

# THE ROLE OF BUSINESS AND ENTREPRENEURSHIP IN AFRICA

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## **Abstract**

Over the years, entrepreneurship has proven to be one of the key roles towards development. The cycle of business start-ups and growth are linked to the socio-economic benefits of the global world at large.

With a growing world population of over 7 billion people, the existence of universities (both public & private) as well as enterprises has increased globally in the 21<sup>st</sup> century. The mission and purpose behind Universities, Entrepreneurship and Enterprises thrive on development in the areas of capacity building, skill acquisition, training and knowledge amongst others.

Africa alone has a population of over 1.2 billion people with about 650 recognized universities and over 140,000 registered businesses (enterprises) in Ghana alone. A case study in Ghana reveals three key drivers towards entrepreneurship and the role university education has played in various business establishments. The drivers are problem statements, resources and research findings. Some of these notions to business include the management of risk, research findings and customer relationship. These are major features that need critical attention and play a role in business and entrepreneurship in Africa.

A major success in business and entrepreneurship is the utilization of the human resource population and the lifeline support given to households in terms of income, while a barrier being the limited access to credit support from the financial companies at the inception stages.

In conclusion, this conference should develop a practical book guide on business start-ups and entrepreneurship knowledge to be used at the various universities in Africa to enhance development.

Entrepreneurship has been seen by many researchers as the driver of the society (Frederick & Kuratko 2010). It is a **process** of designing, launching and running a new business. On the other hand, it might also be the introduction of something which was not previously seen in a country, industry, or market, from another place (Cliff, Jennings & Greenwood 2006).

Indeed, according to Aldrich and Martinez (2001), not all entrepreneurs are “innovators” that offer something new. In fact, many entrepreneurial firms (firms that are owned and run by entrepreneurs) are merely “reproducers”: they offer something that is already in existence. A classic example is in the case study of businesses in Africa where so many are ‘reproducers’ and are engaged in entrepreneurship.

### **Role to the Local Economy**

It is suggested by Schmitz (1989) that entrepreneurial activities have a positive relationship with economic activities: the more entrepreneurial activities, the better the economy. Moreover, although it is claimed that entrepreneurial firms create most of the jobs that are available in the market (Birch; 1987), it must be noted that necessity entrepreneurs are just a big part of the group. From the onset, whether an individual is into entrepreneurship for purely profit margins or to promote social value, the fact is that the multiplier effects which will come about as a result of his activities will be highly beneficial to the economy and society. It is important to stress that entrepreneurs are present in all settings.

Entrepreneurship as a whole contributes to social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs and net increases in real productivity. The jobs created through their activities in turn lead to equitable distribution of income which culminates in higher standards of living for the populace. In this way, the resources available to the government will likewise increase and hence enable it to offer social services like hospitals and schools for infrastructure development.

Other studies have also noted other characteristics of successful entrepreneurs like internal locus of control, low aversion to risk taking, aggressiveness, ambition, over-optimism, desire for autonomy, personal values and need for power as major indicators.

### **Role of Research findings at the University level.**

Ghana (Africa) has a high population which is youthful and obviously, the government cannot create jobs for all of them; the private sector (businesses) when provided with a conducive environment will go a long way to reducing this number of unemployment. Every year, tertiary students undertake research findings to problems in society. These findings have a link to the utilization of the human resources, natural resources and development of business start-ups. In Ghana, SIFE initiative (Student in Free Enterprises) now ENACTUS, has been a step in the right direction as it seeks to promote entrepreneurship as an alternative to formal employment at the various university institutions. An important aspect of this initiative that comes out is how the culture of entrepreneurship can be promoted; the fact that university students are the movers of the projects enables them to understand the tenets of entrepreneurship, inculcates the spirit of (social) entrepreneurship in them and imbibes in them the option of becoming entrepreneurs and not going into formal employment.

On top of this, the main tenets of entrepreneurship should be a common course for all students so as to equip them with necessary skills like writing a business plan, preparing a proposal to present to investors, how to register a company, general accounting skills and other necessary skills. There is the need to foster human capital between universities and private sector in order to transfer knowledge and ideas, facilitate the entry of new participants with innovative ideas and promote a culture that encourages risk-taking and accepts failure as permissible social and individual norms. Governments should increase the use of technology for efficient service delivery, which is by computerizing most of the processes it takes to start a business and establishing a one-stop-shop for registering a company. In conclusion, this conference should develop a practical book guide on business start-ups and entrepreneurship knowledge to be used at the various universities in Africa to enhance development.

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