

# Kenya ripe for 24-hour operations to improve economic growth

Written by Mwangi Wanjumbi



## Road under construction

**October 19 2007:** While delivering a lecture at Strathmore University, Professor Michael Porter of Harvard University, intimated that Kenya's economy should grow by more than 10 per cent a year.

Indeed, he felt that the current six per cent growth was on the lower scale for a country endowed with so much potential.

This is the man who has written 17 books, all centred on strategy and competitiveness of nations. It is no mean achievement for one man to influence the direction of global business.

Corruption and poor infrastructure in the country are some of the factors holding down economic growth, according to the professor.

Apparently, you only need to follow the professor's work on strategy to understand in detail what he means.

Development, particularly in business, can be achieved through many strategies but of interest here is low-cost leadership strategy. It is popularly applied in business and can certainly apply for the State.

Key on this leadership strategy is firing on all cylinders to produce goods at the lowest cost possible such that greater benefits are achieved through mass production. Inevitably, success of this strategy is pegged on high sales volumes.

This can work for this country if it was run like a business, taking into account the strict measures of performance and control, modelled along a corporate culture. And why not?

A closer look at the state of affairs reveals that some costs incurred in this country are not necessary and could be avoided or reduced. We allow corruption to thrive unhindered thereby

increasing the cost of doing business at home and exportation.

It is not surprising that in the coming elections, some of those to be elected are suspected thieves. This will inevitably make the process of fighting corruption a nightmare, indeed an uphill task.

Very little is being done to improve the state of roads and other infrastructural facilities that are in a state of depletion and disrepair. In fact, the road network is almost inexistent in some areas, pushing up costs of maintaining transport facilities, denying some crucial investment opportunities the requisite resources.

Conversely, where roads are not in deplorable state, like some parts of Nairobi, traffic jams are a routine where productive man-hours are lost together with increased spending on fuel.

Incidentally, not much effort has been put on building new roads or infrastructure. Electricity cost on the other hand has sent many businesses packing from Kenya. Good examples include the Colgate factory and Procter and Gamble, which closed local plants, citing inhibitive production costs compared to other countries where they operate from.

Local manufacturers through their association have raised alarm on the skyrocketing production costs over the years, and they are still not happy, warning that more foreign investors could be on their way out.

Also putting the local business under siege is insecurity, a frustration that prompts traders to spend heavily on insurance and anti-burglary measures. Unfortunately, the small trader or kiosk owner in the residential estates, has to pay extortionist gangs to 'protect' his wealth.

Time is another resource which is not given the due attention it deserves. Saturday was in the early '80s declared a non-working day despite the many holidays in a calendar year.

It is no wonder that people have turned to undesirable habits like heavy drinking beginning Friday afternoon to Sunday night. The end result has been loss of human resource through accidents and ill-health. Changing social habits has led to early deaths through heart attacks and diabetic complications.

These and many other factors inhibit investments because efficiency, and therefore, productivity is adversely affected. In fact, competitiveness of the country as an investment destination is severely impaired by all these factors.

We are now in an electioneering session in readiness for the December elections. Those seeking the highest office on the land should commit themselves to adopting less costly leadership strategies to stir economic activity in the country.

The winner should not shy off from borrowing internationally to improve infrastructure. There should be more investments in alternative sources of energy to reduce dependency on electricity and oil, whose costs keep climbing.

Work culture must change by all means. And allowing a wee bit into what this means, the legislators should be paid as lucratively as possible pegged on their performance.

And Saturday should once again become an official working day, for the whole country. This will not only increase productivity but also reduce idle time on the hands of Kenyans.

Contractors must on the other hand demonstrate ability to work round the clock. We can no longer afford the luxury of rebuilding the country only within 8 hours a day. In a city like Dubai, road works are in the night.

Here, we create unnecessary traffic crises as we carry out such work between 8am and 5 pm on working days! This is unacceptable. What a waste! We need to redefine what work entails in a working nation. This is particularly important as we consider our relevance in the competitiveness of nations.

Security arrangements should also be redefined such that we do not just flex the muscles of our law keepers only when there is public outcry.

It should also not be a temporary or occasional crackdown when people are attacked and butchered in the comfort of their homes or on the way home, but a continuous vigilance.

A growing society is one that embraces change. It, therefore, behoves us, as a country, to go full force into appreciating and implementing the latest technologies in an effort to battle crime, for example the gun detectors and having the ability to track crime incidents.

It is gratifying that research on crime has now been given some space by the authorities.

Adoption of the low-cost leadership strategy will finally result to efficiency in production. This could even lead to reduction of taxes like VAT. In the long run, putting a meal on the table should not be a life and death affair.

Perhaps, the benefits of improved economic growth could even reach the ordinary Kenyans faster if this tax is reduced. The eventuality is more money available for investment. Those earlier discouraged by high cost of production will give the country a second chance as an investment destination.

Even our products will be cheaper, thus attractive in the international markets. Should this not lead to higher economic growth rates? The Harvard professor is right: there is a lot of room for improvement in this country.

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