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New Business Opportunities created by the Digital Transformation in West Africa**

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► **To cite this version:**

Ulrike Schuerkens. Business Opportunities, Start-ups and Digital Transformation in Africa, vol. 23 (2023) Thematic Unit: New Business Opportunities created by the Digital Transformation in West Africa. 2023. hal-04763204

**HAL Id: hal-04763204**

**<https://univ-rennes2.hal.science/hal-04763204v1>**

Preprint submitted on 1 Nov 2024

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**Business Opportunities, Start-ups and Digital Transformation in Africa, vol. 23 (2022)**

***Thematic Unit:***

***New Business Opportunities created by the Digital Transformation in West Africa***

This thematic unit will permit to describe IT situations in enterprises in West Africa: Senegal, Ghana, and the Ivory Coast. The introduction will demonstrate regional tendencies and the role of Senegal as a regional hub of digital transformation (cf. Friederici 2019). New products, new services, and new forms of cooperation will be discussed. It will be shown that digital entrepreneurship is advancing not only in technology hubs but in all areas where Internet access is given. Connections to local, regional, and global markets will be shown. Long-term implications of the digital transformations will also be tackled (cf. Deichmann et al. 2016).

Socio-economic local and national legacies and contexts influence economic activities, even in the digital sector (Kamdem 2004). In this unit, we'll analyse how economic actors, digital technologies and socio-economic environments have interacted in the 21<sup>st</sup> century in West Africa. Academic discourses and political programs give inaccurate visions of entrepreneurship in the digital sector. Our studies investigate what digital enterprises do in the regional context. Local socio-economic situations shape market opportunities (Hopkins 2015). We present some innovative solutions that were found in the sub-region. These enterprises concentrate on local markets with few contacts to foreign markets, in particular France. As such, the post-colonial legacies persist and continue to disadvantage enterprises (Schuerkens et al. 2019).

The entrepreneurs we have displayed in the four articles focus on short-term incomes and exchange with local actors. Digital African enterprises are limited by the economic, social, and political environments around them. They cannot invest huge funds for uncertain gains over several years. If they have international contacts, these contacts are limited and are founded on former activities in France or elsewhere. These entrepreneurs are active in economic niches that larger enterprises are not interested in so that they have a competitive advantage (Manyika et al. 2013). Moreover, these activities are limited to urban regions where these actors can build on socio-economic infrastructures. These enterprises grow according to local markets that are limited and according to their owners' learning capacities. Business ideas are combined with local patterns, goals, and interests. These markets are limited as most rural dwellers have not the capacity to follow digital innovations (cf. van der Merwe 2016).

Beliefs about the transformative potential of digitalization are widespread and are publicised by political actors, such as the DER, described by Ulrike Schuerkens in this unit. However, socio-economic realities are much more limited and diverse. These discourses are particular to the African context, but they also transform it into new realities that people discover and envisage themselves. However, it is not probable that these enterprises challenge global digital markets as their competitive advantage is the local socio-economic context that permits to build strategies of success (cf. Friederici 2020). Africans will continue to use apps, devices and software originating from the global North, perhaps China, Korea, and Taiwan. These enterprises have the possibility to deliver solutions that would have been open to African digital enterprises but that these enterprises cannot afford because of their strong links to local markets. In African countries, there are many local problems that wait for solutions by local enterprises based on local business models. These markets are open to them and invite their engagements. The availability of skilled labour and trust-based networks decide on their opportunities. The entrepreneurs we present in the following case studies have learnt that growth is limited and that their progress is slow. As such, these enterprises can make valuable contributions to their economies. The founders of these enterprises have all technological knowledge and know how to run a business under local conditions.

African governments in the region have contributed to the development of the infrastructure to widen the opportunities of digital entrepreneurs. So far, the development of rural areas for digital enterprises would need the creation of competences, knowledge on digital products and resources. Infrastructure development alone will not suffice. Services to low-income customers and infrastructure development are required. This may not be a quick process. Developing African digital enterprises is a rather new endeavour and will continue in the future (Friederici 2020). These enterprises should develop and disseminate products that are useful and can be applied in the African socio-economic context. Integrated digital infrastructures are needed to accelerate growth and innovations. The global power balance in the digital sector cannot be reversed. To become producers of digital knowledge and not only consumers of digital products, continentwide efforts are also required. The probable future of digitalization in Africa is one of common efforts reuniting larger markets and products. Entrepreneurs must stick on local markets and adopt local digital adaptations. Infrastructure such as hub buildings, tech parks and incubators are necessary conditions and provide local competitive advantages. There is need for a specialization that is locally important and that must be found by local entrepreneurs. Niches must be taken based on locations and local networks. Cross-country partnerships can be looked for combined with local adaptations and international growth. However, digital entrepreneurship is rarely considered to foster a broad socio-economic development in African settings. African digital entrepreneurs are shaping lives, economies, and their societies all over the continent. As such, they form a key part of creating the future of the continent and contribute to the avoidance of a much

greater digital divide in the world. Economic empowerment is one of the goals of these enterprises in the 21<sup>st</sup> century.

The first article of this Unit will give an overview of the *Délégation de l'Entrepreneuriat Rapide* (DER) linked to the Senegalese presidency that has started to give credits in 2018, supports small entrepreneurs with counselling activities and has links to banks so that these small entrepreneurs begin to be accustomed to bank accounts and services. The DER has put in place a framework ensuring the implementation of structuring measures, promoting youth and women's entrepreneurship, through the development of value chains and the exploitation of the growth potential brought about by ICTs. The DER dedicates parts of its credits to economic empowerment, which brings together people who ask for small loans and banks. The second part of its activity is allocated to much more structured entrepreneurs and allows for the financing of solid business projects, the creation of business support (e.g., education of basis-knowledge in accounting), and the investment in working capital. 90% of DER credits are on a loan basis. In 2020, the DER dedicated 600 million F-CFA to the numerical sector and wants to reach more than 1 billion in 2021. The DER intends to assist more than 22.000 enterprises to adopt digital solutions according to P. A. Sarr, the minister in charge of the DER. On top of that, the DER realizes non-funded support through activities such as formalization, coaching and incubation.

The second part of the article will give an overview of three enterprises working with digital technology: an enterprise specialized in IT services and teaching programming and web design; an enterprise that proposes the creation of websites; and a third one specialized in online teaching on the secondary level. These three entrepreneurs reveal a market open to young entrepreneurs that is being neglected by Asian and Western companies. All three have internalized a work ethics characterized by Western values, such as punctuality, an approach of individual valorisation, and creativity; factors they need to continue the success of their enterprise. With their business strategy they bring together what they know of the Senegalese society and what they learnt in universities on management strategies often linked to global economic knowledge taught in these institutions in the West but also in Africa.

The second article seeks to explore how family businesses begin, grow, and expand into business conglomerates using the life cycle of a business conglomerate in Ghana, operating in the beauty and cosmetic industry. Although this business started small, the specific dynamic and innovative exploits of the entrepreneur manager bring out unique pointers and lessons. The study is underpinned by the following research questions. How do budding businesses grow over time? Which non-financial resources are required for business growth and sustainability? A purposive sampling technique was used to target the FC Beauty Group, which is an indigenous business entity that has been in operation for over three decades and has since grown from a single business unit into a group of companies using digitalization. The study adopts the use of narrative enquiry and semi-structured interview

techniques to elicit primary data from the entrepreneur manager and her outfit. The study also makes use of secondary data which requires the researcher identifying information relevant to the activities and trends of business operations of the FC Business Group. The secondary data come from company reports, bulletins, newspaper reports and online information relevant to the company. The findings and key insights derived from the case study are presented along these themes: *The power of 'technical skills' and sound management practice; Integrated business model; Doing the extra-ordinary and thinking outside the box; Power of new media: social and traditional media; Social networking and human capital; Branding and strategic partnerships.* The study concludes that socio-technical skills remain centerpiece of successful business management, business growth and sustainability.

This chapter shows how management approaches learnt in globalized institutions coupled with digitization could spark up business success in Ghana for entrepreneurs who are ready to combine local factors with international knowledge that is contextualized. The use of social media to bring the brand to the market has been a success story. Social media are in contact with customers so that customer queries can be raised on the platforms and can contribute to assure business growth and innovation. In fact, these interactive tools optimize marketing activities and give access to the products of the enterprise.

The objective of the third article is to analyze the development of digital entrepreneurship in Senegal based on the ICT Development Index and focusing on CYGMATECH, a reference Senegalese start-up. The introduction and diffusion of ICT, like any innovation, promotes an improvement in the performance of companies using them. However, difficulties remain regarding the rise of ICT in Senegal. The highlighting of these elements has required the use of a methodological approach based on research interviews with the manager and companies benefiting from CYGMATECH services.

In the digital age, start-ups are multiplying and compete in ingenuity to offer tailor-made solutions to companies. Within this framework, Cygmatech, a start-up dedicated to the production of latest generation software, intervenes to contribute to the popularization of ICTs in Senegal and the sub-region.

The Products of CYGMATECH:

- ERP (Integrated Management Software Package) for the logistics of large companies.
- ELEARNING (Platform for online education)
- CRM (Customer Relationship Management) to enable companies to manage customer relations.
- ALS (Automatic loan solution) to allow people to get a bank loan quickly
- DI (Digital insurance), the insurance sector must adapt to the new behaviors of its customers who have perfectly integrated digitalization into their daily consumption patterns.

In recent years, new digital technologies and the Internet have provided companies in all sectors with the right tools to improve customer relations by developing personalization and providing a higher level of services.

The fourth article proposes a comparative study of two technological innovation projects in the Ivory Coast. The first project is in agriculture and aimed at alleviating the problem of coordination between the actors of the rice sector. It led to the implementation of a seed information system under the leadership of the FAO in collaboration with the Ivorian public authorities. The second enterprise is active in the environment sector and is aimed at solving the problem of the accumulation of plastic waste. It has led to the implementation of an information system for collecting and recycling by "Coliba", an Ivorian start-up company. While the first project was abandoned in its pilot phase, the second one appears to be a "success story" of digital entrepreneurship. Based on an analysis of documents and interviews, this study aims to analyze the relationships between the actors and stakeholders of these technological innovations. The author argues that both projects intervened in sectors traditionally dominated by informal actors with whom these project leaders had to negotiate and to find solutions: they had either to transform or to adapt to these informal frameworks.

The causes of failure and success of these two cases are demonstrated. Both projects took place in environments that are characterized by informal practices. The case of SIS aims at confronting the social world to the technical logic rather than based on knowledge of the topics by the populations that are the focus of the project. The second project was conceived and implemented with a series of local adaptations far away from a globalized digital start-up. The SIS failure is linked to digital optimism far away from the local African conditions. Thus, glocalization efforts are important for digital entrepreneurs that can assure their success and the growth of their enterprise.

### **Conclusion and Policy Recommendations**

As we will see in this unit, digital entrepreneurship is shaping economies in African cities where the enterprises find conditions that correspond to their local projects. The specializations we will show permit digital entrepreneurs to create products and facilities that are needed, sometimes even outside the local origins of the plants. This entrepreneurial knowledge is locally specific and is based on rather new entrepreneurial experiences that are linked to local places. The infrastructure that has been built recently, such as incubators, hubs, tech parks, etc. is important for these entrepreneurial activities. This infrastructure must be used collectively and should be expanded to other regions beyond the urban centers, even if for the time being other resources such as knowledge, entrepreneurial spirit, a stimulating local environment may be absent from rural regions (cf. Friederici 2020).

The case studies will show small growth effects limited to urban centers that can hardly be replicated in other subnational regions. Specializations are needed but are limited to few digital entrepreneurs who are successful. The marketing efforts shown by the case studies are particular to West Africa and have contributed to the success of these plants. These digital entrepreneurs learn with their enterprises and shape its history based on management rules they have known during their university studies

abroad in Europe or America, or in Africa. Their local adaptations are decisive for the success of their plants.

Investors should trust these entrepreneurs as they know local markets better than them (cf. Friederici 2020). Local governments should furnish enabling environments and when possible, continue to accompany the formalization of these enterprises. Financial support on a credit basis may be an asset for these enterprises that are not numerous so that the allocation of resources must be done carefully. Evaluation of these follow-up measures is important as we don't know enough on the success of some plants and the failure of others.

Successful strategies will be those that combine international and local knowledge adapted to West African economies that are studied in the ManaGlobal project that I coordinate in several African and European countries at the university Rennes 2. Digital entrepreneurship in Africa does not replicate the Silicon Valley adventure. The demonstrated efforts as shown in the case studies are limited to local African spaces and for the time being, they don't show an economic development and a large impact across the continent. Positive changes can be found such as new jobs, new services, and the creation of new life-worlds. The digitalization of the economy creates with the help of digital tools new socioeconomic networks that are managed by entrepreneurs who have the necessary resources and capabilities.

It is important that these local efforts are reinvested in the local economic scene so that digital entrepreneurs will have success in changing societies and economies across the region and the continent. In this sense, these social actors may participate in Africa's twenty-first century voyage towards a socioeconomic empowerment of the continent (cf. Friederici 2020).

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