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**Digital Transformation and the Future of  
Work and Business in Africa**

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SBS WORKING PAPER SERIES

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# **Digital Transformation and the Future of Work and Business in Africa**

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## **Abstract**

The paper highlights on the role of digital technologies in driving innovation, optimizing operations, and enabling new business models. Furthermore, the paper examines the role of digital technologies in driving innovation, optimizing operations, and enabling new business models in Africa. The insights and recommendations provided in this white paper are aimed at supporting policymakers, businesses, and other stakeholders in Africa to seize the opportunities offered by digital transformation while addressing its potential risks and challenges. African businesses need to prioritize the development of digital skills by investing in education, training, and upskilling initiatives. The themes, trends, and findings identified in the review highlight the need for investment in digital infrastructure and education, skills development, regulation of the gig economy, and a proactive approach to addressing job displacement. However, there are also challenges faced by governments when implementing policies and regulations, including limited access to funding, inadequate digital infrastructure, and nascent regulatory frameworks. Thus, governments must provide access to funding and develop support programs for businesses looking to adopt digital technologies. Collaboration between businesses, governments, and other stakeholders can help address the challenges faced, such as limited access to funding, inadequate digital infrastructure, and nascent regulatory frameworks. The implications of the research suggest the need for governments to prioritize the development of digital infrastructure, develop regulatory frameworks that promote innovation while also protecting consumers, and provide access to funding for businesses. Policymakers and businesses should focus on creating an enabling environment that supports innovation, investment, and the development of the necessary skills to fully realize the potential of digital transformation in Africa.

**Keywords:** Digital Transformation, Innovation, Digital Skills Development, African Businesses, Regulatory Frameworks.

## 1. Introduction

Mergel et al (2019) explain digital transformation as the implementation of new technologies to gain advantage or stay competitive in today's world, the Internet age, where services and products are delivered both online and offline. Westerman et al (2014) explain Digital transformation as the integration of digital technologies into all areas of an organization's operations, resulting in fundamental changes to the way work is done and value is created. The researcher expresses digital transformation as a process that involves the integration of digital technology into all aspects of an organization's operations. (Bukht & Heeks (2017) identified digital transformation as a significant driver of growth and development across various sectors globally. In Africa, digital transformation offers significant opportunities for businesses and societies to thrive, especially in the wake of the COVID-19 pandemic. With the advancement of technology and the increasing adoption of digital platforms in Africa, the need for a comprehensive review of its impact on the future of work and business cannot be overemphasized.

The author expresses that digital transformation is changing the way African businesses and organizations operate, interact, and compete in global markets. The convergence of technologies such as the internet, artificial intelligence, cloud computing, and big data is disrupting traditional business models, creating new opportunities, and transforming multiple sectors of the economy. The pace of digital transformation is accelerating, and Africa is not immune to the trend. However, the extent to which African businesses can leverage technology to drive growth, development, and innovation depends on several factors such as infrastructure, policy, skills, and capital. The World Economic Forum (2021) explains that Digital transformation is a crucial driver of economic growth, innovation, and productivity in Africa. The researcher asserts that as the world becomes increasingly connected and digitized, businesses and organizations are under pressure to adapt and leverage new technologies to remain competitive and relevant. The rapid pace of technological change, coupled with the impact of the COVID-19 pandemic, has highlighted the urgency of adopting digital strategies and tools to enable agile, resilient, and sustainable business models.

This research paper uses a systematic literature review Meta-synthesis qualitative research method to answer its five research questions. All relevant extant literature was read and data extracted carefully according to most relevant information from each article. All data was analyzed, synthesized and organized with a view to answer the research questions. Findings were synthesized to identify key themes and trends in digital transformation and their impact on the future of work and business in Africa. The findings and key themes are presented, and their implications discussed. Conclusions are made and recommendations for policymakers, businesses, and individuals are given.

This research paper explores the implications of digital transformation for the future of work and business in Africa. It examines the challenges and opportunities of adopting new technologies in various industries and sectors and offers insights into how African businesses can harness digital capabilities to enhance their competitiveness and sustainability. The paper highlights on the role of digital technologies in driving innovation, optimizing operations, and enabling new business models. It also identifies the skills and competencies needed to thrive in a digital economy and explores the potential impact of digital transformation on the workforce, society, and the environment. This paper also aims to provide a comprehensive analysis of digital transformation and its impact on the future of work and business in Africa. Specifically, it seeks to identify the key drivers, challenges, and opportunities of digital transformation in various industries and sectors across the continent. It also explores the potential implications of digital transformation on the workforce, including the skills and competencies needed to succeed in a digital economy.

Furthermore, the paper examines the role of digital technologies in driving innovation, optimizing operations, and enabling new business models in Africa. It also explores how digital transformation can improve efficiency, reduce costs, and enhance customer experiences, among other benefits. Finally, the paper argues that digital transformation is not solely a business concern but also a societal and environmental issue. It discusses the potential impact of digitalization on social inequality, inclusion, and environmental sustainability in Africa, and explores ways in which digital transformation can be harnessed to promote more equitable and sustainable outcomes. The insights and recommendations provided in this white paper are aimed at supporting policymakers, businesses, and other stakeholders in Africa to seize the opportunities offered by digital transformation while addressing its potential risks and challenges.

### **1.1 Research questions**

1. What is the current state of digital transformation in African businesses?
2. What are the benefits and drawbacks of digital transformation in the workplace in Africa?
3. How does digital transformation affect the future of work in Africa?
4. How can African businesses adapt to the new digital work environment?
5. What role do government policies and regulations play in promoting digital transformation in Africa?

### **1.2 Methodology**

#### **A Systematic Literature Review Meta-synthesis**

1. Defined Research question
2. A comprehensive search using relevant databases such as JSTOR, PubMed, Google Scholar, and others for literature on digital transformation, technology, and the future of work and business in Africa.
3. Selected articles/extant research reviewed according to inclusion and exclusion criteria. The inclusion and exclusion criteria is: Research and articles published in the last ten years.
4. All read and information extracted carefully according to most relevant information from each article, including the authors, date of publication, research methods, findings, and conclusions.
5. All information is synthesized and organized with a view to answer research questions. Findings are synthesized to identify key themes and trends in digital transformation and their impact on the future of work and business in Africa.
6. Findings and key themes are presented, and their implications discussed. Conclusions are made and recommendations for policymakers, businesses, and individuals.
7. Paper is then peer reviewed.

## **2. Literature Review**

Only the research and articles, published in the last ten year are used as inclusion and exclusion criteria for the article selection and review process.

### ***2.1 What is the current state of digital transformation in African businesses?***

The digital transformation of businesses is a global phenomenon that is changing the way organizations operate and deliver value to their customers. African businesses are not an exception in this digital age, as they are also embracing digital technologies to improve their operations and increase their profitability. The digital transformation of businesses is changing the way organizations operate and deliver value to their customers globally. Encompassing technologies such as Artificial Intelligence, blockchain, cloud computing, and the internet of things, digital transformation has grown to become a significant strategy for survival, growth, and gaining competitive advantages for organizations. According to PwC (2020), the adoption of digital technologies in African businesses has been accelerated by the COVID-19 pandemic, with many businesses forced to digitize their operations in order to survive during the lockdowns. The study also found that there is a growing awareness of the benefits of digital transformation, with businesses looking to leverage digital technologies to increase their efficiency, reduce costs, and enhance their customer experience. However, the adoption of digital technologies is still low compared to other regions, with only a few businesses fully mature in their digital transformation journey.

One of the key challenges facing digital transformation in African businesses is the lack of infrastructure and connectivity. The World Bank (2020) tells us that a little less than a third of the African population has access to the internet, compared to the global average of over half of the population. This limits the adoption of digital technologies, as businesses are unable to leverage the power of the internet to reach their customers and access new markets. The lack of infrastructure, such as electricity and telecommunications networks, also hinders the adoption of digital technologies, as businesses need a reliable and stable infrastructure to support their digital operations. Furthermore, the high costs of digital technology deployment and maintenance could be a challenge for African businesses. A report by the International Trade Centre (2018) suggests that the lack of affordable technological infrastructure is a significant challenge. African businesses, more often than not, face extra costs when deploying and maintaining digital technologies. It is necessary to note that technology adoption could serve as a catalyst for organizational growth, but the initial expenses could be a barrier to entry for most African businesses.

Another challenge facing digital transformation in African businesses is the lack of digital skills and talent. According to a report by McKinsey (2018), there is a shortage of skilled digital talent in Africa, with only a few universities offering courses in digital technologies. This makes it difficult for businesses to find the right talent to lead their digital transformation efforts, as they have to compete with other industries that are also looking for digital talent. The lack of digital skills also hinders the adoption of digital technologies, as businesses need trained personnel to operate and maintain digital systems.

Despite these challenges, there are some success stories of digital transformation in African businesses. For instance, Jumia, an African e-commerce platform, has been able to leverage the power of digital technologies to become the largest online retailer in Africa. Jumia has been able to overcome the challenges of infrastructure and connectivity by partnering with local logistics companies to deliver its goods to customers. The company has also invested in building its own logistics network, which has enabled it to reduce its delivery times and improve its customer experience. Jumia has also been able

to attract digital talent by offering competitive salaries and benefits, as well as providing training and development opportunities for its employees.

Another success story of digital transformation in African businesses is Safaricom, a Kenyan telecom company that has been able to leverage the power of mobile technology to revolutionize the banking industry in Africa. Safaricom introduced M-Pesa, a mobile money transfer service, which has become very popular in Kenya and other African countries. M-Pesa has enabled people to send and receive money through their mobile phones, without the need for a bank account. This has facilitated financial inclusion in Africa, as more people are now able to access financial services through their mobile phones. Safaricom has also been able to overcome the challenges of infrastructure and connectivity by building its own network of agents, who act as M-Pesa agents and help people to deposit and withdraw money.

iCow, a Kenyan agribusiness start-up that provides digital farming management tools to farmers via its mobile platform. The platform provides farmers with customized information on crop management, access to finance and agro dealer products, weather updates, and market prices for their produces. iCow leverages the power of mobile technologies to empower farmers with information and connect them to potential buyers, building a bridge that was previously non-existent (Ogala, 2021). iCow has been successful not only in aiding farmers with virtual guidance on their farming practices but also acting as a valuable resource center for funding.

The digital transformation of African businesses is still at an early stage, with many challenges facing the adoption of digital technologies. Infrastructure and connectivity, as well as a shortage of digital skills and talent, are some of the key challenges facing digital transformation in African businesses. However, there are some success stories of digital transformation in African businesses, such as Jumia and Safaricom, which demonstrate the potential of digital technologies to drive growth and increase efficiency in the continent. To accelerate the adoption of digital technologies, African businesses need to invest in developing digital skills and talent, as well as building the necessary infrastructure and connectivity to support their operations.

## ***2.2 What are the benefits and drawbacks of digital transformation in the workplace in Africa?***

Digital transformation has emerged as a key trend in workplaces globally, with the potential to transform the way work is done and improve the efficiency and productivity of organizations. African countries have not been left behind in this digital revolution, with many organizations adopting digital technologies to improve their operations.

### Definitions and Concepts

(Westerman et al (2014) explain digital transformation as the integration of digital technologies into all areas of an organization's operations, resulting in fundamental changes to the way work is done and value is created. This includes the use of technologies such as cloud computing, big data analytics, the internet of things (IoT), and Artificial intelligence (AI), among others. Digital transformation is not just about implementing new technologies but also involves rethinking business processes and models to take advantage of the opportunities offered by these technologies.

### ***2.2.1. Benefits of Digital Transformation in the Workplace in Africa***

#### **Improved Efficiency and Productivity**

The researcher asserts that one of the key benefits of digital transformation in the workplace in Africa is the potential to improve efficiency and productivity. Digital technologies make it possible to automate repetitive tasks, freeing up employees to focus on more strategic and creative tasks. For example, Kuiper & Volberda, (2018) points out that in the banking sector, the adoption of digital technologies has led to the automation of many routine operations, such as account opening and transaction processing, enabling banks to serve customers more quickly and efficiently.

#### **Increased Access to Markets**

Digital transformation can also help organizations in Africa to reach new customers and markets. The use of digital platforms and online marketplaces can enable organizations to connect with customers who were previously out of reach. For example, Sanusi (2019) explains that e-commerce platforms such as Jumia and Konga have enabled retailers in Nigeria to expand their reach beyond their physical stores and sell to customers across the country. This has the potential to increase revenue for organizations and support economic growth.

#### **Improved Customer Experience**

Digital transformation can also improve the customer experience by enabling organizations to tailor their products and services to individual customers' needs. For example, the use of big data analytics can enable organizations to gather and analyze customer data, providing insights into customer preferences and behavior. This can help organizations to develop more personalized products and services, leading to increased customer satisfaction and loyalty (Mumuni, 2017).

### ***2.2.2. Drawbacks of Digital Transformation in the Workplace in Africa***

#### **Skills Shortages**

One of the challenges faced by organizations in Africa in adopting digital technologies is a skills shortage. In many cases, organizations lack the technical expertise required to implement and maintain complex digital systems. This can lead to delays in the adoption of digital technologies and increased costs associated with staff training and hiring (Alakali, 2019). Additionally, many organizations may lack the resources to hire experienced IT professionals, leading to a reliance on less skilled workers.

#### **Security Risks**

Digital transformation also comes with security risks. The collection and use of large amounts of data can make organizations vulnerable to cyber-attacks and data breaches. In Africa, many organizations also lack the necessary infrastructure and resources to protect their systems from cyber threats (Boyd, 2018). This can lead to financial losses and damage to the organization's reputation.

#### **Resistance to Change**

Another challenge faced by organizations in Africa in adopting digital transformation is resistance to change. Many employees may be resistant to new technologies, preferring to stick with traditional ways of doing things. This can lead to delays in the adoption of new technologies and a lack of engagement



from employees (Harrison, 2019). Additionally, in many cases, employees lack the necessary skills and training to make the most of new technologies.

Digital transformation has the potential to transform the way work is done in Africa, improving efficiency and productivity, increasing access to new markets, and improving the customer experience. However, the adoption of digital technologies also comes with challenges, including skills shortages, security risks, and resistance to change. To fully realize the benefits of digital transformation, organizations in Africa need to address these challenges and invest in the necessary skills, infrastructure, and resources. This will require a concerted effort from both the public and private sectors to provide the necessary support and incentives for organizations to adopt digital technologies and fully embrace the digital revolution.

### **2.3 How does digital transformation affect the future of work in Africa?**

The digital revolution has transformed the way we work, communicate, and interact, paving the way for what is known as the Fourth Industrial Revolution (4IR). The African continent has not been left behind in this change, and it has become increasingly important to understand the impact of digital transformation on the future of work in Africa.

#### Impact of Digital Transformation on the Job Market

The job market has been transformed by digital technologies, and this has impacted job creation, the nature of work, and the skills required for different jobs. The traditional work structures have been disrupted, and new types of jobs have emerged as a result of digitization. One such job is that of a digital nomad, which allows people to work remotely from anywhere in the world, as long as they have access to the internet. This type of work is particularly attractive to millennials who value workplace flexibility and work-life balance.

The role of digital platforms in job creation is another area that has been highlighted by scholars. Digital platforms have created new opportunities for people to earn a living, particularly in the gig economy. A study by McKinsey revealed that the gig economy is growing at a rate of 20% per year in Africa, and digital platforms are a key driver of this growth (Chen, Lyman, & Wolff, 2018). Digital platforms such as Uber, Airbnb, and Upwork have created work opportunities for millions of people globally, and this trend is expected to continue in Africa.

Despite the opportunities presented by digital transformation, the job market in Africa remains a challenge, with high levels of unemployment and underemployment. The World Economic Forum (WEF) predicts that 50% of jobs in Africa are at risk of being displaced by automation in the near future (WEF, 2018). This is because many of the jobs in Africa are low-skilled, and therefore at a higher risk of being automated. Governments in Africa need to prioritize the development of digital skills and encourage entrepreneurship as a way of stimulating job creation.

#### Impact of Digital Transformation on Skills Development

Another important area of consideration is the effect of digital transformation on skills development. Digital transformation has led to the emergence of new skills and the obsolescence of others. Workers need to constantly upgrade their skills to remain relevant in the job market. African governments need to prioritize investment in skills development to ensure that their workforce is equipped with the necessary skills to thrive in the digital age.

A study by the African Development Bank (AfDB) found that there is a shortage of digital skills in Africa (AfDB, 2019). This is due to the lack of investment in digital infrastructure and education. The study

recommends that African governments should prioritize digital skills development in their education systems and develop partnerships with the private sector to promote innovation and skills development.

The role of the private sector in skills development cannot be overstated. Companies need to invest in upskilling their employees to ensure that they remain relevant in the digital age. This not only benefits the individual but also the organization as a whole. A study by Deloitte found that companies that invest in upskilling their employees experience higher productivity, employee retention, and revenue growth (Deloitte, 2018).

### Job Displacement

The issue of job displacement is a concern that arises from digital transformation. As the nature of work changes, certain jobs will become obsolete, and this will result in job losses. A study by the International Labour Organization (ILO) found that 37% of jobs in Africa are at high risk of being automated (ILO, 2018). This will result in job losses, particularly in the manufacturing and agriculture sectors.

The displacement of jobs is a cause for concern, particularly in countries where there are already high levels of unemployment. Governments in Africa need to take a proactive approach to address this issue. One approach is to retrain workers in new digital skills that are in demand. This will not only mitigate the effects of job displacement but also ensure that workers are prepared for the future of work.

The digital transformation presents both opportunities and challenges for the future of work in Africa. The job market has been transformed by digitization, and this has helped to create new jobs and opportunities through digital platforms. However, the job market in Africa remains a challenge, with high levels of unemployment and underemployment. The impact of digital transformation on skills development cannot be overstated, and there is a need for African governments to prioritize digital skills development in their education systems. Finally, job displacement is a concern that needs to be addressed proactively by African governments through retraining programs and investment in new digital skills.

## **2.4 How can African businesses adapt to the new digital work environment?**

The digital work environment has transformed the way businesses operate, and it has become a key driver of innovation, growth, and competitiveness. African businesses must adapt to the new digital work environment if they want to survive and thrive in the digital age.

### Digital Skills

Digital skills are essential in the new digital work environment, and they are a key requirement for businesses to remain competitive. The adoption of digital technologies requires a skilled workforce that is equipped with the necessary digital skills. African businesses need to prioritize the development of digital skills by investing in education, training, and upskilling initiatives.

According to a report by the African Development Bank (AfDB), there is a shortage of digital skills in Africa (AfDB, 2019). African businesses must take a proactive approach to address this shortage by investing in digital skills development initiatives. These initiatives can include training programs, internships, apprenticeships, and mentorship programs.

## Leadership

Effective leadership is crucial in the new digital work environment. African businesses need to have leaders who are capable of driving digital transformation and innovation. Leaders who are knowledgeable about digital technologies and their implications for business are better positioned to make informed decisions.

The role of leaders in digital transformation has been highlighted by various scholars. A study by Deloitte found that organizational culture and leadership were critical factors in the success of digital transformation initiatives (Deloitte, 2017). The study recommended that businesses should invest in leadership development programs that focus on digital transformation.

## Governance

Effective governance is crucial in the new digital work environment. African businesses need to have clear governance structures that govern the adoption and use of digital technologies. This includes policies, procedures, and guidelines that ensure that digital technologies are used in an ethical, legal, and responsible manner.

The importance of governance in the digital environment has been highlighted by various scholars. A study by the World Economic Forum (WEF) found that effective governance was necessary to ensure that digital technologies were used in a way that promoted social and economic benefits (WEF, 2018). The study recommended that businesses should prioritize the development of clear and comprehensive governance frameworks that address the ethical, legal, and social implications of digital technologies.

## Innovation

Innovation is essential in the new digital work environment, and it is a key enabler of growth and competitiveness. African businesses must embrace innovation to remain relevant in the digital age. Innovation can be achieved through investment in research and development, collaboration and partnerships, and the adoption of emerging technologies.

The importance of innovation in the digital environment has been highlighted by numerous scholars. A study by McKinsey found that businesses that invested in innovation were more likely to succeed in the digital environment (McKinsey, 2018). The study recommended that businesses should prioritize innovation by investing in research and development, collaborating with other businesses, and investing in emerging technologies.

African businesses must adapt to the new digital work environment if they want to remain competitive and relevant in the digital age. The adoption of digital technologies requires a skilled workforce, effective leadership, clear governance structures, and innovation. African businesses must prioritize the development of digital skills by investing in education, training, and upskilling initiatives. They must also have leaders who are knowledgeable about digital technologies and their implications for business, and clear governance structures that govern the adoption and use of digital technologies. Finally, innovation is essential in the new digital work environment, and African businesses must embrace it to remain competitive and grow.

## **2.5 What role do government policies and regulations play in promoting digital transformation in Africa?**

In the digital age, government policies and regulations play a critical role in promoting digital transformation in Africa. Digital transformation refers to the integration of digital technologies into all aspects of an organization's operations, leading to streamlined processes, increased efficiency, and improved productivity. This literature review aims to provide an overview of the existing literature on the role of government policies and regulations in promoting digital transformation in Africa.

### Background

The digital divide still exists in Africa, with only a small fraction of the population having access to digital technologies. However, in recent years, there has been a notable increase in digital transformation in Africa, with more businesses and organizations adopting digital technologies. This growth has been driven by a combination of factors, including government policies and regulations, infrastructure investments, and access to funding.

### Role of Government Policies

Government policies play a critical role in the digital transformation of African businesses. In many African countries, governments have implemented policies that provide incentives to businesses that embrace digital technologies. These incentives may include tax breaks, grants, and subsidies. The introduction of broadband policies also helps to promote digital transformation by increasing access to high-speed internet.

For example, in Nigeria, the government has implemented policies such as the National Broadband Plan, which aims to increase broadband penetration to 70% by 2025 (Nigeria Communications Commission, 2021). The government has also launched initiatives such as the National Digital Economy Policy and Strategy, which provides a roadmap for the development of Nigeria's digital economy.

Similarly, the South African government has identified the digital economy as a priority for growth and job creation. In 2019, South Africa launched the Presidential Commission on the Fourth Industrial Revolution (4IR), which aims to develop policies and recommendations for the country's digital transformation (Republic of South Africa, 2019).

### Role of Regulations

Government regulations can also play a critical role in promoting digital transformation in Africa. Regulations can help to create a level playing field for businesses, protect consumers, and promote innovation. However, regulations can also create barriers to entry, particularly for small and medium-sized enterprises.

In many African countries, the regulatory environment for digital technologies is still evolving. However, several African countries have introduced regulations that promote the adoption of digital technologies. For example, Kenya has introduced regulations that allow for the use of mobile money for transactions, thereby promoting financial inclusion and digital transformation in the country (Central Bank of Kenya, 2021). Similarly, Rwanda has introduced regulations that support the development of e-commerce and digital payment platforms. The government has implemented a national payment gateway system that allows for the integration of all payment systems, creating a seamless payment experience for consumers and businesses (Rwanda Development Board, 2021).

## Implications

The literature suggests that government policies and regulations can play a critical role in promoting digital transformation in Africa. Governments can provide incentives to businesses that embrace digital technologies, promote the development of digital infrastructure, and create a level playing field for businesses. Regulations can also promote innovation and protect consumers. However, there are also challenges that governments face in promoting digital transformation in Africa. These include limited access to funding, inadequate digital infrastructure, and nascent regulatory frameworks. Addressing these challenges will require a collaborative effort from businesses, government, and other stakeholders.

The literature suggests that government policies and regulations play a crucial role in promoting digital transformation in Africa. Governments can provide incentives to businesses that adopt digital technologies, promote the development of digital infrastructure, and create a level playing field for businesses. Regulations can also promote innovation and protect consumers. However, addressing the challenges that governments face in promoting digital transformation in Africa will require a collaborative effort from businesses, governments, and other stakeholders.

### **3. Discussion of the Findings, Key Themes, and Implications**

#### ***3.1 State of digital transformation in African businesses***

Firstly, the adoption of digital technologies in African businesses is still relatively low compared to other regions, mainly due to the lack of infrastructure and connectivity. While the digital divide is a global issue, the situation is particularly acute in Africa, where only 28% of the population has access to the internet. This lack of access to digital technologies has implications for the future of work in Africa, as digital skills are increasingly essential for employability and competitiveness. Secondly, the current knowledge gap and shortage of skilled digital talent creates a significant barrier to the effective adoption and implementation of digital technologies. The lack of access to high-quality, affordable digital training and education compounds the issue. For businesses, finding the necessary talent to spearhead digital transformation efforts is becoming increasingly challenging, putting growth at risk. Addressing this issue through targeted investment in digital education and training programs would have a significant, positive impact on the future employability of African workers both at home and globally.

Thirdly, the high costs of digital technology deployment and maintenance create challenges for African businesses. This is particularly the case when initial expenses are a barrier to entry for small and medium-sized enterprises (SMEs), which constitute a large share of African businesses. Given that SMEs are key drivers of economic growth and job creation, reducing these barriers is critical to the future of business on the continent.

Despite these challenges, several trends and opportunities that have emerged as African businesses increasingly embrace digital transformation. One key trend is the emergence of successful digital businesses, such as Jumia and iCow, which have developed innovative digital solutions to address challenges in sectors such as e-commerce and agriculture. These businesses are providing a blueprint for other African businesses to follow as they navigate the challenges of digital transformation. Additionally, the COVID-19 pandemic has accelerated digital transformation in African businesses, highlighting the importance of digital readiness and resilience. In many cases, businesses that have

successfully adopted digital technologies have been better equipped to navigate the pandemic and continue operating and serving customers despite lockdowns and other restrictions.

Overall, the key themes and trends identified in the analysis suggest that digital transformation is critical to the future of work and business in Africa. The increasing adoption of digital technologies presents significant opportunities for businesses and individuals alike; however, there are significant challenges that need to be addressed. Addressing the issue of infrastructure and connectivity, reducing the knowledge gap and increasing access to digital training and education, and reducing the high costs of digital technology deployment and maintenance are essential. If these challenges can be overcome, it is likely that digital transformation will continue to reshape the African business landscape, bringing about significant improvements in efficiency and competitiveness, and driving economic growth and job creation.

### **3.2 Benefits and drawbacks of digital transformation in the workplace in Africa**

One key theme that emerges is the potential for digital transformation to improve efficiency and productivity in African workplaces. The adoption of digital technologies can automate routine operations, allowing employees to focus on more strategic tasks. Additionally, digital platforms and online marketplaces can help organizations expand their reach and connect with new customers, potentially increasing revenue and supporting economic growth.

Another theme that emerges is the challenges associated with digital transformation, including skills shortages, security risks, and resistance to change. Many African organizations lack the technical expertise required to implement complex digital systems, as well as the resources to hire experienced IT professionals. This can result in delays in the adoption of new technologies and increased costs associated with staff training and hiring. Additionally, the collection and use of large amounts of data can make organizations vulnerable to cyber-attacks and data breaches. Finally, many employees may be resistant to new technologies, preferring to stick with traditional ways of doing things. This can lead to delays in technology adoption and a lack of engagement from employees.

These themes have several implications for the adoption of digital transformation in African workplaces. Continued investment in the necessary skills, infrastructure, and resources will be crucial for organizations to fully realize the benefits of digital transformation. Additionally, organizations must address security risks associated with the collection and use of data. Finally, addressing resistance to change among employees will be important for successful technology adoption.

While the potential benefits of digital transformation are significant, several challenges must be overcome for organizations to fully embrace the digital revolution. With continued investment and support, however, African organizations have the potential to transform the way work is done and increase economic growth and development.

### **3.3 How digital transformation affect the future of work in Africa?**

This review identified three key themes: the impact of digital transformation on the job market, skills development, and job displacement. In the job market, digital transformation has disrupted traditional work structures, creating new types of jobs and opportunities. The emergence of digital platforms has also created new opportunities for people to earn a living, particularly in the gig economy. Despite the opportunities presented by digital transformation, the job market in Africa still faces challenges, with high levels of unemployment and underemployment.

Digital transformation has also impacted skills development. New skills have emerged, while others have become obsolete. There is a need for workers to continuously upgrade their skills to remain

relevant in the job market. However, there is a shortage of digital skills in Africa, and this is attributed to the lack of investment in digital infrastructure and education.

The issue of job displacement is also a key theme. As the nature of work changes, certain jobs will become obsolete, leading to job losses. The displacement of jobs is a concern, particularly in countries with high levels of unemployment. There is a need for African governments to take a proactive approach in addressing this issue by retraining workers in new digital skills that are in demand.

### Trends

This review identified trends that are likely to shape the future of work in Africa. One trend is the growth of the gig economy, which is being driven by digital platforms. The McKinsey study cited in the review found that the gig economy is growing at a rate of 20% per year in Africa. This trend is expected to continue in the foreseeable future, creating new opportunities for people to earn a living. Another trend is the shortage of digital skills in Africa, which is a major barrier to the adoption of digital technologies in the job market. This trend highlights the need for investment in digital infrastructure and education.

This review also identified the trend of job displacement, which is expected to increase in the coming years. The ILO study cited in the review found that 37% of jobs in Africa are at high risk of being automated. This trend highlights the need for African governments to take a proactive approach in addressing the issue of job displacement.

Digital transformation has created new job opportunities through digital platforms such as Uber, Airbnb, and Upwork. Secondly, there is a shortage of digital skills in Africa, and this is attributed to the lack of investment in digital infrastructure and education. Thirdly, the job market in Africa still faces challenges, with high levels of unemployment and underemployment, despite the opportunities presented by digital transformation. Fourthly, job displacement is a concern, particularly in countries with high levels of unemployment. Lastly, investment in skills development is crucial to ensure that African workers are equipped with the necessary skills to thrive in the digital age.

### Implications

Firstly, governments in Africa need to prioritize investment in digital infrastructure and education to address the shortage of digital skills. Without investment in digital skills development, African workers will be left behind in the digital age. Secondly, investment in skills development is crucial to ensure that African workers are equipped with the necessary skills to thrive in the digital age. The private sector has a role to play in skills development by investing in upskilling their employees. Thirdly, the growth of the gig economy is a trend that African governments need to monitor and regulate to ensure that workers in the gig economy are protected, and that their rights are not violated.

Lastly, African governments need to take a proactive approach to address the issue of job displacement. Retraining programs in new digital skills that are in demand and investment in new emerging technologies are key steps that African governments can take to mitigate the negative effects of job displacement.

The themes, trends, and findings identified in the review highlight the need for investment in digital infrastructure and education, skills development, regulation of the gig economy, and a proactive approach to addressing job displacement. This review provides a foundation for future research on this important topic.

### **3.4 African businesses Adapting to the new digital work environment**

#### Key Themes

Digital skills, leadership, governance, and innovation. Digital skills were identified as a priority for businesses to remain competitive in the digital age. Leaders who possess digital knowledge and expertise are better placed to drive digital transformation and innovation. Governance mechanisms are necessary to ensure that digital technologies are used in an ethical, legal, and responsible manner. Finally, innovation is essential for growth and competitiveness in the digital age.

#### Findings

Firstly, there is a shortage of digital skills in Africa, and there is a need to invest in education, training, and upskilling initiatives to develop a skilled workforce that is equipped with the necessary digital skills. Secondly, effective leadership is critical in driving digital transformation in African businesses. Leaders must be knowledgeable about digital technologies and their implications for business. Thirdly, effective governance mechanisms are necessary to ensure that digital technologies are used in an ethical, legal, and responsible manner. Lastly, businesses must invest in research and development, collaboration, and emerging technologies to drive innovation and remain competitive in the digital age.

#### Implications

The findings have several implications for the future of work and business in Africa. Firstly, businesses must prioritize investment in digital skills development to ensure that their workforce is equipped with the necessary digital skills. This investment can have positive effects on the economy and help reduce the digital skills gap in Africa.

Secondly, effective leadership is crucial for driving digital transformation and innovation in African businesses. Businesses must invest in leadership development programs that focus on digital transformation to stay competitive in the new digital work environment.

Thirdly, effective governance structures must be put in place to ensure that digital technologies are used in an ethical, legal, and responsible manner. This can help build trust in digital technologies and protect businesses from reputational damage or legal action.

Finally, innovation is essential for growth and competitiveness in the digital age. Businesses that invest in research and development, collaboration, and emerging technologies are more likely to succeed in the digital environment. This research highlights the importance of digital skills, leadership, governance, and innovation for businesses to adapt to the new digital work environment. The findings underscore the need for investment in education, training, and upskilling initiatives, effective leadership, clear governance structures, and innovation. As African businesses adapt to the new digital work environment, they will be better placed to compete in the global market and drive economic growth and development.



### **3.5 Roles government policies and regulations play in promoting digital transformation in Africa**

#### Key Themes

The study identified several key themes, including the role of government policies and regulations in promoting digital transformation, the impact of regulations on businesses, and the challenges faced by governments when implementing policies and regulations. The study also identified the importance of digital infrastructure, access to funding, and the need for collaboration between stakeholders.

#### Findings

The research revealed that government policies and regulations play a significant role in promoting digital transformation in Africa. Governments can provide incentives to businesses that adopt digital technologies, promote the development of digital infrastructure, and create a level playing field for businesses. However, there are also challenges faced by governments when implementing policies and regulations, including limited access to funding, inadequate digital infrastructure, and nascent regulatory frameworks. This study found that regulations can have a significant impact on businesses. Regulations can create barriers to entry, particularly for small and medium-sized enterprises. However, regulations can also promote innovation and protect consumers. This study highlights the importance of developing regulatory frameworks that promote innovation while protecting consumers. This research also highlighted the importance of digital infrastructure in promoting digital transformation in Africa. Access to high-speed internet is critical for businesses to adopt digital technologies, and governments must prioritize the development of digital infrastructure. Access to funding for businesses is also crucial, as businesses require capital to invest in digital technologies.

#### Implications

The implications of this study have significant implications for the future of work and business in Africa. Firstly, governments must prioritize the development of digital infrastructure to promote digital transformation. This can improve access to high-speed internet, thereby enabling businesses to adopt digital technologies. Secondly, governments must develop regulatory frameworks that promote innovation while protecting consumers. Regulations must be designed to create a level playing field for businesses, particularly small and medium-sized enterprises, while also protecting consumers from fraud and other malpractices. Thirdly, businesses require access to funding to invest in digital technologies. Thus, governments must provide access to funding and develop support programs for businesses looking to adopt digital technologies. Finally, there is a need for collaboration among stakeholders in promoting digital transformation in Africa. Collaboration between businesses, governments, and other stakeholders can help address the challenges faced, such as limited access to funding, inadequate digital infrastructure, and nascent regulatory frameworks. This paper highlights the role of government policies and regulations in promoting digital transformation in Africa. This study has identified key themes, including digital infrastructure, access to funding, regulations, and the challenges faced by governments. The implications of the research suggest the need for governments to prioritize the development of digital infrastructure, develop regulatory frameworks that promote innovation while also protecting consumers, and provide access to funding for businesses. Collaboration among stakeholders is necessary in addressing the challenges faced and promoting digital transformation in Africa, enabling the continent to remain competitive in the digital age.

#### **4. Conclusions and Recommendations: Digital Transformation and the Future of Work and Business in Africa**

##### ...still at an early stage

The digital transformation of African businesses is still at an early stage, with many challenges facing the adoption of digital technologies. Infrastructure and connectivity, as well as a shortage of digital skills and talent, are some of the key challenges facing digital transformation in African businesses. However, there are some success stories of digital transformation in African businesses, such as Jumia and Safaricom, which demonstrate the potential of digital technologies to drive growth and increase efficiency in the continent. To accelerate the adoption of digital technologies, African businesses need to invest in developing digital skills and talent, as well as building the necessary infrastructure and connectivity to support their operations.

##### ...the potential to transform the way work is done in Africa

Digital transformation has the potential to transform the way work is done in Africa, improving efficiency and productivity, increasing access to new markets, and improving the customer experience. However, the adoption of digital technologies also comes with challenges, including skills shortages, security risks, and resistance to change. To fully realize the benefits of digital transformation, organizations in Africa need to address these challenges and invest in the necessary skills, infrastructure, and resources. This will require a concerted effort from both the public and private sectors to provide the necessary support and incentives for organizations to adopt digital technologies and fully embrace the digital revolution.

##### ...presents both opportunities and challenges for the future of work in Africa

The digital transformation presents both opportunities and challenges for the future of work in Africa. The job market has been transformed by digitization, and this has helped to create new jobs and opportunities through digital platforms. However, the job market in Africa remains a challenge, with high levels of unemployment and underemployment. The impact of digital transformation on skills development cannot be overstated, and there is a need for African governments to prioritize digital skills development in their education systems. Finally, job displacement is a concern that needs to be addressed proactively by African governments through retraining programs and investment in new digital skills. This review provides a foundation for future research on this important topic.

##### ...must adapt to the new digital work environment

African businesses must adapt to the new digital work environment if they want to remain competitive and relevant in the digital age. The adoption of digital technologies requires a skilled workforce, effective leadership, clear governance structures, and innovation. African businesses must prioritize the development of digital skills by investing in education, training, and upskilling initiatives. They must also have leaders who are knowledgeable about digital technologies and their implications for business, and clear governance structures that govern the adoption and use of digital technologies. Finally, innovation is essential in the new digital work environment, and African businesses must embrace it to remain competitive and grow. This research highlights the importance of digital skills, leadership, governance, and innovation for businesses to adapt to the new digital work environment. The findings underscore the need for investment in education, training, and upskilling initiatives, effective leadership, clear governance structures, and innovation. As African businesses adapt to the new digital work environment, they will be better placed to compete in the global market and drive economic growth and development.

## Governments can provide incentives to businesses that adopt digital technologies

There is the need for governments to prioritize the development of digital infrastructure, develop regulatory frameworks that promote innovation while also protecting consumers, and provide access to funding for businesses. Collaboration among stakeholders is necessary in addressing the challenges faced and promoting digital transformation in Africa, enabling the continent to remain competitive in the digital age. government policies and regulations play a crucial role in promoting digital transformation in Africa. Governments can provide incentives to businesses that adopt digital technologies, promote the development of digital infrastructure, and create a level playing field for businesses. Regulations can also promote innovation and protect consumers. However, addressing the challenges that governments face in promoting digital transformation in Africa will require a collaborative effort from businesses, government, and other stakeholders.

Digital transformation is a significant driver of development and growth in Africa. As highlighted in this literature review, it presents several opportunities for businesses and individuals. However, its adoption comes with significant challenges that should be addressed to leverage its full potential. Policymakers and businesses should focus on creating an enabling environment that supports innovation, investment, and the development of the necessary skills to fully realize the potential of digital transformation in Africa.

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