Entrepreneurship indicators, policies and their influence on the business environment in West Africa

**Background:** This article examined the performance of entrepreneurship indicators and their influence on the business environments through economic rankings in selected Anglophone and Francophone countries in West Africa.

**Aim:** An institutional framework for entrepreneurship indicators was adopted as a measure for entrepreneurship in the region focusing on its determinants, impacts and outcomes.

**Setting:** The colonial policy of indirect rule in the Anglophone West Africa focused on economic development and national integration, while the colonial policy of assimilation in the francophone focused on trade and centralisation.

**Method:** This study focused on a comparative evaluation and synthesis.

**Results:** The study found that the Anglophone countries were more entrepreneurship enhancing than the Francophone divide, but the economies in the region were all factor driven.

**Conclusion:** The study recommends private sector partnership in the drive to promote entrepreneurship so that the entrepreneurship drive in the countries aim towards innovative and efficient competitiveness.

**Keywords:** entrepreneurship; anglophone; francophone; performance; West Africa.

**Introduction**

This article investigates entrepreneurship indicators on the business environment in Anglophone and Francophone West African countries using descriptive statistics. A comparative analysis of the suitability of business environment for entrepreneurship in countries is also presented. Similar studies by Cecchetti (2002), Atkeson and Kehoe (2007) and Murdock (2009) focused on the transformation of economies from managed to entrepreneurial structure. The studies emphasised the need to encourage greater opportunities for increased entrepreneurship development in countries. Distinguishing between the two types of structures in countries, they reiterated that managed economies are entrepreneurship-inhibiting, whilst those with entrepreneurial structures are entrepreneurship-encouraging. However, Kritikos (2014) supported that:

> “[E]ntrepreneurship is the engine of economic change, the generator of economic growth, and the main cause of job creation. Consequently, policy is often used in different ways to support entrepreneurs to thereby create benefits from the positive effects of entrepreneurship.” (p. 8)

On the other hand, *William Baumol* theory in McCaffrey (2018) identified that the outcome of entrepreneurship is not necessarily productive and a boom to the economy. Rather, entrepreneurship performance can be both productive and unproductive, or even destructive depending on the institutional framework in which it takes place.

Regional entrepreneurship differentials emerged because of the spatial and place-based nature of three underlying factors: first, the nature of markets; second, the nature of innovation systems; and third, the nature of place-based cultures, communities and the institutions they establish (Huggins, Morgan & Williams 2015). The Economic Community of West African States (ECOWAS) is the regional economic union of West Africa. Economic Community of West African States comprises two sub-regional blocs: the West African Economic and Monetary Union (WAEMU) (also known as *Union économique et monétaire ouest-africaine* [UEMOA]) in French-speaking countries, which is limited to the eight, mostly francophone, countries that employ the CFA franc as their common currency) and the West African Monetary Zone (WAMZ), which comprises English-speaking countries of West Africa working towards adopting their own common currency,
that is, the Eco. Economic Community of West African States’ Vision 2020 strategy aims to develop the region by harmonising sectoral policies across countries (https://www.ecowas.int/about-ecowas/vision-2020/). Although the classification of countries based on the colonial history in this study seems static, it is not subject to changes or transformations. However, it serves as a justification for grouping the countries in order to measure their entrepreneurship performance.

The anglophone West Africa

The national objectives of governments in the anglophone West African countries are rapid economic development and national integration. The pursuit of these objectives guarantees modernisation and political participation in this process from the village to the national level. Modernisation means the progressive organisation of societies at the national level. The analysis of modernisation by Hopkins (1973) provides a theoretical framework for the consideration of governmental process, which itself involves the formulation and implementation of policies designed to achieve government objectives, which invariably revolve around modernisation. The most important purpose of government in developing countries, apart from the maintenance of law and order and economic development, is national integration. This most formidable task of government arises from the lack of cohesion and national framework for guaranteeing this before the advent of colonialism. Although colonial boundaries are artificial, they have nevertheless provided the necessary geographical horizon, which is important for the purpose of national political organisation and integration.

The francophone West Africa

Like the other foreign powers that came to West Africa, the initial interest of the French was trade. From the time French presence was first established in Saint Louis (Senegal) in 1637 until the middle of the 19th century, successive French Governments were almost exclusively concerned with the development of fortified trading posts along the Rivers Senegal and Upper Niger and at different points on the coast. To this end, they signed treaty agreements with the indigenous populations. The organisation of the administration in French West Africa was regulated by these decrees. In matters of detail, the Governor General could issue orders (arretes), which had to be consistent with the provisions of the decrees. The most outstanding features of the administrative arrangements for the divide were its unitary character and a high degree of centralisation. The high degree of centralisation was because of the concentration of administrative activities at the federal centre. However, in 1890, ‘the policy of assimilation’ was sanctioned as the official policy in all French colonies including those in French West Africa. The idea of assimilation as a colonial policy is commonly traced back to the egalitarian ideas of the 1789 French Revolution. In 1794, the revolutionary government issued a proclamation according to which all people residing in France and the empire were entitled to French citizenship. However, besides this laudable egalitarian principle, the French also sought, through the policy of assimilation, to assert the superiority of French culture, which they believed was superior to all others. In the case of the colonies in Africa, a cultural void existed. The implementation of the assimilation policy started in Senegal, which was the first French colony in West Africa.

The differences within West Africa

Following the aftermath of colonialism, which swept across Africa, the policy of indirect rule in the anglophone West Africa focused on economic development and national integration, whilst the policy of assimilation in the francophone West Africa focused on trade and centralisation. Britain controlled The Gambia, Sierra Leone, Ghana and Nigeria throughout the colonial era, whilst France unified Senegal, Guinea, Mali, Burkina Faso, Benin, Cote D’Ivoire and Niger into French West Africa. Portugal founded the colony of Guinea-Bissau, whilst Germany claimed Togoland, but was forced to divide it between France and Britain following the First World War. These conditions are responsible for the differences highlighted in Table 1:

Basically, the broad trade-offs within the two divides in West Africa are the difference of colonial master, language, membership of unions, currency and, of particular interest to this study, the existence of the capital market in the francophone countries, which have developed steadily over the years evidenced by the establishment of Bourse Regionale des Valeurs Mobilières (BRVM),1 physically located in Cote D’Ivoire, which serves the countries of the WAEMU. Although the market remains relatively small and illiquid, the researchers’ objective was to determine the entrepreneurial competitiveness of the divides taking equity portfolio into consideration as one of the measures of institutional entrepreneurship. According to North (1981) and Jones (1981), countries with efficient institutions and less distortional policies will achieve a greater level of income. For instance, could the dependency of the central banks in

TABLE 1: The differences within West Africa.

<table>
<thead>
<tr>
<th>Number</th>
<th>Colonial differences</th>
<th>Anglophone</th>
<th>Francophone</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Language</td>
<td>English</td>
<td>French</td>
</tr>
<tr>
<td>2</td>
<td>Currency</td>
<td>Individual currencies exist in each country</td>
<td>Common CFA hedged to the franc</td>
</tr>
<tr>
<td>3</td>
<td>Colonialist</td>
<td>Great Britain</td>
<td>France</td>
</tr>
<tr>
<td>4</td>
<td>International affiliations</td>
<td>Common wealth of Nations</td>
<td>International Organization of La Francophonie</td>
</tr>
<tr>
<td>5</td>
<td>Colonial ideology</td>
<td>Policy of indirect rule</td>
<td>Policy of assimilation</td>
</tr>
<tr>
<td>6</td>
<td>Regional capital market</td>
<td>No joint stock exchange but exists in individual countries</td>
<td>BRVM operating across French West African Economic and Monetary Union (WAEMU)</td>
</tr>
<tr>
<td>7</td>
<td>Number of countries</td>
<td>5</td>
<td>11</td>
</tr>
</tbody>
</table>

1.BRVM is a regional stock market serving the countries of the West African Economic and Monetary Union (WAEMU). It is physically located in Abidjan – Côte d’Ivoire.
The entrepreneurship indicators

Entrepreneurship is understood to mean the process of enhancing entrepreneurial activities often linked to economic growth, which makes its performance measureable. It is also the ‘influences’ and ‘characteristics of entrepreneurial behaviour’ leading to innovation, creativity and adding value (Hindle 2009). Based on previous studies, some of the indicators used to assess entrepreneurship performance were derived from the Global Entrepreneurship Monitor (GEM). Further, based on other studies done on measures and drivers of the knowledge economy, in the reports of technology and innovation foundation in Bergmann et al. (2013), Murdock (2009), Saisana and Munda (2008), Atkinson and Correa (2007) and Allen (2001), the indicators were categorised into four groups, namely globalisation measures, technology innovation capacity measures, economic dynamism measures and digital economy measures.

The recognition of entrepreneurship as a driver of economic growth has led policy analyst, researchers and economic theoreticians improve on the measurement of entrepreneurship at national level. For instance, at an international level, programs by the World Bank, Eurostat and private organisations such as GEM have developed an internationally comparable data (Ahmad & Hoffman 2007). Hence, the entrepreneurial indicators in countries were adopted from the framework. However, it is impossible to adopt the full indicators of entrepreneurship as measured by previous studies, GEM and the knowledge economy indicators. Therefore, we adopt a specific entrepreneurship indicator at country level for the study using Organisation for Economic Co-operation and Development (OECD) indicators in Ahmad and Hoffman (2007) along with some indicators of GEM and knowledge economy as follows:

RD & technology: This variable determines entrepreneurship competence. It represents science and technology research in countries, which brings about innovation. Innovation has been argued to be an inventive entrepreneurial process, which creates new economic value (Hindle 2009). The variable has been found to be the driving force behind the growth in scientific and economic communities. There should be a high correlation between science and technology researches and an entrepreneurial economy. In the wake of globalisation, entrepreneurs depend on new research findings to improve on their old ways of production and service delivery. Research remains the invisible hand behind much of the development in countries. Entrepreneurs are not often the ones who carry out the researches; they just spot an opportunity in scientific research and synthesise it to a business (Aderemi et al. 2013).

Revenue from export: This is the income realised from the exportation of creativity and innovativeness within the economy. Revenue from export indicates that entrepreneurship activities exist in a country. It shows that locally produced goods not only are patronised internally but also are enough to be sold to the international market. Exportation enhances the economy that aligns with the government goal of economic growth (Adesoji & Sotubo 2013; Abou-Strait 2005). An increase of this variable in countries is an indication that the economy is an entrepreneurship outcome.

Domestic private investment: This measures the rate of investment in the private sector. It is an indication of the existence of well-performing firms, healthy enough to attract investors despite the risk associated with investment. The rate of domestic private investment also signifies that there are sound investment-friendly policies capable of attracting investors (Akpokodje 1998; Dehn 2000; Greenaway & Morrissey 1992; Harrigan & Mosely 1991; Khan & Reinhart 1990; Lemli & Asfia 2001; Serven & Salimano 1992). This variable is represented by the gross fixed capital formation of the private sector in countries. It is an entrepreneurship outcome.

Equity portfolio/stocks: As a result of the emerging trend of the region’s stock exchange markets in West Africa, this was deemed fit as a variable for measuring entrepreneurship. More so, capital markets contribute to the economic growth in studies (Adjasi & Biekpe 2006; Beck & Levine 2004; Enisan & Olufisayo 2009; Ezeeoha, Ogamba & Onyiuke 2009; N’zue 2006). This is because liquidity is the means by which entrepreneurship activities are financed. Liquid markets attract savings and also encourage long-term investment in projects that have high return on investment. The variable is an entrepreneurship outcome.

Economic growth: This is a measure of the economic output or domestic productivity of a country divided by the total number of people in the country. It is the best measure of standard of living. The variable explains the outcomes of entrepreneurship in the economy. If the standard of living is high, it partly explains that there are productive entrepreneurship activities going on in the economy. According to literature, high growth in real gross domestic
product (GDP) per capita signifies increased entrepreneurship outcomes (Audretsch, Lehmann & Keilbach 2006).

**Job creation:** This is a measure of self-employed workers, specifically those workers who are self-employed or small and medium entrepreneurs who own their businesses with one or a few partners. According to Awe (2010), entrepreneurship is the task of increasing the supply of manpower capable of undertaking business creation, which accelerates employment generation. Studies by Carree and Thurik (2002) and the Organisation for Economic Co-operation and Development (OECD) (1998) have also used data on self-employment as one of the indicators of entrepreneurial activities.

**Methodology**

The approaches to policy performance evaluation refer to the platforms for which policy can be measured. Policy can best be accessed through its output, impact and outcomes (Rosenbloom, Kravchuk & Clerkin 2009). These three main measures, although related, have distinct features that explain the performance context this study set out to determine. Policy performance can be investigated through its outputs or the impacts of the particular policy. Countries make use of a number of methods comprising mainly qualitative and quantitative approaches to decipher the performance of their public policies. The evolution of policy analysis in the Netherlands, as narrated by Mayer (2007), is a typical example of empirical policy analysis. The study attempted to analyse and interpret the evolution of policy analysis in the country by questioning factors used in policy comparison over time. Netherlands is part of the European Union policy area in respect of finance, development cooperation, transport, security and agriculture. Just as this study focused on the colonial history of West Africa divides, the study by Mayer (2007) made references to the historical background of the formation of the public policies in the country and how they compared to other developed countries of the world such as the United States and the United Kingdom (Bernelmans-Videc 1994). The descriptive statistics explored summarises and presents the entrepreneurship indicators in a convenient way that aids understanding of the performance.

In order to ascertain the performance, the study made use of 10 countries as its sample which comprises five anglophone and five francophone countries in West Africa. The 10 countries used were: The Gambia, Ghana, Liberia, Nigeria, Sierra Leone, Cote D’Ivoire, Mali, Burkina Faso, Senegal and Benin. These countries were purposively selected in the divides based on the hierarchy of their GDP performance figures as of 2017. The aim of the statistics presented is to determine the performance of the entrepreneurship indicators in anglophone and francophone West African countries, through comparative measures in order to establish public policy gaps. According to Ljeoma (2014), an evaluation systematically assesses programmes or policies in order to summarise the presentation of a given data set. Evaluation also refers to the process of determining the worth or significance of an activity, policy or programme. The focus here accounts for the progress, status, rankings, development, causes, implementation, consequences and problems of public policies.

**Descriptive statistics of entrepreneurship indicators in anglophone and francophone West Africa**

These descriptive statistics are illustrated in the following figures (Figures 1 to 6), with each including the statistics of both the anglophone and francophone divides.

From Figure 1, it is evident that the anglophone West African countries perform better than the francophone ones. Nigeria ranked high at the determinant, whilst the francophone countries were ranked low. The Gambia, Sierra Leone and Liberia also ranked low in the science and technology measure of entrepreneurship determinant. The figure represents the number of scientific and engineering articles published in journals. This figure is determinant on the amount of universities and
Entrepreneurship impact as a component in entrepreneurship. As stated in Figure 2 by Torres and Seters (2016), there have been minimal investments, which signify that the incentives directed towards the private sector in which a sizeable number of entrepreneurship activities take place need to be reviewed.

Despite the regional stock exchange (BRVM) in the francophone countries, the chart shows that their operations have not been commendable. This is because the stock market has been illiquid (Agyapong 2014). The occurrence of such situations inhibits entrepreneurship activities as it reflects low net inflows from equity securities including shares, stocks, depository receipts and direct purchases of shares in local stock markets by foreign investors. However, the policy regulating the financial sector in Nigeria has been entrepreneurship-enhancing in encouraging equity portfolios.

Economic growth is a measure of entrepreneurship performance. Nigeria had the highest in the anglophone divide, whilst Côte d’Ivoire had the highest in the francophone divide. This signifies domestic production of goods, which is a function of creativity, innovation and adding value that appropriately describes entrepreneurship.

From Figure 2, it is evident that both divides have competed fairly closely as the revenue each received were at par except for Ghana that received the most revenue from exports in the year reviewed. According to Boame (1998), the primary-export-led growth strategy in Ghana sets the anglophone country at a pace to increase its export promotion performance. However, export trade across West African states have been reported as low, largely informal, poorly documented and believed to be dominated by staple food. Yet, it has considerable potential to increase, in line with ECOWAS ambitions (Torres & Seters 2016). The revenue from export represents the value of all goods and other market services provided to the rest of the world.

From Figure 3, it is evident that domestic private investments are relatively low in both divides. For the same reasons...
activities. Overall, the anglophone divide had a higher total GDP per capita compared to their counterpart.

The Comparative evaluation of the business environment in West Africa

This presents a clear focus on the systematic, comparative study of the business environment in countries. For this study, the purpose of evaluating the business environment in countries was to determine how favourable they are for the purpose of entrepreneurship activities by making references to the ranking reports and ratings of global institutions, such as the Global Entrepreneurship Monitor, Ibrahim Index of African Governance and Index of Economic Freedom. Thus, the evaluation was based on the designed score ranking of the business environments: 0 = not too accommodative, 1 = accommodative, 2 = encouraging, 3 = most ideal for entrepreneurship activities.

From Table 2, an evaluation was made based on four institutional observations of public policies and their implication on entrepreneurship in the business environment. The monetary and the fiscal policies are controlled by the government in the five West African countries through their independent central banks. The Ibrahim Index of African Governance evaluates the effect of monetary and fiscal policies on the business environment. The regulatory efficiency is measured by the Index of Economic Freedom as the condition of the economic environment over which governments typically exercise policy control. It focuses on the effect of government policies on Business Freedom, Government Spending and Monetary Freedom. These three measures determine the conduciveness of entrepreneurship in national context. The efficiency is scored when there is an increase from the previous year’s performance compared to 2018 figures, such as indicated with ↑ symbol. Under the ‘Entrepreneurship Evaluation’, in countries where:

- One ↑ denotes that the policies inherent are ‘accommodative’ for entrepreneurship activities.
- Two ↑ denotes that the policies inherent are ‘encouraging’ for entrepreneurship activities.
- Three ↑ denotes that the policies inherent are ‘most ideal’ for entrepreneurship activities.
- Whilst ▼ denotes no change from previous performance.

Lastly, the ‘National Economic Environment’ is ranked by the Global Entrepreneurship Monitor data according to the World Economic Forum (WEF) in its global competitiveness report. The Global Entrepreneurship Monitor data rate all five anglophone West African countries, namely Nigeria, Ghana, The Gambia, Sierra Leone and Liberia as ‘factor-driven economies’. According to the WEF’s classification, factor-driven economies are the least developed, which are dominated by subsistence agriculture and extraction businesses, with a heavy reliance on (unskilled) labour and natural resources.

From Table 3, it appears that the francophone countries such as Burkina Faso and Cote D’Ivore addressed their public policy strategies such that they were ranked high in attracting business. This could be because of the regional cooperation that exists in the divide. Their policies must have focused on easing regulatory issues for starting businesses such as securing permits and cross-border business incentives. This reiterates the fact that there is no meaningful entrepreneurship development without public policy interventions.

<table>
<thead>
<tr>
<th>Number</th>
<th>Country</th>
<th>Summary of government economic policies that can drive entrepreneurship activities taking into account their focus, locus, target and system of finance</th>
<th>Ranking of the business environment: Ibrahim Index of African Governance rankings</th>
<th>Regulatory efficiency of the policies: Economic Freedom ratings</th>
<th>Entrepreneurship evaluation; Researcher’s evaluation</th>
<th>National economic environment: Global Entrepreneurship Monitor ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nigeria</td>
<td>To attain price stability through external reserves to safeguard the international value of the legal currency. The macroeconomic policies in Nigeria are financed and controlled by the Central Bank of Nigeria.</td>
<td>34 out of 54 countries</td>
<td>• Business Freedom (69.5) ▼</td>
<td>33.3% Encouraging</td>
<td>Factor-Driven Economy</td>
</tr>
<tr>
<td>2</td>
<td>Ghana</td>
<td>The monetary policy objective is to ensure price stability, low inflation and to support the government’s economic objectives including those for growth and employment. Policies are financed and controlled by the Bank of Ghana.</td>
<td>9 out of 54 countries</td>
<td>• Business Freedom (59.5) ▼</td>
<td>33.3% Accommodative</td>
<td>Factor-Driven Economy</td>
</tr>
<tr>
<td>3</td>
<td>The Gambia</td>
<td>To achieve and maintain price and exchange stability underpinned by a sound and vibrant financial system to encourage and promote sustainable economic development. The macroeconomic policies in Gambia are financed and controlled by the Central Bank of Gambia.</td>
<td>31 out of 54 countries</td>
<td>• Business Freedom (54.2) ▼</td>
<td>33.3% Accommodative</td>
<td>Factor-Driven Economy</td>
</tr>
<tr>
<td>4</td>
<td>Sierra Leone</td>
<td>To formulate and implement monetary and supervisory policies. To foster a sound economic and financial environment in the best interest of the country. The macroeconomic policies in Sierra Leone are financed and controlled by the Bank of Sierra Leone.</td>
<td>35 out of 54 countries</td>
<td>• Business Freedom (69.5) ▼</td>
<td>33.3% Accommodative</td>
<td>Factor-Driven Economy</td>
</tr>
<tr>
<td>5</td>
<td>Liberia</td>
<td>To maintain price stability and to ensure a sound banking and financial system, thereby contributing to sustainable economic development of the nation. The macroeconomic policies in Liberia are financed and controlled by the Central Bank of Liberia.</td>
<td>14 out of 54 countries</td>
<td>• Business Freedom (59.4) ▼</td>
<td>Not too accommodating</td>
<td>Factor-Driven Economy</td>
</tr>
</tbody>
</table>

Note: Researcher’s evaluation based on scores ranking: 0 = not too accommodative, 1 = accommodative, 2 = encouraging, 3 = most ideal.
Conclusion

This article considered entrepreneurship indicators in West Africa bearing elements of varying competitiveness in the pursuit of entrepreneurship development. Basically, the broad trade-offs between anglophone and francophone countries are the difference of colonial master, language, membership of unions, currency and, of particular interest to this study, the existence of the capital market in the francophone countries which have developed steadily over the years evidenced by the establishment of BRVM. Although the market remains relatively small and illiquid, the study’s objective was to determine the entrepreneurial competitiveness of the divides taking equity portfolio into consideration as one of the measures of institutional entrepreneurship. According to North (1981) and Jones (1981), countries with efficient institutions and less distortionary policies will achieve a greater level of income. For instance, could the dependency of the central banks in the francophone countries or the independency of the anglophone countries make or mar entrepreneurship? Perhaps this factor may enhance entrepreneurship in the francophone divide given the operations of the regional market in existence. This notion is supported by the dictates of the structural economics approach (Dutt & Ros 2003), which presumes that financial markets enhance development (Schumpeter 1934) in economies.

From the descriptive statistics, the anglophone divide ranks higher than the francophone divide under the ‘entrepreneurship determinants’ category. Whilst the anglophone divide performs better under the ‘entrepreneurship outcome’ category, countries within the francophone divide received more returns from exported goods. The data used show that Burkina Faso ranks highest in job creation criteria whilst the anglophone countries are entrepreneurship-inhibiting, whilst the francophone countries were entrepreneurship-enhancing, during the period reviewed. The comparative analysis of the business environment using various economic rankings shows that both divides operate within a factor-driven economy whereby economic sustainability is heavily reliant on subsistence agriculture, extraction business, unskilled labour and natural resources. Rather, countries are supposed to be efficiency- and innovation-driven in order to attract more entrepreneurship activities (Global Entrepreneurship Monitor [GEM] 2010).

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The authors have declared that no competing interests exist.

Authors’ contributions

E.I and A.V. were the supervisors of the PhD thesis from which the manuscript was derived. A.U.O was the doctoral candidate responsible for writing the introduction, methodology, evaluation and synthesis from other countries. E.I and A.V. perused the conclusion and recommendations.

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Disclaimer

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