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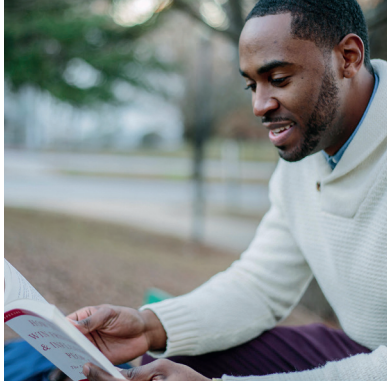


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Africa Start Up

Entrepreneurial Ecosystems to Foster Youth Employment in Africa

In Africa these innovative realities are unusual systems of interdependent actors directly or indirectly to support the creation and growth of new enterprises. and growth of new enterprises. Theirs is a fundamental mission to contribute to sustainable development and inclusive growth for the whole continent. continent. Not by burning the demand for creative work that comes from youth.

Introduction

At least 420 million people in Africa or more than double the population of Western Europe are youth (Adesina, 2018). Studies show that only one in six are in wage employment and, compared to other parts of the world, the remainder are either in vulnerable jobs (see Figure 1) or unemployed. It is estimated that the continent needs to create between 12 and 18¹ million additional jobs every year in order to contain unemployment (Adesina, 2018). Although some experts dispute these figures, in Africa there are at least 9² million youth seeking for jobs annually (Fox, 2021). This is a problem that continues to persist in spite of the fact that the African economies had a healthy economic growth – with six of its countries among the fastest growing economies in the world – in the past decade. Despite this grand challenge of unemployment, there is another story happening in Africa, made with the contribution of entrepreneurial ecosystems in the continent.

1. <https://ecdpm.org/wp-content/uploads/ETTG-A-rapier-not-a-blunderbuss-Why-the-EU-must-do-better-in-supporting-African-job-creation-february-2018-.pdf>
 2. <https://www.brookings.edu/blog/africa-in-focus/2021/04/19/its-easy-to-exaggerate-the-scope-of-the-jobs-problem-in-africa-the-real-story-is-nuanced/>

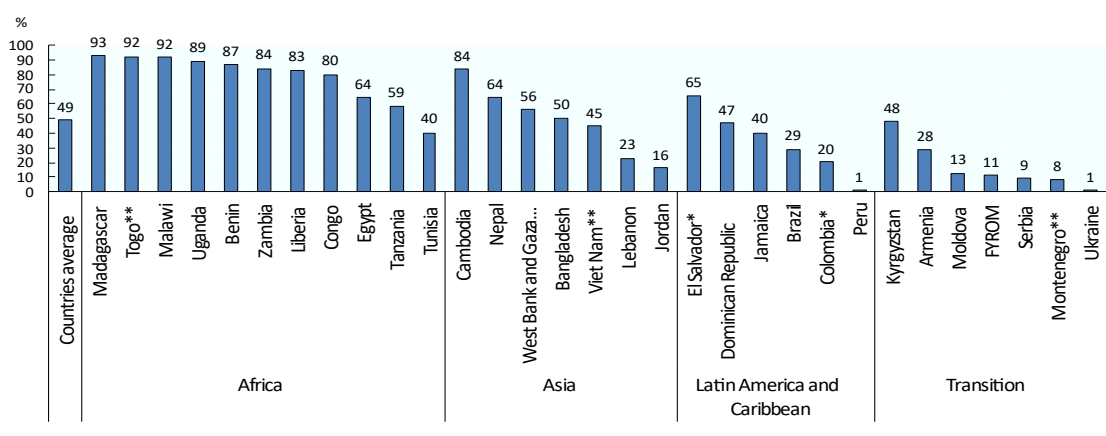


Figure 1.

Job Vulnerability. Source: OECD (2019) based on ILO School to Work Transition Survey.

The response to the unemployment crisis has been intense with many players coming up with different interventions, including tertiary institutions setting up specialized training programs and enterprise incubation or social entrepreneurs training youths in specialized areas for employment creation. In summary it has been a matter of many actors involved to help people overcome such problems as poverty.

Origins of youth unemployment in Africa

Since the 1960s, when most countries attained independence, African countries have placed job creation high on their development agenda but rapid population growth has put pressure on the available resources and negatively affected Africans³. It has hampered human welfare and development leading to substandard services like education and health as well as the general economic well-being. As a result, Africa lags in the human development index (HDI) when compared with other regions of the world. A recent longitudinal study between 2010 and 2019 revealed that there is a strong relationship between HDI and unemployment⁴ (Sumaryoto et al. 2020).

Poor education for example, is associated with high unemployment. The disconnection between policy makers in education and labour does harm the process of matching demand with supply of labour. Nwambam & Eze (2017: 549) for instance argue that “education planners should be more proactive in identifying the unemployment problems, analysing their relationships to the education system and the economy so that they can determine policy options.” The absence of detailed and collaborative planning within countries has given rise to many other causes of unemployment including labour demand and supply mismatch, which we present in the following paragraph.

Mismatch between labour demand and supply

The labour demand and supply mismatch is the greatest cause of unemployment in Africa. The youths coming out of different educational systems in the continent are either underqualified or overqualified for jobs in the market. The focus of educational systems is geared towards higher education that creates a wrong perception of Technical and Vocational Education and Training (TVETs) as institutions for failures. This lack of artisanal skills development has negative effects on the job markets when such skills are unavailable. Many of the large projects in Africa requiring carpenters, masons and plumbers today are done by either Chinese or Indian contractors as unemployed Africans watch from the periphery since they either lack requisite skills or have college diplomas (overqualified for available jobs).

The continent can facilitate school-to-work transition by developing appropriate mechanisms but studies have shown that the most of African countries are weak in school-to-work transition (SWT) for the youth (UNICEF, 2019)⁵. As a result, there is inadequate integration of the youth in labour markets. The report further says that at least 20% of youths are not in education, employment or training and that young women, in particular, form the majority of the youth in this situation. Data from the School-to-Work Transition Survey show that for the least developed countries (LDCs) in Africa, the unemployment rate is higher for those with secondary and tertiary education or above than for those with basic or no education, implying a mismatch between the skills and aspiration of young people and the demands of the labour market.

Industrialization and digitalization

Africa has a weak manufacturing sector which traditionally was the engine of economic development and job creation. The departure from the traditional model of economic development has given rise to intense debate with some economists arguing that the

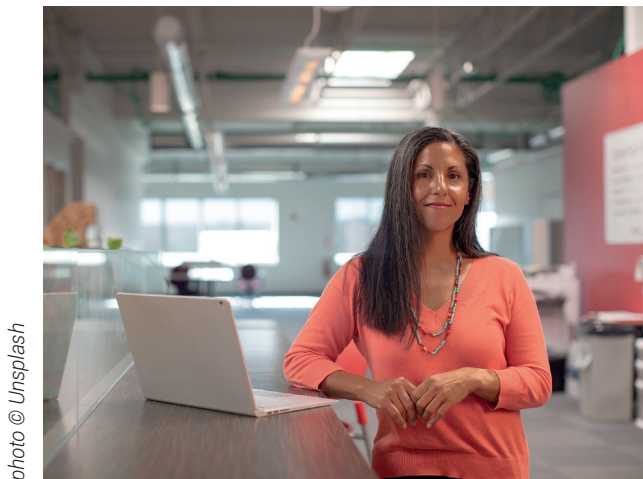
3. <https://www.unfpa.org/resources/population-and-development-africa>.

4. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3739545.

5. *Influence of trade union federations in government. Some researchers argue that higher wage demands lead to declines in new jobs, and that labor demands make the labor regime inflexible. Tighter labor legislation to protect the interests of the marginalized have had unintended impacts on the willingness of firms to absorb more labor (IMF 2010).*

continent may never achieve its economic objectives. Instead, the continent's economies are growing from tradable services and Agro-industries that resemble traditional industrialization as well as information and communication technology-based services (ICT) and tourism (Coulibaly, 2018). The division between those who still have hope that the continent will industrialize (Page, 2011; Signé & Johnson, 2018) and the ones who suggest that the traditional development model has failed or could not bear similar outcomes as in Asia (Stiglitz et al. 2013), elicits concerns about the future of the continent's ability to deal with the challenges of unemployment.

Yet to date there is truly little knowledge on the future of technology and its ability to act as the engine of economic development and job creation. The urgency to close this gap is critical. Although digitalization promises to provide many jobs to youths in Africa, infrastructure, internet restrictions and lack of digital skills in some countries stand in the way. As a result, only few countries (as South Africa, Nigeria, Kenya and Ghana) have effectively developed a digital economy and improved its productivity and provided employment to youths. Other countries that can benefit from a digital economy include Ethiopia, Cameroun, Uganda and Zimbabwe but past shutdowns of internet for political expedience undermines the potential jobs for the youths.



Entrepreneurial ecosystems to support youth employment

Entrepreneurial ecosystems are unusual systems of interdependent actors who relate directly or indirectly to support the creation and growth of new ventures (Cavallo et al. 2019). These could be social entrepreneurs, religious groups, local governments, foundations, donor agencies as well as private companies committed to the development of local or regional entrepreneurship. Their support could be in the form of facilitation of creativity and innovation, development of business development services, incubation or acceleration to enhance entrepreneurial chances of success.

In the past two decades, many of these ecosystem actors have shown that it is not all lost for Africa. Significant shifts that are contributing to entrepreneurship and manageable populations are happening, with the ultimate purpose of addressing youth unemployment and provide support to the various social challenges of these countries (e.g. water, electricity etc.).

Tertiary Institutions fostering employment opportunities

Education plays a key role in employability. Like countries with strong applied programs, Africa should reconsider current University and other teaching programs that until now have failed to match their trainings with employers' demand. Instead, Africa should embrace technical

and practical programs to enhance areas as manufacturing, ICT or engineering. In fact, the practical aspects of training, such as mandatory internships, could lower the current mismatch between the knowledge acquired at university and what the employers want. Such important need, brought to the expansion of many tertiary TVETs, and through them Africa can significantly improve the human resource capacity. This is the case, for instance, of Companionship of Workers Associations (COWA) in Uganda that aims at empowering its learners with knowledge, skills, value and positive attitude to enable them to discover their self-worth thus living their full potential and enter competently in the world of job market⁶. Similarly, African Leadership University⁷ is a unique tertiary Institution with campuses in Mauritius and Rwanda with a mission to build 25 campuses across the continent and produce 3 million young African leaders over the next 50 years (see the box below).

African Leadership University

African Leadership University (ALU) was started by Ghanaian social investor, Fred Swaniker has the objective to prepare learners for a unique approach to individualized learning that develops the right skills that young entrepreneurs will need for the future. The institution seeks to harness the characteristics essential for creating a mission-based life of impact and purpose.

The ALU program combines learning and work experience such that by the time the student is graduating, they will have a full year of work experience in a variety of organizations both locally and internationally. This experience enables them to build deep connections with potential employers and provides practice in solving real-world problems. Learners are exposed to the world of work, giving them an advantage over traditional university graduates in gaining employment or starting their own enterprises.

Unlike traditional universities, ALU's class of 2019, 100 percent were placed into productive opportunities (employment, entrepreneurship, or further study) within six months of graduation. Those who opted to pursue further studies have already joined top universities in the world including Cambridge University, London School of Economics, University of Edinburgh.

The institution says that for those students opting to move directly into the workforce, over 95% of the placements so far are in Africa, with full-time positions at leading global firms operating in Africa like KPMG (Kenya), Bain (Nigeria), Dalberg (Ethiopia), Pernod Ricard (SA), Cellulant (Kenya), PWC (Ghana), Enko Education (Morocco), WAVE (a Vocational Education provider in Nigeria) and many others. The 5% that took up international jobs moved to: the UK (at Facebook, Goldman Sachs, Bank of America Merrill Lynch), Vietnam (with Sanofi—the French Pharmaceutical giant); France (Atos), in Estonia (one of ALU graduates has founded a company there focused on student finance), and Lebanon (computer science graduate).

Source: authors' elaboration

ICT hubs and business accelerators

In 2014, Africa had slightly over 50 tech hubs⁸ (Kalan, 2014) throughout the continent but by 2019, the number had ballooned to 643 hubs⁹ (Shapshak, 2019). Venture capital has gone from zero dollars in 2010 to a high of \$2 billion¹⁰ in 2019 with majority of the funding going to Kenya, Nigeria and South Africa (Kene-Okafor, 2021). Increased interest in startups will create more jobs. This is in spite of the fact that forms of digitalization like automation are criticized for job losses. The emerging revolution will create new jobs and disrupt the workplace. It will

6. <https://cowa-uganda.org/>

7. <https://www.alueducation.com/>

8. <https://www.bbc.com/future/article/20121018-inside-african-technology-hubs>

9. <https://www.forbes.com/sites/tobyshapshak/2019/10/30/africa-now-has-643-tech-hubs-which-play-pivotal-role-for-business/?sh=4a5872814e15>

10. <https://techcrunch.com/2021/02/11/how-african-startups-raised-investments-in-2020/>

create new types of employment requiring expanded skill sets – both higher-level, specialized skills to meet new industry standards as well as non-cognitive competencies in critical thinking, creativity and communication. As with the introduction of other technologies in earlier periods, these new technologies are likely to dislocate some workers, especially those in routine jobs which could easily be automated, hurting those unable to reskill and upskill.

Digital technologies, in particular, are driving transformations across many industries such as banking, agriculture, transportation, and retail. Many of these sectors currently employ large numbers of people from the informal sector. These transformations require a range of skills from basic digital skills and literacy for users to advanced digital skills for those who can help to create new applications and business.

Where social change is happening

A last important actor toward addressing youth unemployment is represented by the many social entrepreneurs which aim at enabling the youth to reinvent themselves. Social enterprises are organizations which address societal problems through market approach (Ciambotti & Pedrini, 2021). Especially in African countries, social enterprises are aiming to address grand challenges and youth unemployment by providing sustainable development and inclusive growth.

For instance, Corec¹¹ is a Kenyan-based social enterprise that integrate youths from the street to collect plastic waste and turn it into building materials. Similarly, Wawoto Kacel is a social enterprise in Uganda which means “walking together”. It aims at integrating vulnerable women (with HIV or disabled) to produce fashion and textiles. These examples are only few of the many social enterprises in the continent, which represent a powerful force both to integrate youth in their operations, and to solve large social issues such as water, energy, poor education etc.

Such social enterprises recognized technology as enabler to create employment for the youth. Several other startups as Twiga Foods (Kenya) and Agrocenta (Ghana) are creating powerful market opportunities for local communities. These Agritech startups take advantage of emerging technologies such as artificial intelligence to help farmers better manage potential risks and other weather-related problems such as floods and droughts as well as pests and other crop diseases with the aim of improving productivity. Some of the startups have built supply chains that have minimized waste and improved efficiency and profitability of small-scale farmers in ways that decrease poverty. Slowly, these technology-based innovations are catalysing social change and more importantly creating jobs for youths.

Conclusion

While the problem of youth unemployment in Africa is a major challenge, there is another story that is not often told. The contribution of entrepreneurial ecosystems that are growing and indeed offering opportunities that could move the continent out of poverty.

The evidence is clear: to create truly meaningful jobs, Africa must embrace emerging technologies and continue to build a strong entrepreneurial ecosystem in every country beyond the leading countries, that is, Ghana, Kenya, Nigeria, and Rwanda. For this to happen, the continent must invest in the ICT infrastructure, provide incentives to lower the cost of broadband and create a continent-wide single digital market to ensure no country abuses access to connectivity. Also, support to social enterprises would be critical to enlarge their efforts toward a better world, empowering and training individuals as well as offering sustainable development opportunities for Africa.

Finally, governments must put in place the right policies to support creativity, innovation and

11. <https://www.corec.co.ke/>

entrepreneurship. Further, governments must be innovative, take the risk and be proactive in implementation of new solutions to existing problems such as poverty. It has been demonstrated that indeed Africa can leapfrog development and create better jobs and wealth. As such, entrepreneurs, policymakers and consumers must focus on the future that is technology driven, prepare for it, and collaborate to take advantage of it with a can-do attitude.

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