

Chapter 13

Female Entrepreneurship in Africa:

An Inquiry Into the Influence of Rotating Savings and Credit Associations on Business Growth

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ABSTRACT

This chapter explores how female entrepreneurship is a growing phenomenon in Africa. Particularly, the chapter critically examines the use of the instrument of rotating savings and credit associations (ROSCAs) in as far as it has influenced business growth and social mobility across the region. The implications are that, largely, it is an instrument that gives agency towards achieving gender parity at business and household levels, respectively. In trying to answer pertinent questions, the study engages country-based case studies. The countries used include Botswana, South Africa, Egypt, Ethiopia, Sudan, Kenya, Ethiopia, Nigeria, and Cameroon. These have been chosen because of their differential demographic, political economies, ideological, and religious foundations. Some have experienced serious and tectonic macro-economic challenges which may have worked to cement or to destroy efforts in building female entrepreneurship let alone the utility of ROSCAs as a tool towards business stability and wealth building.

INTRODUCTION

Women entrepreneurship is a critical component to the economic growth of a country. Women entrepreneurship has been well received and it enhances the participation of women in spheres beyond the family, hence women empowerment. It has also been taken as a way of alleviating poverty in both urban and rural areas. The present-day society is moving to be dominated by female-headed households as opposed to the traditional family headed by a man. As such there is increasing need for active engagement of women in economically productive activities to improve not only the welfare of families but also that of national economies- women entrepreneurship. This study therefore examines the role of Rotating Savings and Credit Associations (ROSCAs) in influencing women entrepreneurship initiative in Africa.

The objectives of the study are: to characterize female entrepreneurship in Africa and relate it to the social, cultural, religious and economic dimensions that exist in several African countries; to discuss the advantages and disadvantages of ROSCAs, especially with regard to female entrepreneurship in Africa; and to explore the sustainability of ROSCAs as a mechanism for enhancing female entrepreneurship and empowerment in Africa. In line with these objectives, four critical but intricately linked questions are worth examining in exploring women entrepreneurship. The first and foremost one is: To what extent do societal pillars of ideology; religion and developmental philosophy act as promoters or hindrances from meaningful female entrepreneurship? This strand of understanding is critical in deciphering whether women entrepreneurship thrives or fails to thrive because the cultural foundations of the society are the main source of constraints or opportunities for success. The second question is: How does the political economy influence female entrepreneurs' inspirations and ambitions to climb the social ladder and move beyond survival? This is important, especially in Africa, where gender policies under colonial rule were often biased towards the development of male workers and the subjugation of women and children. Although the post-independence political economic terrain has been geared towards levelling the plane, the colonial policy 'hangovers' and traditional cultural orientations continue to pull down women efforts. The third question is: How are ROSCAs serving as a 'rope-out-of-the-pit' for women entrepreneurs in Africa and how can the same instrument work for women in the informal, as well as, in the formal sectors? This question is critical in that women enterprise is largely in the informal sector with a few managing to graduate beyond survival. It is also important to note that in the majority of cases, women entrepreneurs in the formal sector do better if they are financially supported by men and other women. ROSCAs are a function of goodwill, strong social networks and ties (social capital). The last, but not least question is: What explains the differentiations in the successes and failures of ROSCAs across villages, towns and cities and to what extent are ROSCAs a matter of seasonality?

There has been no general agreement in literature on the definition of *female entrepreneurship*. Female entrepreneurship is defined as: any business endeavor that exploits an unexploited gap in the market or those that create an opportunity in the market place which would have been initiated by women (Debroux, 2010); the process by which women create a business through combining risks and creativity (Galindo and Ribeiro, 2012; 146); the process by which a person create or expand an enterprise either large or small (OCED, 2018). Borrowing from these definitions, women entrepreneurship in this study refers to any business enterprise started as well as owned by women formal or informal sectors, large or small.

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