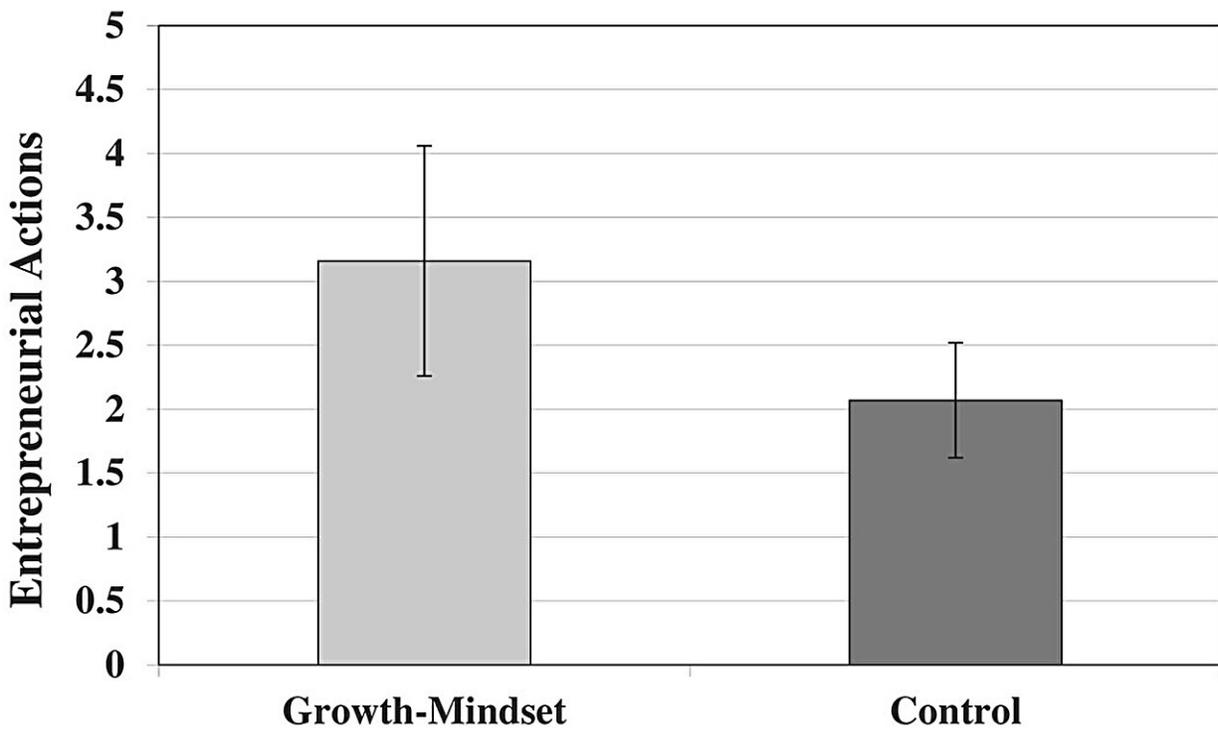


How a switch to a 'growth mindset' is helping empower entrepreneurs in developing nations

August 9 2023, by Carl Stengel



Treatment effect on entrepreneurial actions (95% confidence intervals shown).
 Credit: *Strategic Entrepreneurship Journal* (2023). DOI: 10.1002/sej.1472

Although millions are spent each year on entrepreneurship training that is intended to help alleviate poverty and elevate the quality of life of entrepreneurs in developing nations, these programs often fail to make an impact.

Through the support of BYU's Ballard Center for Social Impact, BYU professors Shad Morris and Chad Carlos, along with three other colleagues, were invited by the Tanzania Social Action Fund ("TASAF") to see if they could help figure out why TASAF's entrepreneurship trainings were not producing the results they were hoping for.

In order to assist TASAF, Morris, Carlos, and their colleagues Geoff Kistruck, Elly Tumsifu and Bob Lount, carried out an extensive research project that involved field interviews and a randomized controlled experiment with entrepreneurs from several villages in rural Tanzania.

Initially the researchers suspected that perhaps the [training](#) material was too complex, or not well suited for the context. However, through their interviews, they discovered that training recipients understood and retained a knowledge of the principles learned in previous entrepreneurship trainings, but few put that knowledge into action because they lacked the confidence to apply the new information and skills learned.

"A lot of the entrepreneurs were saying they didn't believe in themselves and they didn't think they had the ability to be successful," said Morris, a BYU professor of organizational behavior and human resources. "They would tell us, 'If God wanted me to be rich, then I would be rich.' Or 'my neighbor is smarter than me and I'm sure that they can do this, but my family has always done things this way and that is what I am destined to do.'"

Those interviewed by Morris, Carlos and their colleagues who were more successful in their respective businesses said that their success was due in part to their belief that "you have to try things and realize you are going to fail along the way."

It was this response which led the researchers to conduct an experiment

testing whether providing "[growth mindset](#)" training, in addition to business skills training, would help training recipients overcome the psychological barrier that they were incapable of applying the skills that they had learned. While a growth mindset doesn't solve all problems related to poverty, such as lack of access to capital, education or health care, it teaches that talents can be developed and that failure brings new opportunities to learn.

"It's about helping people understand that they have the ability to do hard things, overcome challenges, and learn from those challenges," Morris said. "This helps them accomplish their goals through trial and error."

The results of the experiment found that there was indeed a significant impact of the growth mindset training in improving the confidence of training participants. This bolstered confidence ultimately led participants to take more action in applying new skills in their businesses.

This implementation of a growth mindset is helping to counteract something known as the scarcity mindset, the idea of not having enough of something such as resources or ability, which plagues necessity entrepreneurs in places like Tanzania and prevents them from becoming more successful. "The scarcity mindset dwindles our ability to plan long term because we are just in [survival mode](#)," Morris said.

People exposed to short- or long-term poverty develop a scarcity mindset because their cognitive bandwidth is overloaded with immediate concerns, leaving little space for the exploration or evaluation of a broader set of alternative actions. For example, the effort of getting enough money for food to eat today prevents creative planning for future food sourcing.

Researchers found those who worked on changing their mindset from a

scarcity mindset to a growth mindset saw increased [self-confidence](#) and were able to break their previous habits of when they saw risk as a danger rather than an opportunity to create something new.

Beyond the implications for entrepreneurship training, Carlos sees these findings as important for teaching and learning more generally because "knowledge alone may have a limited impact if individuals do not have the confidence to take action in applying what they have learned. If we want to make a difference as teachers, parents, and leaders helping others to develop the confidence to act on what they have learned is critical."

For Morris, he believes that the reason a growth [mindset](#) is so successful in changing the behaviors of struggling entrepreneurs is because the idea that things can change and that you can become more is a fundamental principle of the Gospel of Jesus Christ.

"Belief in yourself, belief in your worth, that you are a child of God is essential," Morris explained. "Once you start believing that and you know that you can improve, grow, and do better, that's when you see change."

More information: Shad Morris et al, The impact of growth mindset training on entrepreneurial action among necessity entrepreneurs: Evidence from a randomized control trial, *Strategic Entrepreneurship Journal* (2023). [DOI: 10.1002/sej.1472](https://doi.org/10.1002/sej.1472)

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