

# Rural Business and the Sustainability of Growth and Development in Africa

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## Background Information

Since independence in the 1950s and '60s, African countries have struggled to develop their economies and societies. This, as advised by the experts — including the United Nations (UN) — consisted of efforts to stimulate **economic growth**, which meant achieving annual increases in total domestic output of goods and services commonly referred to as **gross domestic product (GDP)**. The efforts focused on inducing and promoting modern economic activities especially industrial enterprises that were believed to have stimulated the growth and transformation of Europe and the rest of the more-developed parts of the world.<sup>1</sup>

The natural strategy for growth and development in Africa, as the experts also advised, was to use a variety of incentives to induce domestic industrial investments by foreign industrialists and investors who were already familiar with industrial practices and had access to the necessary knowledge, skills, and capital. One of the incentives was the creation of industrial estates in major city areas which provided low-cost spaces for the location of factories and other business facilities.<sup>2</sup> Thus we came to have substantial modern industrial activities in major African cities, including Abidjan (Côte d'Ivoire), Accra (Ghana), Addis – Ababa (Ethiopia), Cairo

(Egypt), Douala (Cameroon), Johannesburg (South Africa), Kampala (Uganda), Kaduna (Nigeria), Kano (Nigeria), Kinshasa (Zaire), Lagos (Nigeria), Lusaka (Zambia), Nairobi (Kenya), and Port Harcourt (Nigeria). This incentive — the creation of industrial estates which concentrated modern economic activities in a few cities — became a particularly significant factor in the intensification of the rural — urban gap which complicated the development problems of African countries, especially environmental degradation.<sup>3</sup>

The widening of the rural — urban gap had two main effects on African countries. First, many young people who were able to change location moved out of the rural areas into the cities in search of modern jobs and better incomes. City populations swelled, infrastructure became overstretched, several facilities and services collapsed irredeemably, and slums with all their concomitant environmental problems emerged in many African cities. Second, rural areas generally lost substantial workforce and the capacity to produce even their own needs. In most of the areas the majority of the people left behind struggled and are still struggling to eke out a living with subsistence agriculture and limited non-agricultural activities all of which involve environmentally destructive practices. Examples of the practices are slash — and — burn farming, primitive weeding techniques, and felling of trees for firewood to meet the energy needs of the poor which facilitate erosion and contribute to several other environmental problems.

The combined effect of the survival practices of the poor in rural areas, the slums in the cities, and the production techniques and operating practices



of the many inadequately regulated private profit-seeking modern economic activities in both the urban and rural areas — including construction companies, mining companies, oil companies, manufacturing companies, and a large variety of small businesses — has been a severe environmental degradation.<sup>4</sup> This experience, which was common to the many less – developed countries in other parts of the world especially Asia and Latin America, coupled with the environmentally destructive production technologies of growth – promoting activities which became evident in Europe and North America, caused the United Nations (UN) to commission a study on the environment and development (the World Commission on Environment and Development) chaired by Dr Gro Harlem Brundtland of Norway. The report of the Commission entitled **Our Common Future**, which was published in 1987, brought the term ***sustainable development*** into popular use.<sup>5</sup>

According to the Brundtland Commission, sustainable development is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Pearson, 2000, p.464). By this definition, development is not sustainable if, as the World Commission observed at the time and countries are still doing today, the technologies and other practices by which the objective is pursued, contribute to the destruction of the environment because in that way the ability of future generations to meet their own needs is being compromised. The Brundtland Commission drew attention to the conditions in which poor people were forced to live, and the environmentally damaging consequences of the technologies employed by growth – promoting

activities, and caused the world to begin to think about tackling the problem of poverty generally and addressing the specific needs of the poor in the rural areas around the world. This was the time researchers and nations began to show serious and sustained interest in the rural economy and the development of businesses in rural areas as the only effective way to tackle rural poverty.

### **Related Works on Rural Business in Africa**

Some of the important studies on rural business in Africa are Steel and Webster (1992), Bryceson (2000), Sanginga, Best, Chitsike, Delve, Kaaria, and Kirkby (2004), Joseph and Andrew (2006), Women of Uganda Network (2006), Adedeji and Olaniyan (2011), and Nagler and Naudé (2015).

Steel and Webster (1992) was about the way small enterprises in Ghana responded to the effects of the economic adjustment measures of the 1980s. The authors surveyed the activities of small and micro enterprises and produced data which showed that the enterprises in that group were "necessary engines for achieving national development goals". Sanginga, et al (2004) focused on promoting innovation in rural economic activities, with emphasis on the use of research. The authors found that existing approaches to research especially in the area of farming were not sufficiently "demand-driven" and "market-oriented", and recommended greater emphasis on participatory research for more effective "agroenterprise development".



Joseph and Andrew (2006) examined the empowerment effects of Information and Communication Technology (ICT) Initiatives in rural Africa. They reported that although still rudimentary, ICT was a particularly useful tool for tackling rural poverty because of its effects on access to information, especially information of commercial value. Women of Uganda Network (2006) also focused on the role of information technology. The authors investigated the ability of rural Ugandan women to take business lessons from a CD-ROM which was developed specifically for their needs. The study concluded that appropriately developed entrepreneurship – related information for grassroots women could be effectively disseminated through telecentres across the country for the purpose of stimulating economic activities in the rural areas.

Bryceson (2000) and Nagler and Naudé (2015) focused on the nature of rural businesses in Africa. Bryceson (2000) surveyed rural businesses in six African countries — Ethiopia, Malawi, Nigeria, Niger, Uganda, and Tanzania — and produced data to show that although not yet widespread and developed, there were opportunities for “prosperous self – employment” in non- farm activities in the countries studied. Nagler and Naudé identified the problems of rural enterprises which policymakers need to address. They include low levels of education, inadequate managerial and technical skills, lack of access to market information, and lack of access to credit.

Adedeji and Olaniyan (2011) examined a particularly significant issue in the effort to improve living conditions in rural Africa, namely the improvement of teaching in rural schools. They examined education in rural Africa and

argued that it was necessary for African countries to improve the conditions of teachers in rural schools and their capabilities in view of the well-known fact that “without good teachers we cannot have a good education system, and without a good education system no country can provide its citizens a quality life.”

The ideas produced by the studies summarized above are important. The data about the potential for profitable diversification into non-farm activities and the successful use of ICT in the empowerment of rural business operators are particularly useful. But the studies failed to emphasize the critical factor in successful enterprise development, namely the development and dissemination of relevant modern knowledge and productive skills including designing, manufacturing, marketing, and managerial skills which together define the capacity to produce goods and services or the much-desired *technological capability* as the set of skills is more commonly described. I argue, in this paper, that unless African scholars, policymakers, and business people begin to seriously address the problem of limited productive capacity in the continent, genuine and sustainable development will continue to elude Africa. I hold this view because without the capacity to produce the goods and services we need in Africa we will continue to depend on imports, and our expenditures will continue to stimulate and sustain the development of other countries, not our own countries. Another consequence of the excessive dependence of African countries on imports is that African currencies — the Naira, Cedi, Dalasi, CFA Franc, Kwacha, Shilling, Metical, Rand, Leon, Zimbabwe Dollar, and the others — will continue to be weak and perpetually falling in value.



## **Stimulating Rural Business to Promote Growth and Development**

African countries can develop a variety of business enterprises in the rural areas of their economies and use such enterprises to transform and develop their national economies. To achieve this, African scholars and governments must look again at the ways in which they have tried to develop their economies and societies. In particular, they must look again at the crucial matter of education and the way it is delivered, their attitudes to matters of modern technologies in production, business forms and operating practices that are encouraged and promoted, and funding schemes for businesses.

a) **Education and its delivery:** The issues to consider here are:

- The environment for teaching, learning, and the application of knowledge,
- The content of educational programmes,
- Administration and delivery of educational programmes,
- The quality of teachers, and
- The society's attitude to knowledge and incentives for the acquisition and use of knowledge.

These all need to be reviewed and, where necessary, re-designed to produce truly development-oriented teachers, teaching, and learning.<sup>6</sup>

b) **Attitudes to modern technologies in production:** African countries now have to consciously pursue the acquisition and development of

the technologies required for producing the various goods and services we consume. The core elements are the knowledge and skills for designing products and production systems, fabricating products, directing and controlling production processes, managing operations and processes, and effectively and efficiently marketing products. Acquisition and dissemination of these skills will facilitate the setting up of the variety of business enterprises, including rural enterprises, which African countries need for the growth and development of their economies.

- c) **Business forms and operating practices:** The sole proprietorship form of enterprise development that dominates African economies needs to be reviewed. There will continue to be a place for sole proprietorships, but the current dominance of this class of enterprises cannot produce the transformation that African countries need. In addition, primitive operating practices, negative attitudes to project analysis and planning, and excessive risk aversion have to be addressed through appropriate training programmes, and training programmes need to emphasize basic accounting skills, modern risk management techniques, and marketing skills.
- d) **Innovative funding schemes:** Ways have to be found to improve the funding of productive enterprises and the effectiveness of the use of the funds provided. An extension of public-private partnerships to rural businesses through the involvement of local government agencies in rural enterprise development needs to be considered.



The ideas outlined above all involve tough tasks. But they are the kinds of ideas and actions African countries need to be able to lift their economies out of backwardness and free their societies from exploitative external control.

## **Conclusion**

African countries can develop and use rural enterprises to stimulate and sustain the growth and development of their economies — to produce greater varieties of goods and services, create jobs, generate incomes, reduce regional and personal income inequalities, eradicate poverty, and improve the quality of life in their societies — “without compromising the abilities of future generations” to enjoy quality life. What is required is a determination to do tough things, to break with the past and begin to think and act on the kinds of ideas and practices that have transformed other societies, all of us scholars and researchers, policymakers at all levels of government, and business people working together with the goal of ending the backwardness of our continent. The time to act is now.

## Footnotes

1. The origin of the emphasis on economic growth in the struggle for development is discussed in Akpakpan, E. B. (1987). *Crossroads in Nigerian Development*, pp. 2-3. The discussion draws attention to the crucial difference between **economic growth** and **development** which the experts tended to ignore.
2. The several other incentives used by the governments at the time are outlined in Usoro, E. J. (1977). *Government Policies, Politics and Industrial Development Strategy in Nigeria*.
3. Economists describe the policy of concentrating so-called development efforts on the cities as "urban-biased development," or simply "urban bias," and attribute the persistence of poverty to the policy. The issues are extensively discussed in Lipton, M. (1977). *Why Poor People Stay Poor*, pp. 44-86.
4. There is an illuminating discussion of the relationship between the environment and development (including poverty and the environment) in Todaro, M. P. and Smith, S. C. (2003). *Economic Development*. New York: Pearson Addison Wesley, pp. 463-507. The authors compare the poverty policies of Nigeria and Bangladesh in the last five pages of the section.
5. Pearson, C. S. (2000, P. 463) reported that the term **sustainable development** was first used in 1980 by the International Union for the Conservation of Nature in its publication entitled *World Strategy: Living*



*Resource Conservation for Sustainable Development*. But the term was not in popular use until the Brundtland Commission Report.

6. These issues are discussed in detail in Akpakpan E.B.(2011). "Education for National Development : How Well has Nigeria Done?" *Journal of National Association of Female Teachers (JONAFET)*, Vol. 3, August 2011, pp. 5-15.

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