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Acharya Bangalore B-School  
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# AMBER

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# Editorial

Dear Patrons of AMBER,

I am pleased to place the 2<sup>nd</sup> issue, Volume 12 of AMBER in your hand. I am sure you would support us in our effort of publishing a peer reviewed, theme based, bi-annual and quality journal as you did in the last 23 issues. We know quality is a journey. We have long way to go.

The theme of the present issue is 'India-Africa Business Opportunities'. With the collapse of USSR two known 'warring' blocks became irrelevant. Globalization has taken back seat in the 'Nationalistic' politics. India needs 'friends' both for geo-political and economic reasons in the new world order. Africa and India have level playing opportunities in many fields. Both India and Africa have housed great civilizations. Historically, India has very good relations with African countries, particularly with the East African countries. The rich natural resources of the continent, very strong human resource and potential of untapped market are attracting many countries towards Africa. Both Indian Government and Indian companies are hoping big on Africa. There is huge competition to be faced, particularly from countries like China. The articles in this issue have covered varied themes on this broad topic.

The theme of the forthcoming Issue 1 of Volume 13 is 'An Insight into Fintech Revolution-New Opportunities'. We know as how Fintech is revolutionizing the Finance space in the country. Fintech is facilitating 'democratization' of financial services. Fintech is not only making the sector more vibrant but also making it more efficient. The revolution in Fintech is throwing up lot of opportunities. We welcome research articles in this area.

I thank all the patrons of AMBER, contributors to this issue, particularly Management of ABBS and the editor of this issue, Prof. Syed Kazim for his effort in bringing up this issue.

**Dr.H.R.Venkatesha**  
Director & AMBER- Chief Editor  
Acharya Bangalore B School

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# **Contextual Influence of Entrepreneurship Determinants on MSE's Performance in Ethiopia, Horn of Africa**

**Abasara Dabaso**

Lecturer, Department of Marketing, College of Business and Economics, Bule Hora University, Ethiopia

**Adisu Engida**

Lecturer, Department of Marketing, College of Business and Economics, Bule Hora University, Ethiopia

**Tegene Tesfaye Degefa**

Lecturer, Department of Management, College of Business and Economics, Bule Hora University, Ethiopia

**Dr. Shashi Kant**

Assistant Professor, Department of Management, College of Business and Economics, Bule Hora University, Ethiopia

## **ABSTRACT**

*This research article has examined the Contextual Influence of Entrepreneurship Determinants on MSE's Performance in Ethiopia. SME entrepreneurs working in West Guji Zone Bule Hora town, Ethiopia used as sample area for data collection. Purposive and stratified sampling was employed to select the respondents. Using a pre-tested survey questionnaire, a total of 208 entrepreneurs as respondents was retained. Correlation analysis and Spearman's rho regression was used for hypothetical testing. The research enclosed entrepreneurship as determinant on MSE's Performance. Through evocative statics it is manifested that motivation and self-drive, tolerance to work hard, creativity, flexibility and adaptability to new ideas were the main determinants that affects the performance of MSE's in the studied area. Inferential statics signified that, there is statistically significant contextual relation between exploratory variables on explained variables. This research has shifted the application of entrepreneurship determinants from developed countries to an emerging like Ethiopia. The research also provides some perceptive implications for business managers and researchers.*

**Keywords:** Entrepreneurial Determinants, MSE Performance, Creativity, Motivation and Self-drive.

## **1. Introduction**

Small scale businesses play a pivot role in the development of an economy and serve as a means to sustain the business ecosystem (Ibrahim, Angelidis, & Parsa, 2008). Across the world, more than 98 percent of commercial activities fall under the nature of MSEs enterprise segment (Gebrehiwot A. and Wolday A. 2006) and in the most emerging economies MSEs plays the cornerstone role to create new employment opportunities and generate ancillary fiscal wealth for businesses (Endalkachew, 2008). Pitiable performance of majority of state owed companies, globalization pressure, increasing need for competitiveness and decreasing GDP shift the focus of Ethiopian government and policy makers to MSE's (Zewde & Associates, 2002; Hamilton and Fox, 1998). Regardless of the dissimilar endorsement attempts completed by the government, the segment was highly embarrassed by deprived productivity, pitiable presentation and sluggish expansion (Endalkachew, 2008). According to Fedahunsi (1997) most of the MSEs are survival driven; strive to secure the subsistence needs of an entrepreneur. Major challenge encountered by MSE's both at the startup and establishment phases are addressed with the help of determinants of entrepreneurship. There are previous research works conducted on MSE's, most of them was focused from the success, and growth point of view, and conducted several years ago hence there is a time and methodological gap observed due to the recently emergence of information and the progressive policies and strategies in the promotion of MSE's.

Therefore, this study was attempted to identify different determinants of entrepreneurship that influence the performance of MSE's in West Guji Zone; Bule Hora town.

## 2. Literature Review

### 2.1. Definition of MSEs

Kayanula and Quartey, (2000) reveled this problem that there is no acceptable definition is available of small enterprises, it various from one economies to other. Reason behind is the the criteria and ways of categorizing enterprises as micro and small differ from institution to institution and from country to country depending essentially on the country's level of development.

#### 2.1.1. The Improved Definition of MSEs in Ethiopia

Under the Service sector (retailer, transport, hotel and Tourism and maintenance service) Small enterprises are defined as operates with 6-30 persons or/and total asset, or a paid up capital is with Birr 50,001 and not exceeding Birr 500,000. When ambiguity is encountered between manpower and total assets as explained above, total asset is taken as primary yardstick (MSEDS strategy, 2011).

**Table 1: Federal Democratic Republic of Ethiopia MSE development strategy classification**

Level of enterprises	Sector	Human Power	Total asset
Micro enterprises	Industry	<5	<100,000
	Service	<5	<500,000
Small enterprises I	Industry	6-30	<birr1.5 million
	Service	6-30	<birr 500,000

Source: MSEs Development strategy, 2021

#### 2.1.1. The concepts of business performance

According to Martin (2010) performance is defined simply in terms of output terms such as quantified objectives or profitability. Performance has been the subject of extensive and increasing empirical and conceptual investigation in the small business literature

(Bidzakin K.J., 2009). Global Entrepreneurship Monitor (GEM) defined Performance as the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it (GEM, 2004). However, performance seems to be conceptualized, operationalized and measured in different ways thus, making cross-comparison is difficult (Srinivasan et al., 1994). Among the most frequently used operational are survival, growth in employees and profitability. A business enterprise could measure its performance using the financial and non-financial measures. The financial measures include profit before tax and turnover while the non-financial measures focus on issues pertaining to customers' satisfaction and customers' referral rates, delivery time, waiting time and employees' turnover. Recognizing the limitations of relying solely on either the financial or non-financial measures, owners-managers of the modern small business has adopted a hybrid approach of using both the financial and nonfinancial measures (H Gin Chong, 2008).

### 2.2. Theoretical Review

The concept of SME's has been defined and used differently in different countries. This reveals the absence of one universally accepted definition of SME's. In most cases, SME's are defined based on the number of people employed in the enterprises, investment outlay, and annual sales turnover, paid up capital or a combination of these measures (Stephen &Wasiu, 2013).

SME's show that the promotion of SME's is one of the policy strategies for achieving national development goals such as poverty alleviation, economic growth increasing People's participation in economic activities, employment creation and income generation (Raymond, 2009). People, especially in the developing parts of the world, establish and run SME's mainly to earn income and consequently bear up poverty, which can be explained in both income and non-income, based aspects. Although people's ultimate goal in undertaking any livelihood activity is to escape poverty by enhancing their status of wellbeing (Rigg, 2007).

### 2.2.1.1. Entrepreneurial factors

Mittal and Batra (2017) conduct a study on the entrepreneurship determinants that bearing on the growth of development in small scale industries in Punjab and Haryana and noted that with globalization, the small-range entrepreneurs are facing an intense competition.

### 3.1. Description of the Study Area

The study was carried out to identify the factors affecting the performance of MSE's in BuleHora town. BuleHora town is one of towns in West Guji zone of Oromia National Regional State of Ethiopia. The town has latitude and longitude of 5°35'N 38°15'E and an altitude of 1716 meters above sea level. BuleHora town is about 467 kilometer away from capital city Addis Ababa on boarder of Sudan. The total population of Bule Hora town was counted to be 166,696 (source: Bule Hora Municipality 2021).

### 3.1.1 Research Design

According to John (2007), in literature three research designs are widely discussed. These are exploratory, descriptive, explanatory research design. After comparing these three research designs and need assessment of present research, the researchers decided to employ the combination of descriptive and explanatory designs. The researcher prefers descriptive design to assess the information concerning the entrepreneurial determinants that have been affecting the performance of MSE's and, on the other hand, the study was employ explanatory research design to correlate the relationship between constructs with an aim of estimating the impact of the entrepreneurial determinants affecting the performance of MSE's.

### 3.2. The Research Approaches

For the achievement of this study objective, the researcher was employed mixed research approach. The intention is to draw conclusion about a research problem by comparing results, or corporate quantitative results with qualitative findings.

### 3.3. Population and Sampling Design

The target population of this research study is 423 registered MSE's within Bule Hora town (Bule Hora town Job opportunity creation and urban food security office, 2021). For this study the researcher adopted a survey based strategy. The study is basically targeted at entrepreneurs engaged in MSE's activities within in the Bule Hora town. The researcher used the mixed of probability and non-probability sampling techniques such as purposive sampling to select the five MSE's sector (construction, manufacturing, service, trade, and urban agriculture) from the total seven MSE's sectors (construction, manufacturing, mining, service, livestock production, trade, and urban agriculture) in Bule Hora (Bule Hora Town Job Creation and Food Security office, 2021) and in selecting the fourteen (14) interviewees. A sample of 208 was randomly selected on the bases of Yamane (1967) sample size determination formula, at 95 % confidence level and 0.05 interval of error. The formula below is used to determine the sample size.

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{436}{1 + 436(0.05)^2}$$

$$n = 208$$

**Table 2: Summary of MSE's population and sample size taken**

No	Key sectors	Population /Strata	Sample
1	Contraction	61	(61/436)*208 =29
2	Service	123	(123/436)*208 =59
3	Trade	134	(134/436)*208 =64
4	Urban Agriculture	46	(46/436)*208 = 22
5	Manufacturing	72	(72/436)*208 =34
	Total	436	208

Source: Bule Hora town Job opportunity creation and urban food security office, 2021 and own computation.

### 3.1. Data Type and Source

For this study Primary data was collected by researchers through administered schedule; which comprises close ended questions and semi structured interview. The semi-structured interview is used to get the reliable comparable qualitative data. The secondary data pertaining MSE's was collected from job opportunity and urban food security office documents and other sources such as books, articles, journals, research works, internet browsing, etc that have relevance with the research topic. In order to investigate the relationship between entrepreneurial determinants and performance of MSE's, semi-structured questionnaire was chosen as the suitable instrument for the collection of statistical data and for the empirical testing. The method of data collection was supported by close-ended questions. The data was obtained by administering semi-structured questionnaire to the SME's in Bule Hora town; which allowing easy comparison of factors affecting MSE's and their performance.

### 3.4.1 Validity and reliability of instrument

Out of 25 distributed questionnaires, 20 participants responded properly filled questionnaires. Its response rate was 97% and effective response rate of the study was also similar to the response rate is 97%. However, five respondents failed to return back their distributed questionnaire. As suggested by Sekaran (2000), incomplete responses are dealt and 75 percent criterion is used to consider the responses valid. Thus, according to a commonly accepted rule of thumb for describing internal consistency using Cronbach's alpha stated by George and Mallory (2003), the alpha value for entrepreneurship determinants affecting the performance of MSE is above 0.70 (i.e. 0.97), is highly reliable, found on a high level of internal consistency. The internal consistency of the dependent variables i.e. performance of MSEs had alpha values of above 0.87 and both scales have achieved acceptable to good internal consistency.

### 3.4.2 Methods of data analysis and presentation

**Descriptive analysis:** Measure of central tendency and dispersion (mean and standard deviation). Microsoft Excel and Statistical Package for Social Science (SPSS) version 24 was used to analyze the data.

**Table 3: Descriptive Statistics of Entrepreneurial factors that affect the performance of MSEs**

Item	N	Mean	Std. Dev
Lack of motivation and self-drive.	196	4.2398	.85853
Lack of tolerance to work hard.	196	4.0714	.82586
Lack of readiness to learn, to improve and to change.	196	3.4184	1.22724
Lack of creativity, flexibility and adaptability to new ideas.	196	3.9745	1.01495
Lack of entrepreneurship training.	196	3.4031	1.20928
Lack of information to exploit business opportunities.	196	2.7143	.91147
Lack of persistence and courage to take responsibility for one's failure.	196	2.6786	.85560
Absence of initiative to assess one's strengths and weakness.	196	3.3980	1.17879
Lack of planning and reporting training.	196	2.4286	.93918
Lack of customer service training.	196	2.4898	.90859
Valid N (list wise) Grand mean/standard deviation	196	3.3	.99

Source: Survey Results, 2021

As it is indicated in table 3 above, the mean and standard deviation for the Entrepreneurial factor related issues were calculated. Indicated that Lack of motivation and self-drive, Lack of tolerance to work hard, and Lack of creativity, flexibility and adaptability to new ideas was the main factor that affects the performance of all MSE's. The mean scores of 4.24, 4.07 and 3.97 with standard deviation of 0.85, 0.82, and 1.01 respectively. This all the three items of the above highly affected performance of all MSE's.

According to table 3 above, indicates that the Lack of readiness to learn, to improve and to change, Lack of entrepreneurship training and Absence of initiative to assess one's strengths and weakness was the medium factor that affects the performance of all MSE's. The

calculated mean score of 3.42, 3.40, and 3.4 with standard deviation of 1.22, 1.20, and 1.17 respectively. These all three items of the above relatively moderate affected performance of all MSE's.

#### **4.2 The Relationship between Entrepreneurial Factor and the Performance of MSE**

##### **4.2.1. Multiple Regression Analysis: Determination of the Model goodness of fitness**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784 <sup>a</sup>	.615	.605	.54907

**a. Predictors:** (Constant), entrepreneurial factors.

Source: Survey Results, 2021

The result shows that the model tested is significant ( $p<0.05$ ). R square = 0.615 indicates 61.5 percent of the variance in MSE's performance is attributed to the five independent variables entered into the regression.

##### **Analysis of Variance (ANOVA)**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	91.661	5	18.332	60.809	.000 <sup>b</sup>
Total	148.941	195	Residual	57.280	190 .301
<b>a. Dependent Variable:</b> Performance of MSE's					
<b>a. Predictors:</b> (Constant), entrepreneurial factors, infrastructural factors, legal factor, financial factors, technological factors.					

Source: Survey 2021

The above table above indicates that, there is statistically significant effect between independent variables (entrepreneurial factors, infrastructural factors, legal factor, financial factors, technological factors and dependent variable (performance of MSE's). Were F- value was (60.809) at  $\alpha = 0.05$  level of significance and this value F indicate that there is statistically significant effect of independent variables on the dependent variable (performance of MSE's).

#### **4.2.2.1 Determination of Coefficients**

##### **Table 5 : Coefficient of MSE's performance determinants**

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Std. Error	Beta	
(Constant)	1.139	.265		.000
Legal factor	.382	.097	.381	.000
Technological Factors	-.315	.148	-.297	.034
Infrastructural Factors	-.248	.120	-.115	.040
Financial Factors	.496	.112	.527	.000
Entrepreneurial factors	.494	.081	.354	.000
<b>a. Dependent Variable: Performance of MSE's</b>				

Source survey data, 2021

The result of multiple regression analysis of the table 5 above clearly indicates that in Bule Hora town entrepreneurial factors has significant influence on Performance of MSE ( $p<0.05$ ). Besides, the value of beta in Bule Hora town's MSE ( $\beta = .494$ ) which shows that the positive influence of entrepreneurial factors on performance of MSE. This implies that in Bule Hora town, for every unit change on entrepreneurial factors increase performance of MSE's by 0.494 or 49.4 percent. Thus, the above proposed alternative hypothesis is accepted while null hypothesis is rejected. The above result is supported by HLCLEP (2006) who was asserted that, there is lack of entrepreneurial and managerial skills, which in turn leads to problems in production due to the unfamiliarity of workers with rapid changing technology, lack of coordination of production process and inability to troubleshoot failures on machinery and/or equipment's is a critical problem that micro and small enterprises are facing since they cannot afford to employ specialists in the fields of planning, finance and administration, quality control and those with technical knowledge.

## Conclusion

To sum up, the above multiple regression analysis tables clearly indicates that, there is statistically significant effect between independent variables (legal factor, infrastructural factors, financial factors, technological factor, and entrepreneurial factor and dependent variable (performance of MSE's) at  $\alpha = 0.05$  level of significance. The table (4.18) demonstrates that the independent variable: - the above determinant factors (internal and external) have a positive and significant influence on the MSE's in Bule Hora town. Thus, all the above proposed alternative hypotheses are accepted while all proposed null hypothesis are rejected.

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# Assessing the Marketing Strategy Determinants on Organization Performance in African Business Scenario

Dr. Aravind Soudikar

Professor, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

Gemechu Tufa

Lecturer, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

Dambi Dugo

Lecturer, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

Gemechis Fikadu

Lecturer, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

## Abstract

*The study was conducted to examine the determinants of marketing strategies on the organizational performance in African business scenario. The researchers had designed both descriptive and inferential statistics and different methodologies. The sampling technique was both non-probability and probability incorporating simple random sampling technique. The data for this study were obtained from Oromia International Bank, Ethiopia as the representative organization with a survey of 115 customers of Oromia International Bank, those served in sectors and OIB staff Bule-Hora branch. The researchers, finally come up with the result, of less marketing strategy implementation and the decreasing the organization performance which are mainly associated with poor leaders' capacity, Work environment and poor Employee's commitment and poor technology adoption, related factors were among the major problems. Leader's capacity is one of the most promising ways to increase organization performance in Ethiopia. The researchers recommended that the concerned body had to have applied so as to end up with the problems observed in marketing strategy implementation, control the factors, and in turn provide good marketing strategy implementation as well as good organization performance.*

**Key word:** Marketing strategy, Customers, Strategy Determinants, Organization Performance

## 1. Introduction

Marketing strategy has become a relevant tool in the world for any organization to remain in the competitive market environment and become stronger (Jain, 2004). Marketing strategies entails the set of actions designed to achieve competitive advantage (Shane, 2000). In the perspective of standardization, for the firm pursuing a global marketing strategy, marketing processes and programs have been standardized across different national boarders in regard to the product offering, promotional mix, and pricing strategy and distribution structures (Nashwa, 2017).

The marketing strategy seeks to deliver superior customer value by combining the customer influencing strategies of the business into a coordinated set of market driven actions (Kalkidan, 2019). Traditionally, according to an integrated approach which integrates resource-based view (RBV) and market-based view, organizations could develop marketing strategies based on their internal capabilities and external position (Hashem A., 2015).

Strategy is a fundamental management tool in any organization and it is a multi-dimensional concept that various authors have defined in different ways. According to Thompson (2012) it is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish (Haimanot, 2017).

## 1.2. Statement of the Problem

In the earlier time, business has been traditionally operated relatively in a stable environment. But nowadays business environment becomes highly competitive and more dynamic (Reynolds, 2011). As a result, many companies have designed different kinds of competitive strategies (Porter, 1985). In the banking industry, increased competition threatens the attractiveness of the industry and reduces the profitability (Johnson & Scholes, 1999). In an effort to outperform their competitors, banks are introducing technology to improve service delivery and quality and also invest on promotional activities particularly advertising (Auka, 2012).

Banks are fighting with each other to achieve a great slice of the market share with a globalization effect. For that reason, the banks have to look difficulties to meet the high growth of customer expectations (Hinnawi, 2011).

Similarly, in different countries around the world many researchers have studied several factors that affect the marketing strategy. The study of Girma (2016) examined the same factors that affect the marketing strategy such as organization structure and organization system factors. But his work is limited to disclose the knowledge gap that untouched in Ethiopian context such as employee's perception, work environment, technology and customer attitude that influences the marketing strategy of bank industry. Thus, those researchers did not mention this in detail about what actors affects specifically to the marketing strategy and organization performance among OIB of Bule Hora branch and perhaps community based. So, this is the reason why this study aimed and tried to examine on what and how the factors affect the marketing strategy in OIB that specially hidden potential bank sectors and in turn on how it affects the organization performance in OIB, particularly in Bule Hora branch and determine its influence level.

## 1.4. Objectives of the study

- 1) To identify major factors that influences the marketing strategy in the study area.
- 2) To examine the relation of marketing strategy and organization performance.
- 3) To determine the extent of influence of marketing strategy determinant on organization performance in the study area.

## 2. Literature Review

In management discipline, marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives (Varadarajan, 2010).

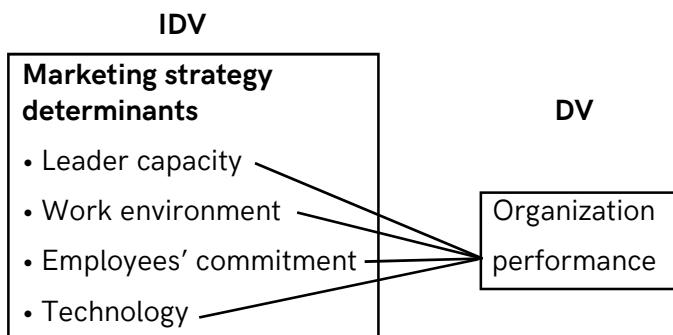
### 2.1. Factors affect Strategy Implementation

**2.1.1. Leadership:** Leadership often called the art of managing people includes how managers communicate with employees, as well as how they motivate their people to implement the marketing strategy. Mintzberg (2010), recognizes that management and leadership are two different things which are both required for better strategy execution. A strong sense of purpose is normally the discretion of true leadership as such it plays an important role in harnessing the creative energies of all the people in the business (Addisalem, 2019)

**2.1.2. Employee Commitment:** Commitment is considered to be psychological immersion of an individual with his institute through sense of belonging, ownership of organizational goals and being ready to accept challenges (Dolan, Tzafrir, and Baruch, 2005). Creating commitment among employees is important because without this it will become difficult for an organization to achieve strategic goals. (Brisco and Claus, 2008; Fugate, 2009; Addisalem, 2019)

**2.5.3. Work Environment** Work environment is the monitoring, evaluating, and disseminating of information from the external and internal environments to key people within the corporation. For Alkhafaji (2003) success of a strategy depends on its alignment with the company's environment.

## 2.2. Conceptual Framework



Source -Researcher own framework (2021)

## 3. Research Methodology

### 3.1. Study area Description

Bule Hora city administration is located in Northern part of country west Guji Zone Oromia Region which is far away from Addis Ababa (464 km). BuleHora is a city administration with varying elevation (west Guji Zone report 2012 E.C).

### 3.3. Research Design

The paper was descriptive research design in order to describe the demographic characteristics of respondent's bank management and customers of OIB such as: position of respondent, year of experience engaging in organization, education level, classification of income group, and proportion of the ownership and other qualitatively measured aspects of bank employees.

### 3.4.1. Target Population of the Study

The study population/participants were been the staff and customers of OIB Bule Hora branch. The data has been collecting from managements of OIB and customers of bank), which comes from the Bule Hora Branch of Oromia Region. According to data obtained from the branch there are 30 employees that were worked in Branch office and 150 customers of bank that get service from the bank.

### 3.4.2. Sampling Methods

The sampling techniques have been stratified sampling techniques. For this purposive sampling has been used to select OIB Employees and customers from the Bule

Hora branch, while stratified sampling has been used to categorize heterogeneous group to be homogeneous strata.

### 3.4.3 Sample Size Determination

In order to get adequate representation from the total population, the sampling size has been determined by applying Yamane's (1967) statistical formula to calculate sample size.

Based on this formula, the sample size has been calculated as follows:

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{436}{1 + 180(0.05)^2}$$

$$n = 124$$

**Table 1.1: Distribution of total population, bank employees, customers and sample population disaggregated by position**

Organization	Target population	Selected branch	Total population, bank employees and customer	Sample Size with respective percentage
OIB	Bank employees	Bule Hora	30	
	Sub-total -a	1	30	
	Customer of the bank	Bule Hora	150	
	Sub-total-b		150	
	2	1	180	124(69%)

(Source: - own survey 2020)

NB: The total average sample population included in the study was 69%

## 4. Data Analysis, Result and Discussion

### 4.1.1 Response Rate on Questionnaire

The data was analyzed by IBM model SPSS 20 version. Out of total sample size 124, 9 respondents not returned the questionnaires due to miscellaneous problem. One hundred fifteen (115) questionnaires

were collected effectively that result in a response rate of 92.7%. So, the analysis was made based on 115 responded questionnaires.

#### 4.1.2 Reliability Test Result

Cronbach's alpha is one of the most commonly accepted measures of reliability.

**Table 1.2: Cronbach's Alpha for each of the questionnaire**

Field	Number of item	Cronbach's Alpha test
Capable leaders	6	0.929
Work environment	3	0.734
Employee's commitment	7	0.802
Technology	3	0.681
Cronbach's Alpha for the entire questionnaire	19	<b>0.826667</b>

Source: Own computation, 2021

As it can be seen from the Table 1.2, for each field value of Cronbach's Alpha is in the range between 0.681-0.929. This range is considered as high; the result ensures the reliability of each field of the questionnaire.

#### 4.2. Descriptive Statistical Analysis

**Table 1.3: Descriptive Statistics**

	N	Min.	Max.	Mean	Std. Deviation
Leader's capacity	115	3	5	4.66	0.4356
Working environment	115	2	5	4.42	0.866
Employees commitment	115	3	5	4.52	0.64525
Technology	115	3	5	4.38	0.4356
Valid N (list wise)	115				

Source: SPSS (20) Output 2021

Leader's capacity has a minimum of three and maximum of five with a mean of 4.66 and SD of 0.4356. This means that most of the respondents agree that the Based on the data observed from the table 1.3 accessing leader's capability (variation in

leaders, creativeness and leading) become hinder organization performance factors that affect marketing strategy.

#### 4.2.1 The level that the various marketing strategy factors affect organization performance

**Table 1.4: Frequency Distribution of the Level of Affects**

Leaders capacity	Frequency	Percent	Chi-square value	P value
Low	13	11.3	7.315	<0.05* 0.026
Moderate	16	13.9		
High	86	74.78		
Total	115			
Work Environment	Frequency	Percent	Chi-square value	P value
Low	14	12.1	7.399	<0.05* 0.025
Moderate	68	59.1		
High	33	28.6		
Total	115			
Employee's commitment	Frequency	Percent	Chi-square value	P value
Low	13	11.3	4.545	0.103< 0.05*
Moderate	17	14.7		
High	85	73.9		
Total				
Technology factors	Frequency	Percent	Chi-square value	P value
Low	17	14.7	3.645	<0.05* 0.108
Moderate	59	51.3		
High	39	33.9		
	115			

Source: SPSS 20 (2021)

Note: The scale of values for the perspective's evaluation, as shown in table 4.7 included Chi-square values and P value. Key=3-high, 2- moderate, 1-low

Table 1.4 shows the Chi-square test for goodness of fit equality of level of effects of various factors. Since P value is less than 0.05, the null hypothesis is rejected at 5% level of significance. Hence it is observed that Level of factors of organization performance is not equally distributed. Based on percentage, level of Leaders capacity factors belongs to high level (74.78%) and Employee's commitment factor total belongs to high level (73.9%). Since p value in case of organizational factors is less than 0.05, the null hypothesis is accepted which implies that level organizational factors are equally distributed. This implies that marketing strategy implementation in OIB being as an economic back-bone of the country its effects give birth for declining GDP of the country at large related to when it not appropriately applied and not increase saving and credited culture in area.

#### **4.3. Inferential statistics analysis**

##### **4.3.1.1 Correlation result on the relationship between independent variables and organizational performance (DV).**

Therefore, using the below table 1.5 rule of thumb and SPSS output of the survey, the below results of the dependent and independent variables is going to be discussed in detail.

**Table 1.5: Pearson Correlation (zero ordered matrix n=115)**

Correlation	Organizational Performance	
Leader's capability factors	Pearson Correlation	.933
	Sig. (2-tailed)	.000
	N	115
Work Environments factors	Pearson Correlation	.917
	Sig. (2-tailed)	.000
	N	115
Employee's commitment factors	Pearson Correlation	.910
	Sig. (2-tailed)	.000
	N	115
Technology factors	Pearson Correlation	.925
	Sig. (2-tailed)	.000
	N	115

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS (20) Output, 2021

As it is clearly indicated in the above table 1.5, a strong positive relationship was found between Employee's commitment factors and organization performance ( $r=0.910^{**}$ ,  $p<0.001$ ), Work Environments factors and organization performance ( $r = 0.917^{**}$ ,  $p < 0.001$ ), and Leader's capability factors and organization performance ( $r=0.933^{**}$ ,  $p<0.001$ ), which are statistically significant at 99% confidence level. Moreover, the table 1.5 presents the association between the selected variables and organization performance for a sample of 115 OIB staff and customers of OIB in Bule-Hora branch. There is substantial, however statistically significant relationship between Employee's commitment factors and Organization performance ( $r=0.910$ ,  $p<0.001$ ), and Environments factors and organization performance ( $r = 0.917^{**}$ ,  $p < 0.001$ ). The result on table above further indicates that, there is a substantial positive correlation between Technology factors and organization performance ( $r=0.925$ ,  $p<0.001$ ), which is statistically significant at 99% confidence level.

#### 4.3.2 Multiple regression analysis

**Table 1.6: Regression model summary**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.939a	.882	.880	.1.135	.880	831.498	2	112	.000	.200

a .Predictors: (Constant), Technology, Employees' Commitment, Leader Capacity, Work Environment

b .Dependent Variable: Organization Performance

Source: SPSS (20) Output, 2021

The R-value in table 1.6 represents the multiple correlation coefficients, which shows the correlation between the predictors and the dependent variable (Fields, 2005 cited in Hachalu,2019). R2 represents the measure of how much variability in dependent variable was accounted for by the predictors in the model as a group taken together (Coope, 2003). In table 1.6 above identified the R- value as .939a which suggests that 93.9% is the value of multiple correlation coefficients between the predictors and the dependent variable. The squared multiple correlation coefficients, R2 –value shows the percentage variance in the dependent variable that can be explained by predictors, which as per the table is 93.9%. This meets the assumption of non-zero variance based on the fact that R2-value the variance in the predictor values, which in this case is not equal to zero.

In addition, the ANOVA table below contains an analysis of variance which tests the fit of the model to the overall data (Fields, 2005). The significance or P-value should be smaller than 0.05 in orders to be statistically significant (Coope, 2016)

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1096.527	4	274.132	229.358	.000 <sup>b</sup>
	Residual	131.473	110	1.195		
	Total	1228.000	114			

a. Dependent Variable: ORGANIZATION PERFORMANCE

b. Predictors: (Constant), TECHNOLOGY, WORK ENVIRONMENT, LEADER CAPACITY, EMPLOYEES' COMMITMENT

Source: SPSS (20) Output 2021

The table depicts that in regression, the value of sum of squares is 1096.527, the value of degree of freedom (df) is 4, and the value of mean square is 274.132. The most important part of the table is the F-ratio, it is a measure of how much the model has improved the prediction of the dependent variable (organization performance) compared to the level of inaccuracy of the model (Field, 2009). The significant level in ANOVA table shows that the combination of the variables significantly predicts the dependent variable. On the other hand, in residual, the value of sum of squares is 131.473the value of df is 110 and the value of mean square is 1.195. According to Field (2005) if a model is good, then we expect the improvement in prediction due to the

model to be large and the difference between the model and the observed data or mean square residual to be small. In short, a good model should have a large F-ratio (greater than one at least) because the mean square regression will be bigger than the mean square residual. (Fields, 2005), suggests following the multiple regression summery data and ANOVA table it is necessary to investigate the beta coefficients of the model. The beta - value or unstandardized coefficients demonstrates the contribution of independent variables to the model individually (cooper, 2003).

**Table 1.7: Coefficients of the regression model (saturated model with all IV)**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
		B	Std. Error			
1	(Constant)	4.223	.451		9.365	.000
	LEADER CAPACITY	.272	.083	.451	3.281	.001
	WORK ENVIRONMENT	.203	.095	.242	2.136	.001
	EMPLOYEES' COMMITMENT	.133	.102	.179	1.296	.001
	TECHNOLOGY	.408	.103	.446	3.960	.000

a. Dependent Variable: ORGANIZATION PERFORMANCE

Source: SPSS (20) Output 2021

**4.4 Interpretation:**

- A one organization performance increase in standardized leader's capacity is predicted to result in 0.451 Standardized Coefficients increase in standardized organization performance holding constant the remaining variables.
- A one organization performance increases in standardized the work environments is predicted to result in 0.242 increase in standardized organization performance holding constant the remaining variables.
- One organization performance increase in standardized Employee's commitments is predicted to result in 0.179 standard deviation increase in standardized organization performance holding constant the remaining variables.
- A one organization performance increase in standardized technology is predicted to result in 0.446 standard deviation increase in standardized organization performance holding constant the remaining variables.

**5.3. Conclusion**

The result of descriptive statistics showed that most of respondent response found in strongly agreed ranges for all independent variables (determinants of marketing strategy on organization performance) in the study area. As most respondent's response found under strongly agree ranges; (the Employees commitment, work environments, leader's capability and technology factors) have an important contribution on organization performance of bank industry business sector. Besides in the study area; due to limitation of determinate (Employees commitment, work environments, leader's capability and technology factors) the ride of organization performance of bank industry business sector was at risk. The correlation analysis show that the four study determinate(Employees commitment, work environments, leader's capability and technology factors) that determine the organization performance of bank industry business sector have significant and positive relationship with organization performance of bank marketing strategy implementation sector with

magnitude ranges of strong for whole (Employees commitment, work environments, leader's capability and technology factors). The organization performance and the pre-model fitting assumptions like normality, linearity and multi-co linearity of variables were checked before regression analysis applied. Furthermore, the study concluded that regression analysis (R-square) was 0.882; it implied that the four independent variables (Employees commitment, work environments, leader's capability and technology factors) can affect the variation of organization performance of bank business sector. Therefore, this study concluded that the four variables have strong significant relationship with organization performance of bank business sector in OIB BuleHora branch.

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# Reimagining Africa and Reinventing Tourism: Perceived Destination Image among Young Indians

Ankit Kumar A

Assistant Sales Manager, Property Pistol

Dr. Ravi Shankar Bhakat

Assistant Professor, MDI, Murshidabad

## Abstract

*Considering the recovery of tourism industry, confidence building among travelers is of crucial importance. In this regard, destination image poses a serious challenges and complications for all the stakeholders of the tourism industry. Indian are potential target audience considering the wide range of experiences provided by the various countries of African continent. Africa's dependence on foreign travelers. For countries in Eastern and Southern Africa this effect is more visible where a large chunk of tourists are foreigners. Significant leisure and safari oriented facilities strongly appeal to European, American, Asian visitors. Therefore, tourism management agencies must have appropriate policy and plans.*

**Keywords:** *Tourism Industry, African Tourism, Tourism Marketing, Destination Image, Tourist Behavior*

## Introduction

Every African nation has been affected in the similar manner by the pandemic-induced lockdowns and grounded flights. The continent's tourism industry has created a huge implication for all the tourism departments across the length and breadth of Africa. As per IFC report, the vaccination rollout has started instilling some confidence among travelers and the recovery is expected. But this poses a serious challenges and complications for all the stakeholders of the tourism industry.

Over the past 20 years, tourism importance has been witnessed by African economies. During 2019, tourism industry accounted for 7% of Africa's GDP and contributed to nearly 170 billion dollars to its economy. This is equivalent to the size of combined GDP of Kenya and Côte d'Ivoire. According to the World Travel and Tourism Council (WTTC), Africa's travel and tourism sector had given employment opportunities to more than 24 million in 2019 prior to covid19 disruption. It can give clear idea about the negative impact of declining tourism for a large chunk of population.

By 2020, a prediction of 12 % decline in the GDP of African countries was given by International Monetary Fund in a report of nations who are dependent on tourism. Along with domestic contribution, the pandemic and crisis has also exposed Africa's dependence on foreign travelers. For countries in Eastern and Southern Africa this effect is more visible where a large chunk of tourists are foreigners.

Significant leisure and safari oriented facilities strongly appeal to European, American and Asian visitors.

As per WTTC (2019) study, local tourism contributes to 55% of travel and tourism spending in Africa. This is far below when compared to other continents. The contribution of domestic tourism in North America, Europe and Asia were reported at 83%, 64% and 74 % respectively. Although, domestic market is more resilient, international bookings are of higher value while considering revenue. There is a pressing need to reinvent and reimaging the approach adopted by African nations to leverage their tourism potential.

### Literature Review

In Africa, the industry has its fair share of challenges. Despite the rich natural tourist attractions, the continent continues to attract the least share of international tourist arrivals with a share of 4.8% in 2018 (Jumia Travel, 2019). This has partly been linked to the continent's prolonged negative image and perceived risks (Matiza & Oni, 2014). The continent's touristic image has often been described as "troublesome" and "unfortunate" (Lwegaba, 2013; Matiza & Oni, 2014).

The continent continues to be associated with socio-economic ills such as political unrests, violet crimes, ethnic conflicts among others. These often get amplified by the media and in turn manifest into stereotypes and negative images (Matiza & Oni, 2014). In particular, the international media often cover the continent in a distorted manner. Their most preferred topics include poverty, diseases burden, human rights violations, insecurity, political and ethnic conflicts (Avraham & Ketter, 2017; Muhwezi, Baum, & Nyakaana, 2016).

### Destination Image

Destination image has a significant impact on tourist's destination choice (Iordanova & Stylidis, 2019; Pike, Gentle, Kelly, & Beatson, 2018). Therefore, travelers faced with alternative choices of competing destinations are more likely to favor destinations with strong positive image (Foroudi et al., 2018). This is

because a significant proportion of tourists rely on the subjective judgments on a destination as opposed to the factual information on the destination to make decision on their travel choices (Jeong & Kim, 2019; Li, Cai, Lehto, & Huang, 2010). Therefore, managing, measuring and improving a destination's image is necessary to increase visitation or re-visitation (Jago et al, 2003; DJensen & Kwiatkowski, 2019). Destination marketers need to develop marketing strategies which may include use of events to continuously enhance a destination's image.

It is evident that events today have become important as host destination image builders (Jensen & Kwiatkowski, 2019). Positive relationship between events and destination image has been supported by many empirical studies focusing on the influence of events on the host destination's image. The relationship, however, depend to some extent on the size and reputation of an event, with more prestigious and famous events having more significant effect on host destination image (Deng, Li, & Shen, 2015). In a systematic review, Jensen and Kwiatkowski (2019) identified a total of 40 past studies on image interplay between events and destinations. From the review, they observed that events play a significant role in influencing the host destination's image. This was achieved through increased awareness and familiarity with the destination, reduced negative perceptions and images by changing existing stereotypes and generating believable associations and authenticity. They also highlighted that the size, status and frequency of an event greatly influence its impact on the destination's image. The quality of event experience has also a significant impact on the event image, and hence, the destination's image. The quality of event experience is an antecedent to destination image and comprises of the variety of event programs and service delivery processes ( Kim, Lee, Petrick, & Hahn, 2018). Studies also indicate that, hosting events often lead to upgrading of host destination's infrastructures; enhance their attractiveness, overall image and competitiveness (Getz & Page, 2016; Lai, 2018).

## Perceived Risk

In Africa, the industry has its fair share of challenges. Despite the rich natural tourist attractions, the continent continues to attract the least share of international tourist arrivals with a share of 4.8% in 2018 (Jumia Travel, 2019). This has partly been linked to the continent's prolonged negative image and perceived risks (Matiza & Oni, 2014). The continent's touristic image has often been described as "troublesome" and "unfortunate" (Lwegaba, 2013; Matiza & Oni, 2014). The continent continues to be associated with socio-economic ills such as AIDS, political unrests, violent crimes, ethnic conflicts among others. These often get amplified by the media and in turn manifest into stereotypes and negative images (Matiza & Oni, 2014).

## Cultural Heritage

The indicators of destination image were mainly borrowed from studies focusing on mega sports, festivals and cultural events (Dongfeng, 2013). In regard to festivals the experience factors include the local cuisine, sceneries, restaurants, entertainment, cultural resources and attractions (Duarte, Folgado-Fernandez, & Hernandez-Mogollon, 2018; Hernandez-Mogollon et al., 2018).

## Social Safety

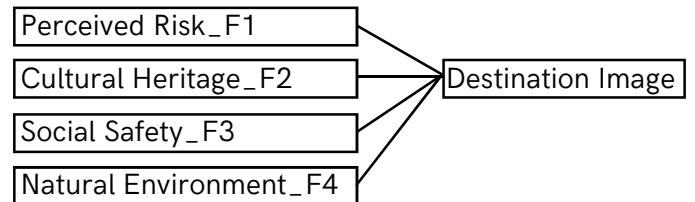
The intangible event experience factors such as communication, quality service, personal safety and security having a significant influence on the destinations image (Jeong & Kim, 2019; Moon, Kim, Ko, Connaughton, & Lee, 2011). In particular, the international media often cover the continent in a distorted manner. Their most preferred topics include poverty, diseases burden, human rights violations, insecurity, political and ethnic conflicts (Avraham & Ketter, 2017; Muhwezi, Baum, & Nyakaana, 2016).

## Natural Environment

Gallarza Gil & Calderón (2002) found that the locality is the main attracting dimension of destination image. Beerli and Martin (2004) stated classified natural

attractions, cultural heritage, and infrastructure as attributes affecting image assessment. Rittichainuwat, Qu, and Brown (2001) stated that tourist return to a destination depends upon the perceived image in the form of value, social and environmental acceptance. Gardner et al (2002) research argued that natural and scenic beauty is the main attraction for tourists. Dwivedi et al (2009) in his research also identified natural resources as the main dimension of the destination image.

## Conceptual Framework



## Methods

This study adopted a convenience sampling technique, which allowed large numbers of respondents to be surveyed over a short period (Hair et al., 2021). An online questionnaire survey was developed and adopted. The use of online surveys has become increasingly popular because it reduces the costs associated with locating appropriate respondents and ensures their immediate availability (De Gregorio and Sung, 2010). A questionnaire was developed on 5 point Likert scale 1 (strongly disagree) to 5 (strongly agree.)

## Analysis and Results

Overall, 188 individuals participated in the survey collected between 29 September to 11 October 2021. All incomplete questionnaires were eliminated from the analysis. Of the 188 completed questionnaires, 154 were useable after data cleaning, which enabled us to remove non serious respondents. Out of the 154 respondents, 117 were male and 37 are female, and the majority of them have education qualification in terms of masters' degree. Majority of the respondents are between 25 to 30 years old. Also, majority of our respondents had no prior experience of traveling to any of the African countries.

**Table 1: Summary- Sample**

Variable	Category	Percent
Gender_Male	117	75.9
Gender_Female	37	24.1
Marital Status_U	44	28.5
Marital Status_M	110	71.5
Age_Below 20	16	10.3
Age_20 to 25	21	13.6
Age_25 to 30	65	42.2
Age_30 to 35	23	14.9
Age_35 to 40	19	12.3
Age_Above 40	10	6.5
Education_PG and above	96	62.3
Education_UG	45	29.2
Education_Below UG	13	8.5
TravelledtoAfrica_No	139	90.3
TravelledtoAfrica_Yes	15	9.7

### EFA and CFA

To extract the factors the 5-step procedure suggested by Hair et al., (2021) was used. The R-type extraction was used which is based on the correlation among variables. The inter-correlation was checked through the Bartlett test of Sphericity ( $\chi^2 = 6306.51$ ,  $df = 1081$ ,  $p < .001$ ). The perceived destination image factor structure was validated through PLS-SEM 2.0. The factors' reliability and validity statistics were tested in terms of composite reliability (CR); Cronbach's alpha value ( $\alpha$ ); average variance extracted (AVE) and communality. Scale reliability was assessed in three ways: using an Alpha coefficient ( $\alpha$ ), Composite reliability (CR) and Average variance extracted (AVE) indices, the cut-off values of which were 0.7, 0.7, and 0.5, respectively (Hair et al., 2021). Since all the estimates of  $\alpha$ , CR and AVE were above their respective thresholds, the results demonstrated adequate scale reliability.

**Table 2: PLS SEM Output: Validity and Reliability**

Factors	AVE	CR -alpha	Communality
F1	.422	.713	.422
F2	.467	.792	.467
F3	.557	.804	.557
F4	.528	.832	.528

**Table 3: PLS SEM Output: t-Value and Path Coefficient**

Factors	T value	Path Coefficient	P value
Perceived Risk_F1	1.961	-0.13**	0.050
Cultural Heritage_F2	6.172	0.28***	0.000
Social Safety_F3	2.157	0.47***	0.000
Natural Environment_F4	5.618	0.35***	0.000

The partial least squares (PLS) technique was applied in this study. To obtain and assess the key reliability and validity indices and the direct and the moderating effects, Partial Least Squares (PLS) was employed, using the SmartPLS 3 software (Ringle et al., 2005). According to Sarstedt et al. (2014), "PLS-SEM does not make any distributional assumptions regarding the indicators or error terms that would facilitate the immediate testing of the weights' significance based on, for example, the normal distribution". Unless a bootstrapping routine is applied, which is a resampling technique that draws a large number of sub samples (typically 5000) from the original data (with replacement) and re-estimates the model for each sub sample, it will be difficult to generate T-statistics for significance testing for both the inner and outer models.

### Conclusions and Discussions

Security and safety are extremely important for travelers and the tourism industry. One construct that has remained largely unexplored in explaining visitors' perceived safety while at the destination is their level of emotional solidarity. This study provided a holistic picture of the tourism industry by proposing and testing the factors relevant to various aspect of tourist's perceptions. The COVID-19 pandemic has heightened the risk associated with tourism and induced a

paradigm shift in tourist behaviour. The study explores the nexus between COVID-19 induced perceived risk the subjective safety associated with tourism activity.

Tourist want to explore natural beauty and new cultural experiences. Therefore tourism management agencies must have appropriate policy and plans. These plans should develop by focusing on natural sceneries such as sand hills and mountains, archaeological sites of significance, historical locations, and cultural experiences. There is a need to upgrade cultural activities and facilitate the interaction of international tourists with the local culture to enhance tourists' satisfaction. Tourists overall sense of perceived safety and the impact of various safety measures can influence the feelings of safety while on vacation.

Strict rules pertinent to safety also should be established. Any accommodation and travel business who flout regulations must be regulated to reduce the perceived risk .Leveraging on the online platforms quick response to travelers in any situations of help and urgency must be focused by governmental and nongovernmental aiming to improve the tourism experiences. Indian tourists may have stayed away from many geographies mainly due to perceived safety and security threats. There have been serious instance of rising anti-Indian sentiments as a result of poor public policy and measures.The safety and security of a destination is an essential factor that helps travelers decide whether to visit or not.

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# Assessment of Determinants Affecting Student's Entrepreneur Career Intention to Search a Startup Opportunity in Africa

Mulualem Tilahun

Research Scholar, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

Metasebia Adula

Research Scholar, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

Dr. Aravind Soudikar

Professor, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

Dr. Shashi Kant

Assistant Professor, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

## Abstract

*From last many generations unemployment velocity has been mounting in Ethiopia. So, this research aims to evaluate the determinants of Students' Entrepreneurial Career Intentions of university students of Ethiopia as a solution. A quantitative, cross-sectional research design and simple random sampling was adopted. Data was collected from the sample of 350 university students. In descriptive statistics, mean and standard deviation and in inferential statics correlation and regression analysis was used. To analyze the data SPSS version 20 was used. The results show, entrepreneurial intentions of students are influenced directly by the students' entrepreneurship education, innovativeness, proactiveness, risk taking and self-efficacy as correlation coefficient for all is having strong positive relation and with p-value is more than 0.05. It can be concluded from the regression analysis that innovativeness is the most contributing factor among all others explored variables. The findings suggest for ministry of higher education and universities to emphasize more on entrepreneurship education in developing personal skills, attributes and behavioral aspects to realize the full potentials of students with regards to entrepreneurial intention.*

**Keywords:** Entrepreneurial Intentions, Behavior, Traits, Demographics, Entrepreneurship Education, Entrepreneurship Intention.

## 1.1 Introduction

In majority of countries, former students have been facing a deficient job opportunities. (Guzmán-Alfonso & Guzmán-Cuevas, 2012). Around the globe, learner opts for entrepreneurship, because it provides a cipher of alternative for precious careers. Thus, entrepreneurship has become a trendy part of investigate among academics (Chienwattanasook & Jermitsuparsert, 2019). According to Rusok (2017) entrepreneurship education is the process of developing the ability to recognizing trade opportunities. Since passion is a significant learning factor, passion and learning accompany entrepreneurial learning (Somjai & Sangperm, 2019).

However, entrepreneurship exploration in Africa has not acknowledged much attention from academics although this is changing as Africa is developing as an upcoming economic power house (Dvouletý & Orel, 2019). Entrepreneurial intentions are highly regarded as an accurate determinant of entrepreneurial behavior. (Vijayakumar, 2019). This study attempts to critically review the antecedents to entrepreneurial intentions in respect of behavioral and personality factors.

## 1.2 Statement of the problem

Despite various studies conducted in different countries on antecedents of entrepreneurial intention; Most of these studies were conducted in other countries. So, it is appropriate to conduct the study with Ethiopian context. The empirical evidence available in the country such as (Abebe, 2015;

Admasie, 2018; Desalegn F., 2019; Gerba, 2012) which studies the entrepreneurial intention fail to include important variables such as Risk Taking, Innovativeness, and Pro-activeness as determinates of entrepreneurial intentions.

Therefore, those variables are worthy to incorporate in determining the factors of entrepreneurial intention. Thus, the researcher tries to apply a broader perspective on antecedent of entrepreneurial intention through including the determinants of entrepreneurship to advances the limitation of the mainstream direct relationship between the antecedents' entrepreneurial determinants (independent variable) and entrepreneurial intention as dependent variable.

### **1.3 Objectives of the Study**

1. To identify the major determinants that affects Entrepreneurial Career Intentions among graduate students of Bule Hora University.
2. To determine the relationship of identified determinants on Entrepreneurial Career Intentions of graduate students of Bule Hora University.
3. To access the impact of determinants entrepreneurship on Entrepreneurial Career Intentions.

### **2. Literature Review**

Entrepreneurship provides a platform for economies of the world to increase the number and quality of entrepreneur(Sriyakul & Jermstittiparsert, 2019). Entrepreneurship is a result of intentional and planned behavior (Krueger Jr., 2000). The well-known entrepreneurial intentions models (Doll & Ajzen, 1992) proposes a three-dimensional model for establishing an organization. While measuring their entrepreneurial intentions and propose different analyzing models, among this model, The Entrepreneurial Event Model (Shapero & Sokol, 1982)and The Theory of Planned Behavior (Ajzen, 1991) are the most commonly used and representative model.

### **2.1 Determinants of Entrepreneurial intention**

#### **2.1.1 Innovativeness**

Minsky (1990) defined entrepreneur as an innovator and (Drucker, 1985) suggests that Innovation is the most basic role of entrepreneur and innovation is the specific tool of Entrepreneurs in which they exploit change (Gurel, 2010a). Innovativeness is the ability and willingness of individuals to think differently, creatively, and recognize opportunities to produce novel and practical ideas, create new markets, and introduce new products and services (Vuorio, 2018). According to Robinson (1991) innovation in business is related to perceiving and acting upon business activities in new and unique ways.

#### **2.1.2 Pro-activeness**

Proactive personality is the tendency to initiate and sustain actions that directly change the Surrounding situation (Crant, 1995). Proactivity shows a high level of energy, goal orientation and competitiveness of an individual (Leutner, 2014). According to Zhu (2018) proactive personality is also associated with Entrepreneurial alertness. Different studies show that the relation between proactive personality and entrepreneurial Intention of self- employment are significantly higher (Sánchez, 2013). Plenty of research studies conformed the positive relation between pro-activeness and entrepreneurial intention like Crant (1996); Hu (2018); Rathore & Shukla (2019).

#### **2.1.3 Risk taking**

Risk-taking propensity has been conceptualized by Sexton & Bowman (1990) as one's orientation toward taking chances in a decision- making situation. Risk-taking propensity refers to the willingness to take or avoid risks. Entrepreneurship has always been associated with risk taking (Ozaralli & Rivenburgh, 2016); (Sánchez, 2013). Different studies indicate that there is a statistically significant relationship between risk taking and entrepreneurial intentions of university students (Nabi, 2011) (Gurel, 2010); (Ozaralli & Rivenburgh, 2016); (Sánchez, 2013). Students with

entrepreneurial inclinations had higher scores in risk-taking propensity compared to students with no such inclination((Pathan, 2016).

#### **2.1.4. Self Efficacy**

Bandura & Locke (2003) defined the concept self-efficacy as one's beliefs in their abilities to perform a certain level of performance or desired outcomes. Therefore, Self-efficacy has been critical variable which is investigated in the cognitive study of entrepreneurial behavior (Mwange, 2018). Self-efficacy can also be used to know why some individuals decided to work for others instead of becoming entrepreneurs/self-employed since some individuals avoid entrepreneurial activities not because of their lack of ability but because they believe that they do not have such ability (Mwange, 2018). Entrepreneurial self-efficacy (ESE) is very important variable because it incorporates both personality as well as environmental factors and it is also considered as a strong predictor of entrepreneurial intentions and action (Bird, 1988).

#### **2.2 Conceptual Framework of the study**

After reviewing of related theoretical and empirical literatures, the researcher identified four proposed determinants of Entrepreneurial Intentions and one mediating Variable. Therefore, based on the overall review of related literatures the following Research framework in which this peculiar study was developed.

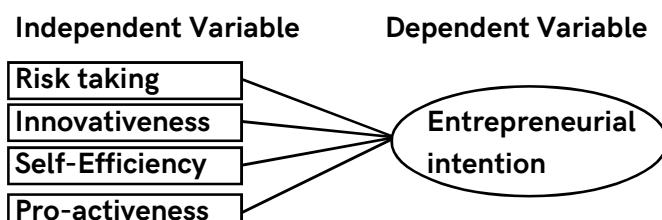


Figure 2.2: Conceptual Framework

**Source:** Researchers own construction-based review of literature

### **3. RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Description of the study area**

Bule Hora city administration is located in Northern part of country west Guji Zone Oromia Region which is far away from Addis Abeba (464 km). BuleHora is a city administration with varying elevation. The topography of the town is known by its undulating area, plain, mountain, valley and low plateaus. It has latitude and longitude of 5°35N38°15'E and altitude of 1716 above sea level. (West Guji Zone report 2012 E.C)

#### **3.2 Research design**

The researchers were employing the explanatory design, where the researcher was employed, one phases of the research Explanatory (causal and relational) design using quantitative approach of data collection and analysis was used so as to capture the details and adequate information under the study. The researcher under this study was implemented the explanatory research with cross-sectional survey design.

#### **3.2 Sampling Design and Procedure**

The study population/participants were graduate students of Bule Hora University, who has taken entrepreneurship courses. For the purpose of this study simple random sampling was used to select a representative sample from identified target population.

#### **3.3. Sample Size Determination**

To draw the sample from the Target population, the sample size determination formula of Yamane, 1967 was used.

$$\begin{aligned}
 N &= \frac{n}{1 + n(e)^2} \\
 n &= \frac{2925}{1 + 2925(0.05)^2} \\
 n &= 352
 \end{aligned}$$

### 3.4. Sampling technique

The sampling techniques were strata sampling techniques. Of this purposive sampling was used to select student respondents from the Bule Hora University, while stratified sampling was used to categorize heterogeneous group to be homogeneous strata. This total sample size is proportionally distributed to each stratum.

**Table 3.1: List of Faculty those who was take entrepreneur course**

No	Faculty	Total population	Sample to be drawn
1	Engineering	1172	102
2	Business and economics	594	52
3	Natural and computational science	494	43
4	Social science and humanity	471	41
5	Informatics	62	5
6	Agriculture	70	6
7	Health	62	5
<b>Total</b>		<b>2925</b>	<b>352</b>

Source: Data from BHU registrar office (2021)

### 4.1 Data Cleaning

Based on the methodologies specified in chapter three (simple random sampling), 375 questionnaires were distributed and 362 were returned for analysis. Meanwhile, in the process of cleaning the data for its completeness and practical response pattern, only 350 of the questionnaires were found valid or workable. Accordingly, those 350 workable responses obtained from respondents were used for data analysis with Statistical Package for Social Science (SPSS) Version 20.

**Table 4.1: Response Rate**

Respondent No	Data Collection Tools	No. Respondents analysis	returned for workable	valid or Respondent	Rate %
1	Questionnaires	375	362	350	93.96%

### 4.1.1 Reliability Test

In general, reliabilities less than 0.60 are considered poor; those in the range of 0.60 to 0.80 are considered good and acceptable. In this study, all the independent variables and dependent variable, met the above requirement. The alpha value for each variable is identified and summarized in table as shown below.

Reliability Statistics	
Cronbach's Alpha	N of Items
.883	6

**Table 4.2: Reliability Statistics for all variables**

	Cronbach's Alpha
RT	.890
INN	.852
SE	.869
PA	.855
EI	.848

Source: Own Survey, computed in SPSS, 2021

**Table 4.3: Descriptive Statistics for Independent and Dependent Variables**

Variables	Mean	Std. Deviation	Extent of highest mean score
Entrepreneurial intention	4.0185	.80551	
Risk-taking	4.0642	.97272	1st
Proactiveness	3.9948	.95303	2nd
Innovativeness	3.8947	.94166	3rd
Self-efficacy	3.6383	.87052	4th

Source: Own Survey, computed in SPSS, 2021

Based on the above table descriptive mean result the highest mean value was scored by risk taking with a mean value of (4.0642), proactiveness (3.9948),

innovativeness (3.8947), and self-efficacy (3.6383), respectively. The overall entrepreneurship intention levels of students, which is an aggregate of the four statements, is agreed to an average agreement rating of ( $M=4.0185$ ,  $SD=.80551$ ) which is found that on average the majority of respondents reported themselves to be intention to start their own business in the foreseeable future. Also, As we can see from the table the mean score of each variable is ranged from low of 3.6383 ( $SD = .87052$ ) to a high of 4.0642 ( $SD=.97272$ ); therefore it appears that respondents in the given sample are relatively rated all of the variable above the average score of 5 point liker scale.

#### 4.2 Pearson correlation analysis

Table 4.4 below shows the level of correlation between the dependent variable entrepreneurial intention and independent variables innovativeness, self-efficacy, proactiveness and risk taking. Innovativeness is positively correlated to entrepreneurial intention with a Pearson correlation coefficient of  $r=.756$  and  $Sig. (2tailed)$  is 0.000 which is  $<0.05$  so that, there is a strong relationship between the two variables. Proactiveness is positively correlated to entrepreneurial intention with a Pearson correlation coefficient of  $r=.699$  and  $Sig (2-tailed)$  is 0.000 which is  $<0.05$  which implies a strong relationship between entrepreneurial intention and proactiveness.

**Table 4.4: Correlation Analysis of Each predictor Variable with entrepreneurial intention**

		EITOTAL
RTTOTAL	Pearson Correlation Sig. (2-tailed) N	.625** .000 350
INNTOTAL	Pearson Correlation Sig. (2-tailed) N	.756** .000 350
SETOTAL	Pearson Correlation Sig. (2-tailed) N	.640** .000 350
PATOTAL	Pearson Correlation Sig. (2-tailed) N	.699** .000 350

Sources: Own Survey, computed in SPSS, 2021

The results of the Pearson correlation analysis also revealed a positive correlation between risk taking and entrepreneurial intention with a correlation coefficient of  $r = .625$  and  $Sig. (2tailed)$  is 0.000 which is  $<0.05$  so that, which implies a strong relationship between the variables. There was a positive correlation between entrepreneurial intention and self-efficacy ( $r = .640$ ,  $p <0.05$ ) which implies a strong relationship between the two variables. Thus, the analysis indicated that innovativeness was the most correlated variable with the dependent variable entrepreneurial intention ( $r = .756$ ,  $p <0.05$ ). There was also a strong positive relationship between innovativeness and proactiveness with the dependent variable entrepreneurial intention with the correlation coefficient of ( $r = .699$ ,  $p <0.05$ ) and ( $r = .640$ ,  $p <0.05$ ) respectively. The lowest correlation is found between risk taking entrepreneurial intention at ( $r = .625$ ,  $p <0.05$ ).

#### 4.3 Regression Analysis

In order to test for the influence of each independent variable (innovativeness, self-efficacy, proactiveness and risk-taking) on dependent variable (entrepreneurial intention), multiple regression analysis was performed.

**Table 4.5: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
dimension 0	1	.844 <sup>a</sup>	.713	.709	.81262
a. Predictors: (Constant), PATOTAL, SETOTAL, RTTOTAL, INNTOTAL					
b. Dependent Variable: EITOTAL					

Source: Own Survey, computed in SPSS, 2021

The above (table 4.5) indicates, the independent variables statistically predicting the overall level of entrepreneurial intention in Bule Hora university students. From the table the R value 0.844 indicate that the presence of strong correlation between the

independent variables and dependent variable. The value of R<sup>2</sup> 0.713 which indicate that the independent variables explain 71.3 % the dependent variable with unexplained factors of 28.9 %.

This indicate that 71.3% of the variance in entrepreneurial intention level can be explained by the variance of the determinants of the aforementioned variable (innovativeness, self-efficacy, proactiveness and risk-taking) taking in to account the sample size and independent variables.

Furthermore, the standard error of the estimate is a measure of the variability of the multiple correlations.

#### 4.3.1 ANOVA Result Table

**Table 4.6: ANOVA result table**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	564.931	4	141.233	213.873	.000 <sup>a</sup>
	Residual	227.823	345	.660		
	Total	792.754	349			
a. Predictors: (Constant), PATOTAL, SETOTAL, RTTOTAL, INNTOTAL						
b. Dependent Variable: EITOTAL						

Source: Own Survey, computed in SPSS, 2021

The analysis of variance (ANOVA) tells us whether the overall results of a model are significantly good degree prediction of the outcome variable. The regression Sum of squares is 564.931. Here, each sum squares (i.e., Regression, residual and Total under the source column) has a corresponding degree of freedom (DF) associated with it. Total degree of freedom is n-1 ( $DF=350-1=349$ ), one less than the number of observations. The regression degree of freedom for the above table is four (4), which is the number of independent variables (Innovativeness, Self-Efficacy, Proactiveness and Risk Taking). The residual sum of squares (residual for left over) is sometimes known in the literatures as Error Sum of Squares is that part still cannot be accounted for after the regression model is fitted. It has 345 degrees of freedom (=349-4) for this research paper. The mean squares are the sum of

squares divided by the corresponding degrees of freedom.

#### 4.3.2 Test of Significance

**Table 4.7: Regression Coefficients of the Variables**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std.Error	Beta		
1 (Constant)	1.219	.195		6.243	.000
RTTOTAL	.136	.027	.197	5.122	.000
INNTOTAL	.357	.041	.375	8.652	.000
SETOTAL	.140	.027	.199	5.163	.000
PATOTAL	.214	.035	.255	6.069	.000

Source: Own Survey, computed in SPSS, 2021

The t-test associated with p-value is significance (p or sig value is less than 0.05) then the predictor is making significant contribution to the model the smaller the value of the sign (the larger the value of t) the greater the contribution of that predictor to entrepreneurial intention.

Table 4.7 indicated that the influence of innovativeness (INN), self-efficacy (SE), proactiveness (PR) and Risk taking (RT) on Entrepreneurial intention level in Bule Hora University graduating students.

Innovativeness ( $t = 8.652, P < 0.05$ ), Risk Taking ( $t = 5.122, P < 0.05$ ), Proactiveness ( $t = 6.069, P < 0.05$ ) and self-efficacy ( $t = 5.163, P > 0.05$ ) found to be the strange and statistically significant influence on entrepreneurial intention. The regression coefficient  $\hat{\alpha}$  represents the change in the outcome resulting from a unit change in the predictor and that if a predictor is having a significant impact to predict the outcome then this  $\hat{\alpha}$  should be different from 0 (and big relative to its standard error). The p-value is less than 0.05 for all the variables hence; it indicates that the all 4 independent variables are significant predictor of entrepreneurial intention.

Therefore, the  $\hat{\alpha}$  is different from 0 and the researcher found that the predictor variables make a statistically significant contribution in predicting entrepreneurial intention, Risk taking ( $\hat{\alpha}_1 = .136$ , Innovativeness ( $\hat{\alpha}_2$

= .357, self-efficacy  $\hat{a}3$ ) = .140 and Proactiveness ( $\hat{a}3$ ) = .214 are statistically significant variables in predicting entrepreneurial intention.

One unit change in risk taking will cause 13.6% change in entrepreneurial intention. One unit change in innovativeness will cause 35.7 % change in dependent variable, entrepreneurial intention. One unit change in self-efficacy as an independent variable will cause 14 % change in dependent variable entrepreneurial intention. One unit change in proactiveness as an independent variable will cause 21.4 % change in dependent variable entrepreneurial intention. Thus, innovative is the most influencing factor among all four explored variables.

## 5. Conclusions

The findings of this study are believed to have a practical implication which shows areas of intervention students need to develop personal skills, attributes and behavioral patterns that enhance their entrepreneurial capabilities. It also offers valuable directions and insight for those academics, educational policy developer, and government officials who formulate, deliver and examine the fruitfulness of education systems of the universities in the country and make the necessary changes accordingly to advance the entrepreneurial mindset of university students. Accordingly, the following recommendations are made based on the research findings and the conclusion. The policy implication of the research is to emphasize on entrepreneurship education in empowering the young force of a country. This advice is very critical for two main reasons.

First, the findings revealed that entrepreneurship education not only has a direct influence on entrepreneurial intention but also it interacts strongly with other constructs both directly and indirectly. The findings call for ministry of higher education of Ethiopia to emphasize more on entrepreneurship education in developing personal skills, attributes and behavioral aspects to realize the full potentials of students with regards to entrepreneurial intention.

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# **Impact of Advertising in Attracting Clients for Digital Money lending in Africa**

**Dr. P. Paramashivaiah**

Professor, Department of Commerce, Tumkur University, Karnataka, India.

**Dr. Aravind Soudikar**

Professor, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

**Abasara Dabaso**

Lecturer, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

**Dr. Shashi Kant**

Assistant Professor, Department of Management, College of Business and Economics, Bule Hora University, Bule Hora, Ethiopia, Horn of Africa

## **Abstract**

*Currently, relating to contesting environment in Africa that administer the banks regarding digital services, by means of billboard to bring in services has a considerable function in rousing and inspiring clients in using offerings and services and consequently attracting them to use their digital services. In other words, if the banks wish to evaluate the efficiency of their advertisement on the clients, they can perform better in future which is a distinctive competence for the banks. The present study was conducted on the clients of the Commercial Bank of Ethiopia Daye branch in Hawassa District which is found on Sidama region Daye town, aiming to answer whether advertisement has caused any improve in the clients' attraction to use the CBE Daye branches digital services. The current investigate is an applied study which has gathered the structured questionnaires related to the reactions of the clients of Commercial Bank of Ethiopia Daye branch, Hawassa District. The sample size for this study is Eighty-five determining by the rule of thumb technique and the sampling was purposive sampling. The Correlation and regression methods were employed to relationship and impact between explained and explored variables. Furthermore, the types of advertising were investigated. At the same time as the study hypotheses were investigated, all assumptions of alternative hypothesis were accepted with significant level, less than 0.05. Finally, this learning concludes with suggestions including the way advertising transmitted the instance and the position of advertising.*

**Key words:** Advertising, Digital money lending, Electronic Service.

## **1. Introduction**

### **1.1. Background of the study**

Advertising is foundering modification in attitudes, values and beliefs of the viewers. Advertising and its relationship with attracting the clients can do changes in the advertising budget to content of communication channels (Parhizgar & Mehdipour, 2004). Although significant matter is that banks given the intense competition structure prevailing in the supply of electronic services have turned to the media extensive advertising to introduce its services.

At the present time, concerning the competitive ambiance which directed the banks regarding Digital services, using advertisement to commence services features a momentous role in rousing and motivating clients in using offerings and services and consequently attracting them to employ their digital services. In other words, if the banks wish to guage the efficiency of their advertisement on the clients, they will perform better in future which may be a distinctive competence for the banks.

According to the European Economies Money lending Statistics (ECB) of 2020, the use of e-money dealings by rating, Luxemburg was the leading economy particularly internet money lending offerings in 2020 followed by Italy but African economies are marginalized in this survey (Poposkaand Neda, 2014). Numerous economies in Africa have not adopted the use of electronic money transactions in the majority

of their population. A study by Gatembe (2002), in four African economies namely Mauritius, Ethiopia, Uganda and Kenya found that there was very little use of internet money lending by financial institutions by clients on the respective economies.

In developed economies, due to the increasing number of banks and offering similar services, banks have faced with a big problem to attract clients and as a result their deposits. Therefore banks in this competitive environment to maintain market share or increase its share of market should have a appropriate arrangement for delivering advertising (Rabiei & Mohammed, 2011). Least developed economies like Ethiopia paid less attention to evaluate the effectiveness of advertising (Rabiei & Mohammadian, 2011).

In Ethiopia Physical distance between bank branch and client, between distance of client and financial adviser are much wide and this leads to uncertainty in general surroundings. Internet creates particular confront in electronic money lending because banks find ways which start and continue electronic exchange relationships effectively (Claudia, 2011). Reliability and client satisfaction is an imperative challenge in digital money lending that bank official faced with (Ademola, 2009).

Some banks offer home money lending, whereby a person with a personal computer can make transactions, either via a direct connection or by accessing a Web site. Electronic money lending has vastly reduced the physical transfer of paper money and coinage from one place to another or even from one person to another (Electronic money lending, 2014).

One of the latest and widely accepted distribution channels to be used in the financial services organizations is electronic money lending; it was established in the mid-1990s, after that steadily becoming more imperative (Allen et al, 2001). Researchers have classified the electronic money lending into three sections, Internet Money lending, mobile Money lending and Automated Teller Machine (Joseph and Stone, 2003).

Therefore, this study focuses on the impact of advertising to attract client in digital money lending by choosing CBE as a case to study since CBE has the largest number of clients who uses largest number of digital services that need a continuous assessment than any of the other banks in Ethiopia. This study will go a long way in helping CBE understand the impact of advertising as well as help them to develop their advertising strategy on digital service in order to attract the client.

## 1.2 Statement of the problem

In Ethiopia, due to the increasing number of banks and offering similar services, banks have faced with a big problem to attract clients and as a result their deposits. Consequently, banks in these competitive surroundings to uphold marketplace share should have a suitable plan for bring advertising. Unluckily, Ethiopian banks have not paid much concentration to evaluate the efficiency of advertising. Internationally successful money lending experience has shown that bank to maintain and improve its position in existing markets by creating new markets required providing new services and at the same time improving its existing services. Banks can also employ communiqué techniques to bring in their offerings and services. communiqué objectives include raising consciousness, convince and be reminiscent to current clients and possible clients about the offering of the bank (Gilaninia, 2012). When a latest produce is brought in to the marketplace and the intent is to generate early demand, awareness advertising is used. When competition increases and the aim are creating selective demand, persuasive advertising is used. When the offering is in the curve of their life in their mature stage and the aim is that the consumer thinks about the offering constantly, reminder advertising is used (Rezaei & Mohammad, 2009).

Advertising is caused a change in attitudes, knowledge and behavior of the viewers. Awareness, persuasion, encouragement, reminders, strengthening relations and accelerating and promote exchanges including various tasks of advertising that by examining effects of advertising and its relationship with organizational

goals (Parhizgar & Mehdipour, 2004). But important issue is that banks given the intense competition structure prevailing in the supply of electronic services have turned to the media extensive advertising to introduce its services. Since effects of different advertising on different people is different and what effect have on their awareness, encourage to use the offerings and services and ultimately attract them to use digital money lending services, thus it is necessary for banks. In other words, if banks can evaluate the effectiveness of their advertising on clients, thus have a better performance in the future. This can be considered as a competitive advantage for banks. In present investigation, advertising is considered as explored variable and attracting clients to use electronic services of bank as explained variable. The dilemma occurs on that banks that are offering the identical manufactured goods and service so face problem of pull the client, competition is high amongst banks, and be deficient of adequate information and no awareness on evaluate the effectiveness of advertising are a quantity of summarized gaps.

### **1.3 Objectives of the study**

1. To identify the types of advertisement used by CBE that attracting clients to use electronic service.
2. To assess how Television advertisement increase client attraction to use electronic services.
3. To examine that how Radio advertisement increase client attraction to use electronic services.
4. To find out whether Press advertisement increase client attraction to use electronic services.
5. To assess how Advertisement by catalogues and brochures increase client attraction to use electronic services.
6. To determine Oral advertising by bank personal and increase client attraction to use electronic services.

### **2.1 Literature Review**

There are a lot of definitions concerning the thought of service. Services are activities, processes, and performances (Parasuraman, 1985). Gronroos (1984)

describe service as an activity of more or less intangible nature. Similarly, Kotler (2000) described service as any advantage that one party offers to an additional party. Nowadays offerings heavily rely on its quality of services (Kotler & Armstrong, 2012)

### **2.2 Services Marketing Mix**

According to Philip Kotler (2000), "Marketing Mix is the deposit of explained variables that the organization can employ to manipulate the customer opinion". The concept of services marketing mix is proposed for measuring the superiority because of the intangible nature of service (Yelkur, 2000). Kotler (2000) described service as "An act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. "Due to intangibility, heterogeneity, inseparability, and perishable characteristics of services; service organizations need to consider these extra 3Ps (people, process and physical evidence)".

### **2.3 Advertising**

According to Katke (2007) advertisement is an effective way to influence the mind of viewers and gives exposure viewers towards a particular offering or service. Morden (1991) says that "advertising is used to establish a basic awareness of the offering or service in the mind of the potential client and to build up knowledge about it". According to Belch (2012) "advertising is the best-known and most widely discussed form of promotion, probably because of its pervasiveness. This is particularly true for companies whose offerings and services are targeted at mass consumer markets".

As Manisha (2012), advertising show business. On the other hand, enhancing advertising portfolio for services is a tricky phase because of the intangible attribute of service.

#### **2.3.1 Advertisement Practice in Ethiopia**

According to the data obtained from the Ethiopian Broadcast Authority, currently there are 791 advertising agencies in Ethiopia. These companies are working based on the proclamation of advertisement.

The Federal Democratic Republic of Ethiopia launched this proclamation in 2012. A proclamation on advertisement (Proclamation no. 759/2012) was approved on the federal Negarit newspaper.

## 2.4 Digital money lending

Monetary transactions of most developing economies are cash driven but information technology is changing these types of businesses. This change meets the growing demands of clients including in the money lending industries (Delvin, 1995). Electronic money lending has been rising due to the convenience that is offered through facilitating self-service in marketing to undertake money lending transaction outside of bank hours and from anywhere where internet access is available. It helps clients achieving speed, efficiency, cost reduction and competitive advantage (Gonzalez, 2008; Maholtra & Singh, 2007).

The Ethiopian Money lending sector has functioned recently the Digital money lending however, with the start of Digital money lending service; the sector was characterized by intensely aggressive competition to solicit the client more. This technological advancement has made the money lending processes faster and easier whilst satisfying the needs of the clients. This is therefore, the following popular services covered under Digital money lending includes:

- ATMs, Credit cards, Debit Cards, Smart Cards, Electronic Funds Transfer System (EFT) Check truncation payment system, Mobile Money lending, Internet Money lending, Telephone Money lending, Agency Money lending etc. (Source: The Global Findex Database, 2019).

The popular and common types of electronic money lending services used in Ethiopia are:

**ATM:** Automatic Teller Machine, an electronic terminal which gives the client an opportunity of money lending service at any time.

**POS:** Point of Sell: The system allows the client to pay for retail purchase, to acquired service through debit card (Merchant POS), to receive cash in advance or to withdrawal at bank branch (Branch POS).

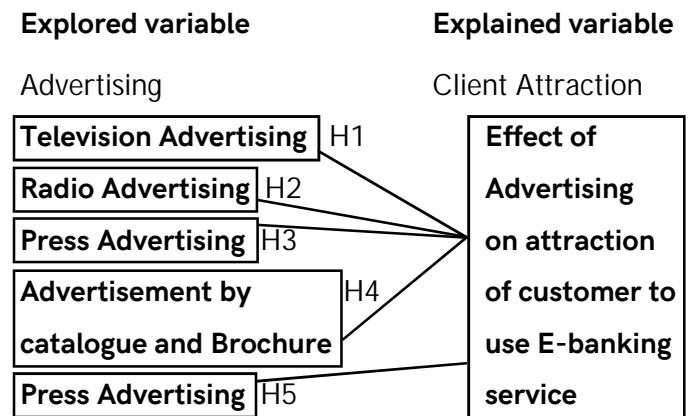
**Internet Money lending:** Electronic Money lending system using web technology in which clients are able to conduct their business transactions through personal computer or self-phone.

**Mobile Wallet:** known as Digital Wallet. It facilitates client to demeanor a quantity of money lending services thorough mobile. It refers to supplies of money lending and financial services by means of the help of mobile Tele communication devices (Henok Arega, 2015).

**Agency Money lending:** New and not widely used. An Agent Money lending means conducting money lending business on behalf of a financial institution through an agent using various service delivery channels as permitted under National Bank of Ethiopia directives (NBE Directives No. FIS/01/2020).

## 2.5 Conceptual Framework

Thus, according to statement contained, proposed analytical model of study is as follows:



Source: Researchers own framework. 2021

## 3.1 Research Design and Methodology

This study primarily adopted a quantitative approach. In order to accomplish the study objectives and to answer the stated questions, descriptive statistics such as frequency, percentage, mean and standard deviation was used to assess advertising impact and measure client attraction on digital money lending service. Correlation and regression analysis was used to identify the relationship between advertising and client attraction.

Quantitative research approach was used for this study. The purpose of this study was being to evaluate and observe through a survey instrument if response variable, client attraction has a measurable relationship with the explored variable. To achieve this objective the study adopts a quantitative research approach. For this study a survey method was used to collect data in which people were asked to answer the questions (usually in the form of a questionnaire).

Questionnaire from the sample chosen respondents was used for primary data. Respondents' response through questionnaire was used as a primary source of data. The primary data for this study was collected in the form of self-administered questionnaires which comprised of close-ended questions that are clear and to the point and easy to understand for the respondents.

### 3.1.1 Target Population

Commercial bank of Ethiopia has more than 23 million clients. Among this more than 2,300 clients are under Hawassa district daye branches account holders that uses digital money lending (CBE Daye branch annual report, 2021). Therefore, this study focuses on the client they are exposed to advertising who are using digital money lending service.

### 3.1.2 Sampling Techniques

Since the respondents don't have an equal chance of being selected. In non-probability sampling, since elements are chosen arbitrarily, there is no way to estimate the probability of any one element being included in the sample. Also, no assurance is given that each item has a chance of being included; it is quick, inexpensive and convenient.

### 3.1.3 Sample Size

For determining sample size the researcher used rule of thumb method that using of crude formula. A crude formula:

$$N=1/(MoE) \quad 2n = 1/(MoE)^2$$

Where n is the sample size and MoE is the margin of error you wish to keep for study. For example, if you

wish to have a margin of error of only 1% then your required sample size would be  $1/(0.01)^2 = 100$  i.e. 10,000.

Similarly, the researcher take a 10% margin of error, you need a sample size of only a 100. This rule of thumb would be applicable for a confidence interval of 95%.

The researcher have determined the small sample size due to cost, time, convenience , the current situation , even for the SPSS software it is better to take a sample of 80 to 135.

**3.1.4. Reliability Test:** The variance used at Cronbach's coefficients calculus is:

$$= \frac{K}{K-1} \times \frac{1-k}{S^2}$$

Duffy (2001) stated that high Cronbach greater than 0.60 indicates that the items within the scale are measuring the same construct.

**Table 3.1 Reliability Analysis of the Items**

Items	Alpha value
Television	0.323
Radio	0.723
Press	0.743
Catalogue and brochure	0.353
Oral	0.853
<b>All variable</b>	0.60

Source: Survey Result (2020)

### 4.1 Analysis of all the advertising method

**Descriptive statistics analysis-** The summary statistics of all the variables in this study was represented as in the following table showed that there are 85 observations for each variable, the mean and standard deviation values were calculated.

**Table 4.1 Descriptive Statistics analysis of mean and standard deviation**

Variables	N	Mean	Std. Deviation
Television advertising	85	4.3625	0.758125
Radio advertising	85	3.1917	1.217212
Catalogue and brochure ads	85	3.6411	0.910571
Oral advertising	85	3.8875	1.194521
Press advertising	85	3.0111	1.087414
Valid N (list wise)	85		

Source: Survey Result (2020)

Table 4.1 depicts that television advertising scored the highest from the five-advertising type with a mean score of (4.36). This means that most of the respondents agreed with that CBE TV ad attracts me, TV Ad is necessary for the client, The Advertisement message shown on the television is trustworthy. The advertisement message is memorable. The facts in the ad convince to different features of the offerings and

Television advertising is impressive. The second-place score is recorded by oral advertising with mean score of (3.88). This indicates most of the respondents have shown their agreement in the message by Branch staff is clear, I used another service by this ad and Oral ad has positive impact. The third and fourth scores came from the type of Catalogue and brochure ads and radio advertising with mean scores of (3.64) and (3.19). The lowest scores came from press with mean scores of (3.01). This indicates clients' moderate disagreement with the items inside the type relating to press such as I read newspaper about CBE service, press advertising clearly shows the logo, motto and the message by itself and press advertising are available at any time.

In the press advertising respondents did not agree with items such as: I read newspaper about CBE service, Press advertising clearly shows the logo, motto and the message by itself and press advertising are available at any time the rest of the items as well.

#### 4.15 Regression Analysis

##### Model Summary<sup>b</sup>

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
				R Square Change	F Change	df1
.822 <sup>a</sup>	.676	.497	.714	.676	3.762	30

##### Model Summary<sup>b</sup>

Model	Change Statistics		Durbin-Watson
	df2	Sig. F Change	
1	54 <sup>a</sup>	.000	1.487

Source: Survey result 2020

a. Predictors: (Constant), all explored variable of advertising

b. Explained Variable: overall client attraction

The correlation between the explored variables to explained variable is described with a strength and direction of 0.822. The proportion of variance in the explained variable (client attraction) which can be explained by the explored variables (Tv ads, Rdaio Ads, catalogue and brochure ads, oral ads ad press ads) is 0.676. The adjustment of the R-squared (0.497) is that penalizes the addition of extraneous predictors to the model. Std. Error of the Estimate (0.714) referred to as the root mean squared error. It is the standard deviation of the error term and the square root of the Mean Square for the Residuals in the ANOVA table.

**TABLE 4.2: ANOVA Table of Regression Analysis**

ANOVA <sup>a</sup>					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	57.485	30	1.916	3.762	.000 <sup>b</sup>
Residual	27.503	54	.509		
Total	84.988	84			

a. Explained Variable: Overall, how clients are attracted

b. Predictors: (Constant), all explored variable

Based on the F value and the significance level the model is statistically significant at 99% confidence level. F value is 3.762 at the .000 level of significance and indicates that the regression model is significant at .000 levels.

Table 4.3 below showed the standardized beta coefficients. A unit change in the explored variables (Advertising) would produce an effect on the explained variable (client attraction). From this table, Television advertising ( $\beta=0.598$ ,  $p<0.01$ ), Television advertising ( $\beta=0.351$ ,  $p<0.01$ ), Press advertising ( $\beta=0.347$ ,  $p<0.01$ ), Catalogue and brochure ads ( $\beta=0.266$ ,  $p<0.05$ ) and Television advertising ( $\beta=0.253$ ,  $p<0.01$ ) have positive and significant effects on client attraction. The largest t values for Catalogue and brochure ads ( $t=13.42$ ) and Radio advertising ( $t=7.303$ ) respectively their corresponding low p values ( $p<0.01$  for all) supported for which there were high beta coefficients.

**Table 4.3: Estimated Unstandardized and Standardized Regression Coefficient**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
1 (Constant)	12.338	2.897		9.986	.016
Television advertising	1.615	1.556	0.253	2.077	0.042
Radio advertising	0.696	0.599	0.351	7.303	0.049
Catalogue and brochure ads	1.825	1.217	0.266	13.42	0.023
Oral advertising	0.617	0.455	0.598	6.183	0.034
Press advertising	0.896	0.682	0.347	0.347	0.029

a. Explained Variable: Overall, how satisfied are you with Commercial Bank of Ethiopia's ATM Service?

Generally, client attraction is primarily predicted by higher level of Catalogue and brochure, Radio advertising, and oral ads to a lesser extent by press and television advertising.

**Table 4.4. Summary of Hypothesis Testing**

Hypothesis	Explored variables	Value	Explained variable	Result
H1	Television advertising	= 0.253	Client attraction	Accepted
H2	Radio advertising	= 0.351	Client attraction	Accepted
H3	Brochure and catalogue ads	= 0.266	Client attraction	Accepted
H4	Oral advertising	= 0.598	Client attraction	Accepted
H5	Press advertising	= 0.347	Client attraction	Accepted

Table 4.4 shows the variables that were tested by regression analysis and the finding of the test supports that each of the above-mentioned advertising type has a positive and significant relationship with client attraction. Since there is a positive correlation between all the advertising type and client attraction, it is possible to state

that the better the commercial bank of Ethiopia the higher client attraction becomes. Since there is a moderate and significant relationship with the all-advertising type CBE should always be looking for ways to improve and build on its advertising system since they have a positive and moderate relationship with client attraction, and in this day and age the Ethiopian money lending industry is highly competitive with many players offering similar bank services, keeping clients attracted is a primary objective.

## 5. Conclusion

Advertising is a big marketing weapon to attract CBE Daye branch client and has significant impact on their attraction. From the findings of the study, it may be concluded as most of CBE Daye branch client are exposed to advertisements and increase their attraction. This shows that advertisements in CBE will continue as a information provider for advertiser / business sector and information receiver for client and has a positive impact on Daye branch client. If Advertisement continues, ads programs will also continue. According to Nickels et al (1999) advertising not only helps to maintain superior stand in the industry and profit maximization, it provides information about a offerings or services and also gives consumers free television.

In general, Daye branch client wants to buy offerings or services they have already seen on TV. Sometimes you just believe what you see but trustworthiness of advertisements was an issue for most of clients. Credibility is very essential. Advertisements shouldn't be misleading. The producer and advertising stations should take full responsibility. It's not because we exaggerate it. Truth is always the winner. You can promote the offering with positive perspective without lie. They need to work more on the creativity.

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# **Business Barriers and Big Data in India And Africa: Protection of Personal Information Act ( Popia) And Competition Law**

**Sai Datta Vamshi**

BBA LLB, VI Semester, ABBS School of Law, Bangalore, Affiliated to Karnataka State Law University

**Khachitri T.N**

BBA LLB, IV Semester, ABBS School of Law, Bangalore, Affiliated to Karnataka State Law University

**Prof.Arathy,K.B.**

Principal, ABBS School of Law, Bangalore, Affiliated to Karnataka State Law University

**Dr.Devaraja Nayaka, K.M.**

Associate Professor, Department of Commerce and Management, Acharya Bangalore B-School, Affiliated to Bangalore University, Bengaluru,

Karnataka, India.

## **ABSTRACT**

*Big Data has quickly penetrated most business areas in the past decade, posing challenges for the effectiveness of existing data protection rules, on one hand, but also for different aspects of competition law and its enforcement, on the other hand. Access to customer contact data or customer preferences has impacted on competitive parameters, raising completely new questions of competition law, e.g. in the context of data portability or digital cartels. However, the more fundamental issue arises if and how data protection compliance can or should be a parameter in the assessment of competition authorities around the world, being a well-known fact that, in principle, competitive assessment is bound only by welfare considerations.*

*Personal data has multiple impacts on all pillars of competition law – anti competitive agreements, abuse of dominance and merger control. While abuse of dominance and merger control relate to competitive harm via the access to greater customer data, the classic price fixing cartels are being replaced by seemingly irtraceable, big data-based price fixing algorithms. We shall be covering the aspects of the Data Protection in the light of Competition law covering the interest in merger review, fundamental right of data protection and the abuse of dominance along with the legal frameworks covering the aspects under the African law.*

**Keywords:** *Big Data, data protection, privacy issue, Indian Competition Act, African law*

## **Introduction**

The Indian competition law regime has grown considerably in the last six years ever since the Act became operational in 2009. Prior to the operationalization of the Competition Act in May 2009, MRTP Act was the operational law that regulated certain aspects of competition.

'Big data' has been described as a voluminous amount of data which is mined by business entities for commercial gain and other purposes. Big data has been characterized by the four V's: the *volume* of data; the *velocity* at which data is collected, used, and disseminated; the *variety* of the information aggregated; and finally the *value* of the data. After collection of such data, what comes into picture is 'big analytics', a term referring to the complex process of examination of big data using specialised algorithms to uncover hidden patterns, extracting useful information such as consumer preferences, market trends, etc. Such information helps business entities plan their future business policies.

## **Review of Literature**

The emergence of big data as an asset for market players does not only raise data protection issues but also leads to competition considerations. The rapid growth of data application in this digitized economy unveils the scope of data protection in the realm of competition law. However, at the same time, it should be noted that competition and data protection law are two different legal regimes having different causes of

concern. This implies that pure data protection issues should be considered by data protection authorities.

According to Russom (2011) the term "Big Data" has been applied to datasets that grow so large that they become awkward to work with using traditional database management systems. They are data sets whose size is beyond the ability of commonly used software tools and storage systems to capture, store, manage, as well as process the data within a tolerable elapsed time. Hence, big data analytics is where advanced analytic techniques are applied on big data sets. Analytics based on large data samples reveals and leverages business change. However, the larger the set of data, the more difficult it becomes to manage Russom (2011).

EMC (2012) study defined that the big data is data whose scale, distribution, diversity, and/or timeliness require the use of new technical architectures, analytics, and tools in order to enable insights that unlock new sources of business value. Three main features characterize big data: volume, variety, and velocity, or the three V's. The volume of the data is its size, and how enormous it is. Velocity refers to the rate with which data is changing, or how often it is created. Finally, variety includes the different formats and types of data, as well as the different kinds of uses and ways of analyzing the data.

According to Kubick (2012) the leading edge of big data is streaming data, which is collected in real-time from the websites. Some researchers and organizations have discussed the addition of a fourth V, or veracity. Veracity focuses on the quality of the data. This characterizes big data quality as good, bad, or undefined due to data inconsistency, incompleteness, ambiguity, latency, deception, and approximations (TechAmerica, 2012).

Social media has recently become important for social networking and content sharing. Yet, the content that is generated from social media websites is enormous and remains largely unexploited. However, social media analytics can be used to analyze such data and extract useful information and predictions (Asur and

Huberman, 2010). Social media analytics is based on developing and evaluating informatics frameworks and tools in order to collect, monitor, summarize, analyze, as well as visualize social media data. Furthermore, social media analytics facilitates understanding the reactions and conversations between people in online communities, as well as extracting useful patterns and intelligence from their interactions, in addition to what they share on social media websites (Zeng, 2010).

Considering that the utilization of data as an advantage by showcase players may interfere with fair competition, it is presented that the Competition Commission of India and Africa has a specific level of duty to advance the use of the right to data protection as well when acting in its ability as a competition authority. The present paper endeavours to go into the essence of the matter and touch base at a conclusion.

### **Research Methodology**

This Research paper receives secondary sources of data through the doctrinal strategy for exploration. Doctrinal Methodology incorporates different sorts of sites, blogs, research papers, newspaper articles and books for reference purpose.

### **Research Problem**

The issue is whether the implications of collection and storage of big data by corporations under competition law adversely affects the privacy of the users. The Competition Act, 2002 has been enacted to prevent activities that have an adverse effect on competition in the Indian Market. The Preamble of the Act unambiguously enunciates the role of 'economic efficiency' in competition law. The goal of competition law is to build a competitive market and thus foster economic growth of the nation.

On the other hand In Africa ,The Competition Commission (Commission) is one of three independent statutory bodies established in terms of the Competition Act, No. 89 of 1998 (the Act) to regulate competition between firms in the market. The other bodies are the Competition Tribunal (Tribunal) and the

Competition Appeal Court (CAC). The Commission is the investigating and prosecuting agency in the competition regime while the Tribunal is the court. The CAC hears appeals against decisions of the Tribunal. Although each of the bodies functions independently of each other and of the State, the Commission and Tribunal are administratively accountable to the Economic Development Department (EDD), while the CAC is part of the judiciary. However, with emergence of the digital economy, the issues relating to 'big data', 'big analytics' & and their implications on competition policy have been raised in the business literature.

### **Perceiving Data Protection under the Umbrella of Competition Law**

The last few years have seen many of the world's leading technology companies come under increasing scrutiny of competition regulators across the globe, with historic fines levied on them for a variety of business practices and other transgressions. The core concerns pertain to accumulation of large data sets by companies and their ability to process it through computer algorithms and artificial intelligence in a manner that may negatively impact competition, as well as the end consumer. Control over this large pool of data is increasingly becoming synonymous with 'market power', even as an increasing number of industries – ranging from agriculture to airlines – become reliant on 'big data'.

Recently, a Committee of Experts (Srikrishna Committee) set up in India to draft a law for data protection in the country after enunciation of the right to privacy by the Indian Supreme Court, released the "Personal Data Protection Bill, 2018". The bill comes against the backdrop of a flagship programme of the government, the Aadhaar Project the biggest ID database of citizen data in the world. Over 79% (87 crore of 109.9 crore accounts) of all bank accounts in the country have been linked to the Aadhaar as of March, 2018 and insurance policies, credit cards, mutual funds, pension plans and social welfare benefits will have to be seeded to the Aadhaar as well. As we enter the age of datafication that entails "*taking all*

*aspects of life and turning them into data*", our ever-increasing financial transactions give away not only our credit history and financial records but also the derivative sensitive information like personality traits, data pertaining to health, product preferences, political, religious and sexual orientation.

### **The Protection of Personal Information Act (POPIA)2013- Applies to Everyone**

The Act applies to any person or organisation who keeps any type of records relating to the personal information of anyone, unless those records are subject to other legislation which protects such information more stringently. It therefore sets the minimum standards for the protection of personal information. It regulates the "processing" of personal information. "Processing" includes collecting, receiving, recording, organizing, retrieving, or using such information; or disseminating, distributing or making such personal information available. The Act will also relate to records which are already in the possession of the entity or person doing the processing. This article must be read in conjunction with the POPI Act No. 4: Protection of Personal Information Act, 2013.

The emergence of big data as an asset for market players does not only raise data protection issues but also leads to competition considerations. The rapid growth of data application in this digitized economy unveils the scope of data protection in the realm of competition law. Data protection and competition law both influence the exercise of economic activity and seek to enhance the interests of individuals. They do this, however, at different ends of the same spectrum: data protection law protects the integrity of individual decision-making regarding personal data processing (for instance, by granting when consent is used as a legal basis for data processing) while competition law safeguards consumers against unlawful exercises of market power.

Competition law in India is enforced primarily by the Competition Commission of India ("CCI"), established under the Competition Act, 2002 ("Act"). The CCI has

the responsibility to “prevent practices having an adverse effect on competition and sustain competition in the market” and has been quite actively enforcing the Act since its inception in 2009. Under the Act, the CCI can look into three aspects: Anti-competitive agreements, including collusive agreements between competitors under Section 3 of the Act Abuse of dominant position by an enterprise under Section 4 of the Act and Regulation of mergers and acquisitions under Section 5 and 6 of the Act. While there has been limited scrutiny by the CCI on issues relating to data, it has, in 2017-2018, passed three orders dealing with the impact and significance of data in the competition landscape which included complaints filed against WhatsApp and Google and approving the merger of Bayer and Monsanto. It is noteworthy – and perhaps an indicator of the things to come – that in 2018, while approving the merger between Bayer and Monsanto, the CCI directed the merged entity to provide agricultural information/data on fair, reasonable and non-discriminatory terms.

The new South African competition law forms an important part of reforms designed to both address the historical economic structure and encourage broad-based economic growth. The government has recently developed the ‘Microeconomic Reform Strategy’ in which the role of competition policy is identified as central to the efficient outcomes of markets. Competition policy is seen as important in increasing competitive market pressures, leading to firms becoming more efficient and internationally competitive. It is also viewed as important for the improved participation of black-owned companies in the economy. There is little doubt that corporate ownership and control in the South African economy is highly concentrated. In the latest available manufacturing census (StatsSA, 1996), for 46 per cent of the 57 main product groupings the largest four firms account for more than half the output, while in a further 35 per cent of groupings the four firms’ concentration ratio is between 0,25 and 0,50.

CCI has the power to impose significant penalties, up to 10% of the average of the turnover for the last three

years or in case of a cartel, 3 times of the profit for each year in continuation of a cartel. In case of an abuse of dominant position, the CCI can also direct division of an enterprise. Similarly, while assessing a merger, CCI can direct divestment of certain assets or pass detailed guidelines on carrying of certain business activities, where the merger is found to have or is likely to have adverse effect on competition in India which is Very similar to Africa.

The Act of Africa deals with two main areas: prohibited practices (covered in Chapter 2 of the Act) and mergers (Chapter 3). The prohibited practices are further separated into restrictive practices – either horizontal or vertical – and abuse of a dominant position. The objectives of the Act are broad and take into account a range of concerns that will not necessarily be consistent with each other in the actual evaluation of cases. They are stated in section 2 of the Act as follows:

The purpose of this Act is to promote and maintain competition in the Republic in order:

- (a) To promote the efficiency, adaptability and development of the economy;
- (b) To provide consumers with competitive prices and product choices;
- (c) To promote employment and advance the social and economic welfare of South Africans;
- (d) To expand opportunities for South African participation in world markets and to recognise the role of foreign competition in the Republic;
- (e) To ensure that small and medium-sized enterprises have an equitable opportunity to participate in the economy; and
- (f) To promote a greater spread of ownership, in particular to increase the ownership stakes of historically disadvantaged people.

However, these two fields of law intersect when undertakings compete on the basis of data protection, that is to say, when consumers are influenced by the personal data protection conditions governing the processing of their personal data. Their shared

objectives then pave the way for data protection law to influence substantive competition law assessments. The interaction between data protection and competition law began to gain attention from policy makers and academia after the announcement of Google's proposed acquisition of Double Click in 2007. Concerns were raised mainly owing to the information which would have been in the hands of Google after the completion of acquisition. Most notably, Peter Swire argued in his testimony on behavioural advertising that a "combination of 'deep' information from Google on search behaviour of individuals with 'broad' information from DoubleClick on web-browsing behaviour of individuals could significantly reduce the quality of Google's search engine for consumers with high preferences." However, despite calls to oppose the acquisition on the grounds of privacy considerations, the Federal Trade Commission (FTC) of the United States stated that it lacks the legal jurisdiction to tether conditions that do not associate with anti trust. In its view, the sole purpose of merger review is to identify and remedy transactions that harm competition. It was contended that FTC could have depended on a different hypothesis to combine privacy issues in competition analysis of the transaction by the then-commissioner Paula Jones Harbour.

The discourse got revitalized when Facebook announced its acquisition of WhatsApp in 2014 which was approved by both the US FTC and the European Commission (EU). The EU reiterated that any privacy related concern as a result of the transaction does not fall within the scope of EU competition law but within the ambit of EU data protection laws. In spite of oppositions to both the Google/DoubleClick and the Facebook/WhatsApp transactions, the US FTC as well as the EU decline to include privacy-related concerns into competition law and state that privacy-related concerns should rather be resolved under data protection laws.

Data has been recognised as a non-price parameter in competition assessment in the Microsoft/LinkedIn merger, if it is a significant factor in the quality of services rendered. In the digital era, big data helps

enterprises in improving the services rendered by them and providing more customized options based on the individual preferences. However, at the same time, it raises privacy-related concerns which should not be ignored.

### **Eu Data Protection Framework**

EU data protection law is comprised of a mixture of primary and secondary law. Article 16 TFEU provides an explicit legal basis for EU data protection legislation while Article 8 of the EU Charter sets out a right to data protection. At present, the 1995 Data Protection Directive regulates personal data processing; however a General Data Protection Regulation (the GDPR)<sup>1</sup> will replace this Directive in May 2018. The GDPR seeks to clarify existing rights and obligations while introducing changes to improve compliance and enforcement. This secondary law must be interpreted in light of the EU Charter rights to privacy and data protection.

The EU data protection framework has a broad scope of application, as it applies to personal data processing conducted by natural and legal persons and public and private bodies, with limited exceptions.<sup>2</sup> Personal data is defined as any information relating to an 'identified or identifiable individual and processing as 'any operation or set of operations which is performed upon personal data, whether or not by automatic means.<sup>3</sup> Personal data processing is permissible provided it has a legal basis and also complies with certain safeguards. The most well-known legal basis for processing is the consent of the individual 'data subject, however there is no hierarchy amongst the six legal bases listed. Processing is therefore equally legitimate if, for instance, it is necessary for compliance with a legal obligation or for the performance of a contract. Of the safeguards, the so-called 'purpose limitation' principle should be highlighted. According to the principle, personal data must be 'adequate, relevant and not excessive in relation to the purposes for which they are collected and/or further processed'. The framework also provides individual data subjects with rights over their personal data, for instance, the right to information regarding the processing of their

personal data<sup>4</sup>, the right to delete personal data in certain circumstances and the right to access personal data.<sup>5</sup> Through this framework, data protection determines the boundary between permissible and impermissible personal data processing and, in so doing, reconciles individual rights with other societal interests.

### **Technology companies in India and Africa: Understanding the ramifications under India's competition Legal framework**

Personal data has become the object of trade in the digital economy, and companies compete to acquire and process this data. This rivalry is subject to the application of competition law. However, personal data also has a dignitary dimension which is protected through data protection law and the EU Charter rights to data protection and privacy. Data, which has not been ascertained as a competitive concern, is a major source of power today. The regulators in the EU are keeping a close eye on how Big Data companies are making use of such data. It will therefore not be surprising to see new rules modifying the turnover thresholds in the merger regulation or additional guidelines on article 102 TFEU specifically in relation to data holding companies. The EU competition commission's indication to adapt new rules signals a significant policy change in its approach to handle Big Data.<sup>6</sup> If such indications materialize, the EU Commission will have empowered itself enough to deal with Big Data entities like Facebook and Google which have traditionally been dealt with in the sphere of data protection alone.

Broadly speaking, the primary concerns that arise due to the interplay of data collection, processing and transfer, and competition law in the Indian context are identified here:

1. Collusive Behaviour: Any technological platform enabling 'real-time' access to price and quantity data is viewed with suspicion by competition regulators Possibility of collusion between competitors using a 3rd party developed algorithm or AI, which relies on data sets or 'real-time data'.

This poses new & legal compliance challenges for the enterprises, diminishing the lines between permitted and prohibited conduct.

2. Possibility of Abuse: Any abuse of market power arising out of control over data may raise concerns such as: Access to data can be used to implement entry barriers against other participants in the market Discriminatory access to such data may also raise potential red flags Concerns may also arise from exclusive agreements if they prevent other entities from accessing data or foreclosing rivals' opportunities to procure similar data, by making it harder for consumers to adopt rival technologies or platforms.
3. Big data in mergers: Any abuse of market power arising out of control over data may raise concerns such as: Access to data can be used to implement entry barriers against other participants in the market Discriminatory access to such data may also raise potential red flags Concerns may also arise from exclusive agreements if they prevent other entities from accessing data or foreclosing rivals' opportunities to procure similar data, by making it harder for consumers to adopt rival technologies or platforms.

### **Data Protection Interests in Merger Review**

Mergers are regulated by sections 5 and 6 of the Indian Competition Act. Section 6 prohibits any combination which causes or is likely to cause an appreciable adverse effect on competition within the relevant market in India. Data-related competition issues cannot always be identified using the current distinction made between horizontal, vertical and conglomerate mergers. Even if a merger does not lead to a horizontal or vertical overlap and does not give rise to conglomerate effects in terms of the products and services that are offered by the merging parties, a combination of datasets may still have a competitive impact. The obtained datasets provide an opportunity to an enterprise to improve existing products and to develop new products, i.e. entering into another relevant market. Since no real market for supply and

demand of data exists, it becomes quite difficult for competition authorities to tackle such issues. However, by defining a potential market for data as an asset, authorities would be able to tackle competition concerns relating to datasets or data concentration in merger cases. This might be considered as a big step in merger review as the datasets act as a super asset in the combination cases in the online market. In a March 2016 speech, EU Competition Commissioner stated: "Sometimes, what matters are its assets. That could be a customer base or even a set of data".

Section 16 of the Africa's Competition Act sets out the statutory standard for merger evaluation. This includes assessing competition in the identified market, taking into account the actual and potential level of import competition, ease of entry, countervailing power, as well as the removal of an effective competitor. Technological and efficiency gains that could offset any potentially anticompetitive effects resulting from the merger are also considered. Public interest issues that may be taken into account include employment; the ability of small businesses, or firms controlled or owned by historically disadvantaged persons, to become competitive; and the ability of national industries to compete in international markets. These are, however, secondary concerns that may be set against competition implications if they are deemed to be very significant. Several mergers that have increased concentration have been approved with conditions. The power of the Tribunal has been exercised in these cases by its analysis of factors determining economic efficiency over time. International competitiveness and economies of scale were taken into account in allowing the mergers of Trident Steel and Baldwins Steel, and Iscor and Saldanha. The need for consolidation in the face of increased international competition and/or a failing firm underpinned qualified approval in many other cases.

The need for a potentially relevant market for data can be illustrated by reference to the Google acquisition of Nest in 2014. Nest, a producer of smart home devices and Google, a search engine, were not

competing in any relevant market. Nevertheless, this acquisition benefited Google as it acquired the access to data on the behaviour of consumers, which in turn must have benefited Google in developing the services rendered by it or in developing a new product. The US FTC, which cleared the deal, would have been able to assess such concerns in greater detail had it defined the potential market for data. In a data-driven economy, such merger has the potential of restricting the concentration of relevant data and create entry barriers for new companies as they do not have access to such amount of relevant data leading to obstructing their expansion and in turn to eliminating competition. Merger in the data-related economy can also lead to vertical or conglomerate effects if a large enterprise has obtained the ability to restrict upstream or downstream competitors' access to data. More generally, vertical integration can entail discriminatory access to strategic information with the effect of distorting competition.

### Fundamental right to data protection in antitrust investigations

Most competition authorities can raid businesses and private premises in order to obtain documents that evidence presumed infringements of competition law. They have the power to conduct "all necessary inspections", meaning that the investigation decision must be based on reasonable grounds and aimed at verifying the existence and scope of a presumed infringement based on already available information. Fishing expeditions are not allowed<sup>7</sup>

"E-discovery" in the course of dawn raids and related problems regarding seized private data. The right to privacy, which comprises the right to data protection, is especially at risk when competition authorities examine virtually the entire IT environment of an undertaking. When sifting through hard copy documents, a quick look at the document often allows the investigator to identify whether it is exempted from review. This does not hold true for masses of digital information seized and later examined by the authority, leading to a critical tension between "e-discovery" measures and the right to data protection.

Constitutional privacy protections: Section 14 of the Constitution of the Republic of South Africa protects the right to privacy. Data protection laws: The Protection of Personal Information, Act 4 of 2013 (POPI) is the primary instrument regulating data protection in South Africa. Data protection agency: Section 39 of POPI establishes the Information Regulator, a body composed of several members. Among the Information Regulator's duties are monitoring and enforcing compliance and handling complaints related to the enforcement of privacy laws.

The Volker and Markus Schecke GbR /Land Hessen case would suggest that the right to data protection only applies in a very restricted way to legal persons. However, the right to data protection of natural persons also can be affected, especially the "blind" confiscation of whole mailboxes, which can include private correspondence. While it has been confirmed that an e-discovery as such does not violate the right to privacy, such measures have to be proportionate. Confiscation of masses of electronic data which include private data is thus only admissible if:

- (i) the confiscation itself is related to the alleged infringement and not arbitrary (e.g. restricted to the employees working in the field of the activity concerned);
- (ii) the investigated undertaking is provided with a copy as well as a report of the seized data; and
- (iii) the authority was not able to filter the seized data more stringently. The technological possibilities of further selection will therefore be decisive for the legality of e-discovery measures. Widespread and indiscriminate confiscation of IT data is prohibited. The undertaking must also have the possibility to object to the confiscation.

Besides data protection being a fundamental right that every competition authority needs to respect, stricter data protection rules are believed to facilitate customer choice and ultimately benefit consumer welfare, which is at the heart of competition policy. Proponents of giving more weight to privacy considerations in antitrust assessments claim that privacy rules are a

significant aspect of the quality of (often free) services offered by the digital industry, valued highly by consumers, but treated sluggishly by the dominant players owing to the power imbalance between the former and the latter. The more powerful the company in the digital industry, the more the level of data protection is believed to be at risk, with authorities being ill-equipped to assess these issues with their current economic toolset. Antitrust policy should actively encourage privacy competition, because high entry barriers due to several data-driven network effects and the incumbent's behaviour prevent the emergence of competing service providers that offer better privacy policies.

#### **Data Protection Interests and Abuse of Dominance**

Data may play a significant role in establishing dominance. It is argued that "a serial disregard for the privacy interest of consumers forms an indication that an undertaking has the power to behave independently in the market and thus possesses a dominant position". However, it is not necessary that existence of data is always detrimental to consumer welfare if privacy forms only one aspect of quality and works as a currency for more relevant end-products and services. Nevertheless, a dominant position can be established if data protection is the only aspect of quality and does not interrelate with other product dimensions.

In Africa the abuse of a dominant position by a firm may include excessive pricing of goods or services, denying competitors access to an essential facility, price discrimination (unjustifiably charging customers different prices for the same goods or services) and other exclusionary acts (such as refusal to supply scarce goods to a competitor, inducing suppliers or customers not to deal with a competitor, charging prices that are below cost so as to exclude rivals, bundling goods or services and buying up a scarce input required by a competitor). The Act prohibits the abuse of a dominant position by firms in a market, but does not prohibit firms from holding a dominant position. The hurdle for proving abuse of dominance cases are significant, they require extensive legal and

economic analysis. This is evident in the small number of cases where abuse of dominance has been found and the extensive evidence that has been required for these findings. Firstly, proving allegations of an abuse of a dominant position require proof that the respondent is dominant. The Act uses both market share and market power to define dominance. Market power is the ability of a firm to behave in a manner that does not take into account the reactions of its competitors, customers or suppliers, or to control prices. Secondly, there must be evidence that the respondent is abusing its dominance.

From a competition perspective, the question which arises is: what amount of data is to be considered as excessive to establish dominance? An approach that can be followed involves the use of a data protection benchmark against which the existence of abusive behaviour can be tested. By using this principle, data protection can be integrated in competition law for assessing abuse of dominance [such approach was used by Bundeskartellamt (German competition authority) when they announced the commencement of proceedings against Facebook]. Data can also facilitate price discrimination as a large amount of data helps in analysing the preferences and reservations of the consumers which helps the companies in adapting the prices to individual customer groups.

### **Conclusion, Suggestions and Recommendation**

Although, 'big data' has been the centre of attention from competition regulators globally, the authorities are still in the process of gaining a better understanding of inherent issues and ascertaining the manner in which the traditional tools can be applied to a technology driven landscape. The vulnerability to competition law scrutiny as a result of data accumulation and processing, extends across sectors ranging from the obviously vulnerable businesses (such as, aggregators, social networks, search companies) to businesses in traditional sectors (hospitality, insurance, life sciences, etc.). It would be prudent for companies to follow basic hygiene measures, including a regular review of existing policies, practices and agreements pertaining

to data collection /processing/access in order to identify possible competition compliance gaps and risks involved; seeking specialist advice on issues pertaining to M&A activity; ongoing negotiations with parties in relation to data collection; streamlining policies, practices and contracts with applicable legal requirements; etc. Even though limited information and jurisprudence is available in India, given the nascent nature of competition laws framework in the country, it is quite possible to assess potential competition issues that can arise for technology and data intensive companies in India, and recommend suitable measures to limit such potential regulatory risks. Pre-emptive risk assessment and proactive mitigation steps are indeed the need of the hour.

On African point of view, High levels of concentration mean that there are great analytical demands on competition institutions in relatively small developing countries such as Africa, even though their capabilities in terms of information gathering and analysis are weaker than those of their industrialised counterparts.

Even though competition authorities are currently reluctant to integrate data protection into competition, it is submitted that greater consideration should be given to data protection. The competition authorities need to go beyond the school of thought of justification of competition, i.e. the concept of 'economic efficiency' while assessing the merger and abuse of dominance cases which involve data on a large scale. Competition authorities need a balanced approach between 'economic efficiency' and 'data protection'. However, at the same time, it should be noted that competition and data protection law are two different legal regimes having different causes of concern. This implies that pure data protection issues should be considered by data protection authorities. Considering that the utilization of data as an advantage by showcase players may interfere with fair competition, it is presented that the Competition Commission of India has a specific level of duty to advance the use of the right to data protection as well when acting in its ability as a competition authority.

Africa in conclusion has to focus on improving economic evaluation of firm behaviour by the competition authorities, as well as on the different measures that could be employed to impact on the nature of interfirm rivalry and behaviour, suggests the need to develop links between the competition authorities and other public institutions that have strong information-gathering and analytical capabilities. There may have been an overemphasis on the separation of the competition institutions for fear of their independence being compromised. However, without improved abilities to collect and interpret information, and develop applicable remedies, they will remain relatively ineffective in addressing the effects of existing concentrations.

While Indian law does not allow the convergence of competition and privacy concerns, the European Commission rightly accords centrality to consumer welfare in accounting for privacy concerns in its evaluation of mergers. Anti-competitive effects of data aggregation affecting the quality of services or goods offered as well as privacy protection by the concerned companies will be part of a deal's competition assessment by EU regulators.

Even the regulation averse U.S. FTC directed the divestiture of a significant database prior to allowing Dun & Bradstreet to acquire Quality Education Data in 2010. A joint study by the French Autorité de la concurrence and the German Bundeskartellamt on big data and competition law concerns discusses the nexus between privacy concerns and increased market power due to big data.

This research paper for this international conference gives a way to understand the challenges and barriers faced by business establishments in respect to its competition. A sufficient light is thrown on consumer welfare and efficiency that indirectly regulates the working of business economy. As big data and its analytics are as such resulting to social and economic evils.

The recommendations to place proper stiffer and gatekeeper to supervise and administer all business

activities. Thus, competition proceedings should ideally overlap with and cover data protection laws, more so in the merger control of companies which collect and processes large swathes of data through mergers have been expressly exempted from users' consent requirement. Similarly, the implications of collection and storage of big data by corporations upon degradation in privacy protection, product quality and competition by creating new gatekeepers and stiffer barriers also merit antitrust regulation in India's data rich landscape.

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# A study of legal aspects on Ethiopia-India Trade and Investment relations

Abigail Chacko

BBA LLB, IV Semester, ABBS School of Law, Bengaluru, Affiliated to Karnataka State Law University

Balachandra M

BBA LLB, II Semester, ABBS School of Law, Bengaluru, Affiliated to Karnataka State Law University

Dr. Devaraja Nayaka

Associate Professor, Department of Commerce and Management, Acharya Bangalore B-School, Affiliated to Bangalore University, Bengaluru

Thirupathi M

Assistant Professor, Department of Commerce and Management, Acharya Bangalore B-School, Affiliated to Bangalore University, Bengaluru

## Abstract

According to RUNOKA (2016), "close relationships between Africa and early India have existed for more than two thousand years". India has close relationships with African countries in terms of historical, cultural, geographical, political, economic and commercial aspects.

In this trade relation between the two countries, the chronic trade deficit has remained the dominant feature of Ethiopia's external trade with India. Therefore, economic relations between Ethiopia and India are unequal and asymmetrical. The widening deficits in favor of India need the attention of both governments in order to sustain the trade relationships between the two countries. There is no Ethiopian Investment in India. Indian companies maintained their reputation as being in the top three foreign investors in Ethiopia with newer Indian multinationals marking their presence in Ethiopia.

There are more than 584 Indian companies in Ethiopia with licensed investments of over US\$ 4 billion of which about US\$ 2 billion is estimated to be on the ground. Indian companies have invested in various sectors like agriculture and floriculture, engineering, plastics, manufacturing, cotton and textiles, water management, consultancy and ICT, education, pharmaceuticals and healthcare. The trade imbalance remains a structural problem in the trade relations between the two countries. Indian agricultural investments in Ethiopia have positive impacts like providing job opportunities for many Ethiopians, technology transfer generate government revenue and bringing foreign currency.

**Keywords:** Investment, Trade, laws, India, Ethiopia

## Introduction

Despite the fact that it is the second most populous country in Africa, Ethiopia has one of the fastest-growing economies in the world. In 2014, it was recorded that the country has GDP of 54.8 billion USD, exports amounting to an estimated 4.14 billion USD and imports amounting to an estimated 12.08 billion USD, making its mark in the international market. The country's economy was recorded to have averaged 10.7% growth over the last decade.

The government of Ethiopia has been investing great amounts in critical infrastructure which is the main reason for the country's speedy growth. This development is attracting many foreign investors to the country. After its first multiparty elections in 1995, Ethiopia became an ideal location for business establishments. The adoption of the new constitution led the country into countless developments thus making the country reach the peak of its economy. In a survey done in 2014, it was found out that the Ethiopian agricultural sector has the largest contribution in the economic output of the country comprising a total of 45% of its total output.

## Economy of India

The economy of India is characterised as a middle income developing market economy. It is the world's sixth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). According to the International Monetary Fund (IMF), on a per capita income basis, India ranked

145th by GDP (nominal) and 122th by GDP (PPP). From independence in 1947 until 1991, successive governments promoted protectionist economic policies, with extensive state intervention and economic regulation. This is characterised as dirigisme, in the form of the License Raj. The end of the Cold War and an acute balance of payments crisis in 1991 led to the adoption of a broad economic liberalisation in India.

Since the start of the 21st century, annual average GDP growth has been 6% to 7%, and from 2013 to 2018, India was the world's fastest growing major economy, surpassing China. Historically, India was the largest economy in the world for most of the two millennia from the 1st until the 19th century. The long-term growth perspective of the Indian economy remains positive due to its young population and corresponding low dependency ratio, healthy savings, and investment rates, increasing globalisation in India and integration into the global economy.

### **Review of Literature**

In the opinion of Gebremehdn & Raju (2016), entrepreneurs influenced by personal factors fancy self-efficacy, locus of control, risk-taking capacity, and need for achievement; environmental factors for instance; information, social network, physical and institutional infrastructure, culture and lastly be demographic variables fancy leg over, age, education status, and experience. Similarly, other entrepreneurship scholars claim that family background, individual psychology, personal values, and social environments determine entrepreneurial success (Ana et al., 2017; Indarti & Rokhima, 2008; Krueger & Brazeal, 1994). Additionally, on the report of World Bank (World Bank, 2015), small firms face greater challenges in obtaining formal financing than large firms; they are much more likely to be rejected for loans and are less likely to have external financing due to a lack of collateral and credit history. In the same fashion, challenges include unfair competition in most industries; the market becoming a global village has posed its own challenges, as well as internal challenges within a firm. Most challenges are not

predictable and may catch entrepreneurs unaware (Dea, 2013; Boeker & Wiltbank, 2005).

Habtamu (2020) study found that these days, academic institutions, students and the whole population outnumbered compared with the last 30 years in Ethiopia. As a result, the probability of getting jobs in the government organisation has been cumbersome. Due to these reasons, youths and students are forced to start businesses in the form of unions and small enterprises. There are two big standard factors that can challenge entrepreneurs in Ethiopia. These are, factors related to the entrepreneurs' personal qualities and external factors.

### **Research Methodology**

The research methodology which we have used here is external secondary data research

### **Ethiopian Trade Agreements**

Ethiopia has signed nearly 100 bilateral trade and trade-related agreements. Many of these agreements provide for most favoured nation (MFN) tariff treatment with countries that are already WTO members or are acceding countries. A number of agreements with neighbouring countries deal with transportation-related matters, such as road transport.

Developed countries are Ethiopia's most important trading partners. For this reason, the preferential access that Ethiopia enjoys in developed country markets under programs such as the EU. Everything but Arms and the U.S. African Growth and Opportunity Act is important to Ethiopia.

### **Ethiopian Bilateral Agreements**

Regional Trade Ethiopia is a founding member of COMESA and as part of its commitment to regional integration applies tariffs on imports from COMESA countries that are 10% below the MFN tariff. Ethiopia has not, however, joined the COMESA Free Trade Area, which provides for elimination of duties on trade between COMESA members. Ethiopia has signed a regional agreement on economic integration with the Inter-Government Authority on Development (IGAD), which is composed of Djibouti, Eritrea, Ethiopia,

Kenya, Somalia, Sudan, and Uganda. Ethiopia is also a member of the African Caribbean and Pacific European Union (ACP-EU) Economic Partnership Agreement and participates in negotiations to establish an Economic Partnership Agreement with the EU. However, regional trade does not account for a large percentage of Ethiopia's total trade. Because of chat exports, Djibouti accounts for 22% of Ethiopia's exports, but aside from chat, Ethiopia's recorded trade with its neighbours is relatively insignificant. State Trading Ethiopia still has a number of State enterprises engaged in the production and commercialization activities of goods and services. Ethiopian law provides that certain State enterprises or agencies have the exclusive right to import specified products. For example, the Petroleum Enterprise has the monopoly to import and distribute petroleum products; the Ethiopian Telecommunication Corporation has the exclusive right to import communications apparatus; the National Lottery Administration has the exclusive right to import gaming machines, lottery tickets, and games; the Ministry of Defence alone may import armaments, dynamite, and fire guns; and only the Ethiopian Tobacco and Cigarette Enterprise may import cigarettes.

### **Ethiopian Trade Laws and Investment Laws in Ethiopia**

Both foreign and domestic private entities have the right to establish, acquire, own, and dispose of most forms of business enterprises. Land for investment purposes is obtained on lease and with prices set by periodic auctions. Land leasehold regulations vary in form and practice from region to region. Nonetheless, they all are best in attracting investments. Land could be obtained by paying nominal or fair charges. In some priority investment areas, land could be availed even free of charges. There are also industrial zones with adequate infrastructure facilities.

### **Labour Laws in Ethiopia**

Ethiopia enjoys labour peace. The right to form labour associations and to engage in collective bargaining is granted by law. Workers who provide critical services

like health care are not permitted to strike. The labour law has been revised to provide for strong work culture, discipline and efficiency while safeguarding basic labour rights.

### **Partnership Laws in Ethiopia**

Foreign firms are welcome to invest in privatization efforts of the Ethiopian government. Since Ethiopia has launched the new market-oriented Economic Policy in 1992, it has embarked upon the privatization of state-owned enterprises as an integral part of the broader macro-economic reform. Domestic and Foreign investors are encouraged to participate in the privatization process. In order to accomplish the privatization process, the former Ethiopian Privatization Agency is fused with the Public Enterprises Supervising Authority and has been re-established as Privation and Public Enterprises Supervising Authority (PPESA) since August 2004. Under PPESA there are well over 110 public enterprises for partnership and privatization in almost all sectors of the economy.

PPESA is also working towards attracting foreign private partners for joint venture, management contract and lease arrangements with public enterprises. This is in addition to sale option for public enterprises. PPESA is looking for domestic/foreign public/private partners for most of the public enterprises it is supervising. In this regard, textile and garment, leather & leather products, food processing, construction and agro-industries are given priority for partnership. Those who are capable, experienced and committed investors are seriously looked for partnership. It is believed that working with the existing enterprises would reduce investment requirement and risks to new partners. There is also huge profit potential to be earned by proper utilization of time and resources. Of course, there is a challenge to be overcome.

### **Competition Law and Policy in Ethiopia**

The Trade Practice Proclamation (Proclamation No. 329/2003) lists anti-competitive practices as "price fixing, collusive tendering, and consumer

segmentation, allocation of quotas of production and sales, and refusal to deal or sell. Although the Commercial Code of Ethiopia contains articles on competition issues, such as Articles 130–134; the Commercial Code focuses more on preservation of the good will of a competitor. The new proclamation is relatively comprehensive and seeks to address competition problems arising between business competitors and between businesses and consumers. Competition policy issues are fully discussed in the section on Competition Law and Policy. The Trade Practices Proclamation identifies dumping as an anti-competitive practice, but the Proclamation does not require investigations to follow the procedures established by WTO rules. Ethiopia currently has no other trade remedies legislation.

### Institutions Helping in Implementing the Law

Under the Ethiopian Constitution, the House of People's Representatives is the highest authority of the Federal Democratic Republic of Ethiopia (FDRE) and its authority includes the power to enact specific laws on inter-state commerce and foreign trade. The highest executive power is vested in the Prime Minister and the Council of Ministers. The Council ensures the implementation of laws and decisions adopted by the House of People's Representatives, and is also responsible for formulating and implementing economic and foreign policies. The Ministry of Trade and Industry (MoTI) has lead authority for implementing trade policies. Article 35 of the Commercial Registration and Business Licensing Proclamation No. 67/ 1997 provides that State institutions are to consult with MoTI before making policy decisions that may affect commercial activities, and MoTI may propose policies to promote trade and to coordinate trade policy. In addition to MoTI, the Ministry of Agriculture and Rural Development, the Ministry of Revenues, and the Ministry of Foreign Affairs are also responsible for implementing laws related to foreign trade. The Investment Authority, Quality and Standards Authority, and Export Promotion Agency also have roles in international trade, and are accountable to MoTI. Monetary policy,

including policies on the availability of foreign exchange for international trade activities, are initiated by the Ministry of Finance and Economic Development, in cooperation with the NBE and related organizations. The Ministry of Revenues is the principal entity for initiating and implementing policies with respect to customs and duties, and the ECuA is accountable to the Ministry of Revenues.

### Institutions Supporting the Law of Trade

This Report's section on Trade in Goods and Services details the institutions that support the implementation of trade policies in Ethiopia. Of particular note is the role of donors in supporting Ethiopia WTO accession. Donors, in consultation with the WTO Affairs Department of MoTI, have developed a WTO Accession Roadmap that identifies the activities that donors are planning to support WTO accession. The formulation of effective trade policies requires meaningful consultations with the private sector and other stakeholders. Although there are some public/private sector consultation mechanisms in place, a more comprehensive and more elaborate system is probably needed to ensure effective and meaningful consultations. Fortunately, donors are supporting the strengthening of private sector institutions, such as the national and city Chambers of Commerce and other associations (e.g., Ethiopian Women Exporters Association), and this support should enable private sector associations to provide more meaningful contributions to the policy.

### Social Dynamics Relating to the Law of Trade

The Government of Ethiopia places a high priority on the promotion of Ethiopian exports. Although supply-side constraints such as the transportation infrastructure and competitiveness of producers pose the biggest challenges to achieving the Government's export promotion goals, improving the policy environment for trade can make a positive contribution. WTO accession and the Economic Partnership Agreement (EPA) negotiations with the EU both offer the Government major opportunities for obtaining and focusing donor support on efforts to

improve the trade policy environment. Both the private sector and the Government are becoming increasingly aware of the importance of these two negotiations. Fortunately for Ethiopia, the reforms and policy change that Ethiopia needs to undertake to join the WTO are the same reforms it needs to undertake to succeed in, and benefit from, the EPA negotiations, formulation process.

### **New Investment Regulations of India**

Over the last several years, the rules relating to foreign direct investment ("FDI") in India have been progressively liberalized. Companies and entities in most sectors can be 100% foreign owned and investments in several sectors can be made through the "automatic route". Historically, investors from only two of India's neighboring countries – Pakistan and Bangladesh – have been subject to stricter investment rules (requiring all investments to be approved by the Government). Notably, investors from the People's Republic of China ("PRC") have not been subject to such strict scrutiny other than in sensitive sectors such as telecom, defence and railway infrastructure. Based on Government data for the period between April 2000 and December 2019, PRC originated investments account for more than 99% of all foreign direct investments made by investors from countries sharing a land border with India. This does not include investments by PRC-based investors that are routed through investment gateways such as Mauritius and Singapore.

Under the Revised Rules, the following transactions will require prior Government approval (even if the sector is an "automatic route" sector)

1] Direct Acquisitions: any acquisition of a stake in an Indian entity by an Affected Investor, or

2] Indirect Acquisitions: any transaction that will result in an Affected Investor becoming a beneficial owner of an Indian entity.

Prior Government approval must also be obtained for any transfers of existing foreign investment, which would result in an Affected Investor securing beneficial ownership of an Indian company.

### **Foreign Incentives Provided in Ethiopia**

To encourage private investment and promote the inflow of foreign capital and technology into Ethiopian, the following incentives are granted to both domestic and foreign investors engaged in areas eligible for investment incentives.

#### **1. Customs Import Duty**

One hundred percent exemption from the payment of import customs duties and other taxes levied on imports is granted to an investor to import all investment capital goods such as plant machinery and equipment, construction materials as well as spare parts worth up to 15% of the value of the imported investment of capital goods provided that goods are not produced locally in comparable quantity, quality and price. Exemptions from customs duties or other taxes levied on imports are granted for raw materials necessary for the production of export goods.

### **Investment Protection and Guarantee In Ethiopia**

The following legal protection and guarantees are available under the Ethiopian legal system, to protect interests of an investor investing its assets on Ethiopia. The constitution of Ethiopia and the investment proclamation recognizes and protects private property of investors, foreign investors can repatriate their profit, dividends, interest on external loans, etc. Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA), a world Bank affiliate, which issues guarantee against non-commercial risks in signatory countries; Ethiopia is a member of the world Intellectual Property Organization (WIPO), Ethiopia signed the world Bank treaty, "The International Convention on Settlement of Investment Disputes Between States and Nationals of Other States (ICSID)".

### **Foreign Direct Investment Policies of Ethiopia**

Foreign direct investment is one of the most striking features of the global economy today. The rapid growth in FDI over the last few decades has spurred a large body of empirical literature to examine the determinants and the growth enhancing effects of FDI.

The effects of FDI can be wide ranging since FDI typically encompasses packages of capital as well as technical, managerial and organisational know-how. FDI is particularly important for developing countries since it provides access to resources that would otherwise be unavailable to these countries. Its contribution to economic development and therefore poverty reduction comes through its role as a conduit for:

- 1] Transferring advanced technology and organizational forms to the host country;
- 2] Triggering technological and other spillovers to domestically owned enterprises;
- 3] Assisting human capital formation;

In their attempt to attract Foreign Direct Investment (FDI), most African countries have liberalised trade and attempted to create enabling environment in recent decades. Ethiopia, like many African countries, took some steps towards liberalising trade and the macroeconomic regime as well as introducing some measures aimed at improving the FDI regulatory framework. This paper attempts to study the nature and determinants of foreign direct investment in Ethiopia over the period 1974-2001. The study gives an extensive account of the theoretical explanation of FDI as well as reviewing the policy regimes, the FDI regulatory framework and institutional set up in the country over the study period. It also undertakes empirical analysis to establish the determining factors of FDI in Ethiopia. Our findings show that growth rate of real GDP, export orientation, and liberalisation, among others, have positive impact on FDI. On the other hand, macroeconomic instability and poor infrastructure have negative impact on FDI. These findings imply that liberalisation of the trade and regulatory regimes, stable macroeconomic and political environment, and major improvements in infrastructure are essential to attract FDI to Ethiopia.

### **Major Amendments to the 2020 Investment Proclamation and Draft Investment Regulations**

One of the major changes the Investment Proclamation has brought is the restoration of the "negative listing" of investment areas that are open to foreign investors enabling foreign investors to enjoy a greater opportunity with regards to the areas that they can invest in. The negative listing approach employs the opening of all economic sectors to FDI except those that are expressly reserved /restricted by law. This approach aspires to cope with the ever-changing technological evolutions and pace of business in a globalised economic sphere. This approach is a reversal of the 2012 Investment Proclamation and Regulations which adopted the "positive listing" method that was restrictive by design. Under this method, all investment activities open for FDI were positively listed and foreigners could not directly invest in areas not specifically appearing on the list. This has now changed into a negative listing whereby foreigners can invest in all areas of investment except those explicitly reserved.

As part of the negative listing approach, the Investment Proclamation provides three categories of investment areas. These are areas exclusively reserved for joint investment with government, areas exclusively reserved for domestic investors and areas exclusively reserved for joint investment with domestic investors. All other sectors not reserved in the aforementioned sectors will be open for foreign investment. The Investment Proclamation avoided a category of sectors that will exclusively be held by the government and introduces a new category of sectors in which joint investment with domestic investors will be mandatory. Some of the areas of investment which were exclusively reserved for Ethiopian nationals under the previous laws are likely to be opened for foreign investments with the condition that foreign investors undertake these investments in joint venture with the government and/or domestic

## Conclusion

The current trade and investment in Ethio-India relations demonstrates the priority India attaches to Ethiopia , pointing to the rising importance of the horn of Africa in India's foreign policy and economic diplomacy .The current high level visit is the first visit by an Indian president to Addis Ababa in 45 years since President V.V. Giri 's visit in 1972 .During the visit, President Kovind announced New Delhi's decision to provide fresh lines of credit of USD 195 million for Ethiopia's power transmission and also provided medicines worth USD 2 million .

India is a supporting hand of Ethiopia in its energy security 'by helping to achieve the desired electrification targets and improve its energy infrastructure. Ethiopia is also one of the first countries to join the International Solar Alliance (ISA), where India is a founding member. India can push Ethiopia for more solar energy projects by sharing its major experiences with developing and better utilisation of solar energy.

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# India-Africa: Trade, Investments and Humanitarian Projects

Dr. Syed Kazim  
Associate Professor, Acharya Bangalore B School

## Abstract

*Active growth of trade volume between India and Africa which has increased in twenty times since the beginning of the twenty-first century or seventy times since 1991, certainly actualized a question of features of the modern Indo-African relations. In this regard the purpose of article is consideration of features of policy of India to the African countries. The author does the short historical review of the Indo-African relations, and considers key spheres of realization of modern regional strategy of India on the African continent – humanitarian projects, foreign trade and investments.*

*The main methods of research are the comparative-historical approach and the statistical analysis, being used for identification of positive or negative dynamics of development of the Indo-African cooperation.*

*Now the African region takes strategic significance for India. Rapid economic development of the African countries and increase in a standard of living of the population turn the continent into a perspective sales market of the Indian goods and services. Besides, India actively develops humanitarian projects and renders the financial help to many African countries. However, India faces set of problems and factors – geographical remoteness, the discrimination and racism, instability of political systems of many African countries and the African policy of China.*

*The active economic policy of China on the African continent has compelled India to develop cooperation with the countries of Africa more actively. In recent years India as well as China tries to make active and*

*modernize the economic and humanitarian policy in Africa. Struggle for commodity markets of the goods and services in Africa makes Africa by strategic region not only in the Indo-Chinese relations, but in foreign policy of India as a whole.*

**Key words:** India, Africa, China, Indo-African relations, trade, investment, humanitarian projects.

## Introduction

India's links with Africa go back a long way in history. Nurtured by people-to-people contact, these links are anchored in shared history and enduring friendship across the Indian Ocean. These relations over the decades have grown into one of the most productive and durable partnerships.

Historically India was not only the important trading partner for Africa, but also an example of the national liberation. Gandhi's philosophy (Satyagraha or non-violent resistance to tyranny), which he successfully put into practice to achieve India's independence in 1947, inspired a startling number of African leaders in their own national liberation campaigns.

If Mahatma Gandhi laid the moral foundations for Indo-African relations, Jawaharlal Nehru gave the relationship its political structure during his long tenure as India's first prime minister (1947–1964). Nehru declared that Africa "though separated by the Indian Ocean from us in a sense our next-door neighbor" and that "in historical perspective, Indian interests are likely to be bound up more and more with the growth of Africa". Nehru left an indelible imprint on India-Africa relations since India's early post-independence years and

projected an image of non-alignment as a major thrust of India's interaction with the outside world. The corollary was to project the significance of South-South economic cooperation beyond the earlier projects in Africa.

Non-alignment, both as a policy principle and as a collective movement, has been a basic part of independent India's foreign policy. Together with China's Zhou Enlai, Egypt's Gamal Abdel Nasser, Ghana's Nkrumah, Indonesia's Sukarno, and Vietnam's Ho Chi Minh, Nehru played a leading role in convening the first Asian-African Conference in April 1955, which brought representatives of 29 African and Asian countries to the Indonesian city of Bandung and gave rise to the Non-Aligned Movement.

At that conference, Nehru made a moving speech about the African tragedy. He said, "We have passed resolutions about conditions in this or that country. But I think there is nothing more terrible than the infinite tragedy of Africans ever since the days when millions of Africans were carried away as galley slaves to America and elsewhere, half of them dying in the galleys... Even now the tragedy of Africa is greater than that of any other continent, whether it is racial or political. It is up to Asia to help Africa to the best of her ability because we are her sister continent".

However, early hopes of a more intensive Indo-African partnership were dashed when China and India came to blows over border disputes, and the Sino-Indian War of 1962 left China in possession of sections of the contested areas. The resulting scenario was a setback for India's standing among NAM nations. That led policy makers in New Delhi to adopt a less ambitious policy towards Africa, focusing instead on building their country's defence sector and securing its immediate neighborhood. Even so, India continued to generously support national liberation movements in Africa financially and politically.

Political relations have since been marked by mutual understanding and support. During Indira Gandhi and Rajiv Gandhi's Prime Minister-ship, India accorded formal diplomatic recognition to South Africa's African

National Congress in 1967 and Namibia's South West African People's Organization in 1985 [Dubey 2016].

After an establishment of political contacts to the majority of the countries of the African region, India began to make active trade and economic relations. In the Trade and economic cooperation agreement with Cameroon and in 1974 with Senegal was signed.

In period 1980 to 2003 commercial relations between India and Africa continued to develop dynamically. In this period India has signed agreements with seventeen countries of Africa — Ghana (1981), Uganda (1981), Zimbabwe (1981), Mozambique (1982), Nigeria (1983), Angola (1986), Zaire (1988), Rwanda (1990), Côte d'Ivoire (1993), South Africa (1994), Seychelles (1998), Liberia (1999), Tanzania (2000), Mauritius (2000), Botswana (2001), Swaziland (2002) and Zambia (2003).

Over the first decade of the twenty-first century, India-Africa economic cooperation has deepened, especially with India's emergence as a bigger player in the global economy and the relative weight of its economy on the global economic and geopolitical scene.

That cooperation was evident not only at the India-Africa Forum summits, at which India offered significant loans, grants and development assistance to intensify engagement with African countries, but also to increasing bilateral contacts.

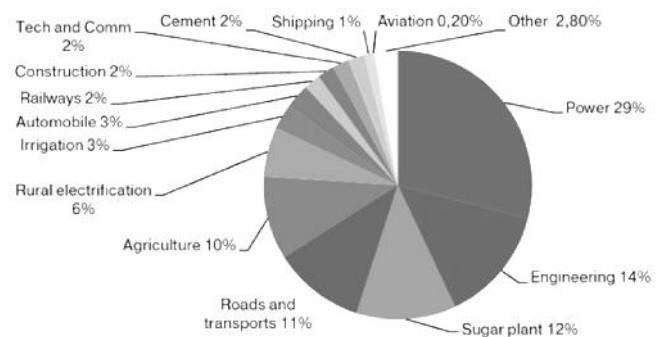
### **Development Partnership**

The First India-Africa Forum Summit, held in Delhi in April 2008, was a major milestone in India's engagement with Africa in the twenty-first century. The Delhi Declaration and the Africa-India Framework for Cooperation, adopted during the Summit, highlighted shared vision and world view of India and the African countries. Taken together, these provide a sound foundation for the intensification of multilateral cooperation in the years to come [Beri 2016]. During the India-Africa Forum Summit, India decided to extend additional lines of credit of \$5.4 billion over the next five years, including an allocation of \$300 million to be utilized by the African Union in support of the New

Partnership for Africa's Development (NEPAD) objectives. That line of credit is in addition to the \$200 million line of credit extended to NEPAD in 2002, most of which stands utilized. At the same time, India and Africa decided to work together on pressing global issues of shared interest and concern, including those involving the World Trade Organization, such as the issue of cotton subsidies. India has unilaterally announced duty-free and quota-free market access to goods from 34 least developed countries (LDCs) in Africa. This covers 94 % of India's total tariff lines and provides preferential market access on tariff lines comprising 92.5 % of the global exports of all LDCs.

At the Second India-Africa Forum Summit in 2011, India committed \$5 billion for the next three years in lines of credit to help African partners achieve their development goals. India committed an additional \$700 million to establish new institutions and training programs, in consultation with the African Union and its institutions. India also decided to support the development of a new Ethio-Djibouti railway line with an investment of \$300 million, in keeping with NEPAD's priority of infrastructure development. However, credits for development of the railways make only 2 % from all credit lines of India to Africa. The main sectors actively financed by India are power and engineering, sugar plant, roads and transports, agriculture and rural electrification (fig. 1).

After Modi's government coming to power in 2014, the politics of India towards the African countries has not changed essentially. In March 2015, Modi visited Seychelles and Mauritius, signaling India's intent to enhance ties with the African Indian Ocean Rim Countries. During the visit, he signed landmark agreements to build security ties with these island states. In Mauritius, he enunciated India's policy vision for the region thus: "We seek a future of Indian Ocean that lives up to the name of SAGAR — Security and Growth for All" [Beri Strengthening Ties, 2016].



**Fig. 1.** India's credit lines to Africa by sectors (%)

India Africa Summit marked a milestone in the millennia old relationship, as it enabled consultation at the highest political level between the Indian government and the representatives of 54 African countries, including heads of state/government from 41 countries and the African Union [Singh Reenergising India-Africa... 2013]. On the closing day of the four-day Summit were adopted two important documents — Delhi Declaration 2015 and India-Africa Framework for Strategic Cooperation, which reflected on the political, security and socio-economic issues.

The Summit focused on connecting the priorities being pursued by Government of India with the priorities and concerns of the African countries for mutual benefit and growth. The Documents as well as the speeches by Prime Minister Modi and the African leaders, give priority to issues such as the UN Security Council Reforms, climate change, defence and security, balanced trade relations, renewable energy, blue economy, technology and innovation, health and education. Modi also announced that India's cooperation will be in line with the objectives set by the agenda 2063 initiative of the African countries.

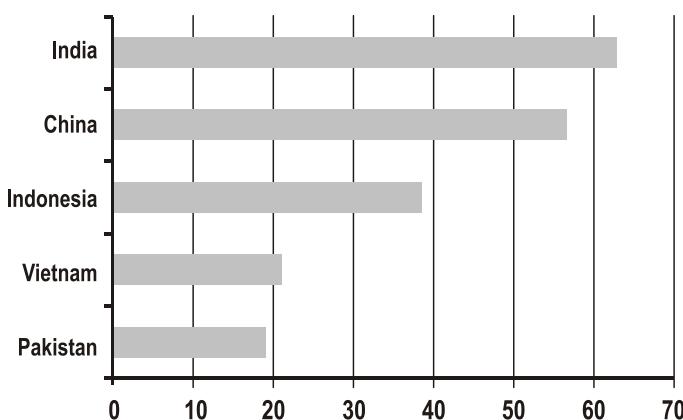
For the purpose of strengthening ongoing cooperation in infrastructure areas such road, railway construction and up gradation, water supply management, maritime connectivity, road and railway construction, Lines of Credit of \$10 billion over the next five years in addition to the ongoing credit programme of 7.4 billion and \$1.2 billion in grant since the first India-Africa Summit in 2008 has been announced [Beri 3rd India Africa... 2015].

## Trade and Investment

Besides the credit help, India actively develops economic and investment cooperation with the countries of Africa. Indian companies have made large investments in Africa in the areas of industry, agriculture, services, human resource development and infrastructure. The Indian conglomerate Tata has emerged as the second largest investor in sub-Saharan Africa. New initiatives to establish an India-Africa food processing cluster, an India-Africa integrated textiles cluster, an India-Africa civil aviation academy, an India-Africa center for medium-range weather forecasting, and an India- Africa institute for agriculture and rural development are all on the anvil.

Growing investment by Indian companies in Africa is now estimated to be in the range of \$30 billion to \$35 billion. In the last decade, the Government of India has approved a total of almost \$9 billion in concessional credit for nearly 140 projects in more than 40 African countries, with special emphasis on LDCs, landlocked developing countries, and small island developing States partners in view of their special challenges and requirements. So far nearly 60 projects have been completed.

It is necessary to note that, since the turn of the millennium, India has become one of the world's leading investment destinations. Foreign direct investment (FDI) amounted to a paltry \$393 million in the 2002—2003 financial year. By 2017—2018, it had climbed to \$34.7 billion and by 2019—2020 to \$63 billion (fig. 2).



**Fig. 2.** Top FDI destinations in Asia-Pacific in 2020

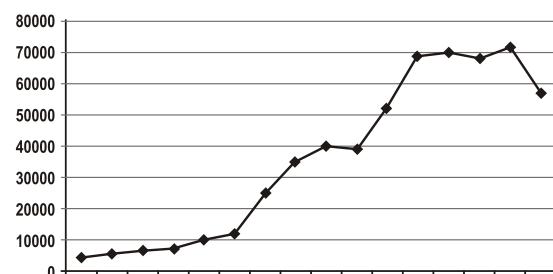
As of 2020, Africa accounted for 16 % of India's foreign direct investment (FDI) stock for a total of \$13.6 billion. Surprisingly enough, Africa's FDI stock in India is five times higher, amounting to \$65.4 billion in the same year, which represents 26 % of the country's total inward FDI stock. One should mention, however, that a large part of this FDI is done through Mauritius. The double taxation avoidance agreement (DTAA) signed between India and Mauritius makes it very attractive for investors to funnel their investments through the island. Outward Indian FDI into Africa follows the same logic, as seen in the table below. Even though the actual investment is often taking place in a different country, it is always funneled through a head office that is registered in Mauritius (table 1).

India's trade with Africa also has been growing rapidly. There has been a spectacular increase in India-Africa trade over the past two decades. India-Africa trade has grown from a small \$967 million in 1991 to more than \$563 billion in 2020 (fig. 3). India launched its Duty-Free Tariff Preference Scheme for Least Developed Countries in 2018 and expanded it in 2019 to include 98 % of all tariff lines. The benefits of this unilateral scheme extend to all sub-Saharan African countries to increase their exports to India.

### Top 5 African countries-recipient of Indian FDI in 2020

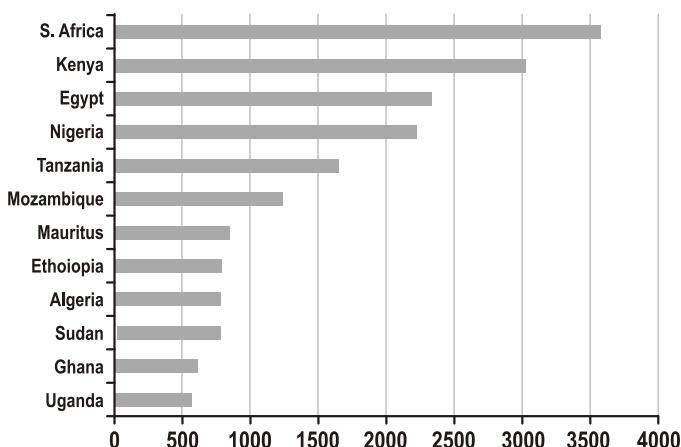
Country	Percentage of outward FDI	(in \$ mln)
Mauritius	99.2	95.909,73
South Africa	0.38	372,19
Morocco	0.14	138,00
Liberia	0.015	14,56
Nigeria	0.013	13,23

Source: Fact sheet on foreign direct investment (FDI).



**Fig. 3.** Trade volume between India and Africa (55) in 2000—2015 (\$ million)

Source: Govt. of India. Ministry of Commerce & Industry. Department of Commerce.



**Fig. 4.** Geographical structure of India's exports to Africa in 2020 (\$ mln)

Source: Govt. of India. Ministry of Commerce & Industry. Department of Commerce.

South Africa remains the leading destination for India's exports to Africa and Mauritius (fig. 4). Important items of export include transport equipment, machinery and instruments, pharmaceuticals, non-basmati rice, cotton yarn fabrics, semi-finished iron and steel.

In the case of India's imports from Africa, around 51 % of them were sourced from Nigeria in 2019—2020. South Africa is the second largest source of import followed by Angola, Egypt, Ghana and Tanzania. While petroleum crude accounted for a significant 67 % of India's total imports from Africa during 2014—2015, other major items imported from Africa include gold, inorganic chemicals, metal ores and metal scrap and cashew nuts.

India's economic cooperation with Africa is undertaken through its contribution to NEPAD and through several bilateral and other projects and programs. Initiatives such as the Techno-Economic Approach for Africa-India Movement (TEAM-9) and cooperation with the African Union and the Southern African Development Community and others are in addition to the several bilateral cooperation efforts between India and Africa that cover, inter alia, infrastructure, including railways; food processing; information and communication technology; pharmaceuticals; and small and medium-sized enterprises. Indian companies, while contributing

to economic growth, are encouraged to use the mechanism of joint ventures and employ African managerial and labor talent [Malone 2009].

Since the inception of the Indian Technical and Economic Cooperation (ITEC) programme in 1964, capacity-building and human resource development in Africa have been areas of high priority for the Government of India. The ITEC program has benefited thousands of experts and students from Africa who have come for training courses in professional institutions in India. Those courses cover diverse fields such as agriculture and agro-processing, entrepreneurship development, tool design, small-business creation, the promotion of rural industries and information technology.

Since India Africa Forum Summit in 2011, a total of 25,000 scholarships have been utilized by Africans. Under several programmers operated by the Government of India such as the ITEC, ICCR, CV Raman Scientific Fellowships, Special Agricultural Scholarships, Short-term specialized Training programs, and distance learning through Pan Africa e-network are provided to Africans. These include more than 300 training programs conducted at over 60 institutions in addition to the higher education scholarships at various universities.

The Pan-African e-Network Project is a shining example of the India-Africa partnership. India has gifted a satellite dedicated to e-connectivity in sub-Saharan Africa to help bridge the digital divide. The Project is fully financed by the Government of India and was launched from Addis Ababa, with a satellite hub in Dakar. It links major universities in different regions of Africa with major Indian universities and centers of excellence in India, and also links major hospitals in Africa with super-specialty hospitals in India. Thirty countries have already joined the Project to provide quality tele-education and tele-medicine.

#### Pharmaceutics And Health Security

The major sphere of the Indo-African relations is cooperation in manufacture and distribution of Indian pharmaceutical production in the African countries. The importance of this question taking into account AIDS

pandemic in the African countries, distributions to them of a malaria and many other illnesses, different a high death rate, deep social and demographic consequences, cannot be underestimated.

Nigeria became the first African country which has begun wide import of the Indian preparations, developed by companies Cipla and Ranbaxy, then Zambia and Kenya have joined it. According to the available data the Indian company Cipla delivers anti-virus preparations from AIDS to every third sick of this illness in Africa.

Now a considerable quantity of joint enterprises on release of a wide spectrum of pharmacological production is created. The first agreements on creation of the such enterprises have been signed between India, Southern Africa and Kenya in 2000 and became result of the four-day India-Africa summit organised by the Indian authorities, devoted to questions of public health services, in which representatives of 16 African states and the largest Indian medical companies have taken part [Usov 2010; 2016].

In the AIDS and malaria crisis, India provided immediate financial assistance to three of the affected countries — Sierra Leone, Liberia and the Republic of Guinea — and offered \$500,000 to the WHO to scale up its efforts. Subsequently, India has followed this up with a contribution of \$10 million to the Secretary-General's Ebola Response Multi-Partner Trust Fund and an additional \$2 million for the purchase of protective gear to tackle Ebola [Beri 3rd India Africa... 2015].

### **Discussion**

The main problem of trade and humanitarian cooperation of India with the African countries there is a weak development of relations with the countries of Northern and Western Africa. The given specificity is caused both geographical and historical features of relations of India and Africa. Other important problem is the discrimination and racism, especially in those countries where lives a considerable quantity of Indians. However, and in India there is a similar problem. There are at least 40,000 Africans in India. An issue many of them face from the local population is racism, due to

their darker complexion, with such slurs as kalu "blackie". In recent years, there have been questions on human rights of Africans in India due to the murders of young African nationals.

Negative influence on the Indo-African relations exerts also instability of political systems of many African countries, especially in Libya, Tunis, Somalia, Sudan and Angola.

After the outbreak of civil war in Somalia in 1991, the Indian Embassy in Mogadishu was closed. 4,600 Indian peacekeepers, led by Brigadier M.P. Bhagat, participated in UNOSOM II during 1993—1994. At present, over 8,000 Indian peacekeepers are deployed in Africa, including a 5,000-strong contingent in the Democratic Republic of the Congo. India's first full all-female formed police unit is currently deployed in Liberia.

Prior to the uprising in Libya the number of Indians engaged in Libya was estimated to be around 18,000. The Indian professionals were mainly engaged in hospitals and other teaching institutions whereas major part of manpower was engaged in the construction projects. During the course of revolution most of them were evacuated to India at Government of India cost in February/March 2011. Gradually more Indians returned to Libya, and in early 2014 there were about 6000 Indians.

Other important factor in the Indo-African relations is the policy of China. Rough economic growth of two Asian countries which do not have considerable stocks of liquid hydrocarbons, has led to their present race behind the African resources, first of all oil. The special attention of China and India have involved the African oil-producing countries, in particular Sudan and Angola rich with natural resources. Specificity of these states, in difference for example from Nigeria or Equatorial Guinea, in which Chinese and Indians operate not less actively, consists first of all — that in these states oil deposits are badly developed. Secondly, in these countries the large western oil companies which do not have possibilities are not presented almost, especially it concerns Sudan, to do in these countries business because of political restrictions and necessity to take into consideration public opinion.

By this time China gets about third of all oil extracted in Africa. Positions of Chinese in Sudan where they not only extract oil are especially strong, but also develop an infrastructure necessary for its extraction and transportation, invest in building of the railways, ports and terminals. One more feature of the Chinese policy in relations with Africa is granting of the economic help by China to the African states in the form of loans, credits on favorable terms, large-scale investments without political and economic conditions [Usov 2020].

Hereby, the African countries gain today all big importance for India. Rapid economic development of the African countries and increase in a standard of living of the population turn the continent into a perspective sales market of the Indian goods and services. Besides, India actively develops humanitarian projects and renders the financial help to many African countries. However, India faces set of problems and factors — geographical remoteness, the discrimination and racism, instability of political systems of many African countries and the African policy of China.

The active economic policy of China on the African continent has compelled India to develop cooperation with the countries of Africa more actively. In recent years India in a trace beyond China tries to make active and modernize the economic and humanitarian policy in Africa. Struggle for commodity markets of the goods and services in Africa, that makes Africa by strategic region not only in the Indo-Chinese relations, but in foreign policy of India as a whole.

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# An Investigation on Training & Development Determine Staff Retention Strategies in organization: A Case of Turkana County Government, Kenya

Beatrice Akinyi Ondago

School Of Business and Economics, Turkana University College, Lodwar- Highway

Tom Nyamache

School Of Business and Economics; Turkana University College, Lodwar- Highway

Henry Ongori

School Of Business And Economics,Turkana University College, Lodwar- Highway

Dr. K.Sankar Ganesh,

Professor & Dean Academics, Lead College of Management, Palakkad, Kerala

## Abstract

*Competition for talented employees is on rise in many organizations in Kenya. In today's highly competitive business environment, the dynamics of talent have become a key differentiator for most businesses.*

*Highly competent employees are migrating from Kenya to overseas for better paid jobs therefore the retention of employees is becoming a major challenge to many organizations in this era of globalization. In Kenya a lot of functions have been devolved from national government to county government. Thus, management of many organizations is finding difficult to retain employees. The objective of the study is to assess the training and development influence staff retention strategies in organizations. The researcher adopted a descriptive research design. A target population of 325 employees was selected across all the departments of Turkana County Government. The data was collected by use of questionnaire and analyzed by the use of Software Statistical Package for Social Sciences (SPSS) version 21. The analyzed data is presented in tables and figures for ease interpretation. The quantitative data was analyzed using percentages and mean to show the strength of particular strategies. It was established that majority of the county government employees were not aware of how the training and development motivates them to stay in the organization and at the same time they were not aware of how it gives the county government a competitive. From the findings, the study recommended that County Government should ensure*

*employee skills are matched with their Jobs. The County Government should also deliver a plan for employee's career plan, training and other opportunity to build competencies in mentoring for employee's direction.*

**Key Words:** Employee, Retention, Global, Competition, retention Training, Development strategies.

## 1. Introduction and Background of the study

Workers are significant assets in assisting a company in meeting its goals and objectives by delivering goods and services using other resources. Thus, managers face many obstacles in their efforts to retain the most important workers in their organizations. Training promotes skills updates as well as increased participation, well-being, and a sense of belonging, both of which add to the competitiveness of the organization (Karia & Ahmed, 2020).

## 2. Statement of the problem

Excessive turnover rates in the county have resulted in substantial cost increases and a resulting erosion of profitability of many organisations. Since the mid-1990s, analytical research has focused not only on understanding why people quit companies, but also on certain factors that motivate workers to continue, as well as the advantages of getting tenured jobs. It's against this background that this study attempted an Investigation on Training & Development Staff Retention Strategies in organization: A Case of Turkana County, Kenya.

### **3. Purpose of the Study**

The purpose of this research is to assess how training & development of employees determine Staff Retention Strategies in organization: A Case of Turkana County Government, Kenya.

### **4. Objectives of the study**

#### **General Objective**

1. To Investigate on Training & Development on Staff Retention Strategies in an organization: A Case of Turkana County Kenya.

#### **Objectives of the study**

To determine the effect of training and training of employees on retention strategies, Turkana County.

### **5. Research questions**

The study attempted to answer the following research question(s)

1. To what extent does training and development strategy promote staff retention in organization?

### **6. Literature Review**

According to Thompson and Stickland (2003), every organization ensures that strategies and policies are in place to help them retain key and skilled employees.

Jones & Skarlicki, 2003) opine that employee look for better job prospects, and businesses are looking to boost their workforce productivity.

Abdul (2017) argues that employee retention techniques are processes and regulations that a company uses to meet the diverse requirements of its workers while creating an atmosphere that allows them to remain with the company.

According to Stovel and Bontis (2002), workers change jobs every six years on average. This condition necessitates that management investigate the reasons for employees' frequent job changes.

Employee turnover in companies is highlighted by Abassi and Hollman, (2000); Hewitts, (2006); Sherman et al (2006) as recruiting practices, leadership style,

lack of respect, a lack of a fair pay structure, and unhealthy organizational conditions.

April, (2010) shows that personal growth and nurturing in terms of preparation investment is clearly a strong factor of performance in staff retention. Most companies nowadays derive competitive advantage from training and development program.

This aids in the elimination of flaws in employees, allowing them to stay longer; Companies must have a positive learning and working environment as learning and development opportunities arise for the retention of talented workers (Arnold, 2005; Hytter, 2007; Walker, 2001).

Training and development initiatives for all employees are essential for fostering organizational growth, especially in terms of performance and technical advancement. (Boomer, 2009).

Any worthwhile initiative necessitates strong backing from senior management, who must also serve as good role models for subordinates (Zenger, Ulrich & Smallwood, 2000).

Studies by Arlond, (2005); Bernsen, Segers and Tillema, (2009); Kyndt, Dochy, Michielsen and Moeyaert, (2009) established that when a company decides to invest in employee growth, managers and supervisors take on a new position

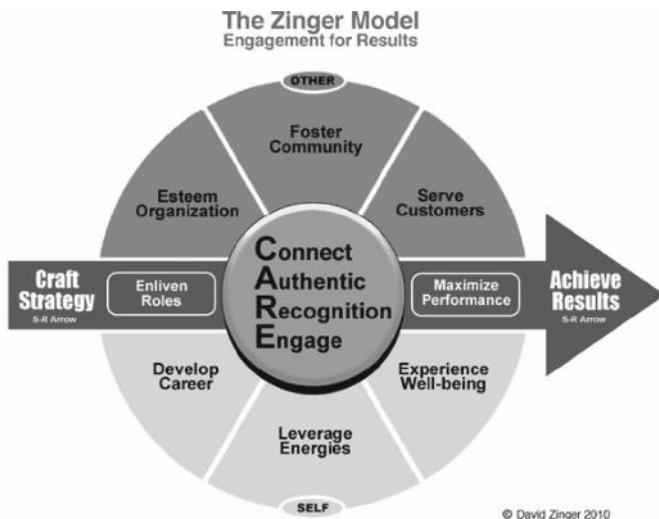
Factors Succession & Development will boost employee engagement, professional development, and job opportunities for top talent, allowing the organization to become a preferred employer (Breaugh & Mary, 2000).

Torrington, 2008 and Green (2000, discovered that the net impact of different types of training on the attitudes of 1539 workers is neutral, with 19% of employees reporting that training made them more likely to actively seek another job and 18% reporting that it was less likely.

The fact that leaving would also result in the termination of course funding provided a more direct incentive to remain with the supporting employer (Torrington 2008).

## 7. Theoretical Frame work

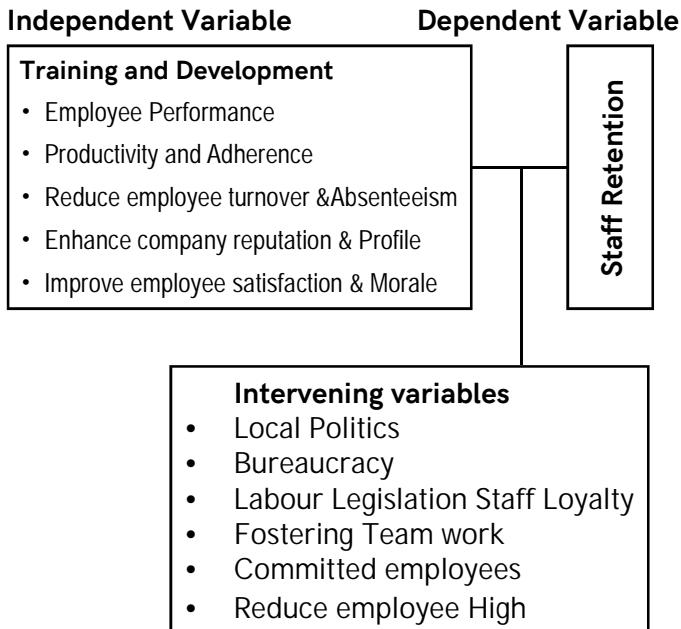
This study is guided by Zinger Model as shown in shown in figure 1.



**Figure 1** Zinger model of employee Retention

## 8. Conceptual framework

The study was guided by the following conceptual framework:



## 9. Research Methodology

### Research Design

According to Dooley (2007), a research design is the plan, outline, or technique used to produce answers to research problems. This study employed a descriptive research design. A descriptive research design permits the use of both qualitative and quantitative data, making this study easier to interpret and conclude.

### Target Population

As a result, the report took a total of 97 people from the Turkana County Government's various offices.

### Sample size population

A sample of 30% of the population was used. The sample size population is shown in table1.

Table 1 Sample size population

Position	Target Population	Percentage	Sample size
Human Resource	23	30%	7
Procurement	39	30%	12
Finance/Audit	52	30%	15
Clerks	56	30%	16
ICT	10	30%	3
Public Relations/Communication	15	30%	5
Administration	130	30%	39
Total	325		97

## 10. Results and Discussions

The researcher distributed 97 questionnaires and received 93 from the respondents. While verifying the data, 5 questionnaires had either multiple responses for a question or had a lot of missing values and were considered void. The study therefore had a response rate of 90.7%.

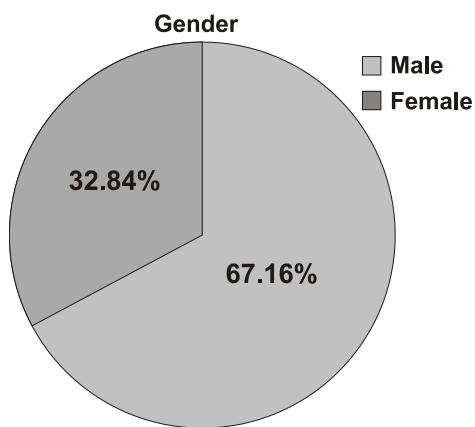
### Demographic results of the respondents

The demographics of the respondents consisted of gender of respondents, Employees from the ministries in the county government. Age group, work

experience, educational level, and finally marital status.

### Gender of respondents

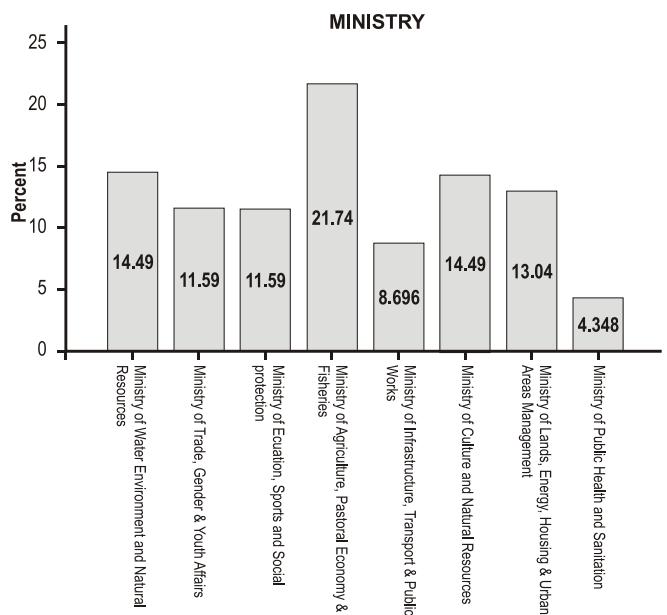
The respondents were asked to indicate their gender and from the results it was noted that 32.84% were females, while 67.16% were males. The study findings indicated that the male's population was higher than that of females. The results of gender respondents are shown in figure 2.



**Figure 2. Gender of the respondents**

### Employees departments

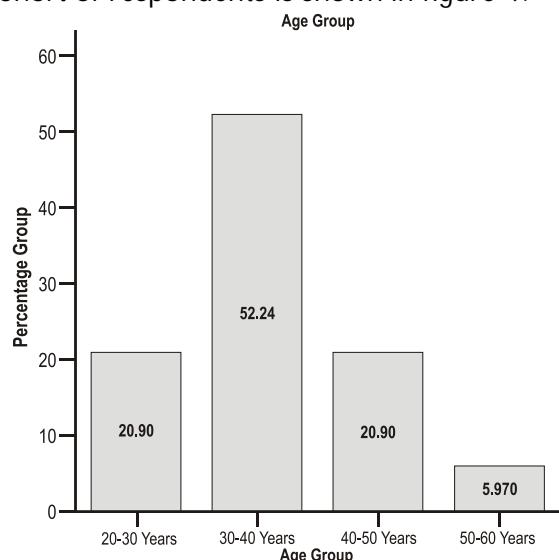
The respondents were asked to indicate how the section they worked in and from the study findings, it was noted that 14.49% of the respondents worked in the Ministry of Water, Environment and Natural Resources, 11.59% in the Ministry of Trade, Gender and Youth Affairs, 11.59% in the Ministry of Education, Sports and Social Protection, 21.74% in the ministry of Agriculture, Pastoral Economy and Fisheries 8.69% in the ministry of Infrastructure, Transport and Public Works, 14.49% in the ministry of Tourism, Culture and Natural Resources 13.4% in the ministry of lands, Energy, Housing and Urban Area Management and 4.35% worked in the ministry of Health and Sanitation. The results of employees depart are shown in figure 3.



**Figure 3 Employees Department**

### Age Cohort of respondents

The Respondents were asked to indicate their age group and from the study findings, it was noted that 20.9% were aged between 20-30 years, 52.24% were aged between 31-40 years, 20.9% were aged between 41-50 years, and 5.97% were aged above 50 years. These findings show that majority of the population were youths aged between 30-40 years. The results of cohort of respondents is shown in figure 4.



**Figure 4. Age cohort of respondents**

### Work Experience of respondents

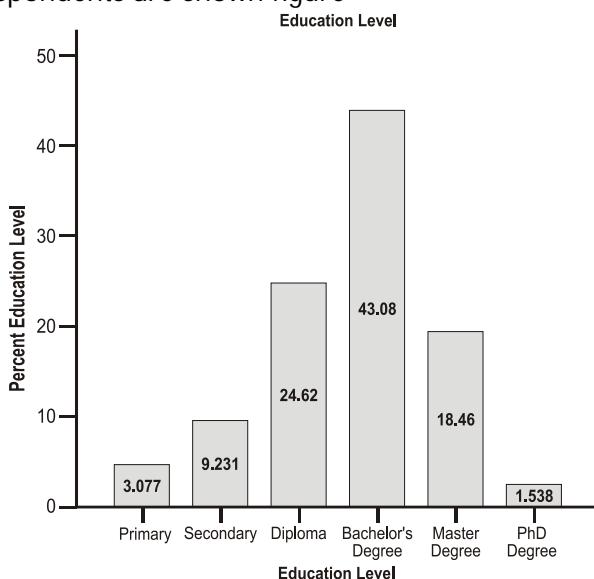
The results show that the respondents had been with the county government for more than 3 years making them viable respondents for the study. The findings of work experience of respondents are shown in figure 5.



**Figure 5 Work Experience of respondents**

### Education Level of respondents

These results show that most of the employees in the county government had attained at least a Diploma Certificate. The results of education level of respondents are shown figure 6.



**Figure 6 Education Level of respondents**

### Marital Status of respondents

These results show that most of the employees in the county government were married. The findings are shown in figure 7.



**Figure 7 Marital Status of respondents**

### Training and Development Retention Strategies

The results of training and development of employees in retention strategy are shown in Table 2

Table 2 Training and Development Retention Strategy

Statement	4 %	3 %	2 %	1 %	MEAN	STD DEV
Training and development improve employee's performance	63.2	23.5	11.8	1.5	3.48	0.7
Training and development motivate employees to stay in organization	40.9	36.4	16.7	6.1	3.1	0.9
Regular access and frequent training and development programs enhances growth and prosperity	55.2	23.9	19.4	1.5	3.3	0.8
Training and development of employees give organizations a competitive edge	40.3	37.3	20.9	1.5	3.16	0.8
Training and development make employees become more productive	59.4	21.7	14.5	4.3	3.3	0.89

Key 4=Great Extent; 3=Moderate Extent; 2=Small Extent; 1=Not at All.

From the results, 63.2 percent of respondents agreed that training and development increase employee performance to a large degree. 23.5 percent agreed moderately, 11.8 percent agreed to a lesser degree, and 1.5 percent disagreed completely. The results are shown in Table 3.

Table 3 Training and Development Retention Strategy

Statement	Yes (%)	No (%)
The county government organizes for staff to attend professional workshops/conference.	66.2	33.8
The county government organizes for staff to attend training courses outside the country.	72.5	27.5
The county government has secured scholarship and sponsors to develop staff career for the county employees.	37.3	62.7
The County Government conducts training needs analysis before undertaking any form of training.	66.2	33.8
The county government takes its employees through a regular job evaluation.	68.2	31.8

From the results it is evident that 66.2% of the respondents agreed that the county government organizes for staff to attend professional workshops/conference. Most of the respondents, 72.5%, said that the county government organizes for staff to attend training courses outside the county. The majority of the respondents, 62.7%, were negative that the county government has not secured scholarship and sponsorship to develop staff career for the county employees. Only 37.3% agreed that the government has secured scholarship and sponsorship to develop staff career for the county employees when asked whether the County Government conducts training needs analysis before undertaking any form of training, 66.2% said yes while 33.8% said no. 68.2% of the respondents said that the county government takes its employees through a regular job evaluation.

The study indicates that 63.2% of the respondents strongly agree that training and development improves employee's performance this concurs with April, (2010) which reveals that personal growth and nurturing in terms of preparation investment is clearly a strong factor of performance in staff retention. Most companies nowadays derive competitive advantage from training and development programs. Training and development initiatives for all employees are essentials for fostering organizational growth, especially in terms of performance and technical advancement (Boomer, 2009). The study, further, found out that 59.4% of the respondents have agreed to a great extent that training and development makes employees become more productive this

result concurs well with Mansour, (2013) who conducted a research to empirically investigate the training in an organization from developing counties accordingly to survey results, the study's findings revealed a positive relationship between employee training and success further to this Mansour observes that companies must plan, execute and assess the best training programs to inspire workers and improve productivity. The findings also show that 72.5% of the respondents agree with the statement that the county government organizes for staff to attend training courses outside the county training increases people's employability and as a result they are not likely to leave and pursue other opportunities.

## 11. Conclusion

Training and development of employees enhances retention strategy of employees in organization. However, it was noted that the strategy is not being employed or used in the county government. The difference in response to determine the degree of difference was not high and thus the respondent views were almost the same. 40.3 % confirmed to a great extent that the training and development of employees give organization a competitive edge while 37.3 further to this the county government employees confirmed to a great extent that 40.9% of training and development motivates employees to stay in an organization while 36.4% agreed to an extent. The implication of the study is that it will assist policy makers of the county government to come up with deliberate strategies to promote staff retention in an organization. Recruitment and replacement of employees in an organization is a costly process. In future, there is need to investigate on more variables apart from training and development of employees in an organization as the only retention strategy.

## 12. Areas for further research

In addition, there is need for comparative study to be undertaken so that one can have a holistic understanding on how training and development of employees contributes to staff retention strategy in an organization.

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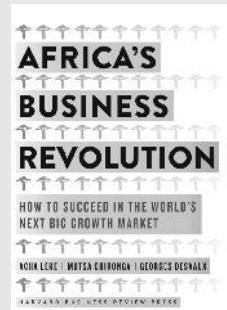
# Africa's Business Revolution: How to Succeed in the World's Next Big Growth Market

**Authors:** Acha Leke, Mutsa Chironga and George Desvaux

**Publisher:** Harvard Business Review Press

**Pages:** 256

**Year of Publication:** 2018



Africa still lags far behind other regions on most key measures. But that's about to change. By 2025 spending by African consumers and businesses will exceed \$5 trillion, and by 2035 Africa will have the world's largest urban population and a workforce larger than China's or India's. That points to exciting opportunities for global and Africa-based companies looking to access new growth markets and to build large, profitable businesses in sectors ranging from resources to manufacturing to services. Their momentum will be fuelled by Africa's young and fast-growing population and by the rapid adoption of technology across the continent. But Africa's business environment remains poorly understood and known to many executives in the West only by its reputation for complexity, contradiction, and corruption.

Africa's Business Revolution provides the inside story on business in Africa and its future growth prospects, and helps executives understand and seize the opportunities for building profitable, sustainable businesses. The authors, Acha Leke, Mutsa Chironga, and Georges Desvaux are senior leaders in McKinsey's African offices and draw on in-depth proprietary research by the McKinsey Global Institute as well as their own extensive experience advising corporate and government leaders across Africa. Brimming with company case studies and exclusive interviews with some of Africa's most prominent executives, this book comes to life with the vibrant stories of those who have navigated the many twists and turns on the road to building successful businesses on the continent.

Combining an unrivalled fact base with expert advice on shaping and executing an Africa growth strategy, this book is required reading for global business executives wanting to expand their existing operations in Africa and for those seeking a road map to access this vast, untapped market for the first time.

The book is the need of the hour as businesses, large and small, must play a central role in accelerating Africa's development and changing its people's lives for the better. For entrepreneurs and investors, Africa's long-term growth trends and large unmet needs present exciting opportunities for business-building. For the public and social sectors, partnerships with business will be essential to strengthen Africa's skills development, healthcare outcomes, infrastructure, and more.

Yet the vibrancy of Africa's business sector and the continent's broader economic progress remain underreported in the global media. Stories of conflict, corruption, and human suffering dominate the headlines about Africa. As consultants who have worked across every region and sector of the continent, it was an obligation to recast that narrative and challenge global decision-makers to reset their mental maps of Africa.

**Ajai Abraham Thomas**  
Assistant Professor  
Department of Management  
Kristu Jayanti College (Autonomous)  
Bengaluru

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3. An abstract should not exceed more than 250 words. Along with the abstract, author(s) need to specify four to six key words in the second page.
4. Soft copy must be submitted in A4 size, MS-Word format only in Times New Roman with heading of 14 font size and remaining text size 12 with spacing 1.5 as a single line. There must be no tab for the first sentence of every paragraph.
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10. All references have to be arranged in alphabetic order and must be numbered.
11. The internet sources must be placed after other references and must be numbered separately.
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2. The material in the submission shall be original and not published in any other journal. The material based on prior work, including that of the same author (s) shall be properly attributed by proper citation.
3. The author(s) shall have the obligations to notify the editor immediately after affiliation change of author(s), or any other material change.

4. The Editor shall encourage reviewers to comment on ethical questions and possible research misconduct raised by submissions.

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1. The Peer reviewer shall review manuscripts for which they have the subject expertise required to carry out a proper assessment.
2. Peer reviewers shall respect the confidentiality of peer review and shall not reveal any details of the manuscript under review and of its review.
3. Peer reviewers shall be objective and constructive in their reviews. The review comments shall be forwarded within the stipulated time to the Editor as per the format.

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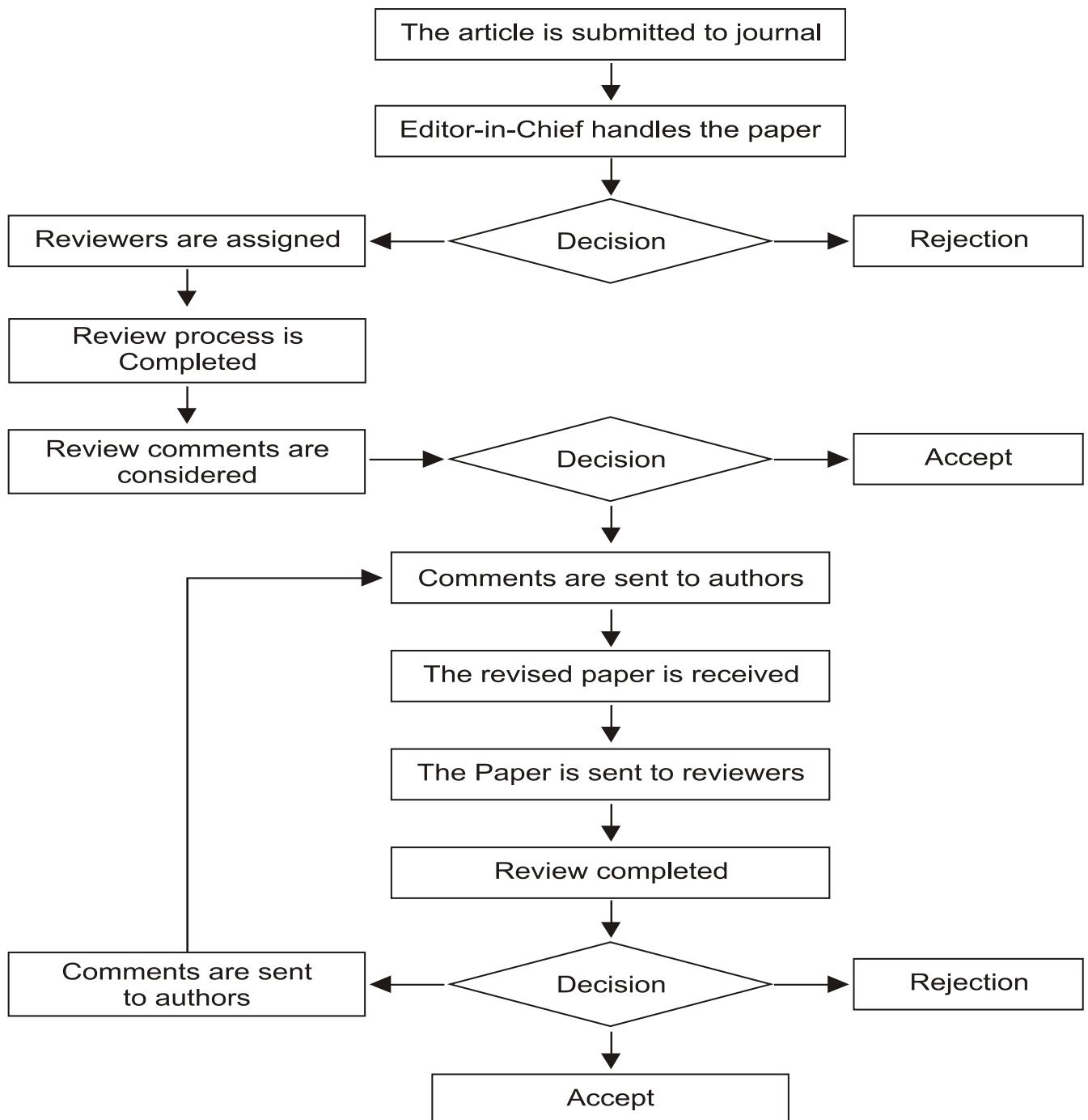
## **Theme for the Next Issue:**

**An insight into Fintech Revolution-  
New Opportunities**

## **Guidelines for the Editor(s)**

1. The Editor(s) shall actively seek the views of authors, readers, reviewers, and editorial board members about ways of improving the quality of journal.
2. The Editor shall support initiatives designed to reduce academic misconduct. The Editor shall support initiatives to educate researchers about publication and peer review process.
3. The Editor shall provide clear advice to reviewers. The Editor shall require reviewers to disclose any potential competing interests before agreeing to review a submission.

## AMBER JOURNAL'S PEER REVIEWING PROCESS - Flowchart

Send your paper to: [amber@abbs.edu.in](mailto:amber@abbs.edu.in)

## CALL FOR PAPERS

The theme of the volume 13 Issue 1 of AMBER is "**An insight into Fintech Revolution-New Opportunities**".

We seek submissions from academicians, industry experts, entrepreneurs and research scholars. Submissions, if found eligible, will be put through two stage blind review process by external reviewers. All submissions must be sent to [amber@abbs.edu.in](mailto:amber@abbs.edu.in)

### **An insight into Fintech Revolution-New Opportunities**

India is one of the fastest growing economies in the World. It is also the Country where Fintech has completely changed people's lives by bringing in a revolutionary change in the Financial and Banking system. Fintech represents any innovative Financial Technology which enables consumers to make financial decisions and manage their money efficiently. India needs more than just a traditional banking expertise. Banks and Financial institutions have to equip themselves with human resources skilled in Block chain and Cloud computing. Fintech is not only limited to India but it has spread across geographies like China, Europe, North America etc., which makes it one of the lucrative industries today. In this regard the next issue of Amber is called to provide an insight into Fintech Revolution and its role in identifying new opportunities. Empirical papers will be given more preference than Conceptual papers.

#### **Guidelines for Publication:**

\*The paper should be based on original research work not yet published, not exceeding 8000 words. If the paper has been sent for publication elsewhere, that fact must be notified.

\*The paper must include the title, author's name, designation, mailing address, mobile number and e-mail address in the first page.

\*An abstract should not exceed more than 250 words. Along with the abstract, author(s) need to specify four to six key words in the second page.

\*Soft copy must be submitted in A4 size, MS-Word format only in Times New Roman with heading of 14 font size and remaining text size 12 with spacing 1.5 as a single line. There must be no tab for the first sentence of every paragraph.

\*Abstract and full paper should be sent as a word document only. (Either as Doc. Or Docx.)

\*No publication fee would be charged.

\*Manuscripts would be checked for plagiarism.

\*The third page must contain the title followed by the body of the manuscript.

\*Manuscripts are reviewed through 2 stage blind peer review system by experts in the subject area. To ensure anonymity, the author's name and other details should only appear on the first page and should not be repeated anywhere else.

\*All references have to be arranged in alphabetic order and must be numbered.

\*The internet sources must be placed after other references and must be numbered separately.

\*The reference must be present in APA Format.

\*The Author is required to sign copyright form.

#### **Quick Note:**

Soft copy of the paper must be emailed to [amber@abbs.edu.in](mailto:amber@abbs.edu.in)

#### **IMPORTANT DATES**

##### **Last Date of Submission of Full Paper:**

1<sup>st</sup> March 2022

##### **Date of Notification of Acceptance:**

15<sup>th</sup> March 2022

**AMBER themes:**

Volume 1 Issue 1 Oct 2009 - Mar 2010 : Business Vision 2020

Volume 1 Issue 2 Apr 2010 - Sep 2010 : NGO Management

Volume 2 Issue 1 Oct 2010 - Mar 2011 : Changing Global Dynamics and Business Opportunity for India

Volume 2 Issue 2 Apr 2011 - Sep 2011 : Indian Business and Industry - An Historical Perspective

Volume 3 Issue 1 Oct 2011 - Mar 2012 : Corporate Responsibility and Governance

Volume 3 Issue 2 Apr 2012 - Sep 2012 : Tourism - Growth Engine for India

Volume 4 Issue 1 Oct 2012 - Mar 2013 : Green Entrepreneurship and Sustainable Development

Volume 4 Issue 2 Apr 2013 - Sep 2013 : Cross Cultural Management in Global Business

Volume 5 Issue 1 Oct 2013 - Mar 2014 : Financial Inclusion in India

Volume 5 Issue 2 Apr 2014 - Sep 2014 : Gender Budgeting in India: Emerging Issues and Challenges

Volume 6 Issue 1 Oct 2014 - Mar 2015 : South Indian Business History

Volume 6 Issue 2 Apr 2015 - Sep 2015 : Technology and Human Resource Management

Volume 7 Issue 1 Oct 2015 - Mar 2016 : Financial Markets

Volume 7 Issue 2 Apr 2016 - Sep 2016 : Retailing

Volume 8 Issue 1 Oct 2016 - Mar 2017 : Financial Derivatives Market in India

Volume 8 Issue 2 Apr 2017 - Sep 2017 : Ecosystem for Growth of Business

Volume 9 Issue 1 Oct 2017 - Mar 2018 : Entrepreneurship and Start-ups

Volume 9 Issue 2 Apr 2018 - Sep 2018 : Logistics and Supply Chain Management

Volume 10 Issue 1 Oct 2018 - Mar 2019: Role of MSMEs in India's Development

Volume 10 Issue 2 Apr 2019 - Sep 2019 : Marketing in 21<sup>th</sup> Century

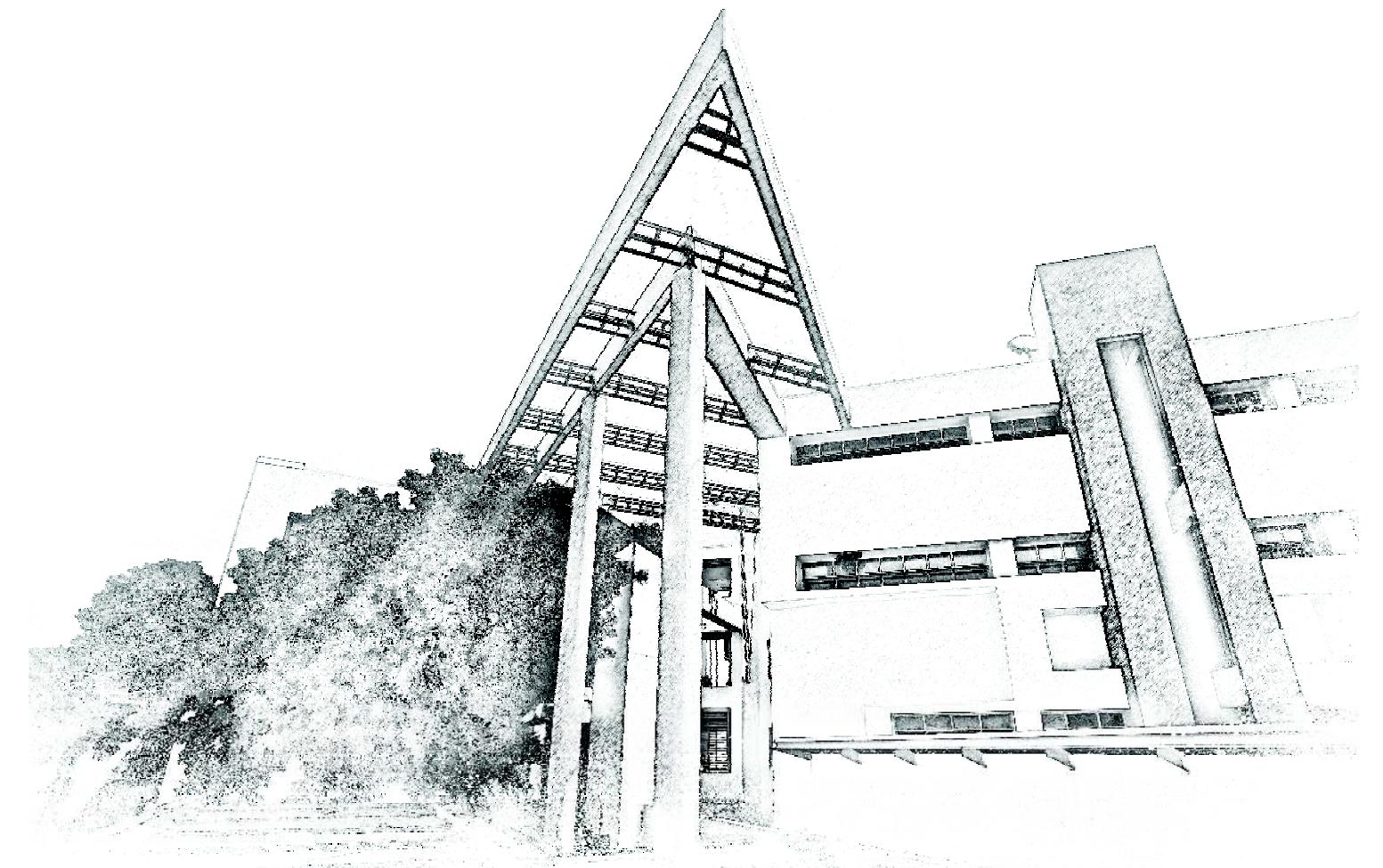
Volume 11 Issue 1 Oct 2019 - Mar 2020: Opportunities and Challenges Faced By  
Aggregators in the Global Business Environment

Volume 11 Issue 2 Apr 2020 - Sep 2020 : Emerging Business Trends - Post COVID-19

Volume 12 Issue 1 Oct 2020 - Mar 2021: Digital Supply Chain

Volume 12 Issue 2 Apr 2021 - Sep.2021 : India-Africa Business Opportunities

Volume 13 Issue 1 Oct 2021 - Mar 2022: An insight into Fintech Revolution-New Opportunities  
(Forthcoming Issue)



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