

Entrepreneurship and Sustainable Development in Africa

Preface

We live in a worrying new world order in which Africa represents the most striking symbol of global inequality and post-colonial failure. In writing this book, my intention is to stimulate a much-needed discussion about tackling inequality through human capital and entrepreneurship, thereby pave the way for inclusive economic growth and sustainable development in the region. In addition to being a key economic concern, inequality represents the greatest societal challenge of the 21st century. The covid-19 crisis has given a sharper edge to the serious social, political, and economic problems Africa faces in the new knowledge economy despite an impressive record of economic growth the region has seen in recent decades. I was struck by the socio-economic effect of the crisis on young Africans in terms of curtailed access to education and employment at a crucial stage in their life's development. But what concerns me the most is the troubling state of social and economic development in Africa amid a fast-moving globalising world in which our lives are governed almost entirely by advances of the 4th Industrial Revolution (4IR).

Accelerated by technological breakthroughs, 4IR technological advances, such as, Artificial Intelligence (AI) and Machine Learning, Internet of Things (IoT), Augmented Reality, Blockchain, Robotics, Quantum Computing, Open Data, and Genetic Engineering have revolutionised the way we live, thereby created immense opportunities, and widened the chasm of inequality especially between the global South and the global North. Like the 3rd industrial revolution which used electronics, computers, and new forms of telecommunication to shape our lives and enhance income, the 4IR is building on the 3rd industrial revolution to further improve our quality of life and income levels through digital innovation and technologies.

Digital technologies have made it possible and easier for new products and services to increase the efficiency that converges the pleasure of our working and personal lives.

From accessing news and information to the way we study, learn and work and such simple activities like buying a product, making a payment, ordering a taxi or a takeaway, and watching a movie – any of these can now be done both efficiently and conveniently from the comfort of our homes. It seems surreal for me to talk about the 4IR advances when in fact I am aware that majority of my relatives in Africa have not yet transitioned fully into the 3rd Industrial revolution world. For instance, technological advances made it possible for most universities in developed societies to continue to provide uninterrupted higher education to their students throughout the covid-19 lockdown. Whereas in Africa only a handful of mainly private universities had or launched technological firepower to keep classes open and students engaged. Majority of African universities were locked up for as long as the lockdown in their countries lasted. The consequence is that the student population may have suffered a decade setback in their social and cognitive development. Unless Africa overhauls its higher education system by addressing the issues of equality in access, affordability, quality and relevance to labour market needs, graduates of African universities may never be able to compete on an even term with their global counterparts.

In fact, there is a mismatch between the skills attainment of highly educated and trained graduates in Africa, and the skills needed to obtain and succeed in employment in today's knowledge economy. Perhaps, this situation explains why only 5 percent, or less, of about 11million graduates produced in Africa every year obtain formal jobs after school. The rest are either unemployed, underemployed, or poor. As a result, sub-Saharan Africa faces three layers of compounding socio-economic challenges of high youth unemployment, low human capital

and lack of productivity for inclusive economic growth and sustainable development. These issues have ramifications for employment, productivity, and economic development in the region. In addition, Africa is still dealing with the severe consequences of some of the deadliest political, economic, and social upheavals including conflicts, famines, poverty, and natural resource revenue plunder ever witnessed in human history. These historical problems, coupled with the wider contemporary issues of population growth, urbanisation, infrastructure, illiteracy, mass unemployment, brain drain, food security, and intra-Africa integration are compounded by rapid changes in global affairs, particularly in relation to gender equality, environmental and climatic changes.

The cumulative social and economic effect of these problems has serious implications for meeting the Sustainable Development Goals (SDGs) target by 2030. It sounds hopeless. But my point in raising these rather uncomfortable realities is that there may even more consequences if we fail to act now. For a start, there is a need to confront the threats of lack of access to quality education and decent jobs for young people, which hamper their life chances and pose a barrier to economic progress. In retrospect, perhaps, I am pessimistic about resolving these issues, especially the region's rising inequality. This is because the same people that got Africa into its present social and economic mess are still holding political and economic power and are surprisingly still pursuing broadly similar policies. Yet, ironically, I genuinely share in the optimism of a more prosperous future for Africa. Africa began the 20th century as the least populated and urbanised continent. It's gone through an unprecedented demographic and urban explosion since then, doubling its share of world's population in a century. In 2050, the UN predicts that 24% of the world population will be Africa, and in 2100 the population will increase to 35%. This is because Africa's population growth is averaging 2.5% annually

while the rest of the world, particularly in Europe and North America, is ageing by equivalent percentage, if not more.

With its growing young population and seven out of the ten fastest growing economies in the world, it seems Africa holds the key to the future of the world economy. As such, there is much to be optimistic about in terms of achieving demographic dividend only if African governments can create opportunities that increase young people's productivity and livelihood access. Asian countries know that Africa holds huge demographic and economic potentials, which could have implications for the future of the global economy. This is apparent in the way in which China has used controversial loan conditions and investments, amid accusations of 'debt-trap diplomacy', to create strong bilateral partnerships in Africa with the ultimate intention of maintaining a leverage over the region's strategic natural resources. Whether such partnerships have been in the best interest of Africa is debatable. Bilateral (and even multilateral) partnerships with outsiders are hardly ever sufficient to address Africa's immediate social and economic challenges at home. For Africa, these challenges include mass youth unemployment, poverty, and insecurity of lives and properties, which occur because of growing urbanisation with an even greater threat of brain drain.

If not curtailed, brain drain is the singular most serious threat to economic prosperity and sustainable development in Africa. Because brain drain grows out of other social, economic, and political problems that lead to forced migration due to unemployment and conflict, it is hidden away and rarely ever the focus of policy priority in the region. Although most of the emigration by Africans, about 55 percent, is happening within Africa. More than any other race, however, African immigrants abroad - historically in Europe and North America, and more recently there is a mass movement of Africans to Asia and the Middle East - in all kinds

of professions including academia, medicine, arts, science, and engineering are immeasurable. It will require many more years of reversal to regain, if at all, the loss of tangible assets and the human capital cost which Africa has suffered because of the mass movement of its mostly young talents to other regions of the world.

Analysis of publicly available data shows that the human capital cost of qualified medical practitioners alone emigrating from countries, such as, Ethiopia, Kenya, Malawi, South Africa, Uganda, Tanzania, Zambia and Zimbabwe to destinations in Europe and North America in 2011 was about \$2.17billion. Whereas the financial savings and benefits (from not having trained the recruited doctors) to the destination countries including Australia, Canada, United Kingdom and the United States for recruiting qualified and trained medical practitioners who are African immigrants was about \$2.7billion the same year. If the same figures were used progressively to compute a roughly conservative cumulative human capital loss to these African countries over a nine-year period to 2020, the loss in financial asset will more than quadruple to more than \$19.5billion with the destination countries probably achieving slightly more in financial gains over the same period. On average, about \$US30,000 if not more is believed to be lost for each medical school graduate that emigrates from Africa to either Europe or North America.

Whether these estimations are precise or not is beside the point. The reality is that the human capital and the financial costs of brain drain to Africa is staggering. The real cumulative costs may never be accurately measured or even known. But the reason why Africa is experiencing unusually high rate of forced migration of its young talents stems from a wide range of social, economic, and political problems that have both historical and contemporary underpinnings. For this reason, there is a need to fully understand the factors, such as, poor human

development, weak institutions and natural resources governance, demographic challenges including lack of opportunity for decent income, which give rise to these problems and their implications for socio-economic growth and sustainable development in Africa. Thus, my underlying motivation is to use this book as a medium to show how Africa can begin to address these challenges in a genuinely fundamental way through human capital formation and entrepreneurship development. From this motivation arises the three main goals of this book.

By tackling head on the deficits of foreign aid programmes and shows how they hinder economic progress in Africa, the first goal traces the development challenges facing Africa in the 21st century. African governments that are dependent on foreign aid are not only notoriously less accountable to their citizens, but they are also less interested in pursuing serious political and economic reforms in their own countries to boost economic prosperity. The second goal seeks to lay bare the institutional contexts of these challenges and how to address them by building and maintaining efficient and inclusive political, social, and economic institutions. The third goal evolved while writing this book and relates to the overlapping nature of the first and second goals with the covid-19 crisis. It is in these contexts that *Entrepreneurship and Sustainable Development in Africa* offers a new way of understanding and addressing the social, economic, and even political challenges facing Africa in the 21st century. It identifies the limits of these challenges - which have been largely theory-bound in existing literatures and introduces practical steps that situate them within the frameworks of African Union's Agenda 2063 – *Africa's economic transformation blueprint* and the United Nations Sustainable Development Goals (SDGs).

In chapter one, the book unmask the debilitating effects of colonial and post-colonial legacy of development aid and shows how this has created conflicting social and economic reality for

many in Africa and offers new insights into how high economic growth and human development can be realised in Africa with the burden of development assistance from rich donor countries. Chapter two extends the thorny issues of economic growth and human development in Africa by shedding a new light on the narrative of poverty, particularly the distortive effects of proxies, such as, poverty line, Purchasing Power Parity (PPP). By redirecting on the governance and institutional failures that are the root causes of poverty, poor human capital and low human development outcomes in Africa, it delineates the limitations in the use and delegation of these proxies to target pro-poor schemes. The chapter proposes ways of tackling these failures, especially ensuring there is equitable access to education and healthcare for many.

In chapter three, the emphasis shifted towards the wider institutional contexts that govern Africa's natural resources and their allocation, and how the contexts either enhance or hinder human capital development and economic growth because of 'resource curse' and 'State fragility'. It draws from my own research to demonstrate that stunted socio-economic growth and human capital development in Africa is down to poor institutional arrangements and their associated dysfunction, including corruption, governance failure, rent-seeking behaviour, and plunder. It exemplifies this dysfunction by providing cases studies of how the detrimental effects of governance failure has led to economic deprivation, especially among youths, and proposes remedies to Africa's institutional and governance failures. Chapter four extends the negative effects of Africa's weak institutional context from the perspective of the demographic challenges facing Africa and their implications for human capital development and employment creation. It plots the linkages between Africa's rising youth population, unemployment, youth bulge, political violence and emigration and provides the pathways by which African countries can achieve demographic dividend through investment in educational

and training initiatives that adequately prepare youths to acquire employability skills and become self-employed. Developing employability skill is more than having job specific skills in a particular trade or employment. It encompasses the transferable skills individuals need to be productive and economically self-reliant in a knowledge-based economy in which creativity and innovation are key to survival.

With these perspectives, chapter five examines various education and training initiatives, especially technical vocational education (TVET) used by African governments to provide their young people with employability skills. Within this, an attempt is made to show and evidence how entrepreneurship education addresses the main concerns of human capital formation and the development of a sophisticated and productive workforce in Africa. However, how to use entrepreneurship education to develop human capital has always been the broader and fundamental question in Africa? To address this challenge, chapter six introduces the reader to the author's conceptual framing of an entrepreneurship education ecosystem'. This includes the critical knowledge skills, institutional gaps, and the entrepreneurial attributes individuals must possess to succeed (as entrepreneurs) as well as the neglected issues related to the pedagogy, contextual drivers and the barriers to using entrepreneurship education to develop human capital and entrepreneurial competencies of young people in Africa. It also shows how entrepreneurship education can function as an integral part of the general education system within African countries.

Chapter seven discussed how to address the institutional dysfunction including governance and regulatory failures that give rise to informality and the informal sector. By using fresh evidence to advance the debate about the legality and the illegality of economic activities in the informal sector, the book provides a comprehensive analysis of Africa's informal economy and offers

measures to raise the creativity and incentivise positive behaviour among informal sector operators, thereby bring them into the tax net. The concluding chapter forges a clearer focus for future researchers and policy experts based on the synthesis of the issues raised in previous chapters. These discussions offer new refreshing insights into how human capital and entrepreneurship can be used to transform Africa's social and economic environment in a new world order. This book is a call to action based on many years of my close and active work in Africa with key stakeholders including young people, educators, governments, and inter-governmental organisations. Thus, the ideas in this book will help students, teachers, researchers, policy makers, governments, and third-sector organisations desperate for new ways of understanding the steps Africa must take to retrace its steps and better position itself as a prosperous region.