



Africapitalism: A roadmap for Africa's development

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Abstract

Aim: This research explores the potential future effects of Chinese investment on the African continent, particularly regarding the continent's untapped human capital reserves.

Method: The current study descriptively presents its findings. Secondary sources, such as published works, are mined for information. The essential goals of development, growth, entrepreneur empowerment and domestic economic encouragement are tailored to specific sectors within a conceptual framework.

Findings: The paper concludes that Africapitalism may be the solution to Africa's underdevelopment by fostering the implementation of domestic economic policies that will allow the continent to transition from the developing to the developed world in the not-too-distant future. Africapitalism proposes investing strategically in the development of Africa's best to bridge these gulfs, spark ambition, and close the gap. Africa has experienced every conceivable challenge to human and national development.

Implications/Novel Contribution: As this research shows, no amount of foreign direct investment or aid will help Africa out of its current crisis. African countries with a growing economy need trade, not aid. No country has more love for Africa than the United States, and all the world's economies could try to help, but the true answer is found within Africa's own people. The plan is to make Africa livable so its people can defend it.

Keywords: Africapitalism, Home-Grown, Development, African, Human Capital

Received: 5 February 2019 / **Accepted:** 6 March 2019 / **Published:** 22 April 2019

INTRODUCTION

Compared to other continents, Africa lags far behind in economic development, technological innovation, disruptive industrialization, commendable living standards, security, and political stability (despite the continent's strong sense of national pride). Unfortunately, the political and economic policies that would help Africa advance must be more effective. This means the current capitalist system needs to be aligned with Africa's developmental needs. Since the private sector's apparent success is based on individualism rather than corporate sustainability or collective adjustments, there is a massive inequity in the economy. Multinational corporations operating on the continent care more about their own financial success than the economic and social well-being of the countries in which they have a presence. In addition, Africans still need to fully embrace their individuality, which is unparalleled and may be the key to the continent's lack of development (Azizam, Ismail, Sulong, Nor, & Ahmed, 2015; Chang, Wu, Hsu, & Yang, 2017; Elumelu, 2013; Yoo, Lee, & Lee, 2016). Coup de tats, wars, decades of colonialism, ineffective policies, a lack of strong institutions, and the absence of visionary leaders all contribute to Africa's history of governmental instability.

Africapitalism Concept

Africapitalism is an economic theory that could help alleviate the continent of Africa's current development crisis. Africa's culture, known as ubuntu, emphasizes community over individualism. Foreign multinational corporations in Africa promote private interests through the strategic plunder of the continent's natural resources. Africapitalism, a term coined by Nigerian philanthropist and former banker Elumelu (2013), represents the private sector adopting home-grown policies to address African economic challenges.

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Africa’s political and economic climate is relatively stable, making it an ideal place to do business and expand a company. Africapitalism necessitates a more planned and calculated approach to fostering social and economic development consistent with the continent’s traditions and ideals. Africa still needs the knowledge and resources of multinational corporations and foreign investors. Africapitalism seeks to achieve this by prioritizing projects with a high impact and focusing on building social and collective wealth. It has been shown that social entrepreneurs are more successful than traditional business owners at generating social and economic wealth, mobilizing resources, and expanding businesses (Van de Ven, Sapienza, & Villanueva, 2007).

LITERATURE REVIEW

There is a growing contribution of scholarly works to the concept. Ikiebey (2015) described it as Africa’s moral economy which considerably could thrive socio-economically if built on the right structure. He added that Africa’s economic dualism which at present is hinged on corruption and government big spending. The features of Africa’s economic activities can only be boosted by home-grown economic policies (Adora, 2017; Niesing, Merwe, & Potgieter, 2016; Oseni & Oseni, 2015; Oudat, Ahmad, & Yazis, 2016). Africa nations do not possess all that is required to build a capitalist state, but the government do have the power to establish a system that encourages entrepreneurship and investment. Amaeshi and Idemudia (2015) clarifies the values and ideas that underpin this concept and how those differ from the management ideas of the western cultures. Whatever chances are there for capitalism development must adapt to Africa orientation by value driven entrepreneurs. Their study revealed four cardinal points of Africapitalism which are; a sense of progress and prosperity, a sense of parity, a sense of peace and harmony and a sense of place and belongingness. Animalistic and survival instincts driven entrepreneurs are called to embrace these values and become society-minded. Africapitalism is anchored on the premise of shared-wealth, shared-values which knocks off exploitative tendencies and welcomes equal gains for shareholders and business owners. While the theory looks on the brighter side, Africapitalism is queried against the backdrop of sustainable economic development in Africa.

Conceptual Framework

Africa is immensely rich. But, the story of this continent is told in wars, poverty, disease and instability. Africa is blessed with vast mineral resources which apparently is controlled by a few powerful ones. The majority are super poor, leaving no grounds for the middle class. Economic intervention is therefore needed to close the gap between the prevailing poverty and the exploration, creation and distribution of wealth.

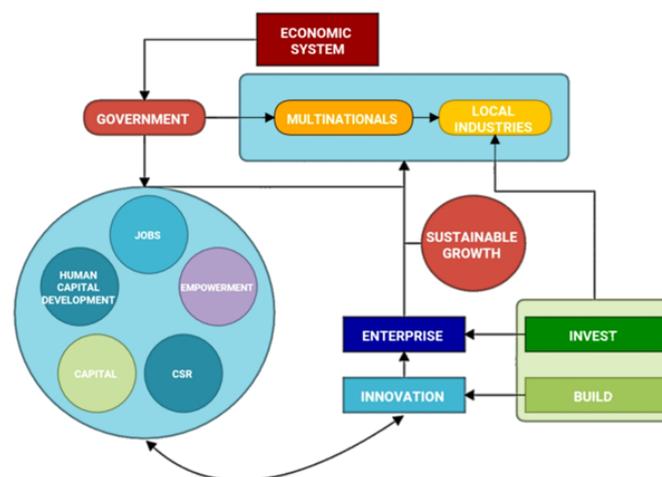


Figure 1. Conceptual framework

The duality of this ideology calls on Africans to take up the responsibility of creating massive wealth on the continent and at the same time adopt development strategies to accommodate foreign investors the African way. The task is calling on the government to welcome investments that create enabling environment for local businesses

to thrive through various means especially the introduction of worthy incentives such as tax breaks, waivers and the protection of investors investments on the continent. This framework when entrenched will target specific sectors with essential objectives for development, growth, empowerment of entrepreneurs and encouragement of home-grown economy.

The success of this framework is an embrace of African true democracy, job creation, significant improvement in health and education, sense of pride, belonging and brotherhood, human capital development, resuscitation of dead industries, corporate sustainability in private and public sectors, social services reforms and delivery and shared wealth.

CHINA IN AFRICA

The IMF has warned of dark clouds looming over world economic spheres. According to IMF chief Christine Lagarde, economic dark clouds is sucking up every hope and optimism for world economic prosperity. The ongoing trade war between the world super-powers, China & America is casting such a dark cloud over IMF economic space (Walker, 2019). Amidst the dark clouds, Africa potentially, is the hottest ground now for investment. IMF prophetic fall of global capital is giving rise to Africa as the next big potential for China, France, the USA etc. Africa can capitalise on this opportunity and make deals that benefit the Africa people, shared wealth and shared values. Deals that aligns the African values and that put the dignity and concerns of the Africa people first. In carving a roadmap for Africa's development, the presence of China in Africa is an important factor to consider. No doubt the Chinese economy is the second largest in the world, three trillion dollars in foreign reserves (Babones, 2018). The big picture is that, over 200 million Chinese are in the subsistent level and a little to another 200 million live in chronic poverty (Shapiro, 2016). China is giving so much to Africa while there is so much poverty at home. The big question would be; what is China's national interest and what should Africa expect from this relationship in the long run? Although China has fought extreme poverty, yet a greater percentage of Chinese are poor and not very educated.

China is loading Africa with a massive amount of debt. China pledged \$60 billion to Africa, the figure includes \$15 billion in grants & concession loans, \$5 billion to buy imports from China, \$10 billion for development financing, \$20 billion in credit lines and further \$10 billion in investment (Financial Times, 2019). The \$60 billion infrastructure gamble is provoking the fear of new colonialism across Africa and experts have warned of impending danger. Some African leaders rebuffed critics of China debt trap investment or predatorily landing, saying China's investment comes with no political string attached. Where the role of African leaders and transparency in these investments are not properly defined, infrastructural loans are said to be pawns that China intend to toy with while pursuing her aim to completely pocket developing economies like Africa.

While Chinese investment may seem anti-Africapitalism, the Chinese government cannot and will not assume the socio-economic development of Africa. The power to transform lies with the source of the money, therefore Chinese interest will always overshadow Africa's interest in this regard. Arguably, Chinese motivation cannot be determined hence experts fear there could be some element to undercut Africa's sovereignty. For instance, how much is being generated from the \$4.5 billion Addis Ababa-Djibouti railway, how much traffic is on that route? The burden to cover the difference and losses will always fall back on taxpayers. These infrastructure gambles are not worth it. China investment may look friendly but there are hidden agendas which African leaders should fear, economist and scholars have warned. While African nations are welcoming of these deals, Africapitalism wants to look at how these deals are being approached and negotiated. What are the strategies that drive the process of negotiation and how do these benefit the African people?

HUMAN CAPITAL DEVELOPMENT

It is important to understand that more than 70% of the population of some countries in Africa such as Nigeria, Uganda, Zimbabwe, Kenya and Liberia is now under 30 of those who survive to adulthood. Demographers refer to Africa's present experience as youth bulge (Gavin, 2008). In which case those between age 15 and 29 form more than half of the adult population. As other nations and continents of the world, Africa's greatest resource is its young adult population whose through active and unhindered participation would see through challenges and put the dignity and values of Africa on the map. Whereas these youngsters are trapped and kept waiting for opportunities

and responsibilities that never quite came. The World bank data would have us believe some staggering figures of out-of-school adolescents in some parts of Africa. Another source revealed that 25 million in South Sudan and 13.2 million northern Nigeria youths are out-of-school. These African youngsters are in a disconnect, political and economically disempowered. The disconnection of these youths from education, government processes & economic institutions inherently marks some as potential tools in the hands of insurgents & armed militias ravaging Africa shores.

According to the world bank ([The World Bank, 2018](#)) the wealth of a nation is the measurement of its peoples ability to reach full potential and life full lives. Therefore, people's economic growth is largely dependent on creating capacities for individuals to explore and become responsible citizens. It therefore behoves African leaders to trigger national commitments towards the mobilisation and investment in people. The world bank human capital project has three indices, one of which is the Human Capital Index which a country can use to evaluate and close-up potential gaps and accelerate its human capital gains. For instance, ([This Day Live, 2019](#)) the prediction of Nigeria's Human Capital Index in 2017 was lower for its income level. This therefore is a pointer to potential gaps that must be covered fast.

The proposition of Africapitalism philosophy is to close these apparent gaps, create the impetus for ambition and invest strategically by developing Africa's finest. What could be the worst barriers to human and national development, Africa has faced it all. Africapitalism therefore, raises the flag to create a sustainable future for coming generations through shared prosperity, reforms and investment in social services delivery, education, health and gender issues.

THE ROADMAP

Stories of the past would remind us of where we have been and consequently light the path to what is ahead. It is arguable that no amount of foreign direct investment and aids could take Africa out of her present predicament. Growing economies like Africa need trade not aid ([Pattinger, 2017](#)). Right now, China imports more into Africa than they take from us, this inequality does not promote the concept of Africapitalism. No nation can love Africa more, all economies of the world could try but the solution lies within Africans. The roadmap is to create an Africa that is worth living in so that it can be a place worth dying for.

Government

Africa needs domestication of their democratic system and look away from the indices of western style democracy. Africans are quick to compare their democracy to that of Britain, France and the USA which for years has existed and had their ups and downs. Africa's democracy is relatively young and therefore need some element of stability. However, stability is not measured by how long a leader has been in power but by the style and direction of a government while in power. Lee Kuan Yew, Xi Jinping and other Asian leaders savaged their nations from the backwaters with Asian style governance system. Western-style democracy cannot work well for Africa. What makes us Africans is that we are different and peculiar economically and politically.

African nations inherited colonial economic and political systems, so are Asian nations who in one way have broken free and formulated a system which works with their culture. Therefore, the first part to reformation and to harness Africa's capital is to embrace the uniqueness of everything Africa and look away from what western powers are selling to us. Business leaders, entrepreneurs and government leaders must take responsibility, rethink and restructure capitalism in Africa.

Growth

There are many parameters that foster economic growth. What are these parameters and how suitable are they for the African economic system? Trade policies, imports, exports and investment foster economic growth and when there is a change in the following, there will be changes in economic growth. The failure to record sustainable economic growth in Africa is traceable to the failure of limped trade policies, investment negotiations that undercuts Africa's interest and lack of empowerment to home-grown business enterprises.

CONCLUSION, RECOMMENDATIONS AND IMPLICATIONS

There is a growing interest in the topic and myriad of scholarly articles on this new economic philosophy. Like every new philosophy Africapitalism will suffer setbacks in terms of acceptance and actual application of its tenets. However, this philosophy allows for space and opens-up discussions for re-orientation and re-examination of capitalism in Africa. Entrepreneurs and private firms are key drivers of capitalism and this philosophy centres on them as key players to refocus the position of how business is conducted, the strategies for growth and corporate sustainability.

For this African economic idea to survive in the phase of globalisation, Africapitalism must be able to create a strong philosophy and be resilient through time. The idea of capturing profit for personal gain and the survivalist mindset in Africa can act as a setback to Africapitalism. Lastly, there can be no prosperity without peace. Africapitalism can only excel in a political, social and economically stable environment. It behoves the government, entrepreneurs and private industry to find a meeting ground for western ideas and embrace African ethos of Ubuntu, only then will Africa nations transition from the third world to the first.

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