

RESEARCH PAPER BY
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PANEL OVERVIEW

FROM EDUCATION TO ENTERPRISE: GIVE ME A CHANCE

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Give me an education and I'll give you the world

Does the African education system deliver young people that are equipped for the jobs available? Is there enough funding available for vocational training and apprenticeships to get young people into work as quickly as possible? Sub-Saharan Africa is the region with the highest number of people involved in early-stage entrepreneurial activity, with Zambia and Nigeria topping the world rankings. Africa also leads the world in the number of women starting businesses, with almost equal numbers of male and female entrepreneurs, with women outnumbering men in Ghana, Nigeria and Zambia. What steps need to be taken to ensure people starting their own businesses have the best possible chance of success?

Barriers to Entrepreneurship

Entrepreneurship in Africa has enormous potential for growth, but access to start-up capital and inadequate skills and education prevent young entrepreneurs from successfully launching and sustaining their businesses. The World Bank projects that over the next 10 years, only 25% of the Sub-Saharan African young population will find a wage job, and only a small fraction of those jobs will be formal jobs in large enterprises (*World Bank, 2014*). Although accurate numbers are difficult to obtain, the International Labor Organization (ILO) estimates that nine in 10 rural and urban workers hold an informal job. Women make up a higher percentage of workers in the non-agricultural informal sector at 84% compared with 63% of male workers (*ILO, 2009*). The ILO reports that self-employment in sub-Saharan Africa makes up 53% of non-agricultural employment. This only reinforces the need for governments and policymakers to create programs that prepare entrepreneurs to succeed. With Africa's young population growing over the next decade, African policymakers will need to focus on ensuring that this population has enough skills to succeed in the informal sector and as entrepreneurs. This preparation is necessary both at the primary, secondary level and tertiary level.

Although Africa has demonstrated significant progress in increasing primary education enrolment, it has some of the lowest completion rates in the world. Only 12 African countries have completion rates for primary education above 80% (UNDP, 2014). More importantly, students who attend and complete primary and secondary school do not necessarily receive quality education. The World Bank reports that in recent international benchmark assessment of ninth grade students, 79% of students from Ghana and 76% of students from South Africa do not surpass the lowest level of math proficiency (World Bank, 2012). Incomplete schooling and inadequate primary education - particularly in STEM areas - prevents young people from acquiring the base level skills they need to succeed in college or to launch and propel businesses.

However, the higher education system is equally inadequate in preparing young students for the workforce. The British Council reports that over the past 40 years the higher education in expanded at twice the global rate. University enrolment even doubled between 2000-2010 (British Council, 2014). Yet youth have not necessarily emerged from universities with entrepreneurial skills, and attendance in tertiary education is marked by socioeconomic inequalities. Most universities are cost prohibitive for the average African student. The World Bank reports that as of 2009, 26 African countries charged tuition or fees (World Bank, 2011). A UNESCO report illustrates in sub-Saharan Africa, the expenditure per student at upper levels of public education is higher than it is at primary and secondary levels, but it is often given to individual students in the form of full scholarships leading to the inequality of resource allocation (UNESCO, 2011). In the 2014 [Train My Generation Survey](#), only 39% of the youth polled had received financial support for education through the government.

The quality of education at the tertiary level in Africa varies by country, but budgetary constraints make it generally lower. Teachers at the tertiary level are paid, on average, much lower salaries than teachers at the primary and secondary level. This may have implications on lack of pedagogical training and the working conditions of teachers at higher levels of education (UNESCO, 2011). Statistics from the British Council show that universities in Africa report a higher than average student per lecturer ratio at 24:1 compared to the global rate of 16:2 (British Council, 2014). The organization's study found that employers were dissatisfied both with African college graduates' soft skills and analytical skills including ability to do teamwork, oral communication skills, problem solving skills and IT skills (British Council, 2014).

Moreover, most four-year university programs fail to provide students with formal training that will teach them the necessary skills for an entrepreneurial setting. The 2014 [Train My Generation Survey](#) illustrated that youth who were polled cited entrepreneurial skills and ICT skills as the top skills they hoped to learn in an institutional setting. Entrepreneurial business education should help students develop problem solving skills, business management skills, and interpersonal

skills (ILO, 2009). Although there are notable exceptions: Nigeria has made courses compulsory in all federal institutions - few other countries offer this type of curricula (British Council, 2014).

Besides four-year university programs, technical and vocational training programs in Africa have also failed to provide students with adequate skills to enter the workforce. Moreover, most training programs are costly. The World Bank reports that training in post-secondary programs is almost three times more expensive than basic secondary education, yet no more effective in preparing graduates for jobs in the private sector. Agriculture training programs including extension programs, and vocational schools also have mixed success rates both due to their costs and rejection by the agricultural community. Low-income youth interested in entering the informal economy and formal economy are particularly at risk for receiving inadequate education. Organizations like the Association for the Development of Education in Africa (ADEA) advocate for more inclusive models of technical and vocational programs. A key characteristic of the second model is its inclusiveness and emphasis on easing the transition from training to employment. Shifting from costly formal technical and vocational programs to informal, lower-cost development programs including apprenticeships, distance learning, and internet training would also be non-discriminatory with regard to gender, financial status and age (Afeti, George, 2015).

There are few formal training programs for jobs in the informal economy including repairs, artisanal activities and hairdressing. Because these jobs are in the informal sector, policymakers traditionally ignore the importance of training programs to develop skills in the informal economy. However, in the informal sector, household enterprises can be a potential source of employment if policymakers focus on creating apprenticeship programs and affordable technical training (World Bank, 2014). The ILO argues that informal apprenticeship systems need to be recognized as essential training. Informal apprenticeships are a popular and affordable option because apprentices pay for training with their labor (ILO, 2009).

Other methods for increasing entrepreneurial skills are to equip youth with ICT skills. ICT skills can have an impact on multiple levels including providing distance-learning instruction and equipping students with valuable technology skills. MOOC (Massive Open Online Courses) for example have been particularly effective in providing students with quality education without a cost. The UNECA notes that ICTs can help youth participate in civic discussions, further emphasizing their soft skills (UNECA, 2006).

Recommendations from the UNDP, World Bank, British Council, McKinsey and UK Department for International Development

- The public and the private sector should invest in education programs that build skills that will be useful in the labor force. In particular the government should provide incentives for the private sector and formulate a private investment policy (*UNDP, 2014*)
- Governments should emphasize the informal sector as a potential for job growth by creating market enhancing programs enabling disadvantaged youth to access training (*World Bank, 2014*)
- Peer-to-peer education programs and partnerships with development organizations and the private sector provide valuable mentorship opportunities for aspiring entrepreneurs and also make up for deficiencies in formal education programs (*UNECA, 2006*)
- Capacity building through enhanced national education policies and practices, accessible learning materials and social networks in the informal sector are key to enhancing entrepreneurship (*UK Department for International Development, 2013*)
- Policymakers can transform learning and prepare the current generation of young entrepreneurs by fostering both ICT-based learning opportunities, and learning in real life contexts (*ILO, 2009*)
- Policymakers should upgrade informal apprenticeships by addressing their strengths and weaknesses and creating links with formal training centers (*ILO, 2009*).
- African governments need to develop regulatory support and incubator services so that entrepreneurs can scale up their businesses (*McKinsey, 2012*)
- Training programs for entrepreneurs should focus on soft skills including oral and written communication skills, problem-solving and teamwork (*McKinsey, 2012*)
- Policymakers and governments can emphasize pro-poor ICT policy, the promotion of ICT investments in rural areas and support of ICT youth led-enterprises (*UNECA, 2006*)
- Public-private partnerships can nurture young entrepreneurs by developing technology parks and business incubators for the ICT sector (*UNECA, 2006*)
- Training programs should focus on hard business skills, soft skills and also foster linkages to business service providers (*African Development Bank, 2014*).

Issues for further debate

Should entrepreneurship classes in education be compulsory at the secondary and tertiary level?

Forum Flashback:

NYFA 14: The Taskforce on Higher Education and Vocational Training moderated by Jon Foster-Pedley, Dean of the Henley Business School, South Africa, recommended that current curricula should be reassessed, and educational awareness campaigns should be developed. Gabon's Minister of National Education and Training, Leon Nzouba felt that job creation had to start by improving education including lowering class sizes and improved teacher trainings.

NYFA 13: Paolo Montessori, CEO, E-Serve Global, France argued that governments should create more linkages between the formal and informal economy. However, he cautioned against too much formalization of the informal economy, which he argued could destroy its entrepreneurial nature.

Further reading:

The Future of Online Education is in Africa <http://www.fastcompany.com/3023655/tech-forecast/why-the-future-of-online-education-is-in-africa>

Female CEOs and Entrepreneurs Leading Business in Africa, reports *Essence Magazine* <http://www.essence.com/2015/07/13/model-moguls>

Moroccan Entrepreneurship Program launched in partnership with Virginia Commonwealth University. <http://allafrica.com/c/-5bRFz>.

African Technology Start-ups to pitch at 2015 edition of DEMO Africa according to *Pulse Nigeria*. <http://bit.ly/1Jfk3IW>

Forbes emphasizes the importance of supporting African entrepreneurs with a strong social mission. <http://onforb.es/1TM9udf>

Quartz Africa reports, female entrepreneurs, from Women's Technologies, design robots to help with Kinshasa's traffic problem. <http://qz.com/419524>.

The Wall Street Journal reports Africa's entrepreneurs face finance and infrastructure barriers. <http://on.wsj.com/1CVuFFz>

Quartz finds that African entrepreneurs are frustrated lack of investment in the continent's start-ups. <http://qz.com/423821>

<http://www.ft.com/intl/cms/s/0/f2510bb0-2ed1-11e5-91ac-a5e17d9b4cff.html#axzz3h8CQtkiQ>

Financial Times reports, new generation of African entrepreneurs lead the way

<http://www.ft.com/cms/s/0/84480d46-264b-11e5-bd83-71cb60e8f08c.html>

<http://www.cnbcfrance.com/news/east-africa/2015/07/02/uganda-entrepreneurship-firstintheworld/>

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