Management in Africa: Contextual Factors and their influence

by

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Abstract

Developments in management theory and practice have tended to reflect business circumstances in developed country contexts. Little is known about such practices in Africa. The managerial context in Africa is different from that of developed countries. This paper describes the African management context and shows how it has influenced managerial processes there.

Introduction

Although our knowledge of management practices has increased tremendously, most of it has been accumulated in developed country contexts. As Haines (1988) and Glueck and Jauch (1984) pointed out, the foremost thinking in management reflects business circumstances in developed countries. Little is known about
management in Africa. This paper highlights the environmental forces prevailing in Africa and how they have influenced managerial processes. These forces make up the managerial context in Africa.

The Context of Management


Management problems and practices are to a large extent shaped by the socio-cultural forces prevailing in a country. These forces shape the values, beliefs and attitudes of people in a community. What people do and how they do it are largely determined by such socio-cultural forces (Nambudiri and Saiyadain, 1978; Cox and Cooper, 1985; Jones, 1988, Osigweh, 1989; Dia, 1991).

African societies are characterised by the prevalence of extended family systems. Onyemelukwe (1973) and Dia (1991) pointed out that people are bound together by virtue of their common origin (by birth). This familial bond imposes common obligations on the members of the extended family. Individuals are taught to accept their places in the extended family groups. Individualism tends to be discouraged. Family members fulfil their obligations not only by acquiring property for themselves but by sharing it with others in the group.

The suppression of individualism is further enhanced by the existence of authority systems. Age is an important source of such authority. Only those individuals who have attained sufficient age have a say in group affairs (Dia, 1991; Blunt, 1978; Onyemelukwe, 1973). Thus, the views and ideas of younger people may be regarded as subordinate. Yet these younger people tend to be more trained than the older ones.

That individuals belong to family groups imposes the additional requirement of loyalty to those groups. The sense of belonging and being accepted in such groups is strong in African communities (Onyemelukwe, 1973; Nambudiri and Saiyadain, 1978; Dia, 1991). This gives rise to a situation where individuals are very loyal to small groups which are based on family, tribe, language or geographical region. Such groups are not broad-based e.g. on a national basis. Rather, they tend to be ethnically based.

Ethnicity has been identified as a characteristic of African countries. The way people carry out their activities is partly influenced by this ethnic factor (Nambudiri and Saiyadain, 1978). Onyemelukwe (1973) had argued that ethnicity and group loyalty tended to create conflict in modern organisations in Africa. Blunt (1978) found that ethnicity did influence organisational processes in East Africa. He further observed that such ethnicity discouraged participative forms of management. Dia (1991) argued that ethnicity could have a negative impact on organisational effectiveness.

The potential for conflict is increased by the fact that African communities have been influenced partially by other cultures (Onyemelukwe, 1973; Henley, 1973; Blunt, 1978; Dia, 1991). A particularly dominant influence originates from the Western countries. Most African countries have accepted Western educational systems. Material taught in training institutions originates from these Western countries. Many young people have received Western education and have developed some understanding of Western value systems. Yet when they work in modern organisations in African countries, they are still under the influence of their traditional community values. Thus, a situation develops where the young African managers are aware of western behaviour patterns and values and yet they still fall under their traditional bonds. Such a mix of cultural values can cause tension within individuals that are aware of both sets of values.

Western management practices have also influenced the design and management of organisations in Africa. Henley (1973) found that the British colonial administrators in Kenya implanted Western style bureaucracies where none existed before. With the attainment of independence, indigenous Kenyans took over management of these organisations. But they did not change the management systems that were already in place. To date, one finds that many...
Kenyan management practices are similar to those found in Western organisations. Such management practices may be inappropriate for Africa (Thompson, 1964; Blunt, 1978, 1980; Jones, 1988; Haines, 1988; Dia, 1991). This can lead to conflict and ineffective performance.

The mix of western and African traditional values is reflected directly in many modern organisations that draw their employees from various sources (who have been brought up in different backgrounds). Firstly, there are expatriates who occupy senior management positions. They have largely been brought up in the West and so subscribe to Western values and attitudes. Then there are locals who have been trained in the Western countries. These tend to occupy senior and middle management positions. They are familiar with Western behaviour patterns but at the same time belong to their local communities. Lastly, there are the locals who have been brought up locally. They have had very little contact with Western values. This mixture of people from different backgrounds can potentially create problems in running organisations.

In recognition of these potential culture-related problems, Onyemelukwe (1973) and Dia (1991) have argued that what is urgently needed for business management in Africa is the establishment of a dialogue between the cultures - African and Western. Once this is done, business methods in Africa might make maximum use of the potentialities of each of the cultures. There is need to understand the nature of business operations within an African context. Only with such knowledge can we know the kind of dialogue that needs to be established for the benefit of modern business organisations in Africa.

**Economic factors**

African countries are at early stages of their industrialisation process (Kirkpatrick et al., 1984). Agriculture is still the mainstay of the economies of many of these countries. Productivity levels in agriculture are low. As a result, the incomes derived from agriculture tend to be low. They also tend to fluctuate from season to season depending on the prices prevailing in the world markets for these agricultural products.

Because of the generally low levels of income in many of these countries, the internal markets are small (Kirkpatrick et al, 1984). This means that any business organisations that operate serve very small internal markets. If business operations have to expand, then firms have to look for export markets. When this is not possible, either of two situations can arise. We may have a situation where only one established firm adequately serves the entire market. It becomes difficult for other firms to get into similar operations. Few firms end up having virtual monopoly positions in their areas of operation. Alternatively, many small firms compete with to serve the limited markets available. Rivalry here is intense. The end result is business situations characterised by both monopoly and excessive rivalry.

African governments lay a lot of emphasis on rapid industrialisation as a means of achieving desirable rates of economic development (Nambudiri and Saiyadain, 1978; Kirkpatrick et al., 1984). In order to support the industrial firms that have been set up, governments have protected such firms from foreign competition. These protected firms have not been efficient in their operations (Kirkpatrick et al., 1984). The products they produce are expensive and therefore not competitive in foreign markets. They have therefore been forced to sell their products in the limited and protected home markets. If such firms have to improve on the efficiency of their operations, they need to penetrate export markets. This is not easy given their inefficient operational structure. Such is the dilemma that many industrial firms in Africa face.

African countries generally face serious foreign exchange problems (Nambudiri and Saiyadain, 1978; Kenya Government, Sessional Paper no. 1, 1986). They consistently import more than they export. Industry in Africa crucially depends on imported machinery, raw materials and components from outside the continent. The operations of many such firms have been hampered by the fact that they cannot purchase the raw materials they require due to the nonavailability of foreign exchange resources.

There is a general scarcity of capital in Africa (Kirkpatrick et al.; 1984, Coughlin and Ikara, 1988; Coughlin, 1990). Capital markets are weak and access to international capital markets is difficult (Glen and James, 1980). In the latter regard, multinational companies have an advantage over local ones given their ability to raise funds elsewhere. For many companies, such financial constraints create further problems to their operations.

Many African countries rely on foreign aid to finance their development activities. However, such aid has become increasingly conditional upon requirements set by donor countries. The latter have expressed concern over misuse of aid funds to African countries. For example, leading aid donors to Kenya recently suspended new aid for six months (Financial Times, 8 January 1992). Resumption of such aid was made conditional upon Kenya making positive economic, social and political reforms. Similar warnings have been sounded to other African countries. Reliance on uncertain aid to finance development creates further complications to firms operating in Africa.

One of the conditions for continued international financial assistance to
African countries is for the latter to adopt structural adjustment programmes. There is pressure from international agencies (World Bank, IMF) and individual donor countries that such programmes be implemented. These programmes are meant to improve the economic performance of African countries. The principle components of these programmes include reduction in government spending, liberalisation of the trade sector, removal of price controls, monetary and exchange rate reforms. Many African countries have found it difficult to implement these programmes as required (Financial Times, 8 January 1992). This creates additional uncertainty regarding continued availability of foreign aid and the economic performance of these countries. This in turn complicates the context within which organisations operate in Africa.

In African countries, labour is abundant. Yet there is a shortage of skilled labour (technicians, craftsmen and professionals). Most of the labour that is available is unskilled. The levels of education in management are low (Iboko, 1976). This means that business firms have difficulty in obtaining adequately qualified, experienced and competent managers. Such managers are an important asset for business firms. If there is a shortage of managerial resources, the mobilisation of other organisational resources will be inadequate.

These countries tend to have large public sectors (Kirkpatrick et al., 1984; Kiggundu et al., 1983). The public sector institutions in turn tend to be used by governments to control the operations of firms in the private sector. As a result, the difficulties and problems experienced in managing public sector institutions are extended to private sector firms. This creates serious constraints in management processes in the private sector. Undue political influence spreads into private sector firms and this tends to undermine managerial actions there (Iboko, 1976; Wanjui, 1986; Austin, 1991).

Political and Legal factors

In any country, the government controls economic activity via the laws and regulations it enacts. Such regulations can enhance or inhibit business activity. The actions of government can be very helpful or harmful to the various business companies operating in a country. Governments can intervene in business operations (sometimes to the detriment of business companies) or they can allow the companies a large degree of autonomy.

African countries tend to have highly centralised governments (Kiggundu et al., 1983). Power is centralised and decision making usually takes place in the high echelons of government. There is little delegation of authority. Such centralised structures mean decision making is slow. Getting government approvals on business actions becomes a long and tedious process. Wanjui (1986) pointed out that such concentration of power often gave rise to abuse of power and corruption. This in turn led to economic disruption and mismanagement.

Government intervention in business operations in Africa is a very frequent phenomenon. Such intervention can take various forms with varied consequences on business operations (Wanjui, 1986; Haines, 1988). One popular form of government intervention in business in Africa is price control (Haines, 1988). Many of the major consumer products are price-controlled. These are products that are regarded as “necessities” by the government. It is felt that prices of such products should be regulated. Even when business conditions require that prices increase, such adjustment is not possible since we have official price ceilings. Such price ceilings are set and adjusted (sometimes haphazardly) by government. This makes it difficult for business firms to make projections of prices, sales and profit margins for their products. The imposition and administration of price controls has been frustrating to manufacturers in Africa (Wanjui, 1986).

Government actions can also affect the supply of raw materials. Many business firms in Africa rely on imported machinery and raw materials for their operations. Foreign exchange resources necessary for facilitating the acquisition of these machinery and raw materials are allocated by the government. Priorities regarding the allocation of such resources are determined by government and these tend to change from time to time. Business firms are never sure that they will obtain the raw materials they require at the right time and in appropriate quantities. Governments also tend to pressurise business firms to use locally available raw materials. Such demands can be difficult to meet especially when the quality of the locally available raw materials is low. It may also be that local expertise to produce such materials is either inadequate or not available (Haines, 1988). All these government actions can make normal business operations difficult.

Governments also tend to heavily regulate private business operations (Wanjui, 1986). This is done through various licensing mechanisms and also through setting up government regulatory bodies. One of the reasons that explains the prevalence of such regulation is that governments tend to have little confidence in the effectiveness of private sector management or entrepreneurs (Wallender, 1978). Governments tend to be suspicious of the intentions of private sector firms especially when such firms are foreign. Inhibiting regulations may thus be developed to try to impose government desires on these firms. Governments may also set up their own companies to directly compete with these foreign firms. Where this is not possible, the government may demand to hold shares in such firms in an effort to retain some control over their operations. Such actions tend
to generate hostility between government and private sector firms in Africa. These hostilities are not good for the government and the business firms.

Political instability is prevalent in Africa (Wanjui, 1986; Haines, 1988). Many governments in Africa have changed hands frequently and violently. Civil wars break out from time to time. Boundary clashes with neighbouring countries are a common phenomenon. Haines (1988) points out the difficulties one would encounter in such political circumstances. He gives the example of Nigeria at a time of civil war. Nigeria is also a country that has had a series of political coups all of which contribute towards political instability and uncertainty.

Faced with such a political environment, business managers have to creatively look for alternative ways of charting out the future activities of their companies. They need to be innovative and adaptive in managing their companies.

Infrastructural factors

African countries experience many infrastructural problems. Kiggundu et al., (1983) and Wanjui (1986) have described these countries as being characterised by inadequate infrastructure. Certain services are either inadequate or not available in Africa. It is important that facilities for transport be available. There is need for good roads, rail and water networks. This facilitates communication which in turn enhances economic activity. Power, telephone and port facilities are necessary for business activity. As Imosili (1978) pointed out, such facilities and services were unreliable in Africa. This created additional problems for business managers in Africa. Wallender (1978) argued that an adequate physical infrastructure providing roads, water and power was a requirement for economic growth. That this infrastructure is inadequate in Africa means economic and other business activities are constrained.

In addition, these countries have not installed technological infrastructures necessary to produce information required for purposes of business decision making (Wallender, 1978). There is a general lack of information needed by business firms. Without such information, business decision making is difficult. Haines (1988) argues that such information forms the input to corporate decision models. However, if and when it comes, it is so vague as to be of little value for planning purposes. Information from government agencies comes late thus reducing its relevance for decision making purposes. It also tends to be inaccurate. Haines (1988) points out that the inaccuracy is partly introduced by government officials in an attempt to create a better picture on the performance of the economy.
successful are the ones which have established contact with foreign firms, academic institutions and other public associations. Through such contact, they have been able to create an internal managerial capability to manage technology. However, do note that there are many factors which militate against the development of such managerial capabilities.

All of the factors discussed so far describe the context within which management takes place in Africa. The unique characteristics of the environment pose challenges to the process of management here. We now focus our attention on how these environmental forces have influenced management practices in Africa.

Impact of Environmental Factors on Management

Management is a process which is made up of several processes. These have been identified to be planning, organising, leading and controlling (Stoner, 1978; Van Fleet, 1991). Planning precedes the other managerial functions. Through planning, objectives are set and organisational direction established. Organising, leading and controlling are then performed in an effort to implement that which has been planned.

These views on management were advanced in developed countries and reflected managerial contexts there. It has already been pointed out that contextual factors do influence managerial practices. It is likely that such factors in Africa have influenced management there.

Planning

Wallender (1978) argued that the sequence where planning came first followed by the other functions was applicable only in industrialised country contexts. A different sequence seemed to characterise management practices in Africa and other developing countries. He called this new sequence a "process of management development cycle." In this sequence, organising and controlling functions seem to be performed first followed by planning and leading. He argued that this new sequence could be explained by environmental and intra-firm factors which characterised developing but not developed countries. He identified these factors to include the fact that firms in developing countries acquire ready technology as opposed to developing it. Turbulence of the local environment, lack of available managerial resources, paucity of information and hostile government activities.

As a result of the influence of these activities planning tended to be ad hoc. It was not used as a basis for integrating activities in a company or establishing goals and policies for the company. Planning tended to be conducted by specialists (not line managers). The planning undertaken was in response to government requirements or a sense of obligation to management forms. Note that most of the firms that Wallender studied had fairly sophisticated planning systems (formal planning, quality control, computer assistance, contingency planning) installed.

However, these systems were not being used for purposes of goal setting or integration of company activities. This observation leads us to the conclusion that the existence of sophisticated planning systems in a company did not mean that such systems would be used effectively.

Yavas et al., (1985) observe that companies in developing countries did undertake planning activities. However, the planning was mainly short-term. Little long-term planning was undertaken. Companies tended to set vague and broad objectives. They went on to argue that it was environmental factors that contributed to the prevalence of short-term planning. They isolate political uncertainty, economic instability and paucity of information as factors that militate against long-term planning.

Nambudiri and Saiyadain (1978) also suggested that long-term planning was not well developed in these developing countries. They pointed out that where formal long-term planning was undertaken, it was mainly in the larger companies many of which were subsidiaries of multinational corporations. They also argued that planning in these companies differed depending on their technological requirements. Capital-intensive companies tend to emphasise longer term planning while labour-intensive ones are more concerned with short-term planning. They cited infrastructural, socio-cultural, and educational factors as having great influence on the practice of long-term planning.

Imoisili (1978), in a study carried out in Nigeria observed that long-term planning (one year or more) was considered superior to short-term planning. He argued that this could be explained by the fact that most of the environmental changes taking place in Nigeria could be predicted since government policies were always well articulated and communicated publicly. In taking this position, Imoisili differs with the views held by Nambudiri and Saiyadain (1978), Wallender (1978) and Yavas et al., (1985) who see government as a source of hostility and uncertainty. Such hostility and uncertainty tended in turn to impede long-term planning. Imoisili argued that the most critical factors affecting planning orientation in companies were the planners' educational and professional background and
their responsibilities. Companies in which most of the managers had managerial training were likely to do long-term planning. Also, the less involved top managers were in shorter term company activities, the more likely they were to spend more time planning for the long-term future of their companies.

Bello (1986) noted that managers in Africa were under pressure to adopt short term perspectives. This was reinforced by such factors as production costs, manpower problems, technological constraints, limited management capacity and raw material shortages. Managers did not adequately adjust to their environment. They also did not set meaningful objectives.

Organising

Imoisili (1978) studied the organising function in African-owned and multinational companies operating in Nigeria. He found that the African-owned companies were more effective with less delegation than their multinational counterparts. Decision making in these African companies was centralised and there was little delegation of authority. Because of this high degree of centralisation, the managerial spans of control were very large in these companies i.e. many employees directly reporting to one manager. This tends to create pressure on such managers. Nambudiri and Saiyadain (1978) concurred with Imoisili (1978) by observing that African managers tended to centralise decision making and use little delegation and committees.

Yavas et al (1985) argued that African companies were characterised by authoritative patterns of management. Decision making was centralised. A small group of top managers usually made the decisions which were then communicated throughout the hierarchy in the form of strict orders. They argued that a lack of active competition helped such centralised management patterns to work in these countries. Recruiting employees from family sources was a common practise. Poaching of experienced and qualified managers from other companies was also common. This tended to kill the initiative to train managers and other employees.

Leading

Managers in African companies spent a lot of their time in supervision of their subordinates (Yavas et al, 1985). There was a strong emphasis on the close supervision of these subordinates. Perhaps this was a result of the fact that decision making in these companies was highly centralised and delegation of authority very limited. Such emphasis on close supervision left little time for other managerial tasks. Communication in these companies was mainly top-down. Such communication took the form of strict instructions and orders meant to be carried out and not debated or discussed by lower level employees.

The primary bases for motivating employees in these companies were job security and pay. Status and job titles were also important motivating forces (Yavas et al, 1985; Blunt and Jones, 1986; Jones, 1988). This meant that although employees were not involved in decision making, it may not have been demotivating as long as they were assured of the security of their jobs and financial rewards. If carrying out orders and instructions from top managers was seen as a source of job security, then such employees would willingly comply and carry them out.

Controlling

Many African companies lack definitive objectives (Yavas et al, 1985; Bello, 1986). This made the control function in such companies difficult. Performance standards needed to be set in relation to the objectives of a company. Where objectives were vague, the resulting performance standards would also tend to reflect such vagueness.

Such companies also tended to rely heavily on historical records for purposes of setting performance standards. This meant that instead of adopting a forward-looking approach, companies basically had an historical orientation. Past activities were important in making future decisions. Any attempt to introduce ideas and actions which differed sharply from past experience would have little chance of being accepted.

Conclusions

The factors outlined here differed from those prevailing in developed countries (Haines, 1988; Austin, 1990). They indicate the unique environmental challenges that make up the context of management in Africa. It was pointed out that the developments that took place in management reflected changes mainly within developed countries. The context of management in Africa has been shown to be different and this has had an effect on management here.
References


