Opportunity or necessity? Conceptualizing entrepreneurship at African small-scale mines

Gavin Hilson\textsuperscript{b,⁎}, Abigail Hilson\textsuperscript{b}, Roy Maconachie\textsuperscript{c}

\textsuperscript{a} Faculty of Business, Economics and Law, University of Surrey, Guildford GU2 7XH, United Kingdom
\textsuperscript{b} School of Management, Royal Holloway, University of London, Egham, Surrey TW20 0EX, United Kingdom
\textsuperscript{c} Centre for Development Studies, University of Bath, Bath BA2 7AY, United Kingdom

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A B S T R A C T

This article critically examines the policy environment in place for artisanal and small-scale mining (ASM) – low-tech, labour-intensive mineral extraction and processing – in sub-Saharan Africa, with a view to determining whether there is adequate ‘space’ for the sector’s operators to flourish as entrepreneurs. In recent years, there has been growing attention paid to ASM in the region, particularly as a vehicle for stimulating local economic development. The work being planned under the Africa Mining Vision (AMV), a comprehensive policy agenda adopted by African heads of state in February 2009, could have an enormous impact on this front. One of its core objectives is to pressure host governments into Boosting Artisanal and Small-Scale Mining by following a series of streamlined recommendations. It is concluded, however, that there is a disconnect between how entrepreneurship in ASM has been interpreted and projected by proponents of the AMV on the one hand, and the form it has mostly taken in practice on the other hand. This gulf must be rapidly bridged if ASM is to have a transformative impact, economically, in the region.

1. Introduction

Over the past two decades, artisanal and small-scale mining (ASM) – low-tech mineral extraction and processing – has experienced meteoric growth in sub-Saharan Africa. Aside from generating a significant share of mineral output, particularly precious metals and stones, ASM is today the region’s most important rural nonfarm activity, providing a livelihood to millions of people directly, as well as supporting tens of millions more in the downstream and upstream industries it spawns (Hilson, 2016; ILO, 1999). A sizable percentage of these people have ‘non-mining’ backgrounds, a testament to the acute shortage of viable economic opportunities in the region at present and a phenomenon that has often earned ASM the label ‘poverty-driven activity’ (Barry, 1996; Hentschel et al., 2002).

Host governments have finally – though at times, reluctantly – recognized that ASM is, indeed, an indispensable economic activity in all corners of sub-Saharan Africa, particularly in localities where employment prospects are bleak. There is even growing optimism in policymaking and donor circles that if supported and promoted effectively, the sector could catalyze much-needed economic growth and development in the region. Putting ASM activities in sub-Saharan Africa, most of which are found in the informal economy, in a position to achieve this, however, promises to be an enormous challenge, although this has not stopped host governments from expressing a commitment to doing so. Most recently, they have pledged to intensify their efforts under the Africa Mining Vision (AMV), ‘Africa’s own response to tackling the paradox of great mineral wealth existing side by side with pervasive poverty’, which ‘was adopted by Heads of State at the February 2009 AU summit following the October 2008 meeting of African Ministers responsible for Mineral Resources Development’.\textsuperscript{1}

One of the AMV’s primary goals is Boosting Artisanal and Small-Scale Mining or ‘Harnessing the potential of ASM to improve rural livelihoods, to stimulate entrepreneurship in a socially responsible manner, to promote local and integrated national development as well as regional cooperation’ (African Mining Vision, 2009, p. 1). But whilst the architects of the AMV acknowledge that ASM is poverty-driven and mostly proliferates in informal, unregulated ‘spaces’, and seem aware of the challenges faced by the sector’s operators, the policy environment may not be conducive to making progress toward attaining this goal.

The purpose of this article is to critically examine the policy environment in place for ASM in sub-Saharan Africa with a view to determining whether there is sufficient ‘space’ for the sector’s operators to...
flourish as entrepreneurs. After providing an overview of entrepreneurship in sub-Saharan Africa and a more nuanced analysis of the circumstances which have fuelled the rapid expansion of the region’s ASM activities, the policy environment itself is examined. It is concluded that there is a marked disconnect between how entrepreneurship in ASM has been interpreted and projected by proponents of the AMV on the one hand, and the form it has mostly taken in practice on the other hand. This gulf must be bridged if ASM is to have a transformative impact in the region in the way that the architects of the AMV envision.

2. Entrepreneurship, innovation and growth in sub-Saharan Africa: conceptual underpinnings

It is instructive to first frame the case study of ASM in sub-Saharan Africa examined here by pulling together analysis of entrepreneurship in the region, most of which is scattered thinly across different bodies of literature. This paper contributes to the small body of analysis in the business and management literature (see e.g. Spring and McDade, 1998a; Beeka and Rimmington, 2011; Hayes and Robinson, 2012; Sheriff and Moffatto, 2015; Amankwah-Amoah, 2016) that offers a critical perspective on the dynamics of entrepreneurship in sub-Saharan Africa: as correctly pointed out by Dana and Ratten (2017), the ‘field of international entrepreneurship—particularly in the African context—remains void of research about the processes around recognizing opportunities’ (p. 3). The paper focuses specifically on the ‘brand’ of entrepreneurship found in ASM, the region’s most important rural nonfarm income-earning activity. In doing so, it contributes to debates on innovation, entrepreneurship and informality in sub-Saharan Africa, elements of which have been examined in some depth in Technological Forecasting and Social Change in recent years (see e.g. Sahut, 2014; Turró et al., 2014; Mendi and Mudida, 2017; Jiao et al., 2016; Danquah and Amankwah-Amoah, 2017; Fu et al., 2017; Surie and Groen, 2017).

2.1. Entrepreneurship in sub-Saharan Africa: an overview

Whilst the precise meaning of ‘entrepreneurship’ has been fiercely debated over the years, there is broad consensus in the business and management literature that it is a ‘process’ which ‘starts with the “discovery” of opportunities by alert individuals who consistently scan their environment’ (Kuada, 2015, p. 149). Most assessments (e.g. Juma, 2014; Sahut and Peris-Ortiz, 2014) lead back to Schumpeter (1934, 1942), whose pioneering work established, conceptually, the “entrepreneur as innovator” as a key figure driving economic development (Wong et al., 2005, p. 336). Additional analysis has also surfaced, fueling debate over, inter alia, the origins of entrepreneurship, its impact on economic development and its various manifestations. But scholars seem to be in general agreement that entrepreneurs are individuals who ‘are bold enough to challenge deeply held assumptions and combine different, often seemingly unrelated, kinds of expertise, and knowledge’ (Kuada, 2015, p. 149) and are innovators, whose actions influence economic development.

These concepts and ideas have proved difficult to apply, wholesale, to sub-Saharan Africa, which could explain why, over the years, so few business and management journals have attempted to advance debates on entrepreneurship in the region. This, however, is unsurprising, as broader issues on business in sub-Saharan Africa have failed to attract much attention in this body of literature, a gap which Amankwah-Amoah’s (2016) comprehensive synthesis of ‘the historical trajectory of African management research and managerial thinking’ (p. 23) for the period 1960–2012 draws attention to. The author’s efforts to group ‘African management research and managerial thinking’ into phases reveal how disparate analysis of business and industry-related developments on the continent has been. This could be a reflection of researchable topics being more germane to, and having more appeal in, other disciplines, such as development studies and anthropology. It may also be due to many of the debates which are now at the heart of the business and management literature—around, inter alia, the regulation of large corporations, Corporate Social Responsibility (CSR), and acquisitions and mergers—having only recently taken on an African ‘flavour’, chiefly in response to the marked shift in patterns of industrial development that have occurred in an era of globalization.

Spring and McDade’s (1998a) pioneering and frequently-referenced text was one of the first works to highlight the unique attributes of entrepreneurship in sub-Saharan Africa. A small group of scholars have since elaborated on many of the points raised by the authors, weighing in on subjects such as the developmental challenges presented by the burgeoning contingent of unemployed but educated youth in sub-Saharan Africa who wish to start their own businesses (De Gobbi, 2014; Brixova et al., 2015), and the challenges faced by the region’s women with securing finance and other support for their entrepreneurial ventures (Amine and Staub, 2009; Langevanga and Gough, 2012). Spring and McDade (1998b) also raised several important and unanswered questions about entrepreneurship in sub-Saharan Africa, each providing valuable guidance in what hitherto appeared to be a directionless area of investigation and which surprisingly had very little appeal to scholars in the field of business and management. Recognizing how ‘much of the earlier literature on entrepreneurship has its roots in Europe’, the authors asked, presumably in an attempt to provide some direction to and inspire fellow scholars, whether ‘these concepts and theories are universally applicable?’

More critical to the study of ASM in sub-Saharan Africa examined in this paper, the authors also asked: ‘Does African entrepreneurship follow the same or different paths from those of entrepreneurial activities in other parts of the world?’ Whilst there is no straightforward answer to this question, what is very clear is that in sub-Saharan Africa, context has shaped the character and influenced the trajectory of entrepreneurial activity perhaps more so than anywhere else in the world. It is a location which, as Spring and McDade (1998b) explain, in the process helping to answer their own question, has ‘little capitalist penetration, a legacy of the colonial institutions that used Africa as a source of raw materials and new markets but not as a place to invest’ (p. 8). Further, as George et al. (2016) more recently pointed out, re-inforcing points that have been made for more than two decades, despite ‘gradually transitioning toward more stable institutional frameworks’, across the continent, there continues to be a ‘persistence of institutional voids, understood as the absence of market-supporting institutions, specialized intermediaries, contract-enforcing mechanisms, and efficient transportation and communication networks’ (p. 377).

Referring once again to the pertinent question posed by Spring and McDade’s (1998b), in sub-Saharan Africa, entrepreneurship does not follow the same paths as those of entrepreneurs in other parts of the world, which is why using Western perceptions and ideologies to judge the ‘brand’ of activity that has surfaced in the region is inappropriate. Sub-Saharan Africa is a location where, in the words of Sachs and Warner (1997), there is widespread institutional ‘sloth’, which has magnified the problems identified by George et al. (2016). This behaviour is a manifestation of an endemic resource curse (Gilberthorpe and Papyrakis, 2015), brought about by an overdependency on rents from mining and petroleum extraction (Table 1). Preoccupied with extracting taxes from companies engaged in these activities, the region’s governments have generally overlooked the measures and funding needed to catalyze and ensure the continued viability of formal sector entrepreneurial activity and to facilitate the growth of local businesses.

Nowhere has this been more evident than with manufacturing, the contribution of which to the region’s total added value declined from an average of 14% during the period 1990–1999 to 11% for the period 2000–2011 (African Economic Outlook, 2016). In most cases, this has been due to the expansion of the services sector: during the periods 2001–2004 and 2009–2012, of the 45 countries where this was the case, 30 experienced a contraction in manufacturing (UNCTAD, 2015).
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