> "Sub-Saharan Africa should reap the benefits of Inclusive Businesses (IBs), should they be promoted through proper incentives, including regulatory eases, tax reductions, and investment opportunities notably in digital technologies and knowledge."
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Image Source: Douala, Cameroon. Image by courtesy of the Africa Innovation Network (AIN), 2022.

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Inclusive business for future jobs in sub-Saharan Africa: Cases of Côte d'Ivoire and Kenya

In their implementation of development strategies, especially those of the mix SDGs - Agenda 2063,[1] African countries centered on the private sector, exploring innovative, and transformative business models, including inclusive businesses. The current note highlights the thrust of inclusive business, the characteristics of the practitioners, and the integration patterns into inclusive jobs in Sub-Saharan Africa, in the cases of Côte d'Ivoire and Kenya, following Kamgnia and Ahouré (2020).

Harnessing business to combat poverty

Prahalad (2002, 2004) first conceived and launched the notion of "Inclusive Business" (IB) as an organization that builds relationships with the poor, for their integration in a value chain. He then defined the Bottom of the Pyramid (BoP) to represent the poorest populations, usually considered too unprofitable and inaccessible, as potential consumers. The underlying models embody either customers/consumers relationships where BoPs are the primary target market, or suppliers/distributors, or business partnerships where the poor are integrated in the value chain of a product, or simply customers/suppliers, or business partnership where the poorest are stakeholders in a value chain. In the process, 'as inclusive firms deepen investments in low-income communities, they improve access to affordable quality products and services, enhance productivity, and generate new income and livelihood opportunities across the base of the economic pyramid' (G20, 2015). Thus, firms should rethink their business models to adapt them to these populations that generate low margins but on an impressively large scale.

Practitioners of inclusive business

Practitioners of IB are all formal companies, including sole proprietors, private limited liability enterprises, public limited liability enterprises, one-person limited enterprises, and NGOs. In Côte d'Ivoire only 50% of the sampled NGOs are engaged in IB models, whereas in Kenya all the NGOs are involved. In Côte d'Ivoire, sole proprietors (23%) rank second, followed by private and public limited liability enterprises (22%), and one-person limited liabilities (16%). In Kenya, private and public limited liability enterprises ranked second (63%), followed by sole proprietors (50%), and the one-person limited liabilities (33%). Those companies operate in sectors comprising trade & services (66%), manufacture & construction (19%), and agriculture (15%) in Côte d'Ivoire, but agriculture (48%), trade & services (34%), and manufacture & construction (18%) in Kenya.

Integrating inclusive jobs: digitalization matters

In Côte d'Ivoire BoPs are clustered in agriculture, busy with the supply of raw material, and with the distribution and/or sale of products in value chains, upstreaming the inclusive jobs ladder. In Kenya BoPs are concentrated in manufacturing, mainly as non-permanent employees in value chains, down streaming the integration ladder. Irrespective of their integration pattern, BoPs in both countries revealed a good deal of innovation and digital pull to support their pricing, risk hedging and trade facilitation needs.

Specifically, 84% of BoPs in Côte d'Ivoire use mobile financial services for their activities, while users are nearly 95% in Kenya. Of course, 33% of BoPs innovate in new methods and logistics methods, and 19% resort to digital media at, in Côte d'Ivoire. But in Kenya, BoPs demonstrated a greater need for innovation in new methods (39%), in logistics methods (38%), and in digital support for their activities (36%). Unfortunately, although 26% of BoPs own digital devices in Kenya, only 7% do in Côte d'Ivoire.

Recommendation

Inclusive business models are nurturing in Côte d'Ivoire and Kenya. Sub-Saharan Africa should reap the benefits if IBs are promoted through proper incentives, including regulatory eases, tax reductions, and investment opportunities notably in digital technologies and knowledge.

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1. See link.