

Article

Lessons to Learn from Informal and Home-Based Business in Africa

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This paper demonstrates how African smallholder farmers and women working from the home can benefit from bringing together different institutional sectors to leverage technologically simple, highly sustainable qualities in the domestic and global marketplace. For practitioners, policymakers, and international business (IB) scholars, it is necessary to consider the degree of localization their recommendations require. Entrepreneurial practices that have proved successful in one locale may require significant adaptation in another. Community leaders may not be immediately obvious to the outside advisor. The influence of women and “wise elders” may be overlooked. Much recent research about what works in Africa, particularly in rural Africa, differs significantly from what IB scholars are accustomed to seeing in established academic journals, and authors may have little incentive to publish dissertation research given the prestige of simply having obtained a Ph.D. and the competing opportunities available for African scholars. Special journal issues on Africa and volumes where current research on Africa are collected and made readily available may help to fill this gap.

IB scholars have not devoted much attention to Africa despite the rising population numbers, the wealth of natural resources, the rising middle class, and the maturation of post-colonial governments. Guillén (2020: 13) projects that by 2030 Africa will be the second-largest region of the world in population size, right behind South Asia. However, how the African countries are developing and can develop further may not follow the models typically studied by IB scholars. A focus on global markets may miss the most relevant opportunities for a continent of fifty-four countries with large rural populations and elevated levels of political risk, social instability, strong traditional cultures, and economic dependency (Paul & Barbato, 1985).

This paper focuses on smallholder farmers and on women entrepreneurs and farmers working from the home (Cavatassi, Phillips, Maggio, Anteneh, & Mabiso, 2025). According to the International Fund for Agricultural Development (www.ifad.org) there are about five hundred million smallholder farmers in Africa, producing about 80% of the food consumed on the continent. Our aim is to demonstrate that more efficient, more productive crops can be grown with resources other than large-scale commercial agricultural practices prevalent in first-world countries. Concerning women entrepreneurs, we show that equipment considered obsolete in first-world countries can provide a sustainable source of income for women entrepreneurs working in villages and those just becoming integrated into

the formal economy. The conditions and resources require a mindset that may be new to scholars and practitioners. Our paper is based mainly on first-hand experience collaborating with African smallholders and stakeholder groups engaged in what we call the hybrid resource approach, associated stakeholders, international NGOs that recycle used sewing equipment from the British Isles to Africa, and the women who use them. These projects in Uganda and Tanzania have been functioning for more than ten years, engaging more than 3,000 households.¹

WHAT IS LACKING IN THE CONVENTIONAL RESOURCE-BASED APPROACH WHEN APPLIED TO AFRICA?

Our contention is that researchers, policymakers, and practitioners should give more attention to the strengths one finds in African communities than is customary for studies and projects, and that this approach is often lacking in conventional economic development efforts. Consider the efforts to promote smallholder inclusion by institutions like the International Monetary Fund (IMF), World Bank, and other international organizations. These models bring benefits to maize farmers, such as information about how to increase production and access markets. However, often their top-down, capital-intensive solutions fail to account for smallholders' complex, localized challenges rooted in tra-

¹ [Our charity – Tools For Solidarity Tools For Solidarity – Tools Transforming Lives.](#)

dition, the opinions of local community leaders, and experience with experts whose ideas have proved impractical or ineffective in the past. Agricultural techniques that may have been effective in one demonstration project might not be scalable to wider influence. This is especially true when experts from technologically advanced settings come to an African village. Furthermore, a practice that may be successful in one village or among one tribal community may not be accepted in another village that, to the outsider's eyes, looks remarkably similar. Customs and attitudes can vary widely from village to village, especially when there are tribal differences. Aid from abroad can play a vital role, but its effectiveness depends on grass-roots involvement and support from community leaders as well as the professional expertise coming from external funding sources and centralized government resources.

The role of international organizations and even central government policies relates to the international business literature around one of its fundamental themes—globalization vs. localization (Witt, 2019). In consumer behavior, human resource management, logistics, product design and marketing, and other areas success depends on reaching the right balance between these two principles. In the first decades of globalization after World War II the idea of the product lifecycle was popular. New products and modern technologies were thought to arise in companies based in the most economically developed countries, then spread to more peripheral areas. This principle still holds true for many products and many business practices, especially those requiring large capital investment and advanced technology. However, as more emerging markets have been brought into the global economy, international business scholars have realized the extent to which localization still influences consumer behavior, production processes, marketing strategies, and many other business areas. Rural landholders in Africa, and women in traditional African villages retain strong traditional customs and beliefs. What may appear perfectly logical and rationally undeniable to the agronomist in a highly developed country may not make sense to the African landholder whose access to capital and modern technologies is limited. Entrepreneurship is one thing in a large metropolitan area with a diverse population, and another thing in a rural African village. In fact, to be a successful entrepreneur in the latter may involve showing appropriate deference to traditional authorities and respecting local customs that may or may not support intervention from outside authorities.

Instead, a participatory ecosystem approach is required. This strategy builds inclusion through local collaboration, shared ownership, and sustainable practices, making smallholders active participants in market development rather than passive recipients of aid or investment. Or consider the entrepreneurship exemplified by women in home-based business—the small shops operated out of their homes, or the food products they sell on the roadside or to neighbors. These small enterprises are invaluable sources of income for many African families but turning them into formal business to provide stability and the opportunity for growth is difficult. Conventional aid or economic develop-

ment programs hardly acknowledge the human capital that goes into these organically developing efforts, and the very real outcomes that help support families.

A PARTICIPATORY ECOSYSTEM APPROACH

This participatory ecosystem approach suggested in this paper places recipients at the center of decision making and seeks to create resilient, interconnected systems. It emphasizes capacity-building, local market linkages, and knowledge sharing tailored to smallholders' or women entrepreneurs' specific context and needs, thereby enabling them to access markets more sustainably. It takes advantage of the social networks operative in underserved communities, along with advances in technology and communication. Already these enterprises are operating with a high level of sustainability. In the case of smallholders, they have minimal dependence on agricultural or food processing techniques associated with modern, mass produced but chemically laden agricultural and food products. Yet turning raw materials into value-added products lags. Intermediaries and government bureaucrats are sometimes exploitative and may become obstacles to expansion and marketing.

For women, home-based entrepreneurship is a viable way to augment family income while still conforming to the traditional expectations of the domestic way of life. Selling food or beverages is a natural way to monetize traditional skills, but another innovative possibility involves sewing. Treadle sewing machines that have become obsolete in first-world countries can be transported to African villages where they are restored in vocational programs teaching mechanical skills, and women working from the home can make money from selling clothes, blankets, and other textile goods. Electricity is not even necessary, since these machines are treadle operated.

In time, both projects can expand domestically and, with proper strategy and design, even penetrate international markets. Organically produced maize could be packaged as popcorn snacks, and with proper marketing assistance textile goods could be sold in distant markets. Fair trade certification could provide entry to shops promoting this type of goods, and craft markets could be available for textile products.

INDIGENOUS COMMUNITIES

More than three billion people continue to live in Indigenous communities, depending mainly on subsistence agriculture. Their methods of production are high in the organic, natural, sustainable qualities prized in first-world markets. However, even though consumers in the market economy have a keen interest in organic, natural products and sustainable agriculture the efforts of African producers to get their products into the market economy and to be adequately compensated are often subverted by exploitative middlemen, corrupt government officials, and lack of appropriate institutions.

SMALLHOLDER FARMERS

Smallholder farmers are vital to global food security but remain marginalized in many agricultural development policies. The resource-based approach, focused on enhancing farmers with access to physical and financial resources, has been the dominant strategy. However, the lack of a robust institutional environment has limited its effectiveness.

URBAN MIGRANTS AND UNDIRECTED YOUTH

Considerable variation exists in the rate of urbanization among the various African countries, ranging from 2023 figures of 91% urban in Gabon to 15% in Burundi (Statista.com, 2023). Around the world there is massive migration from rural areas and small towns to urban areas. These urban migrants typically do not have the resources for safe and adequate housing and sanitation. They are disproportionately prone to poor health and education outcomes and are often victims as well as perpetrators of crime. Many urban migrants develop their own housing and even informal businesses, but the lack of formal recognition of the value of these assets means they cannot easily serve as collateral for further expansion and in fact make them particularly susceptible to exploitation by others, thereby requiring the use of more assets to serve as security and personal protection.

DEPENDENCY OF WOMEN

In many African countries women face enormous difficulties being included in the formal workforce. Household duties are onerous and leave little time for pursuing education and developing careers. Lack of public transportation and high vulnerability to violence are further deterrents. Traditional attitudes discourage women in Indigenous communities from participation in many occupations, although there appears to be a high value on entrepreneurship where women can develop shops operated out of their homes or close by. This allows women to fulfill traditional expectations of maintaining the household and caring for children, elders, and other dependents. Another aspect is that this allows men to “have their space” where they are not challenged by or competing with women. Progressive ideas of equality and opportunity for women may not be universally appealing in rural African villages.

POOR SCHOOLING AND HIGH UNEMPLOYMENT

Africa has a population disproportionately young compared to European, North American, South American, and even many Asian countries. Young people need a reason to take pride in achievement and receive rewards, economic and psycho-emotional, for their activities. Developing activities and skills for young people should be a priority for any developing economy, but, sadly, many schools in Africa do not receive adequate support, and many families are unable to keep their children in school or youth activities. Hence education and training in useful skills become a matter of chance for many youths. Support for recreation and

entertainment also benefits African youth, whose ingenuity in using materials available as waste is remarkable. Old mattresses are used for learning gymnastics. Skateboards are constructed from boards and discarded wheels. Music comes from homemade instruments along with choral singing and instrumentation.

EXAMPLE PROJECTS

What is needed is an approach that respects the native talent and entrepreneurial skill residing already in African communities. One example is AgroEmpowerment Uganda, ([AgroEmpowerment Uganda](#)), a project in Lira, Uganda. Operating for about ten years, it has enabled maize farmers to increase yield still using natural, organic methods of production, and is now moving into the stage of product design and marketing to local customers. In time, some products could become fair trade certified and sold on the world market in shops that promote fair trade goods. However, the local smallholders were solicited as active participants in the design and implementation of the program from the beginning, with the addition of four government agencies, a local board focusing on quality control, and several other stakeholders. About forty smallholders were recruited by local agricultural agents to participate in the program.

Another project operating mainly in Tanzania originated in the British Isles, where treadle operated (non-electric) sewing machines are now obsolete. A government registered non-governmental organization (NGO), Tools for Solidarity, has set up vocational programs to train disadvantaged and disabled youth in the skills necessary for repairing and restoring these machines which are sent to Africa, where repair and restoration skills are also taught. Design training and packets of material are supplied to Africans by international donors operating mainly out of churches and community centers in Great Britain (Mchunu, 2019). In the past ten years, about 2400 households have received these machines. There is another smaller part of the program that sends agricultural and mechanical tools of several types now outdated in the digital, electrified world, but appropriate for enterprises in African villages.

The question arises: How can IB make use of these examples to help large enterprises mobilize the talent and energy that reside in underserved African communities? One element to consider is that it takes time and commitment to develop the community trust and organizational linkages required for success. One extreme example is that Nestle in South Africa has a program that is tribal based. Wealth is measured by cows in these areas. The tribal leader's prestige depends on the number, but not necessarily the quality of his herd of cows. Nestle has supported a program of bringing frozen bull semen from Europe and teaching these remote tribal people how to use artificial insemination to improve the quality of their herds. It will take decades for this program to improve the quality of these herds, but the Nestle managers explain that in time the rising African middle class will require a large amount of good quality chocolate, and when that time comes, the milk to make good chocolate will be available right there in Africa.

Another example comes from the South African hardware and building supply company Cashbuild. They pioneered the idea of enabling new urban immigrants to build homes incrementally, first selling concrete for a slab, then the other bits and pieces that could be made first into what we might call a shack—four walls and a roof, then windows and secure doors, then rudimentary plumbing and electricity to make a livable abode as income allowed the purchases to be spread out and acquired incrementally (Paul & Zimler, 1989).

RECOMMENDATIONS FOR PRACTITIONERS, POLICYMAKERS, AND INTERNATIONAL BUSINESS SCHOLARS

Agronomists, agricultural advisors, horticulturists, and others engaged in the science of food production need to have close contact with local communities outside of capital cities and other metropolitan areas in Africa. Outside advisors may not recognize respected community leaders in rural Africa. It takes deep knowledge of a rural community to know who has influence. Individuals who present themselves as leaders may or may not have followers. Sometimes the individuals who are most “in tune with” the outside advisor, who look and sound most like the advisor, those who are the “cosmopolitans” (Gikandi, 2009) alienate the proposed recipients of technological, financial, or expert assistance. For example, when US businesses invested in a school (“Pace”) in Soweto intended to uplift African youth, they failed to recognize distinct neighborhoods in that vast ghetto and constructed their technologically advanced facility in a place most vulnerable to looting and destruction. Teachers’ cars were set afire. Students were attacked. In contrast, South African companies located a facility (“the Funda Centre”) with similar goals on the edge of the settlement, where teachers and students could be protected more effectively, and employed respected elders in the facility who provided information and insights that would have been unobtainable otherwise (Paul, 1995). This is an extreme example, and located in a metropolitan area, but it illustrates the naivete of some outsiders who come with the best of intentions and end up with wasted effort and real damage both to the community and the outside agency. This brings us to the question of how practitioners, policymakers, and international business scholars can adjust their work to achieve greater effectiveness in the context of rural Africa. Based on the observations discussed above, these recommendations follow:

- For practitioners and policymakers, develop closer ties to grass-root influencers. These include village elders, women, and other holders of traditional wisdom which retains enormous influence in the African context considered here. The natural tendency of advisors embedded in international organizations and high-level government posts is to network mostly with others of the same educational and social status. This tendency must be supplemented by an intentional goal to gain trust and receive insights from

those close to the grassroots. In the case of the Soweto educational institutions mentioned above, the US business project brought in outsiders to teach and supervise students. However, the African business project “employed” several respected elders to just be there in the facility, doing whatever they thought needed to be done, talking to whomever they wished, and keeping an eye on the physical assets. They served something like ombudspersons, informally identifying issues and opportunities that may have come as a surprise to the outside benefactors.

- For international business scholars, the rapid development of African cities and economic power combined with the continuing strength of traditional ties poses special challenges. World-level businesses are developing in Africa, and an African elite will be most effective at networking with their counterparts from the already developed world. Yet half of the African population remains rural and poor. The food needs of Africa today and tomorrow require scientific and technological expertise. We see little of this in conventional journal articles. Scholars with an in-depth understanding of African villages are quite likely not to have the technology skills or access to data required for high-ranking academic journals. Special issues are one way to bring in more useful scholarly input from those who could contribute to this vein.
- Many dissertations are now produced in African business schools by students who are familiar with grassroots African villages. However, in the African context they are typically regarded as the culmination of the academic enterprise and do not come to the attention of mainstream international business scholars. Harvesting the best of these dissertations into a unified collection would provide an invaluable resource.
- Academic attention paid to African business has tended to focus on large-scale, capital intensive, inherently globalized industries, particularly mining. This may seem of little interest to researchers interested in economic development for rural, agricultural, or home-based enterprises, but there have been a number of studies on stakeholder management and community development that could be informative. Some research on mining in Africa has focused specifically on stakeholder relationships and community development. For example, the recommendations contained in the dissertation of an experienced, high-level mining executive (Sangqu, 2024) relate directly to the barriers of communication between corporate executives and community influentials. Hilson (2011) and Odongo (2020) use the mining industry in their studies of corporate social responsibility (CSR). Reichert (2009) presents a study of community development around mining sites in a variety of African locations. While studies of the mining industry might not seem to be directly relevant to small-scale, rural, home-based enterprises, there are overlapping ele-

ments, particularly on community development and CSR.

- One problem in the IB field is that titles and abstracts of articles and dissertations from peripheral countries sometimes tend to obscure rather than reveal the geography where studies have been done or data collected. Perhaps this reflects the idea that findings should be transferable globally, or else that studies from remote locations are not that important or not that interesting. When reviewers consider submissions, it would be useful to recommend that data collected in Africa be identified as such in the title or the abstract.

CONCLUSION

Simply providing resources without considering the local context and the existing power dynamics can lead to unequal distribution and increased marginalization. Intermediaries exploit Indigenous people and smallholder farmers attempting to get their products to market. Bureaucratic complexity and the need for protection from exploiters and criminals put potential entrepreneurs in a position of dependency. Corruption is another insidious problem. Numerous studies have documented the negative effect of corruption on economic development in LDCs. However, the vulnerability of underserved communities to corrupt government processes and officials remains largely documented by case studies and personal narratives. Work needs to be done to develop a fuller understanding of the impact of corruption on underserved populations, and how to develop appropriate means of remedying its impact. Successful development projects in Africa tend to have “minders” whose charge it is to maintain the integrity of the project by knowing the community well, have deep ties to respected elders and community leaders, and keep a vigilant eye on the materials, finances, and employment practices of the organization.

Institutions play a critical role in supporting underserved communities. They provide the necessary infrastruc-

ture, regulatory frameworks, and social support systems that enable these communities to thrive. The absence of such institutions in many African countries exacerbates the challenges facing underserved communities. To facilitate inclusion of underserved communities into “regular” markets, business and other institutions should be redesigned to compensate for government weakness and the tendency of international aid programs to want to act efficiently when time and rootedness in community are essential elements for success. We propose an approach based on a hybrid institutional framework. This framework can leverage the strengths of government, international bodies, NGOs, and informal community structures to enable business innovations and adaptations of existing practices to support these communities and take advantage of the organic opportunities for sustainable business. We should focus on examples of projects already in operation that can show how sustainable, organic, indigenous capital can be developed as a model for African economic growth and eventual integration into international business networks.

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