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THE DEEP ROOTS OF ENTREPRENEURIAL ASPIRATIONS IN AFRICA (SUMMARY)

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≈ SUMMARY ≈

THE DEEP ROOTS OF ENTREPRENEURIAL ASPIRATIONS IN AFRICA

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Principal Topic

We compare nine African countries to see how historically-embedded institutional frameworks and other environmental conditions affect the likelihood of applying individual resources into most productive forms of entrepreneurial start-ups. Accordingly, we develop hypotheses about how historical and institutional factors influence occupational choices related to entrepreneurship. We utilize the 2013 Global Entrepreneurship Monitor (GEM) individual level data for African countries to test these ideas. We run regression models to explore how these factors explain the likelihood of being engaged in a start-up activity, differentiating between necessity and opportunity driven entry and between high and low aspirations entry.

We find that within our sample, Namibia tops the list of the economies conducive to high aspiration entrepreneurship; followed by Botswana, Zambia and Nigeria; Ghana and South Africa in the middle range; with Angola, Uganda and Malawi at the bottom of the scale. We adopt a historical framework for our analysis and demonstrate that the historical evolution of institutions plays a significant role in explaining differences in entrepreneurial aspirations. A range of dynamic evolutionary processes emerge from our analysis as potentially significant in explaining the different attitudes towards entrepreneurship in African countries. Our illustration concerns Nigeria and Angola: Nigerians and Angolans display strikingly different choices related to high aspiration entrepreneurship, with the former country being more likely to create opportunity-driven and high aspiration start-ups, while the rates of low aspiration and necessity-driven start-ups are fairly similar. Unlike the UK, the colonial institutions of formerly Portuguese colonies were hostile to the private sector. Moreover, Angola was dominated by a Marxist regime for a long period, whereas Nigeria has never seen a strong radical left-wing movement. Despite superficial similarities, the two countries are at different stages of the “postcolonial transition” (Decker, 2010): significant socio-economic change accompanies the full independence of a former colony; its features determine how the working age population perceives the relative opportunities of working for the public versus the private sector. Under colonial governance, public administration and major companies are largely run by expatriates. With independence, empowerment programs replace expatriates with nationals. This process is often problematic due to poor provision for education in colonial times and a significant skills gap, putting a premium on salaries for educated individuals, who often opt for secure employment in the public sector or foreign multinationals, rather than entrepreneurship. Moving away from that model leads to emergence of high-aspiration entrepreneurship.

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