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Chapter 1
Introduction—Management Challenges in Africa

Leona Achtenhagen and Ethel Brundin

Abstract This introductory chapter addresses management challenges across different types of African organizations. Based on a literature review of how management challenges in Africa have been studied to date, it introduces this volume's three parts—Practices, Processes, and Performance. It also gives a brief insight of the chapters that discuss these challenges in detail.

Keywords Literature review · Practice · Process · Performance · Africa

1 Introduction

This volume provides a selection of papers presented at the second conference on 'Recent Trends in Economic Development, Finance and Management Research in Eastern Africa' held in June 2016 in Kigali. The conference was organized by the University of Rwanda and Jönköping International Business School, Jönköping University, Sweden.

It is evident from the chapters included in this volume that African organizations not only face typical management challenges common to organizations around the world, but in addition also need to tackle a number of context-specific challenges. The organizations and their managers are situated in emerging economies and developing countries that can be characterized as 'in-between'—being developing and developed; being in the center and the periphery and/or being fixed in the periphery as outliers; and within different tensions and dynamics (Ramirez-Pasillas et al., forthcoming).

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As the chapters show, this entails a set of specific management challenges. It is, however, not only the managers who face challenges, but also the researchers when it comes to data collection, access to companies, methods, and theories. At the same time, an 'in-between' context represents a fertile and unexplored area for management research. Managers—as well as scholars represented in this book—have to face societies with different levels of infrastructure and higher levels of uncertainties both in relation to institutional conditions for enterprises and also unemployment, human capital, gender inequalities, corruption, and logistics that make practices and processes different in the types of organizations in focus here (cf. Bruton et al. 2010).

For us, as editors, it has been an instructive process, and it is our sincere hope that the chapters will offer worthwhile reading. We would like to convey our gratitude to Professor Almas Heshmati, Jönköping International Business School, Jönköping University, for his unconditional support. We would also like to extend our thankfulness to the contributors of the chapters as well as to the following reviewers: Imoh Antai, Zsuzsanna Biedermann, Duncan Levinsohn, Jan Macháček, Anders Melander, Samuel Mutarindwa, Celestin Ndikumana, Jean Bosco Shema, and Malin Tillmar.

2 Previous Literature on Management Challenges in Africa

In order to provide an overview of prior research on management challenges in Africa, we searched for key terms (Africa and 'management challenge') in academic online databases ABI Inform/Proquest and Scopus, limiting ourselves to full-text, peer-reviewed publications in the areas of social sciences and management. Publications dealing with management challenges can be categorized along a number of different themes. As will be seen, the chapters in this volume partly add to these identified challenges in our review and partly also address novel ones.

The first theme that emerged from our literature review addressed *general management challenges*. For example, Nienaber (2007) has assessed the status of management in South Africa and outlined how South Africa was faced with unique competitive challenges related to management. According to him, the unavailability of competent senior managers is a part of South Africa's problems, aggravated by an overall lack of customer focus and a shortage of skills among employees. Addressing the need for skilled managers, Mitiku and Wallace (1999) explored management development in parts of East Africa. They give a fascinating account of a range of prior and existing skill development projects and show how the region's management development institutions benefit from a variety of influences. The authors suggest that international donor agencies can cooperate more closely with governmental agencies and managers in the region to improve management development.

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Public universities in Kenya have recently adopted a business-like approach in their operations in view of the changing environment and are adopting coping strategies (Mathooko and Ogutu 2015). Applying Michael Porter's framework of five competitive forces, Mathooko and Ogutu find that the response strategies adopted by public universities are highly influenced by their competitive situation, especially the threat from new entrants. The authors also find pressure from stakeholders, changes in government policies and regulations, reforms in higher education, unethical response strategies by some universities and university locations as influencing the choice of strategy. Matlakala et al. (2015) studied management challenges in a completely different type of organizations, namely larger intensive care units (ICUs) in South Africa. The main challenge they identified is a lack of strategies available to assist nurses to manage these large ICUs. As a result, the authors suggest five strategies for overcoming this challenge.

In a summary of his acceptance speech for a prestigious award, Kiggundu (2013: 183) warned that 'we must refrain from applying management as an instrument of exploitation, exclusion or abuse' and explained that 'for advancing Africa through management knowledge, research and practice [we] must accept the responsibility of advancing an African management system that avoids the excesses of management practices in America and elsewhere, and promotes more humane and ethical management practices.' He pointed to the relevance of establishing whether and how management theories and models developed elsewhere in the world hold for Africa, and what Africa really means.

Literature also discusses a variety of *human resource challenges* as management challenges. For example, Ituma (2011) studied the lack of career studies from an African perspective. His paper serves as an attempt to stimulate scholarly interest in this area by outlining a research agenda with specific research questions that could be addressed. South Africa's culturally and racio-ethnically diverse population was the starting point for Oehley and Theron's (2010) attempt to develop a partial talent management model focusing on the intention to quit. The authors argue that personnel selection from among diverse applicants poses a huge challenge for human resource managers in South Africa. The challenge is to develop valid selection procedures that simultaneously add value, do not discriminate unfairly, and minimize adverse impacts.

Several studies also contribute *with tools, models, best practices*, *or other research results* that allow improvements in the business climate in respective African countries. Shrestha et al. (2008), for example, have developed a normative framework for Kenya that focuses on the need to enhance the role of four environmental forces—socio-demographic, techno-economic, politico-institutional, and cultural. The authors suggest that by reforming private and public institutions and implementing enlightened national development policies, the country could shape its management system and its prevailing climate of uncertainty to enhance its competitiveness.

The importance of clear property rights for a country's development is illustrated, for example, in Ghana by Aryeetey and Udry (2010) who argue that insecure property rights over land have multiple consequences for agriculture and the

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organization of rural economic activities. They explain how in Ghana land rights are typically gained by being a member of a certain group (such as an extended family) but that a market for purchasing and renting land is currently emerging, though with many challenges such as a lack of registration of land purchases. In addition, land legislation in Ghana is perceived as incoherent, conflicting, and often outdated. To overcome these challenges, the authors propose the decentralized, private creation of property rights via a new institutional innovation—land banks. Such land banks will be formal institutions taking 'deposits' of land from landowners. The land banks in turn will lease out land to commercial farmers and developers.

Another type of bank is the focus of Dogarawa's (2013) study. He critically assesses a framework released by the Central Bank of Nigeria (CBN) for the regulation and supervision of non-interest banks (NIBs) in 2011. He argues that with this framework an opportunity has been created for banks to provide financial products and services based on Shariah principles. Drawing on examples of Islamic banking practices in other countries, he points out the challenges that could be expected from this framework.

Financial issues faced by small businesses in an area of KwaZulu-Natal, South Africa, are in focus in a study by Mungal and Garbharran (2014). They address the cash management challenges of these companies, arguing that the implementation of sound cash management practices is essential for ensuring the profitability and sustainability of these SMEs.

Another theme is concerned with different aspects of *environmental sustainability and the natural habitat*. Nunan et al. (2012) study the nature and extent of movement of fisheries around Lake Victoria (bordering Tanzania, Kenya, and Uganda) and the implications of this movement for fishers' participation and representation in comanagement. The authors explain that comanagement involving not only boat owners but also crew members has been the prevailing paradigm of fisheries' management since the 1980s; this reflects a much broader shift toward decentralization of power and functions within developing countries. The authors find that about half of all boat crew migrate around the lake during the course of a year, often following fish migration and that their interests are not adequately taken care of in comanagement structures.

Another concern is with the governance practices of international non-governmental organizations, as such organizations are increasingly implementing policies where state power is weak or non-existent, and their commitment to their mission frequently causes actions that violate their proper role (Avant 2004). The management challenge is how members of the conservation community respond when their commitment to conservation, namely to save the world's last population of northern white rhinos in a national park in the Democratic Republic of Congo, requires a law enforcement plan that violates their commitment to a neutral, non-governmental role. Avant (2004) concludes that principled actors appear to have a hard time reasoning through trade-offs when their values conflict.

The challenge of managing *information and communication technologies* (ICTs) is addressed in several publications. Already at the turn of the century,

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the importance of expanding developing countries' access to the Internet was recognized by governments and international organizations in the belief that ICTs should be considered as strategic national infrastructure. This is argued by Madon (2000), who assesses the potential of ICT for socioeconomic development. He proposes that a country's ICT strategy should not be evaluated based on the number of connected individuals, but more in terms of ICT's accessibility and its contribution to social progress.

Studying the use of ICTs in a sample of 978 micro-firms and small firms in the township of Soweto, Marnewick (2014) found that ICT was used as a basic tool for doing business, but rarely as an enabler for development and growth. Mainly, he found that the companies relied on basic cell phones without any further features as well as on pen and paper to conduct their businesses though calculators also played an important role. Somewhat larger and more formalized firms were found to be more inclined to replace cell phones with smartphones. Only a small percentage of the companies used laptops or computers for their businesses, which the author attributes to lack of free Wi-Fi availability.

South Africa has been a leading country when it comes to facing supply chain management challenges in terms of expanding its retail businesses throughout Africa. Based on a case study of the company *Game stores*, Parker and Luiz (2015) analyze the company's supply chain issues when expanding into other African countries. They illustrate the type of challenges which the external environment (such as infrastructure, legal institutions, and regulator processes) creates for retail firms, arguing for the need of taking into account external factors more when developing supply chain theories.

Internationalization is addressed in a number of publications as a management challenge. Gupta (2012) studied the internationalization history of Lebanese diaspora businesses in West Africa since the late nineteenth century. At that time, this diaspora began when the USA, as the previous main emigration target, made the health requirements for immigration tougher. The author describes how many Lebanese suffering from infectious eye diseases were disqualified and others were forced to spend more time in the transit port of Marseilles waiting for health clearance. They ran out of transit money and as a result began migrating to French colonies in West Africa, following the marketing done by French colonial shipping companies. Unlike the French traders who kept a distance from the local population, the Lebanese learned local languages and managed to develop business opportunities, mobilizing and leveraging family networks as far away as Brazil. The author outlines how Lebanese firms were able to build linkages both with the local Africans and with European traders.

Another transnational diaspora is addressed by Adendorff et al. (2008), when they discuss the impact that Greek culture exerts on how South African Greek family businesses govern their families and businesses. They argue that this culture is less open to change than the actual Greek culture as any concessions to progress and change or any deviation from the cultural patterns handed down by tradition is interpreted as concessions to 'Africanism.' In a quantitative study, they find that the

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more harmony and trust there is in a family, the more likely it is that family members will have a commitment to each other and to the business.

This review shows that management challenges in different types of organizations vary widely and that many publications are especially relevant as they address the peculiarities of their specific contexts.

3 This Volume

The management challenges in this volume are organized around three topics—Processes, Practices, and Performance. The first part, Processes, starts with a chapter by Asres A. Kebede and Dejen A. Abetwe, who critically analyze the implementation of business process reengineering (BPR) in an Ethiopian university. Comparing this process to the recommendations provided by prior research, they conclude that this implementation has failed along a number of dimensions leading to frustration among academic and administration staff members who perceive that their work burden has increased through the newly introduced processes.

In Chap. 3, Virginie Akimana investigates internal and external factors which are influencing SMEs' exporting processes in Rwanda. Studying a diverse sample of manufacturing firms, Akimana outlines a number of context-specific hindrances such as the challenge of organizing functioning cool houses when exporting dairy products to other African countries. In Chap. 4, Ermias W. Asfaw provides a literature review of the readiness to change on an individual and organizational level as an important prerequisite for organizational change processes to succeed. He points out how readiness for change is a cognitive precursor to resistance or support for organizational change efforts and that what is stipulated in theory does not hold in practice since the Ethiopian context faces challenges not yet addressed in the literature.

The second part of the book focuses on Practices. This part starts with Chap. 5 by Mohammad S. Abtew, who provides a critical analysis of the governance practices for the millennium development goals (MDGs) and their successor, the sustainable development goals (SDGs), identifying different challenges in putting the SDGs into practice. He argues that good governance practices including a balance of environmental and economic dimensions and social inclusion have better chances to succeed. In Chap. 6, Wanjau Nehemiah analyzes supply chain management practices of SMEs in Kenya. He found that supply chain management practices positively impacted the operational performance of SMEs across trade and information technology sectors in his sample. According to his study, SMEs are of the opinion that supply chain practices of purchasing, logistics, and customer services are significant for business operations and hence an opportunity to outdo competition.

In Chap. 7, Dan Ayebale explores the implications of low-cost leadership and differentiation strategies in the East African Community (EAC) market. Specifically, he elaborates on the potential upside of pursuing a differentiation

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strategy for small, local manufacturing firms. He suggests that taking the path of differentiation should come from incremental rather than radical innovations.

Chapter 8 by Innocent B. Ndagijimana and Jonas Barayandema investigates and evaluates the practice of compiling accounting information according to international standards by large firms in Rwanda. They argue that compliance with such standards could enhance the capital market in the country as international investments will be attracted through the Rwanda Stock Exchange (RSE). Instead, they find that the capital market is still underdeveloped and RSE is illiquid. In the final chapter in this part, Ngweshi Kazinguvu assesses strategic innovation management practices of SMEs in Rwanda. He found that in his sample most SMEs' vision was not clear to many of their operational staff members, as a consequence of which they did not know where to direct their efforts. He concludes that manufacturing SMEs in Rwanda are largely focusing on harvesting and protecting existing practices rather than paying attention to developing new ideas.

The third and final part of this volume addresses issues of Performance. In Chap. 10, Ludwick E. Ndokang and Andre D. Tsambou assess the effects of innovation and ICT, as well as their combined effect on the performance of SMEs in Cameroon. They find the integration of innovations and ICT to be very low in Cameroonian SMEs; this increases systematically with company size. Their econometric analysis also shows that ICT helps increase SMEs' performance by supporting innovations. In Chap. 11, Patrick Habiyaremye, Dan Ayebale, and Seperia B. Wanyama assess how SMEs in Rwanda can improve their performance through human resource development. Specifically, they study the experiences of manufacturing SMEs to demonstrate the performance implications of using workshops and job rotation among small firms in one district in Kigali. They find support for a positive direct link between job rotation and SME performance, but not between workshops and performance. However, the value of workshops when combined with job rotation among SMEs is positively linked to performance.

Chapter 12 by Bideri I. Nyamulinda and Alice K. Gaju assesses the degree to which Rwandese SMEs in the mining sector set export performance targets in accordance with targets proposed by the government. They find that a majority of SMEs do not set export targets and that for those who do there are challenges connected to achieving them. This chapter also discusses export barriers and appropriate managerial implications.

This volume concludes with Chap. 13 by Pereez Nimusimai and James F. Tumwine, who examine the relationship between employee motivation and work productivity in Nyagatare district in Rwanda to identify performance behavior in terms of punctuality, absenteeism, work morale, ability at work, and a sense of responsibility among Nyagatare district's staff members. Their findings suggest a significant and positive relationship between the level of employee motivation and productivity.

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