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## Religious Beliefs and Entrepreneurial Behaviors in Africa: A Case Study of the Informal Sector in Uganda

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### ABSTRACT

Religion plays a major role in Africa's polity and its influence on the business landscape of the continent has been acknowledged in literature. This study contributes to the discourse by investigating and explaining how religious beliefs shape entrepreneurial behaviors in Uganda's informal sector. Using a qualitative methodology, we explored how entrepreneurs in the context use or adopt religious beliefs in their entrepreneurial activities. By spanning a diverse set of entrepreneurial activities in the informal sector – food vendors, fabricators, hawkers, and recyclers among others – we conducted 49 in-depth interviews. Our findings reveal that the entrepreneurs relied on their religious beliefs in defining and coping with a penurious context. Further to this, we explain how religious beliefs galvanize business behaviors and calibrate the entrepreneurial identities of respondents in the context. To facilitate future work, the study highlights how knowledge gaps in the cultural and social setup of the informal economy will produce new insights in entrepreneurship research. It concludes by guiding policymakers and educators to engage and involve faith-based institutions in the entrepreneurship promotion agenda.

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entrepreneurial behavior;  
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## Introduction

In severely resource-constrained environments, entrepreneurs often have to make decisions with incomplete information frequently relying on previous experience and social networks. The motivations of these entrepreneurs in such difficult circumstances are typically influenced by stimuli outside the scope of typical business support institutions. One such motivation is the use of internal belief systems such as religious beliefs to help realize entrepreneurial outcomes (Guiso et al., 2006; McCleary & Barro, 2006).

Modern management literature refers to the notions of 'religion', 'spirituality' and 'faith' as very distinct yet intricately intertwined concepts. Traditionally, as Penman (2012) argues, spirituality has often been linked with religion, but more contemporary views of spirituality are generally humanistic and secular. Markow and Kelnke (2005), for instance, observed that there are more than seventy definitions of spirituality central to which is belief in a transcendent being often towards finding a higher purpose in life

(Barker, 1995; Bullis, 1996; Netting, Thibault, & Ellor, 1990). Religion on the other hand is often conceptualized as belief in an organized set of practices and ethics within a faith community (Joseph, 1988; Furman & Chandy, 1994; Cascio, 1998; Gotterer, 2001). Whilst both concepts may directly or indirectly refer to belief or faith in a supernatural entity, religion offers a defined framework within which belief is practiced but spirituality does not. Both notions are equally relevant and significant in the context of this study, as religiosity and spirituality are deeply ingrained in Africa (Paris, 1995) to the extent that it is for many people the *modus operandi* and *raison d'être* for their lives (Ngunjiri, 2010). Therefore, given this sophisticated and almost inseparable link between religion and spirituality, this study adopts religion and religious beliefs as umbrella terms to imply spirituality as well.

Religious beliefs are rarely privileged in the study of entrepreneurship despite their social and symbolic power (Dodd & Gotsis, 2007). Particularly in Africa, the influence and role of religion in the meaning-making of entrepreneurs cannot be ignored in fully understanding the prevailing entrepreneurial mindset in the context. For instance, studies have shown that even when expectations are not rationally justified (*from rational expectations theory: people make choices based on their rational outlook, available information and past experiences*), entrepreneurs tend to expect positive outcomes. One reason often ascribed to this is the belief that the transcendent is able to affect the course of outcomes. Reid, Roumpi and O'Leary-Kelly (2015) highlighted how women entrepreneurs invoked spirituality when they faced personal and work-related challenges. Other studies have shown that religious beliefs have an important role in shaping individual occupational decision-making and the institutional environment (Audretsch, Bönte, & Tamvada, 2013). Studies have also related faith-based identity, faith-induced practices, faith-filled vision and faith-inspired cognitions in realizing entrepreneurial outcomes (Judge & Douglas, 2013).

However, what is absent from this body of research is how and why these variables translate into entrepreneurial behavior. We know relatively little about the role of religious values and practices that underpin our beliefs on broader social processes especially within the African context (Tracey, 2012). Therefore, this study seeks to answer the research question: 'How do religious beliefs shape entrepreneurial behaviors?' Answering this question provides a more holistic interpretation of entrepreneurial behaviors within the African context. Furthermore, answering this research question extends the literature on entrepreneurial motivations through explaining this as a cultural influence on entrepreneurial behavior.

## Religion and Entrepreneurship: A Review of the Literature

The influence of spirituality and religion within the field of entrepreneurship has been attracting increased scholarly attention (Candland 2000; Fernando 2007; Dana 2010; Tracey, 2012; Reid et al., 2015). The intersection of both concepts provides insights into how entrepreneurs' awareness of their personal, spiritual or religious values impact their business activities. A comprehensive review by Balog, Baker and Walker (2013) identified that the religious or spiritual values of entrepreneurs influence their motivation and attitudes towards entrepreneurship, responsible business behavior, psychological wellbeing and overall performance (such as profitability, sales turnover). Religion has also been ascribed to transcend the individual level of impact to the organizational level including organization culture (e.g. having morning prayers at work), socio-cultural environment

(observing religious holidays and festivities) and personal networks (choice of business partners) (Ibrahim & Angelidis, 2005; Silk, 2007; Baron, 2008).

Interestingly also, spirituality is often linked to how entrepreneurs make sense of the entrepreneurial process, such as opportunity recognition, new venture creation, as well as the operation and growth of their businesses (Dana, 2009; Balog, Baker, & Walker, 2013). Rietveld and Van Burg (2014), in a study on the role of religious beliefs in entrepreneurship among Dutch protestants, found that typical protestant employees construed their occupation as a calling from God and perceived it as a duty to add value to society. Studies looking into the role of religion and spirituality in the entrepreneurial practices among Africans in the diaspora have also shown that the 'church' plays a significant role in shaping the entrepreneurial beliefs of their members (Nwankwo, Gbadamosi, & Ojo, 2012). These studies indicate that research on the relation between religion and entrepreneurship is instrumental in explaining the engagement of people in entrepreneurship. In this paper, we argue that entrepreneurs rely on religious and spiritual resources for clarity and certitude in their entrepreneurial pursuits.

In the African context, the role spirituality and religion play in the sense-making of entrepreneurs has also been documented. In a study on female entrepreneurs in Ghana by Reid et al. (2015) it was found that respondents used four key 'expressions of spirituality' in relation to their businesses namely: faith as verbal practice, faith as a coping tool, faith as an instrument tool and faith as God's direct guidance (Reid et al., 2015, p. 10). Whilst the use of religious phrases in everyday language speaks to the wider sociological connotation ascribed to religion in the African context, its deployment as a 'tool' in the successful running of enterprises implies it is not simply an 'add-on' but an essential foundational value to starting and running businesses successfully (Kinjerski & Skrypnek, 2004; Morris & Schindehutte, 2005). Furthermore, given the permeable boundaries between religion and other areas of life in the African context, spirituality is easily deployed into sense-making in the entrepreneurial process. For instance, recognizing a new business opportunity could be interpreted as God's direct guidance, as much as in addressing challenges faced in the areas of business, family, finance and human relations, the God-factor is often invoked as a means of appeasing anxieties and allaying fears (Reid et al., 2015). God is also often considered a resource provider in starting and scaling businesses. Therefore, in a context known for its institutional voids and frailties, belief in a transcendent being is considered an essential tool for navigating the tough economic landscape. Even though it has been noted that others operating in more supportive institutional environment also depend on religiosity, their extent and use is less pervasive. It is the disabling environment that drives/stimulates the use of religiosity in business.

In this study, we attempt to contribute to the existing discourse on the role of religion in entrepreneurship in Africa by looking at the Ugandan context. We build upon the work of Reid et al. (2015) in attempting to review how entrepreneurs within the context leverage their religious values and beliefs in making sense of their entrepreneurial journeys which ultimately shapes their entrepreneurial behaviors as well.

### ***Informality and the Research Context***

Welter et al. (2017) caution that when we narrow our view of entrepreneurship by focusing on the 'valorized' (e.g. growth oriented, opportunity based, innovator, formal) and discard

the 'disparaged' (e.g. necessity based, informal, small business, imitator) perspectives, then entrepreneurship in some spaces will not be explored or understood. Moreover, Kiggundu (2002) showed that in Africa, a relatively understudied context, entrepreneurship is examined within the informal and formal sectors, around the individual entrepreneur, small and medium enterprises (SMEs), and family businesses, among other forms.

In support of studying entrepreneurship outside strictly set boundaries, it has been argued that 'given the context that Africa provides, which is one of a resource munificent environment steeped in a post-colonial setting with poverty and authoritarian governments, with recent sparks of reforms and progress, there would be the expectation that new theoretical contributions could emerge' (Devine & Kiggundu, 2016, p. 367). Studies that have incorporated these nuances have provided richer understandings of entrepreneurship behavior. For example, Vermeire and Bruton (2016) showed how religious beliefs help entrepreneurs cope with uncertainties and that failing to create opportunities pulls entrepreneurs back into poverty. As such, exploring the informal sector has the potential to color our perspectives of entrepreneurship within the continent and in the wider body of literature.

Informality, though not unique to sub-Saharan Africa, greatly defines the features of entrepreneurial activity in Africa (Schneider, 2005; Webb et al., 2009). Arguably, informality is not criminal activity but rather a market-based legal production of goods and services that is deliberately concealed from public authorities for reasons such as taxation and administrative regulation (Schneider, 2005). The final products are legitimate (Khavul & Bruton, 2009), albeit that the production and distribution may be illicit (Portes, Guarnizo, & Haller, 2002). A more nuanced term is economic informality, which is entrepreneurial activity existing within informal institutions, but outside formal institutional boundaries (Webb et al., 2009). The latter can be represented by laws and regulations and the former by any norms and values that are accepted by or benefit large groups in society.

Sub-Saharan Africa possesses a rich cultural mosaic underscored by political and economic challenges (Kuada, 2010). Most enterprises in sub-Saharan Africa are micro with less than five employees (Fafchamps, 1996), unregistered or unlicensed, and typically do not pay taxes (Pretes, 2002). There is therefore high economic informality (Khavul & Bruton, 2009).

The lack of legal protection for participants in the informal economy spurs innovative strategies for self-protection and survival. Astute methods of operation such as pluriactivity (Rosa et al., 2006) or an octopus form of organization (Kiggundu, 2001; 2002) are adopted. Entrepreneurs mitigate risk by having several small businesses as opposed to concentrating on growing one core business. In some cases, entrepreneurs deliberately compromise professionalism (Khavul et al., 2009) by using substandard factors of production, or devise operational technologies in order to survive at the expense of growth. Economic rationality is not usually sufficient to explain the behavior of an entrepreneur in an African context, where there is deep embeddedness with spiritual, family and personal networks and many activities are highly informal.

This study was conducted in Uganda. Uganda is a low-income country in sub-Saharan Africa that has a GDP per capita of 675.6 USD, with 19.5% of the population living below the poverty line of one dollar per day (World Development Indicators, 2016). Uganda has a substantial informal sector (Spring & Rutashobya, 2009) that makes a significant contribution to its economic development. The informal sector is not only large but is also

the fastest growing sector in Uganda. It constitutes 43% of the total economy, employs 70% of the labor force and contributes over 50% of GDP (Cities, Alliance, 2017; UBOS, 2014). There are long and cumbersome administrative hurdles to business registration and licensing underscored by high related costs. Uganda has a bureaucratic system that ranks the country 99th in the world, with weak institutional structures and high corruption rates, with a ranking of 19 out of 25 in Africa (Lopez-Carlos, 2006). Many entrepreneurs operate in the informal economy and remain unregistered, thereby avoiding government sanctions (Khavul et al., 2009) but experiencing long-term disadvantages that limit wealth creation. In this study, we illuminate how beliefs shape entrepreneurial behavior in a largely informal setting.

### *Religion and Spirituality in Uganda*

Traditionally, Uganda like most African societies was organized around tribal groupings where members shared common cultures and beliefs. The societies always believed in some form of supernatural being that was responsible for socio-economic wellbeing. The gods ranged from naturally occurring physical structures such as lakes, mountains and trees to spirits that were evoked through intercession with witch doctors. Traditional African beliefs were associated with economic activity/benefit, wellbeing and success.

The first foreign group to introduce religion in Uganda were the Muslim clerics who arrived as early as 1844. While these individuals sought trade partners, they informally converted a number of individuals to Islam. They were followed by Christian missionaries: Anglicans in 1878 and Catholics in 1879. In addition to spreading Christianity, the missionaries fostered the sense of barter trade that eventually took root between the colonialists and the natives. The missionaries also promoted the growth of cash crops such as coffee and cotton that not only introduced large numbers of the population to the cash economy but also supplied the British industrialists with these raw materials.

Today Uganda is a predominantly Christian society with up to 84% of the population Christians (UBOS, 2014). There has also been an accelerated growth of the Pentecostal sub-sect that make up almost 11% of the population. The Pentecostal and born-again movement have further enabled the spread of religious teachings to the most remote areas in the country.

It is commonplace for business owners to practice business according to his/her religious principles. This is evidenced by hiring people from one's faith, crafting missions according to one's religion, labelling products or services based on religious terms and associating the business with activities of the religion they subscribe to such as funding charity activities. Religious institutions and faith-based organizations are spread all over the country and are involved in a wide range of activities including education, health and other civic duties. Their print on administrative, economic and political activity is significant. These beliefs play a role in entrepreneurial activity.

### **Method**

This study adopted a qualitative methodology in exploring how beliefs shape entrepreneurial behavior in the informal sector of Africa. Additionally, the study sought to reveal interesting features of the context and the phenomenon being investigated. Forty-nine

(49) interviews were conducted amongst entrepreneurs operating in the informal sector in Uganda. All entrepreneurs were involved in different business activities, but their phases of development and nature of activity varied significantly. Some were running micro enterprises, while others were involved in small business activities. A very few owned medium-sized enterprises that had initiated as startups.

This study incorporates the findings of three separate studies that were conducted in informal settings. One study reviewed behavior of entrepreneurs when resources are extremely constrained, the second study explored how women with disabilities managed to sustain their ventures and the third study investigated how sustainable enterprises use effectual processes to circumvent resource scarcity. In the separate studies, it was highlighted that religiosity was a significant molder of entrepreneurial behavior. So, through the triangulation of data from the various sources, this study explored how religiosity was being used in the context of the informal sector in Uganda.

### ***Identification of the Sample***

Uganda is one of the most entrepreneurial countries in the world, with one in every three people starting a business (Dawa, Balunywa, Namatovu, Orobia, Kyejusa, & Ntamu, 2014). However, the majority of enterprises in Uganda are small and do not employ anybody and, as such, they tend to remain small and informal (African Development Bank, 2013). Therefore, to gain access to the entrepreneurs we often moved to known informal settings and reached out to entrepreneurs. Informality was characterized as:

... self-employed or salaried workers in small, precarious firms without a signed contract in compliance with labor regulations, and without access to protection against health and unemployment shocks, to savings for old age, to employment protection and to labor related benefits. They are mostly unskilled and operating in low productivity jobs, in marginal, small scale and often family-based activities. (Gaspirini & Tornarolli, 2007, p. 1)

In developing our sample, we used the following criteria:

1. The entrepreneur needed to have started a business
2. They had to be managing the business.
3. They had to be 'typical' businesses in the informal sector, such as metal fabrication, food vending, hawking, trade, art and crafts among others.
4. They had to be willing to participate in the study and available for a face-to-face interview.

### ***Interview Protocol***

Data was collected through semi-structured face-to-face interviews. The data was collected in Kampala by three of the authors working along with three research assistants. This was done over a total of 60 days. The interviews were led by the authors and the research assistants provided support in observing the interview protocol such as gaining consent and recording the interviews. The research assistants received training in respondent confidentiality and practices of conducting a good interview. The length of the interviews ranged from 45 minutes to 90 minutes. In addition, all members of

the research team took field notes. The respondents were informed about the significance of anonymity and confidentiality of information and they were asked for permission for the research team to audio record the interviews and take notes during them. The audio recorded interviews were transcribed into written text by the research assistants.

Typically, all interviews started with stating the broad purpose of the study and by obtaining background information from the respondents, such as age, education and other details. The interview protocol consisted primarily of open ended-questions that required the respondents to describe their entrepreneurial journey. The first main set of questions inquired about the business (e.g. where had the idea come from, barriers and enablers of business during the different phases of development, and how they overcome barriers in the business and the environment). The narrations of the respondents alluded to the importance of faith, religion and beliefs in their entrepreneurial journey. This inspired the researchers to probe the subject further. The interviews were mostly conducted in Luganda.

The next set of questions inquired about the status of the business. Specifically, participants were asked to describe their business activity, number of employees, ownership, customers and competitors. The third section of the interview focused on the environment of the business and how it deterred or encouraged entrepreneurship. The last section was largely about the future plans of the entrepreneur. Sample questions included: What are your business aspirations? How will your personal/business aspirations survive the environmental challenges? All interviews ended with an expression of gratitude for participation and respondents were given an opportunity to ask any further questions they had about the study.

The above described interview protocol generally guided how the interviews were conducted. However, like many other qualitative studies, adjustments and re-organization did occur *in situ*. Eisenhardt (1989) argues that, that is acceptable because the natural flow of the conversation provides more interesting interviews. As such, there were some questions that spurred the participants and, therefore, at that stage, adjustments were made to the interview protocol. The researchers met often to talk about their independent fieldwork experiences and through these interactions it was revealed that religious beliefs were significant in the participants' entrepreneurial journey. The researchers found this interesting and thus probed further into the issue of religious beliefs in subsequent interviews.

### **Description of the Sample**

The participants had varied demographic characteristics. The largest proportion of the respondents (75%) were female. Women mainly operate in the informal economy because they are less likely to meet formal sector requirements. Eighty-four percent (84%) of employed women in sub-Saharan Africa are in the informal sector (Benjamin, Beegle, Recanatini, & Santini, 2014). The average time participants had operated their business was 13 years, with a range between 2 to 60 years. The enterprises were of varied sizes, ranging from one owner with zero employees to an owner with up to 30 employees. The majority of the participants referred to religious beliefs using significant words like God, Jesus, Allah, Holy Spirit, etc. Most of the respondents operated their ventures in the designated informal townships of Kampala, such Katwe, Kawempe, Owino and

Kamwokya. They had a wide variety of business activities, including metal fabrication, trade, charcoal stove making and small food stalls. Refer to [Table 1](#) for a detailed overview of the sample.

## Coding

The data collected by the different researchers, including the field notes, were transformed into a single folder. Then each case was read to extract quotes that expressed, referred to or inferred religion, religious beliefs or spirituality. The extracted quotes then created a new data set. The data were then coded inductively. We had a priori tentative specifications, such as opportunity identification and support role, but we also allowed the data to drive the coding process. The process began with three of the authors jointly identifying the quotes that expressed, referred to or inferred faith and myths. The authors had an extensive discussion about the possible research questions that the data could address. One author led the coding process and had extensive discussions with the rest of the authors as the coding went on. In order to attain dialogical inter-subjectivity, these meetings were held weekly (Kvale 1994, Gillespie et al., 2010). They were thus crucial in addressing the issue of reliability in qualitative research, because they promoted dialectical discourse and augmentation amongst the authors. The meetings allowed the coder to explain the codes in the transcribed sections, from which others critiqued or sought clarity. Codes were adopted only when at least three of the four authors agreed on them. The outcome of the coding process was 100 codes which were classified into 11 broad categories: (Challenges, Childhood recollection, Disadvantage, Decision-making, Growth aspiration, Market expansion, Motivation, Perseverance, Personality, Practices and Providing role). The transcripts were organized and analyzed using Atlas ti software (Friese, 2014).

## Analysis

Analyzing qualitative data has challenges, such as jumping to conclusions, disregarding disconfirming evidence and anything-goes interpretation (Gephart, 2004; Suddaby 2006). Our study avoided such challenges by adopting the Gioia framework for analysis (Gioia & Chittipeddi, 1991; Gioia & Thomas, 1994; Corley & Gioia, 2004). The main focus of the Gioia framework is to show that much of the world with which we deal is socially constructed, and therefore studying it requires the researcher to capture the '(a) meaning for the people living that experience and (b) social scientific theorizing about that experience' (Gehman et al., 2018, p. 286). Gioia's framework was motivated by the need for a systematic methodology for inductive research to demonstrate rigor and scientific advancement in qualitative research (Gioia, Corley, & Hamilton, 2013). This approach allows for a systematic presentation of both first order analysis resulting from informant-centric terms or codes and second order analysis based on researcher-centric concepts, themes and dimensions (Gehman et al., 2018).

We deemed this framework suitable because it captures the phenomenon (religion/faith/ beliefs) as given by the participants. Of course, we did not work through this framework rigidly. But, essentially, we aimed at having a data structure to explain how faith, religion and beliefs influence entrepreneurial behavior. This analytical method was useful in

**Table 1.** Sample description.

Gender of entrepreneur	Nature of business	Number of permanent employees	Years in operation	Main outputs	Business location	Belief expressions
Male	Sustainable tourism firm	6	2	Tours	Namboole	God
Female	Fashion and household accessories from used drinking straws	5	8	Mats, shoes, belts	Kinawataka	Holy Spirit, Roman Catholic, Vision
Female	Efficient energy cooking stoves and briquettes	4	9	Energy saving stoves, briquettes	Kasubi	Jesus, God, Church
Female	Solar stoves	5	6	Solar stoves, chicken brooders, ovens	Rubaga	Church, God, Prayer
Male	Biodegradable affordable sanitary towels	7	8	Sanitary pads, incinerators	Kawempe	Bible, God
Male	Tree farmer	8	17	Saw logs		God
Male	Fish farmer	1	4	Fish	Makerere	Allah
Female	Charcoal trader	1	20	Charcoal		God
Female	Retail	0	5	Clothes	Owino	God
Female	Trader	0	4	Imported bags	Nakawa	God
Female	Trader	0	10	Food and farming	Makindye	God
Female	Street vendor	0	4	Charcoal	Mbuya	Allah
Female	Trader	0	8	Shoes and farming	New Park	God
Female	Poultry	0	4	Eggs & chicken	Kireka	God
Female	Market vendor	0	38	Matooke (bananas)	Kireka	God
Female	Art and Crafts	0	25	African crafts	Kireka	God
Female	Tailor	0	10	Tailor-made clothes	Kireka	Jesus, Holy Spirit
Female	Restaurant	5	11	Food	Nakawa	God
Female	Tailor	0	4	Tailor-made clothes	Kireka	Jesus
Female	Nursery school	6	4	Education	Mbuya	God
Female	Laundry and baby-sitting	0	4	Clean clothes	Mbuya	God
Female	Food processing	0	8	Food	Kireka	God
Female	Rosary making	0	16	Rosary	Makindye	God Mother Mary,
Female	Retail store	1	20	Groceries	Kireka	God
Female	Trader	0	10	Food	Mbuya	God
Female	Market vendor	0	10	Fresh foods	Mbuya	Jesus, Born again
Female	Market vendor	0	18	Fresh foods	Zana	God
Female	Weaving	0	4	Handmade sweaters	Kireka	God
Female	Crocheting	0	4	Table clothes	Ndejje	God
Female	Food processing	0	4	Roasted maize	Ndejje	God
Female	Food processing	0	10	Food	Nakawa	God
Female	Local bar	2	4	Locally brewed alcohol	Mbuya	Faith
Female	Street vendor	0	4	Fresh foods	Mbuya	Jesus, Born again
Female	Charcoal vendor	0	8	Charcoal	Mbuya	Allah, gods
Female	Retail store	2	6	Groceries	Makerere	God
Female	Retail store	0	14	Groceries	Makerere	God

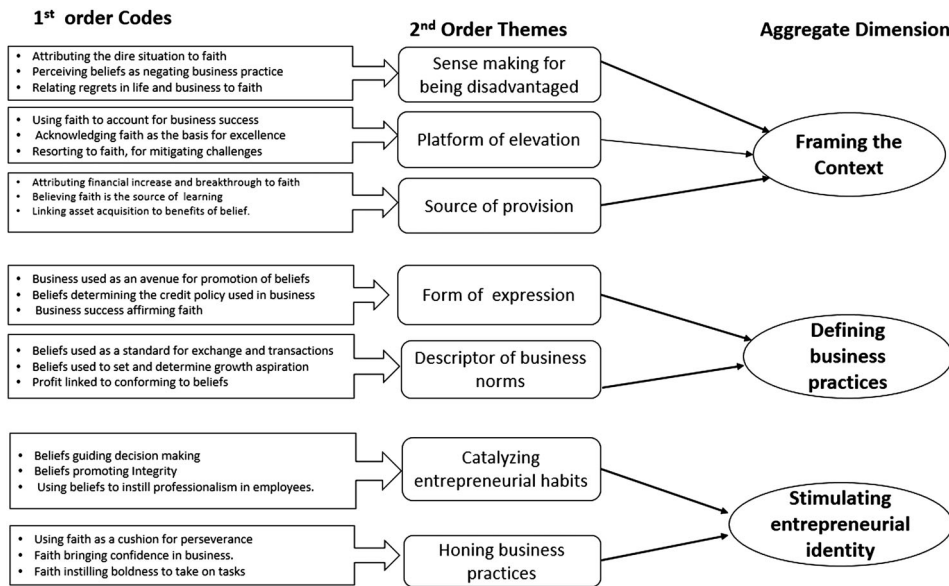
*(Continued)*

**Table 1.** Continued.

Gender of entrepreneur	Nature of business	Number of permanent employees	Years in operation	Main outputs	Business location	Belief expressions
Female	Canteen (Kiosk)	2	5	Snacks and tea	Ntinda	Faith, Anglican
Female	Retail store	0	11	Groceries	Makerere	Church
Female	Weaving	0	9	Scarfs	Ntinda	Jesus
Female	Canteen (Kiosk)	1	10	Snacks and tea	Namirembe	Faith
Female	Trader	0	7	Clothes	Park	God
Male	Welder	6	16	House fittings: windows, doors	Kawempe	God
Male	Fabricator and importer	12	60	Home appliances and agro machinery	Katwe	Allah
Male	Welder and mechanic	1	28	Mufflers and exhaust pipes	Kisenyi	God
Male	Welder and trader	3	8	Second-hand food processing equipment repair	Kisenyi	God, prayer,
Male	Machinist	1	14	Factory equipment and machines	Kisenyi	God
Male	Welder	3	15	House fittings: windows, doors	Kibuye	God
Male	Foundry specialist	28	54	Agro processing machinery	Katwe	God, Christ
Male	Blacksmith	0	27	Charcoal stoves	Owino	gods, forefathers

providing a systematic overview of our thinking before we presented any theoretical explanations. So, we had 1st order, 2nd order codes and aggregate dimensions. We adopted an inductive analysis because we assumed that participants in the study are 'knowledgeable agents' who can explain their thoughts, emotions, intentions and actions. So, the 1st order codes, basically foregrounded their views and the 2nd order codes were our (researchers') concepts or themes as inspired from the literature. Then the aggregate dimensions showed how the 2nd order codes are linked. The ultimate aim was to develop an interpretive theory. Refer to [Figure 1](#) for the data structure of beliefs shaping entrepreneurial behavior.

During the fieldwork, respondents often referred to faith, religious beliefs, cultural beliefs and traditions. Therefore, additional analysis was done to explore the role of religious beliefs in the entrepreneurial behavior of the participants. We ensured that we had identified all the possible references to beliefs in our initial coding by conducting a word search in Atlas ti. using 20 religious-belief related words. (e.g. *Holy spirit, Bible, God, Jesus, Angel, blessing, church, ministry, calling, mosque, Allah, traditional healer, spirits, jajas, jujus, witchcraft*). A total of 52 interviews were identified as having used at least one of the terms listed. However, in three of these interviews reference to religion and spirituality was not related to the individual or business context but was rather a general mention. (e.g. we are near a mosque, saved people don't believe in my work). These were not included in the study. Then two authors conducted an in-depth content



**Figure 1.** Data structure; religious beliefs shaping entrepreneurial behavior.

analysis of the text of 49 interviews that included at least one of the belief-related references. They independently coded these expressions and discussed each coded passage until consensus was reached. The outcome of this coding revealed the context and behavior that was attributed to religious beliefs.

## Results

The coding highlighted three major themes, i.e. framing the business context, defining business practices and stimulating entrepreneurial identity. We explain each theme below.

### *Framing the business context*

We explored the context within which religious beliefs were framed among the participants. Our understanding of the settings in which the various belief expressions were attributed by the entrepreneurs in informal enterprises was derived from 1st order and 2nd order codes as shown in Figure 1. The analysis established three meta constructs that display how religious beliefs are constructed by the informal sector entrepreneurs in this study as follows: a) sense-making for being disadvantaged; b) platform for elevation; and c) source of provision. The participants' business contexts were framed by their religious beliefs.

### *Belief as a sense-making tool for being disadvantaged*

The participants attributed their business and personal disadvantages to belief. They argued that current and previous prejudices were a result of 'beliefs'. A number of the women entrepreneurs with disabilities expressed that their personal prejudices and hindrances were due to 'beliefs'. Their explanation of the social stigma (such as discrimination

and disrespect) and inadequate support (such as inability to get help in business) was because they felt beliefs had predestined them to be as such.

*I am a woman. I never wanted to be a disabled person but maybe that is how God planned it to be upon my life.*

*There is no one in this area that sells charcoal apart from me so I wondered why people were bewitching me ... Many people have discouraged me ... saying I will not manage working from this place.*

The business challenges that were attributed to beliefs were in accordance to the predicaments that entrepreneurs faced while conducting business. These related to either failure to make profits in a business transaction or regulatory enforcement that dictated the change in business products or location.

*Then we were chased away from the first location where business was booming, that was a blow, up to now, I don't know why God did it.*

*But of course it not easy, this is a Muslim family, every child has a different mother moreover, I'm one of the young ones, so it was challenging ... my brothers would intercept customers and down cut my prices.*

### **Platform for elevation**

However, other entrepreneurs were more positive in their outlook and perceived beliefs as a platform for elevation. They attributed most of their business or personal achievements to beliefs. While the meaning and extent of success varied for many of the entrepreneurs, they expressed it as a level of contentment.

*She mistreated me and reached an extent of trying to poison me, but God helped and I became what I am today.*

*I'm a faithful Roman Catholic, the Holy Spirit has made me successful in what I do.*

These accounts were mainly made regarding the entrepreneur's life. In business terms, religion was highlighted as a key resource that supported idea generation, business skills development and decision-making.

*I have a poor peasant background and therefore my being genius or innovative is attributed to God.*

*We believe that God is there; he is the reason we live, so he gives us the wisdom, he gives us the life that we breathe, he gives us everything ...*

### **A source of provision**

Another common perception to beliefs was that it was a source of provision. The entrepreneurs in the informal setting were generally mindful of the fact they their space was less privileged. So, their ability to be better than those around them was perceived as an achievement. Their reference to beliefs as a provider was highlighted with a sense of gratitude. This view was used in reference to mainly their business activity.

*God helped me to get capital and when I started this business. I managed to get money and look after my children, I pay for their school fees and buy food at home.*

*It's like God gives you that one extra talent naturally. I didn't study, naturally I think I can market something and convince someone to buy something.*

*God loves me ... we have been able to get these things, that fridge has boosted me a lot and even customers that keep coming from these neighboring university and church ...*

### **Defining Business Practice**

Beliefs were highlighted as defining business practices. The entrepreneurs explained that the manner in which they did business was triggered by their faith. This was evident in the various stages that their ventures had been through. That is, some practices were crucial for the ideation phase while others were useful for the implementation and survival of their ventures. We found that beliefs defined business practices in two ways: as a form of expression and a descriptor of business norms (see [Figure 1](#)).

The entrepreneurs referred to their beliefs as having caused them to engage in a particular type of business. This view implies that they would ordinarily not opt to engage in business had they not had the beliefs they possessed. Their beliefs are thus expressed through their business activity

*I get a little [minimal profits] but I know God wants me here and I am serving God and I am doing God's will so that confidence is in me.*

*My business has helped me to spread the gospel, when people buy the rosaries and pray with them, they get close to their God. This is helping the whole mission of God.*

The other aspect of defining business practice was the view that beliefs were descriptors of business norms. Therefore, beliefs determined the norms and customs of conducting business activities, for instance, the credit policies they used, the choice of customers or markets to interact with and their attitudes to business success. In general, these fundamental business functions were anchored in the entrepreneurs' beliefs.

*When I have a debtor that is really bothering me and he is not telling me the truth, I say God deal with him because I really need my money and God has come through for me. God makes them pay when I need my money. So yes, he has made me who I am in business today.*

*I have learnt that people don't want to see others prospering. So I never sell goods on credit. I make exceptions after seeking God to guide me. Or when God specifically tells me to sell on credit to some people.*

### **Stimulating entrepreneurial identity**

Entrepreneurship is known to occur in situations where risks and opportunities are not clearly defined. While it is typical that the entrepreneur gathers a lot of information, analyses situations and could consult many stakeholders before making a major decision, in the cases in this study the entrepreneurs opted to seek guidance from the supernatural. Religious beliefs in these circumstances provided the necessary impetus for them to form and manage a venture because they are believed to stimulate entrepreneurial identity. Our findings portray a smooth link between how the stimulated entrepreneurial identity determines business norms and practices. Stimulating entrepreneurial identity was expressed in a twofold manner: a) by catalyzing entrepreneurial habits; and b) through honing business traits as shown in [Figure 1](#).

In catalyzing entrepreneurial habits, the respondents revealed that their business formation and practices were based on their beliefs. For example, they relied on beliefs to make major decisions, expressed in comments such as: *'I was waiting to hear God's view on the issue, or when it was confirmed in my spirit, I was ready to act.'* What is portrayed is that entrepreneurial or business personalities were realized or confirmed from beliefs: *'Basically you need to have these Christian values as you do business.'*

Additionally, innovative ideas were authenticated by belief in God. As one respondent stated:

*That's definitely God's intervention for someone to be able to innovate a product from a material which has been there for centuries. Remember Moses from the Bible; he was actually in a basket made out of papyrus.*

Thus, the rejuvenated or re-born entrepreneurial habits (entrepreneurial habit catalyst) reinforced their desire to express themselves as entrepreneurs with belief (forms of expression):

*I have never done anything in my life without consulting God and actually he is the only reason I am who I am today and even when things start to be hard, I ask him, have you left me? God is primary, everybody else is secondary.*

*But within the night ... I came to my senses and I said God if you desire that I will be teaching children and that is your plan for me, okay Lord I accept, just like that and the big thing on my heart rolled and fell off and I gained peace and I went down and sleep took me immediately.*

The respondents indicated that their abilities as entrepreneurs were refined by their beliefs (honing business practices). This attribute emphasizes the rationale that beliefs were used to define business norms and customs (descriptor of business norms). There were testimonies of how boldness and confidence in starting and maintaining ventures were invigorated by faith. Confidence is an external manifestation of one's perception of self-worth. It is a reflection of one's faith in one's abilities. Confidence is important for entrepreneurs, who have nothing other than their own resources to fall back on. Confidence is not only important in making the decision to engage in entrepreneurship; it is also important in the acquisition of resources and the seeking of markets. Entrepreneurs must have confidence in their products and their production processes to deliver outputs that will satisfy their intended markets. This confidence manifested itself in the respondents' ability to learn and to execute entrepreneurial tasks:

*It is God who gave me that confidence because he spoke, remember? God didn't want me to just sit there and wait for support. He directed to me to start this business. When he directs you, you are sure that he will work with you and all will be well.*

*People call me jaja; I have a special skill as a traditional healer. Now I'm being consulted to make cultural family planning methods for women. My version will not have side effects; it will have powers from my forefathers.*

Another common argument was that beliefs fueled a drive for perseverance in business. Dealing with hardships is an unavoidable part of the entrepreneurial journey. The turbulence in informal settings eliminates potential and present entrepreneurs. Having to deal with a number of individuals and institutions, the entrepreneur's path is paved with uncertainties of different types. Therefore, perseverance can equip the entrepreneur with the

tenacity needed to overcome volatility. Religious beliefs set high levels of perseverance. Entrepreneurs have to bear circumstances that are uniquely challenging compared with those one would encounter in formal employment. Moreover, the volatility in an informal and resource-constrained environment is rapid and frequent.

*However tough it gets; I am sure that my God will be there for me. Every business owner must be strong because there is nothing that happens without God knowing it. I advise them to be strong in whatever circumstances.*

*My salvation teaches me to bear burdens because God will deliver me. Even while I suffered those setbacks I knew with God on my side I would succeed.*

The above quotes show that regardless of the unbearable circumstances, the entrepreneurs were able to work towards achieving their aims. Beliefs provided the ability for sustained action in the face of hardships among other things.

## Discussion

Our findings suggest that religious beliefs are critical to the sense-making of entrepreneurs in the informal business context. Thus, our findings are consistent with Reid et al. (2015) who found that religious beliefs served as both a 'coping tool' and an 'instrumental mechanism' for these entrepreneurs. In leveraging religion as a coping mechanism, most of our respondents deferred very easily to their religious beliefs in rationalizing difficult personal and business issues such as their disability, tough business contexts and interpersonal conflicts with others within their communities. Likewise, success in business was rationalized as an act of God, which often implied religious beliefs were also considered platforms for elevation. Hence, the dichotomy of religious beliefs as a coping mechanism implied that there seems to be a religious explanation for every circumstance beyond mere verbal expressions that reflected a deep-seated belief in the role of the transcendent in their daily situations. The reliance on God for provision of key resources played out very similarly for women entrepreneurs in Ghana (Reid et al., 2015). As such, religious beliefs are held as crucial to access a 'supernatural supply' for financial increase and the acquisition of key assets.

Therefore, our findings show the centrality of religious beliefs at the onset of the entrepreneurial journey. While these beliefs are used to explain the individual's circumstances, they also serve as a source of insight, resources and fortitude in the event of encountering challenges. Previous literature has dwelt on the role of beliefs in providing resources, access to markets from fellow believers and informing perseverance. Absent from these studies is an explanation of how the entrepreneurs tend to rely on these beliefs. In this paper, we attribute this to a lens that the entrepreneurs use to explain their current circumstances which translates into resource acquisition and perseverance. The importance of this finding is that it broadens our understanding of factors outside the control of the entrepreneur and how the entrepreneur reconciles his/her independence with these. Perseverance is discussed later in this paper.

In 'defining' business practice, religious belief served as the basis and guide for interpersonal interactions and business policies such as credit sales, discounts and profit margin. Based on these practices, entrepreneurs in the context of this study typically use their businesses as an avenue to promote their religions. In other words, religion

and business are so intricately interwoven that entrepreneurs in this context considered their businesses and business practices as the face of their religious beliefs to the wider community. This sense of commitment to religious values serves as a catalyst for the different forms of business behaviors, which further echoes our earlier sentiment that in these contexts, religious values are deep-seated beliefs at the core of every decision made.

Thus, the use of entrepreneurship by entrepreneurs in resource constrained contexts to express their faith is common practice. The results show that the entrepreneurs in this study did not focus exclusively on the profit motive but also sought to pursue their faith ideals in their business. This was further emphasized in using their faith ideals as a basis for defining business practices. This is important because it justifies the broadening of the inquiry into the nature of decision-making in entrepreneurship beyond the focus on cognitions.

This finding improves our understanding of why people engage in entrepreneurship because it highlights how entrepreneurs express and explore their beliefs. It advances previous studies such as that by Dodd and Gotsis (2007) which revealed how business and beliefs are mutually reinforcing. In other words, businesses are used to spread beliefs, while beliefs provide resilience in business. Beyond this, by relying on a value system established in long-held beliefs, decision-making is made easier and the entrepreneur may tolerate less than ideal outcomes as long as the decisions are based on deeply held values.

Consequently, it follows that entrepreneurs in the context of this study considered their religious beliefs as the stimulator of their entrepreneurial identity. Erikson (1964) referred to identity as the very essence of being that provides an answer to the question: 'Who am I?' Within the context of this study, religious beliefs were discovered to influence entrepreneurial identity in two major ways: as a catalyst for entrepreneurial habits and in honing practices for business. Central to both is the concept of values. The deference to religious beliefs as the source of entrepreneurial values speaks to the fact that religion is central to the identity of entrepreneurs in this context. It sums up who they are and what they do. This type of deep-seated belief can be explained from a moral identity theory perspective (Aquino & Reed, 2002). According to this theory, values that are held as central to one's belief constitute a moral identity so that, given any situational cue, these values are triggered into action, thereby informing sense-making and subsequent choices made. On a deeper level, the concept of moral identity in the case of these Ugandan entrepreneurs explains why many tend to show a lot of resilience in the face of adversity, using their faith in confidence-building and in instilling boldness to take on tasks.

The results show that the sense of how to do business right is drawn from the personal belief system of the entrepreneur. Further to this, the finding provides an explanation for how personal beliefs may inform entrepreneurial action by acting as a catalyst for the realization of known entrepreneurial traits (refer to Figure 1). In this way, the finding is important as it helps explain how beliefs are used to frame external realities. Previous research has shown that the faith-based identity of an entrepreneur is related to the motivation to engage in the start-up process (Judge & Douglas, 2013). In this study, we advance this theorization by showing the role of this identity in fostering entrepreneurial activity beyond the start-up phase. This study also improves our understanding of what values motivate entrepreneurs to contend with hardships.

## **Research Contribution**

This study builds on previous studies on the role of religion, spirituality and faith in entrepreneurship to explore how the beliefs of individuals shape their entrepreneurial behavior. The contribution this paper makes is to show that beliefs shape entrepreneurial behavior by framing the context of entrepreneurship, through stimulating entrepreneurial identity and by defining business practice.

Beliefs are used to initiate entrepreneurial actions such as boldness, perseverance and confidence. However, despite these three constructs being a central feature of entrepreneur's self-concept and behavior orientation, prior to this study they have hardly been discussed in the literature on religion and faith in entrepreneurship. Self-confidence is the trust entrepreneurs have in their abilities that drives them to seek out opportunities that help their businesses, often in highly constrained and restricted environments. It is through perseverance that these entrepreneurs are able to exercise control over events to accomplish their desired goals. It is their tolerance for uncertainty, or lack thereof, which enhances or inhibits their business motivation and problem-solving efforts. Therefore, in a highly resource-constrained environment, boldness, self-confidence and perseverance are used as business support mechanisms. In an era of infrastructural and institutional breakdown, beliefs support ingenuity. Entrepreneurs' beliefs facilitate learning and development of entrepreneurial competencies.

On the other hand, faith is a 'defining business practice' through: a) being a platform of expression, where businesses are initiated to affirm belief in God; and b) a descriptor of norms and practices, for example, tying growth aspirations to belief. Therefore, in informal settings, the plethora of challenges are mitigated by faith, religion and beliefs, and yet faith also dictates management practices and customs. The findings in this study therefore offer several important insights which broaden our understanding of how factors outside the control of the entrepreneur influence behavior and how the entrepreneur reconciles his/her independence with these.

The paper further contributes to the literature by explaining how beliefs are used to frame external realities. Informal sector entrepreneurs in the Ugandan context perceive beliefs as the basis of both favorable and unfavorable outcomes in their entrepreneurial journey. These outcomes have an influence on their actions affecting their tendency to generate ideas, implement them and grow their businesses in resource-constrained environments. The study thus improves our understanding of what values motivate entrepreneurs to contend with hardships.

In summary, the absence of formal structures and high information asymmetry occasioned by poor infrastructure and low education levels creates a situation where informal sector entrepreneurs operating in resource-constrained environments have to rely on alternative mechanisms for decision-making. This study sheds additional light on how entrepreneurs act in the absence of concrete information and therefore helps us understand how non-rational mechanisms are employed by entrepreneurs.

## **Suggested Areas for Further Research**

This paper highlights some interesting issues that could form subjects for further research. Research questions include: When the environment is informal and resource-constrained,

how can entrepreneurs apply their beliefs that are at the heart of their decision-making for enterprise growth? What types of enterprises do entrepreneurs who rely on beliefs start?

The strong religion and faith culture of business environments in Africa suggest the need for evaluative studies that can assess the direct impact of an entrepreneur's beliefs on enterprise sustainability. In addition,

research on how religious beliefs contribute to entrepreneurial performance would be useful to highlight whether religious beliefs impact or influence business effectiveness.

Further studies should also investigate the understanding of beliefs in other non-resource constrained entrepreneurial contexts and should include larger samples to test for generalizability. A large-scale longitudinal study of entrepreneurs' beliefs over time in the same business sectors would be necessary to test the research results with a wider population.

### **Limitations**

The study relied on a small sample of cases, the findings of which may not be generalizable to the population; however, the study did not seek generalizability to the population, but rather to theory. Additionally, the merging of the data from the three separate studies that formed the basis of this study could have created bias. However, this was mitigated by a triangulation of data sources. Therefore, the in-depth and detailed evaluation of beliefs and entrepreneurial behavior as they relate to entrepreneurs in the informal sector provide some lessons that are applicable beyond this study as discussed in results and discussion sections. Another drawback of this study is that we did not collect any data on entrepreneurial performance and therefore cannot relate religious beliefs to business effectiveness or success. Finally, since this was a qualitative study, the interpretation of data was prone to subjective explanations, which implies the same dataset could result in different conclusions depending on the views of the researcher. We were however able to minimize such subjective interpretations by allowing all colleagues involved in this process access to the data and full involvement in the coding process. Through intense discussions around the codes generated, how they were generated and their meanings, we were able to synchronize diverse perspectives and agree on the final codes categories generated from the data.

### **Conclusion**

This study set out to explain how beliefs, especially religion-inclined beliefs, shape entrepreneurial behaviors amongst entrepreneurs in the informal sector in Uganda. It builds on the notion that the entrepreneur is not an isolated, economically driven individual but relies on religion to further his/her aims. What makes this study crucial to the ongoing discourse on the role of religion and spirituality in the sense-making of entrepreneurs in tough, informal contexts in Africa is that it provides an understanding of how religious beliefs, which are outside the control of the entrepreneur, influence their behavior. It further elaborates on how the entrepreneur reconciles his/her independence with religious beliefs.

The study highlights how religious beliefs are used to frame external realities. Beliefs are perceived as the basis of both favorable and unfavorable outcomes in their entrepreneurial journey. In resource-constrained informal settings, the tendency to generate ideas,

implement them and grow business ventures can be attributed to religious beliefs. This paper therefore improves our understanding of what values motivate entrepreneurs to contend with hardships.

The inefficient institutional framework that typifies sub-Saharan Africa, implores these entrepreneurs to lurch for resources and information elsewhere. They use non-rational mechanisms to create, manage and sustain their ventures. On this basis, we can conclude that religion is central to the identity of entrepreneurs in the informal entrepreneurial context which, in turn, influences how they make sense of daily business challenges.

This research contributes to the literature in three important ways. First, the research makes a theoretical contribution to the understanding of how religious beliefs of entrepreneurs operating in informal and resource-constrained settings frame their business context and define their business practices. Second, and consequently, it contributes to a greater understanding of how, when institutions are severely limited and inefficient, religion spurs an entrepreneurial identity. Finally, we contribute to the understanding of the power of religion in informal sector entrepreneurship. This article provides an insight into the cultural and social complexities that are prevalent in informal settings.

This study is useful for policymakers who aim at facilitating the entrepreneurial ecosystem. The study highlights how faith-based organizations are important institutions for entrepreneurship development. Therefore, policymakers need to forge mechanisms that actively engage faith-based organizations in the national entrepreneurship agenda.

The study findings also have implications for entrepreneurship educators. Given that informality is pervasive in African settings, and that religion frames the entrepreneurship context, educators need to incorporate insights and intimate knowledge of how religiosity is impactful on entrepreneurship. The entrepreneurship training curricula should have a focus on religiosity.

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