

# ***food-vendors.org* Briefing Papers**



## **Briefing Paper #7:**

### **Impact of interventions to improve food vendor skills and competences**

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*This Briefing Paper aims to help those designing interventions to improve the livelihoods and offerings of food vendors in Low- and Lower-Middle Income Countries*

Paper #6 in this series explored the numerous functional and social competences needed by food vendors to set up and maintain their businesses (1). While many of these competences are learnt and perfected on the job, food vendors in Low and Lower-Middle Income Countries often remain insufficiently prepared to manage the evolving demands of their work. This is likely especially true when: the business is still at pre-launch stage or growing or diversifying rapidly; when regulatory compliance becomes more pressing or at other moments of institutional friction; when supply chains break down or re-configure or prices change rapidly, or when consumer tastes shift. Direct interventions to enhance vendor skills may help create resilience and booster growth. But what kinds of interventions are most likely to work, and for whom?

### **Characterising different approaches to building professional competences**

Five important dimensions characterise the diverse approaches to building professional competences in food vendors and similar workers:

1. **The content.** Trade-specific functional competences *versus* broader business/managerial competences *versus* social/meta-competences.
2. **The pedagogic logic.** Learning by observation (modelling) *versus* learning by doing (experiential) *versus* customised curriculum *versus* standardised curriculum.
3. **The delivery mechanism.** Traditional classroom *versus* virtual classroom *versus* consulting/mentoring/coaching *versus* peer-to-peer or network-based.
4. **Intensity and duration.** One-off *versus* sustained *versus* continuous.
5. **The target.** Individual *versus* group.

In principle, these dimensions can be combined in any permutation, but in practice some combinations are much more common than others. Within each dimension, the elements are not strictly mutually exclusive but can be bundled.

### **Impact on business performance of interventions to improve vendor competences**

Numerous studies have been conducted to assess the impact of a variety of competence-building interventions on food safety and hygiene of food sold by market traders and street food vendors, the topic of Paper #4 in this series (2). But from the perspective of the food vendor herself, these outcomes are secondary to sales volumes

and profits. These outcomes are far less frequently measured in the literature, and there are no cross-study reviews. We therefore extrapolate from studies of microenterprises in LMICs more generally, noting where differences might be expected to be found in the specific contexts of food retail and service.

### Group training

Group (classroom) training is a favoured approach to enhancing microenterprise performance in LMICs as it: is a culturally familiar way of approaching learning, has been promoted by leading international organisations such as the International Labour Organisation, and is cheaper to deliver than most alternatives. It focuses largely on non trade-specific functional competences (particularly financial planning and management) though it can be combined with occupation-specific content. Generally, both the contact hours and total course duration are short. Contextualisation is possible—and encouraged—but tailoring to the challenges of individual businesses is limited. McKenzie and co-authors (3) have conducted a meta-analysis of studies of the impact of business training for LMIC microenterprises and have found that, on average, it improves profits by 10.7% and sales volumes by 4.7%. They argue that these changes are entirely in line with what one might expect given what is already known about the (limited) impact of such short training on the adoption of improved business practices. An earlier systematic review by Chinen and co-authors (4), this time focused exclusively on impact on female workers, found similar impacts (5.0%, but with changes in sales and profits lumped together in their analysis).

### Consulting

Consulting is another familiar approach, in which an external expert provides input carefully tailored to the challenges of specific business(es). This model is also relatively short duration but relies on intensive initial diagnostics. Solutions are usually technical or process-related. There is limited experience using this approach with LMIC retail *micro*-enterprises (in contrast to small or medium enterprises), presumably because the cost per SME served is very high. Conducting group, rather than individual, sessions with consultants is intended to tackle this barrier.

*In a study in urban Peru (5), female SME owners and managers benefiting from tailored consulting support improved their profits and sales by 24% and 32% respectively. There was no difference in these performance outcomes between individual and group consulting models (with 6-7 companies combined in the group arm) ... but drop-out was much lower in the group arm. Among companies assigned to the group consulting approach (only), business practices improved substantially.*

If the consultant allows the entrepreneur to lead the diagnostic and solution elaboration, this intervention conceptually approaches coaching. This may explain why one study conducted in Mexico (6) also reported impact on “entrepreneurial spirit” (entrepreneurial confidence and goal-setting)

Added content: the inclusion of behavioural psychology

Though most training and consulting guidance focuses on “hard” competences, the previous example shows that it is possible to also promote an entrepreneurial mindset. Mckenzie and co-authors identify six studies that have included “personal initiative training” as well as the standard business management competences and estimate an average impact of 14% for profit and 10% for sales volumes. These strong results confirm the importance of social and meta-competences discussed in (1).

#### Mentoring and peer networks

Replacing external “experts” with entrepreneurs who are comparable to the targeted beneficiary creates an alternative and lower-cost approach to competence building through sharing of highly localised and specific knowledge. Again, there are limited rigorous impact studies relevant to food vendors in LMICs and no reviews.

*In a study in Kenyan slum (7), mentorship by more profitable local business owners initially increased the profits of inexperienced female entrepreneurs by 20%. However, this advantage disappeared after about one year as the bonds between mentor and mentee weakened.*

Mckenzie and co-authors (3) were also able to identify several rigorous studies in which small groups of matched SMEs met regularly, either in person or virtually. While three of four studies identified achieved positive results on business performance, the author notes that the quality of the mentors appears to be critical for success.

#### Mixed approaches

Some studies have used more than one approach to building business competence.

*Technoserve’s Women Mean Business intervention has been evaluated in a rigorous evaluation in Uganda (8). Women entrepreneurs in five cities were offered all of: classroom-based training on essential business skills; personalised coaching and mentoring by a more experienced businessperson. Sales increased by 22% and profits by 15%. In neighbourhoods saturated with the programme, profits were dampened due to competitive pressure.*

## Conclusions

- Since business practices do predict business performance, it is possible to deliver interventions which improve sales volumes and profitability. There is no reason why food vendors shouldn't benefit just as much as other micro-entrepreneurs.
- Traditional group-based training of small and micro-entrepreneurs typically leads to only modest changes in business performance—though sometimes large enough to deliver a positive Return-on-Investment.
- More personalised/tailored interventions (business consulting, coaching, etc.) may offer greater impact, but at much higher cost if delivered in person.
- Learning from peers is particularly well suited to identifying localised and niche-specific solutions, even if it is hard to sustain over time.
- The holy grail of training interventions for food vendors in LMICs is an approach that:
  - Includes functional competences that are both generic (financial management, marketing etc.) *and* specific to food vendors (food safety, cooking skills, etc.);
  - Also includes social and meta-competences;
  - Controls cost (and disruption to the daily running of the business) by limiting in-person contact;
  - Enables zooming in to the specific problems confronted by each business by incorporating some element of business diagnostics;
  - Incorporates local knowledge in both problem diagnosis and solution identification, possibly by creating a community with other similar (but not rival) businesses;
  - Responds to changes in circumstances and context with selected relevant content, and
  - Actively motivates participants to “stick with the programme” over at least several years.

It is possible that generative AI could provide a solution along these lines, but none is currently available.

- The development of business competences cannot alone create a thriving food vending business. Rather, other constraints, described in (9), need to be tackled at the same time.

## References

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