

I'm not surprised [the figure is so high] ... The Mastercard [Foundation Scholars] Program has an entrepreneurship [component]. They prefer to select candidates who are doing something to help their communities. And also, once you get into the scholarship, you are given different opportunities to showcase your ideas and get support to build something.

(Participant 9, male, age 27, Diaspora, 2019 Scholar)

WHAT KINDS OF BUSINESSES WERE STARTED?

During interviews in 2020, tertiary institution alumni described in some depth the range of businesses that they had started. These included a food delivery app, a fashion clothing business, a barber shop, a mobile money business, a carwash, a yoghurt

manufacturing company, an online marketplace for vendors, two restaurants, two farms, a taxi service, e-commerce, a gaming business, technical support to farmers, and various social enterprises. Most of these ventures were still operational in 2021.

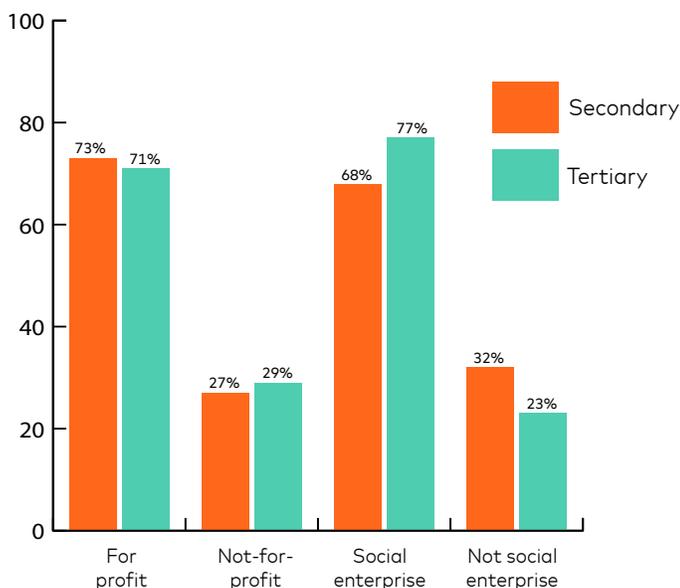


Figure 1: Type of business (N=1,540 secondary school alumni, n=155 tertiary institution alumni)

Source: 2020 Alumni Tracer Study wave 1 dataset

The Alumni Tracer Study survey in 2020 also asked a number of questions concerning the nature of the businesses started: whether for profit or not, and also whether a social enterprise. Figure 1 shows that most alumni chose to start for profit businesses (over 70%), compared to those who opted for not for profit. The proportion of those who started social enterprises was equally high, although somewhat more tertiary than secondary alumni categorized their businesses as social enterprises. The survey described a social enterprise as being "aimed at improving financial, social and environmental well-being for other people": clearly running a social enterprise and making a profit did not appear to be mutually exclusive. However, when asked whether their businesses were in fact making a profit 10% of tertiary alumni and 24% of secondary alumni

reported not knowing. Figure 2 shows responses regarding profit, with more secondary than tertiary alumni reporting that their businesses were making

a profit, about a third of both groups reporting they were breaking even, and 10% of secondary and 15% of tertiary alumni reporting making a loss.

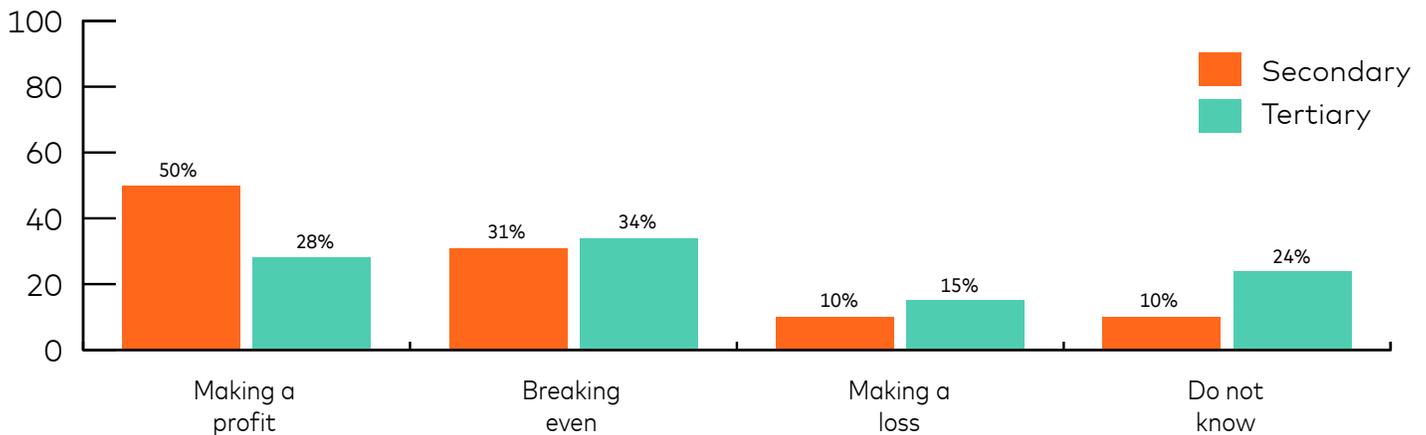


Figure 2: Business making profit, a loss, or breaking even (N=1,540 secondary school alumni, n=155 tertiary institution alumni)
Source: 2020 Alumni Tracer Study wave 1 dataset

WHO DO THESE BUSINESSES EMPLOY AND WHERE DID START-UP CAPITAL COME FROM?

In the 2020 survey secondary school alumni (Figure 3) indicated that they predominantly worked alone or with unpaid members of their family or friendship circles. Tertiary alumni had a range of paid employees, paid family members, and unpaid friends and family members. Both groups used a small number of volunteers in their endeavours.

In interviews, a number of tertiary alumni spoke of having started their businesses with other Mastercard Foundation Scholars Program peers while at university, or soon after leaving.

Most alumni relied on their own savings to begin their ventures (Figure 4). Other sources of funding included private loans, the Mastercard Foundation Scholars Entrepreneurship Fund (a fund launched in 2018 to help incubate scholar- and alumni-led social enterprises), and donations. Only very few reported accessing funding from government loans and investors. There was also a small number of alumni

who indicated they started their business without the need for funding.

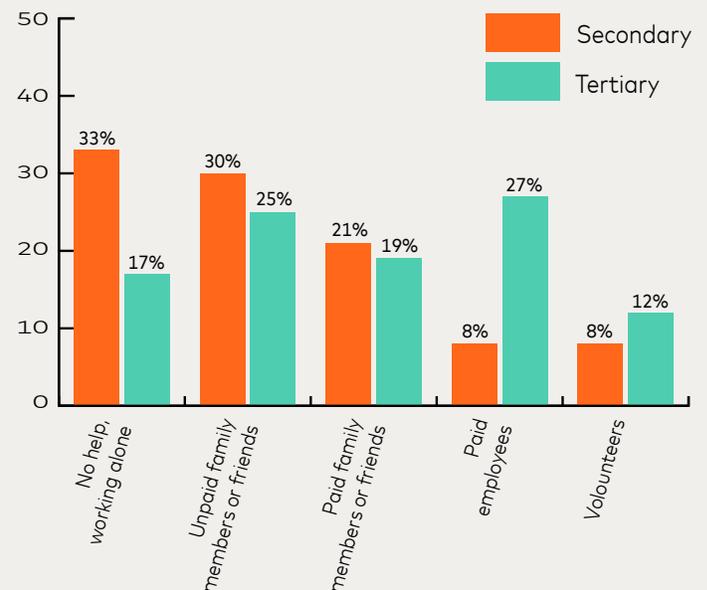


Figure 3: Type of people working with alumni in business (N=1,540 secondary school alumni, n=155 tertiary institution alumni)
Source: 2020 Alumni Tracer Study wave 1 dataset

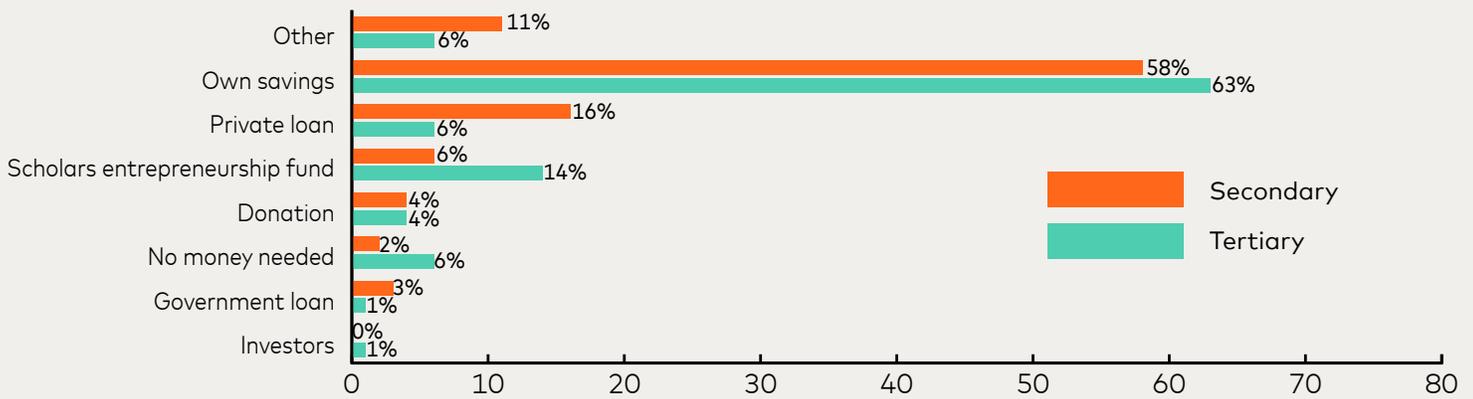


Figure 4: Main source of funds to start business (N=1,540 secondary school alumni, n=155 tertiary institution alumni)
 Source: 2020 Alumni Tracer Study wave 1 dataset

JOB CREATION FOR SELF AND OTHERS

When asked in the survey why they had started businesses, the main response was to make money either for themselves and/or for the benefit of others. But responses also revealed a more nuanced journey into entrepreneurship (Table 1) that included both necessity and opportunity. For some, not being able to find a job and needing to make money were key drivers; for others, seeing an opportunity in the market or being attracted by the promise of flexibility and independence in the workplace drew them to begin their own businesses.

These reasons were repeated in interviews but also included a strong desire to give back to communities and society, which alumni spoke of as being inculcated through their Scholars Program experience. As one participant in the South African cohort put it:

It's because of the way the programmes are set up. It's something that is really like drilled into you. If you see a problem and there isn't a solution to it, you can be the provider of that solution. (Participant 17, female, age 27, South Africa, 2017 Scholar)



Wayne Gakuo and Noella Kisembo alumni from Ashesi at the 2018 Baobab Summit, an annual convening for Scholars.

Credit: Shrvan Vidyarthi

While there were some changes between answers given in 2020 and 2021, the main difference was a change in secondary school alumni's reasons for starting a business, from "making money and helping others" to just "making money": 43% of secondary alumni gave making money as a primary reason in 2020, whereas in 2021 69% did so; conversely 23% gave "making money and helping others" as a reason in 2020 whereas only 6% gave this reason in 2021.

Table 1: Primary reason for starting a business

Alumni/ Year	Secondary		Tertiary	
	2020 (N=1,540)	2021 (N=1,487)	2020 (n=155)	2021 (n=210)
Primary Reason				
More Income	43%	69%	34%	28%
Flexible hours of work	6%	3%	3%	1%
Independence	15%	8%	8%	10%
Could not find a job	5%	4%	6%	5%
Make money & help people	23%	6%	32%	30%
Opportunity or space in the market	6%	5%	8%	7%
Had a good idea	3%	2%	8%	9%
Help people	N/A	2%	N/A	2%
Other	1%	1%	0%	9%

Sources: 2020 and 2021 Alumni Tracer Study wave 1 and wave 2

KEY TAKEAWAYS

The strong push from the entrepreneurial training and support provided by the Mastercard Foundation Scholars Program seems to have had a large impact on these alumni and has motivated many to start their own businesses. Many alumni expressed long-term entrepreneurial ambitions as they wanted to create a “ripple effect” to help others. Others were, however, motivated by the fear that they may not find jobs easily. Furthermore, the Scholars Program’s emphasis on giving back to communities and families also seems to drive the entrepreneurial spirit present in so many of these young graduates. While many businesses were still operating a year later, some had closed due to the challenges of the COVID-19 pandemic and funding constraints.

DIGGING DEEPER IN FUTURE RESEARCH

The trajectory and experiences of alumni who describe themselves as entrepreneurs will continue to be mapped over time. The ebbs and flows of business ventures will also be carefully documented: the challenges they face, the support they require, the points at which such support is required, and who would be best placed to support them. There is also a need to compare entrepreneurial ventures (whether for profit or as a social enterprise) with give-back projects to ascertain the extent to which they overlap, if at all, alongside alumni’s growing awareness of whether their businesses are making a profit or not, who they employ and how much or whether their employees are paid, and the nature of the work they have created. These factors will all be relevant to understanding the nature of the multiplier effect at work in alumni’s entrepreneurial ventures.

NOTES ON THE STUDY

The Imprint of Education longitudinal cohort study has a number of goals, one of which is to understand how Scholars Program alumni understand and practice entrepreneurship, using data gathered from three sources. The first is through a quantitative survey of alumni of both the secondary school and tertiary institution Mastercard Foundation Scholars Program from Ghana, Kenya, Rwanda, South Africa, Ethiopia, and Uganda who completed their studies between 2017 and 2020. Also included were tertiary scholars who studied abroad. A total of 1289 secondary school alumni (weighted to the population of 8,650 and represented by N) and 413 tertiary institution alumni (of a possible 839 for which records were available, represented by n) participated in the first round of the survey in 2020. In 2021 these same alumni were contacted

to confirm details and update some questions regarding their current pathways (N=8,381, and n=602). The second source of data comprises qualitative in-depth interviews conducted in 2020 and 2021 with 122 tertiary institution scholars who graduated between 2014 and 2020 with undergraduate or graduate degrees and who were recipients of Mastercard Foundation scholarships. These participants were drawn from the same six countries as is the case for the quantitative component of the study, as well as from those who studied abroad at partner institutions from anywhere on the continent (a group the study calls 'the Diaspora'). The third source of data was obtained through qualitative interviews with key informants from institutions and organizations that implemented the Scholars Program conducted in 2020.

THIS SPOTLIGHT PUBLICATION IS BASED ON THE FOLLOWING REPORTS:

Mahali, A., Swartz, S., Juan, A., and The Imprint of Education Research Team. The Imprint of Education Study: A Longitudinal Cohort Study of African Alumni of the Mastercard Foundation Scholars Program – Year 1 Research Report. Cape Town: Human Sciences Research Council, 2021.

Swartz, S., Mahali, A., Juan, A., and The Imprint of Education Research Team. The Imprint of Education Study: A Longitudinal Cohort Study of African Alumni of the Mastercard Foundation Scholars Program – Year 2 Research Report. Cape Town: Human Sciences Research Council, 2022.