

Entrepreneurship and Innovation with Special Reference to Africa: A Conceptual View

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Abstract: Schumpeter says “carrying out innovations is the only function which is fundamental in history”. Peter F. Drucker described that innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. Research Question of the study is how entrepreneurship and innovation works especially in South Africa? Building linkages between the enterprises and export oriented SMEs could be an important way to facilitate integration with global value chains and new markets. Social welfare and grand utility will be tangent when equitable distribution can be attained by South African entrepreneurs through creativity, arranging community banking, social obligations and social business as suggested by the author.

Keywords: Entrepreneur, Global Value Chains, South Africa, Community Banking, Social Obligations, Social Business.

What is needed is the spirit among the youth that ‘I can do it, we can do it and the nation can do it’. “Our (India) Educational Institutions have to concentrate on developing the leadership traits and the confidence to perform among every youth of the nation.” *Dr APJ Abdul Kalam*

“Knowledge is the most powerful engine of production; it enables us to subdue nature and satisfy our wants.” *Alfred Marshall*

“Imagination is more important than knowledge.” *Albert Einstein.*

Introduction

The 16th Century led French military expedition is known as an Entrepreneur; while in the 17th Century who did the work of public contractor was known as Entrepreneur and in the 18th Century French Economist Richard Cantillon used them as Entrepreneurs. According to Cantillon they are non-fixed income earners who pay known costs of production but earn uncertain income due to the speculative nature of pondering to an unknown demand for their product. Jean-Baptiste is credited for coining the word and advancing the concept of the entrepreneur and pointed out that it was entrepreneurs who sought out efficient uses of resources and capital and moved them into more productive, higher yield areas. To simply put, entrepreneurs seek opportunities for profit and, by doing so create new markets and fresh opportunities.

South Africa has progressively shifted away from dependence on primary resource production and commodity-based industries to open up to international trade and building capacity in some knowledge-intensive industries. However, the country’s economic growth has remained weak by emerging-market standards with GDP rising at 3.1% per year from 2000 to 2014. Employment has not risen fast enough to absorb an expanding labor supply driven by strong demographic dynamics, and unemployment has been chronically high.

The British 'industrial revolution' from the late eighteenth century was closely associated with the beginning of a shift from a cottage system of outworkers using hand tools in cotton manufacture to the deployment of machine tools located in centralized factories.

Schumpeter described that development is a historical process of structural changes, substantially driven by innovations:

- Launch of a new product or a new species of already known product
- Application of new methods of production or sale of a product, opening of a new market
- Acquiring of new sources of supply of raw material or semi-finished goods
- New industry structure such as the creation or destruction of a monopoly position

Innovation: innovation is the "creative destruction" that develops the economy while the entrepreneur performs the function of the change creator

Competition and innovation may lead to "creative destruction"

Creation of new products and methods destroy the old products and methods

To provide risk, capital to high potential ventures in exchange of partial ownership of the firm, venture capitalists are typically active investors who seek to add value through their inter-action with and advice for the managers of the entrepreneurial venture (Arthurs and Busenitz).

Entrepreneurs typically start firms with an innovative idea with the anticipation that the venture will become a long-term success; it refers to innovation, creation, and distribution of value and benefits to individuals, groups, organization, and society. Drucker gave three conditions for an innovation:

Innovation is work; requires knowledge, ingenuity, creativity, diligence, perseverance and commitment. To succeed, innovators must build on their own strengths. **Innovation is an effect** on economy and society, a change in the behavior of customers, teachers, farmers, doctors and people in general. **Innovation must always be close to the market**, focused on the market, and market driven.

Cassim et al. (2014) argued that stimulation of entrepreneurship and small business is important to South Africa, the global competitiveness race and the moves occurring in other parts of the world require hastening towards the development and adoption of policies that encourage innovation and entrepreneurship. Nobel Laureate Prof Amartya Sen argued that the business community plays a unique role but they are also part of the society.

- They should not get into making to have quick money
- They have to think big, not just in terms of money but also in terms of remedies for the society.

There exist a lot of opportunities in the South African economy for growth in entrepreneurial activities that can create the much needed economic boost for the country. This growth can be powered by the development of role models, an investment in the nation's educational system to produce and support entrepreneurs and a shift in the mind-set

of the people of South Africa about entrepreneurship. It was discovered in this study that availability of funds for entrepreneurial activities is not a problem in South Africa.

Co and Mitchell (2006) described that the entrepreneurship education in South Africa is in its developmental stage, although it is perceived as important in elevating the profile of any institution and there is increasing commitment from the institutions in academic, research and outreach offerings in entrepreneurship. The teaching and assessment methods follow traditional classroom delivery while research in entrepreneurship in South Africa is perceived as less rigorous than other management disciplines.

Research limitations/implications: Although all HEIs were requested to become respondents in this survey, some have decided not to participate. Also some academics involved in entrepreneurship may have been excluded if they are not on the e-mail list of the Academic Entrepreneurship Society (AcES) of South Africa Practical Implications.

Littlewoods and Holt (2015) on Social Entrepreneurship in South Africa; drawing upon qualitative case study research with six social enterprises, and examined through a framework of new institutional theories and writing on new venture creation: this research explores the significance of environment for the process of social entrepreneurship, for social enterprises, and for social entrepreneurs.

Entrepreneurial Self-Efficacy (ESE) had already experienced a significant build-up in interest for some years. Since then this interest has been continuously growing. This can, to some extent be explained by the increased attention that has been given to entrepreneurship in general, but especially by the increasing focus on entrepreneurial education (EE) (Günzel-Jensen, 2017).

Competitiveness: The set of factors, policies and institutions that determine the level of productivity of a country taking into account its level of development:

- Attitude refers to the individual's mindset, particularly a risk-taking nature and levels of perseverance, qualities identified as essential among entrepreneurs.
- Skills refer to the set of job-related and behavioral skills required to successfully work in a fast-growing, innovative organization.

Cultural/social framework refers to the set of social and cultural factors that either support or inhibit an individual's decision to engage in the entrepreneurial ecosystem rather than other occupational pathways.

Regulatory framework refers to the administrative processes and rules required to start and operate a company, including licensing, tax and labour market regulations.

Market framework refers to the availability of necessary inputs, transformation processes and customer demand necessary to operate and develop the venture. Network access refers to the availability of supporting partners, advisers and enablers who transfer know-how and create opportunities for growth.

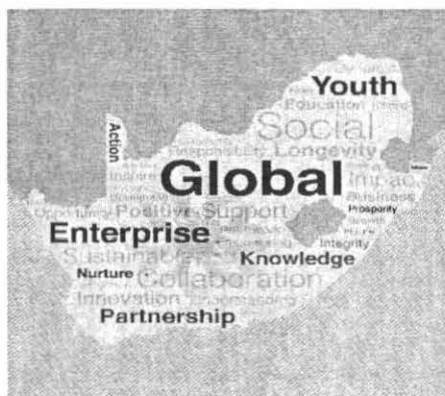
Innovation and entrepreneurship offer potential for transformational impact; this transformation would need to be driven by a growth oriented agenda that leverages:

- Export oriented SMEs with strong growth potential
- Growth oriented start-up companies
- Industry-facing research and development capabilities
- Social entrepreneurship – applying innovative, market-based models to solve social problems – is about impact and scale, not just the product or service itself.

Social entrepreneurship in India has progressed significantly over the last decade. More and more people are using entrepreneurial skills in building sustainable enterprises for profit and non-profit to effect change in Africa. It may be noted that social business is not a new phenomenon as it prevails in this subcontinent for the last one thousand years history.

Research question of the study is how entrepreneurship and innovation works especially in South Africa?

Entrepreneurship Map in South Africa



Source: [https://images.search.yahoo.com/search/images?p=entrepreneurship in South Africa](https://images.search.yahoo.com/search/images?p=entrepreneurship+in+South+Africa)

Objectives and Methodology of the Study

- To assess impact of entrepreneurs and innovation
- To evaluate how modern entrepreneurs needs start-up ventures
- To provide some recommendations

The study is based on secondary sources, exact sources will be described; time period of the study was from March to July, 2017.

Case Study

Entrepreneurship and Empowerment in South Africa (EESA) is a life-changing experience where students help historically disadvantaged entrepreneurs in the townships around beautiful Cape Town, South Africa. This special program is open to upper level undergraduate and graduate students regardless of their major. The key requirements for EESA are a strong work ethic, emotional maturity, creative problem-solving ability and a desire to make a difference. Coached by three faculty members, American students work with South African students in consulting teams assisting small businesses over a six week period to help make the ventures sustainable. The ventures range from catering and arts & crafts businesses to community newspapers and small construction companies. EESA is a

great experience to add to one's résumé as well as a lifetime opportunity; EESA is a partnership between the University of Florida, the University of Colorado, Texas A&M University, and the University of the Western Cape:

Observations

From the study we observed how Entrepreneurship and Empowerment does work in South Africa. The organization undertakes activities from supplying and arts & crafts trades to public newspapers and minor building concerns.

Present Status

Strategically Leverage: Traditional sectors and emerging industrial verticals could benefit from a combination of the following initiatives, including:

- Reintroducing incentives for technology adoption
- Developing channels for greater access to supply chains and international markets
- Strengthening the national quality infrastructure
- Addressing technological skills gaps
- Building linkages between the enterprises and export oriented SMEs could be an important way to facilitate integration with global value chains and new markets.

Both entrepreneurship and innovation are demanding creativity; creativity is a process by which a symbolic domain in the culture is changed. Creativity is a function of three components: Expertise, Creative thinking skills and Motivation. It consists of anticipation and commitment; entrepreneurs take bold creative steps but situations encourage creativity. Clayton M. Christensen divided new technology into two categories: sustaining and disruptive.

Sustaining technology relies on incremental improvements to an already established technology. Entrepreneurship and innovation can lead to Economic growth plus change. Informal sector should be gradually converted to formal sector. Ahmad (2017) argued that Bangladesh is trying heart and soul to attain Sustainable Development Goals in due time.

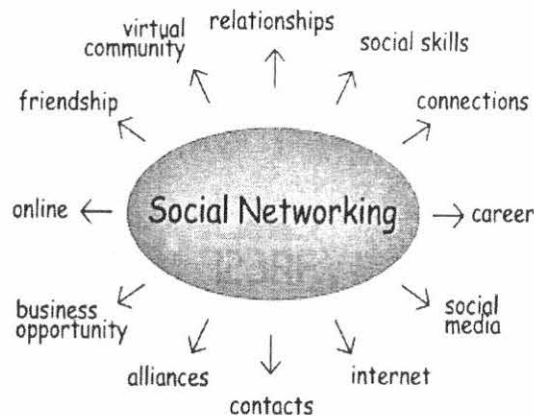
Disruptive technology lacks refinement, often has performance problems because it is new, appeals to a limited audience and may not yet have a proven practical application.

Cloud Computing has been a hugely disruptive technology in the business world. It is encompassing everything from infrastructure as a service through software to provide service.

In the middle, there is a platform tier providing the micro services that power the likes of Android and iPhone apps, and also many web-delivered services. Chennai-based My Easy Docs, Delhi-based Digiswitch Infotech and Bangalore-based CloudByte Technologies are some of examples which can contribute to smart data storage space in India in a large way in the coming years.

- Social networking has had a major impact on the way we communicate.

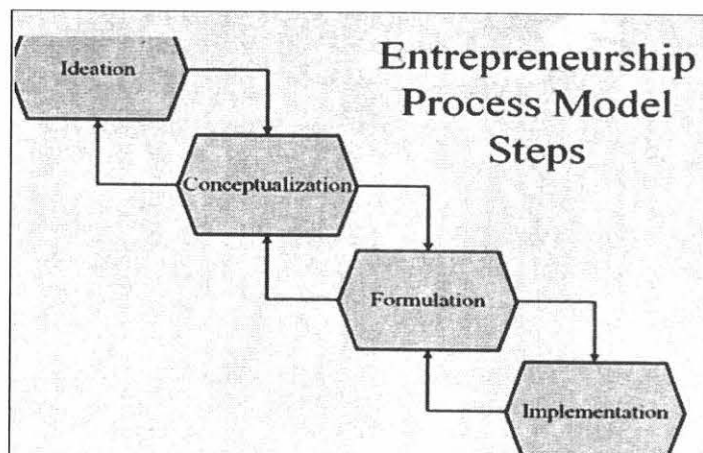
Implementation of Social Networking



- Nobel Laureate Theodore W. Schultz argued that although farmers differ for reasons of schooling, health and experience in their ability to perceive, to interpret and to take appropriate action in responding to new information; they provide an essential human resource which is entrepreneurship by nature
- The economics of the acquisition of entrepreneurial ability is still in its early phase
- The supply of entrepreneurial ability is rarely considered
- Rejects the idea that the economic value of entrepreneurial activities can be considered as a return for risk bearing

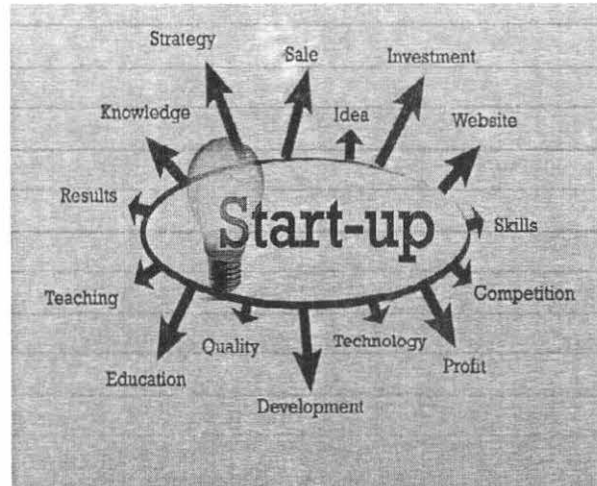
Link between innovation and entrepreneurship: the role of institutions for entrepreneurship and the tendency of national accounts to under-record the social value of innovation and entrepreneurship. If the measures used do not capture the full social value of innovation we are likely to underestimate the genuine rate of innovation. Least developed countries suffer from the problem of informal sector where entrepreneurship grows but it is not properly counted.

Entrepreneurship Process Model Steps



An entrepreneur is a person who has possession of a new enterprise, venture or idea and is accountable for the inherent risks and the outcome while a start-up company or start-up is a company with a limited operating history. These companies, generally newly created, are in a phase of development and research for markets.

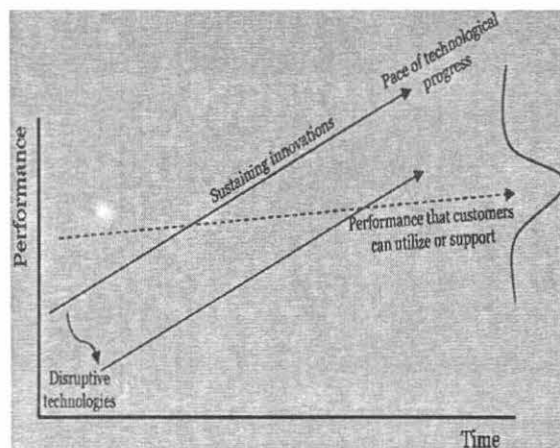
Start-ups and its interlinked variables



Factors Affecting Entrepreneurship

- Infrastructure: Physical-Social
- Institutionalization
- Financial Access
- Economic Factor
- Education
- Gender Balance
- Empowerment of People
- Research and Development
- Ecological Balances
- Participation in Global Value Chain

Disruptive Technology



Mises and Hayek developed: a modern society owes its preservation to private or separate ownership of the means of production and to market-exchange processes. The economic freedom stemming from private ownership and free markets becomes a necessary condition for an overarching political freedom whose mandate is to coordinate various innovation-related activities, and the Science, Technology and Innovation Policy 2013 of India, which is intended to promote entrepreneurship and science-led solutions for sustainable and inclusive growth.

With a focus on this new policy initiative, the current innovation ecosystem and the challenges it faces, and it discusses the efforts made by the government towards the promotion of innovation for entrepreneurship development and sustainable growth.

Lifelong Learning and Innovation in Companies Entrepreneurial learning does not stop, say, five years after starting a firm. It will continue to develop depending on the initiatives employed by managers and their employees, as well as on the specific situational challenges the firms faces.

Entrepreneurship as a career path for management students has gained importance and should be given its due share of consideration that it demands.

Entrepreneurial Companies can contribute to economic welfare as they increase the innovative capacity of the economy. The following figure depicts the model developed by Muhammad Mahboob Ali, 2016 to transform Micro Savings into Micro Investment:

Conclusions and Recommendations

The position of technical innovation; foundations of innovation: creativity and structural creativity; interpreting creativity into innovation; kinds and designs of innovation; value fights and project supremacy; judgment of entry; novelty plans; selecting novelty schemes; teamwork plans; defensive innovation; overview to the fresh merchandise growth procedure etc are required. Employers will pay higher wages to more educated employees because they know that the proportion of employees with high abilities is higher among the educated ones, as it is less costly for them to acquire education than it is for employees with low abilities. For the model to work, it is not even necessary for education to have any intrinsic value if it can convey information about the employee to the employer and if the signal is costly.

Situation of the Gini coefficient ought to improve so that social justice and equitable distribution can be arranged and removing income inequality can be attained in the country. Empowerment of people may arrange the aforesaid situation to attain. Virtually to have dynamic economic situation along with people's welfare may be attained through converting collecting savings and channeling it in the investment procedure for which shall deposit can also help and as such a spate regulator is needed before establishing community banking. Multilevel marketing (MLM) companies should not be permitted to work as they are working without any legal status and doing fraud. Systematic procedure and legal status for community banking should be developed which will replace current agent banking system also. To implement sustainable development goal there is no other alternative but to creative alternative banking system in the rural areas so that poor people can not only save but also interested to invest in the local level planning process for which employment can be

generated. As such productive investment through social entrepreneurship in the rural areas and changing the structure of the rural economic dynamics is very much important to add value in the domestic and global value chain with efficiency and effectiveness. Social education is also work as an important component to come out from the vicious circle of poverty.

Managerial implications of specific South African CSR issues are very important for development of the country and creating empowerment. Habtay (viewed in2017) argued that extant disruptive innovation research begins when these studies “end” and adopt incumbents perspectives in exploring firms impediments to adaptive efforts. This study systematically links both perspectives together and explores disruptive business model innovation. Actually in South Africa use of disruptive technology help to accelerate economic growth.

The possibility of minor business development in South Africa; the significant part of SMMEs in the South African economy; organization of business chances; small business promotion organization, buying, industrial and financial supervision; substitute ways to entrepreneurship; backing of chances in the market setting; organization of development of the insignificant business; legal requirements which small selling must follow e-business and the entrepreneur; gathering of the business plan with the emphasis on the plan; dissimilar rudiments of the strategy, financial statement and cash flow statement; broad-based black financial enablement and chances for MSMEs.

Pouring services in the “new” low-cost that require commercial free enterprise; connection between entrepreneurship and planned organization; outline for risk-taking plan; part of free enterprise in a great business and an examination of the changes amid entrepreneurship and intrapreneurship: issues which ease and constrain intrapreneurship: the growth of a outline for application of business free enterprise in South Africa.

Risk-taking leadership; link between company entrepreneurship and concert should work with correlation. For better engagement of entrepreneurship angle investors are required so that people can have the empowerment. To support through creating employment opportunity of unbanked people through arranging financial inclusion. This will also help to attain sustainable development goals. Social welfare and grand utility will be tangent when equitable distribution can be attained by South African entrepreneurs though creativity, social obligations and social business.

Future Research work: Researchers can work in the process of social networking and Community banking to transform from micro savings to Micro investment for betterment of the empowerment of the people at Africa.

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