

Afro-entrepreneurship and Its Impact on Job and Economic Development in Africa and China

Dabo Abdourahman^{1, 2, *}

¹Department of Economics and Management, School of Economics and Management, Zhejiang Sci-Tech University, Hangzhou, PR China

²School of Social Science, AM's Research Academy, Dhaka, Bangladesh

Abstract

The role of entrepreneurship in economic growth by Contribution to GDP job creation has emerged as a top priority for many countries in place of foreign assistance. Besides that, most developing countries have recently followed a new approach for global growth and prosperity in terms of total poverty reduction and job formation. Africa is seeing a “youth bulge,” or a population dominated by young people. The economic problems for the African Population include largely alternatives within and in Afro-Entrepreneurship itself. Guangzhou is African migration gateway to China's most common. In Guangzhou, Africans are largely self-created entrepreneurs, who have their own businesses with Chinese businesses, mostly internal migrants with truncated citizenship rights. This study reveals the impact of Afro entrepreneurship in job and economic development of Africa and China. The analytical data used was secondary. In this analysis, the aims of this study, which was descriptive, were met by a quantitative approach. The researcher gathered secondary data directly from various secondary sources. In the report, it was found that Afro-Entrepreneurship in Africa is open, but in China it is increasingly worried. Indeed, entrepreneurship has been regarded as the driver of economic development, and it has come to be regarded as a catalytic force for the extension and advancement of productive practices in all spheres of economic activity throughout the world.

Keywords

Afro-Entrepreneurship, Entrepreneur, Economy, GEM

Received: May 4, 2021 / Accepted: July 10, 2021 / Published online: July 28, 2021

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1. Introduction

Entrepreneurship is the backbone of many developing economies worldwide. Studies demonstrate that many of the developing markets are built on small and medium-sized enterprises and developing economies also provide industry and entrepreneurship with favorable conditions. Due to the evident advantages of job creation, sustainable growth and the resolution of social problems, regional, national, and local government strategies direct efforts, finances and policy making on entrepreneurship. Aside from the internal benefits that entrepreneurship provides countries that have the perfect atmosphere for it to

prosper, those countries would be well poised to benefit from deepening globalization. In an economic outlook that is moving toward an open economy and free trade, one might argue that entrepreneurship would only become more necessary for an economy to stay successful in international markets. Indeed, entrepreneurship has been regarded as the driver of economic development, and it has come to be regarded as a catalytic force for the extension and advancement of productive practices in all spheres of economic activity throughout the world.

The role of entrepreneurship in economic growth by job

* Corresponding author

E-mail address: amsresearchacademy@gmail.com, daboabdourahman@yahoo.com

creation has emerged as a top priority for many countries in place of foreign assistance. Speaking of international assistance, despite trillions of dollars in funds distributed to African countries, Africa has seen a constant upward change in poverty over the last two decades. It urges various international agencies and governments around the world to develop strategies to combat poverty and boost Africa's economy. Besides that, most developing countries have recently followed a new approach for global growth and prosperity in terms of total poverty reduction and job formation. Africa is seeing a "youth bulge," or a population dominated by young people. Governments in these African nations should be mindful of the importance of making the best use of this young population; otherwise, it would become a burden, particularly given the prevailing soaring unemployment pattern in most African nations.

Furthermore, the truth about entrepreneurship and what it can do to help the African economy remains undeniable, and that is why entrepreneurship has been recognized as a significant source of job growth in African economies. Entrepreneurship stimulates global development by developing new technology, goods, and services. Increased competition from startups puts established businesses under pressure to become more successful. It also creates new career openings, both short and long term. Entrepreneurial operation boosts firm and economic growth.

1.1. Afro Entrepreneurship

The economic problems for the African Population include largely alternatives within and in Afro-Entrepreneurship itself. In recent years, multiple studies have shown that black founders are building companies rather than white. Africa has been affected by the historic, socioeconomic, and social changes in various geographical areas. The importance of the role of entrepreneurship in Africa due to changing economic conditions and the rapid growth in the global economy has recently also been emphasized. At the height of the Great Recession, most African professionals in the USA and Western Europe returned after losing their work to their countries of origin. Their engineering expertise, executive experience, and international networks have been of the highest level. But, when the crisis decimated financial markets and companies in Africa there were few employments, most of these people were entrepreneurs. They also have partnerships with local experts. According to Harvard business review today we are seeing the emergence of businesses with key IPs from Africa. The emphasis is on solving local problems for organizations like Safi Sarvi, a manufacturer of organic fertilizer, and UMT (25-minute non-blood malaria test). In

contrast to what was the past when African technology firms focused on being representatives of a multinational technology giant with commission and mark-up compensation, new businesses are making their own technologies and engaging with international companies, wherever possible. It's a virtuous time in Africa with a latent demand for 1.2 billion inhabitants. Converging currency and local indigenous capacity would bring a new dawn even as policymakers finance local entrepreneurs and challenge them to make consumers their "development investors. knowledge mines and platinum and oil mines are ravaging the entire continent, these pioneers are turning the continent into the brainpower of the people, and they are offering a roadmap to a modern African economy.

1.2. Africans in China

In the following part, we present the areas of social and economic activity of our informants, their interactions with each other and the implication of seniority dynamics and their influence in community structures. This is how we proceed: First we present the practices that form part of the Ghanaians-Senegalese forwarding sector in China to classify the areas where our informants are exposed to Chinese things. Secondly, we integrate social structures from the bottom up, and we emphasize communal interactions every point, in order to understand how these Chinese imaginations and experiences are disseminated until they are translated into home societies.

1.2.1. Economic Activities

African entrepreneurs in China can use their knowledge of Chinese commodity, locations and bureaucracy in different grades and capacities to meet their (mainly compatriots) customer requirements during their supply trips to China. This includes, inter alia, several ways of guidance, recommendations and remedies for regulatory obstacles and the handling of export products.

1.2.2. Sourcing

Regardless of their legal nature, these agents have a primary role to play in connection with the companies that they sell and export in Africa, between China's manufacturers, e.g., producers' representatives or other merchants or agents serving as intermediaries. Additionally, agents convert into commercial agreements and negotiate rates in order to find appropriate providers. They also carry out market study in China and other countries in Asia. In several manufacturing areas worldwide, agents typically possess up-to-date pricing awareness and a sophisticated feel for industry patterns. Customers are supported in the markets by their most

time-consuming mission. Overall, these programs are provided by agencies to the most valuable consumers and delegated to staff who are less important. How a customer is acquired decides who meets his needs. On some occasions, workers, and in some others, employees, in Africa or in China, have their own customers hired. Those customers are usual travelers with no expertise and few connections for the first time, but you know that you'll have a guide ready to assist. Representatives often purchase products on behalf of their customers – for instance to stock chosen goods between their customer travel. Such products are exported in containers of other customers at low cost, allowing space. This service is offered primarily for high-volume, long-term customers and sometimes not paid for. The internet is a key tool in the work of agents since it is important to find providers in the Chinese market. African business people often employ officers to do analysis into such commodities - to check, for example, the capabilities and technical expectations of a manufacturing plant, including its existence and warehouse. An agent normally does these vital duties entirely and never assigns them to his staff.

1.2.3. Expenses and Revenues

About monthly costs, forwarding agents in the Guangzhou region of Xiaobei estimated their expenditure in terms of office rents at around RMB 8,000 (USD 1.315). Another 1,500 RMB (247 USD) is used for a container transporter; 600 RMB (100 USD) is used to fill the containers (German Research Foundation. [1] Officers often must pay for their fewer valuable clients' offices and provide their services. While they have a right to carry one employee from their homes, all agents in our sample have established a preference for several years for Chinese employees. Although Chinese employees are more likely to eventually start their own businesses by taking "their" clients with them, they are more loyal and efficient during employment (German Research Foundation).

1.2.4. Services

Apart from those actively engaged in the manufacturing of goods, in China a different group of African entrepreneurs survives by supplying African transnational companies with daily facilities and amenities. These vendors typically have other services, such as cooking, lodging, washing and/or hairdryer. These practices are mostly casual, with two exceptions: formal restaurants and payment of lodging in private residences (although the latter is illegal without a license, it is tolerated provided guests register at the local police station). Such operations are normally performed in private apartments, which are converted into testament or hotels and visited by

employers who choose to enjoy their countrymen's company rather than a meal or a bed in China.

1.3. Research Objectives

- i. To find out the impact of Afro entrepreneurship on job and economic development of South Africa.
- ii. To find out the impact of Afro entrepreneurship on job and economic development of China.

1.4. Sources of Data and Methodology of the Study

The study mostly relied on secondary sources information. The paper is descriptive in nature paying special attention on comparative features. Secondary information was gathered from published articles, conference proceedings, annual report. The analytical data used was secondary. In this analysis, the aims of this study, which was descriptive, were met by a quantitative approach. The researcher gathered secondary data directly from various secondary sources.

1.5. Literature Review

Many researchers have conducted research works on different aspects on entrepreneurship and economic development. Several important empirical research findings have been taken into consideration.

In recent times, many analysts agree that market-friendly policies are a major reason for economic development. Hans Pitlik opens his article "The Way to Liberalization and Economic Development" by stating that several observational studies have shown a significant impact of a country's pro-market policy on economic growth. He explains that market-friendly policies are increasing the reward people receive for activities which lead to economic development. This hypothesis suggests that business can be affected greatly by market-friendly policies of the government. [2].

However, it is not generally excluded as a separate indicator of economic growth that entrepreneurship is motivated by any of the typical factors of economic growth. If even one factor is not a typical factor in economic growth and entrepreneurship impacts on economic growth, so entrepreneurship should be seen as a single additional factor in economic growth. This is because, aside from conventional economic growth and entrepreneurship causes, entrepreneurship is influenced by one or more factors influences economic growth, then entrepreneurship is essentially acting as a proxy for these other factors. This would mean that the effect of all other factors on economic development would be considered, at least partially, by using business as a separate factor in economic growth. Many

hypotheses indicate that enterprise is also driven by forces outside the conventional influences of economic development.

In Joseph Schumpeter's ideas one of these myths is found. Schumpeter first says in his book *The Theory of Economic Development* that entrepreneurship induces economic growth by making new and more productive combinations of output means in a company. Therefore, Schumpeter argues that the sources of technical progress are business (not just knowledge). He suggests then that entrepreneurship is an entirely different and not the normal outcome of the people's sound economic behavior. He believes that people need a certain amount of expertise on which to base their decisions if they are to conduct themselves economically rationally. He says also that because people mostly derive their understanding from their context, they all use previous ideas and events to construct their sound economic behavior. Therefore, economically rational action is not revolutionary, according to Schumpeter. This means that sound economical behavior, the main component of enterprising, cannot lead to the creation of completely new and untested variations of the means of production. Fair economic activity will then essentially make people respond in whatever way they proved more effective in the past to any shifts in the levels of these conventional influences. Entrepreneurship, however, which requires creativity, is not a necessary consequence of just conventional economic growth factors. [3].

The authors found that an increase in businesses has a growing growth impact and that a decline in total enterprise capacity threatens economic growth. According to the report, West Germany evidence shows that entrepreneurship has a positive effect on productivity. [4].

West Germany's Audretsch found that efforts at creativity have an indirect impact on economic performance by enterprises and that entrepreneurship dependent on expertise has a positive influence on regional economic performance. [5].

Mueller checks the assumption that, between 1992 and 2002, enterprise and university-industry ties encouraged business growth in West German regions and states that highly enterprising regions and university-industrial relations are experiencing higher efficiency and therefore economic development. Both creative industry start-ups and engineering research universities have been seen to foster economic development. [6].

Study reveals that the availability of role models and the growth of social networks is one of South Africa's key solutions to driving entrepreneurship. According to the speaker, people with family and friends prefer to become

entrepreneurs. This is a reaffirmation of the impact on entrepreneurship of South African traditions, societal expectations, and beliefs. [7].

By the way, entrepreneurship is not a personality but rather a behavioral trend. Empirical research has shown that no substantial difference in the personality is made among successful entrepreneurs and successful managers who are non-entrepreneurs. [8].

Complete business activity (TEA) is the proportion of individuals from the ages of 18 to 64 who conduct new or business activity at the formative level. The results of the GEM study reveal that the extent of entrepreneurship in different regions and countries is significantly different using this metric. More specifically, there are differences between the same degree economies - industrialized and developing markets alike. In addition to the effect of environmental factors such as entry barriers and the regulatory pressure on government, it has a major impact on business growth among the nations. [9].

The transformation from China to China is marked by a triple phase of marketing, globalization and decentralization that creates a complex institutional framework for entrepreneurship. [10].

This means that Chinese entrepreneurs face more opportunities and greater uncertainty in more mature markets than their counterparts. It was confirmed that entrepreneurship is more significantly influenced by the structural environment in China than the developing economies do. [11].

The definition and ideas of entrepreneurship are presented from different viewpoints and schools of thought. Innovation and developing new products, techniques, service, and business models relate to many entrepreneurs. This school of thinking describes entrepreneurship to do something in order to improve humanity and to make a profit in the process, whether new or new. [12].

The varying progress of African nations is favourably explained by entrepreneurship. It is therefore plausible to argue that entrepreneurship is crucial to the opening of economic development, job creation and reduction of poverty in emerging nations, including Africa. The article investigates further some of the problems that entrepreneurs confront in sub-Saharan Africa and offers policy solutions. [13].

This shows that SMEs bear greater logistical expenses as a reason of the lack of globalization potential. In many African nations, the movement of commodities from one location to another entail's high expenditures because of poor transport networks. [14].

1.6. Conceptual Framework of Role of Entrepreneurship in Economic Development and Job

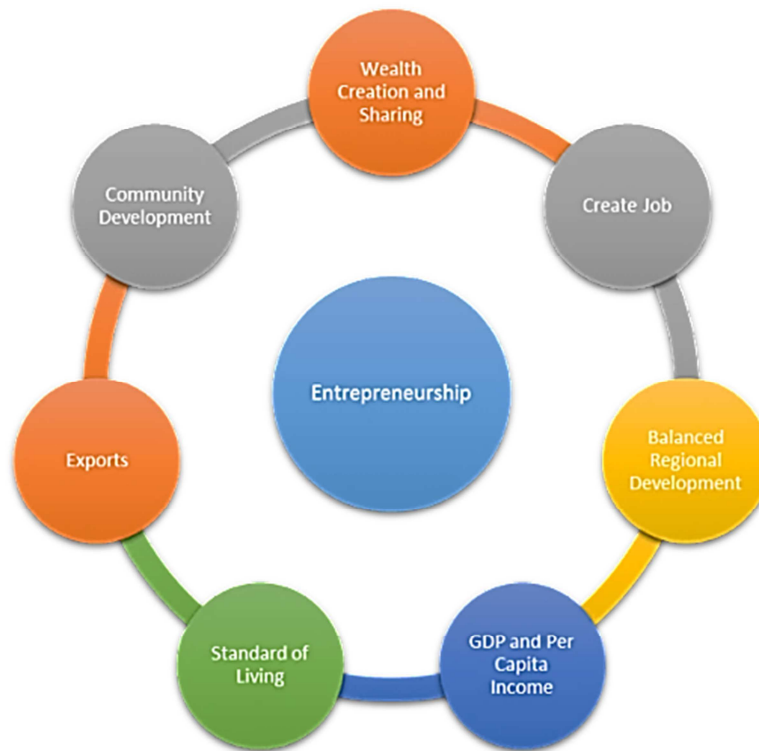


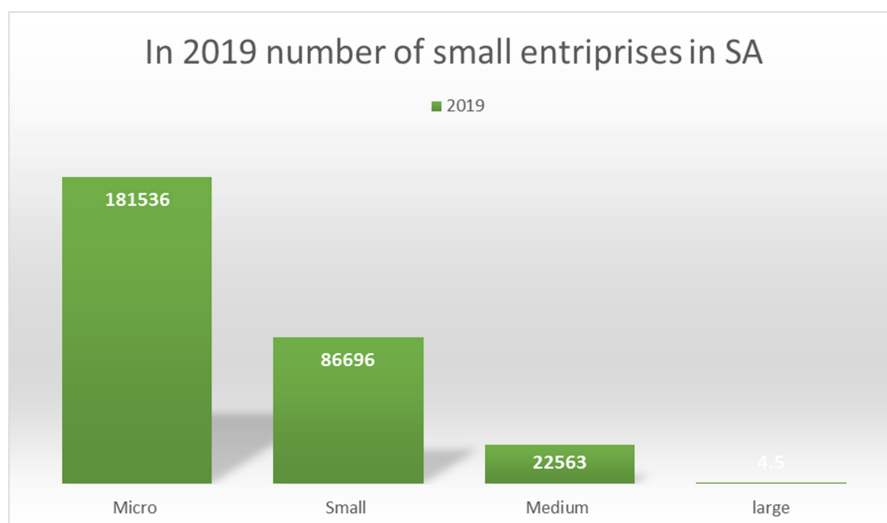
Figure 1. Conceptual Framework of Entrepreneurship.

2. Afro Entrepreneurship and Its Impact in Africa

Business projects contribute to modern asset creation. Current companies can continue to be exclusive to similar markets and can reach a revenue cap. New and enhanced entrepreneurial goods, services or technologies enable the

creation of new markets and the creation of new capital.

In addition, higher jobs and wages are contributing to improved domestic profits by increasing tax revenues and increasing government spending. The government will use this income on investing in other challenging industries and human resources. If it may reduce the redundancy of certain emerging players, the government may reduce the blow by redistributing superfluous resources to retrain staff.



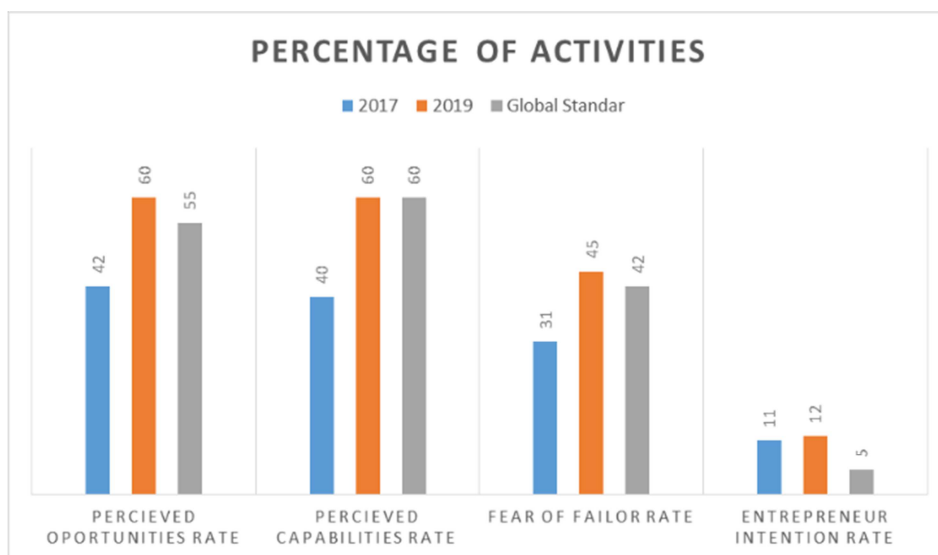
Source: GEM Report 2019.

Figure 2. No of small enterprise in South Africa.

South Africa is one of the biggest opportunities for growth to build small companies which help the economy and create employment. About 50% and 60% of South Africa's workforce is employed by small firms and some 34% of GDP

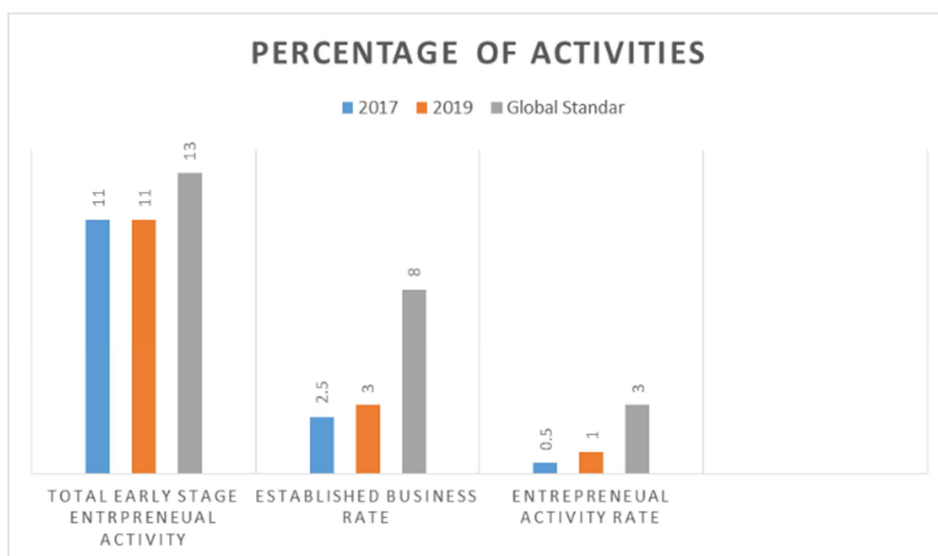
is contributed. [15] However, in the last decade, the small business market has been quite sluggish, formalizing only 14% of the small businesses in the region, limiting their job growth and future economic participation.

2.1. Entrepreneurial Behavior and Attitudes That Contributions to the National Economy



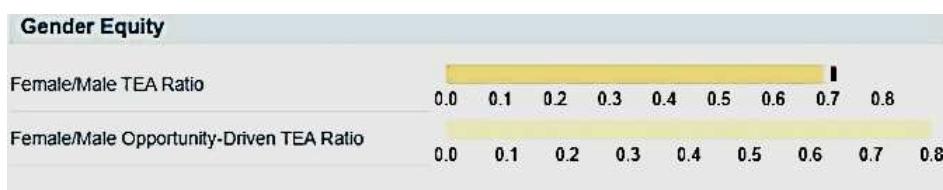
Source: GEM Report 2019.

Figure 3. Activities of entrepreneurship in SA.



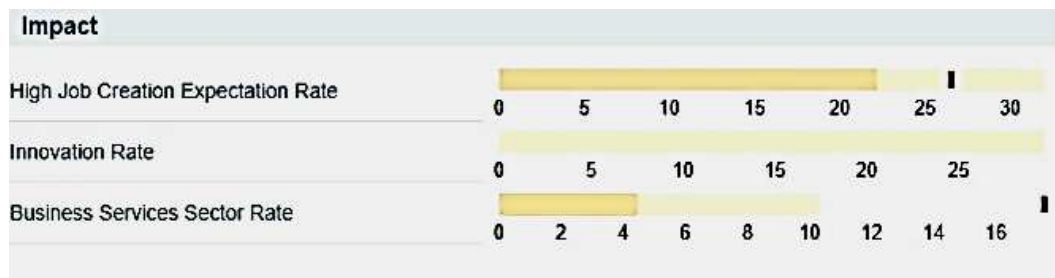
Source: GEM Report 2019.

Figure 4. Activities of entrepreneurship in SA.



Source: GEM Report 2019.

Figure 5. Activities of entrepreneurship in SA.



Source: GEM Report 2019.

Figure 6. Activities of entrepreneurship in SA.

2.2. Entrepreneurial Framework Conditions

Most recent data: 2019.

Expert Ratings: 1 = highly insufficient, 5 = highly sufficient.



Source: GEM Report 2019.

Figure 7. Activities of entrepreneurship in SA.

3. Afro Entrepreneurship and Its Impact in China

Guangzhou is African migration gateway to China's most common. In Guangzhou, Africans are largely self-created entrepreneurs, who have their own businesses with Chinese businesses, mostly internal migrants with truncated citizenship rights. Unlike foreign migrants, Africans have their own businesses. African-Chinese meetings in local and neighborhood markets offer a special chance to research interracial complexities beyond classic black-and-white dichotomy and conventional ethnic entrepreneurship model.

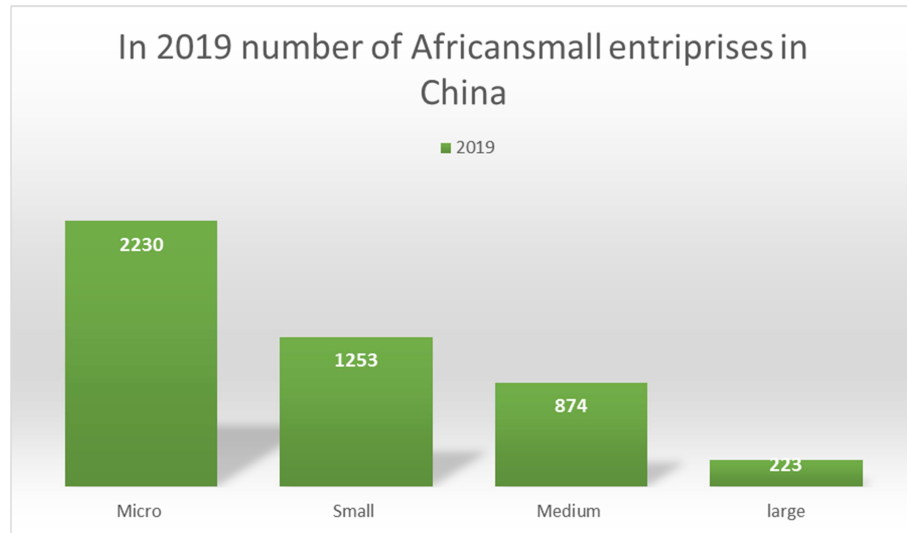
Afro Entrepreneurship Attitude and Behaviour to China

African enterprises have made substantial investments in China above and beyond the small enterprises that draw Africans in Guangzhou — so-called Chocolate City in China because of the huge number of Africans living there.

According to Aljazeera Africans had spent 15.2 billion dollars cumulatively in China by 2019, a 43 percent rise on 2009 compared to 9.9 billion. [16].

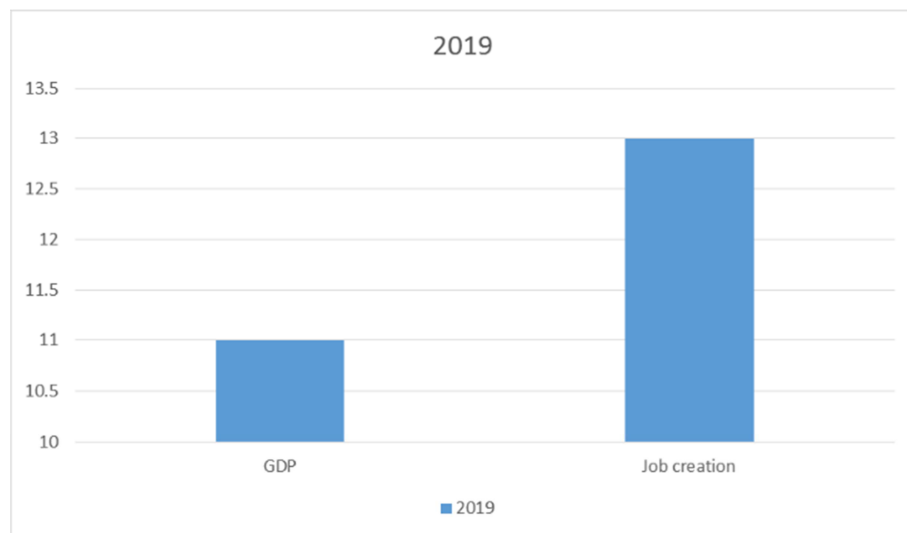
Just some of Africans pursuing economic prospects in China say SABMiller and the other major firms. According to media sources, over 200,000 African refugees are living in China. During the first nine months of 2019, 430'000 arrivals and departures of nationals from African countries were reported in Guangzhou, a southern Chinese city with the largest African population in Asia. Some districts of Guangzhou are almost entirely African, and local cab drivers sometimes refer to them as 'Chocolate City' or 'Little Africa.'

For residents of many African countries such as Botswana, Egypt, Kenya, Malawi, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe, the Hong Kong Government permits 90-day visa-free stays making the special administrative area the easiest place for the African merchants, which constitute much of the population from China.



Source: GEM Report 2019.

Figure 8. No of Africa small enterprises in china.



Source: Aljazeera.

Figure 9. Impact of African entrepreneurship in China.

In figure the impact of African entrepreneurship in Chinese job creation is 13 percent and GDP 11 percent to the total of Chinese economy.

4. Conclusion

Afro-entrepreneurship offers several prospects for growth in business practices in South Africa and China, which can build the country's much-needed economic boost. This growth can be driven by developing role models, investing in the education sector of South Africa to manufacture and fund entrepreneurs and a change in the entrepreneurial mentality of people in South Africa. In the report, it was found that Afro-business in South Africa is open, but in China it is increasingly worried. However, it is necessary to revisit the criteria and the

structure of enterprise access in southern Africa and China so that the fear of bankruptcy is reduced. In addition, the obstacle to entry and tough rules were discovered to be a threat for both Southern African and local migrant entrepreneurs.

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