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Towards the Emergence and Valorization of Necessity Entrepreneurship: The Case of Women in the Republic of Congo

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I. Introduction

Necessity entrepreneurship, also referred to as "survival" or "resourcefulness" entrepreneurship, is an emerging form of entrepreneurship that has received limited attention in the traditional literature, dominated by the theory of opportunity entrepreneurship, which emphasizes the deliberate creation of value by entrepreneurs. The term "necessity entrepreneurship" carries a pejorative connotation that devalues entrepreneurs who find themselves in precarious situations and seek to improve their livelihoods. The decision to engage in entrepreneurship is often a result of significant life changes, such as separation, loss, unemployment, or deteriorating economic conditions Shapero and Sokol (1982). The motivation for entrepreneurship is influenced by the individual's context, and can be a choice or a response to necessity, as conceptualized in the push/pull or opportunity/necessity dichotomy. In the Republic of Congo, necessity entrepreneurship is particularly prevalent among women and constitutes a significant portion of the economy, providing around 70% of jobs.

One potential solution lies in the government's decision in 2016 to promote female entrepreneurship, which seems to fare better despite the challenging business environment. However, the reforms implemented have not been sufficient to improve the business climate, mainly due to structural difficulties such as limited access to domestic and foreign investments, burdensome administrative and judicial procedures for business creation, and corruption.

Historically, African women have always been entrepreneurs, mainly engaging in informal trading to meet their families' basic needs. The informal sector offers quicker financial gains compared to the formal economy, which is less accessible due to administrative and financial barriers. This article focuses on the definition of necessity entrepreneurship, particularly within the Congolese context.

II. Exogenous Approach Versus Endogenous Approach

Entrepreneurial studies predominantly adopt an endogenous approach, which examines the intrinsic characteristics and profiles of individual entrepreneurs. This approach suggests that entrepreneurs are "born" rather than made. In contrast, the less-explored exogenous approach, which we adopt in this study, focuses on the environmental conditions that influence and push individuals to engage in entrepreneurship. We consider ourselves part of a systemic model where economic, social, and cultural factors interact with each other. This approach is particularly relevant in developing countries with a significant informal sector. The theoretical debate between the endogenous and exogenous origins of entrepreneurship can be summarized by two key questions:

- Are Entrepreneurs "Born" or "Made"?
- Is Entrepreneurship a Choice or a Constraint?

By adopting the original exogenous approach, we shed light on the nature of high risk in the Congolese context. For Congolese women entrepreneurs, the motivation is driven by survival. Faced with precariousness, unemployment, and a lack of formal employment opportunities, women have no choice but to turn to the informal sector. Therefore, their greatest risk lies not in investment or inactivity, but rather in the absence of entrepreneurship, which could lead to their dis-appearance or death. Thus, entrepreneurship of necessity is characterized as "mandatory innovation" contrasting with Schumpeter's classical definition, as women enter an unfamiliar universe. While there is

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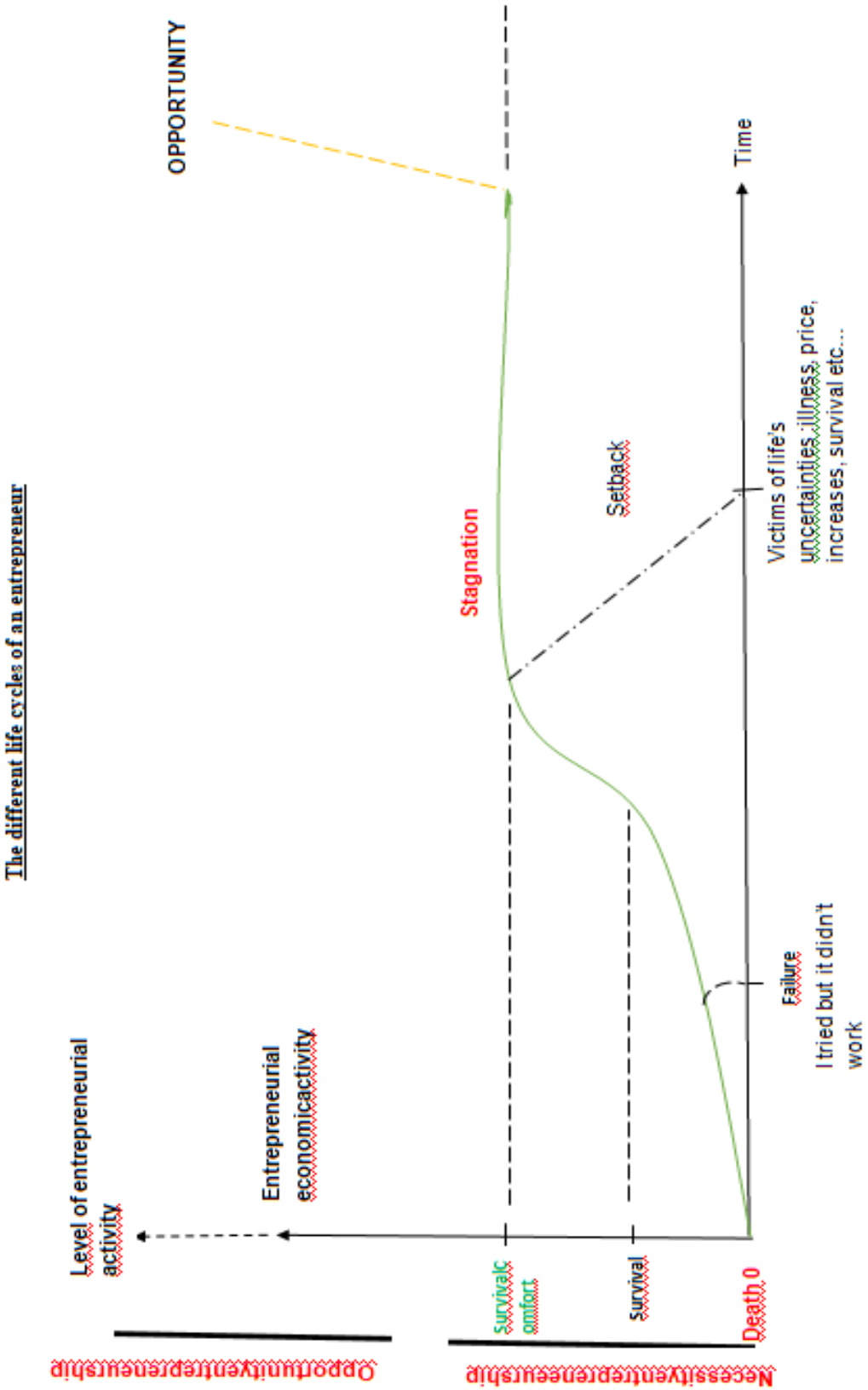
always a risk involved in entrepreneurship and innovation, the risk for necessity entrepreneurs is lower compared to the potential consequences of inactivity.



Source : Aimée Tathiana Koulounda, 2020

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III. Push Theory Versus Pull Theory

The distinction between necessity and opportunity entrepreneurship was introduced in the Global Entrepreneurship Monitor's first study, which examined entrepreneurial dynamics in developing countries. Drawing from observations between developed and developing countries, Reynolds introduced the concepts of necessity and opportunity entrepreneurship based on the push/pull theory (Johnson & Darnell, 1976; Oxenfeldt, 1943; Shapero et Sokol, 1982)[1]. In other words, necessity and opportunity entrepreneurship are defined based on push/pull concepts.

IV. Pull Theory

Considers entrepreneurship as a choice, driven by the desire for independence and the ability to identify business opportunities that yield higher benefits than the opportunity cost. Opportunities can refer to new products, services, or technologies. According to Schumpeter's theory, entrepreneurs are innovators who introduce new technologies that replace the old ones. Innovation is their primary means of survival. This theory complements Kizner's perspective (1973, 1979, 1997)[2], which envisions entrepreneurship evolving in an uncertain environment where entrepreneurs benefit from market imbalances by providing solutions to unmet needs. On the other hand, the descriptive approach, focusing on the intrinsic qualities and personality traits of entrepreneurs, considers entrepreneurship an opportunity when individuals possess the ability to perceive business opportunities (Shane, Venkataraman, 2000)[3] and take risks. In this context, opportunity is embedded in the entrepreneurial process, which leads to organizational emergence, referring to the birth of new formal enterprises (Gartner 1985, 1990, 1995).

V. Push Theory

On the other hand, push theory suggests that entrepreneurial motivation is driven either by necessity or dissatisfaction. In the case of necessity entrepreneurship, factors such as unemployment or a lack of employment opportunities contribute to individuals feeling marginalized[4] (Gilad et Levine, 1986) and, through entrepreneurship, they seek to assert their values. In this sense, their engagement can be seen as part of a process of valorizing the entrepreneur within their community and society. According to Reynolds and All (2001), necessity entrepreneurship is considered the "best available option for employment but not necessarily the preferred one. These individuals engage in entrepreneurship because they have no better choices[5]." Dissatisfaction, in the case of opportunity entrepreneurship, becomes a triggering or determining factor in the decision to embark on entrepreneurship. This concept, often used in the field of human resources within organizations to measure job satisfaction, has been adapted to entrepreneurship. There is a close relationship between the intensity of dissatisfaction and entrepreneurship (Brockhaus, 1980; Stoner and Fry, 1982). This theory suggests that a high level of dissatisfaction acts as a positive factor in the decision to start a business when individuals see it as the ultimate alternative, ruling out the possibility of pursuing other avenues for fear of reliving the same situation.

VI. Presentation of Congo and Economic Context

Congo Brazzaville, officially known as the Republic of Congo, is a country located in Central Africa, covering an area of 342,000 square kilometers. It shares its borders with several countries, including the Democratic Republic of the Congo, Gabon, Cameroon, the Central African Republic, and Angola. In 2022, its population was estimated to be around 5.97 million people[6]. The country experiences an annual population growth rate of 2.3%. The population is predominantly urban and concentrated in the two major cities of the country, Brazzaville and Pointe-Noire, which alone house 62% of the population[7]. The territory has one of the lowest population densities in Africa, with only 14.8 inhabitants per square kilometer.

In 2022, Congo ranks 153rd out of 189 countries with a development index of 0.5[8]. This index indicates that the country faces major challenges in terms of access to education, health, and nutrition.

The economy of Congo Brazzaville is largely dependent on the oil industry, which constitutes a significant source of government revenue and exports. The oil sector plays a crucial role in the Congolese economy by attracting foreign investments and generating employment. However, this excessive dependence on oil exposes the Congolese economy to fluctuations in international oilprices.

In addition to the oil sector, the economy of Congo Brazzaville includes other sectors such as agriculture, mining, fishing, and tourism. However, these sectors are oftenless developed and diversified compared to the oil industry.

In terms of economic performance, Congo is estimated to have recorded a growth rate of 1.5% in 2022, following a contraction of 2.2% in 2021[9]. However, this economic growth has not been strong enough to reduce the poverty rate. On the contrary, the proportion of the population living below the international extreme poverty line is said to have slightly increased from 52.0% in 2021 to 52.5% in 2022[10].

VII. Socio-Economic Situation of Women

In developing countries, including the Republic of Congo, women continue to face marginalization and

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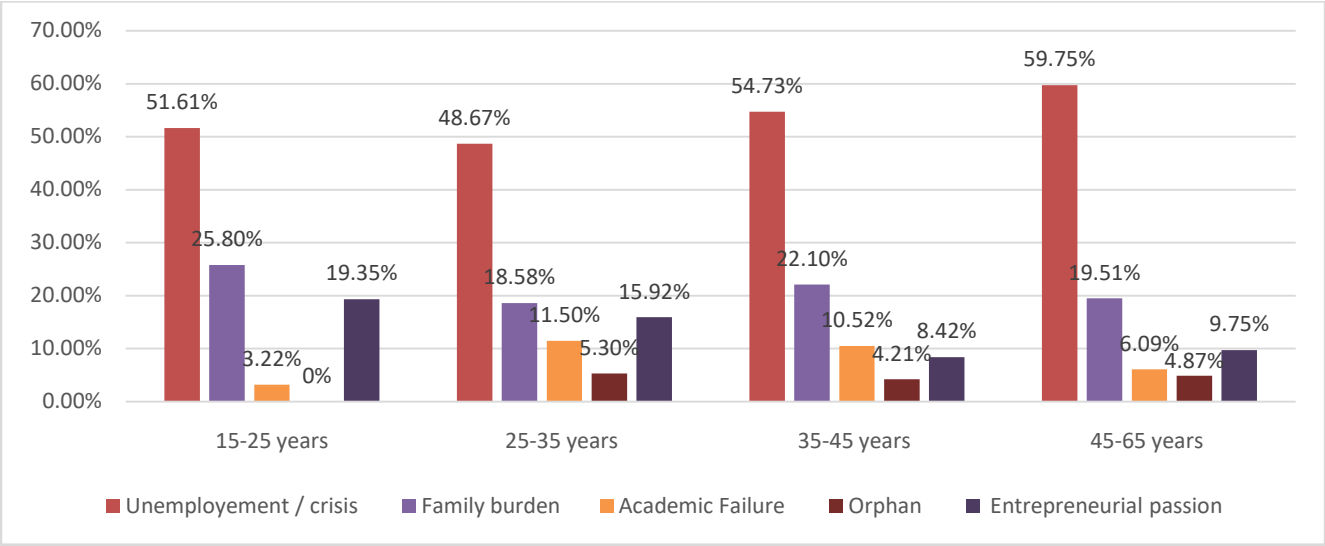
social exclusion, which hinder their access to education, social norms, and labor market discrimination. In terms of education, women have lower levels of education compared to men. Between 2015 and 2021, the literacy rate among young men aged 15-24 was higher than that of young women, with rates of 85% and 80%, respectively. Among adults aged 15 and above, the literacy rate is 86% for men and 75% for women[11]. The gender parity index of 0.93 reveals that the percentage of literate young boys is slightly higher than that of girls. This disparity highlights the need to promote girls' education and ensure equal opportunities for literacy. It also indicates that education plays a crucial role in acquiring the necessary skills and accessing decent employment. The gender gap in literacy can be partially attributed to the stereotypes and traditional roles assigned to Congolese women, perpetuating the notion that women should be confined to the roles of mother and wife, which can result in less emphasis on formal education.

Social and cultural expectations can influence family and community decisions regarding education, often favoring boys' education over girls'. Girls may be encouraged to marry and engage in domestic tasks rather than pursue further studies.

This can limit their access to formal education, depriving them of the opportunity to acquire the necessary skills and knowledge to thrive in various fields, contributing to higher unemployment rates among women. In fact, the unemployment rate for women was estimated at 23.2% in 2022 compared to 20.4% for men. This demonstrates a gender disparity in the labor market where women face specific difficulties in finding employment. They have no choice but to engage in informal entrepreneurship. The study on the dynamics of female entrepreneurship reveals that unemployment is one of the main reasons that drive women to start their own businesses.



Source: Aimée Tathiana Koulounda, 2020

Graph 1: Reasons for Entrepreneurship

VIII. Obstacles and Constraints Faced by Women Entrepreneurs

According to the Women Business 2023 report, the Republic of Congo achieved a total score of 58.1, compared to the global average of 77.1 out of 100[12]. This represents an improvement of 8.7 points compared to 2021. The report analyzes eight indicators to assess women's autonomy, including mobility, workplace, pay, marriage, parenthood, entrepreneurship, assets, and pensions.

Congo is among the seven African economies that implemented 18 legal changes in 2023. For Congo, eight reforms have been implemented, six of which relate to the workplace and two to marriage. Regarding the workplace, women benefit from legal protections against sexual harassment. Additionally, laws on family violence, including physical, sexual, and psychological violence, have been adopted for the first time in the Congolese economy[13].

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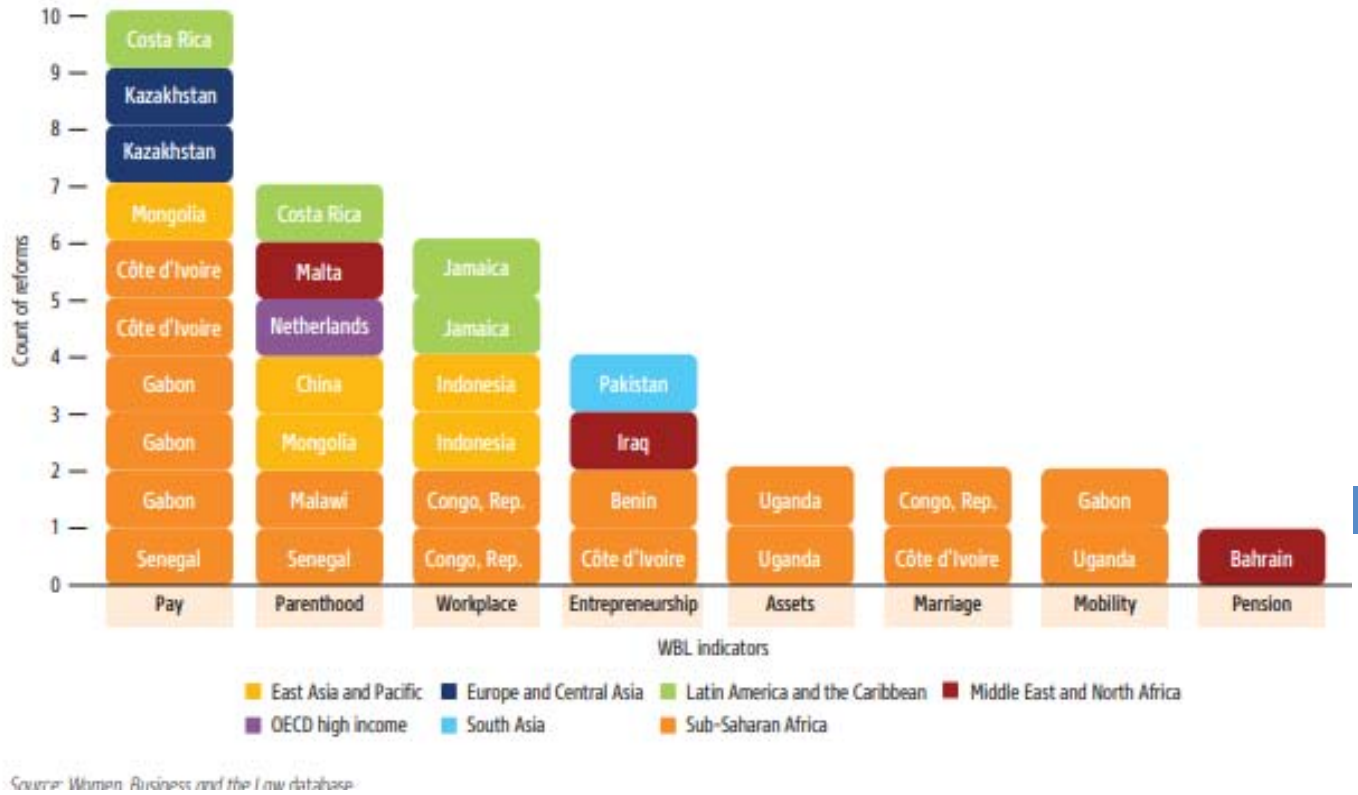

Source: Women, Business and the Law database

Figure 1: In 2021–22, 18 Economies Enacted Reforms Across all Women, Business and the Law Indicators
Count of Reforms Since October 2021, by Economy, Indicator, and Region

However, concerns persist regarding pay, with a score of 25, which measures laws affecting occupational segregation and the gender pay gap. Parenthood, with a score of 20, affects women's work during and after pregnancy. Congo's performance in pensions (100) and entrepreneurship (75) has stagnated for the past two years. The stagnation in the entrepreneurship score can be attributed, among other factors, to obstacles related to limited access to financial resources, lack of tailored training and skill development programs for women. The lack of technical skills in business management and networking opportunities can hinder their growth and development.

IX. Conclusion

In conclusion, this article has revisited the concept of entrepreneurship by highlighting two distinct and complementary forms: opportunity entrepreneurship and necessity entrepreneurship. While opportunity entrepreneurship is based on deliberate will and free initiative, necessity entrepreneurship emerges from economic constraints and survival, where the entrepreneur is compelled by an injunction or vital obligation.

It is important to emphasize that these two forms of entrepreneurship are not exclusive but rather inter-dependent and can be considered as two ends of a continuum. An important contribution of this article lies in the relationship between entrepreneurship and risk-taking. While entrepreneurship is generally associated with valorized risk-taking for its audacity and creativity, it is interesting to note that necessity entrepreneurship actually represents the lowest risk. Doing nothing in the face of a lack of means of subsistence represents the greatest risk, with the certainty of imminent disappearance. Thus, necessity entrepreneurship is motivated by the concern to reduce the risk of sinking and disappearing, while opportunity entrepreneurship is based on the perspective of a secured present and allows for risk-taking motivated by speculation about a promising future.

Therefore, these two forms of entrepreneurship differ in terms of the notion of risk, temporal perspective, and degree of urgency that characterize them. The necessity entrepreneur is constrained by adversity and acute urgency that mobilize them to ward off fatal risk, thereby preventing them from projecting into the future. On the other hand, the opportunity entrepreneur, assured of their present existence, can project onto a longer time horizon and take risks to achieve imagined and promising goals.

In summary, this article underscores that these different forms of entrepreneurship have distinct motivations, temporal perspectives, and levels of urgency, and it is essential to recognize and understand

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these differences to better grasp the diversity of entrepreneurship in our society.

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