

From the Editor

Michael H. Morris

The *Journal of Developmental Entrepreneurship (JDE)* is proud to present this special issue dedicated to issues surrounding the phenomenon of entrepreneurship in Africa. The issue appears at a time when African economies continue to flounder. More significantly, in a new global environment characterized by free markets, free trade, speculative currency markets, regional trading blocks, and transactional speed, the nations of Africa run the very likely risk of falling even further behind. It is an environment in which the price nations pay for corruption, inefficiency, and errant fiscal and monetary policies is exacted more quickly and at greater cost to the citizens of a given country than ever before.

Entrepreneurship is the great hope for changing the course of development in much of Africa. Yet, our knowledge on the subject is quite limited. Not only has the academic press in business demonstrated little interest in the African continent, but entrepreneurship scholars have also generated a relatively small body of quality work devoted to the challenges and opportunities of entrepreneurial activity in African countries. Thus, we are extremely grateful to Professors Michael Frese and Christian Friedrich for bringing together five of the six papers that appear in this special issue. The sixth, by Professor Stein Kristiansen, appears as a function of the *JDE's* normal review process and nicely complements the other pieces. The goal of Professors Frese and Friedrich was to establish "what we know and where we have to go from here." As I believe you will see, they have made an important step forward in addressing these two substantive questions.

From the Editors of the Special Issue on Entrepreneurship in Africa

Michael Frese and Christian Friedrich

Africa has been sometimes called the lost continent. One of the reasons is the lack of economic development in comparison to Asian and most Latin American countries. One argument has been that African countries have failed to foster entrepreneurship (Bambara, 1995; Kiggundu). The business environment is not (or at least was not) conducive to the development of small business (Gray, Cooley, Lutabingwa, Mutai-Kaimenyi, & Oyugi, 1996; Kiggundu, 1988). Most countries in Africa have tried to remedy this problem by developing structural adjustment programs. There is a general consensus in Africa that small business needs to be developed (Köhler & Wolfensohn, 2001; Levitsky, 1989; Moola, 1999).

Another factor that contributed to understanding the need for a higher degree of entrepreneurial activity was the acknowledgement that formal large companies were not expanding employment and that public employment was overstretched. All of this has also led to the acknowledgement that micro and small-scale entrepreneurship and particularly informal business is of particular importance (Friedrich, 2000; International Labor Organization, 1985; Morris, Jones, & Nel,

1997; Ntsika, 2000). Not only does the informal sector account for a large amount of economic activity in Africa, there is also a high degree of variance in motivation and success (Morris et al., 1997). Moreover, it is one of the surprising findings from the Global Entrepreneurship Monitor Study that the so-called necessity entrepreneurship (e.g., because of unemployment) is highly related to economic growth while opportunity entrepreneurship is not (Reynolds, Camp, Bygrave, Autio, & Hay, 2001).

The importance of the micro and small business sector for the economy of developing countries and especially Africa has been widely acknowledged. One important consequence was to build up a strong and scientifically well-developed tradition of giving microcredits to the poor (e.g., Cook, 2001; The Microcredit Summit, 1996; nearly every issue of the journal *Small Enterprise Development* has an article on micro-credits).

This special issue attempts to go one step further in discussing the question what helps micro and small business owners in Africa to become more successful. The articles that appear herein emphasize the perspective of the small-scale business owner and take seriously his/her thought processes and his/her perception of the situation (including constraints and opportunities). Because of this perspective, some of the articles have a more psychological slant than is typical of small-scale business research.

It is of particular importance to conduct sophisticated empirical research in African countries. We cannot take it for granted that Western models will all apply in the same way in all African countries (Cook, 2001; Manu, 1998; Morris et al., 1997; Spring & McDade, 1998; Van Wyk & Boshoff, 1999). Moreover, there may be large differences between the formal and informal sectors and between the high growth and the low growth sectors.

There has been good sociological and economic research on small-scale business in Africa (cf., Manu, 1998; Mead & Liedholm, 1998). However, owners' thoughts, cognitions, and emotions have not been in the foreground of these approaches. We would argue that business owners' actions are in the last analysis responsible for success and failure given certain economic conditions. Actions are determined by people' thoughts (particularly goals, actions and strategies), motivations (particularly values and beliefs), skills, and abilities. These are all psychological constructs and, therefore, a more psychological perspective is needed (Frese, 2000).

In the special issue, Kiggundu gives a broad overview of research knowledge on enterprises in the African context. He argues for the necessity to research interaction effects of various facets, e.g., the entrepreneur within the environment. Escher, Grabarkiewicz, Frese, Van Steekelenburg, Lauw, & Friedrich and Frese, Brantjes, & Hoorn look at interactions in some more detail in this special issue. Kiggundu also argues for "scaling up" research and "mainstreaming" entrepreneurship research in Africa and we hope that this special issue will be another step towards these goals.

Frese, et al. and Escher, et al. worked within the framework of the Giessen-Amsterdam Model of Entrepreneurial Success and showed that strategy process characteristics and entrepreneurial orientation were important predictors of entrepreneurial success. These predictions were more reliable when interaction effects of cognitive ability and planning (Escher, et al.) or interaction effects of planning and environmental conditions (Frese, et al.) were taken into account to predict enterprise success (on the issue of environmental conditions, cf. also Zahra & Neubaum, 1998).

The main conclusion from much of the research reported in this special issue is to improve the business owners' skills, competences, and approaches to the market. Training and consultancy are important types of support (Harper 1976; cf. also Yusuf & Schindehutte, 2000). One problem is that training and consultancy concepts are often not (adequately) empirically evaluated (Cooley, 1991; Harper & Finnegan, 1998; Vodopivec, 1998). We find this a real problem. The editors of this special issue are currently involved in empirical evaluations of a training course based on the Giessen-Amsterdam model and initial results show that it is possible to obtain clear and highly positive effects of a three-day psychologically based training course on entrepreneurial success. We would like to invite the many organizations that offer training courses to small-scale business owners in developing countries to participate in the endeavour to rigorously evaluate their training concepts.

Training was also a major factor in Trulsson's study in this special issue. He points to a number of constraints that small-scale entrepreneurs need to cope with if they want to grow quickly. Trulsson provides a list of constraints and difficulties, which is quite encompassing and may be used to teach future business owners of how to deal with them (cf. also Van Auken, 1999; Van Dijk, 1995).

An interesting important and often neglected aspect of research on entrepreneurship in developing countries is taken up by Harrison and Krauss in their special issue article on interviewer cheating. Despite the tremendous efforts by the authors to make their research waterproof, massive interviewer cheating took place. Of course, interviewer cheating does not only take place in developing countries, but in Africa the nature of the trade-offs between risk and reward may be more conducive to cheating. Interviewers may be tempted to pocket the short-term gains that can be attained by cheating in contrast to long-term gains obtained by honest work. Many research programs (e.g., donor agencies) have to rely on interviewers because the participants often need to be interviewed in their local languages. More often than not control mechanisms are lower in these studies than in the study discussed by Harrison and Krauss and that may be one reason why interviewers have not been caught cheating. This topic should be considered more carefully in the future. If only 10% of the collected data are wrong, many articles would have to be rewritten and many findings would have to be re-researched and reconsidered.

There are a number of important policy and research implications that follow from the articles presented in this special issue. (1) The perspective of the small-

scale business owners and their concrete actions need to be taken into consideration more frequently and more thoroughly than is typically done. (2) Similarly, we need to know more about the perception of the constraints that are perceived by the small scale entrepreneurs and we need to know how business owners deal with those constraints. (3) Research needs to take into consideration various levels of analysis but so does policy. Levels of analysis are the individual level of the small-scale business owner, the group and company level, the network level, and the national and international levels. For policy decisions, the results in this special issue suggest to look at the implications of policies for individual actions. (4) Some individual level implications are to offer more training and to encourage training more strongly, as well as individual level consultancy. (5) The training courses must be evaluated objectively and with modern designs, something most training concepts have not yet accomplished. It is unethical, however, to use non-researched interventions, which may prove to be ineffectual and sometimes even outright negative. (6) Another individual level intervention is selection. Since money for entrepreneurs is a scarce resource, it may be useful to use individual level criteria (such as psychological action strategy characteristics and entrepreneurial orientation) as selection criteria for banks, donors, and funding agencies. Again, empirical evaluation is needed to increase the "bang for the buck." (7) A final issue to be addressed is to provide more support for the entrepreneurial culture in schools, universities, government bureaucracies, and nations. As a matter of fact Frese (2000) has suggested using a holistic regional approach in which various factors that contribute positively to entrepreneurship and entrepreneurial success are combined to increase the impact.

References

- Bambara, A. (1995). Views from the private sector. In P. English & G. Hénault (Eds.), *Agents of change*. London: Intermediate Technology Publications.
- Cook, P. (2001). Finance and small and medium-sized enterprise in developing countries. *Journal of Developmental Entrepreneurship*, 6(1), 17-40.
- Cooley, L. S. (1991). *Entrepreneurship training and the strengthening of entrepreneurial performance*. Unpublished doctoral dissertation, Cranfield Institute of Technology, Cranfield.
- Frese, M. (Ed.). (2000). *Success and failure of microbusiness owners in Africa: A psychological approach*. Westport, Conn.: Quorum Books.
- Friedrich, C. (2000). Development and growth of small-scale business in Zimbabwe: A practical view. In M. Frese (Ed.), *Success and failure of microbusiness owners in Africa* (pp. 131-137). Westport, Conn.: Quorum Books.
- Gray, K. R., Cooley, W., Lutabingwa, J., Mutai-Kaimenyi, B., & Oyugi, L.A. (1996). *Entrepreneurship in micro-enterprises: a strategic analysis of manufacturing industries in Kenya*. Lanham, U.S.A.: University Press of America.
- Harper, M. (1976). *Consultancy for small businesses*. London: Intermediate Technology Publications.
- Harper, M., & Finnegan, G. (1998). *Value for money?: Impact of small enterprise development*. London: Intermediate Technology Publications.
- International Labor Organization (1985). *Informal sector in Africa*. Addis Adebba, Ethiopia, International Labor Organization, JASPA.
- Kiggundu, M. N. (1988). Africa. In R. Nath (Ed.), *Comparative management* (pp. 169-243). Cambridge: Ballinger.
- Köhler, H., & Wolfensohn, J.D. (2001, March 14). Africans are ready for bold change, with help. *International Herald Tribune* (Paris), p.7.
- Levitsky, J. (Ed.). (1989). *Microenterprises in developing countries*. London, England: Intermediate Technology Publications.
- Manu, G. (1998). Enterprise development in Africa-strategies for impact and growth. *Small Enterprise Development*, 9(4), 4-14.
- Mead, D. C., & Liedholm, C. (1998). The dynamics of micro and small enterprises in developing countries. *World Development*, 2, 61-74.
- Moola, Z. (1999). *Broadening the base of the South African Economy*. Johannesburg: Friedrich Ebert Foundation.
- Morris, M. H., Jones, P., & Nel, D. (1997). The informal sector, entrepreneurship, and economic development. *Journal of Developmental Entrepreneurship*, 2(2), 83-98.
- Ntsika Enterprise Promotion Agency. (2000). *State of small business in South Africa*. Johannesburg.
- Reynolds, P.D., Camp, S.M., Bygrave, W.D., Autio, E., & Hay, M. (2001). *Global entrepreneurship monitor, 2001 Executive report*. London: London Business School (Internet-based report).
- Spring, A., & McDade, B. E. (Eds.). (1998). *African entrepreneurship*. Gainesville, Florida: University Press of Florida.
- The Microcredit Summit (1996). Declaration and plan of action. *Journal of Developmental Entrepreneurship*, 1(2), 131-176.
- Van Auken, H. E. (1999). Obstacles to business launch. *Journal of Developmental Entrepreneurship*, 4(2), 175-187.
- Van Dijk, M. P. (1995). Regulatory restrictions and competition in formal and informal urban manufacturing in Burkina Faso. In P. English & G. Hénault (Eds.), *Agents of change* (pp. 106-125). London: Intermediate Technology Publications Ltd.
- Van Wyk, R., & Boshoff, A. B. (1999). Construct validity of psychometric instruments developed in the United States, when applied to professional people in South Africa. *South African Journal of Economic and Management Sciences* (Supplement Series No 1-72).
- Vodopivec, M. (1998). Turning the unemployed into entrepreneurs: An evaluation of a self-employment program in a transitional economy. *Journal of Developmental Entrepreneurship*, 3(1), 71-96.
- Yusuf, A., & Schindehutte, M. (2000). Exploring entrepreneurship in a declining economy. *Journal of Developmental Entrepreneurship*, 5(1), 41-56.
- Zahra, S. A., & Neubaum, D. O. (1998). Environmental adversity and the entrepreneurial activities of new ventures. *Journal of Developmental Entrepreneurship*, 3(2), 123-140.