

# 4 trends impacting African entrepreneurship in 2020

By [Melissa Mbazo](#)

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Africa's entrepreneurship rate is the highest in the world. According to the African Development Bank (AfDB), 22 % of Africa's working age population segment are starting their own businesses.



Source: [www.pexels.com](http://www.pexels.com)

Spurred on by access to global markets through increased digitisation; younger generations who understand the link between entrepreneurship and the future of work; and the growth of innovation across the continent, the entrepreneurial space in Africa is expected to expand exponentially over the upcoming years.

Within this burgeoning entrepreneurial environment, there are a few observed trends that are set to become even more prevalent this year. The current Covid-19 global crisis is creating even more urgency around the need for an entrepreneurial approach by African markets, and are likely to fast-track related trends.

These are 4 key African entrepreneurship trends expected to intensify and have increased impact on the continent's business landscape in 2020:

## 1. Social Entrepreneurship

By its sheer nature, entrepreneurship is considered as being socially responsible - largely due to the crucial role it plays in job creation.

However, there is still a need for ongoing efforts that offer benefits to local communities and broader societal structures. While there is pressure on businesses, in general, to positively contribute to society, there is an even higher expectation placed on entrepreneurs. This is because, for the most part, entrepreneurs are viewed as leaders in the region/industry/area of expertise they operate within.

The more an entrepreneurial venture “gives back” to the community, the most exposure and support it gets. Funders, as well, will be putting a higher priority on social impact than ever before when deciding which entrepreneurial initiatives to invest in.

Therefore, it will be imperative for entrepreneurs to strategically analyse their business operations to incorporate social upliftment mechanisms if these are not already part of their functional business model.

## **2. Youth entrepreneurs**

The top half Generation Z population segment (those born between 1995 and 2015) will be aged between 15 and 25 this year. This group of young citizens are more tuned in than ever when it comes to their future. This includes the future of work, in which entrepreneurship plays a core role. 2020 Gen Z individuals are more likely to view entrepreneurship as a viable career choice and life path than any other group of the population before them.

A study conducted on students in South Africa revealed that Generation Z is characterised by: “A tremendous entrepreneurial spirit, founded on hope and a sense of self-created liberation”, and states that many in this group have already started businesses at a young age. Increased digitisation and globalization factors also provide them with more tools to succeed than any preceding generation.

Despite barriers such as limited access to funding and often a lack of network support being challenges for very young African entrepreneurs to overcome, this passionate and innovative group of young gamechangers are pegged to enter the entrepreneurial space in their numbers this year. And with the right infrastructural and environmental support, these very young entrepreneurs could tangibly transform Africa’s socio-economic landscape by contributing to job creation, innovation and social upliftment.

## **3. Female Entrepreneurship**

The trend of female entrepreneurship in Africa is not new. In fact, Africa is the only region in the world where there are more female than male entrepreneurs, according to The World Bank.

However, while there are a rising number of female-owned startups and small businesses, the issue is their opportunities for success. Concerning statistics by the World Bank based on data collected in 10 African countries reflect that, on average, male-owned enterprises have six times more capital than female-owned ones. This reduced access to capital finance negatively impacts the ability to secure additional funds in the form of business loans, which severely impedes growth prospects.

This year, though, a positive shift is anticipated when it comes to support for female entrepreneurs in Africa. This is due to female-focused initiatives such as the African Development Bank’s Affirmative Finance Action for Women in

Africa (AFAWA) programme \$61.8m funding allocation, as well as a number of other funds and investment projects that exclusively benefit female business owners in Africa. These types of funding models will be instrumental in helping to reduce the gender gap when it comes to access to capital and operating assets for women entrepreneurs on the continent.

## 4. Specialised Business Education

There will be a growing demand created by a changing business environment (perpetuated by progressive disruptive technologies, the future of work, and so forth) for specialised business education – across the continent and various industry sectors. This relates to both school and tertiary curriculums that focus on equipping students with transferrable skills linked to leadership, management and entrepreneurship.

Once equipped with such skills and knowledge, more students will consider an entrepreneurial path, as well as apply an entrepreneurial approach to previously traditional job roles. This will not only have an impact on the entrepreneurship space but on business and economic operations in general. Those who are already active entrepreneurs in their own right will also need to upskill in order to keep up with developments if they want to succeed in an evolving African business environment.

These are just four trends expected to shape the African entrepreneurial ecosystem in 2020 and beyond based on “business as usual” market progression. Again, in light of the unprecedented disruption caused by the 2020 health crisis in the form of the Covid-19 global outbreak, we are likely to see the pace of transformation speed up intensely as the business world is forced to rapidly adapt to survive. The value of entrepreneur and their inherently innovative and solution-driven mindsets is likely to take the fore as companies look for alternatives to traditional approaches to business operations.

With reference to the above trends: younger, digitally and technologically attuned entrepreneurs will be pivotal to transcending African business operations to the level needed to compete globally. Social responsibility will be even more intrinsically linked to brand reputation as each company’s response to the health crisis will be critically assessed in terms of positively contributing to public needs, health and safety.

The manner in which beneficiaries of business funding (both male and female) allocate resources during and post the coronavirus crisis will significantly influence African economic results, as well as social impact. The imperative of upskilling has also skyrocketed as companies recognise the risk of having employees with predominately traditional business expertise only, as a lack of agile and transferable skills makes it difficult to adjust to the changing operational environment as quickly as needed.

The extent of the impact that these entrepreneurial trends will have on African economic performance is yet to be seen, particularly as the Covid-19 crisis acts as a catalyst for the growth of entrepreneurial and disruptive business activities that provide solutions to the challenges facing the continent. One thing that is for certain is that 2020 will prove to be a transformative year when it comes to the role that entrepreneurship plays within the African business landscape.

## ABOUT THE AUTHOR

Melissa Mbazo is the deputy director of The Anzisha Program

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