

# THEME EDITORIAL

## Entrepreneurs by choice? – or by necessity?

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*'We have seen the human toll the recent attacks wrought in the United States, with citizens from about 80 nations perishing in New York, Washington and Pennsylvania... but there is another human toll that is largely unseen and one that will be felt in all parts of the developing world, especially Africa. We estimate that tens of thousands more children will die worldwide and about 10 million more people are likely to be living below the poverty line of \$1 an day because of the terrorist attacks'*

James Wolfensohn

The President of the World Bank, James Wolfensohn, spoke shortly after the September 11 attacks in the USA. These were surprising words from the head of an institution that often appears aloof from the needs of the poorest. The World Bank is perceived by some as promoting national and international policies that leave the weakest to suffer the 'benefits' of international free trade and globalisation at the expense of local or indigenous practices, cultures and technologies.

Much concentration at the level of international institutions (such as the World Bank) and national governments is given to the flow of capital worldwide and the need to mitigate the effects of the irresponsible exploitation of resources that this can lead to (such as global warming). However, it is at the individual and community level that the real 'environmental' cost of these macro decisions is felt (an interesting example of this is given in the article by Sinha on the effects of a timber ban on Himalayan rural women).

So what has this got to do with household energy and enterprise? The economic activities that many of the poorest find themselves engaged in are euphemistically described as 'small business', 'entrepreneurial' or 'self-employment'. Why euphemistically? Because the notion of self-employment from a developed country context is one of freedom, being master of one's own destiny and of potential riches. The reality in a developing country can be very different. Self-employment is a way of life, often

imposed by circumstances rather than a lifestyle choice (Figure 1). There is no alternative when there is no conventional employment. So international economic recession, already present but exacerbated by the events earlier this year, will be felt the most by those struggling to make ends meet, those 'entrepreneurs' of the developing world who can do nothing else. Underlying Wolfensohn's words are essential truths: that economic activity produces wealth, wealth is unequally and unfairly distributed, and the poor suffer the first, the worst and the longest as a result of economic slowdown.

The fact that there are close linkages between household energy and enterprise is not difficult to explain. Often the only possibility to obtain income for the household, when the opportunities for conventional employment are limited and obtaining funds to invest in risky enterprises is unlikely and undesirable, is to extend household activities to a commercial level. This could mean selling surplus agricultural produce, or selling processed or cooked food. The same equipment used to cook for the household is also used to cook for selling. So almost anything you can say about the household energy environment has implications for small-scale household-based enterprises. Second to the raw material, energy can be the largest expense. Any fluctuations in energy prices, therefore, can have implications for the profitability of the business. It is therefore important for the individual running such a business that energy expenditure is kept to a minimum. A happy consequence of this, in an ideal world, should



Figure 1: Self-employment is often imposed by circumstances



Figure 2: A success story – Udaya Electricals in Sri Lanka

be a reduced reliance on fossil fuels and better forest management (Figure 2).

The fact that the environment benefits as a consequence of reduced energy expenditure is important. One definition of sustainable development concerns limiting the effects of human activity on the environment so that future generations are not disadvantaged. The core of this definition is not the protection of the environment for its own sake, but the protection of the human species. This leads to policies and programmes that seek to put the environment first, in the hope that people will be motivated by the realisation that a better environment is better for them. Of course, most people know this already. But the real motivation has to come from self-interest. Self-interest is different from selfishness. Self-interest is using an improved stove because it leads to lower fuel bills, which means that you can afford to provide your children a balanced diet. Self-interest is using an improved stove because it pollutes less and your children don't die of preventable diseases so that they can provide for you in your old age. So perhaps there should be more emphasis on the actual needs of people, rather than the environment, and we may actually see benefits for both.



Figure 3: Small entrepreneurs play an important role in economic development

Allowing people to keep more of what they earn so that they can benefit from their own hard work and entrepreneurship is a common plea heard from the well off. In fact, those everyday entrepreneurs struggling to control their means of production need every advantage they can get. That may come in the form of less expenditure on fuelwood, kerosene or gas due to improved energy technologies, which helps the environment as well.

As the range of theme articles in this issue shows, household energy and enterprise are related in two ways. Either energy is used as a means of production (for drying foods [Batcock and Azam-Ali], for the preparation and selling of street foods [Tedd, Chowdury and Liyanarachchi] and the production of beer [McCall]), or energy technologies, appliances or services are being sold themselves (stove programmes in East Africa [Bess], the *egaga* stove in Nigeria [Obueh] and the Upesi stove in West Kenya [Owalla]). Indeed it is quite easy to identify the energy/enterprise link in many of the other articles in this issue, as well as in past issues with other themes. A very quick look at past issues (in this case via the Human Development Library CD-ROM) revealed an article in issue No. 27 entitled 'Wood Energy Use in Small Enterprises', in No. 37 'Energy for Domestic Brewing and Bread Making, and in No. 38 'Improved Tunisian Domestic

Bread Ovens: Flying Saucer Lids Save 50 percent Fuelwood', to name but a few.

The Earth Summit Report, almost a decade old now and due for an update next year, recognised that 'Entrepreneurship is one of the most important driving forces for innovations, increasing market efficiencies and responding to challenges and opportunities. Small and medium-sized entrepreneurs, in particular, play a very important role in the social and economic development of a country (Figure 3). Often, they are the major means for rural development, increasing off-farm employment and providing the transitional means for improving the livelihoods of women.' The report goes on to suggest that 'International organisations should increase support for research and development on improving the technological and managerial requirements for sustainable development, in particular for small and medium-sized enterprises in developing countries'. In its way, this is what *Boiling Point* is trying to achieve.

## References

- BBC News Online,  
www.bbc.co.uk/news
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