

Feedback Tutorial Letter

Assignment 2

Marks: 50

Question 1

Entrepreneurship Development at Universities

A STUDY CONDUCTED by an American-African research group is painting a gloomy picture of Africa's higher education sector, saying the current curricula are failing to train the young generation on entrepreneurship and critical thinking.

It currently does not prepare and encourage young people to be entrepreneurs, i.e. job creators themselves, but instead paves the way for seeking employment mainly in the public sector.

Behind the study is the Alliance for African Partnership (AAP), a collaboration between Michigan State University and partner universities from across the African continent.

The report criticises the curricula in many African countries for leaving "little space for innovation and creativity".

The report, titled 'Youth Entrepreneurial Ecosystem for Sustainable Development in sub-Saharan Africa' was conducted in nine African countries: Botswana, Kenya, Malawi, Mali, Nigeria, Uganda, Senegal, South Africa and Tanzania.

It found that: "Entrepreneurship training is a common challenge. Although universities, vocational schools, and non-government organisations (NGOs) contribute to entrepreneurship training, there is a noticeable skills gap in every participating country."

In his foreword, Richard Mkandawire, the director of the AAP Africa office, states: "This work gives critical insight into the intense obstacles faced by the youth, thousands of whom have prematurely dropped out of school systems, as well as identifying opportunities to support young people in overcoming these obstacles . . .

"It helps African higher-learning institutions re-examine approaches they have honed through decades of commitment to teaching and researching about youth in Africa."

The 180 page-strong report does not whitewash the big challenges African countries are currently faced with.

"Empowerment is not simply a word; strategies and resources should accompany it. This study reveals that the lack of access to funds, technology, resources, information and communication technology, and markets hinders youth entrepreneurship. Information sharing and access to valuable resources and services are as important as training to empower the youth in Africa," it states.

One interesting finding of the report is that not only an entrepreneurial mindset is missing, but also simple self-marketing tools for jobseekers.

“African youths still face unemployment because the skills set they acquire is often incompatible with the labour market. It was found that young people often lack the marketing skills to sell their talent to potential investors or employers.

“Communication and business management are parallel, and must be developed in entrepreneurship training.”

Giving a glimpse of hope, the report points out that graduates from many countries' technical and vocational education and training institutions were often better equipped for both corporate jobs and self-employment, which can be mainly attributed to their more hands-on, practice-oriented training and skills development received at the institutions.

The report, published this month, does not only highlight shortcomings, but also gives concrete recommendations: “The ecosystem actors, including the government as the key stakeholder, should create a conducive environment by promoting youth-specific funding mechanisms, access to markets, policies, infrastructure, and support programmes contributing to sustainable youth entrepreneurial activities within and beyond the local borders.”

It suggests dedicated entrepreneurial programmes for graduates, and recommends incorporating entrepreneurship education already at early stages of education.

The authors continue by saying higher institutions' development of the “entrepreneurial ecosystem” should ideally be done in close collaboration with external stakeholders, including NGOs and the private sector.

The study also highlights that entrepreneurship cannot be taught effectively if its teachers only have a theoretical understanding of it.

“They ought to have some form of entrepreneurial experience so as to enhance their teaching methodologies, and there must be a scheme to support the continuous development of teachers. Therefore, coordinated efforts to bridge the gap between theory and practice must be undertaken,” it states.

Institutions of higher education are advised to closely collaborate with other entrepreneurship ecosystem actors to avoid the duplication of activities or the creation of silos.

One recommendation is “to have intermediary institutions or agents coordinate the entrepreneurial activities towards a common goal”.

The report further states: “Universities could use alumni and local experts to serve as mentors, coaches, and funders of student entrepreneurial activities.”

Last but not least, as many great companies are built using a customer-centred approach, this should also be the case for entrepreneurship development: “The entrepreneurial ecosystem should be built from the entrepreneur's perspective, focusing on enriching the entrepreneurial mindset and skills, and driving towards entrepreneurial activities aligned with sustainable development goals.”

In Namibia, the situation has not been looking much different in the past years, but this is about to change.

Developing more entrepreneurs from within universities is one of the goals of Anicia Peters, the pro-vice-chancellor for research, innovation and development at the University of Namibia.

She says the university heads have realised the traditional curriculum does not support the demands of rapidly changing economies, where entrepreneurs are the backbone of the economy and driving innovation.

“We have embarked on more entrepreneurship training and incubation programmes under our chancellor’s Innovation Fund and the AI Agriculture Incubator. We are also extending our partnership with players in the local and international entrepreneurship ecosystems like Dololo, StartUp Namibia, Gen Namibia and Ambitious Africa, which we are extremely excited about.

“I’m sure we will see more successful entrepreneurs coming out of Namibian universities in the near future,” she says.

Source: Neitz (2022)

1.1 A business plan is one of the sales tools needed by entrepreneurs to obtain funding from financial institutions.

(a) What is a business plan? [2]

It’s a written document that spells out where the business is heading and explains in detail how it will reach that destination.

(b) Apart from obtain funding or loan funds from financial institutions, explain the other reasons entrepreneurs could use a business plan for? [4]

- **To serve an internal purpose**
- **To be used as a tool for reducing the risk**

NOTE: Award one mark for identification and one mark for explanation.

1.2 All business plans are not the same and they are written for different reasons. Identify any five items what entrepreneurs business plan focussed on to obtained the loan. [10]

- **Why transformation is taking place**
- **Why expansion is taking place**
- **What the profit and growth implications of the transformation or expansion could be**
- **What the cost of the transformation or expansion could be**
- **How the transformation or expansion will be financed**
- **What the return on investment would be**
- **Whether the business can implement the transformation or expansion (any five) successfully**

NOTE: Award two marks for any five items.

1.3 In application to the case study identify the critical resources entrepreneurs require to make their business a success? (Hint: use evidence from the case) [8]

- **Financial resources**
- **Human resources**
- **Physical resources**
- **Information resources**

NOTE: Award two marks for identification.

1.4 Higher institutions' train entrepreneurs to be employers. Explain any five legal requirements that entrepreneurs as employer, would have to comply with. [10]

- **Concluding contracts**
- **Licensing**
- **Labour legislation governing employment in Namibia**
- **Product Liability**
- **Fairtrade, competition, and consumer protection**
- **Environmental legislation**

NOTE: Award two marks for any five items explained.

1.5 According pro-vice-chancellor for research, innovation and development at the University of Namibia, entrepreneurs are the backbone of the economy and driving innovation. Discuss five reasons why entrepreneurs can be seen as a catalyst for economic activity.. [10]

- **It creates and drives new businesses- Entrepreneurs look for opportunities and start a business.**
- **It contributes to the economy's growth - All small businesses contribute to a country's GDP.**
- **Entrepreneurship creates employment. - People that were retrenched or lost their jobs start new businesses and use the experiences that they had obtained.**
- **It reduces the level of poverty - People that start their businesses will be able to sustain themselves financially.**
- **It's a direct link between the entrepreneur and the customer. - The entrepreneur can immediately tend to customer complaints and implement new suggestions.**
- **It sustains economic growth and development - New businesses are started all the time by entrepreneurs as soon as new opportunities arise which make the economy grow.**
- **It's a career option for women and youth. - To work for themselves allows women and the youth to live their ambitions.**

Answers should be related to the benefits entrepreneurs add to the economy.

- 1.6 Some people become entrepreneurs because of circumstances which either pull them or push them towards entrepreneurship. List the drive factors that encourages people to become entrepreneurs. [6]

Push factors

- **Unemployment**
 - **Job insecurity**
 - **Disagreement with management, career limitations, and setbacks**
 - **Not fitting in with the organisation or the inability to pursue personal innovation in a conventional job**
 - **The limitations of financial rewards from traditional jobs**
 - **Having no other options.**
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