



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

36 For us, as editors, it has been an instructive process, and it is our sincere hope  
37 that the chapters will offer worthwhile reading. We would like to convey our  
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42 Anders Melander, Samuel Mutarindwa, Celestin Ndikumana, Jean Bosco Shema,  
43 and Malin Tillmar.

## 44 2 Previous Literature on Management Challenges 45 in Africa

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

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



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

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

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

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

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

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

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

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

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

144 Another concern is with the governance practices of international  
145 non-governmental organizations, as such organizations are increasingly imple-  
146 menting policies where state power is weak or non-existent, and their commitment  
147 to their mission frequently causes actions that violate their proper role (Avant  
148 2004). The management challenge is how members of the conservation community  
149 respond when their commitment to conservation, namely to save the world’s last  
150 population of northern white rhinos in a national park in the Democratic Republic  
151 of Congo, requires a law enforcement plan that violates their commitment to a  
152 neutral, non-governmental role. Avant (2004) concludes that principled actors  
153 appear to have a hard time reasoning through trade-offs when their values conflict.

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



156 the importance of expanding developing countries' access to the Internet was  
157 recognized by governments and international organizations in the belief that ICTs  
158 should be considered as strategic national infrastructure. This is argued by Madon  
159 (2000), who assesses the potential of ICT for socioeconomic development. He  
160 proposes that a country's ICT strategy should not be evaluated based on the number  
161 of connected individuals, but more in terms of ICT's accessibility and its contri-  
162 bution to social progress.

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

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

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

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



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

202 This review shows that management challenges in different types of organiza-  
203 tions vary widely and that many publications are especially relevant as they address  
204 the peculiarities of their specific contexts.

### 205 **3 This Volume**

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

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

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

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



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

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

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

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

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

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355 such as the *Journal of Business Venturing and Corporate Governance: An International Review*  
356 and edited books about strategic and entrepreneurial leadership with a focus on family firms, as  
357 well as about immigrant and social entrepreneurship. Her most recent edited books are  
358 *Entrepreneurship and SME Management Across Africa: Context, Challenges, Cases* published by  
359 Springer and *Contextualizing Entrepreneurship in Emerging Economies and Developing*  
360 *Countries* published by Edward Elgar.

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