

Entrepreneurial Considerations

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There is a Somalian folklore about Egal Shidaad who sat all night in the bush frightened because he imagined that a tree stump was a lion. He experienced *habeyneyso* or a night blindness that prevented him from seeing accurately. His conclusion and consequent behavior as a result of that experience was to never go for walks in the bush at dusk. Perhaps this story has implications for how we approach considerations for entrepreneurialism in Somalia.

Entrepreneurialism is defined as the process in which individuals engage in the risk of doing business in the market place. Often because the entrepreneurial opportunities are not seen too clearly, a *habeyneyso* sets in that creates an exaggerated fear of the risk of doing business, and particularly, a reluctance to analyze and fully explore the alternative available for managing such a venture.

Recent studies on Somalia have reiterated the need for policy measures and institutional reforms for the country to sustain economic recovery in the short term and move from recovery to growth over the longer term (Min. of Nat. Pl., 1985). They emphasize making the best use of existing capacities in agriculture and industry, expanding production through low cost investments, and creating the climate and incentive framework to mobilize the initiative and resources of the private sector.

The government has adopted a major adjustment program for the past year to meet its economic crisis such as a major devaluation, the establishment of a free foreign exchange market for most non-government transactions, the elimination of export and import restrictions, the dismantling of most price controls, and fiscal and monetary measures to constrain demand growth. All to mobilize the initiatives and resources of the private sector.

However, these problems are not easily overcome. There is a huge resource gap stemming from a level of consumption exceeding domestic production, high import dependence contrasted to stagnating export, and low productivity of investments arising from deficiencies in financial discipline, public expenditure management and resource allocation.

These issues can be resolved by inacting policies to restrain consumption, to raise savings, to improve the efficiency of resource use and to concentrate investment in priority areas such as better utilization of existing capacities, increases in production of livestock, bananas and other exports and an adequate import — substitution in food and industrial products. Even low productivity could be improved by adhering to a tougher project criteria when initiating and financing

projects, as well as critically assessing the potential implementation capacity of such projects. (*Somalia a Social and Institutional Profile* 1983: 4).

The above efforts, all encouraging, have as their purpose to stimulate the growth of the private sector entrepreneurial capacity. In contrast, depending on how these efforts are implemented within the social and institution context, they could merely exacerbate existing bureaucratic tendencies towards officiousness and over-centralization in planning and decision-making, further inflate the public payroll, inhibit growth in the private sector, reinforce antagonistic attitudes between producers and regulators, and create a bureaucratic constituency of technocrats that will make it politically and administratively more difficult to adopt new and more facilitating policies in the future.

Entrepreneurial Barriers

A recent study conducted at the Somali Institute of Development Administration and Management (SIDAM) interviewed a number of the owners and operators of the largest businesses in Somalia. We found that the business people identified their barriers to entrepreneurial success to be a constricted market, lack of managerial skills, unhealthy competition, the difficulty of getting foreign currency and red tape.

The market restriction was viewed as a hinderance for big industrial production. That large production could not be absorbed by the domestic market and its purchasing power. There was little outward-looking thought of export-oriented manufacturing or service sector development; the market that could maximize return to human resources and Somalia if exploited.

The lack of managerial skills in Somalia has been well documented in previous studies (Elhag, 1984). Most of the big business owners have not had a secondary education. The need for managerial development and the availability of those skills for purchase are in short supply. When abilities are developed the international market place, plus the repressive policy of not recognizing abilities, force people to contribute elsewhere.

The unhealthy competition, from what is said, results from bureaucratic interference. Those with political connections and termed «favorites» have ease in their importation efforts and obtaining hard currency. Those «non favorite» business people without political ties often face difficulties or failures in importation and getting hard currency. This is a force against privatization.

The red tape, or bureaucratic stifling, is a result of low paid public officials who often do not execute their duties efficiently, effectively or according to law.

Without reservation the business people of this study saw one of the great barriers to their entrepreneurial success as not getting competent public services whether it happens to be bank transactions, customs consent, or importation licenses.

Most of the successful business people we studied were involved in food importation. This is an area of high demand, low government obstacles, low capital need and what appears on the surface to be low need for sophisticated management skills and trained employees. This area also has an immediate and substantial return on investment.

These favorable business factors also become self-perpetuating and operate

against investing in food production. In food production the return on investment is longer, the climate conditions are more unreliable, the capital outlay in equipment is also higher. Production and consequent possible export in their view also require more trained managers and employees.

Protectionism against unpredictable market mechanisms, monopolies, inequitably applied laws and regulation has resulted in what we will call opportunistic behavior engaged in by the business people.

This opportunistic behavior is demonstrated most vividly at the ports by:

- a) eliminating much of what is owned by incomplete invoices.
- b) reducing the value or cost of items, which results in lower customs.
- c) bribing for verification of a lower declaration.
- d) items concealed in mislabeled packages.
- e) having a bribed tally man declare a short shipment.

With official connection success is possible. Bank loans come with or without guarantees. Contracts come on more favorable terms. Organizations are required to purchase the connected business person's goods at inflated prices. Soon the unconnected or non-favorite business person may realize that the risk here is not within the scope of healthy open competition. There comes a realization that the probability of success in the market place has a built in bias against him.

We and the group we are a part of are continually being transformed. Hopefully it is not the transformation to what the poet T. S. Eliot decried as the hollow men of a modern wasteland but to an extended family, and as Shuaib Ahmed Kadwai wrote, «there can be no real family — without dignity».

Dignity in the market place means having an opportunity, a reasonable opportunity, to compete fairly. Those who advocate a completely free market place most often refer to Adam Smith's *Wealth of Nation* for a supportive advocate. Few, I've found, have actually read Adam Smith for he emphasized that a free and open market place would only work among people of honor and virtue. The realization of power and politics does not allow for complete equality in the market place, but for privatization to work in Somalia, power needs to support, encourage and protect entrepreneurialism by limiting favoritism by at least fifty percent.

Considerations and an Educated Infrastructure

It is possible to experiment with the support of such organization as the chamber of commerce and the upcoming Somali Management Training and Development (SOMTAD) effort at SIDAM to encourage and try action research in specific entrepreneurial areas. Particularly the process of managing business and government.

This may involve applying some adapted approaches to Somalia of Thomas Peter's principles for excellence (Peters, 1984). They would include:

- a) Encouraging Experimentation — trying new ideas and testing experiments that build on each other to achieve success.
- b) Sponsoring champions — using those who are motivated to true market place entrepreneurialism with commitment and staying power as positive examples.
- c) Managing by Wandering Around — the Somali leader being willing to as-

sist, coach and become involved with what his people are doing, and became less removed.

d) Simplifying System — a few, helpful bare-bones systems that apply to Somalia and are understandable.

e) Emphasize training — train from the top to the bottom. Just as a good football team must practice and train so must the members of a successful organization. Identify by solid research what are the competent practices needed at the top and throughout the layers of the organization and then train people in those clusters of core behaviours.

Conclusions

First, some economic considerations. If privatization is really desired, then the inconsistencies in the infrastructure of the system must be eliminated or at least reduced. There needs to be a broader view of what privatization is as profitable, regenerating entrepreneurialism.

Education in management schools does a fine job with cognitive learning but not actual practices. Cognitive learning is detached and informational, like listening to a lecture.

But cognitive learning no more makes an entrepreneur then it does a football player. We are taught skills by practice and information or feedback on our successes. This needs to be carried out in a systematic way. First, the skills or practice must be identified through actual research as being a valid and viable skill for an entrepreneur in Somalia. Then the person needs to gain experience through simulation, video tapes, role plays, and actual practice with feedback.

There are few jobs more important then those of the leaders of this society and those who manage and engage in revenue generating enterprise. It is vital to put away assumptions about entrepreneurial management development and realistically train our managers in this important performance. Then perhaps, we may avoid the Egal Shidaad syndrome and operate with clearer vision and less fear.

References

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