

# *Empowering Entrepreneurs: What opportunities? What enterprise?*

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Commonwealth of Learning***

## Transcript

Lord Boswell, Prof Brenda Gourley, Dr Rosemary Preston, Lord Gladwyn, Distinguished Ladies and Gentlemen

It is an honour to be invited to give the Council for Education in the Commonwealth Lecture 2013 in memory of

Lord Gladwyn, who played a prominent role in the formation of the United Nations in the 1940's. His belief in multilateralism is more relevant than ever before as the Commonwealth redefines its role and relevance in a changing world. Lord Gladwyn helped draft the Charter of the United Nations.

2013 is also the year when the Commonwealth adopted the Charter that expresses the commitment of Member States to promoting peace and prosperity to improve the lives of all its people. All the signatories to the Charter highlight the importance of education, health, gender equality and sustainable development.

It is perfectly appropriate then that the Commonwealth theme for this year is 'Opportunity through Enterprise: unlocking the potential with innovation and excellence'. This is a celebration of the enterprising spirit that thrives unseen and unsung within the remote corners of our diverse and distributed Commonwealth, a constituency that the Commonwealth of Learning tries to reach through its various initiatives.

The Commonwealth of Learning or COL is an inter-governmental organization established by Commonwealth Heads of Governments when they met in Vancouver in 1987. The idea of setting up COL came from concerns related to the introduction of differential fees for overseas students in the UK and the issue of brain drain in developing countries at the time.

Lord Gladwyn spoke in favour of welcoming international students to the UK because he could see the ‘room for a cross-fertilisation of ideas and for the elimination of what might be called inward-looking and provincial tendencies’. Over the years Lord Gladwyn was convinced of ‘the very real contribution to national research of the postgraduate overseas students’.

As overseas education became increasingly unaffordable, Commonwealth Heads of Governments felt the need to establish COL to help developing countries strengthen their own higher education provision. Our mission is to help Commonwealth Member States and institutions to harness the potential of distance education and technologies for expanding access to education and training. Our motto is ‘Learning for Development’.

We believe that giving people the opportunity to learn helps accelerate progress towards achieving the international development goals and the Commonwealth values of peace, equality, democracy and good governance.

COL organises its work in two sectors: education and livelihoods & health. These sectors cover formal and non-formal education and learning and two cross-cutting themes of eLearning and Gender that underpin all our work. COL has identified five core strategies to implement its work: partnerships, capacity, materials, models and policies. As a small organisation, each of these strategies helps us to leverage our impact.

Technology and distance education have an important role to play in scaling up access to education and training. It is for this reason that COL has consistently advocated for the use of distance learning methods to be adopted not just for formal education but also for non-formal learning. This is an important contribution that COL has made—to extend the potential of ODL beyond academia to the domain of development.

COL has always tried to remain relevant to the needs of its stakeholders. COL started out with the mandate to strengthen higher education using open and distance learning. With the adoption of the MDGs and EFA goals in 2000, COL understood the need to align its work to the global development agenda. In the last twenty five years, we can see a clear progression from higher education, teacher training and secondary education in the formal education sector to non-formal learning relating to skills development, agriculture and health. Today, I will focus on our work in agriculture.

My topic is ‘Empowering Entrepreneurs: what opportunities? What enterprise?’ prepared jointly with my colleague Dr Balasubramanian, who leads our work in this area.

I will first outline the context, the approaches to entrepreneurship development, highlight COL’s work on the Lifelong Learning for Farmers initiative and conclude with the questions: what opportunity? What enterprise?

But first the context.

According the World Bank (2013) there are 1.2 billion people living in extreme poverty. World Bank President Jim Yong Kim points out “ the fact that there are still 1.2 billion people in extreme poverty is a

stain on our collective conscience.....This figure should serve as a rallying cry to the international community to take the fight against poverty to the next level” (World Bank 2013). Therefore providing opportunities through enterprise and innovation have become a pressing need.

One important dimension of poverty is its feminization, which does not merely refer to the income levels, but also indicates social exclusion, limited livelihood opportunities and gender bias. UNDP ( 2013) points out that “six out of ten of the world's poorest people are women who must, as the primary family caretakers and producers of food, shoulder the burden of tilling land, grinding grain, carrying water and cooking....Women comprise more than 50 percent of the world's population but own only 1 percent of the world's wealth”.

A farmer is mostly perceived as a male whereas most of the agricultural operations are performed by women. Women have limited access to credit and the market due to the lack of gender responsive policies and processes.

Let us focus then on the empowerment of women entrepreneurs who are at the bottom of the economic pyramid. Empowering this disempowered section of the society will have a major impact in addressing development, as Kofi Annan points out.

Let us look at the existing approaches to entrepreneurship development and examine whether conventional methods will help us reach the women at the bottom of the economic pyramid.

Entrepreneurship is seen as a crucial factor in promoting growth and development. Various theoretical frameworks and models have been recommended throughout the twentieth century. Such frameworks and models emphasize the role of structured human resource development to promote entrepreneurship. Formal educational institutions began courses to produce ‘Business Management’ graduates. But these training programmes reach the educated and the literate

How do we address the needs of millions of illiterate and semi-literate women throughout the world? Is there a need for a paradigm shift in education, training and human resource development if we are to reach the unreached?

Poverty does not signify the absence of entrepreneurship. In several developing Asian and African countries, the informal sector constitutes more than 40 to 50% of the economy. Large numbers of women in the informal sector are self-employed. Banerjee and Duflo (2007:151) argue that “all over the world, a substantial fraction of the poor act as entrepreneurs.... If you have few skills and little capital, and especially if you are a woman, being an entrepreneur is often easier than finding a job: You buy some fruits and vegetables (or some plastic toys) at the wholesalers and start selling them on the street...’ (2006:20).

Thus, entrepreneurship exists among the poor particularly among women. However, it is important to note that this is more for survival rather than for growth or development. The lack of finance, access to markets, skills and knowledge are some of the reasons for the inability of many communities to make a transition from mere survival to growth and development.

Many governments, non-governmental organizations as well as the private sector stress the need to strengthen education and training among the poorer sections of the population through extension systems, training programmes and educational opportunities. Agricultural extension and technical and vocational education are two such institutional approaches for developing entrepreneurship among women. But there are some inherent challenges within such approaches.

Agricultural Extension is an interesting example. The term extension came from the nineteenth century practice of some British universities reaching neighborhood homes for adult education through out-of-college lectures. This was designated as university extension and later adopted by the Land-Grant Colleges in the USA to describe the extramural work related to serving the needs of farm families (FAO:1997). Thus extension essentially borrowed a didactic educational framework from the university system. Within this process, following Paulo Freire's analogy, a learner is viewed as an empty account to be filled by the teacher through a jug and mug approach.

In many developing Commonwealth countries, extension activities mostly fall within the public sector. Limited resources and inadequate policies have restricted the public sector investment in extension.

For example, in many countries there is only one agricultural extension worker to serve the needs of anything from 2000 to 20,000 farmers. It is impossible for one extension worker to effectively reach the thousands through a face to face approach.

The conventional human resource development strategies, following the didactic mode of education, approach the learner as an individual rather than focus on the community.

Promoting livelihoods and entrepreneurship for poor communities cannot be approached through the conventional top-down extension and training models. There is a need for alternative approaches. The transformation of information into a change in farmers' behaviours is possible through the horizontal transfer of knowledge. Horizontal transfer of knowledge means that the community involves stakeholders, explores various options, shares the insights, reaches a consensus and applies the ideas to improving livelihoods. Interactive learning is an essential component of this process where the 'trainer' and 'trainee' learn from each other. In such a process, the boundaries between codified formal knowledge and tacit oral knowledge disappear.

The other important factor sidelined in the conventional education and extension system is the concept of social capital. Jones, Smith and Wills (2012) argue that a collective approach can enable women producers to access resources and markets, develop relationships and overcome gender constraints. They quote from a woman involved with a basket weaving group in Kenya

“We can show each other how to weave and how to make different designs of baskets.... When we are together we help the older women [whose eyesight is not good] to identify the colours so that everything is uniform ... If someone makes a mistake, it can be corrected and if new designs are needed we can learn them when we meet” (2012:21).

In the last four decades, the concept of social capital has acquired considerable importance in development. OECD (2001:41) describes social capital as the ‘networks together with shared norms, values and understandings that facilitate cooperation within or among groups’.

A number of studies have linked the role of social capital with economic development. The concept of social learning capital has been derived from social capital. This means that social connections, networks and relationships promote learning and access to knowledge. Falk points out that “learning occurs through interactions between individuals, between individuals and groups and between groups of groups...” (1997:131). Social capital refers to shared norms, values and ideas whereas social learning capital is knowledge sharing and learning within these communities.

There is an increasing recognition among financial institutions in developing countries that social capital and social learning capital can be an effective collateral for loans among the poorer women’s groups. Joint liability and peer influence facilitates responsible credit management and entrepreneurial behaviors. Here you see 6000 women assembled in a small town in India negotiating with the representatives of a bank.

The importance of social capital in developing women’s enterprise is further demonstrated in Muhammad Azam Roomi’s study which covered 1,200 women entrepreneurs in Pakistan. As Aasiya, a woman entrepreneur recounts

‘One year before starting my business, I started going to women entrepreneurs’ networks... and consciously meeting other women in business. ...I got my first investor, first supplier of raw material and first customer through my contacts I made during that year. The process has not stopped, even in the fifth year of my business.’ (Aasiya, entrepreneur, Karachi)

We believe that these alternative approaches that target the community, build on social capital and promote the horizontal transfer of knowledge using various technologies can empower entrepreneurs. COL offers a new approach called Lifelong Learning for Farmers, or L3F.

COL mobilises the farmers, builds their capacity using distance learning and available technologies such as mobile phones and links them to banks. Through this they develop sustainable enterprises, and ensure food and livelihoods security.

COL catalyses the links between civil society, academic institutions and micro-finance institutions to develop multi-media based learning. Such a linkage in which every agricultural borrower is a learner has led to vibrant entrepreneurial behaviours among the poorer and marginalised communities.

The L3F approach is based on the following premises:

- Capacity Building to empower a community to manage its knowledge.
- Capacity Building takes place in the context of already established social capital such as cooperatives, Self-help Groups, associations etc. Social capital is a precondition for lifelong learning.

- The community is not a mere consumer of information but a partner in knowledge management and dissemination.

Empowerment and entrepreneurship are closely interlinked. Empowerment expands the assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives (Narayan, 2005:5). According to Kabeer (1999), empowerment should reflect a process of change from a position of disempowerment to an ability to make choices.

More than 70,000 participants mostly women are involved in L3F in countries like Kenya, Uganda, India, Sri Lanka, Mauritius and Seychelles and we have recently started initiatives in Ghana and Tanzania. The horizontal learning (between the members of women's groups) and the vertical learning (between women members and research, extension and the market system) have helped to strengthen their skills and knowledge. The banks have found that the repayment rate among the L3F participants is very high. Open and Distance Learning has played an important role in providing flexible learning opportunities so that women can learn using their mobile phones even as they herd goats or work in the fields. Women in conventional training could lose wages on the days of training.

The World Bank, in its ICT for Agriculture Sourcebook, points out that 'ICTs and virtual interactions are not sufficient to form cohesive learning communities. Peer-to-peer contact significantly improves learning, and mobile phones can provide useful support. ...The use of ICTs for learning influenced development outcomes because the learning experience was tailored to women's cognitive social capital and reinforced by links with commercial banks'.

Let me give you examples of two L3F participants. Anita Kumbhar comes from a severely drought prone area of Western India, Mhaswad. For the last 15 years her family has struggled with barren land and inadequate rain. Their survival often depended on the small pottery unit her husband ran. Anita wasn't keen to join their traditional occupation as she knew this would limit the scope for additional income.

She came across the community radio learning programme (CRLP) of an NGO, Mann Deshi Foundation, a partner in the L3F programme. She became a regular listener and enrolled for a goat rearing and financial literacy programme. This helped her double her savings from INR 20 to INR 50 a day. She took a loan to buy two goats. Apart from selling the milk, Anita now breeds goats and earns INR 40,000 (\$ 750) annually.

This success encouraged her to contact Mann Deshi for help with agriculture. Mann Deshi's L3F team visited her and asked her to seek help through the community radio on how to use her degraded land. The agriculture experts from Mhaswad, came forward and suggested that Anita grow white millet. After many years she started cultivating the fallow land, harvested 2 tons of crops and earned a net profit INR 20,000 (\$300).

Anita completed Enterprise Management through the Community Radio Learning Programme and was able to help her husband to manage and grow his business. Their annual income doubled. Her neighbours joined the L3F programme and today she inspires many women from her community and helps form learner groups. Anita's biggest satisfaction is that her children are in college and she says, "We don't need more, as long as my sons and daughter can get a good education".

Immaculate Awino Ouma was displaced by civil unrest in Kenya. She decided to join the Juakali Women's Group (JWG), a self-help farming organization under the L3F programme. She learnt about savings and loans, poultry keeping and management through distance learning. Within two months, Ouma applied for a business start-up loan. She used the loan to start a business with 200 birds

"I'm very grateful to L3F," she said. "Now, I'm able to sustain myself economically by selling my birds to the nearby market." Asked about her level of education, she said, "I have never been to a classroom; but I'm glad to have had L3F training."

Broiler birds mature in eight to ten weeks. Ouma sold 180 of her first stock — 20 of them were lost to disease and other problems. After buying the birds for 100 Kenyan shillings and selling them for 350 Kenyan shillings each, Ouma declares, "I'm a happy woman now."

The poultry market is growing, and Ouma has been encouraging other women farmers to take advantage of the booming business. As for Ouma, she is preparing to double her next poultry purchase to 400 birds. Thanks to L3F, she has quickly made the transition from a displaced person to an entrepreneur.

In conclusion, let us ask: What opportunities? What enterprise?

COL's experience shows that enterprise development among the marginalized women in developing countries is a facilitation process and not a simple teaching process. A conventional classroom approach with a student-teacher framework presents challenges in terms of infrastructure, opportunity costs as well as in terms of attitudes and perceptions.

As we pointed earlier, entrepreneurial activities as well as self-directed learning are taking place at the bottom of the pyramid. Studies show that 80% of adult learning is self-directed. Community knowledge emerges from this process. The paradigm shift that we recommend involves promoting self-directed learning and scaling it up using technologies.

In general, human resource development takes a sectoral approach in building human capital. However, the bottom of the pyramid survives through a holistic approach. Human capital development can be meaningful only when it is linked to social capital and financial capital.

What has been the impact of this paradigm shift on the L3F participants? In India, nearly 10,000 women obtained bank credit of approximately \$ 4 million and started collective enterprises such as dairy, horticulture and poultry. A study by the National Institute of Bank Management shows that for every INR 1 invested in facilitation resulted in the flow of INR14.25 to the community. The banks found that such learning in the context of financial capital and social capital ensured high repayment rates and the banks earned 8 times more income from L3F borrowers of livestock compared to the non-L3F borrowers in the same region. On the other hand the cost of facilitating capacity building per person in L3F was six times less than the cost of training a farmer by a bank. This will encourage other financial institutions to invest in L3F.

The Institute of Development Studies of the University of Nairobi found that the L3F has enhanced food security among the participants through entrepreneurship compared to non-L3F participants. The study

covered the L3F project in Kenya and Uganda and found that families who survived on one meal a day now have two meals a day

Recognizing its ability to make a difference among poorer and marginalized sections of the communities particularly women, the L3F initiative was awarded the Commonwealth -Nexus Award this year.

To sum up:

- ICTs and ODL scale up learning at lower costs
- This learning builds on existing social capital.
- The key players are linked; communities; financial and academic institutions and markets.
- These opportunities lead to empowerment.
- With empowerment enterprise will follow
- The enterprise which starts as a survival strategy moves towards growth and development.

If we wish to promote enterprise among the women at the bottom of the pyramid, we would have to provide the opportunities not through a graduate school intervention but a grassroots approach.

With that, thank you for your attention.