

“THE SPIRIT OF ENTREPRENEURSHIP”

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**Unleashing Entrepreneurs –
Mobilizing Human, Social & Financial Resources**

By

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It's a funny thing, this 'spirit of entrepreneurship'. It's actually quite elusive, awfully hard to trap in a bottle. In recent times though, lots of people have put on their scientists' white coats to study the phenomenon, and they've concluded that entrepreneurs must be curious and optimistic self-starters, creative and innovative, focused and determined, able to deal with risks and setbacks, and so on. But how do you breed the species? And how do you develop an 'enterprise society', in which entrepreneurs are suitably facilitated, encouraged and recognised?

Some countries do better than others. The 'can-do', unashamedly capitalist, American society has the reputation of being among the most entrepreneur-friendly. Other countries are less at ease with those who dedicate their lives to building commercially viable enterprises. They're rather embarrassed by the thought of people working for profit, as though it's somehow not moral, legitimate or uplifting.

For some societies it may stem from Socialist instincts, as I saw so vividly in Cuba when I visited there last year. For others, making your way as an entrepreneur just lacks the dignity of being a 'professional', say – a lawyer, or doctor or professor. Such snobbish ideas regarding the social rank of one's work were certainly rampant in Britain until not so long ago. As a result many who were successful in business later rushed off to climb the social ladder by transforming themselves into country gentlemen and parliamentarians, hopefully picking up an aristocratic title en route. As we know, it took Margaret Thatcher to legitimize the British businessperson.

How do our African countries view entrepreneurs? It seems to me that we are in some kind of transition, having come from communalistic cultures and having absorbed from the West both the Socialist and the snobbish hang ups about them. It is still too rare for an educated African – except perhaps for diaspora Africans – to aspire to be an entrepreneur.

After independence, being a teacher or a civil servant were the white collar career paths of dignity and prestige. Or being a lawyer, doctor or professor, or a manager in a multinational. African businesspeople – not least women – were typically found in the informal sector, practicing little more than subsistence-level farming, manufacturing or trade. The building of large enterprises was for overseas investors, or Asians or Lebanese. It was hardly for 'us'. We didn't have the role models to emulate; we lacked the confidence; and we lacked that vital support system from which others were able to benefit.

Let me take my case. For quite proudly, I claim to be an African entrepreneur. I guess those white coated scientists would see that my profile matches the one needed to survive in the hurly burly world of business. For instance I have never thought that being a

woman puts me at any sort of disadvantage. No. When I set up Kenya's first African-run employment agency, I just saw a need and got on with filling it. Once too many others got into the business, I looked around and found I could develop a design industry in our country. More recently I have spotted opportunities in microfinance and property development. I have had to learn to deal with cash flows and banks, with advertising and PR, with new trends and new competitors, and with all the other things we entrepreneurs take in our stride.

That's all right for me. After all, my star sign is Taurus. But what about those born at less auspicious astrological times? As we look around Africa today, can we say that an enabling environment exists for entrepreneurs? To generalize, what I see is pretty much the opposite.

As in most if not all countries around the world, businesspeople are tangled up in the red tape of bureaucratic regulation, which are administered by faceless, inflexible and unresponsive administrators. In African countries, with their limited tax bases, the rates of taxation are high and fiscal incentives weak to non-existent. And I don't think I need elaborate on the corruption that too easily results from heavy regulations, heavy taxation... and poorly paid and poorly led civil servants. The smaller the enterprise the more crippling all this is. And when you add the high cost of doing business that results from poor infrastructure, high insecurity and other daily challenges, it's a wonder that anyone survives at all.

Amazingly though there is tremendous entrepreneurial energy in Africa, not least in my own country, Kenya. We are hard-working people, who understand how to hold back from instant gratification. We appreciate the relationship between revenue and expenditure, between yesterday and tomorrow, between cause and effect. But to survive, many are forced to remain in what we in Africa call the 'informal sector', and what in more developed countries you call the 'black economy'.

Unless they hide beneath the radar of revenue and other government authorities, many African businesses simply won't survive. Of course there are reasons – beyond even those I have already mentioned – and there are consequences.

As far as other reasons are concerned, let me pose just three further questions:

- What training exists for entrepreneurs on our continent, never mind ongoing training? Pitifully little. And where it does, is the cost (unless funded by some donor) affordable?
- What credit is available to them? Other than the small loans available through the emerging microfinance industry, it's totally inadequate. Mainstream banks far prefer the apparently lower risk lending to large entities that can offer solid collateral.
- What business support services are provided, including incubators? We're only beginning to scratch the surface here. We've hardly started to emulate bodies like the US Small Business Administration.

Little wonder then that economists speak of the ‘missing middle’ without which Africa as a whole will not grow at significant rates. Today many of our entrepreneurs feel that in order to survive they must grow ‘horizontally’, adding micro-enterprise after micro-enterprise so as to avoid the unwelcome attention of taxers and regulators. They lack the confidence to grow ‘vertically’, building larger and more viable businesses that are fiscally legitimate.

And make no mistake, this is rational behaviour, which will persist for as long as normal exposure to government means exposure to serious, probably crippling, disablement. Why should such people allow themselves to be sucked dry by civil servants quite indifferent to their success, while the services that government is mandated to provide go largely undelivered?

What we also need is ways of bringing together entrepreneurs from different countries. Just as we need help to penetrate say Canadian markets, so Canadian businesspeople cannot expect to parachute into an African country and know how to operate effectively without local partners. I want to tell you that we are very keen to see joint ventures on the ground in Africa, ones that can benefit from the contributions of both Canadians and ourselves.

This conference is laying particular emphasis on spreading the spirit of entrepreneurship to youth and the grassroots. Let me tell you a little about my recent experience in Cura village, the rural community where I was born and raised. Three years ago, when I was president of the Rotary Club of Nairobi, I started what is called a Rotary Community Corps. Here Rotarians partner with communities to spur development: we as social entrepreneurs applied our energy to developing commercial ones. We started with a SWOT analysis, that showed initiatives were required across the board – in health, education and infrastructure, and not least in generating income generating activities.

Can you imagine that 1500 of the 6000 people in Cura are unemployed youth, either school leavers or school drop-outs? We called them the ‘untapped potential’, and got into a further SWOT, just for them. Recently, through a volunteering organisation called Canada World Youth, 6 young Canadians joined 6 Kenyans and 6 Tanzanians to help the ‘Cura Change champions’ (as they baptised themselves) to uplift their family farms, start up their own small businesses, and help man the emerging ICT-based Community Information Resource Centre. We linked up with Canada World Youth as a result of them having found out about The Dan Eldon Place Of Tomorrow, The DEPOT, a teambuilding and leadership centre where my husband and I are directors. The DEPOT has become Kenya partner to Canada World Youth.

A savings co-operative has been started up in Cura, and a micro-finance outreach programme is being established. Among our valued partners are HoneyCare (thank you, Farouk), who have got the community going on commercial beekeeping; A-Harvest, who have introduced us to high productivity bananas; and others who have stimulated soap-making and more income generating activities.

I could talk all day about the awakening of Cura. But let me just share with you the basic lessons... which are obvious.

- Start with needs, strengths and opportunities... across the whole community
- Identify viable community leaders with whom to develop genuine partnership
- By networking, forge specialist partnerships (like with Rotary, HoneyCare, Canada World Youth)
- Focus on results, on impact, including quick wins
- Build on success, knowing that the bigger the positive momentum, the more ambitious you can become

I now wish to say something about women and entrepreneurship. For more years than I care to remember I have been passionate about women's economic empowerment. Right now, as president of the All Africa Businesswomen's Association, I'm very excited about the work we're doing to help senior businesswomen network with each other, develop their skills and confidence, and mentor the next generations of women in business. I must pause to thank IDRC for their invaluable support for the production of our data base of women's talent.

Much has been said about the marginalization of women, and in the rural areas of Africa I know our lot is not a happy one. But what we have seen in Cura, and certainly what we see in the modern urban setting, leads me to the conclusion that women are at least as fit as men in this 21st century of survival of the fittest. That's why everyone prefers to help *women's* groups, and why with increasing frequency it is women who are selected over men for technical, professional and managerial jobs. Are we as prevalent among entrepreneurs? I'm not so sure. But to the extent that we are not, maybe this has as much to do with our self-confidence and our awareness of what is possible as anything else.

Let me conclude with some reflections on how I think the spirit of entrepreneurship can be unleashed.

First, we must all do what we can to show our people that being an entrepreneur is a noble thing. To create wealth, jobs, exports, intellectual property and yes, profit, is OK. Political leaders must proclaim it, the media must do so, and we ourselves in the private sector must talk about the valuable and legitimate work we do. And it's doable – after all, even those stuffy, conservative Brits have managed it! Otherwise how would Richard Branson and Anita Roddick and Terence Conran and others have become folk heroes?

Then we must put a bomb under our education system. We must stop suppressing the curiosity and initiative of our youth, their self-esteem and self-confidence, but rather release it – unleash it. We must take advantage of everything from ICT to volunteering to develop the life-skills of tomorrow's entrepreneurs. And these include the skills of handling one's finances, of dealing with banks and credit and cash flow and all of that.

And what about the entrepreneurs of today – what must we do for them? There are many experts at this conference who will be grappling with the issues of government policy and regulation, financing, market access and ICT utilization.

There are also so many wonderful initiatives around the world, designed to accelerate entrepreneurship development. Among those I have seen in Kenya let me mention these:

- The World Bank has just funded an ambitious government-hosted Solutions Centre to strengthen SMEs
- The US-based Centre for International Private Enterprise, has run superb education programmes for entrepreneurs
- There is a chapter of Junior Achievement, a wonderful programme where corporate volunteers transfer business skills to high-schoolers. This programme is not unlike The Kenya Management Assistance Programme, sadly no longer in existence, where the volunteers from the corporate world coached emerging SME leaders.
- The Prince of Wales Trust has come to Africa, where, through the Kenya Youth Business Trust, microfinance lending is offered to young entrepreneurs.
- There are awards for best young entrepreneurs (through our Rotary Club) and for best business plans, and
- An ICT business incubator has been launched at one of our universities.

Let there be more and more of such initiatives, and may they be heavily supported – not least by the private sector ourselves.

In my limited remaining time I would like to draw your attention to the need to apply massive effort to building the whole of society around entrepreneurship.

We are reading about how the governments of even countries like Communist China are bending over backwards to support business, and not least local business. But here in Africa there are few if any politicians or civil servants who really 'get it'. By and large the private sector is seen as a bunch of rather shady short-term profiteers, not fit to mingle intimately with senior public sector policy makers and implementers. As a result too often only lip service is paid to public private partnerships.

This must change dramatically if African entrepreneurs are to thrive. Economists know that their success in creating wealth and jobs is the only possible basis for growth levels that can lead to the reduction of poverty as specified in the Millennium Development Goals. Our life is literally in their hands. But too many governments, educators, even donors, are sitting on *their* hands, while we entrepreneurs are forced to apply our prime energy to coping with – even beating – the system, rather than being supported by it.

We are all here together, from around the developed and developing world, from government, civil society and the private sector. Let us shout loudly and in unison: Honour entrepreneurs, support entrepreneurs, men or women, young or old. For their toil holds the key to our future.

