

HIGH RATE OF SOLOPRENEURSHIP ROOTS LOW SMES' SURVIVAL RATE IN FRANCOPHONE CENTRAL AFRICA

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ABSTRACT:

While starting a business alone (solopreneurship) presents numerous managerial advantages, it also comes along with multitudinous bottlenecks that have been reported to significantly reduce the chances of such businesses to thrive. An executive survey conducted in the Q4 of 2021 in Cameroon revealed that 73% of all SMEs in Cameroon are started by solopreneurs. While a similar rate of solopreneurship has been advanced by some authors for the United States of America, one of the leading economies globally, the reasons why entrepreneurs start alone in advanced economies, the ease of getting bank loans, as well as the general business environment in which such entrepreneurs evolve are quite different from those in francophone Central Africa, where entrepreneurs are much more often motivated by earning a living, are poorly skilled in terms of managerial skills, and struggle to find fundings. This paper sought to explicate the relationship between high rate of solopreneurship and high rate of business failure in francophone Central Africa. It states the hypothesis that the high rate of business dismals observed in this sub-region is linked to the high rate of solopreneurship also observed there. This paper's objective is herewith to coax entrepreneurs of the Central African sub-region to leverage the strategical and

financial preeminence of starting SMEs in joint ventures rather than alone.

Keywords: Co-associates, Francophone Central Africa, Initial funding, Managerial skills, SME morbidity, Solopreneurship.

I. INTRODUCTION:

Wall (2021) explains that the vast majority of entrepreneurs that start their companies alone do that mostly out of frustration at their current jobs, or because they want to earn more money to wipe out some credits, or because they simply want to make something out of their free time, or also because they dream of fame, of becoming millionaire after their solo-ventures go IPO. These first two motivations to business creation have been confirmed in Cameroon by the research of Kana Sonfack (2022) as underpinning most SMEs creations in the country, although they are pointed out by Tessier-Dargent (2014) as causing in Central Africa the nascence of weakly structured and non-resilient SMEs that hardly resist external market and economic shocks, ultimately leading to an overall high morbidity of SMEs in the sub-region.

However, it has been demonstrated that a thriving private business sector, largely led by SMEs, is essential for sustainable economic development globally (Olga, 2003). This is supported by research of many other authors like Ayyagari, Beck & Demirgüç-Kunt (2007), Dalberg (2011), and Lawal Aliyu Umar (2018).

The authors confirm that SMEs play a central role in nourishing local, national, and subregional economies, while promoting growth, innovation (Von Drachenfels & Kraus, 2009), and prosperity. This demonstrates the importance of supporting SMEs, especially in Central African countries, where national economies are among the weakest in the world (Kana Sonfack, 2022).

Startup Sloh (2021) and Steinkirchner (2013) have shown how determinant the size of the founding team is for the putative success of a company. Also, the socio-economic theoretician Mbouga (2022), in what he refers to as the “Mbouga Concentric Circles Ideology for States” (MCCIS), lays the groundwork of why it is so crucial for Africans economic operators to unite and to group up in joint and “concentric” business units when it comes to sustainable and resilient business creation for the old continent.

Nonetheless, nearly no research has been conducted so far in the sense of demonstrating the exact relationship linking high tendency to solopreneurship and the high business morbidity reported in francophone Central Africa. While hypothesizing that high rate of solopreneurship is one of the leading cause of SMEs morbidity in francophone Central Africa, this paper’s significance lies in the fact that raising awareness about starting up SMEs in larger-sized associates’ teams rather than by only one associate would materially increase their probability to be successful and therefore contribute to a more prosperous private sector in these countries.

II. LITERATURE REVIEW:

2.1.1. The Challenges and Shortcomings of Solopreneurship:

Loneliness, stress from being overworked, and the dread and permanent fear of failure are all some of the mental challenges the solopreneur has to deal with daily, alone,

when piloting his/her SME (Wall, 2021). Ken Njoroge, the Kenyan co-founder, and co-CEO of the pan-African digital payment business Cellulant, underlines that it is very important for a founder to keep high level of mental strength when starting up. Being alone weakens the mental and exposes the solopreneur to potentially abandoning the business earlier than when more co-founders belonged to the SME’s founding board. Furthermore, in the present decade, entrepreneurship has become almost a quirky fad (Brillet, 2021) that increasingly pushes people, especially the younger ones, to become CEOs, very often just for the fun and the prestige to bear and to brag with this prestigious title. Such people are typically solopreneurs and, most of the time, lack the imperative skills and motivations that should underpin an innovative and thriving business.

In a typical solo-venture, while the solopreneur has the liberty to take whatever decisions he/she wants without having to face conflicting ideas of other co-founders, exactly this fact can also become his/her biggest problem. In effect, the solopreneur is the only thinking head of his/her company and if he/she is not good at thinking, or at being able to consistently come up with good ideas that can define and/or improve the company’s strategy, this can become a dicey issue for the company, potentially causing its ruin. Having co-founders can help diversifying the ideas pools and streamlining the company’s strategy as opined by Startup Sloh (2021). Because many young entrepreneurs, especially solopreneurs, tend to overvalue they skills they are convinced to possess while undervaluing those they do not have, this uneven mindset can result in a situation where the solopreneur evolves in a personal unbalanced entrepreneurial benchmark that will lead his company to failure if he/she is not reframed by

a third opinion, such as that of a (more pragmatic) co-founder.

The research works conducted by Kana Sonfack (2022) revealed that more than 50% of founders in Central Africa are academicians that reconverted themselves into businessmen/businesswomen based on diverse motivations, but without necessarily having the required managerial and accounting skills that are foreordained for optimally directing and running an SME. Many of those academician businessmen and -women do even lack the basics of business acumen needed to successfully run a business, especially an SME. When founders with such suboptimal profiles turn into solopreneurs, they very often get their companies suffering from poor and micro-management, resulting into unheeded business potential, especially of the workforce. Having more than one founder can help mitigate the risk of such issues to occur, because each co-associate would then concentrate on a specific managerial segment thereby mastering and optimizing it for the good of the entire company.

2.2. Joint Venturing is a Better Option for Central Africa:

In the changing economic conditions, various determinants affect the development of enterprises, including increasing their level of innovation (Okrzesik, 2017). Yet, the highest levels of innovation can only be achieved through genuine cross-fertilization of different ideas from different persons (Startup Sloh, 2021). Therefore, starting an SME with more than one person increases the likelihood that the company designs innovative products or services that subsequently makes its brand stronger and more quickly established in the market.

Furthermore, more heads are better than one. Professor Edwards Roberts of MIT Sloan School found in a study conducted in

2020 that the probability of success increases with team size up to four or five entrepreneurs. Having only one person on board is therefore not so good for business according to the researcher. Steinkirchner (2013) who states that one or more co-founder/s may allow the solopreneur to expand into a more dynamic approach for his/her company echoes this.

In addition, Kana Sonfack (2022) found out that accessing financial means in order to start up an SME is the number one problem that entrepreneurs have to face in francophone Central Africa. This is even worsened when the entrepreneur turns out to be a solopreneur, meaning that the latter alone has to bear the entire financial burden of launching the company. This is particularly true as the author found out that 76% of all SMEs in the sub-region are started up using personal savings of the companies' owner(s). However, partner(s)' or co-associates' financial contribution to initial launching capital may allow the solopreneur not only to start easier and bigger, but also to scale up his/her business much sooner, thereby reaching quicker and safer growth.

Finally, having more than one associate can considerably enhance the chances that the SME has the right talents for all facets of its activities. Armand Ntemfack, co-CEO and co-founder of the company CleaningPlus+ SARL in Cameroon partnered up with 6 other co-associates that mastered more operative skills than the digitalization and managerial skills he fully mastered. With only the operatively skilled associates on board or with only the digitally skilled associate on board, the company would probably had never known the operative and managerial success it is currently enjoying and would have soon probably undergone bankruptcy due to poor management. It was only a joint effort between those groups of skills that made their company's breakthrough possible, thus

demonstrating the significance of avoiding solopreneurship.

III. METHODOLOGY:

3.1 Research Design:

This research study relied on a basic correlational design to study the correlation between the high rate of solopreneurship and the high morbidity rate of SMEs in francophone Central Africa, on the example of Cameroon. The latter was chosen as a model-country for this study and was therefore considered representative for the entire economic and financial subregion of francophone Central Africa, not only because it is widely advocated in the literature that Cameroon is a “miniature Africa” (Euronews, 2017), but also because it has been the leading economy in the francophone Central African sub-region for decades now (Kum et al, 2019).

3.1. Method of Data Collection:

An executive survey was conducted among SMEs in the country. The interviewed SMEs were randomly selected from different regions of Cameroon. Furthermore, the SMEs’ population was selected notwithstanding their respective sectors of activity. All the SMEs selected were formally registered businesses operating in their respective markets since at least five years. These parameters underpinned the selection process so that high representatives of the collected data can be ensured. The actual data collection was performed in the form of answers to a questionnaire that was purposely design in the framework of this research study and that was distributed to the selected executives. Another stream of data was from diverse literature sources, from the internet, from journals, as well as from relevant business magazines and books.

IV. DATA ANALYSIS:

The data used for this research originated from responses received from the SMEs’ executives who we were able to interview. A total sample of 50 SMEs’ executives was approached, 25 of which had already undergone bankruptcy at least 5 years after the company’s creation, whilst the other half was composed of SMEs still in exercise since at least 5 years. The threshold of 5 years was chosen because Evou (2020) demonstrated that the first 5 years of exercise are the most critical for SMEs in Cameroon.

4.1. Data Presentation:

The collected data are first presented in form of tables. The proportions computed were obtained using the simple percentage method, and the values were subsequently plotted in diagrams.

4.1.1. Data Presentation of the Proportion of Solopreneurs:

In this section, we present the data collected regarding the proportion of SMEs in Cameroon that were founded by one single person or by co-associates.

Table 4.1: Number of SMEs Launched in Partnership or Alone

SME's activity status	Did you launch the company alone or in joint venture / association?		
	Alone	Joint venture / Co-association	No answer
Closed/bankrupted	19	4	2
Still active	16	9	0

The ‘No answer’-SMEs are SMEs whose executives did not want (or were not able) to answer our question due to diverse reasons that were mostly of proprietary nature.

4.1.2. Data Presentation of the Source of Funding Used for Launching SMEs:

In this section, we present the data collected regarding the source of the initial funds used to start SMEs in Cameroon.

Table 4.2: Source of Funding for Launching SMEs in Cameroon

SME's activity status	Where Did the Initial Funds Of Starting The SMEs Came From?		
	Joint investment / Partnership	Personal Savings	Bank Loan
Closed/bankrupted	6	19	0
Still active	5	19	1

4.2. Data Interpretation:

Our research data show that, out of 50 SMEs surveyed, 38 were started by solopreneurs. The 'No answer'-proportion was not considered during results interpretation, because these could not be fitted to any of the tow pertinent response options. Thus, according to these results, the net number of SMEs considered relevant for this study was 48, which led to a proportion of SMEs launched by solopreneurs of 73%, while only 27% of all SMEs were launched in joint venture or in co-association of more than 1 founder. This could be illustrated in the following figure 4.1.

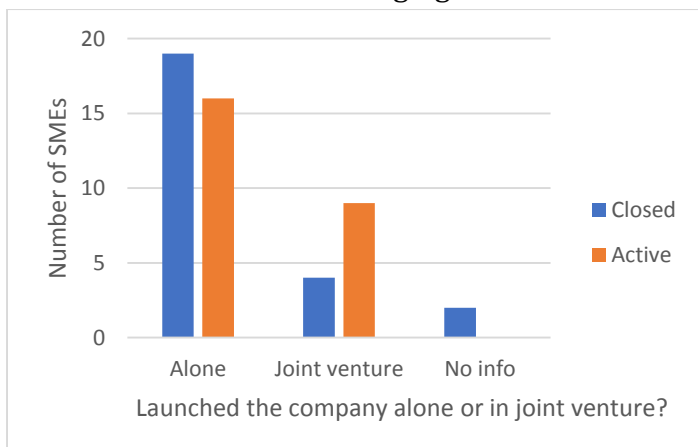


Figure 4.1: Number of SMEs Launched in Partnership or Alone

On the other hand, as the availability of financial resources was largely pointed out by

the surveyed executives as the major bottleneck that they had faced during company launching, we investigated the provenance of financial means that was used to start up these SMEs. Doing this, we found out that among the 50 surveyed companies, 38 were started based on personal savings of the owners, representing a 76% share of all SMEs. According to the same results, only 2% of all SMEs were started thanks to a bank loan, whilst the remaining 22% represented SMEs started based on joint capital of more than one associates, as summarized by figure 4.2 below.

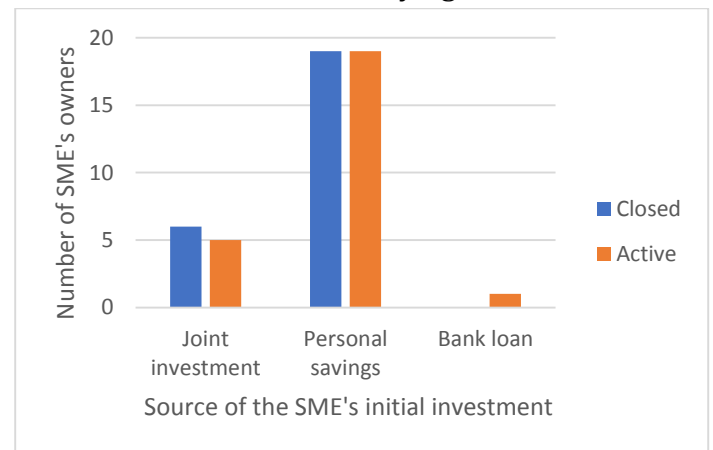


Figure 4.2: Source of Funding for Launching SMEs in Cameroon

Table 4.1 and figure 4.1 provide clear evidence that SMEs launched by more than one entrepreneur outperformed those that were started by solopreneurs. This demonstrates that an augmentation of SMEs' chances to succeed correlates with an increasing number of co-associates steering the company. Further, no clear correlation could be outlined between using personal savings as launching capital of the SME and the robustness and resilience of the latter on the long run. However, as already mentioned in section 2.2. above, the more co-associates the company would have, the more their joint financial power will be, and the higher will be the impact of this financial mass on the company performance and subsequent scale-up. One single entrepreneur will be

financially more easily frangible. Joint investment therefore appears to be a strong pillar on which SMEs in francophone Central Africa can hinge to set stronger foundation that would, in the short as well as in the long-run, efficiently resist the overall unfavorable business climate that has been reported to dominate in this sub-region for years (Kana Sonfack, 2022).

4.3. Evaluating the Hypothesis:

In view of these research results, the initial hypothesis, which stated that high rate of solopreneurship, is one of the leading cause of SMEs morbidity in francophone Central Africa, was confirmed.

V. CONCLUSION:

High rates of solopreneurship are detrimental to SMEs in the French-speaking Central African subregion. While this practice undoubtedly comes with many advantages for the solopreneur, the overall financial and managerial strength of the SMEs, especially in the short and the middle run, can be significantly negatively affected while the company is not able to withstand shocks emanating from the market. Furthermore, starting a business with more than one associate ensures high variety of ideas and skills that can help the company to become more innovative and perform more. Therefore, economic operators in francophone Central Africa should actively seek to reduce the rate of solopreneurship in this sub-region.

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