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Small business a predictor of nation's growth prospects

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Shanga Zetu trader Thomas Muli at his shop in City Market, Nairobi. PHOTO | ANTHONY OMUYA | NMG

Small business may not, by itself, be the backbone of a country's economy but it sure is the heartbeat of a nation's economic progress and a good predictor of its future.

Among others, it tells how vibrant the economy might be in the years to come; it provides a glimpse on the number of homegrown medium to large sized businesses that will dominate the landscape years down the line and it can be used by the government to anticipate the unemployment situation over a period of time.

Additionally, it can be used to plan for the population based on its ability to innovate and sustain new businesses.

No doubt, every government looks to big business to create jobs and contribute a significant portion of the tax revenues. In fact, a lot of small businesses grow around big business providing various services as suppliers, contractors, dealers, among others.

However, if the government wants to know how well it is doing in running a nation, the place to check for the pulse is not with big business and multibillion shilling foreign direct investments but with small and medium businesses.

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This applies to both the national and county governments.

The number of small-sized businesses which come up in any given year is often indicative of ordinary people's faith in the health and stability of the economic environment.

When a growing number of ordinary people are registering businesses, when those businesses get off their feet and start raking in revenues and filing tax returns, it often means the government has made it easier to set up and run business. The role of the government, in any case, is to make it easier for people and institutions within the nation's borders to operate and thrive.

Conversely, if fewer businesses are being registered in any given year, it may mean registration process is either complex and costly or the requisite information is not available to ordinary people.

Every government should be worried when small businesses are not mushrooming and thriving. It should be worried if people are not restless with new ideas.

Apart from indicating a difficult investment environment, it may point to a dearth of a culture of entrepreneurship among the local population.

This does not necessarily translate to an absence of people who can be entrepreneurs. It simply means the culture is not well developed.

Looked at positively, it provides an opportunity to raise a new generation of entrepreneurs with a different perspective from the prevailing one. The dearth of an entrepreneurship culture is not uncommon but it is a serious thing that everyone should worry about.

Traditionally, Kenyan communities engaged in different economic activities depending on the suitability of their environment. The pastoral communities, for instance, were into livestock rearing.

They lived off livestock and livestock products. They moved from place to place in search of water and pasture. Consequently, they lived in one place only for a time. A dwelling would be abandoned as soon as pasture and water became unavailable.

As changes occur in climate, land sizes and ownership, it is becoming increasingly difficult to sustain pastoralism as a form of livelihood. What does this portend for the future of pastoralism and pastoral communities?

The question then arises, can entrepreneurship be taught? Is it possible to teach people to become entrepreneurs?

The answer is that there are aspects of entrepreneurship such as book keeping, preparing a business plan, communication skills as well as marketing and sales which can be taught in the classroom or on the job. But there are also aspects which can't be taught.

These include instinct, risk taking, courage, persistence, passion and drive, vision and ability to spot opportunities. In fact, even those aspects of entrepreneurship which can be taught can only accomplish much if combined with inborn talent.

An MBA in sales may not make an introvert a top sales person in their industry but it can impart the intellect to innovate effective ways of reaching customers.

Good entrepreneurs are therefore first of all born with the right qualities and also imbued with the right training to sharpen the inborn qualities for the rough world of entrepreneurship.

The good news is that some aspects of successful business development can be taught and must be taught in the world of today. And because of small businesses being the heart of the economy –that’s exactly where the power of change and opportunity lies.

READ: [Why many businesses fail shortly after launch \(https://www.businessdailyafrica.com/corporate/enterprise/Why-many-businesses-fail-shortly-after-launch/4003126-4065558-htpira/index.html\)](https://www.businessdailyafrica.com/corporate/enterprise/Why-many-businesses-fail-shortly-after-launch/4003126-4065558-htpira/index.html).

If you start a business today without thinking of your responsibility towards the full business impact – you will not be future proof.

In this day and age we need to look at the business “idea” in a holistic way. Who is it serving? Is there a need for it? What’s my network? Who can partner with me?

How do I make sure to impact People and Planet and Profit positively? In other words how do I make sure this idea will be turned in a sustainable (long lasting) business. Almost everyone has an idea.

Even the rural peasant farmer who has no idea what the stock market is may have an idea which may change the world if given time and opportunity to grow. But very few ideas get to see the light of day.

The secret is to think beyond your business. What is the place of your business in the bigger picture of the country’s need, environment, inclusion and opportunities?

Get up and start engaging with all the potential relevant players in your sector or area. Look beyond your product and service, be innovative, be agile, flexible and Future Proof!

Karin Boomsma is Project Coordinator, Sustainable Inclusive Business Kenya (SIB).

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