

Turning capitalism into Africapitalism

Given its colonial past, Africa has not had the opportunity to engage with the positive aspects or benefits of capitalism, having been integrated into the international economy in a position of subservience, based on extraction of value and exploitation.



Image source: Getty/Gallo

“The real question arises as to how can Africa indigenise capitalism for their benefit, and have ownership of Africapitalism,” asks Dr Njeri Mwagiru, a senior futurist at the Institute for Futures Research (IFR), based at the University of Stellenbosch Business School (USB).

“Although today, the continent is attracting international interests as a growth frontier of capitalism, with expanding markets and gradually stabilising democracies, Africa’s current form of capitalism still allows the extraction of value without adding corresponding value to society,” she says.

“Crony capitalism that benefits an elite few, weak regulatory institutions and virulent fraud drain away opportunities for social advancement and prosperity. Our current implementation of capitalism continues to depend on the exploitation of people and natural resources, and is deeply responsible for a disproportionate distribution of income and wealth.”

She says that a capitalist system is controlled by market forces, as opposed to a communist system, which is controlled by the government.

“The philosophy of capitalism is founded in self-interest whereby people act in pursuit of their own good and rejects government interventions in economic matters. The capitalist believes that people can make their own best decisions and is the basis of the free market with millions of people making individual choices as rational actors.

“The argument is that capitalism is the paramount economic system because it provides limitless opportunity, encourages innovation, and has not been proven inferior to alternative economic systems. Moreover, capitalism results in the overall increase of innovation and economic growth. The more people contribute to society through their hard work and ingenuity, the more value they add to their local community.”

“With mixed models of capitalism around the world, Africa needs one that addresses its entrenched challenges and caters for its unique advantages,” she says.

The desire for the private sector to contribute to the development of Africa

“Africapitalism means we cannot leave the business of development up to our governments, donor countries and philanthropic organisations alone. The private sector must be involved in the business of development. Business organisations as agents of development. It’s a call-to-action for businesses to make decisions that will increase economic and social wealth, and promote development in the communities and nations in which they operate. This will ultimately help businesses become more profitable as the communities they serve become well-off consumers, healthy and better educated employees, and even entrepreneurs who go on to become suppliers and service providers.

“Africapitalism puts Africa, its culture and its people front and centre of any development in the region. Arguably, it is an inventive way of delivering the best of capitalism in a continent where its effects have previously had little influence on its people.”

She cautions that economic nationalism is at the core of Africapitalism and unashamedly prioritises what is best for Africa.

“The challenge is applying it in a continent of so many nations. It is a laudable entrepreneurial pursuit and mind-set, to create shared value in, and more importantly, for Africa. It is not to be mistaken for philanthro-capitalism, usually applied by global supranational bodies trying to ‘solve the African problem’ from the outside but risking undermining the innovation here on the ground that can potentially be accessed if the relationship between government, business and society can be remade.”

She says that by empowering and enriching the citizens of African nations, the true path to sustainable economic success will be discovered. “Our natural resources and trade with the rest of the world are key to this but through a different lens. Turning inward and becoming protectionist is not the way forward. Better governance, transparency and a stronger rule of law are.”

The principles of Africapitalism

- **Entrepreneurship**

Unlock the power of individuals to create and grow their business ideas into successful companies.

- **Long-term investments**

Deploy patient capital that creates greater and broader economic value as opposed to merely the extraction of resources

- **Strategic sectors**

Invest in sectors delivering a financial return as well as broader economic and social value – agriculture, power, healthcare, and finance.

- **Development dividend**

Conduct investments and business activity in a manner that delivers financial returns to shareholders as well as economic and social benefit to stakeholders.

- **Value-added growth**

Leverage locally available human and financial capital, raw material and other inputs that create longer, more integrated, and higher value regional supply chains.

- **Regional connectivity**

Facilitate intra-regional commerce and trade through the development of national and cross-border physical infrastructure, and the harmonization of policies and practices.

- **Multi-generational development**

Focus on investments and economic growth strategies that build value for future generations.

- **Shared purpose**

Foster collaboration between businesses, investors, governments, academia, civil society, philanthropists, and development institutions to create conditions that will empower the African private sector to thrive.

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