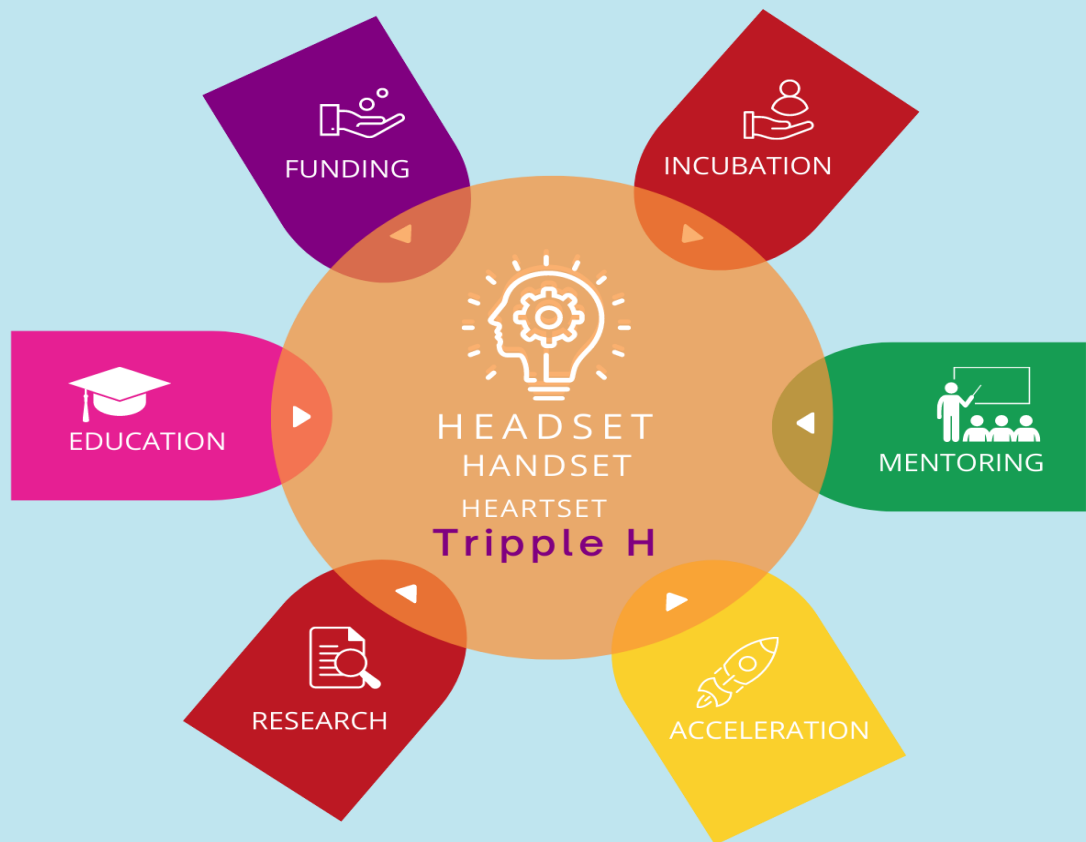




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Mama Wairimu, Kenya: Entrepreneurial Empathy

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A former public servant, Mrs. Wairimu (not her real name), used her lumpsum retirement package to construct three two-bedroom rental units in one of the suburbs of Nakuru Town. Over the last ten years that she has run her business, she is of the view that the rental business is good as it requires less supervision and it provides a steady income stream that sustains her and her family. Before a client rents a unit he/she is required to pay one month's rent and an equal amount as a deposit. When a client vacates, she returns the deposit less the repair costs. Most often than not, the repair cost is more than the deposit, implying that she has to dig deeper to repair a unit. Also, due to competition, she does relevant upgrades on her units whenever a client vacates to match her competitors in the market. This strategy has the added benefit of increasing the rental income with time. The rental charge in the year 2011 was Kshs.3,500 per unit and as of the year 2020, she charges Kshs.6,500 per unit.

The lapse in months between an outgoing client and an incoming client ranges between two to three months. This means a loss of revenue and also an increase in repair costs. To manage these risks, she prefers letting her units to young families, which, according to her stay longer than other types of clients. Most such clients stay for a year or longer. This stabilizes her inflows and reduces her expenses. Since the year 2016, there were tax changes that demanded payment of a monthly rental tax at ten percent of the gross rental income. This has come with an additional charge as she is forced to hire someone to do the monthly tax returns.

12th March this year (2020), the Ministry of Health confirmed the first Coronavirus disease (COVID-19) case in Nairobi. The health restrictions made by the government have brought an inexperienced challenge to Mrs. Wairimu:

Mwangi (not his real name), a father of two, had run a three-seater tuk-tuk business in Nakuru town since the year 2018. He modified the tuk-tuk, and he was capable of carrying five passengers in one trip. He charged between Kshs.70 to Kshs.20 per passenger depending on where he picked up a client vis-a-vis where the client was alighting. Business picked up from 04:00 pm to 12:00 am, and then commenced from 05:00 am to 10:00 am. He earned Kshs.1,500 on a good day, and Kshs.500 when business was low. In December 2018, he took one of Wairimu's units. He honored his rental monthly dues without fail until March of this year (2020).

Nonetheless, with the COVID-19 restriction measures, he has been restricted to carrying one passenger due to the enforcement of the one-meter rule between one person and another. Further, with the 7:00 pm to 05:00 am curfew being

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introduced, the time of operation has been reduced. The enforcement of the curfew rules by the Police is strict implying that the majority of the populace prefers to be at home early before the commencement of the curfew hours. To break even, he had been forced to increase the charges from Kshs.100 to Kshs.200 per person depending on the distance covered (as he could only carry one passenger at a time). On average he made close to Kshs.150 to Kshs.200 per day after removing fuel expenses and other running expenses. Police have been exploitative whenever one is caught within the curfew hours. During the commencement of the curfew rules, there were instances where he had been caught within the curfew hours. In those instances, his expenses exceeded what he earned.

The daily average amount he earned could not sustain his family. Whenever his tuk-tuk needed some repairs or servicing, he had to choose between feeding his loved ones or servicing the tuk-tuk with the former winning most of the time. The renewal of the COVID-19 restriction measures meant that the end was not in sight. Towards the end of May 2020, his tuk-tuk needed a major and costly repair that he could not afford thus grounding his tuk-tuk business. He was forced to look for manual jobs that were not forthcoming. His stress levels increased and finally he had a psychotic breakdown towards the end of June 2020. This has put an additional strain on his wife, a housewife, and his two children.

Mrs. Wairimu, being a grandparent, has empathized with Mwangi's situation and has on more than one occasion offered words of encouragement to Mwangi and his beloved. However, the financial strain created through the health restriction measures affects a majority of the populace including Mrs. Wairimu. According to her, the tax reprieve measures by the government do not alleviate her financial strain. Further, this is the third month that Mwangi has not paid his rent since April 2020 and his situation is worsening. In addition, the restriction measures are being renewed with even tougher measures being brought on board. Today, Saturday 8th August 2020, Mrs. Wairimu and Mwangi's wife have scheduled a meeting to discuss the way forward.



Learning Activity

- a) Using the perspective of Mwangi's wife, what strategies should you use to wade through her situation?
- b) Using the perspective of Mama Wairimu, what is the way forward?