AFRICA ACADEMY OF MANAGEMENT

Managing Africa's Future: Prospects and Challenges

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Forward

On behalf of the Africa Academy of Management, I am delighted to share with you the proceedings of the best papers of our 3rd Biennial Conference. The theme of this year's conference is *Managing Africa's Future: Prospects and Challenges*. Hosting of conferences on the continent is integral to our mission to promote and advance knowledge creation and dissemination about management in and about Africa. These proceedings will be available to others via our website as a means of sharing the papers.

Africa's image has recently taken a positive turn to attract headlines, such as *Lions on the move: The progress and potential of African economies* (McKinsey, 2010); *Africa rising* (The Economist, 2011); and, *Cracking the next growth market: Africa* (Harvard Business Review, 2011). This African renaissance presents both challenges and opportunities for management scholars. It also presents an opportunity for management scholars to reflect upon the meaning of these challenges and opportunities for theory and practice. AFAM's vision is to build theoretically and empirically based knowledge that will ultimately enable social change and improve human well-being on the continent.

The papers presented at the conference address various aspects of the theme from the many sub-disciplines that make up the field of management. We are so pleased to have contributions from around the world. I also want to thank our proceedings editors, Professors Moses Acquaah of the Bryan School of Business and Economics, University of North Carolina at Greensboro (USA) and Professor Karel Stanz, Department of Human Resource Management, University of Pretoria (South Africa).

I also want to thank our longest continuing conference sponsor, Emerald Group Publishing, Ltd. for their continued support for our activities. We also are grateful for the support of GIZ, Taylor & Francis, Society for the Advancement of Management Studies, and Human Factors AS.

Sincerely,

Stella M. Nkomo

Professor Stella M Nkomo
President, Africa Academy of Management

The Africa Academy of Management (AFAM)

The Africa Academy of Management (AFAM) is a professional membership organization that was formed in 2011. AFAM believes that management knowledge can make a significant contribution to the productivity and prosperity of a nation. Yet, there is a dearth of knowledge about management in Africa and several studies have identified the inadequate state of management research and scholarship about Africa relative to other regions of the world. AFAM's mission is to help close this gap by promoting research and education about management and organizations in Africa. Specifically, the objectives of AFAM are two-fold: (1) foster the general advancement of knowledge and scholarship in the theory and practice of management among African scholars and/or academics interested in management and organization issues in Africa. Africa is defined broadly to include all of Africa and individuals of African descent in the Diaspora (i.e., The Caribbean, South America, Europe, Asia, Oceania, Middle East, and North America); and (2) perform and support educational activities that contribute to intellectual and operational leadership in the field of management within the African context.

AFAM focuses on building and strengthening research capacity and education about management in Africa. This includes the mentoring of doctoral students, guiding and developing junior faculty, building collaborative networks among scholars, and advancing research about management in Africa. We launched our Africa Faculty Development (AFD) Workshop initiative, which is week-long intensive residential research training, in 2011 in partnership with the Academy of Management. Since 2011, we have held four (4) AFD Workshops for doctoral students and junior faculty from African Businesses Schools in Ghana (at Ghana Institute of Management and Public Administration), Rwanda (at University of Rwanda), and South Africa (at Gordon Institute of Business Science (GIBS) and Faculty of Economic and Management Sciences, both at the University of Pretoria). The organization works closely with other academic associations and our sponsors in executing our mission. With a membership base of about 300 academics and practitioners from around the world, we work closely with other academic associations and our sponsors in executing our mission. Visit our website at www.africa-aom.org to learn more about current activities.

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Introduction

Africa is a compelling place. According to the Encyclopedia Britannica (2014), more than 1.1 billion people who belong to thousands of ethnic groups live in 54 countries as well as ten non-sovereign territories. Walsh (2015) confirms that the African countries have witnessed dramatic growth both in their economies and business capacity. The latter is echoed by Chironga, Leke, Lund and Van Wamelen (2011, p.122) who assert that "In many ways Africa holds the same potential that China did 20 years ago". In addition, the World Bank (2015) states that the world's average annual gross domestic product or GDP growth rate in the 10-year period, 2004-2013, and five-year period, 2009-2013, were 2.65% and 1.86% respectively. During those periods, the United States lagged the world with an average GDP growth rate of 1.72% and 1.17% respectively. Africa, however, outpaced the world with an average annual growth rate of 4.99% from 2004 to 2013. Africa is, indeed, a compelling place.

Alert to the perils of misrepresentation (Wainaina, 2005), it can still be acknowledged that Africa is a place of suffering. Since 2004, between 200,000 and 300,000 people have died and 2.7 million people have been displaced in Sudan alone (UNICEF, 2015). Looking back even further in time, the US Central Intelligence Agency (2014) asserts that 2.5 million people died as a result of conflict in Sudan between 1955 and 2005. Additional horrors which have been documented include the still unfolding Ebola crisis in the West African countries of Guinea, Liberia and Sierra Leone, and what is often referred to as the 21st century's third world war centered in the Democratic Republic of the Congo and engulfing much of Central Africa (Stearns, 2012). Amidst these wars, epidemics, world economic changes, and other crises, Africa's economies are constantly trapped in a war of their own: a war for survival and rapid growth. The African Economic Outlook (2015) states that Africa is not immune to the shocks and changes in the world economy that could either help or hinder its efforts to speed up integration and collapse borders. The World Trade Report (2014) identified four major trends from the last decade which have had an impact on African integration:

- The increase shocks to the global economy. Open trade can "spread the fallout" but also assist in reducing volatility.
- The phenomenal trade growth led by emerging economies and spurred by demand for commodities. It has contributed to the decrease of the income gap between emerging and developed countries, but Africa lags behind.
- The expansion of global value chains. The share in total trade of intermediate goods, services and components among developing countries grew from about 6% in 1988 to nearly 25% in 2013. The latter has created new opportunities, although African firms have struggled to participate meaningfully in those global value chains; and
- The fluctuating prices of the exports of fuels and mining products.

In addition, the African Economic Outlook (2015) presents two notable global trends that are expected to create both opportunities as well as challenges for the African continent: first, the facilitation agreements aimed at collapsing trade barriers, and second, the "new wave" of mega-trade agreements. Brought about by the vast global changes and developments in the economic and business environment, a critical concept arises: human development. The African Economic Outlook (2015) notes that African countries have made significant strides in all dimensions of human and human capital development, comparable with other regions of the world. Human development in Africa can be summarised by stating that, in 2014, 17 out of 52 African countries achieved high and medium levels of human development (African Economic Outlook, 2015). In order to achieve and maintain effective human development, and strive for sustainable organizational effectiveness, competitiveness, and global presence, Africa needs to turn to business leaders and managers (Zoogah, Peng, & Woldu, 2015). While management research has made significant progress in globalizing its search, Zoogah et al. (2015) note that African organizations have remained a missing link in this aspect. Zoogah et al. (2015) argue that Africa-focused management research may address the major issue of organizational effectiveness especially within the global sphere through two primary theoretical foundations: institutions and resources. In addition, Zoogah et al. (2015)

stress that the purpose of Africa management should be the enhancement and advancement of organizational effectiveness so that the organizations would be recognised in the global economy and ultimately help move Africa's economy forward.

Africa stands at a critical juncture in its development. The question should therefore be put forth: What does the future hold for Africa in 50 years' time? The future, as always, is shrouded in uncertainty, but numerous trends that will determine Africa's future prospects and challenges are already visible today. The primary objective of African governments in supporting organizations should be to anticipate the changes in the global economy and develop policies that reduce uncertainty in the business environment. Despite the great promise and positive effects of further growth, democracy and good governance, economic conditions in Africa will remain turbulent, subject to different vagaries and difficult circumstances (Le Pere & Ikome, 2009). The latter, as indicated by Le Pere and Ikome (2009) relates especially to capital flows, terms of trade, growth and employment, investment and savings rates as well as the political environment. Hence, any meaningful reform should be carefully formulated and implemented, taking into consideration the particular needs of the continent.

The papers in this proceeding are the best papers from the 3nd Biennial Conference of the Africa Academy of Management (AFAM) on the theme "*Managing Africa's Future: Prospects and Challenges*." The primary objective of the present conference is to emphasize the importance of managing Africa's future, its prospects and its challenges. In response for the call for papers for the conference, a total of 99 papers were received. Each of the papers went through a double-blind review process and 69% of the papers were accepted for the best paper proceedings. There are 40 papers in the proceedings and they are organized into four parts based on the tracks for the conference: entrepreneurship and small business; organizational behaviour and human resources management; public policy, administration of government and non-governmental organizations; strategy and international management; and general management and public policy. Although, all the papers did not explicitly focus on the prospects and challenges of managing Africa's future, most of the papers discuss theoretical, empirical and practical issues about management in Africa that has the potential to influence the importance of managing Africa's. We hope that the papers in this proceedings which would also be presented during the conference prove to be a source of encouragement and enlightenment for Africa's future.

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Professors Karel Stanz and Moses Acquaah
Co-Editors of Conference Proceedings

Part 1: Entrepreneurship and Small Business

INSTITUTIONAL DETERMINANT OF ENTREPRENEURSHIP IN THE INFORMAL ECONOMY: A STUDY OF NIGERIA'S HAND WOVEN TEXTILE INDUSTRY

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ABSTRACT

This paper draws on the institutional theory frameworkto explore the prevalence of entrepreneurship in the informal economy in Nigeria. An interpretive approach was taken in analysing open-ended interview data collected from twenty-six entrepreneurs in the hand woven textiles industry in the south western region of Nigeria. Our findings show that beyond regulatory burden or survivalist economic necessity, the enterprise culture in the Nigerian informal economy is determined by value–driven criteria of socio-cultural and normative environment that constitute part of the cognitive process of entrepreneurial emergence in a typical institutional context.

INTRODUCTION

Recent studies reveal the prevalence of the informal economy and how a greater percentage of entrepreneurshipin the developing economy operates informally (Bruton et al., 2012; Webb et al., 2012; Gurtoo and Williams 2009). The informal sector in Africa is primarily dominated by self-employment in unregulated and/or unmonitored markets, yet it contributes significantly to the gross domestic product (GDP) and supply of labour force to the economic growth particularly in Sub-Saharan Africa.(Aidis et al., 2006; Evans et al., 2006; Gurtoo 2009; Llanes and Barbour 2007; Williams 2006, 2009). The important contribution of the informal sector as an avenue for business incubation and basis for poverty alleviation within local communities and nations in general cannot be over emphasized. For instance, USAID studies in developing economies such in Asia, Latin America and Sub-Saharan Africa revealed that self-employment accounted for 59%, 60%, and 70% of informal employment respectively (USAID, 2006). Similarly, the International Labour Organization observed that the share of the informal economy for non-agro allied work force account for about 80% in Africa.

Despite the important role of informal activities to the mainstream economy, in terms of the opportunities it offers to women and the vulnerable youth population (Portes and Haller, 2005), there exists little theoretical underpinning (Webb et al., 2012) and empirical research (Bruton et al., 2012) particularly within the scholarly domain and at the individual level to explain the nature and specific drivers of entrepreneurship and venture creation in the informal economy.

In this paper we take the view that a holistic consideration of drivers or determinant of informal economic activity in the sub-Saharan Africa is important and we argue that, the prevalence of informal enterprises in Africa should not only be limited to the inadequate regulatory structure or survivalist economic necessity, but also the normative and values- driven socio-cultural dimension of the institutional environment. As Gerxhani (2004) asserts, many self-employed individuals choose to

participate in the informal economy due to their experience of greater autonomy, flexibility and freedom than in the formal economy. As such we focus our attention on the prevalence and determinants of local entrepreneurs who started their ventures without registering their businesses with regulators for tax purposes. Specifically, we explored how the dimension of the institutional environment determine the proliferation or business creation in the informal economy.

The institutional environment comprising of the regulative, the normative and cultural-cognitive environments (Scott, 2001), offers a valuable paradigm through which the determinants of, and level of entrepreneurial activities outside the formal or regulatory boundaries can be understood. It not only provides a suitable lens and increases our understanding of how prevailing cultures and values, determine modes of entrepreneurial engagement, it offers a causal link to capture and explain different macroeconomic outcome in -terms of "necessity or opportunity" and the motivation of individual entrepreneur to start a new venture in the formal or informal sector. Thus, by applying institutional theory to evaluate determinants of entrepreneurship in the informal economy, the study accomplishes two objectives; first, it explores how institutional context determines entrepreneurship in the informal economy, and secondly it emphasizes the role of deliberate government policy in the informal economy.

THEORETICAL BACKGROUND

The Informal Economy in Sub-Saharan Africa

Although academic research in entrepreneurship has grown rapidly over the decades (Morris, 1998), a concise definition or coherent paradigm for entrepreneurship is yet to emerge (Wiklund et al., 2011; Roberts and Hisrich, 2011). Low and Macmillan, (1998) however, pointed out that the definitions, and concepts of entrepreneurship have been subjects of various debates and interpretation particularly, due to the diverse and interdisciplinary nature of the subject matter. In a similar vein, Godfrey (2011) noted that, existing definitions for entrepreneurship in the informal sector has also suffered a lack convergence around a unitary construct. Nonetheless, despite the many definitions of entrepreneurship in the informal economy there are common views. First,Entrepreneurial venture occurs at the nexus of individuals, opportunities and environments (Shane and Venkataraman, 2000, Gathner, 1985) and secondly informal entrepreneurship could be driven out of necessity or opportunity (Hughes, 2006). These common views have not only provided scholars with a conceptual foundation for understanding, measuring and defining entrepreneurship in the informal sector, but have made possible the emergence of a theoretical framework to understand and explain the diverse nature of entrepreneurship (Godfrey 2011).

The idea of informal economy was first introduced by Hart (1973). However, the construct have been described differently by scholars, expressions like, hidden enterprise, shadow economy, unorganized sector unregulated economy, irregular economy, unobserved economy have been associated with its definition (Webb et al., 2012). Also, phrases like "black market" "off the book or under the table" have been used to describe its activities. A review of literature on the informal economy suggests that entrepreneurship in the informal sector has been defined from different perspectives and levels of analysis (Godfrey, 2011; Malaolu and Ogbuabor, 2013). For instance, macro level determination such as, government regulation, tax issues, social security, legal policy framework. Others include skill, knowledge and education, human resources and capital.

Webb et al., (2009) define the informal economy as economic activities that are outside of formal institutional boundaries, that is illegal but yet legitimate.On the other hand, LaPorta and Schleifer (2008) in their definition categorize entrepreneurial activities in the informal sector as the unrecorded or unofficial economic activity carried out by either registered or unregistered firms and hidden for tax purposes. In another view, informality is also defined as a reaction, or defiance and an attempt to circumvent government regulatory control (Nwabuzor 2005). Despite the lack convergence around a unitary construct, a general agreement is that informal economy represents economic activities in sales, production and services that are not recorded or declared for social security and other tax purposes at the time it ought to be declared (Williams 2006; European Commission 2007).

Consequently, in this paper we view informal entrepreneur as all legitimate economic activities, and services that are not regulated or are insufficiently covered and recorded for tax

purposes by formal institutional arrangements. (E.g. Street vendors and other self-employments in small unregistered enterprises). It is important to clarify that, our conception of informality exclude criminal economy (ILO, 2002) and does not cover illegitimate or illicit trading of goods and services considered as criminal (Smith and Christou, 2009). For example, undeclared profit or earnings from prostitution, pimping, drug trafficking, human trafficking, internet fraud etc. Therefore, for the purpose of this research, informal sector is characterized as visible trade and services which though not legal in the strict sense of business registration and taxes, but engage in the production and distribution of lawful goods and services, having share in the market economy. They include creative small business entrepreneurs, self-employed and street vendors in the production and distribution of goods and can serve as incubator for big business possibilities as well as transition into formal economy.

Institutional Perspective and the Nature of the Informal Economy in sub-Saharan Africa

Most informal sector in sub-Saharan Africa are dominated by microenterprises or self-employment businesses that operate in clothing or apparel business, retail shops, traditional medicine, metalwork and building construction, hairdressing and tailoring services. These business have less than ten employees, and mainly do not registered or licensed and they are unregulated by government inform official tax payment (Pretes, 2002). The pervasiveness of this socio-economic activities have been a subject of debate. However, contemporary institutional model has been engaged by scholars to examine socio-economic behavior as well as micro or macro interaction of global phenomenon. According to Scott (2001), institutional theory inquires how element within the social structure are created, develop, adapted and disuse. Scott (2001) and North (1990) also use institutional theory to explain the processes through which certain rules, routines, norms and schemas impact behaviour and activities within the institutional environment. However, existing studies reveal that entrepreneurship in the informal sector are driven by industry condition such as expense, cost of registration, risk reduction and other regulatory burden associated with setting up business in the formal economy (La Porta et al, 1999). Nevertheless, other scholars have suggested that entrepreneurs operating in the informal economy do not choose to but are pushed into informal sector by inefficient public institutions, and other macro-economic conditions as a form of survival strategy (Gallin, 2001; Hughes, 2006). This implies that, necessity more than opportunity determines the operators in theunregulated economy.

Literature on institutional theory has grown in its adoption and analysis of entrepreneurial activities and venture creation decision. An overview of the institutional perspective suggests that institutional environment influence individual and firm's behavior. Moreover, individual motives or actions towards venture creation is to an extent, influenced by the stimulus provided within the macro and the micro institutional context (Gartner, 1985; Busenitz et al., 2000; North et al., 2001; Urbano, 2006; Wai-Chung, 2002; Welter, 2005). With regards to the prevalence of the informal economy, the institutional environment presents a complex and unique combination in the entrepreneurial process of venture creation (Gartner, 1985). In particular, the works of Gartner (1985), Baumol (1990), North (1990), Scott (2001) and Lumpkin and Dess, (2001) have greatly highlighted the relationship between the environments and entrepreneurship development. As such, a key element in the relationship between the institutional context and entrepreneurship in the informal economy is that the institutional environment impacts the nature and mode of entrepreneurial activities within the economy or society (Welter and Smallbone, 2011).

According to the institutional environment theory, individual entrepreneurs operate in and respond to the environment. For example, North (1990) describes institutions as 'rules of the game' that define and limit the opportunity and choices available to individuals within a particular social context. Scott (2001) and Litch and Siegel (2004) suggest that the level and modes of entrepreneurial activity are affected by the surrounding culture and by legal rules. Institutional environment plays a critical role in entrepreneurial process and venture creation, and it could be argued that, institutions determine certain economic behavior and choices which impacts on entrepreneurial activities within the economy or society. In essence, Institutions act as a collection of structures and system that provide stability and meaning for entrepreneurial choices or behavior. However, Using Scott's (2001) proposition that institutional environments consist of regulatory, cultural-cognitive, and normative

aspects, these three environments will be taken to illustrate the nature and the determinants of entrepreneurship in the informal economy in the south western Nigeria.

Regulatory Institutional Environment

The regulatory component of a country's institutional environment consists of laws and rules that stimulate certain types of behaviors and constrain others (Scott, 2001). Beyond government regulation and laws, the regulatory environment in Nigeria also includes trade policies, land allocation, taxation policies, infrastructure development, social security, business registration, licensing requirements as well as other macroeconomic policies that provide support for new businesses, reduce the risks for individuals starting a new venture, and enable entrepreneurial efforts to acquire venture capital. Recent studies reveals that supportive regulatory environment for small business development is lacking in most developing countries and that this neglect or discrimination could be responsible for the growth of informal sector (Tesfashew, 1992).Nwabuzor's (2005) conception of informality as a reaction, or defiance and an attempt to circumvent the burdensome government regulatory control, absence of transparency and accountability of government institutions represents a typical scenario in sub-Saharan Africa. Particularly, in an environment where basic infrastructure and social amenities are lacking, and where official corruption thrives, the consequence is that such environment produces a non-compliance culture and a pervasive set of entrepreneurs operating in black market or off the book (Hariss-White, 2010).

Cultural and Normative Environments

The crucial role of culture in the development of entrepreneurship is emphasized by the fact that cultural and normative environments play an important role in the determination of the societal norms, beliefs, values and assumptions that are shared within the society (Hofstede, 2004; Wennekers, 2006; Welter, 2005). For instance, in their analysis of the determinants of entrepreneurial emergence in a typical sub-Sahara Africa, Madichie et al., (2008) found that the prevalence of entrepreneurship among the Nnewi people in the eastern part of Nigeria is driven by individualism, and apprenticeship in the "Afia Olu" and "Ikwu Aru" cultural festival. Similarly, the 'Aso oke' culture of the Yoruba in western Nigeria date back as far as the late 19th century where the image of an 'Aso oke' weaver within the local environment was seen not only as a representation of personal business success, but as an avenue promoting apprenticeship.Davidsson and Wiklund (1995) assert the crucial role of culture in the determinant of regional or national supply of entrepreneurship. Specifically, a supportive or performance cultural environment defines goals and shows the levels at which society or individuals perceive opportunities, as well as admire the values of autonomy, risk taking and innovation. The cultural dimension also affects the general societal orientation in terms of its resilience, creativity and legitimacy for entrepreneurial emergency in the informal economy. Lee and Peterson (2000) posited that cultural values and normswill most likely converge or conflict with the capacity of a society to develop and support entrepreneurial rate

The Cognitive Environment

The cognitive environment refers to cognitive structures; values, perceptions, and socialization activities that are prevalent in a particular society or among groups of people, and whose values are acquired and manifested in both conscious and unconscious behaviour (Hofstede 1980; 2001). It also consists of the mind-set and social knowledge that is shared by the people within a society, region and country. This shared perception constitutes the nature of reality and the lenses through which meaning is interpreted (Scott 2001; Hoffman et al., 2002). The cognitive dimension argument is that, similar to culture, the cognitive structures; the mind-set or thought pattern could stem from an individual social environment and through different stages of the socialization process in the institutional environment. Hoffman et al., (2002) concluded that cognitive institutions are socially constructed assumptions and interpretation given to particular phenomena. Thus, in relation to entrepreneurship in the informal economy, the cognitive component of the institutional environment relates to; how potential venture opportunity is perceived, how government regulation and innovative orientation is interpreted, the social status for entrepreneur, and the fear or experience of failure associated with launching a new venture in the government-led regulated economy.

Both Shapero and Sokol (1982) and Krueger (1993) argued that perceived desirability, perceived feasibility, and propensity to act are associated with entrepreneurial cognitive perceptions and studies lend support to the notion that the cognitive, the regulatory and cultural environments impact the level and modes of entrepreneurial activity found within a society. For instance, assessment of the cognitive environment in South Africa reveals that entrepreneurial engagement is restricted by scarcity of skills, and knowledge to start or grow their business (Urban et al., 2005). Similarly, Rosa and Lacobucci (2010) observed that perceptions of entrepreneurship in Uganda affect occupational choice, as a result of specific status ascribed to a given occupation. Spencer and Gomez (2004) further submitted that the cognitive burden that aspiring entrepreneurs are confronted with, can stop actions oriented towards aspiring and acting entrepreneurs, and should be lower for increased engagement in the formal sector by nascent and small scale entrepreneurs. We thus attempt to understand the specific role of the cultural-normative and cognitive environments in impacting the proliferation of entrepreneurship in the informal economy.

Overview of the literature suggests that the institutional context through its regulatory, normative and cultural cognitive affects economic behavior and mode of entrepreneurial activities in the informal sector. The important element of the regulatory environment that could affect activities in the informal economy are the inadequacy in the regulatory environment which includes gaps in the national accounting policy that do not adequately account for all economy activities, the absence of government support for small businesses in terms of registration and tax burden for new business. For example, institutional difficulties in the process of registering business and delay getting licenses. Also, lack of provision of basic amenities like power supply, water, road, affordable market stalls, grants and loan, a conducive environment devoid of corruption and other social security that may reduce business risk may contribute to noncompliant or defiant behavior of entrepreneurs within the informal sector. Within the normative and cognitive environment we assume that culture play an important role in the supply of entrepreneurship activities. That the culture of a society or group affects the general orientation and its value system. A society that value independence and creativity tend to promote and facilitate entrepreneurial event, which can be achieved either through non-compliance culture to regulatory framework or the informal mechanism of trust, social capital or network which facilitates the mobilization of resources for start-up fund.

A fundamental objective for the study is to identify the drivers of entrepreneurship in the formal economy in Nigeria, and to explore which of the dimensions of the institutional environment determine the prevalence of entrepreneurship in the informal economy.

In view of the foregoing, we explore two main research questions:

1. What motivates or drive entrepreneurship in the informal economy in Nigeria?
2. To what extent is the regulative, normative and cognitive environment influence the prevalence of this sector

METHODS

Operationally, this paper view informal entrepreneur as all legitimate economic activities and services that are not regulated or are insufficiently recorded for tax purposes by formal institutional arrangements. To understand the institutional context and the underlying reasons for entrepreneurs operating in the informal economy, we chose to collect data using primary data collection method as activities in the informal economy are not recorded. We adopted an exploratory, qualitative research design, which is suited to gaining understanding and determining the nature of a particular phenomenon or problem that is poorly understood (Yin, 2003; Saunders et al, 2007). We investigated 38 entrepreneurs operating in ‘Adire’ and ‘Aso oke’ hand woven textiles industry in Itoku south western Nigeria. Specifically, we sort to know if the inadequacy in the regulatory environment account for non-compliance culture and a prevalent of businesses operating off the book or in the informal economy? And the specific role the prevailing socio-cultural environments play in impacting the proliferation of entrepreneurship in the informal economy in the south western Nigeria?

Study Setting

This study covers south western Nigeria. Our choice of this geographical area in Nigeria is based on the fact that Adire and Aso Oke manufacturer have big market concentration in many south

western part of Nigeria such as, Itoku (in Abeokuta) Gbagi (in Ibadan), and Akerele (in Lagos) just to mention a few, these clothe makers are known to have been successful in there trading activities. We chose to investigate Adire and Aso oke hand woven textiles industry in Itoku Abeokuta south western Nigeria because of the diversity characterizing the community, and also the market have an established local association or union, this local association are not formal in the real sense of government or officially registered trade association with seals or capacity to seek bank loan on behalf of members, but they are still organized to the extent to which they can control prices, as well as the entry and exist of new traders or producers.

For a number of reasons, it was difficult to gain access for the purpose of interview. First, Adire and Aso Oke production have the capacity to serve as a springboard for skill accusation, thus possess a relative amount of innovation in terms of fine arts, and other trade secrets that is involved in the production process. Second, most respondents displayed apathy and reluctance to participate in the study due to the sensitive nature of the topic.

This obstacle was however overcome, through assistance from an insider even at then, the researcher had to assure the participants that the study was just for academic purpose and not government sponsored undercover agents as one the respondents specifically confronted the researcher with this question. However, we did our interview with the expectation that there could be some measure of distortions. The majority of entrepreneurs in the informal economy operate on a neighborhood basis where they erect shops or shed for their operations. The individual interviews took place within the vicinity of the production center.

Data Sources/ Data Collection

Multiple data sources are important to qualitative research. Our source of data comes from the information we gathered from the field from both the trade association and the interviews granted during the study. Literature and other informal observation within the environment of our study also informed our research. The population for study comprised of owner managers or founders in hand woven textiles industry in south western Nigerian. Using a combination of purposive and snowballing sampling techniques, a total of 38 founders were engaged, a sample of 20 founders were identified through their trade association and subsequent 18 participants via snowballing where a participant nominated one or two other participants for the purpose of the study.

Our data collection took place between December 2014 and January 2015.We began with the collection of background information thatcaptured the age of the business and that of the founders, the educational qualification, if business is registered, unregistered and if trading activities is of the books. The scope of the interview were equally designed to elicit wide ranging reflections into why the respondents operate in the informal economy, their motivation for setting up business and their perception of cost and source of capital. In our opinion, a valuable investigation into activities in the informal sector should consider not only the regulatory environment or how people choose to structure their transactions, but also recognize that many choose this structure based on conscious value-driven criteria of socio-cultural and normative environment rather than economic necessity. We felt this was best accomplished through informal conversations facilitated by open-ended non-leading questions.

Apart from basic profile questions, participants were asked about trading in the informal economy (off the books), the type of business, how long they have been in business, business ownership, and if their trading activities were recorded. Also, we sort know factors within the institutional environments that determine or encourage this behavior. For example, we investigated if their business is registered, and if not when they plan to do so. We also tried to know the nature of their business, and the source of capital, the perceptions and motives for operating in the informal economy. Each interview took between 40 to 45 minutes, and were guided by the following three main question:

Briefly describe why you prefer to operate in the informal economy rather than formal economy that is open to government regulation?

Why specifically, do you prefer operating off the book?

Describe factors in the institutional environment (regulatory, socio-cultural) that made it easier, or difficult, for your trading activities. For example, raising of capital, social security, and labor

We took permission to record the conversation, which was also complemented by note taking. In the quest for validity, we adopted respondent feedback, probes and clarification where necessary (Taylor and Bogdan, 1988). The local language (Yoruba) was used for the purpose of the interview and transcription done in English.

Data Analysis

Our analysis involved the transcriptions of all interviews from local language into English. The transcribed data were read and reviewed, in the quest for validity, we cross examined the transcribed data with the translation. A fundamental objective for the study is to uncover the determinant of entrepreneurial activities in the informal economy in Nigeria, and to explore to what extent the regulative normative and cognitive environment influence the prevalence of this sector. Following Charmaz (1995), a thematic analysis was adopted. We developed themes in line with objectives of our study, emerging themes were identified and analyzed. By means of independent coding we adopted different colors and fonts to categorize and analyze our themes. Furthermore, as we progress with our analysis we incrementally refined and further categorized the themes using direct quotation of respondents

In the course of our interview we discovered that 12 participant were either not the founder of the business or were reluctant to give information vital to the study, hence they were excluded from our presentation. In total 26 interviews were satisfactorily carried out with 16 Adire (tie and dye) and 10 Aso Oke (traditional weave) makers.

In the twenty-six entrepreneurs interviewed, 16 were involved in the production of Adire (tie and dye) and 10 Aso Oke (traditional weave) makers.Our interviewees' age ranges between (36–55 years). Twenty interviewees were women, while six were men. This reveals that the informal economy is dominated by women. The age of their existing business or venture were between 10 and 30 years, indicating strongly that Yoruba cloth weaving tradition is one of the most popular and prosperous textile traditions in West Africa. In twenty six production shed or location that we carried out interviews, each interviewee had as many as 3 to 6 apprentices in which upon graduation will also find other locations to start the trade. However, given that lack of formal education majority of the business owner we interviewed did not bother to register their business. As Table 1 reveals, more section of the market did not register their business and trade wholly off the book.

EMPIRICAL FINDINGS

The hand woven textile industry represent an age long Yoruba weaving tradition and an important source of livelihood for the local community especially women. Though an informal segment, it represents a hidden enterprise culture that contribute greatly to economic prosperity, labor force, as well as the gross domestic product of not only the local community but also the larger economy. Findings also show that entrepreneurs in the informal sector lack voice and representation because they are largely small business or home based self-employment, with low education as can be seen in Table 1.

However, given a prior consideration to our research questions we examined and evaluated the institutional determinant and drivers of entrepreneurship in the informal economy particularly, in the south western Nigerian hand woven textile industry. We investigated the extent to which the regulative, normative and cognitive environment influence the prevalence of this sector.

In exploring regulative environments, we asked the respondents to tell us why they prefer to operate in the informal economy rather than formal economy that is open to government regulation, we considered if the motive for operating informally was because of the regulative procedures or difficulties associated with business registration. We also considered tax related issues, as well as tax avoidance. For example, when asked the question why they prefer to operate in the informal economy rather than formal economy?

Many of the owners explained:

"To get government support is difficult, but I like the way am doing my business, I am not indebted to government and I am independent". (OM 10).

"I do not see any reason why I should register any business, it is easy for me to do my trading like this, after all I am just a small business owner, I think it is the big, big companies you ask all these questions". (OM 22).
When probed with further questions on tax related issues. Many of our participant disagreed to the tax evasion or avoidance reasons. Like the owners explained:

"You see my brother…..eeeeh local tax officials come here every month to collect fines, and all sorts of enh…levies. We don't even know what they do with the money" (OM 25).

TABLE 1

Participant Code	Business type	Business Age (year)	OM Age	OM Gender	Business Ownership	Educational Level	Registered but Trading off the Book	Unregistered and Wholly off the Book	Number Apprentice	Source of Capital
OM 1	Hand woven Aso Oke	20	45	F	Family Business	Nil	Nil	UTOB	5	Family and social network
OM 2	Aso Oke	10	37	F	Founder	pry	Nil	UTOB	4	Family and social network
OM 3	Aso Oke	15	41	F	Family Business	pry	Nil	UTOB	5	Family and social network
OM 4	Aso Oke	30	55	F	Founder	Nil	RTOB	Nil	5	Family and social network
OM 5	Aso Oke	25	47	F	Family Business	pry	Nil	UTOB	4	Family and social network
OM 6	Aso Oke	12	42	M	Founder	pry	Nil	UTOB	3	Family and social network
OM 7	Aso Oke	10	40	M	Family Business	Secoundary	RTOB	Nil	5	Family and social network
OM 8	Aso Oke	26	43	F	Founder	pry	Nil	UTOB	3	Family and social network
OM 9	Aso Oke	25	37	F	Founder	Secoundary	Nil	UTOB	4	Family and social network
OM 10	Aso Oke	18	38	M	Family Business	pry	Nil	UTOB	3	Family and social network
OM 11	Adire Tye & Dy	10	46	F	Family Business	pry	Nil	UTOB	5	Family and social network
OM 12	Adire Tye & Dy	15	36	F	Family Business	Secoundary	RTOB	Nil	5	Family and social network
OM 13	Adire Tye & Dy	20	45	F	Founder	Nil	Nil	UTOB	5	Family and social network
OM 14	Adire Tye & Dy	20	48	M	Family Business	Secoundary	Nil	UTOB	5	Family and social network
OM 15	Adire Tye & Dy	17	38	F	Family Business	pry	Nil	UTOB	4	Family and social network
OM 16	Adire Tye & Dy	10	36	F	Founder	pry	Nil	UTOB	3	Family and social network
OM17	Adire Tye & Dy	25	50	F	Family Business	Nil	Nil	UTOB	5	Family and social network
OM18	Adire Tye & Dy	22	41	M	Family Business	Secoundary	Nil	UTOB	4	Family and social network
OM19	Adire Tye & Dy	13	36	M	Family Business	pry	Nil	UTOB	4	Family and social network
OM20	Adire Tye & Dy	19	39	F	Family Business	Secoundary	Nil	UTOB	6	Family and social network
OM21	Adire Tye & Dy	13	46	F	Family Business	Higher Edu	RTOB	Nil	6	Family and social network
OM22	Adire Tye& Dye	26	44	F	Family Business	pry	Nil	UTOB	5	Family and social network
OM23	Adire Tye & Dy	11	45	F	Founder	Higher Edu	RTOB	Nil	4	Family and social network
OM24	Adire Tye & Dy	10	39	M	Family Business	Secoundary	Nil	UTOB	5	Family and social network
OM25	Adire Tye & Dy	20	45	F	Family Business	Secoundary	Nil	UTOB	4	Family and social network
OM26	Adire Tye & Dy	22	47	F	Family Business	pry	Nil	UTOB	5	Family and social network

Source: Field Study, South western Nigeria hand woven textile informal economy

"I do not think hum mm… because we do not register our business then we are running away from paying taxes. Everybody in this market pay local government people, we even pay more than the big companies, you know we do not really know how to read and write very well, this does mean that we don't have common sense" (OM 23).

Our findings thus, revealed that Adire textile manufacturer in south western Nigeria do not see the need or value of registering their business as well as trading in the formal economy. Their businesses operate off the book not necessarily to avoid government regulation or payment of taxes. Almost all our interviewees disagreed to tax related questions because according to them.

"Local tax officials come in every month to collect fines, we don't even know what they do with the money, our roads are bad, and electricity is a problem" (OM 01).

Normative and Cultural Cognitive

With respect to the normative and cultural cognitive theme, we investigated the underlying values, norms and cultural orientation of the founder, and how social network or capital influences this behavior. We also considered if survival to make ends meets determine the motive for operating off the books. We also considered what factor in the institutional environment made it easier or difficult for trading activities and if the motive for operating informally is to make ends meets.

When we asked the question for their source capital; if they get grant from the local government or the bank, responses suggested an inherent difficulty in accessing government aid:

"There is no way an individual like me will qualify or be able to raise government loan or money through the bank, we get money from (Esusu) contribution from families and different society that an individual belong for start-up", (OM 7)

"You cannot get money from the local government, we get money from contributions (network of association) and family members". (OM15)

"To get government support is difficult, but I like the way am doing my business, I am not indebted to government and I am independent". (OM10)
"I want to own my own business and not work for anyone that is why I acquired the skills as an apprentice"

Furthermore, from our analysis we discovered that majority of the entrepreneurs in the hand woven textile see their business as more of a family tradition, skills and culture that were passed onto them from their great grand father or mother. Some producers that we interviewed narrated how the Adire has been an indigenous trade before the pre-colonial period when threads and cloth were produced by the local people before the boom in importation of foreign clothes.

"I have been in this business for more than twenty years, in fact it was handed down to me by my mother before she died". "..The skills are in the family, it is like a daily activities I grew to know." (OM 17)

Further evaluating the normative environment, we also found that the importance of independence and apprentice culture. The apprenticeship culture, and the legitimacy that is attached to self-employment, is very strong. The apprentice culture present unique values, attitudes and cognitive factor that drive the start-up behaviour For instance, when we asked what factor in market environment that led to the proliferation of so many young entrepreneurs in the business?
Many of the owners explained:

"Many of our girls are apprentice, you see like me, I have as many as 5 apprentices who work for me and also learn the secret of this trade, and when they stay and settle down to understand the techniques very well we help them with capital to set up their own business too." (OM 23)

"In the past 2years, hummm… I have graduated or freed up to 6 boys and girls working for me and I have also taken another three, the fact is that this business required that you have people who can work and help you in the production process and after like three or four years of learning as well as working you, you then set them up to be their own boss". (OM 12).

"The small lady that occupied the second space toward the entrance trained under me. She is my girl and will always be because she is very good and we still maintain the family relationships" (OM 16)

Although previous studies have shown that regulations and burdensome registration process hinders formalization of enterprises in the informal sector (Desai, Gompers, and Lerner, 2003). Analysis of our findings suggests that within the western Nigeria environment, there exist a hidden enterprise culture that is embedded in a social network and a system that places high value on apprenticeship system and independence through small business start-up.

This social network which also includes the social capital represents the source of capital in the hand woven textile informal market in Nigeria. This source of capital has its root in family relations, associations, norms and culture of trust. The network facilitates and legitimizes enterprise culture that makes the prevalence of informal economy inevitable within this environment.

DISCUSSION AND IMPLICATIONS

Our study align with the debate on the need for theoretical and empirical research to explain the nature and drivers of entrepreneurship in the informal economy (Webb et al., 2012; Bruton et al., 2012).Existing studies on the informal economy have focused mostly on the regulatory and the inadequacy of national accounting system in explaining activities in the formal sector (Thomas et al; 2011).

Using Scott's (2001) theory, this current study thus sheds light on the institutional determinant of entrepreneurship in the informal economy, by drawing on the regulatory, normative and cultural cognitive dimensions of institutional theory to explain the prevalence of these activities in sub-Saharan Africa. Specifically, the cultural and normative dimension. The findings have theoretical and policy implication for future research on the role of culture, social capital, and family business in informal economy as well as, strategy for integrating informal business into formal sector.

An important implication of this study is that the cultural and normative environment play a major in influencing economic behaviour and prevalence of informality in the developing countries and particularly in Nigeria. Scott (2001:48) asserts that institutional environments are social structures, "schemas, rules, norms, and routines" that become established as influential guidelines for social behaviour. For example, the submissive apprenticeship culture has been a long time cultural practice of skill acquisition and self-employment common with this industry. These values are long lasting and deeply rooted in their everyday life and taken for granted. In twenty six production shed or location that we had interviews, each interviewee had as many as 4 apprentices which often are members of their families, and in which upon graduation, these apprentices will also find other location to start the trade.

This hidden enterprise culture is embedded in a social network, and facilitated through what is called reputation bonding and trust. A form of social capital that provides the start-up fund for most apprentices, which also provides other benefits such as supplies of inputs materials as well as customers. This assertion is consistent with Shapero and Sokol's (1982) position on the place of socio- cultural environment and individual value systems in formation of new ventures. That is, when a society or social system supports and values creativity and independence by giving legitimacy to venture creation, that society is most likely to take opportunities within the environment that will lead to a pervasive entrepreneurial event. As the findings suggest, the perceived difficulty of respondents in dealing with the government and formal establishments in areas such as securing funds, and other

hurdles in business start-up, invariably inclines individuals towards family ties in mobilizing resources which create further opportunity operating in an informal setup.

Empirically, based on the study of 26 entrepreneurs in the Hand Woven Textiles industry in the south western Nigeria, We have evidence to conclude that among many factors, such as the regulatory burden, policy neglect, and other inefficiencies from the regulatory environment contribute a small account for prevalence of entrepreneurial activities in the informal sector. The prevalence and persistence of small enterprise in the informal sector is borne out of the prevailing enterprise culture that is found in the socio-cultural environment of the Yoruba women in the southern part of Nigeria. The normative environment that values and legitimized self-employment also encourage desires for independence. The desire for independence has been asserted by scholars to be an expression of cultural norms and social structures. The suggestion is that cultural dimension influences the general societal orientation and is deeply embedded in the functioning of the societal institutions, its norms, values, perceptions, and socialization (Hofstede 1980; 2001).

Second, findings from our current research support existing study, which submits that entrepreneurial activities in the informal economy are very important to the mainstream economy, in terms of the opportunities it offers to women and the vulnerable youth population. Though, be illegal as regard to formality but, the economy gap it fills in terms of poverty alleviation for the local community can be overemphasised

Third, as a policy implication, the government need to recognize the need for the mobility or transition of this enterprise culture is untapped and needed to be earnestly looked into by the government. For instance, we also found out that the Hand Woven Textiles industry in the south western Nigeria serve as a seed bed for skill acquisition and business incubator particularly, because the industry generates employment for other classes of traders and end users. For example, the suppliers of synthetic dyes, cloths, caustic soda and other materials used in the production of Adire tie and dye. We also have the fashion designers and those that engage in tailoring, the artist and chains in the production process.

Entrepreneurial activities in the informal sector are taken for granted by the government particularly the local government in the developing countries (Spring, 2009). We however, agreed with Ngoasong and Kimbu (2016) that government can bring the informal activities to formal sector despite the challenges of regulatory and institutional difficulties. We believe this can be achieved through regulatory supports and partnering with local trade association. The recognition, certification and accreditation of small trade association will afford opportunity for regulation, compliance as well as, sustainability of the entreprise.

While government have place more focus on the formal sector, on the contrary non-governmental agencies and big players in the formal sector see them as part of the market economy. For example, firm in the formal sector like Coca-Cola, Nigerian Breweries etc.provide support for small retailers in form of equipment which include fridges, and signs post for small retailers and distributors of their products in the informal market in Nigeria. Government particularly at the local level can support to operators in the informal sectors or organized association of Aso Oke inform of capital, stall market, road network, van or vehicle loans and grant as well as other facilities that will have direct effect in promoting trade, expanding their at same time bring them into formal sector where their impact on the society and economy of the locality can be greatly improved. These measure will be a win -win situation for the government, the traders and their association in the informal economy.

In essence, a policy document to seriously look into to the activities of the informal entrepreneurs and small businesses as means of fighting the growing unemployed youth population in the informal economy in sub-Saharan Africa is urgently begging for attention.

CONCLUSION

Drawing on the insights of the institutional theory of scott (2001) and thoughts of North and Baumol (1990) this paper posits that the prevalence of informal economy in Sub-Saharan Africa are not just a product of regulatory environment, but also the taken for granted culture of submissive

apprenticeship and the cultural pattern or enterprise culture that is embedded in social network and a value system that places high value on independence through small business start-up.

We conclude that beyond the regulatory burden or survivalist economic necessity, the prevalence of informality activities is greatly determined by value–driven criteria of socio-cultural and normative environment that constitute part of the cognitive process of entrepreneurial emergence in a typical institutional context.In sum, drawing on institutional theory to examine entrepreneurial activities in the informal economy, this study contributes to empirical and theoretical gap in the understanding of the prevalence of economy activities in the informal sector. The study also opens up debate on family business and policy implication on the transition of informal to formal economy.

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CHARACTERISTICS OF SUCCESSFUL SMALL, MICRO AND MEDIUM ENTERPRISE (SMME) OWNERS: THE CASE OF BOTSWANA MANUFACTURING SECTOR

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ABSTRACT

Small, medium and micro enterprises (SMME) owners play a significant role in firm success. The paper aims at exploring SMME owners' characteristics that bring business success. 100 questionnaires were filled in by Botswana manufacturing SMMEs. Results show that characteristics of successful SMME owners include money management, patience and a never-give up attitude, work without supervision, thinking outside the box, as well as being hard working. It is recommended that SMME owners acquire money management skills; develop patience; commit to their work; and read widely and network. Government and educational centers should inculcate entrepreneurial traits in pupils from an early age.

Key Words: *SMME owners, Characteristics, Manufacturing Sector, Botswana*

INTRODUCTION

Entrepreneurship is a main catalyst for economic growth in both developing and developed world (Spring, 2009). Globally, SMMEs are revered for economic development, job creation, family sustenance, gross domestic product contribution and poverty reduction. However, contribution of SMMEs varies from country to country. In Botswana SMMEs are said to contribute earnings of about 35% to GDP (World Bank, 2011) which is very low compared to Ghana for instance with about 70% (Government of Ghana, 2013; Finweek, 2013). Some characteristics of SMME owners that reduce chances of business success include lack of accountability, poor work ethics and lack of knowledge (BIDPA, 2007). The research question is what characteristics make SMME owners succeed in business? The paper will be helpful in giving insights on entrepreneurial characteristics to scholars, policy makers, entrepreneurs, investors and potential entrepreneurs.

Entrepreneurship is defined as a process of innovation and creation resulting in exchange of services or products for money resulting in profitability (Okpara, 2007; Dollinger, 2008; Amit, 2013; and Poole, 2011). According to Dafna (2008) cited in Makhbul (2011) entrepreneurial success refers to ability of entrepreneurs to continue trading for over three years in the midst of challenges. Taormina and Lao (2007) cited in Makhbul (2011) also suggest that entrepreneurs are termed successful due to their high determination characteristics to succeed. The authors in this study do not agree that entrepreneurial success can be counted on number of years. The researchers define entrepreneurial success as the ability of entrepreneurs to make profits consistently and keep in business for long periods of time till the venture is sold or inherited by heirs.

It is disputed that only 2% of African businesses have 10 or moreemployees. However, despite donor agency and NGO support for over 30years, the expected growth and transition of most informal-sector micro- tosmall-scale enterprises into medium or large-scale enterprises have not occurred (Rugimbana and Spring, 2008).In Ghana, 90% of the companies registered are micro, small and medium enterprises. These target groups have been identified as catalyst for economic growth of the country as they are major sources of income and employment (Mensah, 2004). SMEs in Ghana

have been noted to provide about 85% of manufacturing employment in Ghana. SMEs are also believed to contribute about 70% to Ghana's Gross Domestic Product (GDP) and account for about 92% of businesses in Ghana (Ahiawodzi and Adade, 2012).

Botswana was chosen as an interesting case for this research because although the country is one of the most stable in terms of peace and good governance (World Bank, 2011); Botswana's over reliance on diamond mining is detrimental and one way of successfully diversifying the economy into tourism, agriculture and manufacturing needs entrepreneurship empowerment. Moreso, the Botswana government is actively involved in entrepreneurship development. However, manufacturing sector is lagging behind and needs more emphasis (BIDPA, 2012). Results of this study could influence development of manufacturing industry which in turn would help supply equipment to agriculture enterprises and reduce imports and possibly increase exports.

The government of Botswana is proactive in diversifying the economy from its long-term main source of revenue – diamond (BIDPA, 2007; Republic of Botswana, 2014). Diversification could take place through tourism, agriculture, manufacturing and service industry. However, manufacturing has been lagging behind, contributing a mere 3.8% to GDP over the years (African Economic Outlook, 2014; World Bank, 2011). Similarly, Botswana's unemployment rate of 20% is a major concern which calls for steps to ensure more youths start business ventures and that those businesses survive. This is pertinent in Botswana where the work ethic is pathetic (Europe's World 2012; Republic of Botswana, 2014; BIDPA, 2007).

The Botswana SMME Policy document identifies the following as constraints: lack of access to finance; lack of entrepreneurial skills; bias of the education system against self-employment; lack of business start-up training; shortage of business premises; excessive government laws and regulations; lack of information on government assistance programs; lack of marketing skills; lack of data on SMMEs; and inherent biases against SMMEs (Republic of Botswana, 1998b; BIDPA, 2007; Moore, Petty, Palich and Longenecker, 2010). However, these constraints were based on SMMEs in general while this study goes on to explore SMME owners' characteristics of the manufacturing sector.

The approaches used in studying this topic were both primary and secondary research. Both were chosen to complement each other. Primary research was done in a main research of challenges and opportunities of SMMEs. Secondary research included journal articles and textbooks. Both qualitative and quantitative approaches were applied. The paper considers introduction, literature review, methods and findings, conclusion, recommendation and references. The aim of this paper is to explore the characteristics of manufacturing SMME owners that can cause entrepreneurial success.

LITERATURE REVIEW

Empirical Literature Review

Makhbul (2011) carried out a survey in Malaysia investigating the relationship between entrepreneurial factors and entrepreneurial success. Using a simple random sampling technique, 163 entrepreneurs with at least three years of business operations were selected as our respondents. His study confirmed that there are entrepreneurial factors that directly impact on entrepreneurs' success. These factors include the ability of entrepreneurs to access information, their leadership styles, and their support from others. Nevertheless, entrepreneurs' ability to seize relevant information is found to be the most significant factor contributing to their success (Shane and Khurana, 2003).

A study conducted by Abor and Quartey (2010) estimates that 91% of formal business entities in South Africa are SMEs, and that these SMEscontribute between 52 to 57% to GDP and provide about 61% to employment. Characteristics of SMME owners in South Africa, like other developing countries, need to be shaped for entrepreneurial success as the personality of SMME owners affects their businesses. According to African Economic Outlook (2014) the agricultural sectoraccounts for around 60% of Africa's total employment and around 25% of its GDP. In several countries such as Burkina Faso, Burundi, Ethiopia, Guinea, Guinea-Bissau, Malawi, Mali, Mozambique, Niger and Rwanda, where between 80% and 90% of thetotal workforce are employed in this sector, agricultural sectors are larger. Productivityand earnings tend to be low and are vulnerable to weather conditions and internationalagricultural commodity prices. In 2013, in many countries such as Cameroon,

Comoros, theDemocratic Republic of Congo (DRC), Ethiopia, Kenya, Malawi, Mauritania, Morocco, São Tomé and Príncipe, Senegal, Sudan and Tanzania agricultural production was boostedby favourable weather conditions. Therefore, as agricultural sectors thrive in Africa, there is definite need for manufacturing to be boosted so that it supports agriculture sector with implements.

On the other hand, Fatoki (2013) carried out a study investigating the determinants of longevity of micro enterprises in South Africa. 300 questionnaires were distributed in a survey using convenience sampling and 121 questionnaires returned. The results indicate six factors that can contribute to the longevity of micro enterprises as: entrepreneur's personal characteristics, customer satisfaction, management knowhow, finance and resources, strategy and networking. The study recommends that the most important determinant of the longevity of a micro enterprise is the entrepreneur. Therefore to ensure business longevity, the entrepreneur must be hard working and dedicated. Furthermore the entrepreneur should engage in entrepreneurial training.

Similarly, in Botswana, Mannathoko (2011) carried out a study investigating the factors influencing survival of micro enterprises funded by the Department of Youth in Botswana. Data drawn from 271 business ventures established was analyzed. Results from the analysis suggest that businesses operated by younger owners endure a higher risk of failure in comparison to businesses owned by older entrepreneurs while firm size at start-up was also a significant determinant of survival. As a component of human capital, a personal contribution to the start-up capital and prior employment experience were also found to be significant predictors of business survival. The study recommends that policy makers focus more on human capital requirements of beneficiaries of government business development initiatives as well as entrepreneur contribution to start-up capital in order to increase the success rate of the business ventures. In addition, the capacity to perform continuous monitoring and mentoring of government funded businesses ventures, particularly SMMEs, should be increased within the relevant departments or alternatively outsourcing of the requisite skills should be considered.

On the other hand, Sigauke, Muyambo and Chirau (2014) carried out a comprehensive research on the level of indigenous entrepreneurial participation and business ownership in Botswana focusing on the second largest city, Francistown's retail business, and tried to establish the reasons for lack of effective indigenous entrepreneurship in the economy. They concluded that SMME owners need appropriate qualities to enable them to make it in business. Thus they recommend that entrepreneurship should be taught from a very tender age such as from junior secondary school. They suggested that Botswana should learn from other countries such as Zimbabwe where entrepreneurship has been made a compulsory course at all state universities, colleges, and polytechnics especially those doing commercial programs. However, there is no particular study done in Botswana touching on characteristics of SMME owners all in one especially on the manufacturing sector, thus the essence of this paper.

Theoretical Issues Relating to Characteristics of Successful SMMEs

There are diverse definitions of SMMEs worldwide. This study however, adopts the Botswana national definition of SMMEs. Botswana SMME policy defines SMMEs as follows: a "micro" business is one with 6 or less employees and has a turnover of up to P60 000 a year. A "small" business is one with less than 25 employees and has an annual turnover of between P60 000 and P1 500 000. A "medium sized enterprise" is one with between 25 and 100 employees and has an annual turnover of between P1.5 million and P5 million (Republic of Botswana, 1998b; BIDPA, 2007).

Among other theories and models that are used to explain characteristics of successful SMME owners, psychological entrepreneurship theories play a major role. These theories highlight individual uniqueness that identifies entrepreneurship (Simpeh, 2011). One of such theories is the **personality traits theory**. Coon (2004) cited in Simpeh (2011) defines personality traits as constant behavior that a person shows in most situations. These are an individual's enduring inborn qualities or potentials that naturally make him/her enterprising as explored by the theory. Some of the entrepreneurial traits include being opportunity driven, creativity and innovativeness, high level of management skills and know-how, optimism, emotional resilience, high mental energy, hardworking, intense commitment and perseverance; being visionaries, high integrity and desire for learning (Simpeh, 2011). However, the trait model does not have research evidence.

Another psychological entrepreneurship theory is the **need for achievement theory** by McClelland (1961) cited in Simpeh (2011). The theory postulates that people have a need to succeed, accomplish, excel or achieve. It follows that entrepreneurs are driven by the zeal to succeed in their endeavors. According to Johnson (1990) cited in Simpeh (2011) while there is no research confirmation behind personality traits, there is proof for the relationship between achievement, motivation and entrepreneurship (Ghazala, 2011). A third theory in this category is the **theory of entrepreneurship** postulated by Bull and Willard (1993:183) who state that an entrepreneur *"will carry out a new combination, causing discontinuity, under conditions of: task-related motivation, expertise, expectation of personal gain, and a supportive environment."*Considering the personality traits theory, the need for achievement theory and theory of entrepreneurship, it can be deduced that whether inborn or acquired; successful entrepreneurs possess some characteristics that drive them to prosper. SMME owners in Botswana and elsewhere are likely to succeed if they align themselves with such entrepreneurial characteristics. This will in turn boost SMME performance and help diversify the Botswana economy.

METHODS

The study was done using geographical cluster sampling on target of 329 manufacturing SMMEs from Local Enterprise Authority (LEA) list of clients and Botswana Exporters Manufacturers' Association (BEMA) from all over Botswana. Geographical cluster sampling was chosen so that results could try to represent the whole country. Cluster sampling refers to a sampling technique where a cluster or group of population elements constitutes the sampling unit, instead of a single element of the population (Saunders *et al.*, 2012). The main reason for using urban areas as clusters was that the Botswana manufacturing SMMEs tend to locate in urban areas more than in rural areas (Johns Hopkins Bloomberg School of Public Health, 2009). Areas covered in the survey were Gaborone and surrounding areas, Francistown, Serowe, Kasane, Ghanzi and Maun.

Due to the fact that some of the LEA members could not be reached owing to a lack of contact details, the researcher used a snowball sampling technique. The snowball sampling technique is a type of non-probability sampling technique where the researcher asks respondents to give referrals to other potential respondents (Heckathorn, 2011). To support the technique, Shafie (2010), states that snowball sampling technique is whereby the researcher first identifies a few members of the population (in the case of this study – the 329 manufacturing SMMEs) as the initial sample or starting seeds. Then the researcher asks each of 'seeds' to identify other members of the population as target respondents. Therefore, in the research, whenever an SMME filled in a questionnaire, the researcher asked the respondent to refer the researcher to another SMME owner in the manufacturing industry. Snowball sampling technique was chosen as it is regarded as unbiased (Dawson, 2009). Another reason for using the snowball sampling technique is that a respondent refers the researcher to other manufacturing SMMEs in the industry whom the researcher might not have known existed. Furthermore, the manufacturing industry does not have a database apart from the ones from LEA and BEMA; this would make it difficult for the researcher to get more respondents without bias. 100 SMMEs responded to the questionnaire. That made the final sample of SMMEs.

FINDINGS

Hitherto, literature has been considered. In this section, manufacturing SMMEs responses to questionnaire are analyzed and discussed to deduce meaning and suggestions for improvement of personality traits. Participants were requested to write their positions in their organizations. So, geographical dispositions were analyzed in comparison to positions held by the SMME questionnaire respondents as shown in Table 1 below.

Table 1 depicts that the majority of the participants (71.1%) are directors in all the participated areas and followed by managers (19.3%). The other positions that are held by the respondents at the time of data collections include fashion designer, partner, accountant, senior locksmith, workshop controller and foreman. As asserted by Dawson (2009), although it was difficult

to get hold of owners (directors) to fill in questionnaires; the researcher made it a point to pursue the directors so that findings could be as accurate and relevant as possible. For this reason, 71% of the questionnaire respondents are directors who are more conversant of the business operations and challenges. Asking owners (directors) is deemed to increase the validity and usefulness of the data. If only employees had responded to the questionnaire; the data would have been inadequate because employees would not have been in a position to answer all questions adequately and owners would do. 19.3% of the questionnaire respondents are managers, who to a large extent understand business challenges, hence increase the reliability of results as well. SMME participants were expected to indicate their form of operation, gender and kind of ownership to find out the distribution. Figure 1 follows with the form of operation versus gender and kinds of ownership of participants.

TABLE 1
Geographical Disposition and Positions

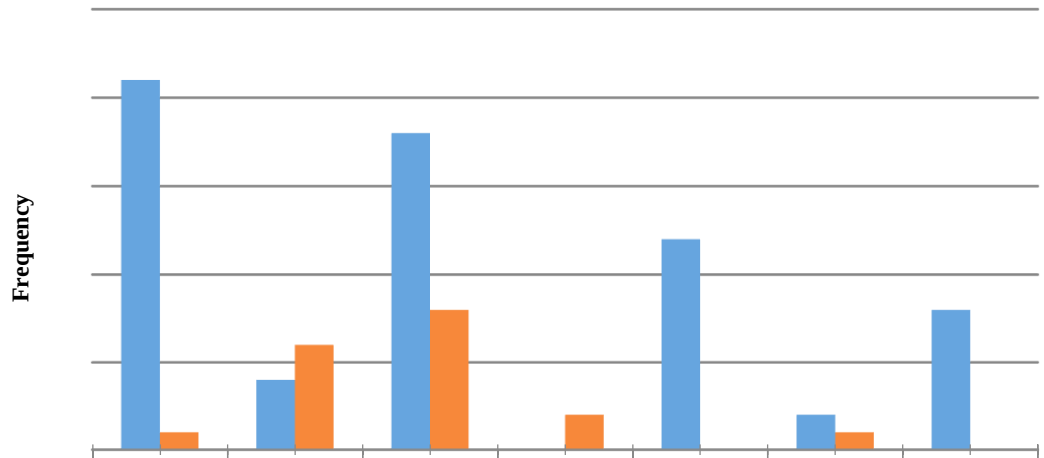
	Gaborone		Francistown		Maun		Ghanzi		Kasane		Serowe		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Receptionist/Office Assistant	2	3.2	0	0	0	0	0	0	0	0	0	0	2	2.4
Manager	14	23.3	2	33.3	0	0	0	0	0	0	0	0	16	19.3
Director	38	63.3	4	66.7	9	100	1	100	4	100	3	100	59	71.1
Fashion designer	1	1.7	0	0	0	0	0	0	0	0	0	0	1	1.2
Partner	1	1.7	0	0	0	0	0	0	0	0	0	0	1	1.2
Accountant	1	1.7	0	0	0	0	0	0	0	0	0	0	1	1.2
Senior locksmith	1	1.7	0	0	0	0	0	0	0	0	0	0	1	1.2
Workshop controller	1	1.7	0	0	0	0	0	0	0	0	0	0	1	1.2
Foreman	1	1.7	0	0	0	0	0	0	0	0	0	0	1	1.2
Total	60	100	6	100	9	100	1	100	4	100	3	100	83	100

Source: Research findings, 2015

From Figure 1, most of the males' single/family businesses are sole traders (n=21) and just one of them is jointly owned. Eighteen of the private limited companies owned by males are single/family. As regard to their female counterpart, the entire sole trader (n=12) that attempted this question was run as a single/family business. Of those participants in partnership business, six of the males are engaged in a joint ownership business and four of them run a single/family business. For the female partner business, two of the businesses are jointly owned and a business is single/family business. Furthermore, most of the participants that are in private limited company are male (n=26) and female (n=3). The results also show that two male participants are in co-operative businesses. The majority of businesses for both males and females follow the same pattern, that is, sole traders have the highest percentage followed by private limited companies. As suggested by Okurut *et al.* (2011), there are high numbers of sole traders and family owned SMEs in Botswana. This is because there are low barriers of entry for micro-business and these businesses are meant to support the family, thereby remaining micro over the years.

According to this study, it can be concluded that there are more men than women in business. In manufacturing the prevalence of males over females could be explained by the fact that the industry is highly technical and labour-intensive which requires muscular engagement which favours males compared to their female counterparts. It can also be concluded that partnerships are too few among both female and male manufacturing SMMEs. This means that citizens are not taking advantage of international partnership opportunities.

FIGURE 1
Form of Operation, Gender and Kinds of Ownership



	Male: Sole trader	Male: Parnership	Male: Private Ltd Company	Male: Co-operative	Female: Sole trader	Female: Parnership	Female: Private Ltd Company
	Form of Operation				Form of Operation		
	Male				Female		
Single/Family	21	4	18	0	12	2	8
Joint Ownership	1	6	8	2	0	1	0

Source: Research findings, 2015

SMME owners were asked to rank SMME characteristics and their responses are illustrated in Table 2. The items were populated from literature available. Table 2 shows the order of the intensity of the ranked main characteristics of successful entrepreneurs from 1-14. The result shows that 31 respondents rank, *"Patience and a never-give up attitude"*. No doubt this is one of the major characteristics needed by SMMEs because the total number of participants that mention *"Patience and a never-give up attitude"* is68% which is only number two to "*Ability to manage money"* standing at 69%. Other characteristics highly ranked include "*Ability to work without supervision",* meaning that successful entrepreneursdo not need constant monitoring in their work; "*Think outside the box/ Innovative and creative",* which suggests thatan entrepreneur cannot succeed if s/he is not creative or innovative because the world of business if dynamic; and *"Hard working – working long hours"* which means that it is believed that entrepreneurs need to work hard if they are to become successful. The findings proved the researcher's initial assumption when the study began that *"Desire for independence/ Unwillingness to be given orders by a boss"* would be one of the main characteristics of successful entrepreneurs. All the main SMME characteristics mentioned herein confirm the validity of the personality traits theory. The findings agree with Fatoki (2013) who suggests that the greatest determinant of a business is the entrepreneur. In other words, if the entrepreneur develops self, then *ceteris paribus* the business gets more successful.

According to Table 2 the characteristic *"Desire for independence/ Unwillingness to be given orders by a boss"* scores a total of 33% which is the least of all. This suggests that SMME owners that only think of independence may find business tough.The rest of the rankings are shown in Table 1. Other studies suggest that ambition could be a characteristic of SMME, but according to this study, personal traits seem to overrule ambition. This means that achievement theory and theory of entrepreneurship are not backed by this study. If this study backed the two theories, characteristics such as *"Desire for independence/ Unwillingness to be given orders by a boss"* and *"a dream to be financially free/ Desire for more in life"* would have been highly ranked by participants, which did not happen. Looking at these findings it can be argued that many SMMEs fail in business because their drive for venturing into business is desire for independence or just to make money; without possessing the personal traits required for entrepreneurship success.

Table 3 illustrates the main characteristics of successful entrepreneurs which work at the same time as a reliability and validity test.The reliability test result from Table 3 shows that the Cronbach's Alpha is high, that is 0.852. It also implies the fourteen items used to capture main characteristics of successful entrepreneurs in Botswana. It reflects the true characteristics of the entrepreneurs in Botswana, particularly manufacturing SMMEs. It also reflects the higher Cronbach's Alpha for the individual's item. The validity is captured by corrected item-total correlation despite a higher level of correlation in most of the items.

TABLE 2
Main Characteristics of Successful Entrepreneurs from 1-14 in Descending Order

	Rankings in descending order														
Characteristics	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**Total**
Desire for independence/ Unwillingness to be given orders by a boss	4	2	1	3	1	1	1	1	1	2	3	4	2	7	**33**
Patience and a never-give up attitude	31	7	5	6	4	1	2	3	0	3	2	1	1	2	**68**
Ability to work without supervision	12	12	6	3	7	4	4	5	1	3	4	2	2	0	**65**
Time-keeping ability	10	5	7	5	3	4	3	2	3	6	2	4	0	1	**55**
Possessing technical skills	13	5	9	4	3	3	2	2	6	6	1	1	1	2	**58**
A dream to be financially free/ Desire for more in life	11	6	8	2	2	1	1	2	1	4	2	3	2	3	**48**
Think outside the box/ Innovative and creative	11	7	8	7	6	5	4	3	5	3	1	2	2	1	**65**
Hard working – working long hours	16	4	8	5	7	4	3	4	3	3	0	1	0	4	**62**
Ability to manage people and other resources	11	5	6	8	4	5	7	2	1	3	2	0	0	2	**56**
Have big picture thinking – looking into the future	9	5	6	7	6	7	2	3	2	4	2	3	1	1	**58**
Resilience – ability to bounce back after a fall	10	4	3	7	8	6	8	0	2	2	3	1	1	0	**55**
Good with numbers and/record-keeping	9	2	6	6	2	0	8	5	3	5	3	0	2	0	**51**
Experience in the area of interest	8	4	6	4	7	7	2	4	2	5	1	1	2	1	**54**
Ability to manage money	15	7	6	4	8	9	6	1	2	4	3	1	2	1	**69**

Source: Research Findings, 2015

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Participants' responses have been analysed. The study concludes that manufacturing SMMEs believe that for entrepreneurs to be successful, it takes their own personal traits. Since personal traits are not only born-with, SMME owners can develop desirable characteristics that can make them successful. The findings from the 100 manufacturing SMME participants are primary, hence they are hoped to increase the body of knowledge on characteristics of SMME owners in Botswana.

Implications of the study are that policy makers, manufacturing SMMEs and tertiary institutions are encouraged to contribute towards personal growth of SMME owners.
Limitations of the study include the fact that it was not easy to find respondents as most SMMEowners claimed to have no time. Also most of the participants were based in Gaborone. In future it will better if participants completely cover the country and possibly go international.

Recommendations

It is recommended that SMME owners should acquire money management skills; develop patience through focus in their business pursuits not diversifying too early; learn to commit to their work as there is no boss to monitor them; read widely and associate with more successful SMMEowners to increase chances of creativity and innovativeness; and SMMEowners need to allot time to their business especially during the first 5 to 10 years.
Tertiary institutions should contribute to boosting success characteristics among SMME owners by arranging workshops and seminars to teach entrepreneurs financial skills and encouraging SMME owners to network with other successful SMMEowners.

The Botswana government has already made strides in developing entrepreneurial traits among secondary school children pupils through Junior Achievement Botswana. However, Junior Achievement Botswana targets a few students. The Government and private education centers should therefore inculcate entrepreneurial traits into students from as early as primary school. This will help develop entrepreneurial traits in children early enough to make them successful business people in future. The government and private sector should join hands to create a center for entrepreneurial training and development to equip high school leavers and/or tertiary graduates with industry readiness practical skills.

TABLE 3
Reliability and Validity Results

Cronbach's Alpha	Cronbach's Alpha based on Standardized Items	N of Items
.852	.860	14
Item-Total Statistics		
	Corrected Item-Total Correlation	Cronbach's Alpha
Desire for independence/ Unwillingness to be given orders by a boss	.347	.853
Patience and a never-give up attitude	.135	.860
Ability to work without supervision	.534	.840
Time-keeping ability	.646	.833
Possessing technical skills	.405	.848
A dream to be financially free/ Desire for more in life	.533	.840
Think outside the box/ Innovative and creative	.468	.844
Hard working – working long hours	.356	.852
Ability to manage people and other resources	.678	.832
Have big picture thinking – looking into the future	.402	.848
Resilience – ability to bounce back after a fall	.660	.835
Good with numbers and/record-keeping	.622	.835
Experience in the area of interest	.663	.833
Ability to manage money	.683	.833

Source: Research findings, 2015

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FOSTERING ENTREPRENEURIAL MINDS IN AFRICA: EVIDENCE FROM ENTREPRENEURSHIP EDUCATION IMPACT ASSESSMENT IN ANGOLA

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ABSTRACT

This impact evaluation of entrepreneurship education in the African context demonstrates the effect that the Entrepreneurship Curriculum Program has on secondary schools students in Angola. Data was collected from 371 students from various provinces enrolled in the Program and 279 from a control group. This study shows that the Program had a statistically significant impact on entrepreneurial knowledge, entrepreneurial skills and on entrepreneurial attitudes. As is common in the developing country context, entrepreneurial intentions tend to be high, and although positively influenced, the change was not seen to be statistically significant. However, results showed that students who took part in the Program were more likely to currently have their own business.
Keywords: Entrepreneurship Education; Secondary schools, Impact assessment; Evidence-based approach; Angola; Africa

INTRODUCTION

Despite the growing emphasis of entrepreneurship in driving global economic development (e.g., Acs & Audretsch, 2010) and a profusion of research into entrepreneurship education (Block & Stumpf, 1992; Charney & Libecap, 2000; Fayolle, 2005; Honig, 2005; McMullan & Long, 1987; Shepherd, 2004), many of the links between entrepreneurship in the classroom and entrepreneurship in the "real world" remain largely unknown.

In addition, most entrepreneurship education impact studies have been conducted at the tertiary level. From our knowledge, taking into account studies from Peterman & Kennedy (2003), Oosterbeek et al. (2010) and Huber et al. (2012) as main exceptions, a few empirical studies have been done at primary and secondary education levels. In Table 1 below outlines ten studies that analyze the impact of entrepreneurship programs developed at secondary and vocational school levels (Athayde, 2009, 2011; Cheung, 2008; Kourilsky & Esfandiari, 1997; Huber et al., 2012; Lewis, 2005; Oosterbeek et al., 2010; Peterman & Kennedy, 2003; Sánchez, 2013; Volery et al., 2013).

Some research suggests that early formal entrepreneurship education affects the attitudes of students, which in turn direct them towards certain future careers (Do Paco et al., 2008; Huber et al., 2012). Furthermore, according to Kourilsky and Walstad (1998), the early stimulation of these attitudes can even encourage entrepreneurship. Huber et al. (2012) indicate that early entrepreneurship education had positive effect on non-cognitive entrepreneurial skills. Lewis (2005) supports this link by maintaining that while technical skills can be attained during tertiary education, the attitudinal and motivational aspects of entrepreneurship need to be developed at the primary and secondary school levels. This study aims to evaluate the impact of entrepreneurship education at the secondary level.

TABLE 1
Entrepreneurship Education Impact Studies at the Primary & Secondary Levels

Author(s)	*Country*	*Aims*	*Education Level*	*Design*
Athayde (2009)	UK	Measure "enterprise potential" in young people using attitudes toward characteristics associated with entrepreneurship	Secondary	Quasi-experimental design (control-group cross-sectional design)
Athayde (2011)	South Africa	Determine the impact on young learners' attitude towards entrepreneurship and their future plans	Secondary	Quasi-experimental design
Cheung (2008)	China	Determine the importance of entrepreneurship education and understand the potential role of promoting entrepreneurship education in Hong Kong	Secondary	Non-experimental design
Kourilsky & Esfandiari (1997)	USA	Analyze students' attitudes and knowledge with respect to entrepreneurship education	Secondary	Quasi-experimental design
Huber et al. (2010)	The Netherlands	Analyze the effectiveness of early entrepreneurship education	Primary	Randomized experiment
Lewis (2005)	New Zealand	Analyze the influence of an Young Enterprise Scheme on the career intentions and employability of student participants	Secondary	Non-experimental design
Oosterbeek et al. (2010)	The Netherlands	Analyze the impact of a leading entrepreneurship education program on college students' entrepreneurship competencies and intentions	Transition from secondary to tertiary	Quasi-experimental design
Peterman & Kennedy (2003)	Australia	Examine the effect of participation in an enterprise education program on perceptions of the desirability and feasibility of starting a business	Secondary	Quasi-experimental design (pre-test-post-test design)
Sánchez (2013)	Spain	Highlight the key role played by an entrepreneurship education program on entrepreneurial competencies and intention of secondary students in order to confirm (or disconfirm) conventional wisdom that entrepreneurial education increases the intention to start a business	Secondary	Quasi-experimental design (pre-test-post-test design)
Volery et al., (2013)	Switzerland	Evaluate the impact of entrepreneurship education on human capital	Secondary	Quasi-experimental design

Since 2009, the Government of Angola has been introducing an entrepreneurship curriculum in two cycles of secondary schools with support from Portugal, the Republic of Korea, Chevron, UNDP and UNIDO. Currently, entrepreneurship is being taught, as an action oriented discipline, in 45 schools in 9 provinces, reaching 9,800 youth, of which 2,000 have completed a three year-cycle, engaging approximately 140 teachers.

The Ministry of Education in Angola decided in 2008 to introduce entrepreneurship curriculum on a pilot basis with a view to preparing youths for careers in private sector, as part of the qualitative reform and introduction of skills-based curricula. The main goal of the program is to increase student awareness, to highlight the entrepreneurial path as a viable career option and to develop positive attitudes, entrepreneurial knowledge and skills. It was expected that by building up this entrepreneurial foundation, in a long-term perspective, the Angolan private sector would become more sustainable, human development would be supported and poverty alleviated.

The impact evaluation study, conducted between October 2013 and February 2014, assessed the impact on graduates and students enrolled in the final years of the first and second cycle (9th and 12th grades) and provided more in-depth analysis for the program roll out (beyond 2014), based on the comparison of pilot schools in 3 provinces with a counterfactual group.

Angola's economy is oriented toward production factors. According to the Global Entrepreneurship Monitor (GEM) Angola Report 2012, 38% of Angolans are afraid of failure. Fear of failure is, generally, more prevalent in the developed economies. Meanwhile, the rate in Angola is nearer the rate in Portugal (39.6%) and Europe than it is to the rate in the other sub-Saharan African countries (GEM, 2011). Despite the recent emergence of non-oil sub-sectors, namely agriculture, fishing, construction and banking, unemployment figures have been persistently high, averaging 25% since 2007 (African Economic Outlook, 2012). The importance of youth development is evident from the demographic composition of the Angolan population. Approximately 48% of the population is under 15 years old.

Notwithstanding these challenges, the Government is trying to address them with numerous programs that support entrepreneurship and a network of incubators to promote employment. At a time when entrepreneurship is at the heart of public policies, there is a strong need for evaluating entrepreneurship policies and initiatives (Fayolle & Nakara, 2012; Shane, 2009).

BACKGROUND LITERATURE

Across the multitude of institutions offering entrepreneurship education, there exist a wide variety of programs and pedagogies in terms of content and approach (e.g. Peterman & Kennedy, 2003). Despite this huge diversity, many educators have opted to emphasize some form of experiential learning (e.g. Falk & Alberti 2000; Greene et al., 2004). Additional research must be conducted on the effectiveness of entrepreneurship education (e.g. McNally et al., 2010; Weaver et al., 2006). On the other hand, research has also found negative effects in evaluating the effectiveness of entrepreneurial programs (e.g. Fayolle & Gailly, 2009; von Graevenitz et al. 2010).

Based on 42 independent studies Martin, et al. (2013) found a significant relationship between entrepreneurship education and training and entrepreneurial human capital assets and entrepreneurship outcomes. Entrepreneurship outcomes tend to be stronger for academic-focused programs than for training-focused interventions (Martin et al, 2013). The positive impact of entrepreneurship education is further complemented by meta-studies of entrepreneurship education (Bechard et al., 2005; Dickson et al., 2008; Mwasalwiba, 2010; Pittaway et al., 2007).

The existent impact studies on entrepreneurship education support the hypothesis that entrepreneurship education seem to positively influence entrepreneurial behavior and intentions (e.g., Fayolle, 2005; Hansemark, 1998; Kolvereid & Moen, 1997; Lans et al., 2010; Liao & Gartner, 2008; Peterman & Kennedy, 2003; Souitaris et al., 2007; Tkachev & Kolvereid, 1999; Wilson et al., 2007). Some researchers show evidence of a positive impact on a student's perceived attractiveness and feasibility of a new venture start-up or during their actual start-up activity (e.g., Fayolle et al. 2006; McMullan et al., 2002; Peterman & Kennedy 2003; Souitaris et al., 2007). Others have found a positive impact on student entrepreneurial intentions and have found that those completing entrepreneurship education programs are more likely to become entrepreneurs (e.g. Athayde, 2009; Davidsson & Honig, 2003; Galloway & Brown, 2002).

A recent meta-analysis has been proposed around the issue of entrepreneurship education outcomes (Martin et al., 2013). As demonstrated by the literature review and confirmed with the meta-analysis, there is without any doubt a positive impact of entrepreneurship education programs on

participant learning outcomes, but these changes in terms of knowledge, attitudes, intention and behavior have to be understood in light of other factors which may have similar or opposite effects.

Peterman and Kennedy (2003) claim that although authors have highlighted some of the benefits of entrepreneurship education, "there has been little rigorous research on these effects". Furthermore, little is known regarding the potential causal link between some educational variables (participant selection and past exposure, course contents, pedagogical methods, teacher's professional profile, available resources, etc.) and the impact of the entrepreneurship education programs on intentions and/or behavior (attitudes, values, skills, etc.).

The Entrepreneurship Curriculum Program (ECP) impact study design draws on the Theory of Change approach intended to understand the effects and to generate a description of a sequence of events that led to the desired outcomes and incorporated a control-group comparison. Based on the literature, four categories of indicators were identified that were used to develop the research instruments: entrepreneurial knowledge, entrepreneurial skills, entrepreneurial attitudes and entrepreneurial intention.

Entrepreneurial Knowledge

Following Hunt (2003), "knowledge has been conventionally defined as beliefs that are true and justified. It is reasonable to think a "true" belief as one that is in accord with the way in which objects, people, processes and events exist and behave in the real world". Our interest here is in knowledge as a characteristic of a person's behavioral potential. Knowledge transfer, that is, the accumulation of factual information, is another key human-capital asset which is part of most entrepreneurship programs. Discovering, evaluating, and exploiting business opportunities requires a variety of knowledge related to the technical, financial, organizational and market dimensions of the project (Kuratko, 2005; Volery, et al. 2013).

Entrepreneurial Skills

The concept of skills is too often taken for granted and its complexity (its social construction) is given little attention. In this study skills are a combination of knowledge, know-how and the experience acquired that are necessary / useful to professional activity. Self-efficacy is a central construct under this impact study as it relates to a person's perception of ability to execute a target behavior (Bandura, 1997). People with high self-efficacy are likely to persevere when problems arise and tend to search for challenges and, therefore, challenging opportunities. They also show a higher degree of personal initiative (Speier & Frese, 1997). Perceived entrepreneurial self-efficacy is a specific form of self-efficacy and measures individual's perception of their entrepreneurial abilities. Shapero's (1982) model indicates that self-efficacy is central to intentions toward entrepreneurship and specifically influences the perceived feasibility of starting a business.

Entrepreneurial Attitudes

There is debate about the definition of attitude. From a broader point of view, an attitude can be defined as a positive or negative evaluation of people, objects, event, activities, ideas, or just about anything in a given environment. In the theory of planned behavior (Ajzen, 1991), attitudes toward behavior (entrepreneurship for example) are one antecedent with the perceptions of social norms and the perceptions of behavioral control leading to the formation of intention.

Entrepreneurial Intention

Entrepreneurial intention is a rapidly evolving field of research. Our understanding of entrepreneurial intention is guided by two models: Ajzen's (1991) theory of planned behavior and Shapero's (1982) model of the entrepreneurial event. The term entrepreneurial intention has been used loosely to cover a range of related but differing concepts, such as career orientation, vocational aspirations, outlook on self-employment and the desire to set up a business. Intentions have proven to be the best predictor of planned behavior, "particularly when that behavior is rare, hard to observe, or involves unpredictable time lags" (Krueger *et al*., 2000).

TABLE 2
Entrepreneurship Curriculum Program Indicators

Entrepreneurial knowledge	Characteristics of the behavioral potential of a person and their understanding of the key concepts associated with entrepreneurship	Kourilsky and Esfandiari, 1997; Hunt, 2003; Peterman & Kennedy, 2003
Entrepreneurial skills	These skills reflect the combination of knowledge and experience gained which are necessary or useful in developing a successful business activity. In terms of this project a set of skills related to entrepreneurial activity was selected, reflecting the construct of "self-efficacy", as a perception and confidence of the student in his abilities and in the control of his own success.	Alvarez & Jung, 2003; Bandura, 1977; Ehrlich et al., 2000; Frank et al., 2005; Galloway et al., 2005; Judge et al, 2003; Lans et al., 2005; Moberg, 2013; Orton, 2007; Rosendahl Huber et al., 2012
Entrepreneurial attitudes	Perception of social norms and behavioral control, leading to the formation of intentions.	McGee et al., 2009
Entrepreneurship intention	Predisposed to act. A good predictor of behavior, particularly the desire to start a new business, which usually requires a medium or long-term approach.	Ajzen, 1991; Autio et al., 1997; Bird, 1992; Galloway & Brown, 2002; Fayolle, 2013; Klapper, 2004; Krueger et al., 2000; Linan & Chen, 2009; Noel, 2000; Peterman & Kennedy, 2003; Shapero 1982; Pittaway et al., 2009

METHODOLOGY

Overarching Model and Research Questions

In this study, four categories of indicators are brought into focus: (1) entrepreneurial knowledge; (2) entrepreneurial skills, including self-efficacy; (3) entrepreneurial attitudes; and (4) entrepreneurial intention. This study employed the approach to entrepreneurship research based on the evidence presented that early formal entrepreneurship education affects the attitudes of students (Do Paco et al., 2008), that these underlying attitudes influence intentions towards target behavior (Ajzen, 1991) and that entrepreneurial self-efficacy has a direct and reciprocal relationship with entrepreneurial intentions (Rosenblatt et al. 2008).

The study addressed five research questions:

(1) Does the Program affect the development of entrepreneurial knowledge, skills, attitudes and intention of the students?

(2) Whether and how do students apply acquired entrepreneurial skills in the personal, professional and community context?

(3) Whether and how the Program influences families and communities lives?

(4) What contextual factors in the school, community and business environment influence the impact? How?

(5) What is the linkage between the teaching styles and the Program's impact, and what is the effect on teaching and results of other disciplines?

Participants

Data were collected from 371 students attending the entrepreneurship education program and from 279 in a control group. 424 are men (65.2%) and 226 women (34.8%), aged between 13 and 29, with a mean age of 19 (Table 3). Regarding prior family business exposure, 41.2% of the students' parents had recently created a business.

One of the more frequently observed problems in evaluation studies is the fact that the size of the sample of participants (Program group) and non-participants (control group) is unbalanced, as it is

substantially easier to obtain information about the participants than about the non-participants. In the case of this study, that challenge was successfully overcome. Additionally the study engaged 110 family members, 32 teachers, 23 directors /pedagogical subdirectors and 12 coordinators/technicians. In each of the provinces selected recruitment was carried out at all the schools participating in the Program (5 schools in each province): two 1st cycle schools from the general secondary education (one in the center of the municipality and the other in the interior); three schools from the 2nd cycle (comprising the general secondary education, teacher training and technical education), guaranteeing the representation of the various subsystems of the education system.

TABLE 3
Students Characteristics

	Total (N = 650)		**PEC (N = 371)**		**Control (N = 279)**	
	N	**%**	**N**	**%**	**N**	**%**
Sex						
Men	424	65.2	234	63.1	190	68.1
Women	226	34.8	137	36.9	89	31.9
Age (mean)	19	N.A.	18	N.A.	19	N.A.
Education sub-system						
General Secondary	398	61.2	248	66.8	150	53.8
Teacher Training	166	25.6	80	21.6	86	30.8
Technical Education	86	13.3	43	11.6	43	15.4

In each of the schools the classes served as the basis for this evaluation exercise, with the mobilization of all the students in the final class or classes for each level of education who were involved in the Entrepreneurship discipline (up to a maximum of 45 students per school). Two entrepreneurship teachers were mobilized per school, as well as the directors and/or pedagogical subdirectors, and family members of the students that were also involved in the exercise.

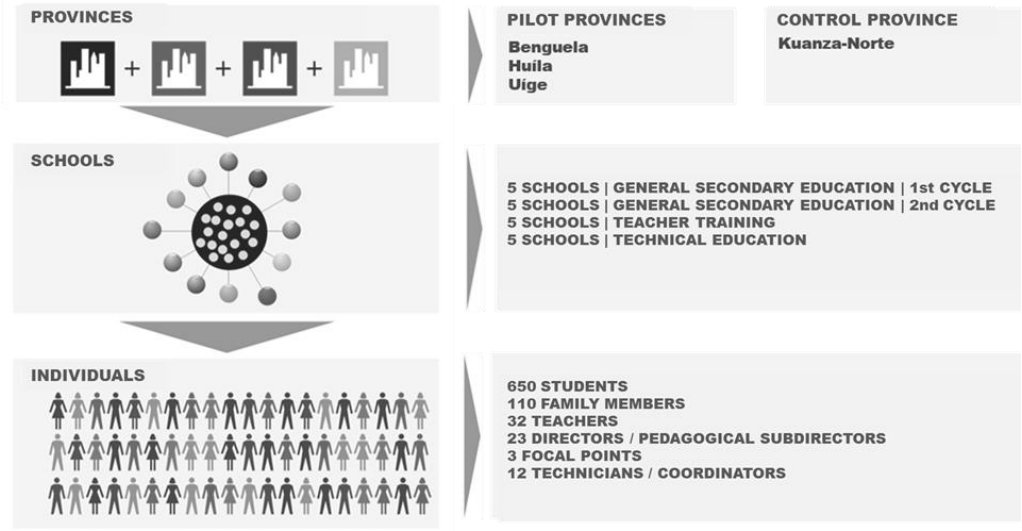
The sampling strategy ensured representativeness, taking into account variations of: 1) areas (urban; semi-urban; rural), 2) geographical location (3 from the 9 pilot provinces); 3) education sub-systems (general secondary school; technical education; teacher training) and education levels. The results were differentiated by: 1) areas; 2) geographical location; 3) education sub-systems; 4) grades (7 to 12); 5) age; and 6) gender.

Design

The impact study was based on the comparison of students who participated in the Program and a control group, with a retrospective evaluation design. The Program didn't involve a prospective study from the outset, characteristic of complex, multi-donor, national level programs with budget, time and data constraints.

The comparison group provided an estimate of the counterfactual, and therefore a credible base for attributing a share of the observed changes to the intervention. A limitation with this approach stems from the need to identify key external factors to be controlled (such as socio-economic factors, infrastructure factors, teaching methods) that were addressed and analyzed through the development of a contextualized theory of change.

FIGURE 1
Impact Evaluation Study Multi-Level Scale



Data Collection

The study used methods that were both quantitative (questionnaires) and qualitative (school and classroom observation grids; semi-structured interviews; focus group; in-depth interviews / life stories using the Most Significant Change approach to understand and illustrate the pathway change). The design of the questionnaire was informed by the international research project "Assessment Tools and Indicators for Entrepreneurship Education" (ASTEE), supported by the European Commission and coordinated by the Danish Foundation for Entrepreneurship -Young Enterprise, which developed this tool to assess the impact of entrepreneurship education by evaluating pupils' acquisition of entrepreneurial knowledge, skills and attitudes across educational levels and across countries.

TABLE 4
Research Tools Utilized by Stakeholder & Number of Respondents

Stakeholder	*No. of Respondents*	*No. of Semi-structured Interviews*	*No. of In-depth / Biographical Interviews*
Student	650	41	12
Family	110	30	n.a.
Teacher	32	3	n.a.
Director / Subdirector	n.a.	23	n.a.
Ministry Focal Point	n.a.	3	n.a.
Technicians / Coordinators	n.a.	12	n.a.
Donors	n.a.	5	n.a.
Key Actors	n.a.	7	n.a.

Regarding the self-assessment questionnaire applied to the first level of the secondary school, key aspects were considered. First, the questionnaire was shortened. Second, some constructs were excluded such as market awareness, networking skills, etc., that are difficult for youths to relate to. Third, the original statements were rephrased to make them easier for youths to understand.

Data analysis

The interviews were encoded, transcribed verbatim, and analyzed using the MAXqda® software for content (qualitative), so that the non-structured information could also be encoded, later to be coordinated with Excel and IBM SPSS in order to cross-analyze the indicators.

For the quantitative analysis of the uni-variable and bi-variable data collected from the questionnaires, the statistical analysis software IBM SPSS® (version 19.0) was used, with the entry of the data based on a pre-established coding system in order to identify each variable. As for statistical treatment, descriptive statistics were used, in order to present the calculations of different descriptive statistical parameters, so as to analyze the data from the sample. For this the method of a central tendency was used, and standard deviation as the dispersion method and frequency tables and their respective percentages, for variables on a nominal scale. In a second phase, for inferential statistics, comparative analyses were used (i.e. *t* test) to verify whether or not there were statistically significant differences between the program group and the control group for the dimensions/synthetic indexes in question or to test for significant relationships between two variables (*chi-square* test). With a significance level of $p \leq 0.05$ used as this is the conventional measure for this kind of research.

Ethical considerations

Oral and written information about the study was given to all the participants. They were informed that their inclusion in the study was voluntary and that they could withdraw from the study any time. Students were assured that if they decided to not participate in the evaluation it would have no impact on their academic results. In addition, they were given guarantee of anonymity. Informed consent was obtained from the participants.

RESULTS, IMPLICATIONS AND RECOMMENDATIONS

The results of the impact assessment from the Program group and the control group are summarized below in Table 5.

To address the first research question, the results showed that the Program had a statistically significant effect (t (647.960) = -32.476; $p < .001$) on the entrepreneurial knowledge (index; min = 0; max = 6; Table 5) on the program group (4.74) compared to the control group (.72). However, the results showed that entrepreneurial knowledge had no significant impact on the business creation (*Do you have, by yourself or with others, a business?*) of the program group (t (290) = .246; p = ns). A possible explanation is that knowledge allows making a better and more informed decision for or against an entrepreneurial career. Thus, it appears that participants of an entrepreneurship course have more realistic perceptions about what it means to become an entrepreneur. Consequently some students will recognize that a career as an entrepreneur is not the most suitable option for them.

The results showed significant differences (t (582.265) = -2.447; $p < .005$), although less accentuated, on the entrepreneurial skills between the program group (3.44) and the control group (3.33), namely self-efficacy (belief in own ability), persistence (ability to continue despite setbacks), creativity (ability to create many opportunities), risk taking (predisposition towards risky alternatives), social orientation (ability to make useful connections), and proactivity (willingness to take action). Therefore, it is felt that certain aspects considered personality characteristics or cognitive characteristics can be taught and strengthened. Especially non-cognitive skills, such as persistence, creativity and proactivity, are increasingly relevant determinants of labor market outcomes in general (Gensowski et al., 2011), not just for entrepreneurs.

The results showed that the Program had significant differences (t (484.683) = -2.551; $p < .05$) on the entrepreneurial attitudes (index; min = 0; max = 10; Table 5) between the program group (9.448) and the control group (9.162). Additionally, based on the entrepreneurial attitudes of the students, a latent idea was detected of a broader understanding of entrepreneurship, apart from new venture creation, emphasizing the value of entrepreneurial acting, in existing community organizations, social settings and daily life.

TABLE 5
Dimensions / Synthetic Indexes

Index	*Indicators*	*N*	*Min*	*Max*	*Mean*	*Standard deviation*	*Cronbach's alpha*
Entrepreneurial Skills	Propose creative ideas (out of the box thinking)	579	1	4	3.4	.92	.829
	Discover ways to solve problems with few resources	586	1	4	3.2	.88	
	Propose new solutions to problems	583	1	4	3.4	.78	
	Deal with sudden change and surprises	567	1	4	3.2	.94	
	Continue to develop activities despite the problems	579	1	4	3.5	.83	
	Develop activities under stress and pressure	558	1	4	2.6	1.11	
	Develop partnerships to reach goals	578	1	4	3.5	.79	
	Develop relationships with people and exchange of information	591	1	4	3.6	.75	
	Create a project plan	590	1	4	3.6	.73	
	Define objectives for a project	573	1	4	3.4	.83	
	Define the tasks for a project	558	1	4	3.3	.87	
	Manage the time for a project	578	1	4	3.4	.86	
	Carry out tasks with other people	596	1	4	3.6	.69	
	Defend my ideas and opinions when working in a group	607	1	4	3.7	.72	
Entrepreneurial Attitude	Starting a business is something that is: (Useless / Useful)	613	1	10	9.5	1.50	.652
	Starting a business is something that is: (Boring / Fun)	561	1	10	8.7	2.31	
	Starting a business is something that is: (Negative / Positive)	601	1	10	9.7	1.20	
Entrepreneurial Knowledge	Index computed from the sum of 6 multiple-choice items about key concepts of entrepreneurial knowledge (such as recognizing and exploring opportunities; business idea evaluation; business plan; market research and strategy). The index varies between 0 (none answer) and 6 (all the answers chosen).						

This idea was detected from the following survey indicators: 1) entrepreneurs are important to a community; 2) people create business to improve people's lives. The Program's students said they identified more with this approach to entrepreneurship, precisely the opposite of the control group students. These findings also emerged from the interviews with the students, teachers and family members. To this outcome, the *curriculum* (adapted to the local contexts) and focusing on the role of entrepreneurs in the development of the communities and society in general, seemed to have played and essential mediator role.

The results showed that the Program had significant differences (x^2 (1) 11.574; $p< .05$) on the entrepreneurial intention (*Are you trying to start a business at the moment?*) between both groups. 73.6% of the students from the program group are trying to start a business at the moment against 54% of the students from the control group.

The results showed that the Program had significant differences (x^2 (1) 11.574; $p< .05$) on the entrepreneurial action (*Do you have, by yourself or with others, a business?*) between both groups. 30.5% of the students from the program group have a business against 18.2% of the students from the control group.

Similar to prior research that investigated entrepreneurial intentions (Athayde, 2009; Krueger, Reilly & Carsrud 2000), our findings support the positive associations between attitudes toward self-employment and entrepreneurial intention (Hansemark, 1998). The literature, meanwhile, notes that the evaluation of entrepreneurial intent in the younger age groups is difficult (Huber, et al. 2012). This study reminds that entrepreneurship programs should not only be interested in raising entrepreneurial intentions and increasing the number of startups. Providing students with a learning environment that helps them to make a more profound decision for or against an entrepreneurial career provides an important function as well.

Concerning the **second research question**, the results showed the Program had a positive effect on the students' self-evaluation. The youths have a positive image of themselves, as well as the desire to trust their judgment to resolve problems. They are able to take risks, because they trust in their ability to solve problems that might arise. The students who participated in the Program showed increased perseverance, resilience and tolerance for failure (80.9% of the program group compared with 78.3% of the control group say they are able to deal with sudden changes and surprises; 90.4% of the program group compared with 86% of the control group say they are able to continue to develop activities despite the problems; 61.5% of the ECP group compared with 54.8% of the control group say they are able to develop activity under pressure and stress). This positive effect of the Program is interesting bearing in mind the results of the GEM Report on Angola (2012) that revealed a high rate of fear of failure. According to the students, the teaching methods used influenced them, since the teachers often encouraged them and helped them to learn from their mistakes.

The Program also helped strengthen the students' ability to save on an individual level. This result was influenced by the increased knowledge of financial literacy.

To address the **third research question**, the Program was expected to have an impact on the students' families and community. The results showed increased participation in voluntary work in the local community, increased local economic activity, as well as the ability of the Program students to take proactive responsibilities and generate income for their family. The families of the students increased their involvement in the school life of their children and demonstrated the desire to be even more active in school life and in the subject of entrepreneurship. These results reveal the need for increased investment in bringing schools and families closer together, and strengthening strategies to increase their involvement in the Program's activities.

Students and family members mentioned the increase in responsibility and the participation in family tasks as one of the benefits along with the improvement in intra-family relationships. The results also demonstrated the increased family savings capacity and income generation.

Concerning the **fourth research question**, the impacts are influenced by a number of personal and environmental factors. The results identified a significant relationship between the presence of family role models and the level of entrepreneurial intention. In line with other studies (Kent et al., 1982; Hills & Welsch, 1986; Matthews & Moser, 1995; Scott & Twomey, 1988), results suggest that the students with previous entrepreneurial exposure through their family demonstrated higher entrepreneurial intention. Of those students whose parents had a business, 79.8% are currently

trying to create their own businesses. From those whose parents did not have business ownership experience, only 69.8% are currently creating their own business. The differences proved to be significant (x^2 (1) 4.156; p< .05). The findings confirm the need for ECP to be a space for simulation of entrepreneurial context and behaviors since not all youngsters can have parents with business experience.

Contextual factors such as institutional culture, the time allocated to an educational activity, administrative support, space allocation in an educational facility and other available resources can also be determinant for entrepreneurship programs. The school context had a significant influence on the results achieved by the Program, namely the school board's support.The community context and the local business community were also influential, though in a less pronounced way, in terms of the results achieved by the Program. One of the aspects that showed more fragility was the awareness and involvement of the local business community, particularly in terms of support for entrepreneurial initiatives.

Regarding the **fifth research question**, the Program contributed to strengthening the knowledge of the teachers on teaching materials and methodologies and contributed to change their pedagogical practices. This output impacted on other results such as the more active student participation in the teaching-learning process and in school life and the improvement of the interpersonal relationships in the classroom and school context. The teaching methodologies helped to reinforce the pleasure in learning, to encourage a positive attitude toward school and to increase the academic expectations of the students. The results also indicate an interesting association between the changes in teaching methods and the strengthening of specific students' skills such as the autonomy and risk taking.

The recommendations from the research suggest actions at various levels including:

Creating an integrated approach to entrepreneurship programs linking classroom to real-world experience through the development of sustainable and systematic partnerships with businesses, social enterprises and NGOs as well as having an 'open door' policies in schools to make them accessible to their local communities;

Developing school-level plans that contain a shared understanding of entrepreneurship education with multiple stakeholders with clear objectives and defined actions;

Investing in continuing professional development of teachers and develop school-to-school initiatives for partnership, networking and good practice exchange;

Utilizing an evaluation framework (with a pre-test / post-test design, with control groups) as a pre-requisite for future Program rollout in other provinces) and plan for the longitudinal study of participants.

Communication with all partners (teachers, teacher educators, businesses, other community organizations and the general public).

Developing a national strategy to integration the various programs in entrepreneurship education and training across ministries.

The primary purpose of this study was to evaluate the impact of entrepreneurship education at the secondary level in the African context with a specific sample from students that have participated in the Entrepreneurship Curriculum Program in comparison with a control group from various provinces in Angola.

This study aims to contribute to the growing sub-field of entrepreneurship education focused on program evaluation and impact assessment by focusing on the four indicators of entrepreneurial knowledge, skills, attitudes and intentions. There has never been a study of this nature previously conducted on the Angolan context. First students at the secondary level were considered, which are a school-age population that has received limited attention in previous evidence-based studies. Second, family and community members were engaged as well as other key stakeholders to understand the effects on students, the family, schools, and community. Third, relying on a Theory of Change approach intended to generate a description and understand the effects of a sequence of events that have led to desired outcomes versus a control group. This study utilizes both quantitative and qualitative methods provide extra validity to support the evidence-based results obtained. Fourth, a set

of indicators has been developed and tested and which can support future "baseline exercises" and enabling longitudinal assessment of the Program.

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INCLUSIVE BUSINESS MODELS? HOW SMES ARE DEVELOPING INCLUSIVE VALUE CHAINS AND COMBATING SOCIAL EXCLUSION IN BOTTOM-OF-THE-PYRAMID MARKETS IN AFRICA

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ABSTRACT

Research suggests that private firms can contribute to addressing poverty by prioritising the inclusion of bottom-of-the-pyramid (BoP) communities in global financing, commerce and consumption value chains. However existing evidence have focused on large multinationals. An understanding of how small firms incorporate the inclusion of BoP communities in their value chain is critical remains under-researched. Drawing on the literature integrating entrepreneurship, inclusion and business model this article develops a qualitative study of how three agribusiness in Sierra Leone, Cameroon and Kenya. The findings highlight opportunities and challenges facing entrepreneurs in pursuing inclusive business opportunities African economies.

Key Words: Inclusive business models, SMEs, social exclusion, value chain, agribusiness

INTRODUCTION

The term inclusive business has been used to describe small and medium-sized enterprises (SMEs) that target bottom-of-the pyramid (BoP) consumer markets with the potential to improve access to essential goods and services for the poor (Koh et al., 2012). Recently, there are calls for SMEs to contribute to addressing social exclusion by prioritising the inclusion of BoP communities in global financing, commerce and consumption as solution to poverty (Blackburn and Ram, 2006; Prahalad, 2005). In a developing country context, existing studies have focused on multi-stakeholder initiatives by large multinational corporations involving complex value creation systems (Gimenez and Tachizawa, 2012; Halme et al., 2012; Hall et al., 2012) with very limited focus on SMEs. This article responds to calls for further research to understand approaches for integrating poorly educated, impoverished farmers within supply chains (Hall and Matos, 2010) by focusing on the business models of agribusiness SMEs.

The agricultural industry in Africa is a typical case to examine the opportunities and challenges that SMEs face in creating and operating inclusive value chains locally. Although African countries have the natural endowment to meet growing local food needs, recent statistics reveal an increase in the proportion of hungry people due and this is attributable to rising populations, stagnating crop productivity and limited government support (Brooks et al., 2013). In addition to financial exclusion (Allen et al., 2012) poor infrastructure constraints the capacity of small firms to pursue market opportunities and to distribute products to end consumers (Christ and Ferrantino, 2011; Porter, 2014). Agriculture for Impact (2014: 6) suggest that 'the growing urban population and middle classes' have increased entrepreneurial opportunities for creating small businesses within the agribusiness value chain, which can 'provide market outlets closer to farmers.' Furthermore the role of SMEs in addressing financial and market inclusion for small holder farmers through value chain intermediation is widely recognised; however empirical case studies are hard to find (Ngoasong et al., 2015).

This article therefore explores the following two research questions: 1) How do SMEs incorporate inclusion in their business models? In what ways are the activities of smallholder farmers integrated into the value chains of agribusinessSMEs? To answer these questions, a review of the literature on inclusive businesses (Koh et al., 2012), value chains (Franz et al., 2014), social exclusion (Blackburn and Ram, 2006) and business models (Baden-Fuller and Morgan, 2010; Zott et al., 2011) is used to identify the constraints to social inclusion for farmers in the agricultural value chain and how entrepreneurs develop inclusive business models to address them. Empirically, qualitative case studies of three agribusinesses are explored – Africa Felix Juice (Sierra Leone), AGRO-HUB (Cameroon) and UMATI Capital (Kenya). All three promote the inclusion of small farmers into the agricultural value chain through linkages with investors/funders, manufacturing, third party logistics and end consumers.

This article contributes to research on inclusive development in three ways. First, it introduces a more comprehensive theoretical explanation of the constraints to social inclusion for agribusiness farmers in BoP markets in Africa and the role of inclusive businesses in addressing them. This explanation complements existing studies that largely focus on large trading companies attempting to take control over the value chain by developing either fully integrated hierarchical supply chain governance or other collaborative arrangements linking farmers and agribusinesses (e.g. Franz et al., 2014). Second, it draws on the business model literature to develop a framework for understanding how inclusive business models are structured to prioritise the inclusion farmers in the agribusiness value chain. Third, it addresses the research questions through empirical research, comparing and contrasting the business models of three SMEs, as evidence of how inclusive business models can combat social exclusion in the agricultural value chain in African countries. The conclusion identifies policy implications and opportunities for further research.

LITERATURE REVIEW

Enterprise Development and Social Exclusion: The Role of Inclusive Businesses

Small and medium-sized enterprises (SMEs) are recognised crucial actors in raising social inclusion and combating social exclusion in poor and marginalised communities in both advanced (Blackburn and Ram, 2006) and low income countries (Prahalad, 2005). This is because market-based approach such as those pursued by SMEs have the potential to address extreme poverty suffered by the billions of poor people (McMullen, 2011). Accordingly, the term inclusive business is being used to describe a 'profitable business that helps low income societies to overcome poverty and ensures long-term business profitability if effectively implemented' (Golja and Požega, 2012: 23). Compared to all other SMEs, inclusive businesses are distinctive because they have an explicit intention tackle social issues by targeting poor and marginalised communities (as customers, suppliers or employees) and/or facilitating access to essential goods and services to low-income groups in financially and socially viable manner (Dalberg, 2012; Golja and Požega, 2012). The entrepreneurship literature suggests that for inclusive businesses to effectively combat social exclusion, the owner-managers must be able to integrate the needs of BoP communities (e.g. as accessibility, affordability and availability) in their business strategies (Blackburn and Ram, 2006; Hall et al., 2012; Prahalad, 2005).

Inclusion can therefore be defined as the explicit intention to prioritise the varied and wide-ranging needs of BoP communities when creating and operating an SME. In the case of the agricultural sector in Africa, such needs include opportunities and challenges facing small farmers (and their households), who represent the largest proportion on the lowest scale BoP communities (Brooks et al., 2013). As micro businesses, farmers have to deal with limited access to affordable financing due to the lack of collateral security (Kimbu and Ngoasong, 2013; Robson et al., 2013; Walther, 2012) and complex due diligence processes (Naudé et al., 2008). In addition complex business registration processes and high taxes, which restrict them to informal operations (unregulated, off-the-books entrepreneurial activities) and expose them to government sanctions when caught (Amoako and Lyon, 2014; Williams, 2010; World Bank 2014). Furthermore, infrastructure challenges (access to information, logistics, modes of transport, poor manufacturing base) restrict farmers' access to locally relevant equipment and raw materials for production and channels for

distributing products to domestic and foreign markets (Bischoff and Wood, 2013; Cho et al., 2008; Christ and Ferrantino, 2011; Franz et al., 2014; Porter, 2014; Smallbone and Welter, 2012).

The above factors also increase the costs of raw materials, farming activities and sales of farm produce, as well as hinder the creation of small agri-businesses that can enable such farmers to gain access to non-bank financing, farm equipment/methods and markets for their products. Unsurprisingly, inclusion into the formal financing and market architecture is seen as not only crucial for farmers, but for economic growth and development as a whole (Allen et al., 2012; World Bank, 2014). From a country-specific perspective the responsibility for addressing these challenges belong to a range of stakeholders, including central/local government authorities, investors, local enterprises and individual citizens in a country (Söderbaum and Teal, 2000). While some scholars see government as the key (e.g. through enterprise policies) (Blackburn and Ram, 2006; World Bank, 2014), others point to highly educated and/or motivated adults as those who have to develop innovative solutions the barriers to development (Herlau and Tetzschner, 1994). This latter group are entrepreneurs and/or owner-managers of SMEs and are the focus of this study. Although increasing numbers are tacking up entrepreneurial activities in BoP communities in Africa (Adeboye, 1996; Ngoasong et al., 2015; Robson et al., 2013), the strategies they use to incorporate social inclusion in their business models have received relatively little, if any, attention in SME research.

Creating Inclusive Business Models in Agribusiness Value Chains: A Focus on SMEs

The theoretical underpinning of this study is the inclusive business models developed by agribusiness SMEs to combat social exclusion, while remaining competitive in the challenging business settings in Africa. According to Baden-Fuller and Morgan (2010) a business model describes different kinds and types of actions that a firm undertakes to ensure that there is strategic fit across its value chain activities and to satisfy all key stakeholders. By demonstrating that many businesses cannot describe what their business model really is, Baden-Fuller and Morgan (2010) suggest that research can focus on studying the extent to which a firm consciously or unconsciously has a business model. Thus, rather than prove and/or evaluate the business models of inclusive businesses, the focus here is on the linked value chain activities undertaken by small agribusinesses and how this relates to the needs of BoP communities described in the preceding section.

The value chain activities of a business model consists of the linked set of value-creating activities that the firm engages in to ensure successful delivery of end-use product to the final consumer (Theyel, 2013) and the mechanism for collecting and capturing payments/revenue/profits (Zott et., 2011). This value chain perspective complements existing research on supply chain in that, while the latter 'concentrates on the efficient and cost-effective transformation of raw materials into products and the flow of products and services from the supplier's perspective, a value chain approach focuses on the value offered by products and services from a demand perspective' (Theyel, 2013: 259). From this context, the business models of small agribusinesses can be examined by focusing on two sets of variables. The first is whether it target business-to-business (direct sales to other businesses), business-to-customers (e.g. direct sales of products/services to end consumer) or both and the combination of contractual types – 'service contracts, performance contracting, pay on production models, third-party logistics' (Freiling and Dressel, 2014: 3), buy-sell digital platforms (Javalgi et al., 2012), supply chain finance model for addressing working capital constraints (Fraser et al., 2013). The second is the infrastructure that enables the business to manage interactions and linkages among key stakeholders within its value chain (Baden-Fuller and Morgan, 2010; Zott et al., 2011). This infrastructure is crucial for leveraging the opportunities and resources embedded in the value chain and for responding to challenges in the operating environment of the business (Tolstoy, 2014).

An inclusive business model in the case of agribusiness therefore consists of a combination of linked value chain activities created and operated by owner-managers in ways that enable the businesses to deal with the constraints to social inclusion for small farmers. Value chain activities include the sourcing of start-up capital, identifying and working with farmers (e.g. as customers/suppliers) and other key stakeholders (e.g. government authorities, business partners) (Hall and Matos, 2010), building an infrastructure for creating and capturing revenue and for managing stakeholder relationships. Using this framework, this article explores how owner-managers of inclusive small agribusinesses develop and operate inclusive business models and how this enables

them to contribute to promoting the inclusion of diary and food crop farmers in the formal (regulated) agribusiness value chain. Studying Africa-based inclusive businesses whose primary activities are not farming improve knowledge of alternative innovative approaches to engaging in agricultural value chain inclusion to facilitate the sourcing and sales of products and services from farmers, small-scale processors and middlemen in domestic and foreign markets.

METHOD

A qualitative research method utilising three case studies, namely Africa Felix Juice (Sierra Leone), UMATI Capital (Kenya) and AGRO-HUB (Cameroon) is adopted. The cases have been selected from the author's ongoing research in these countries, which facilitated ease of access. Selecting cases from multiple countries ensures broad generalisations about inclusive business models in comparison/contrasting BoP communities: Sierra Leone as a low income country undergoing post-war rebuilding, Cameroon a lower middle income country experiencing a stable economic growth and Kenya fast growing lower middle income economy (Ngoasong et al., 2015). A qualitative approach based on purposive sampling is useful for articulating the context-specific relevance (Chetty et al., 2014) and for 'combining the existing theoretical knowledge with practitioner behaviour' by taking 'advantage of primary and secondary data sources' (Javalgi et al., 2012: 741; Eisenhardt and Graebner, 2007) to gain an understanding of value chain inclusion. The case method 'enables research to be conducted in emerging markets where the sample base is too small to allow statistical generalisations' (Javalgi et al., 2012: 741).

Secondary data was collected from the websites of the three firms, media and magazine articles that reference the activities of the firms. To corroborate this data, primary data was collected through semi-structured informal interviews, informal discussions and email exchanges with the co-founders and managers of the three SMEs during weeklong visits to the three countries during April-August 2014. During the country visits informal discussion were also conducted with other stakeholders (farmers, logistics providers, government officials, and employees of the three SMEs) and recorded as field notes. The combination of primary and secondary data was useful to ensuring the triangulation the data. Questions asked were informed by the themes developed in the literature review (e.g. the extent to which diary/food crop farmers are excluded from the agribusiness value chain due to the determinants of social exclusion and how this provided market opportunities for inclusive businesses; the process of creating and operating an inclusive business model – sourcing financing, creating linked activities, the business model infrastructure, contractual relationships with key stakeholders).

The data was content-analysed through an inductive qualitative process. The starting point was to sift through all the secondary and primary data (e.g. Javalgi et al., 2012) and selecting the most important sections (Eisenhardt, 1989).This process reveals the situations in which the study participants and their respective SMEs are immersed and allows the researcher to create a picture of 'what is really going on' (Lockett et al., 2013: 847) when developing and operating an inclusive business model in an African country. This process was repeated for each of the three case studies after which comparison was made to clarify the emergent themes and select possible sections of data to use as direct quotations to support the analyses. Although the names and websites of the three SMEs are mentioned, it was agreed to preserve the anonymity of all the participants who contributed to the study, either through interviews, email exchanges and informal discussion during week-long country visits.

FINDINGS

Case Study 1: Africa Felix Juice

Africa Felix Juice LLP is the first commercial fruit juice concentrate manufacturer in Sierra Leone. Launched in January 2011 it provides a very high volume market to smallholder farmers and villages, providing trucks for pick up and immediate payment of the goods, with juice exported to European markets. It is an example of an inclusive business model involving an agribusiness

manufacturing SME that promotes the inclusion of fruit farmers in the formal (regulated) agribusiness value chain. The entrepreneur described the origins of the business as follows:

> When I got married to a Sierra Leonean living in the UK I began to visit the country. I was really struck by the abundance of fruits that farmers were producing that could not be sold. It is a beautiful country that has suffered from long years of poverty, destruction of infrastructures caused by civil war. With my experiences as an engineer in the oil and gas industry in several European countries and knowledge of the country, I started thinking about the possibility of manufacturing business. I spent a few years [between 2005 and 2008] to develop the business idea for manufacturing start-up. Our market research suggested that high quality juice that is branded 'Made in Africa', well packaged and fair trade certified to international standards will sell in European markets.

A manufacturing start-up is a high risk project in post-conflict Sierra Leone for venture financing and technical assistance providers, let alone working with farmers in an environment characterised by a very high proportion of informal sector activities (Ngoasong et al., 2015). Despite these challenges, the realisation that high quality juice that is branded 'Made in Africa', well packaged and fair trade certified to international standards is attractive to European buyers (FAO, 2013) attracted international partners with an interest in inclusive development in Africa. Italy-based juice machine manufacturer, Tropical Food Machinery Srl provided a manufacturing plant on favourable terms. A newly-created Special Economic Zone (FIRST STEP Inc) and its parent US-based not-for-profit agency, World Hope International accepted to provide a land tenancy agreement and fair trade certification after judging the start-up as an inclusive investment. The business was also awarded a grant and technical assistance by the Dutch Government under its now defunct Private Sector Investment (PSI) programme. Added to the entrepreneur's own capital led to the budget of Africa Felix Juice being estimated around US$ 2.5million in 2013 (FAO, 2013).

The business model of Africa Felix Juice is built around contractual relationships with stakeholders within the value chain. It consists of a manufacturing businesses that is supported by a network of contractual relationships with partners (investments, technical assistance and equipment providers), farmers' cooperative (for sourcing tropical fruits from farmers), third party logistics providers (transporting fruits to the factory) and European firms (sales of Fairtrade certified fruit juice). Various government of Sierra Leone has also been credited for the opportunity spotted by the founders of Africa Felix Juice – a country-wide tree planting project in the 1970s, the refurbishment of the main roads during post-war rebuilding to ease logistics and distribution channels and authorisation of First Steps Inc as the country's first Special Economic Zone, with the aim of promoting economic growth and development by attracting ethical foreign investment into the country. The tenancy agreement has specific requirements for Africa Felix Juice to ensure that it minimises the risks and costs by developing the capacity of local groups (e.g. farmers' cooperatives and farmers) to benefits from inclusion the agribusiness value chain.

The business model's infrastructure of Africa Felix Juice promotes value chain inclusion for fruit farmers. Evidence of inclusion of BoP communities include accessibility, affordability and availability (Prahalad, 2005). Initially, through the PSI development grant, a network of extension workers was set up to work directly with small and large farmers to make decisions on the quality, quantity and timing of delivery of fruits, including farmer development training on productive and sustainable farming techniques (e.g. phasing-out of slash and burn routine, best practice pruning of trees and preservation of the organic nature of the fruits) (FAO, 2013). Subsequently, a partnership agreement signed with World Hope International. Through this agreement, farmers' cooperatives were provided with technical assistance to achieve Fairtrade certification and improved governance. By working with development partners, Africa Felix Juice is able to overcome the problems associated with the informal sector in Sierra Leone. This helps address the problems of lack of record keeping, non-ownership of bank accounts which make payments difficult for the poor in a country such as Sierra Leone (Ngoasong et al., 2015).

Each certified cooperative that adhere to the governance standards received premium payments made directly to its bank account via mobile banking to improve social impacts on the community (e.g. termination of child labour practices, refurbishment of schools and clinics and

improving local community relations). Direct financial incentives are also provided to help cooperatives reach farmers located in the most deprived fruit growing regions. In relation to financial inclusion (Allen et al., 2012) this scheme contributes to creating formal accounts that can be used to serve farmers in a transparent manner. Fairtrade certification and adherence to these quality control requirements then qualifies cooperatives for supply contracts with Africa Felix Juice. The supply chain effects resulting from the above linked value chain activities promote social inclusion in that it provide new opportunities and income to thousands of farmers as well as employ a number of factory employees. Farmers now have access to a local buying market for fruits that would have been left to rot, while third party logistics provides have benefited from being able to transport pineapples to a local factory at considerably favourable terms due to high volume contracts. This help overcome the lack of access to markets due to poor logistics and distribution networks (e.g. Porter, 2014).

Case Study 2: UMATI Capital

UMATI Capital is a non-bank financing business that uses proprietary technology to provide financial services microbusinesses within the agricultural value chain in Kenya. It provides microcredits to smaller farmers and suppliers who are otherwise constrained in their ability to borrow sufficient funds from traditional funding sources (e.g. commercial banks). By enabling processors to pay farmers' invoices early and at better rates using a digital platform (M-Trader), UMATI Capital is an example of an inclusive business that promotes financial inclusion for small dairy farmers.

The co-founders of UMATI Capital saw financial exclusion as an attractive market opportunity right from the start. One of them, is a former senior manager at Citigroup with experiences of financial services in Kenya and Nigeria and was fully aware of the challenges rural farmers face in sourcing financing from traditional banks. The other co-founder had a background in digital technology haven co-founded RUPU, a fast growing e-commerce website in East Africa. This combined financial services and digital business background is at the core of the business model of UMATI Capital, which is built around a digital invoice discounting solution aimed at addressing working capital shortages for small Kenyan firms. One of the co-founders described the business model as follows:

> We started by using a digital platform to track the sale of dairy products from rural to urban areas. Based on the data collected we began to provide loans to dairy farmers and processors. We borrow additional funds from institutional investors and high net worth individuals and get it as fast as possible to our customers, what I call faster disbursement … noticing that many insurancefirms are keen on profitable ways of accessing BoP customers, we seized the opportunity to insure the whole value chain of our activities. Our entire notebook is insured. We utilise our insurance policy to solve the issue of lack of collaterals and this attractive to institutional investors. (Interview, Co-Founder).

Examples of investors that have put money into UMATI are ApexPeak, a Singapore-based firm that aims to address cash flow problems for SMEs by buying invoices before they are due (Acquisition International, 2014) and Accion Venture Lab, an 'initiative dedicated to providing seed capital and management support to innovative financial inclusion start-ups' (ACCION, 2014). The African Trade Insurance Agency is one company that provides a credit risk cover to UMATI Capital, a plan that offers 'SME financing without collateral or the high interest rates that accompany unsecured lending' (ATI, 2014). One of the co-founders explained that these investments and insurance service allows UMATI Capital to 'partner with upstream value chain processors and buyers to quickly and efficiently provide up-front cash to producers that are typically unable to secure financing from banks and other providers'. One of its major processor client is Eldoville Diaries Ltd, 'a small family owned enterprise that specializes in the production of dairy products'.

Crucial to the success of UMATI Capital's business model is the role digital technology play as the infrastructure for managing the entire value chain activities of the firm. The business uses M-Trader, a mobile app that enables suppliers to receive payments through their phones. The digital platform has a tripartite operating system to capture value (extending loans and receiving payments) and is linked to a digital processor that facilitates monitoring and tracking of activities along the entire value chain. The same mobile app enables UMATI Capital to extend loans directly to cow farmers but

repayments are collected from processors (process collect from farmers through payments for supply of dairy products). All the data is recorded in the digital processor allowing UMATI to track demand and supply, timing of repayments and instances of defaults.

Evidence of social inclusion in the business model of UMATI Capital is the fact that dairy farmers whose payments for milk deliveries come in monthly cycles by offering daily payments on behalf of dairy processors without asking for the types of collaterals that traditional financing agencies would ask. This is related to financial inclusion (Allen et al., 2012) in that although formal bank accounts are not created for each dairy farmer, they are still above to access working capital for their business through the formal (regulated) accounts of UMATI Capital and partner dairy processors such as Eldoville Diaries Ltd. Digital factoring is a new concept in Kenya and education is needed to enable farmers to become investors. Farmers are able to access banking services using digital platforms using prequalification that give each farmer a digital card to facilitate faster disbursement of funds. In terms of market access (Golja and Požega, 2012) daily farmers play their crucial role in economic development in Kenya as suppliers of larger agribusinesses.

Case Study 3: AGRO-HUB

AGRO-HUB, a profit-oriented farmers' cooperative that aims to develop Cameroon's agricultural markets by connecting rural farmers to urban consumers of fresh foods. Launched in 2010, it operates as a social enterprise, sourcing agricultural products directly from farmers at point of harvest and selling directly to the general public either through its own local stores (called AGRO-MART) or directly to business customers at their premises (e.g. hotels, restaurants and schools). AGRO-HUB registered as a complex cooperative. Under the OHADA Law, adopted by French-speaking African countries, there are two cooperative models, simplified cooperative (informal non-profit community groups) and complex cooperative (with formal Board of Directors and a General Assembly). As the following quotation from a co-founder illustrates, AGRO-HUB is an example of an inclusive business that promotes inclusion for rural food crop farmers by connecting them to the urban consumer markets for fresh food.

> With our background in economics and computer science and growing up in farming communities we always knew that our parents [rural farmers] did not have access to a reliable market and reliable internet. So we started by trialling a digital platform for sending text messages using mobile phones to connect farmers to urban consumers. We now have been able to connect food-stuff farmers to consumers via web, mobile app & SMS and an e-commerce platform for online sales.

A major challenge that the founders of AGRO-HUB had to overcome was the lack of access to affordable financing and potentially high taxes, which are major barriers to facing small businesses in Cameroon (Ngoasong, 2015). After using their own funds to develop and test the business idea, the co-founders approached grant providers and private investors to raise start-up capital. In 2011, it was awarded a grant of £5,700 by Indigo Trust, a UK-based UK based technology-driven grant making foundation, for its innovative 'networking platform for famers and buyers in Cameroon' (Crellin, 2013). Indigo Trust also provided technical assistance through a tart-up incubator, ActivSpaces where potential entrepreneurs receive training and mentorship on technology-enabled business creation (Louisevickers, 2012). While at Active-Spaces, additional venture capital investment was raised by pitching to investors at bootcamps. One of the earliest employees of AGRO-HUB was selected for training as a Moremi Fellow by the Moremi Initiative for Women's Leadership in Africa, 'a pan-African wide program develop and empower young women and girls to take on leadership roles in their communities' (Moremi Initiative, 2013). During the training she presented the AGRO-HUB project and was awarded a grant which, upon return to Cameroon, was implemented in AGRO-HUB.

In terms of dealing with infrastructure challenges (logistics, modes of transport, poor manufacturing base) (Cho et al., 2008; Porter, 2014), AGRO-HUB started by going into warehousing, providing a warehouse for farmers to put their foodstuff, like a collection centre. In the early years of the business handling the entire value chain from rural farmers to final consumers in urban centres was a major challenge given the nature warehousing and logistical challenges associated with

transport and local distribution. One of the co-founders described how the firm attempted to address this challenge as follows:

> The model did not work initially because it was built around an ICT concept that facilitated information exchange but failed to actually make sales or trades happen – goods and money did not change hands. We realized that a physical player was needed that will facilitate logistics and actually getting involved in direct deliveries. We revised our model such that we now have warehouses where farmers take food to and shops were consumers come to pay and collect their foodstuff. We realized that our transactions do not qualify us to deal with large logistic providers and for small (self-employed) vehicle owners there were challenges with respect for time and no insurance. So we decided to have our own transport vehicles and transport facilities, which is obviously very costly.

The above description is related to the notion that the extent to which a business relies on the ICT infrastructure to manage the entire value chain of its activities affects its performance (Cho et al., 2008). AGRO-HUB have to deal with the additional challenges associated with poorly developed logistics and local distribution channels which constraint the delivery of market offering to end customers (Christ & Ferrantino, 2011). Physical products are picked-up from farmers, transported through warehousing centres and delivered to final consumers, a process involving in-house management of logistics and distribution channels.

As a complex cooperative, AGRO-HUB operates as a profit-making organisations. Any local consumer and farmer can register to become a member by paying a registration fee 10,000 Francs (about US$ 16.60) and receiving a membership card or a membership certificate which allows them to buy and sell food crop through AGRO-HUB website and food store outlets (AGRO-MART) at a discount (compared to non-members). This helps raise social inclusion (Blackburn and Ram, 2006) in that farmers are integrated in the formal agribusiness market mechanism as suppliers and beneficiaries of the production and sales of food crops. A senior board member explained in an informal interview as follows:

> This is a good thing for government because it moves small farmers from informal sector to the formal commerce sector. The existing open air markets now are the informal sector, you cannot regulate let alone collect taxes from these informal farmers so in a way we hep the government to actually recover some of those money as taxes.

The above quotation is related to the benefits of raising social inclusion through government's enterprise policies (Blackburn and Ram, 2006). In this case the government of Cameroon might have signed up to the OHADA Law and created a category of cooperatives that have the potential to operate in a commercial manner. However, as suggested in (Söderbaum and Teal, 2000), it is business models such as the one pursued by AGRO-HUB that will ultimately raise social inclusion. Net profits is divided in three parts: non-taxable patronage funds (shared among members), taxable income paid to private investors as dividends and the rest re-invested as retained profits. In addition to a change from open air market system to a formal regulated market that is clean, nice-looking, fresh and cares about food safety and food security there is a promise of making an excess profit from the transactions at the end of the financial year.

DISCUSSION AND CONCLUSIONS

This article demonstrates how, just as large multinational enterprises (Franz et al., 2014; Halme et al., 2012; Hall et al., 2012), SMEs can also develop inclusive businesses models that are capable of facilitating the inclusion of BoP communities in value chains in African countries. By providing a qualitative analysis of the business model of three agribusinesses the article makes three contributions to the literature on SMEs and social exclusion in BoP communities. First, it complement previous claims (Allen et al., 2012; Blackburn and Ram, 2006; Cho et al., 2008) by providing empirical evidence on how the commercial objectives of the entrepreneurs are translated into

inclusive business models that prioritise the inclusion of small farmers in the agribusiness value chain. Evidence of inclusion include cost-effective engagement with individual fruit growers as producers and suppliers of Fairtrade certified fruits for the manufacture of juice (Africa Felix Juice), the provision of affordable and accessible finance to dairy farmers who are otherwise unable to access capital from traditional banks (UMATI Capital) and connecting rural farmers of fresh food crops to urban buyers enabling them to sell their products closest to points of harvest at prices that are higher than they previously sold (AGRO-HUB and Africa Felix Juice).

Second, it applies the theoretical lens of a business model (Baden-Fuller and Morgan, 2010; Zott et al., 2011) to uncover the nature of inclusive business models by SMEs that target BoP communities. While the importance of inclusive business models on poverty alleviation is widely recognised (Ngoasong et al., 2015) very little research has been conducted to understand the business model infrastructure that links value creating activities and stakeholder interactions to enhance value creation. The business model of Africa Felix Juice is built on a multi-stakeholder partnership involving a combination of contractual relationships with global, national and local stakeholders all of which share a common objective of raising social inclusion in poor communities. The business models of both UMATI CAPITAL and AGRO-HUB are built on digital technology and are different from traditional business models because all stakeholders' products, marketing and distribution activities linked using a digital platform (Hair et al., 2012). Analysis of the operations of the three business models demonstrates that the challenges associated with social inclusion represent attractive market opportunities. What emerges is a story entrepreneurs who are able to spot such opportunities as well as mobilise the resources and stakeholder support needed to pursue them

Third, contrasting the three case studies reveals major challenges facing SMEs attempting to develop inclusive business models. One major challenge is the management of logistics, transport and local distribution channels to ensure value chain benefits for key stakeholders. As a result of in-house management logistics and local distribution AGRO-HUB faces serious additional challenges, such as high costs, long delays and insurance costs, all which are well documented as barriers to business performance (Christ & Ferrantino, 2011; Porter, 2014). On the other hand Africa Felix Juice outsources this to third party logistics provider and local agents (as middlemen). A recent study reports how the firm was unable to deliver a pre-signed export order to Brazil and thereby incurring huge losses 'because of a lack of urgency by local agents to work with farmers overcome the logistics challenges associated with producing and supplying cashew nuts for juice production' (FAO, 2013). Entrepreneurs and/or owner-managers of SMEs need to develop logistics capabilities and logistics outsourcing/in-sourcing (Cho et al., 2008) for delivery of physical products to end consumers if they are to effectively address the local needs of customers within their value chain (Theyel, 2013).

Another challenge is the role the technology infrastructure that enables inclusive business models to effectively address social inclusion for the poor, while remaining competitive. All three SMEs are taking advantage of developments in digital technology to achieve integration of different component parts of their business model to varying degrees. This is unsurprising as developments in the ICT infrastructure in Africa has created opportunities for SMEs to develop competitive digital solutions to combating poverty (Ngoasong, 2015; Nwagwu & Ibitola, 2010). By relying on digital technology that is accessible via mobile and computers, UMATIC Capital is able to create a fully integrated value chain of activities. However, this is costly. A store manager of AGRO HUB explained that 'text messages and SMS in Cameroon is still very expensive. At 50 francs per message, sending a message to 1000 farmers will cost 50,000francs and that is very expensive for a company of our size'. More research is needed to understand the specific opportunities and challenges associated with inclusive business models that rely on digital technology to promote social inclusion BoP markets in Africa.

A third challenge is the role of government policies in encouraging SMEs to create inclusive business models. The awarding of a license to create of a special economic zone to a private firm in Sierra Leone for Africa Felix Juice, the developments in ICT infrastructure in Kenya and Cameroon (e.g. Ngoasong, 2015) for creating digital platforms are examples of how SMEs can take advantage of government policies to develop inclusive business models. Thus, we see successful inclusive business development in countries that are otherwise seen as risky and ever-changing for business. There are calls for similarly more specific government policies to target inclusive businesses as a way of addressing social exclusion, such as incentives for businesses that prioritise social inclusion

(Ngoasong et al., 2015) and for attracting investors that explicitly target social and environmentally focused SMEs (Dalberg, 2012). Söderbaum and Teal (2000) suggest that even with the right government policies, it is entrepreneurs and owner-managers of SMEs that will ultimately create inclusive business models. The three case studies developed provide important lessons for inclusive business development in BoP communities.

Finally, more in-depth research is needed to complement the findings from this research and improve our understanding of how inclusive businesses in BoP markets are created and operated in developing countries. A starting point could be a repeat of the same three case studies through a more detailed engagement with all representative stakeholders. For example, the views of stakeholders such as individual farmers, who represent the group most in need of inclusion in the agribusiness value chain are as important as those of entrepreneurs and owner-managers. Barki and Parente (2010: 12) suggests that there is an expectation for companies 'embedded in BoP communities'. Although the findings from this study demonstrates how inclusive business models are structured to achieve embeddedness (e.g. using cooperatives to give farmers ownership of their own activities) more is needed to understand the opportunities and challenges associated with such embeddedness. In addition, the effects of raising social inclusion on the performance of inclusive business models require further research – e.g. examining their financial performance against the drive to create social impact.

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EXPLORING BUSINESS INCUBATION IN TANZANIA

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ABSTRACT

This paper aims to contribute to the business incubation literature, focusing on the questions of "how", "why" and "in what context" business incubators operate. These questions are discussed based on interviews conducted in Dar-es-Salaam, Tanzania, in 2013. The conclusions show that the questions are connected and that there are a variety of reasons to "why" people engage in business incubation. If the whole process is not understood properly there is a risk that the purpose of the business incubator will not be achieved, implying that business incubation may not be the preferred support structure for entrepreneurs in Dar-es-Salaam.

INTRODUCTION

Entrepreneurship in Africa[1] is enacted in a variety of ways from micro-enterprises with only a few employees to corporations employing hundreds of people. Businesses exist in the informal and formal sector, they are traditional and modern, local and owned by foreigners, and spread in both rural and urban areas (McDade and Spring, 2005). Most economies in Sub-Saharan Africa are small compared to the per capita GDP in countries such as China, India or Indonesia (Ramachandran et al., 2009) which leads to a concentration of market power among powerful groups that are often connected to governments and have an interest in keeping the conditions unchanged. As a consequence it has become more difficult for others to enter the market and to expand their businesses (Gelb et al., 2014). This paper is set in the context of Tanzania, where its previous socialist government, was reluctant to develop a local business class that could compete for political power (Pedersen and McCormick, 1999). In addition, there are a variety of factors of production that slow down the increase of productivity and affect survival and growth of companies in Sub-Saharan Africa. These factors are for example the business climate including infrastructure and finance (Iacovone, 2013), the relation between government and the business world in small markets, and firm ownership and management capacity. The roots of these factors can be found in both geography and history that have contributed to a political economy which sustains a poor business climate. However, it is important to remember that Sub-Saharan Africa does not lack productive sectors and companies and some countries have areas where they are known to be the most competitive in the world or famous for innovative technology, such as M-pesa payment systems (Gelb et al., 2014).

The purpose of this paper is to make a contribution to the business incubation literature which is often focused on efficiency and "what" the business incubators are doing in an attempt to identify success factors that may be shared between business incubators. A summary of such previous research will be briefly presented in the theory chapter. Furthermore, this paper aims to reach beyond the success factors and focus on the questions of "how", "why" and "in what context" business incubators are operating instead of continuing exploring "what" they are doing (Hackett and Dilts, 2004, Maital et al., 2008). "How" and "in what context" are mainly studied based on the empirical material from Dar-es-Salaam and "why" is reflected on in the perspective of the empirical material and theories on diffusion and transfer of organizational ideas. Thus, the purpose of the paper is also to explore the transfer and diffusion of business incubation to Dar-es-Salaam based on institutional theory and Lillrank's transfer model.

[1]Throughout this paper Africa refers to Sub-Saharan Africa.

Business incubation has more than one definition and is commonly accepted as an umbrella term for activities that support entrepreneurs, start-up companies and organizations (Aernoudt, 2004). The aim of a business incubator will be further explained in the theory chapter. Transfer of economic activities and organizational innovations, such as the business incubator, over cultural, national and industry borders are challenging, slow and complicated. Moreover, it is often difficult the longer the social and cultural distance is between origin and end. The consequence is a risk of an establishment that does not fit into the environment and does not contribute as expected. Institutional theory is utilised to describe diffusion of organizational ideas and why organizations become similar over time. In relation to institutional theory, Lillrank's model may be recognised from previous research on knowledge transfer (Nonaka and Takeuchi, 1995) and innovation diffusion (Abrahamson, 1991, Czarniawska and Sevón, 1996) and has a similar way of explaining the transfer, packaged in a specific model that may facilitate the explanation of the diffusion of business incubation around the world.

The focus of this paper is on the three questions of "how", "why" and "in what context" business incubators in Dar-es-Salaam operate. Empirical findings give insights to the specific context and how different business incubators work in such context. Moreover, the transfer of the concept of business incubation, as a tool for economic growth, from its original setting to Tanzania is explored from a theoretical perspective of institutional theory and a related transfer model by Paul Lillrank (1995).

The concept of business incubators has been established since 1959 when the first known business incubator was opened in the US (Hackett and Dilts, 2004, Lendner and Dowling, 2007). The oldest established incubator was opened in Kenya as early as in 1967 (Meru and Struwig, 2011), nevertheless, business incubation is still considered a rather new phenomenon on the African continent. The purpose of business incubation is to diversify economies, commercialise technologies and to create jobs and wealth (Elena, 2002). Typically, business incubation is in vogue as a tool for economic growth when unemployment is increasing (Amezcua et al., 2013, Meru and Struwig, 2011). With the high unemployment rates in many African countries and a large number of youth entering the workforce (Iacovone, 2013), there has been a tendency to establish new business incubators during the recent years which has meant that there are a plethora of relatively new organizations supporting local entrepreneurs, but older business incubators also exist.

Entrepreneurship and private enterprise is considered an important part of research on economic development in Africa. The focus of this research has been on micro- and small-scale enterprises in the informal and formal sectors (McDade and Spring, 2005). Furthermore, there has been a variety of research on business incubators and their functions, attempts to categorise, models, and especially critical success factors (Maital et al., 2008). However, almost all research covers the US and Europe and comparisons between business incubators in these two parts of the world (Aerts et al., 2007, Aernoudt, 2004, TamÁSy, 2007). Although business incubation is increasing all over the world, studies on business incubation and entrepreneurship in Sub-Saharan Africa are still rather unusual and scarce (Sriram and Mersha, 2010, Kshetri, 2011, Ndabeni, 2008, Kiss et al., 2012) compared to similar studies in developing countries outside Africa (Akçomak, 2009, Lalkaka, 2003, Elena, 2002, Lalkaka and Abetti, 1999). Such limited focus is an issue because there is a large difference in conditions depending on the country where business incubators are established. Moreover, the original idea of business incubation is developed for the specific business environment in the US.

The empirical material forming the foundation of this paper consists of interviews with entrepreneurs and business incubator managers and staff in Dar-es-Salaam. These interviews will be interpreted with an embeddedness perspective to explain the connection between business incubation and the local context. Embeddedness enables an understanding of how social relations influence economic transactions in a specific context (Granovetter, 1985). Based on the purpose of exploring transfer and diffusion of business incubation, an interpretative research design has been applied.

The structure of the paper is organised as follows. The theoretical background of institutional theory and the transfer model by Lillrank (1995) is described in the next section, ending with a brief background on what business incubators do and how they are embedded in their local context. The following section presents the methodology behind the paper and then there is a section where the

findings from Dar-es-Salaam are introduced. The last sections discuss the findings and make some short conclusions.

THEORETICAL BACKGROUND

The theoretical background for this paper includes previous research on how movement of organizations may be described with institutional theory and the transfer model by Lillrank (1995). In addition, there is a brief introduction to how business incubators are seen to support entrepreneurship and an embeddedness perspective is used to explain how business incubators are connected to their local context.

In the globalised world of today it has become increasingly interesting to understand how ideas, concepts, innovations, technology etc. spread, are translated and transferred around the world. This issue has been explored several times by scholars within a variety of fields. However, the transfer of learnings and best practices is still considered rather slow and difficult to understand. It can be concluded that the longer the distance culturally, socially and historically the more the output differs from the input. Included in the process is not only the actual activity but also the learning needed for implementation. This process is described by institutional theory and in a model by Lillrank (1995) but can also be recognised from later literature (Sahlin-Andersson, 1996, Røvik, 2000).

Diffusion and Transfer of Organizations

Institutional theory facilitates the understanding of organizational action including change mechanisms both within organizations and organizations in connections to each other. When organizations spread there are three models of interpretation from an institutional theory perspective. First, institutional elements may be reproduced through cultural carriers such as a belief system or an organizational culture that act as a codified pattern to follow. Second, networks of social positions or other social structures carry the institutional elements. Third, routines carry tacit knowledge and habits which are otherwise only based on a common understanding. Routines, or standards, are commonly used within organizations as a template to follow and can be seen as an institutionalised organization recipe (Røvik, 2000). The spread of such organization recipes is described by diffusion, which means that ideas spread like rings on the water.

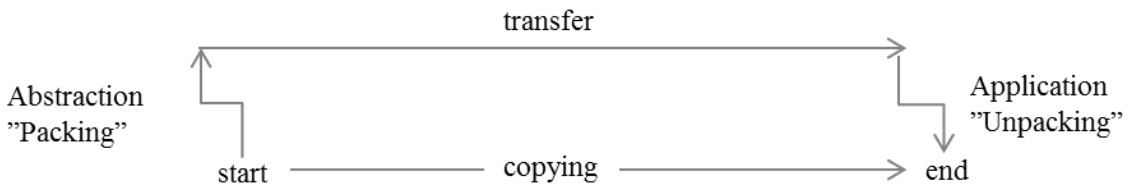
Institutional theory also describes the process of homogenisation of organizations with the term institutional isomorphism. Institutional isomorphism explains how organizations structure themselves in a similar way influenced by other organizations within the same field. This may be done through three mechanisms labelled coercive, mimetic and normative change. Coercive isomorphic change has to do with political influence and legitimacy, mimetic isomorphic change is when an organization copies a solution, intentional or unintentional, from another organization, and normative isomorphic change is primarily when organizations within the same profession become similar based on peoples formal education and networks (DiMaggio and Powell, 1983).

Institutional theory explains the spread of organizations by routines, recipes and templates but to look into how such elements are actually transferred may be explored by an additional model which looks into the details of the transfer and therefore complements institutional theory. This model by Lillrank was introduced in 1995 to help explicate the movement of Japanese management innovations from Japan to the US and Europe, a popular process in the 1980s. Lillrank talks about the two main steps as *abstraction* of the ideas or practices that are being moved and *application*, when they are received at the other end of the transfer, see **Error! Reference source not found.**. According to illrank's transfer model it is especially important to contextualise transfer of organizations because they are influenced by the labour market, incentive structures, level of education, management authority and cultural dispositions (Lillrank, 1995).

This process resembles how standards, or institutional organization recipes, are spread within organizations. Such recipes also need to go through abstraction to become a theory that later may be applied somewhere else (Røvik, 2000). There is also a parallel to coercive isomorphic change of adoption of standards from global actors such as the World Bank (Sahlin-Andersson, 1996). It has

been shown that if many organizations within a field are imitating a certain model, they appear to act more rationally and modern, whilst their main motive was to change their appearance and get legitimacy. In fact, the expected economic rationality which should guide the organizations is beaten by a rather irrational wish for acceptance (Rottenburg, 1996). Despite this it is often assumed, especially in innovation diffusion literature, that independent and technically efficient choices are made (Abrahamson, 1991).

FIGURE 1
TRANSFER MODEL BY LILLRANK. INTERPRETATION BASED ON LILLRANK (1995: 974).



Abstraction and application can also be seen as “packing” and “unpacking”, see **Error! eference source not found.**. These two processes are necessary for transfer of complex systems and if they are not used the transfer process stays on a low level which would be similar to ordinary copying. This specific model includes three variables: the level of abstraction (high and low), the approach of the actors involved (demand- or supply-driven), and type of managerial content transferred (principles, organizations and tools/management techniques). The level of abstraction is influenced by the complexity of the system and loss of information is possible if the abstraction is too low or too high either because the properties of the idea are not captured properly or because the application process becomes too difficult with a too high level of abstraction. Moreover, the transfer process is even more challenging when components such as tacit knowledge are included. In the process of developing an idea, important knowledge is created through trial and error which is not always explicit (Lillrank, 1995).

The transfer of business incubation could be seen as both demand- or supply-driven depending on the situation. In a demand-driven process it is common that the solution that is under study is perceived as being ideal. As the demand-driven visitor is often inexperienced in what they would like to transfer, they commonly look at the new solution as a success story and ignore aspects that may be undesirable, such as that the new solution may not fit in the local context, or the importance of context dependent conditions. Demand-driven processes are often mediated by politicians and managers who visit places for inspiration or to transfer ideas. It is also important to remember that the presented solution in a study visit has most likely been framed for that purpose and might not include details and potential flaws of the solution (Sahlin-Andersson, 1996).

If the transfer process is instead supply-driven the mediators are often researchers, professionals, leaders and consultants. Such a process typically aims to build scientific understanding and focuses on formulating questions to create theories which may not include all the details about the local conditions. It becomes especially important to describe and theorise carefully (Lillrank, 1995). An example is when science parks (similar organizations to business incubators) were seen as a solution to regional and industrial problems in the 1980s and 1990s. A supply of stories about their success in the US and in Europe was created but when imitated most attempts turned out to become failures (Sahlin-Andersson, 1996).

According to the model by Lillrank (1995), the management content is a third and important variable with its three categories of management transfer. The three categories are principles, tools and organizations which are complementary to each other. Lillrank describes how management content is transferred depending on which category it belongs to and this paper focuses on organizations because it is most interesting when discussing business incubators.

Lillrank (1995: 978) states that the transfer of organization needs "a high abstraction level and careful adaption into local conditions". Finally, it is concluded that organizations are difficult to transfer but they may be abstracted and then applied into local conditions. However, it requires a great effort in application work at the receiving end and the best organizational transfer is instead when examples from abroad inspire solutions based on local ideas and thoughts. Copying is only suitable for organizations less dependent on their context.

Business Incubators and How They Are Embedded In the Local Context

As mentioned above, the most common focus of business incubation theory and literature is on what business incubators do and what they are. A business incubator may be defined in a variety of ways and the definition for this paper is adopted from Leblebici and Shah and read as *"a facility designed to encourage entrepreneurship and minimize obstacles to new business formation and growth by housing a number of new enterprises that share a set of services"*(Leblebici and Shah, 2004: 363). It is, however, important to point out that with this definition, *"a set of services"* includes not only basic secretarial services such as sharing photo copying or coffee machine but also e.g. business development advice, business training and networks for financial support etc. Thus, business incubators may have different functions but they should always include additional support than only providing a shared office space.

The purpose of a business incubator is based on the belief that it should support entrepreneurs in the early phases of starting up new businesses. An entrepreneur may, for this purpose, have a broad definition including any person who runs a business, without any specific demands of newness or other characteristics that are often discussed in the literature. Moreover, entrepreneurs are assumed to be connected to economic growth through their business creation which in turn leads to increased job opportunities and a growing regional and national economy. In short, supporting entrepreneurs in business incubators is expected to increase a country's economic growth and development.

Because of the variety in functions, different ways of comparing business incubators have developed. Examples are based on the objective of the incubator or who is financing the incubator (Aernoudt, 2004, Mian, 1994, Clarysse et al., 2005). Previous research has also looked at when different characteristics of these organizations have developed and put business incubators into generations. The most recent generation is the third generation but it exists in parallel with previous generations. These previous generations sometimes function more like science parks with fewer services and less focus on creating new companies (Bruneel et al., 2012). The objectives of business incubators may provide a clue to why it is interesting to transfer this type of organization around the world. The basic idea is that by supporting entrepreneurial ventures to succeed there will be an increased economic development in a region or within a nation (Mian, 1994) which is why there is an increase of business incubators in countries with such aim. But there are other possible aims as well, such as technology development (create technology entrepreneurship), social (integration of social groups) or a mixed focus of the strategies mentioned before (Aernoudt, 2004).

A business incubator is not necessarily easy to manage and to achieve successful results is sometimes a real challenge (Adegbite, 2001, Meru and Struwig, 2011); not only because it is difficult to assess the results from a business incubator but also based on the many uncertain parameters that influence its activities. Business incubators are embedded in different spatial contexts such as national, regional and local settings with their economic activities (TamÁSy, 2007). One of the main aspects to take into consideration when transferring a concept like business incubation is the alignment with the local and national culture (Lalkaka, 1997, Chandra and Fealey, 2009, Henricson and Palmås, 2012). Studies comparing European and American incubators have for example found differences that may be explained by the national culture (Aerts et al., 2007, Aernoudt, 2004) and Maital et al. (2008)conclude that it is a common mistake to imitate an American incubator without reflection because the American culture is seen as an outlier in terms of risk-taking and individualism (Maital et al., 2008).

One way of describing how the context influences the business incubator is with a perspective of embeddedness. Embeddedness describes the economy as influenced by social relations and explains the situation between on the one hand, the neoclassical view of a competitive market based on rational decisions and on the other hand, the perspective of an economy where connections to the social group are prioritised before individual behaviors (Polanyi, 1944, 2001, Granovetter, 1985,

Ghezzi and Mingione, 2007). There is more than one interpretation of the embeddedness concept and the definition used in this paper reads as *"the nature, depth, and extent of an individual's ties into the environment"*(Jack and Anderson, 2002: 468). The idea is that it is impossible to understand both behaviors and institutions if the social structures behind them are not known (Granovetter, 1985). The perspective of embeddedness facilitates the understanding of how the interviewees included in this paper have responded and how their economic transactions are connected to the local culture, business environment and institutions.

METHODS

This study has been explorative with a focus on how people working with support for entrepreneurs and how entrepreneurs experience support structures such as business incubators. The methodology behind this paper has been interpretative as the intention was to understand people and their views of business incubation through a qualitative analysis (Bryman and Bell, 2007). Empirical data has been collected during field trips to Dar-es-Salaam in Tanzania in 2012 and 2013. All together 43 semi-structured interviews, see
, with entrepreneurs and other people working in business incubators and organisations promoting entrepreneurship, have been included and used as the main empirical material. In Dar-es-Salaam, the interviewees were initially chosen based on a local researcher's knowledge about the city and the local business activities. It was decided to focus on interviewees who could speak English to avoid the problems that may occur when using a translator. From the initial interviews more people were identified with the snowball sampling method (Bryman and Bell, 2007) by asking at the end of the interviews after other entrepreneurs in Dar-es-Salaam and places supporting entrepreneurs. From the conducted interviews there are 13 short interviews of ≤ 30 minutes and 25 interviews between 31 and 80 minutes long. In addition 5 non-recorded interviews are included in the material. These interviews are either from embassies where it is not allowed to make tape-recordings or from informal conversations, see
for specification. The researcher has spent about four weeks in total in the field collecting material for this paper.

In Dar-es-Salaam the author had assistance from four master students, who were part of a larger student group, from the university to which the author is affiliated, which enabled the collection of more data during the otherwise limited time in the field. The interviews were semi-structured with the opportunity to ask follow up questions which made for a broader variation in questions because of the five different people performing the interviews. Consequently, it became important to discuss the interviews and how the interview guide worked for different interviewers during the time in the field. Additional material has been added to give a richer contextual background for the interviews including notes and observations from the trips and a workshop evaluation with the student group that was part of the field trip in 2013. The student workshop was based on the Nominal Group Technique (Delbecq and Van de Ven, 1971, Delbecq et al., 1975) and the focus was the experiences that the students had when they met students from the university and micro-entrepreneurs in Dar-es-Salaam. The last part of the data collection has been internet searches on the web pages of the visited business incubators with the purpose of finding further information about their outcome.

The analysis has been performed through the following steps. First, the transcribed interviews were read through and interesting themes were picked out based on already existing literature on business incubation, including Hackett and Dilts' "A systematic review of business incubation research" (2004) and the article "Toward a grounded theory of effective business incubation" by Maital et al. (2008). These two articles specifically discuss the questions of "how", "why" and "in what context" regarding business incubation. Second, the themes for this paper were formulated based on these questions and the material was reduced to shorter sentences that became the basis for further analysis in combination with the transfer model by Lillrank (1995).

Furthermore, there are a few aspects that have been important to consider when this specific material was analysed. First, performing interviews in a second language might result in difficulties to express the full extent of the opinions of the interviewees. Second, the majority of the interviews were made with people from the city which probably gives a local picture of entrepreneurship that explains

their behaviour but is not representative of all Tanzanian entrepreneurs. Third, the interviewees were found through local contacts and the snowball sampling method. Thus, it is possible that the entrepreneurs have been chosen as typically "good examples" or that the sample of respondents only includes entrepreneurs from similar networks and therefore does not represent a complete variety of entrepreneurs in Dar-es-Salaam.

FINDINGS

This section presents the findings from interviews with entrepreneurs and people working with entrepreneurs in Tanzania. In addition, other collected data has been used to describe the specific *context* where this study is conducted. The text starts with the context with quotes confirming also what have been found in the literature as typical characteristics for the business environment in the region. This is followed by findings regarding how business incubators operate in Dar-es-Salaam exemplified through the admission of entrepreneurs to the business incubators and how the outcome is described in terms of successful entrepreneurs by the interviewees. Together, these two examples of operations give a brief picture of the business incubators in Dar-es-Salaam. Finally, this section presents examples of "why" entrepreneurs are interested in this type of organisations in this context and "why" they are considered interesting for the local business environment from the perspective of the entrepreneurs and the people working with the entrepreneurs.

There are a variety of business incubators and organisations working with entrepreneurship support in Dar-es-Salaam. 5 of 15 in the interviews label their organisations business incubators, some established recently and some many years ago. The purpose with their activities, according to the people working in these organisations, is to decrease youth unemployment, support business development for SMEs, entrepreneurship training, facilitate growth for start-ups and to build a local IT-sector. The other support organisations were for example government support, an entrepreneurship competition and a national support organisation, see
for details.

The economic transactions are embedded in social, cultural and institutional structures which are exemplified with some quotes below and further confirmed from the workshops where similar observations on entrepreneurship were discussed. A few of the interviewees mention the influence from the former socialist culture in the country and how that still affects how people think about business, but also how one share success, in Tanzania.

"…just talking about the context of Tanzania, it used to be a hard core socialist country, so capitalism is not engraved in people's culture…"
Business incubator manager, #42

Another part of the culture that is influential is the respect that young people have for elderly, women for men and the idea that foreigners come with more valuable knowledge than locals. One of the staff members in a pre-incubator talked about how these embedded relationships limits the entrepreneurs

"…the culture here is that if there is somebody senior in the room the young people would not say anything because they feel it is disrespectful…"

and continued

"…it's not always that wisdom has to come from the outside – that there has to be a white person which is unfortunately also part of the attitude that people tend to value, that if foreigners come to educate something it's more valuable…"
Pre-incubator staff, #20

TABLE 1
INTERVIEWS IN TANZANIA

Number	Position/Business area	Sex
1	University representative	M
2	Government support organization official	M
3	Entrepreneur/Food	F
4	Embassy	M
5	Entrepreneur/Food production	M
6	Business incubator	M
7	Business incubator	M
8	Entrepreneur/Food production	F
9	Development aid agency	M
10	Entrepreneur/Printing and Radio station	M
11	Government support organization official	M
12	Entrepreneur/Microfinance	M
13	Business incubator manager	M
14	Entrepreneur/IT	M
15	Entrepreneur/IT	M
16	Entrepreneur/Café	F
17	Entrepreneur/IT and electronics	M
18	Entrepreneur/Fashion	F
19	Development aid agency	1F + 1M
20	Pre-incubator	F
21	Business development services	M
22	Business incubator	M
23	Financial support	Mixed group
24	Private business incubator/business coaching	M
25	National support organization	Group M
26	Development aid agency	M
27	Entrepreneur/Agriculture	M
28	Entrepreneurship competition	M
29	Entrepreneur/Transport	M
30	Entrepreneur/Consultant	M
31	Business incubator manager	F
32	Entrepreneur/IT	M
33	Entrepreneur/Marketing	M
34	Entrepreneur/Mobile technology	M
35	Entrepreneur/ Business development consultant	M
36	Entrepreneur/ Business development consultant	M
37	Entrepreneur/Service	F
38	Entrepreneur/Service and delivery	M
39	Entrepreneur/IT	M
40	Entrepreneur/Research consultant	M
41	Entrepreneur/ Recruitment	F
42	Business incubator manager	F
43	Entrepreneurship competition	M

Entrepreneurship was discussed, in the interviews and the workshops, from the basic necessity entrepreneurship for people who have to survive the day, to the educated youth who want to create something, even on the side of an existing job. Because of the high unemployment among the youth there is a need for solutions on the labour market and the question of what that solution should be often includes entrepreneurship. Entrepreneurship becomes a reaction to the lack of employment and is spread as a solution that may support the country. The same staff member from a pre-incubator shared this about entrepreneurship

"entrepreneurship is a buzz word – they know they should do it but, from the government side it is in the plans, strategies and score cards, but they don't have a clue about how, one teacher said they used to go there and tell the students: be entrepreneurial, think outside the box and then they fled the room"
Pre-incubator staff, #20

Within the described context, there is also the question of *how* the business incubators are operating. How business incubators function varies depending on purpose and a broad range of other factors such as management and local conditions for entrepreneurs. The five business incubators visited in Dar-es-Salaam are good examples of this broad variety where it is not only the purpose that is different but also the organizations and how things are structured. The material includes both government owned business incubators and private initiatives. The private initiatives are more recently established and driven by founders that often have been abroad and wish to make an impact and a change in Dar-es-Salaam. In the interviews, the managers or employees of the business incubators were asked about how they run their organizations and also about examples of successful entrepreneurship coming from their organizations. They defined successful entrepreneurship themselves and their responses to these questions were considered one way of describing how the business incubators are operating. As mentioned previously, how one would talk about successful entrepreneurship in Dar-es-Salaam is partly cultural and discussing successful entrepreneurs turned out to be hard with few examples being forthcoming. It was difficult to understand more about the outcomes of the organizations through the interviews because the entrepreneurs do not necessarily share their progress with the business incubator staff. According to the interviewees it is not appropriate to talk about your success, or how you reached it, in Tanzania.

"…many don't want to expose their success…they don't want to, the regulatory authorities will monitor them…that's why it's difficult to know who is doing good…"
Business incubator staff, #7

As this staff member of a business incubator describes it, the culture does not appreciate people who share their success and furthermore, some are afraid of the authorities and others mention that there is a suspicion that people would steal your idea if it has been successful. Additional reasons mentioned in the interviews are that corruption makes it difficult to succeed and to share your story. Although questions about successful entrepreneurship were included in all interviews there were few examples both from the actual organizations and the entrepreneurs. One entrepreneur explained the foreign efforts to support entrepreneurs with that

"…there has been a lot of financing programs coming in, maybe they have all had good purpose but nothing has been successful yet…"
Entrepreneur, #35

After the limited results from the interviews a search on the internet was done to find out if there was some information to find. The result was scarce, some of the business incubators do not have working web pages and the others have no figures or stories about the outcome.

Another part of the operations that turned out to be interesting was how the entrepreneurs find and apply to the business incubators. The admission process to the business incubators are partly based on the purpose of the business incubator, the most recently established organizations make an effort of marketing themselves more than the government run organization that is the most known in

Tanzania for supporting entrepreneurs. However, all of them basically have some kind of admission process of interviews, rules or prerequisites that needs to be fulfilled to enter the business incubator. Interestingly, one incubator seems to recruit their entrepreneurs instead of choosing from applications to the incubator. Management is clearly influenced by American standards on business incubation including staff coming over from the US on a regular basis. This business incubator has been initiated together with the World Bank program for business incubation and has government support. They also have different rules depending on who the entrepreneur is, supporting some more than others. When interviewing the entrepreneurs they shared that some of them were found by the incubator and invited to become tenants through a recruitment process and few of them found the incubator and applied on their own initiative to become tenants.

"Yes, from that programming challenge, and from the university where I was studying, the CEO over here he heard about me being into technology and when I won the challenge it's when he found me."
Entrepreneur, #14

The chosen entrepreneurs are quite successful and the incubator seems to be efficient and successful in the sense that the entrepreneurs are successful in competitions and have a good reputation abroad. However, this particular organization gives the impression that the outcome is a construction more than a result of the actual organization. In addition, this is also mentioned in more general terms in one of the interviews

"…it seems like 85% of the emphasis on this is what it looks like, this looks like an incubator and there are more bodies in each room we are happy, we will bring the press here and we will tell in interviews how great we are doing, but whether it creates any value or they are doing any sensible things with any of their business ideas, whether they are getting any value more than an office place nobody cares…"
Pre-incubator staff, #20

One aspect is to look at "how" the business incubators work but another part is "why" the entrepreneurs are interested in this type of support and also why business incubators are introduced in this specific context. The raison d'être, what the business incubators are supposed to facilitate, is explained in theory and it may vary depending on context, affiliations etc. However, when talking to the entrepreneurs a different picture emerges.

From the perspective of the business incubation staff, there are too many entrepreneurs with limited understanding and knowledge, both about entrepreneurship but also about what a business incubator is. Entrepreneurs are described as lacking a business mindset without diversifying business ideas, often coming for the cheap office space and infrastructure.

Entrepreneurship is still not considered an attractive alternative for most people in Dar-es-Salaam who are rather forced to start their own businesses to survive. Although attitudes are changing most are more interested in getting employed and the picture of entrepreneurship as being the last solution is painted.

"…if you ask the children they don't want to become an entrepreneur…"
Business incubator staff, #22

In contrast to what the staff of the business incubators aim for their organizations, the cheap office space is the most common answer about the main advantage for the entrepreneurs, here exemplified by two different entrepreneurs

"First thing, it's a good place to work in, it's affordable…"
Entrepreneur, # 39

and

"…to find a program offering an affordable space for entrepreneurs that was a big thing for me…"

Entrepreneur, #41

Although some entrepreneurs mention other things they always bring up the office space and infrastructure as one of the major reasons why they appreciate the business incubator.
The aim of the organizations, mentioned above as reducing youth employment, supporting business development and start-ups is similar to what business incubation theories list as the general purpose. Consequently, that is why business incubators are introduced all over the world in an attempt to reach these goals. However, it may also be interesting to understand a bit more about the ideas behind why this type of organization has been transferred to a new, and rather different context, compared to where they were originally developed. This paper will mainly look into the theories describing spreading of organizational ideas but these reflections from the interviews may be seen as possible complements.

"…the government kind of wants to solve a lot of problems with entrepreneurship and that is happening in the Western world and in the rest of the world, there is a recession and when there is no jobs people tend to realize that "we can help them all to become entrepreneurs" they can create jobs for themselves and that is the solution, and it doesn't work in all the Western countries either,…,now they say that everyone needs to start living labs, earlier it was science parks…"
Pre-incubator staff, #20

Another interviewee added to the picture with this reply to if foreign organizations working with support of entrepreneurship is helpful

"No, I think the support is good if the idea comes from the people supported, but is it something that comes from you who want to support me the moment you leave, that thing will die, if it's not my idea I might not know exactly what is required, most of the projects which have been supporting this country died because of a sort of top down approach…"
University representative, #1

In the next section, the three questions of context, how and why business incubators are operating in Dar-es-Salaam will be further discussed and reflected on.

DISCUSSION

This discussion starts with the context of business incubators in Dar-es-Salaam as an attempt to get a better understanding of how the context influences the organizations and the people working there. Then, the operations will be discussed from the perspective of admission and outcome of the business incubators and finally why entrepreneurs are interested in business incubators and if it is possible to describe the ideas behind why such organizations are spread to this new and different context from where it was originally developed.

The specific contextual understanding is in this paper focused on business incubation but also confirmed in previous research on obstacles for small enterprises in Africa (McDade and Spring, 2005). Context is a rather broad and vague concept and embeddedness is utilised to facilitate the understanding of how the social structures are enacted through practical economic actions. A business incubator is an organization which is part of a business system where there are usually other organizations and institutions in the process working with and for entrepreneurs. Examples could be the education system, financial institutions and additional investors later on in the process. As mentioned in the introduction, such institutional frameworks may be lacking and the business incubator becomes embedded in different social and economic structures to where it was developed originally. The interviews also showed that entrepreneurship and economic transactions are influenced by the social and cultural structures. Furthermore, hierarchal structures and relationships between people in the society influence the opportunity to adjust the business incubator to local needs because it may be difficult to make people share their thoughts. Consequently, it becomes important to recognise the embeddedness and the conditions for a business incubator to be adjusted to these

local prerequisites because it is difficult to have the same expectations on organizations with such different prerequisites. A business incubator with its original structure is therefore possibly a less suitable alternative for entrepreneurship support in this context. The importance of context has been discussed previously in the literature (Maital et al., 2008; Lalkaka, 1997; Henricson and Palmås, 2012; TamÁSy, 2007) and is further confirmed in this paper.

According to the interviewees, the cultural embeddedness also influences how the outcome from the business incubators is discussed. Interviewees shared that this type of discussions were embedded in cultural structures that may be explained by the history of Tanzania which had a long period of socialistic business climate where entrepreneurship and profit making was not encouraged (Pedersen and McCormick, 1999, Temu and Due, 2000, McDade and Spring, 2005). The staff members and managers could not share a lot of information about successful entrepreneurs because the entrepreneurs do not necessarily share their progress. The results and how the operations are run in the business incubators in Dar-es-Salaam are therefore difficult to understand based on the information from the interviews. However, how business incubators are operating may be studied from other perspectives and another aspect of the operations is how entrepreneurs find, or are found by, the business incubators. It turned out that the admission process to the business incubators differed between the organizations. The most common was to use an admission process with certain prerequisites to admit the tenants to the business incubator but there was one organization that stood out. The impression is that this specific business incubator is organised based on how external funders expect it to work. Certain entrepreneurs are chosen and it seems like it is important to create an image of a successful business incubator. Another interview confirmed that there may be more strategic and political reasons behind some of the business incubators which means it becomes more important how they are presented than what the actual result is. The same interviewee also mentioned how entrepreneurship has become a solution for a multitude of problems including high unemployment, inspired by how it has been discussed in the Western world. This has previously been observed in studies of business incubators where the symbolic value of the business incubator becomes the dominating driving force for politicians. There is also a tendency to focus on the successes and ignore the failures in this type of politically charged environment (Hackett and Dilts, 2004). Politicians do not want to appear as backwards and this is also a possible reason why these specific organizations are structured the way they are. Furthermore, these driving forces have previously been discussed as an explanation to why business incubation has spread all over the world (TamÁSy, 2007).

However, if foreign influences are strong regarding establishments of business incubators, based on the theoretical ideas on how they should work, there is a risk of projects as mentioned by one interviewee where the initiative dies as soon as the visitor leaves the country. In combination with the cultural and social embeddedness of respect for senior people and foreigners such business incubator may probably not support the local entrepreneurs. Consequently, it was interesting to find out more about the incentives behind the business incubators and "why" the entrepreneurs had decided to become tenants.

According to the interviewees, the aim of the business incubators primarily focuses on business development through training for the entrepreneurs within marketing and finance etc. Some of the people working within business incubators mention that it is a problem that entrepreneurs come for the cheap office space and that the entrepreneurs do not utilise the service provided in the business incubator. However, one of the major issues for entrepreneurs in Dar-es-Salaam is the lack of infrastructure and office space which makes it less surprising that a cheap office is sometimes more attractive than business advice. Nevertheless, when entrepreneurs in the new context answer that their primary gain from the business incubator is the cheap office space and infrastructure we may not have fully understood "why" business incubation is attractive for the entrepreneurs in the new context.

Finally, would it be possible to further understand "why" business incubators are spread from their original settings to the rest of the world, including Dar-es-Salaam? It may partly be explained from the interviews but will primarily be discussed from a theoretical perspective of institutional theory and Lillrank's transfer model.

The institutional perspective shows how organizations, through isomorphic change (DiMaggio and Powell, 1983), become similar even though it is not necessarily rational for the individual organization, is one explanation for the observed phenomenon in Dar-es-Salaam. If business incubators spread around the world and they are rather similar, this could also explain how

the typical business incubator ends up in Dar-es-Salaam. Moreover, Lillrank's transfer model (Lillrank, 1995) facilitates the understanding of demand-and supply-driven processes which are also possible to recognise behind the business incubators. On the one hand the process is demand-driven when entrepreneurship is considered a possible solution to high unemployment and politicians wish to establish a support organization inspired by business incubators in the US to Dar-es-Salaam.

On the other hand, it is supply-driven when it may be influenced by external sources such as researchers, consultants and professionals within the development work community (Sahlin-Andersson, 1996). Those actors emphasise the importance of business incubation and supply the receiver with success stories and theories about how a business incubator works. One issue, as mentioned above, is that as soon as the supplier leaves, the idea is neither anchored, understood or wanted and will immediately die. There are challenges for establishing business incubators based on the specific local conditions such as the institutional frameworks but also history, path dependency and the business climate in general (Gelb et al., 2014). Things like infrastructure and cheap office space are some of the things brought up that are included in business climate.

Another part of the transfer model by Lillrank (1995) discusses the importance of a proper abstraction and application when transferring an organization which emphasises the importance of understanding "why" the organization works the way it works in the context where we find it and "why" it should be applied into the new context. In the case of the business incubator it is necessary to make an abstraction of the organization including details and experience of its functions and management practice, which has previously been analysed as crucial for business incubators (Meru and Struwig, 2011). In a demand-driven transfer the abstraction may lack the details but especially the whole picture of both positive and negative aspects of the business incubator. The inexperienced visitor with the task to conduct the abstraction easily misses context dependent prerequisites and may not even be presented the whole picture (Sahlin-Andersson, 1996). Additionally, it is challenging to make an abstraction of management practices during a short visit. The result is a low abstraction in a demand-driven transfer which consequently leads to a too fast application of the business incubator. The supply-driven incubators on the other hand may be too theoretical and miss out on the entrepreneurs that have other needs than expected when it is established in a new context.

Moreover, there are other mechanisms that may be identified to explain the decision to spread business incubators. It is acknowledged that the diffusion or transfer becomes more complicated the longer the distance, but the theories are lacking a "why" that could be added to the models. This lack of reflection on "why" could be based on a power imbalance between sender and receiver while transferring business incubation and may spring from the historical background but also current relationships between countries. Such additional input to the theories describing how business incubators spread, are recommended for politicians and policy makers to reflect on before establishing a new business incubator.

CONCLUSIONS

This paper has focused on "how", "why" and "in what context" business incubators are operating in Dar-es-Salaam. The paper emphasises the importance of contextualisation of the business incubator which is analysed with an embeddedness perspective. Discussing how the business incubators operate showed a cultural and social embeddedness where the outcomes in terms of successful entrepreneurs from these organizations were difficult to find. When looking into the admission of entrepreneurs to the business incubators there was one business incubator which worked with strategic recruitment. Such strategy becomes additionally interesting in the perspective of how the spread of business incubation may be explained by theories. Institutional theory and Lillrank's transfer model complement each other and describe how organizations become more similar from institutional isomorphism and external pressure, how important it is to make a proper abstraction and application when transferring complex organizations, and how these theories lack power imbalances and historical influences that may be important for the understanding of *"why"* business incubators are established in the studied context.

There is certainly one "why" for each actor connected to the business incubators negotiating their interests and affecting the end result. If the whole process is not understood properly the risk is

that the purpose of the business incubator will not be met and that business incubation is not the preferred support structure for entrepreneurs in Dar-es-Salaam.

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MICRO LEVEL ANALYSIS OF MARKET ORIENTATION AND SMALL SERVICE BUSINESS PERFORMANCE IN BOTSWANA

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ABSTRACT

This paper aims to investigate the link between market orientation and performance of Botswana small service firms. This study is primarily centered on empirically investigating two issues: test the effectiveness of MARKOR in the Botswana context, and investigating the factors influencing Botswana's small service firms' performance. Snowball sampling was used to select 249 owner managers of small firms in the Gaborone metropolis. In addition, factor analysis, correlation coefficient, regression analysis and structural equation modeling (AMOS 18) were used to examine the data collected. It was found that there is a positive relationship between market orientation and its constituents and financial performance of small businesses. Hence, this paper contributes to the extant literature by extending the research direction, which provides small firms' managers with a more understandable guide to specific market oriented activities.
Keywords: Market orientation, Small service firms, Business Performance, Micro level analysis, and Botswana.

INTRODUCTION

Although the last decade generated a substantial flow of research focusing on market orientation (MO) and its linkage to business performance Hart and Diamantopoulos (1993); Greenly (1995); Jaworski and Kohli (1993) and Narver and Slater (1990); Jaiyeoba (2013) and Hussain, Ismail and Akhtar (2015) there continues to be an interest in understanding how businesses use MO strategy to achieve their marketing goals. Therefore, the anecdotal research conducted on MO and the mixed findings reported, complicate efforts among both academics and practitioners to conclude on the real effects of the construct upon business performance (Dauda, 2010). This is exacerbated by the absence of empirical research conducted on MO construct in Botswana. Accordingly, there are many calls for MO research in Low income countries (e.g. Kuanda and Buatsi, cited in Burgess and Nyajeka, 2007; Ramesh and Ramesh 2014).

The paucity represents both an empirical and theoretical gap to which this study seeks to fill, using MARKOR scale with the small service firms as a study context. Building on the initial research by Kohli and Jaworski and Kumar (1990); Narver and Slater (1990) and Deshpande *et al*., (1993), significant progress has been made in conceptualisation and measurement of MO and its impact on business performance. This research is consistent with Narver and Slater's suggestion that MO research must be replicated in diverse cultures to boost conviction in nature and power of MO.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The concept of MO has received a considerable amount of research attention since the topic was reignited by (Kohli and Jaworski 1990 and Narver and Slater 1990). Much of the empirical research that followed has been concerned with establishing a contributory relationship between MO and firm performance (Morgan and Strong, 1998; Sanjaya, Vasudevan and Gaur 2011). Although it has been suggested that this relationship holds across different industry sectors and national cultures Jaworski and Kohli (1996) and Slater and Narver (2000); Rodrigues and Pinho (2010), there is less support for direct contributory relationship between MO and performance in service firms (Sargeant and Mohamad,1999; Caruana *et al*.,1998).

This equivocality and lack of understanding of how market orientation contributes to service firm performance have prompted calls for research to investigate the mechanisms by which MO does contribute to performance (Day, 1998; Jaiyeoba 2013). This paper thus examines the mechanisms by which MO is posited to contribute to firm performance. This conceptualization of how MO contributes to firm performance complements research that considers that MO is an aspect of a firm's culture (Slater and Narver, 1995; Appiah-Adu and Singh, 1999; Sanjaya, Vasudevan and Gaur 2011).

A potential for resolving these differences is the distinction which Slater and Narver, (1995) draw between organizational culture and climate, where culture is the deeply rooted set of values and beliefs that provide norms for behavior within the organization and climate. This is consistent with Avlonitis and Gounaris (1999) who suggest that a true MO represents the synthesis of attitudes and practices and that these attitudes and practices are related and inseparable. While there is a propensity for a low effect of MO on performance among small firms, marketing scholars and managers have continued to argue over the last three decades that a business which improves its MO will enhance its performance, (Kotler and Andreason, 1987; Narver and Slater, 1990). For small firms in particular, it has been suggested that MO is likely to be vital factor for success since such firms usually lack the financial means to pursue other sources of business profitability, such as research and development, competitive advantage, low cost leadership or skilled staff to develop effective planning strategies (Pelham and Wilson, 1996). Evidence of this sentiment can be inferred from the findings of Narver and Slater, (1990), which suggest that large strategic business units with a low level of MO but low cost advantages perform better than smaller strategic business units with a medium degree of MO in the same organization. Blankson and Cheng, (2005), and Jaiyeoba, (2013), based on their investigation of small firms in Michigan and Botswana, argue that the size of businesses does not change the importance of MO on performance. Thus we hypothesize that:

Hypothesis 1: The level of market orientation of small firms in the service industry in Botswana is significantly and positively related to business performance.

The marketing concept identifies a unique organizational philosophy that places the customer at the core of the firm's approach to its strategy development and operations (Deshpande, 1993; Asikhia 2010). Kohli and Jaworski (1990) and Zebal and Goodwin (2011) state that while the marketing concept is normally described as a belief or a way of thinking that directs the allocation of resources and the creation of organizational strategies, MO is regarded as the activities associated with the execution of the marketing concept.

The starting point of MO is market intelligence, which includes customer's verbalised needs and preferences, as well as an analysis of exogenous factors that influence those needs and preferences (Deshpande, 1999; Jaiyeoba, Marandu and Kealesitse 2015). MO is a corporate culture that differentiates one business from another in its tendency to always give superior value to its customers (Slater and Narver, 1994). Thus a business firm with superb market information collection and processing capabilities can predict more precisely and make rapid changes in the market place. Intelligence generation also helps define what superior value means to customers (Pelham, 1997; Dauda, 2010). Thus, understanding the current and future customer needs is critical to sustained organizational performance.

Kohli and Jaworski,(1990) define market orientation as an organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and an organization wide responsiveness to this intelligence. Intelligence

generation relates to observing and studying customers' needs and preferences. Conversely, failure to ascertain such customer needs and preferences through market information collection and processing capabilities would result in the production of goods and services that do not satisfy customers. Traditionally, it has been the responsibility of the marketing function to generate customer intelligence for the purpose of feeding a firm's strategic and operational decisions. However, an essential feature of a market oriented firm is the organization wide generation of intelligence pertaining to customers. Consequently, it is not exclusively the marketing function responsibility to generate intelligence. Managers from different departments of the firm should pay visits to present and prospective customers and constitute, a valuable source of intelligence within the organization.

Thus, although market intelligence pertains to customer needs and preferences, it includes an analysis of how these may be affected by exogenous factors such as government regulation, technology, competitors, and other environmental forces. As such, environmental scanning activities are subsumed under market intelligence generation (Kohli and Jaworski, 1990). Laukkanen and Reijnon (2010) postulate that information is a message that is meant to change the way the receiver of it perceives something –it influences his judgement and behavior.

Laukkanen and Reijnon (2010) conclude that knowledge is a mix of experience, values, contextual information and expert insight. In the context of the SMEs, the owner-manager usually plays an important role as a searcher and assimilator of information (Lybaert, 1998; Asikhia 2010). Thus, the SMEs are often opportunistic in their information seeking behaviors and information is gathered from sources such as trade journals, customers and members of the supply chain that can be assessed with little additional effort outside the scope of normal business activities (Fuelhart and Glasmeier, 2003; Matanda and Ndubisi 2009). It is hypothesize that:

Hypothesis 2: For small firms in the service industry in Botswana, the level of intelligence generation is significantly and positively related to business performance.

Intelligence dissemination relates to the exchange of ideas generated from intelligence among various departments and individuals within an organization through both formal and informal channels responsiveness is the organization's implementation of strategies and actions using the intelligence that is generated and disseminated. In order for MO to operate correctly, information developed in the intelligence generation stage must be shared with other functional units of the business (Kara *et al*., 2005; Asikhia 2010). This is attained through information exchange. Thus, for organizations to adapt to market needs, market intelligence needs to be communicated, disseminated, and perhaps even sold to the relevant departments and individuals in an organization. This successful sharing of information gives the marketers the opportunity to modify interpretations, and to provide new insights (Quinn, 1992 cited in Kara, Spillan and DeShields, 2005; Zebal and Goodwin 2011). Effective dissemination of market intelligence is important because it provides a shared basis for concerted actions by different departments of an organization (Deshpande, 1999). It is therefore, expected that the information dissemination process will play a seminal role in the business's MO efforts.

Thus, sound dissemination of customer and competitive intelligence requires at the very least: organization wide awareness of the content of relevant intelligence; formal and informal means of routine dissemination of the intelligence; and incentives to share the intelligence. Certain organizational antecedents, for example senior management characteristics, interdepartmental dynamics and organizational systems, can enhance or impede the dissemination of intelligence and the general implementation of MO, (Kohli and Jaworski, 1990; Dubhilela 2013). Organizational antecedents that enhance MO are, for example, an active top management that communicates a consistent commitment to creating a MO supported with credible resource allocations (Kohli and Jaworski, 1990; Vieira 2010). Organizational systems that impede MO and the effective use of market intelligence are high formalisation and centralisation (Jaworski and Kohli, 1993; Zebal and Goodwin 2011). In some firms, sales people may have their *raison d'être* because of information asymmetries that exist between them and their colleagues (Sorensen, 2009). Asikhia (2010), contend that information dissemination pertains to the communication and transfer of information to all departments and individual within a business enterprise through formal and informal channels. We therefore hypothesize that:

Hypothesis 3: The level of intelligence dissemination of small firms is significantly and positively related to business performance.

Superior performance can only be achieved by responding continuously to the customer's ever changing needs and preferences (Kara *et al*, 2005; Dauda 2010). It thus explains the criticality of market intelligence. Responsiveness refers to the actions taken after the intelligence is generated and disseminated. In a meta-analysis by Deshpande (1999), about a survey conducted by Kohli and Jaworski (1990), Deshpande (1999) posits that the responsiveness to market intelligence takes the form of selecting target markets, designing and offering products and services, catering for their current and anticipated needs, and producing, distributing and promoting the products in a manner that elicits favourable end-customer response. Superior performance can only be achieved by responding continuously to the customers' ever changing needs Kohli and Jaworski (1990), critical in this disruptive business era of hyper competition especially amongst small firms in Botswana.

Therefore, MO is typically measured by assessing a firm's commitment to base strategic decisions on customer-oriented market intelligence (Narver and Slater, 1995 cited in Baker and Sinkula, 2009). Firms with strong MO prioritise learning about customers (for instance, their likes and dislikes, satisfaction, perceptions and so on), factors that influence customers (competition, the economy, socio-cultural trends), and the factors that affect the ability of the firm to influence and satisfy customers (technology, regulations).

Firms give prominence to responsiveness because they believe in the prominence of customer satisfaction as an organizational objective (Baker and Sinkula, 2009). As such, it is expected that market-oriented business firms will influence their responsiveness to customer needs so as to continuously meet and or exceed their needs better than their competitors. Thus, early MO literature reports that the action taken is intended to elicit favourable customer response (Kohli and Jaworski, 1990). Asikhia (2010), therefore, contend that responsiveness may take the form of selecting target markets, designing and offering products or services that cater for their ardent and anticipated needs, hence producing, distributing and promoting the products in a way that elicits favourable customer response.

In summation, environmental scanning about the customer needs and competitive actions are subsumed under market intelligence generation. This is a critical element of MO since it is only when a firm clearly knows its customer needs and the factors that influence those needs that it can tailor its internal processes to satisfy them. This is followed by intelligence dissemination that pertains to the communication and transfer of intelligence information to all departments and individuals within an organization through both formal and informal channels.

The marketing concept suggests that in order to operate profitably, the enterprise has to be oriented towards satisfying customer needs, wants and aspirations (Blankson, Motwani and Levenburg, 2006). Laukkanen and Reijnon (2010) conclude that this requires gathering, analysing and acting on customer information. Finally, responsiveness is the action that is taken in response to the intelligence that is generated and disseminated. Thus, business firms that have implemented these three facets of MO have a better understanding of and responding to their customers' needs that, in turn, delivers superior business performance. We therefore hypothesize that:

Hypothesis 4: The level of intelligence responsiveness of small firms is significantly and positively related to business performance.

METHODS

The study employed a snowball sample of managers and business owners in the small service firm domain within Gaborone and its environs. The reason for opting for non-probability rather than probability sampling was that the sampling frame of the key informants was not available. In addition, the study was confirmatory in nature in order to improve the understanding of organizational market orientation behavior in Botswana context. The final pool of small service firms to whom questionnaires were sent totaled 400. Eventually, only 249 (constituting over 60% response rate) usable questionnaires were returned by the respondents.

The questionnaire was pretested prior to collecting data and respondents were asked to identify items they found unclear, ambiguous or confusing. As a result of the pretest, minor adjustments were made to the questionnaire. The majority of the respondent personnel were managers, accounting for about 50% of the total. This suggests that most respondents were sufficiently experienced to be able to provide meaningful response to broader policy issues relating to market orientation. After comparing the responses of the early and late respondents, on a number of characteristics, no significant difference was found suggesting that the sample is free from response bias. The sample size and the response rate are consistent with related studies.

The questionnaire and scale measures (MARKOR Scale) were adopted from Kohli and Jaworski, (1993) constructs. The items in the questionnaire were measured with the aid of a five point Likert type Scale. The management behaviors were measured by items adopted from (Jaworski and Kohli, 1993). Environmental dynamics were adopted from Jaworski and Kohli, (1993) and Gray *et al*, (1998) respectively. Reliability analysis was conducted on all the multi items scales to check the internal consistency of the scales. This study adopted a cut off of 0.5 for Cronbach's Coefficient following Nunnally (1988). Using 0.5 as the cut off is not without precedent. It has been adopted in related studies (Blankson and Stokes, 2002; Blankson and Cheng, 2005). The coefficient alpha values for intelligence generation, intelligence dissemination or interfunctional coordination, and intelligence responsiveness or taking action are 0.63, 0.60, and 0.55 respectively, indicating that the MARKOR scale developed by Kohli and Jaworski (1993) is also a reliable instrument for measuring market orientation in Botswana. The coefficient alpha values of 0.73 for top management emphasis and 0.88 for centralization also confirmed the reliability of Kohli and Jaworski's (1993) scale items for data collection in Botswana.

Similarly, other scales including market based reward system, interpersonal conflict, interpersonal connectedness, market turbulence, technological turbulence adapted from Kohli and Jaworski (1993) produced coefficient alpha values of 078,0.62,0.81,0.53 and 0.63 respectively, thus indicating that these scales were also reliable for data collection in Botswana. The factor loading values range from 0.50-0.85, the KMO and Bartlett's test are satisfactory and Eigen values are greater than 1 thus explicating competence of the factor structure.

Factor analysis was employed in testing for categories of construct validity. Principal component extraction method was adopted with varimax rotation method. The varimax rotation method was adopted since it minimizes the number of variables that have high loadings on each factor and simplifies the interpretation of the factors. Before applying the factor analysis to examine the construct validity of the market orientation scale, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett test of sphericity were performed to assess the appropriateness of using factor analysis.

The test provided results that were enough for factor analysis to be used with KMO of 0.765 and significant level ($p<0.001$) for the Bartlett test. Using an Eigen greater than 1 which is the threshold, the coefficients for the factors of the market orientation construct ranged from (0.50-0.90) which are well above the desirable value recommended by (Hair *et al* 2006). The values explicated have demonstrated the robustness of the factor structure. The rotated sum of the squared loadings of the first ten items of the market orientation construct has shown the percentage cumulative of variance explained to be 67.5%.

The appropriateness of applying factor analysis was confirmed for business performance by both the KMO index (0.906) and Bartlett's test ($p< 0.001$). Result shows that all items converged on one common construct. The factor loadings of the items ranged from (0.50-0.906) suggesting high convergent validity. The average variance explained elicited 64.52% showing the robustness of the factor structure among small service firms in Botswana.

RESULTS

Prior to major analyses, data were examined using SPSS 18.0 for data entry accuracy, missing values and violation of regression assumptions of normality, linearity, multicollinearity. Residuals were screened for normality with the aid of skewness and kurtosis. The skewness values and kurtosis

values for the market orientation and business performance constructs, were all closer to zero as posited by Hair *et al* (2006), thus confirming the normality of the data.

The data analysis results as shown in Tables 1 and 2 show that the overall market orientation behavior of small service firms account for **25.7%** (standardized coefficient value) variation in the small service firms' financial performance in Botswana. Result in tables 1 and 2 show that hypothesis H1 is supported among sampled small service firms in Botswana.

Table 3 shows that intelligence dissemination is significantly and positively related to small service firms performance. Intelligence generation and intelligence responsiveness are not, however significantly and positively related to business performance, but lend support to the hypothesized relationship. Thus hypotheses H1 and H3 are supported, while hypotheses H2 and H4 are rejected.

The beta coefficient as shown in Table 4 is in the same direction as hypothesized ($\beta=0.304, p<0.05$), that is to say the intelligence generation, dissemination and responsiveness behavior of small service firms in Botswana explained **30.4%** variation in the economic business performance of small service firms in Botswana. The Durbin Watson value of 1.783 is satisfactory for the hypothesized relationship. The implication is that an increase in intelligence generation, dissemination, and responsiveness behavior of small service firms in Botswana would result in an increase in small business financial performance.

Assumption of multicollinearity was tested using correlation matrix and collinearity diagnostics as shown in Tables 5 and 6. For the study, correlation values for all independent constructs were below 0.9 indicating that the axiom of multicollinearity was not violated. Collinearity diagnostics as shown in Table 6 were determined by noting tolerance values and variance inflation factor (VIF). Low tolerance (those approaching zero) indicate that multiple correlation with other variables is high, suggesting the possibility of multicollinearity. This study however indicate that the tolerance values for the independent variables are quite respectable and the VIF values range from (1.03-1.24) which are well below the threshold of 10,and Tolerance values range from (0.803-0.966).

Table 7 also validates the hypothesized relationship which shows that overall market orientation is significantly and positively related to business performance as shown in the path analysis (AMOS 18). Hypothesis **H1** is thus supported. The intelligence generation principles of small service firms in Botswana is also significantly and positively related to business performance as shown in the path analysis and structural equation modeling using AMOS 18. Thus, hypothesis **H3** is supported. However, the intelligence generation and responsiveness of small service firms are not significantly and positively related to the business performance of small service firms in Botswana. Therefore, hypotheses **H2** and **H4** are rejected.

DISCUSSION

Summary

This study sought to examine the relationship between market orientation and small service firms' business performance (economic performance). The study results provide strong support for the basic proposition that market orientation influences economic performance of small service firms in Botswana. Despite the importance of market orientation in the modern business world, the need for a market orientation study has been ignored in developing countries. While much empirical work has centered on market orientation, the generalizability of market orientation and its impact on the performance of small service firms in Botswana context has been under researched. In addition, the market orientation literature lacks a market orientation framework that can be implemented in both settings of developed and developing countries. Therefore, in this study, to fill this research gap a conceptual framework of market orientation was proposed, which was built on the basis of vital issues of the synthesis of market orientation (components of market orientation and consequences of market orientation). This study validates previous scholars' assertions or propositions about the relationship between market orientation and performance with a focus on the small service firms of Botswana.

Despite the lack of agreement on the appropriateness of the market orientation construct developed and tested principally on studies of large firms to small enterprises, this study demonstrates that when applied by small firms, market orientation will positively influence its level of performance in business. That is, the higher the level of market orientation, the greater the level of business performance among Botswana's small service firms. This is consistent with the overriding proposition

of the literature that increased market orientation lead to higher firm performance (Narver and Slater, 1990; Slater and Narver, 1994; Agarwal *et al*., 2003; Dwairi *et al*., 2007; Shehu and Mahmood 2014).

Contributions to Scholarship

This study makes a significant contribution to the theoretical literature, most especially in the marketing context of small service firms in Botswana. The study's framework has the potential to be adapted and validated not only for Botswana, but for other developing countries. This model is significant because it can be used to identify the contribution market orientation makes to the economic performance of small service firms in Botswana. The use of these research findings will help small service firms, policy makers, practitioners, researchers and other stakeholders to commit resources to investment in order to become market oriented.

The model also indicates the importance of positive influence of market orientation on business performance of small service firms in Botswana. Thus, by applying this model, more companies in Botswana may accept market orientation as an instrument for assisting them in achieving their business objectives. The model thus explicate the need for managers to familiarize themselves with tastes and preferences of consumers, the dynamic nature of the environment in which they operate and then can they achieve an improvement in their performance measured not only in terms of sales and profit dimension, but also champion the philosophy of team spirit among employees and add value to their target market. Thus, being market oriented in Botswana can give small service firms a particular edge over their competitors in understanding and satisfying the customers' needs thus generating higher levels of customer satisfaction.

The findings of this study reinforce the conclusions of similar research in other parts of the world which suggest that market orientation behavior amongst small firms is significantly and positively related to business performance. Hence, small service firms' executives, who are able to inject market oriented measures into their businesses, have a distinct possibility of adopting a market oriented culture as a means of achieving competitive advantage. By using their flexibility and informal style of doing business supported by an intuitive and experiential learning style and a personalized relationship approach, small businesses with higher levels of MO can develop deeper customer insights in turbulent markets.

Applied Implications

The empirical results provide several implications for managers of small service firms in Botswana. Managers should not myopically focus on improving one perspective of market orientation in isolation in order to generate creative marketing programmes amongst small service firms in Botswana. Instead, managers should learn that the combination of particular dimensions of MO would provide a firm competitive advantage through generation of novel or meaningful incentives for marketing programmes. The study results show that market orientation has a significant effect on business performance.

Thus, marketers and managers need to focus on customers, employees' motivation in order to improve the performance of small service firms in Botswana. It is thus critical for small service firms in Botswana to get support of employees from all ranks to successfully facilitate the market oriented activities. The competition landscape, changing tastes and preferences of customers has been dramatically altered in recent years. Such dramatic turbulence underscore the need for managers of small service firms to understand their target market and respond to their respective target market needs strategically.

The findings of this study emphasise the importance of small businesses orienting themselves to the market, particularly in environments characterised by market and technological turbulence. These findings present specific implications for small business owner-managers in terms of marketing strategy that fits their style of doing business. The positive correlation with higher levels of MO, presents a compelling synthesis in creating superior performance. As globalisation continues to become a major part of businesses operation, small firms need every strategic edge they can find. Repeatedly small firms encounter cost and competitive demands. New insights into a business marketing orientation provide ideas for development of effective strategies to adopt as they pursue their competitive edge.

TABLE 1
Effects of Overall Market Orientation on Small Service Business Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.257[a]	.066	.062	.675	.066	17.264	1	244	.000	1.744

a. Predictors: (Constant), Overall market orientation
b. Dependent variable: Business performance

TABLE 2
Regression Analysis of Overall Market Orientation and Small Service Business Performance

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.550	.256		9.976	.000	2.047	3.054
	Overall market orientation	.307	.074	.257	4.155	.000	.161	.453

a. Dependent Variable: Business performance

TABLE 3
Regression Analysis of Intelligence Generation, Dissemination Responsiveness and Small Service Firm Business Performance.

Model		Unstd coeff		Std. coeff			95% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	1.972	.392		5.027	.000	1.199	2.745
	Intelligence generation	.088	.076	.079	1.160	.247	-.062	.238
	Intelligence dissemination	.239	.071	.231	3.372	.001	.099	.378
	Intelligence responsiveness	.151	.105	.090	1.435	.153	-.056	.359

a. Dependent variable: Business performance

TABLE 4
Model Summary of Intelligence Generation, Dissemination and Responsiveness Effects on Small Service Firms Business Performance

Model	R	R^2	Adjusted R^2	Std. Error	Change Statistics					Durbin-Watson
					R^2 Change	F Change	df1	df2	Sig. F Change	
	.304[a]	.092	.081	.670	.092	8.146	3	240	.000	1.783

a. Predictors: (Constant), Intelligence responsiveness, Intelligence generation, Intelligence dissemination
b. Dependent Variable: Business performance

TABLE 5

Correlation Matrix for Market Orientation, Its Components and Business Performance Components of Small Service Firms.

			Intelligence Generation	Intelligence dissemination	Intelligence Responsiveness	Overall Market orientation	Business Performance
Spearman's rho	Intelligence Generation	Correlation Coefficient	1.000	.390**	.110	.769**	.224**
		Sig. (2-tailed)	.	.000	.084	.000	.000
		N	247	247	247	247	244
	Intelligence dissemination	Correlation Coefficient	.390**	1.000	.177**	.660**	.331**
		Sig. (2-tailed)	.000	.	.005	.000	.000
		N	247	249	249	249	246
	Intelligence Responsiveness	Correlation Coefficient	.110	.177**	1.000	.354**	.183**
		Sig. (2-tailed)	.084	.005	.	.000	.004
		N	247	249	249	249	246
	Overall Market orientation	Correlation Coefficient	.769**	.660**	.354**	1.000	.336**
		Sig. (2-tailed)	.000	.000	.000	.	.000
		N	247	249	249	249	246
	Business Performance	Correlation Coefficient	.224**	.331**	.183**	.336**	1.000
		Sig. (2-tailed)	.000	.000	.004	.000	.
		N	244	246	246	246	246

**. Correlation is significant at the 0.01 level (2-tailed).

TABLE 6
Collinearity Test

.		95.0% Confidence Interval for B		Correlations	Collinearity Statistics			
Model		**Lower Bound**	**Upper Bound**	**Zero-order**	**Partial**	**Part**	**Tolerance**	**VIF**
Constant	.000	1.199	2.745					
Intelligence responsiveness	.153	-.056	.359	.140	.092	.088	.966	1.035
Intelligence dissemination	.001	.099	.378	.281	.213	.207	.803	1.246
Intelligence generation	.247	-.062	.238	.187	.075	.071	.819	1.221

Dependent variable: Business performance

TABLE 7
Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Overall Market orientation	<---	e1	1.551	.052	29.685	***	par_9
Intelligence dissemination	<---	Overall Market orientation	.607	.011	53.282	***	par_5
Intelligence responsiveness	<---	Overall Market orientation	.477	.009	51.651	***	par_6
Intelligence generation	<---	Overall Market orientation	.605	.009	65.466	***	par_7
Intelligence generation	<---	e3	.412	.019	22.015	***	par_10
Intelligence dissemination	<---	e4	.509	.023	22.241	***	par_11
Intelligence responsiveness	<---	e5	.416	.018	22.704	***	par_12
Business performance	<---	Overall Market orientation	.327	.216	1.510	.131	par_1
Business performance	<---	Intelligence generation	-.002	.112	-.016	.987	par_2
Business performance	<---	Intelligence dissemination	.185	.085	2.170	.030	par_3
Business performance	<---	Intelligence responsiveness	.086	.114	.754	.451	par_4
Business performance	<---	e2	.725	.079	9.197	***	par_8

This study of Botswana small service firms along with the other affirmative confirmations of the market orientation concept in Botswana, clearly demonstrate that managers in small service firms can make a difference in their organizations performance and achieve success. Understanding the dimensions of Market orientation can help develop strategies that can offer major opportunities for firms to strengthen their competitive edge, promptly respond to their customers' changing needs, and thus effectively compete locally and globally.

Referring to managerial implications, it can be asserted that the evidence of reliability, item correlation, and conceptual coherence associated with the results suggest that this study will be useful as an insight for policy makers, practitioners and academic researchers interested in the small business sector.

The results from this study corroborates those of Kirca *et al*.,(2005) who established that managers are concerned about four issues pertaining to market orientation: Firstly, how can market orientation be implemented? Secondly, what is its impact on performance? Thirdly, how does the market orientation-performance relationship vary across cultural and business contexts? Fourthly, what are the processes through which market orientation enhances performance? This study lends support to Kirca *et al*., (2005), assertion by providing insights into each of these issues.

The findings of this study have implications for policy makers, practitioners (owners and managers) and other stakeholders. First, government quest of finding solution to the problems of small businesses in Botswana should not only concentrate on finance, but strategies to training and orientating small businesses on the critical role of marketing to their development. The results of the study suggest that owners and managers should allow their products and services to emerge out of a customer's need. Coordinated marketing is an important strategy that ensures high performance within organizations, the positive relationship between inter-functional coordination and performance within the small businesses indicates that by working together, employees and owners or managers would be able to provide superior goods and services to customers. Intuitively, more frequent communication is likely to enable the dissemination of collected market intelligence and facilitate a timely market focused response.

Better insights into the influences organizational characteristics have on marketing orientation could thus lead to more effective marketing practices. For small to medium sized enterprises, these factors have been less frequently examined. This study was an effort to make such an analysis. It could thus be concluded that, market orientation involves not only the willingness of the firm to gather and disseminate marketing intelligence, but an organizational culture that is committed to shaping customer value based on marketing intelligence. Both awareness of the contribution marketing intelligence can provide in adding customer value and the resources to put that into effect are necessary.

While smaller size would appear to offer an advantage in creating a firm-wide responsiveness, fostering such a marketing oriented culture becomes much more dependent upon the owner-manager. This is because, if the business owner or manager is not able or willing to relinquish day to day decision making, the organization's culture may also not support the values needed for high level of market orientation. Clearly, it has been demonstrated in this study that while there are always weaknesses and threats on the small business horizons, MO strategies can offer major opportunities for firms to strengthen their competitive edge and effectively compete in global markets. This lend credence to Brouthers *et al*., (1998); Allison *et al*., (2000) cited in Didonet *et al*., (2012), that small business owner-managers are rarely strategists who focus on the long term or take a formal structured approach to planning; instead they act on instinct, intuition and impulse in a highly responsive manner. Other small business in different settings should take note and see how their organizations can benefit from the implementation of the market orientation strategy.

LIMITATIONS AND FURTHER RESEARCH DIRECTION

Although this study provided relevant and interesting insights into the understanding of the role of market orientation on business performance among small service firms in Botswana. It is important to recognise the limitations associated with the study. From the methodological point of view, the non-probabilistic sample data collection procedure may impose some limitations to the

external validity of the findings. Moreover, since it is a cross-sectional data, the results might not be interpreted as proof of a causal relationship but rather lending support for the previous causal scheme. Also, this study's results are based on small service firms that were included based on snowball sampling. Therefore, the study's findings have limited generalisability and may not be extended to other environments. When investigating the relationship between market orientation and the firm performance, future studies should also consider different performance measures, such as market share, return on investment, and data should be collected from multiple informants. In spite of the claims of other researchers that no significant differences exist in the responses in the utilization of a single respondent or multiple respondents, it would be interesting if the future studies employ multiple respondents within the organizations.

As this study was limited to Botswana, it would be interesting to conduct cross-cultural studies in the future in different developing countries for comparison purposes. Subjective or perceived data were used in this study for measuring the business performance because of the confidentiality of the actual performance data. For future market orientation studies in Botswana, it is suggested that alternative data from documentary sources such as trade and other publications should be used in addition to subjective or perceived data. Another research direction is to probe into the difference of research model in large companies and small and medium sized firms. This could be a very insightful and interesting theme in future research. Another research direction is to explore other mediating variables between market orientation and small business performance. Such kind of research can greatly help small firms to adopt appropriate actions and change programs to implement market orientation strategy.

Another limitation associated with this research concerns the context and environment of the study (i.e., Botswana) which limits the generalizability of the findings to other contexts and environments. However, it should be noted that the use of a country outside the traditional research stream of the developed world might be seen as an attempt to increase the scope of the understanding regarding how market orientation is practiced, especially in a developing country (Botswana). This may assist in demonstrating the robustness of the market orientation construct in different environments (developed and developing countries).

Research is also needed in Botswana to explore the complex interrelations of market orientation antecedents (most especially tangible and intangible dimensions) and the impact of these on market orientation and performance. The relative direction of turbulence (natural disasters, HIV/AIDS pandemic, currency exchange rate, and government regulation) on small service firms may be considered in future research, as well as its effects on market orientation-performance linkage.

Some other interesting directions for future research also spring from this study. One direction relates to the need of constructing a single measurement of marketing orientation that will comprise both the attitudinal and behavioral dimensions of the marketing concept. Such measure would facilitate further research in the field of marketing and specifically the investigation of relationships and or causalities between the adoption of marketing orientation and other managerial considerations. Future research is also needed in order to investigate the conditions under which marketing orientation is developed. Future research should attempt to answer questions like: why do the majority of the companies fail to follow a marketing orientation, especially when the latter is admittedly a solid source of competitive advantage.

CONCLUSION AND RECOMMENDATION

The study findings generally resonate with the results of (Jaworski and Kohli 1993 and Zebal and Goodwin 2011; Narver and Slater 1990). It also offers one more support for the robustness of Jaworski and Kohli's (1993) model. The importance of the impact of market orientation on business performance among small service firms suggests the need for a better understanding of the organizational forces that determine the degree and shape the direction of a market oriented culture within the firm. The significant effect of market orientation on Botswana's small service firms is not only reflected in superior financial performance (sale and profit dimensions), but has also been linked to other factors that are beneficial to the customers, the firm and its employees, and the society in general. Market orientation therefore provides small service firms with ways to connect with the

market, customers, and employees in order to improve organizational growth and profitability which are required for its competitiveness and survival. Findings, thus paradoxically reveal that market orientation is the most appropriate strategic option that could influence business performance. The methods and instruments used in this study could thus be utilized by managers and investors to analyse, monitor, and measure their firm's market orientation behaviors and performance.

This study sought to examine the relationship between market orientation and business performance. The study results thus provide strong support for the basic proposition that market orientation influences the overall performance of small service firms in Botswana. Moreover, it is the market information and marketing strategy formulation dimensions that appear to be critical to overall performance. Therefore, while the implementation of marketing strategy could be important, it is the collection and dissemination of market information and formulation of appropriate marketing strategies that are critical to the overall success of Botswana's small service firms.

The findings of this study support the call for more targeted training interventions where operations are core to the survival of many small businesses. Skills transference by means of training and outcome-based education, using interactive workshops, which are based on action learning and role playing, are recommended. As part of government's initiative to empower and enhance the skills of small business owners, policies should encourage the development of specific functional skills of which market orientation behavior is central to sustainability.

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CONSTRUCTS OF SUCCESSFUL SME LEADERSHIP IN EAST AFRICA[2]

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ABSTRACT

Despite the improving business environment, East African economies remain characterized by high levels of attrition amongst indigenous small and medium enterprises (SMEs). This reality notwithstanding, some have exhibited signs of innovation and sustainability. Relying on narrative accounts of 39 successful SME leaders in Kenya and Uganda, this study constructed an account of leadership practice among SMEs that are succeeding.Key leadership practices that appeared to make a difference relate to how SME leaders: a) managed relatives, b) recruited and related with employees, c) utilized lessons from past experiences, c) exploited knowledge from their networks, and e) gradually effectuated enterprise growth.
Key words: Leadership, small and medium enterprises, resourcefulness, responsiveness, visioning, commitment, social capital, resilience

INTRODUCTION

It is now widely acknowledged that small and medium enterprises (SMEs) play a significant role in economic development, (Ayyagari, Demirgüç-Kunt, & Maksimovic, 2011; Balunywa, Sejjaaka, & Ntamu, 2013; Cant & Wiid, 2013; Leegwater & Shaw, 2008);arolethat is more pronounced in developing economies(Nichter & Goldmark, 2009). In the East African region, SMEs recognizably hold the greatest potential of spurring economic growth(AfDB/OECD, 2007; The World Bank, 2012) – a recognition that has seen governments in the East African Community institute regulatory reforms and enact laws to create a business environment salubrious for SMEs' development(The World Bank, 2012). For instance, to promote, develop and regulate micro and small enterprises in Kenya, the Parliament recently legislated the Microand Small Enterprise act of 2012

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while the Nairobi Securities Exchange (NSE)launched the Growth Enterprise Market Segment (GEMS) where SMEs can list and access cheaper funds.

Despite the markedly improved business environment, East African economies remain characterized by high levels of attrition amongst SMEs(Bowen, Morara, & Mureithi, 2009). Small and medium enterprises in this region continue to face severe challenges:limited access to finance capital, nebulous regulatory environment, constrained human capital, lack of leadership capacity, inability to access markets, and low absorptive capacity of information technologies(Berg & Fuchs, 2013; Capital Market Authority, 2010;Maina, Butoyi, & Michira, 2010;Musahara, Akorli, & Rukamba, 2014;Ndiege, Herselman, & Flowerday, 2014). Although there is a high failure rate amongst these SMEs and notwithstanding the entangling challenges, some have turned the corner and exhibited signs of robustness, growth and sustainability. Research has, however, remained more focused on why SMEs fail than what those that are succeeding have done to succeed and grow (for example, Bowen et al., 2009; Cant & Wiid, 2013; Musahara et al., 2014).

Leadership – the process of directing and influencing a group of people to a desired goal – is constantly linked to organization success; a nexus that is more pronounced among SMEs due to the dominant role of the founders/owners(Daily, McDougall, Covin, & Dalton, 2002; Leitch, McMullan, & Harrison, 2009).With SMEs providing the engine of growth and innovation, there is a burning need to clearly establish what leaders of currently successful SMEs think and do to attain and sustain business success. Specifically we ask; what are the leadership skills and practices characterize SMEs that are now breaking through? How do leaders of successful SMEs influence growth and superior performance of their organizations?

In this study, we focused on successful SMEs toexplicate and deepen our understanding of successful leadership practice among SMEsin Kenya and Uganda, and illuminate the contribution of such practices to the success and sustainability of these enterprises. We sought to construct an account of leadership as enacted by leadersof SMEs that have managed to carve a niche for themselves in the current business environment. This was achieved by interacting with successful SME leaders in Kenya and Uganda through face-to-face interviews and focus group discussions. The rest of the paper is organized as follows: the section that follows reviews literature on leadership in the context of SMEs. The third section expounds on the research methodology used, while the fourth section presents the findings, and the last section discusses the study results.

LITERATURE REVIEW

Leadership is arguably the greatest determinant of organizational success. Various leadership theories have proffered explanations of its impact on organizations and organizational outcomes (Avolio, Reichard, Hannah, Walumbwa, & Chan, 2009). Personality trait theories ascribe superior group and organizational performance to individuals with exceptional abilities and skills, who influence and direct others to the path of success. This stream of thought has sought to identify individual attributes, abilities and styles that define an effective leader (Spillane, Halverson, & Diamond, 2004). Gradual developments in the field has seen the discussion broaden focus to include organizational context and behaviors of organizational members (Avolio, Walumbwa, & Weber, 2009). Recent conversations have now embraced concepts such as distributed leadership– in reference to sharing of leadership among organizational members (Gronn, 2000; Spillane et al., 2004) and complexity leadership – an emergent, interactive and dynamic form of leadership(Uhl-Bien, Marion, & McKelvey, 2007).

Although later development in leadership studies disputed earlier claims of certain personality traits being a guarantee of leadership success(Kirkpatrick & Locke, 1996), there is ample evidence that top executives do influence organizational performanceand success(Howell & Avolio, 1993;Leitch et al., 2009; Yukl, 2008). For example, Grant, Gino, & Hofmann (2011) in their study on how leaders' characteristics influence group performance found leader's extraversion to have

employees' performance when moderated by employee proactiveness. Colbert, Judge, Choi, & Wang (2012) reported similar findings while Judge, Bono, Ilies, & Gerhardt, (2002)reported correlational evidence linking the big five personality traits to leader's effectiveness. Research results from behavioral perspectives also point to the centrality of the leadership persona in determining organizational outcomes. In a randomized field experiment, Dvir, Eden, Avolio, & Shamir (2002) reported transformational leadership – which places the leader's behavior at the center of leadership action – as having a positive impact on followers' performance. Identical results were reported by Yang, (2008). Jensen & Luthans (2006) found authentic leadership, "which results in both greater self-awareness and self-regulated positive behaviors on the part of leaders and associates" (Luthan&Avolio, 2003 citedin Avolio & Gardner, 2005, p.321), to be a strong predictor of employees' job satisfaction, happiness and commitment. They further suggested that employees' outcomes mediated the effect of authentic leadership on business performance. Peterson, Galvin, & Lange (2012) also reportedly found empirical evidence of servant leadership predicting organizational performance; servant leadership emphasizes ethical behavior, concern for others as well as possession of knowledge and skills to support organization actors.

From evidence adduced above and others not cited here – time and space won't allow – we can conclude that, in spite of the fears and criticisms, the leader of an organization plays a significant role in the attainment of organizational success(Leitch et al., 2009) – meaning what he/she thinks and does really matters. Leaders influence organizational outcomes by manipulating the context, acting as role models, playing supervisory roles, aligning and balancing interests of organizational actors with organizational goals and ethos, and bridging information exchanges to allow bottom-up influence (Dinh et al., 2014). Moreover, effective leadership require fit – the matching of leaders' traits and characteristics with context, situation or setting (Ricketts, n.d.). Leadership fit requires the personality of the role player to be aligned with context or setting. Context determines which behaviors and actions of the leader are tolerated and which are not, while personality influences how leadership is perceived and legitimized by members – willingness to be led. Moreover, the leader's behavior drives interactions of the leader and members; behavior controls his/her ability to influence and direct members to a desired goal. The concentration on people who hold leadership positions in the organization thus "provides a productive focus" (Daily et al., 2002, p.388).

While leadership studies support existence of a causal link between leadership and organizational outcomes, there are limitations that cast doubt on credibility and validity of their claims. One important and notable limitation is their narrow and fragmented focus on single leadership theories(Avolio, Reichard, et al., 2009; Dinh et al., 2014; Yukl, 2008). With empirical evidence coming in bits and pieces, depending on the leadership theory used,and majority claiming significance, one is left in a confused state, particularly with recent discovery by Dinh et al., (2014) of 66 theoretical domains of leadership. Secondly, majority of these studies suffer from methodology problems: reliance on cross-sectional survey designs, use of small samples leading to high sampling errors, and correlation analysis that hardly suffice to capture complex relations between leadership and organizational outcomes (Avolio, Reichard, et al., 2009). There is need to re-think our approach of investigating leadership's influence on organizational outcomes. To overcome this deficiency, we have to pay attention to theprocess of leadershipand how it influences organization success(Dinh et al., 2014; Leitch, Hill, & Neergaard, 2010), and adopt more robust research designs.

SMEs represent a unique cluster of organizations normally dominated by founders, with limited resources and operating in highly volatile and competitive environments (Daily et al., 2002;Gupta, MacMillan, & Surie, 2004; Leitch et al., 2009; Sidik, 2012). Success and sustainability, therefore, requires exceptional effort from role players creating a dire need for extra-ordinary leadership capability. Within this context, the leader would be expected to be more influential in determination of organizational outcomes (Daily et al., 2002).Despite this reality, extant leadership studies have preponderantly focused on leadership in large corporations while paying little interest on the applicability of extant leadership theories in the context of SMEs(Hashim, Ahmad, & Zakaria, 2012; Jensen & Luthans, 2006; Leitch et al., 2009). What accounts for this apparent neglect of SMEs'

leadership in the mainstream leadership research? Some scholars, like Vecchio, (2003) do not see uniqueness in leadership of SMEs to warrant special attention different from other organizational contexts. A handful of studies have tried to research on leadership effects within the SMEs context. Nevertheless, some of these studies, like their more ubiquitous counterparts in large organizations setting, suffer from severe methodological maladies and remain narrowly focused of specific leadership styles. For example, Hashim et al., (2012, p.455) in their study of Malaysian SMEs focused on authentic leadership yet the study intended to "investigate leadership styles adopted by owners and managers of SMEs"; focus that could only imply intention to confirm a prejudiced position. In a study of Sri Lankan SMEs, Chandrakumara, De Zoysa, & Manawaduge (2009) reportedly found entrepreneurial leadership style having a positive effect on financial performance. Although the study lays claim of impact analysis, only descriptive and correlational methods were used. As a consequence of this neglect, we know less about SMEs' leadership. While we do not necessarily advocate for special treatment of SMEs leadership outside the established leadership models, there is need to investigate the efficacy of existing leadership theories in determination of success and sustainability of SMEs.

RESEARCH METHODS

This study focused on leadership constructs that characterize successful SMEs in Kenya and Uganda. Leadership construct is used to refer to leaders' actions, behaviors, interactions and relationship with others, which they deploy to ensure enterprise success. As literature reveals, leadership in the context of SMEs has received little attention in leadership studies.Given the nascent nature of our knowledge of leadership within the SMEs' context, there is a pressing need to explore and inquire into styles of leadership as practiced by SMEs leaders. We, therefore, deemed it appropriate to adopt an exploratory research design in order probe into and discover enactment of leadership as it existed in the context of SMEs in Kenya and Uganda.We found it necessary to adopt a grounded theory approach to allow emergence of leadership.

In Kenya and Uganda, the definition of SMEs is based on the number of employees, annual turnover, investment in plant, machinery, equipment and registered capital, but majorly categorized on the basis of the number of employees and annual turnover. For Kenya, a small enterprise is one with more than 10 but less than 50 employees, and an annual turnover between Ksh. 500,000 to Ksh. 5 million (cc. US $ 6,000 – 60,000). An enterprise with more than 50 but less than 100 employees and annual turnover between Ksh. 5 million (US $ 60,000) to Ksh. 800 million (cc US$ 10 million) is classified as a medium enterprise. In Uganda a small enterprise has 50 employees or less, and an annual turnover between Ush. 10 – 50 million (US $4,000 – 20,000) while a medium enterprise is one that employs 51 – 100 people with an annual turnover of over Ush. 360 million (US $ 145,000) but not exceeding Ush. 30 billion (US $ 12 million). We adopted each country's definition of SMEs to identify our study units.

The sample

Participants in our study were drawn from SME leaders of SMEs judged to be successful, full owned by locals and domiciled in Kenya and Uganda. A SME was classified to be successful if it had been in operation for at least five years, had at least 10 employees and an annual turnover approximately USD 125,000 and above. The sampled SMEs were drawn from various sectors including education, ICT, hospitality, construction and manufacturing and their demographic characteristics are shown in table 1 below. The study participants were identified through their social and professional networks in Kenya and Uganda. This approach was judged apt in order to break down the barriers of mistrust, which could have hampered the respondents' willingness to share their success stories.

Data collection

The participants were first contacted via telephone and requested to participate in the study. Follow up calls to the respondents who consented to be interviewed were made to schedule the interviews and others were invited to take part in the focus group discussions. In total, 39 SME entrepreneurs consented to be interviewed or to participate in focus group discussions.

Face-to-face interviews and focus group discussions were used to generate success narratives from the successful SME leaders. All interviews and focus group discussions were digitally recorded. Recording, however, was only done after participants had consented. All participants agreed to be recorded after assurance that information disclosed would be used for research purposes only. Focus group discussions were held prior to conducting the interviews, where the research teams listened and recorded views and opinions of participants as they debated on what had made their businesses succeed where others had failed. Each country's principal investigator moderated the focus group discussions with assistance from the co-investigators. The focus groups were held in quiet and private settings, which gave the participants confidence and freedom to debate. The focus group discussions lasted approximately two (2) hours.

For the interviews, an interview protocol was used to guide the interviews. The interview questions were designed to elicit success stories from the participating SME entrepreneurs. Development of the interview protocol involved drafting interview questions, and holding brainstorming sessions among the team of researchers in Kenya and Uganda. The brainstorming sessions involved reading the interview questions aloud and allowing the group to reflect and express views on the clarity and validity of the questions. After the discussions, adjustments were made to the questions to enhance clarity capture emerging themes.

The interview process involved recording of the conversations and taking notes. Interviews were conducted in a private setting where the participants felt free to share their stories and express themselves. Every effort was made to make the interview environment friendly to eliminate barriers of trust. The face-to-face interviews lasted between one hour to one and half hours. The data collection exercise yielded 24 interviews plus four focus group discussions. Recordings of the interviews and focus group discussions were later transcribed and yielded over 700 pages of transcribed data.

Data Analysis

Data analysis started with listening and reading of recordings and transcripts. Data analysis involved breaking down the data through a process of open coding, and was done using Nvivo software. The open codes were grouped into different categories and sub-categories. Categories and sub-categories were examined further to identify the emergent themes. Reading the transcripts multiple times and referring back to literature, the researchers drew contrasts and comparisons to emerging concepts and labeled them. The data analysis exercise resulted in 1095 open codes, which were grouped into 235 categories and later classified into 16 emergent themes.

FINDINGS

Our analysis of data resulted in eight leadership constructs. A summary of the emergent constructs and their descriptions is shown in Table 2 below.

Finding 1: Building commitment. Successful SMEs leaders, this study found, deliberately and continually sought to inspire their employees to higher levels of commitment. Twenty-five out of the twenty-eight sources indicated engaging in endeavors and practices aimed at enhancing the employees' commitment. From these leaders there were narratives about efforts made to build employees' commitment by empowering them and making them feel they own the organization.

To empower their employees, the leaders reported delegating to them responsibilities, equipping them with pertinent skills, giving them room or "their own space" – as one participant put it – to work,

allowing them to share ideas on how they think the organization should work, encouraging teamwork and involving them in the decision-making process. Moreover, some of these explained how they purposively sought to bring the best out of their employees by "reshaping the perceptions" and helping them remove what Gupta et al. (2004) calls self-imposed limits. To attain this, SME leaders challenged their employees to do more, gave them room to work freely and make decisions, and even rotated some in different roles to identify their strengths.

TABLE 2
Demographic Profiles of Sampled SMEs

	Annual turnover (USD '000)	Industry type	No. of employees	Years in Operation
Interview01	600+	ICT	10-50	10+
Interview02	600+	Construction & real estate	50-100	5-10
Interview03	600+	Medical Services & Cosmetics	100+	10+
Interview04	600+	Education	50-100	10+
Interview05	120-600	Film & photography	10-50	10+
Interview06	600+	Food and beverage	100+	5-10
Interview07	120-600	Manufacturing	10-50	10+
Interview08	<120	Transport	10-50	10+
Interview09	120-600	Construction & real estate	10-50	10+
Interview10	600+	Manufacturing	50-100	10+
Interview11	120-600	Auto services	<10	10+
Interview12	600+	Auto services	<10	10+
Interview13	600+	Financial services	100+	10+
Interview14	600+	Manufacturing	10-50	10+
Interview15	600+	Food and beverage	100+	10+
Interview16	600+	Construction & real estate	10-50	10+
Interview17	600+	Retail business	50-100	10+
Interview18	600+	Food and beverage	100+	10+
Interview19	600+	Food and beverage	50-100	10+
Interview20	600+	Tourism & hospitality	100+	10+
Interview21	600+	Clothing and Textile	100+	10+
Interview22	600+	Agriculture	100+	10+
Interview23	<120	Tourism & hospitality	10-50	10+
Interview24	600+	Training	10-50	10+

Leaders in this study also narrated how they promoted employees' ownership and sense of belonging in the organization. This they did by giving incentives, maintaining friendly but a mutually respectful relationship, creating an atmosphere of "familiness", demonstrating trust towards them, and

ensuring that they were adequately and promptly compensated for their efforts. For instance, some leaders recounted how they purposefully sought to promote ownership by making them feel special, relating with them as if they were family and showing compassion. Table 3 summarizes some narrative segments relating to this construct.

TABLE 3
Emergent Leadership Themes

Emergent Themes	No. of Sources Coded	No. of Open Codes	Description
Building commitment	25	215	The process of molding and inspiring the staff to extra effort in accomplishing organizational goals
Entrepreneurial orientation	25	210	Practices that lead to identification and exploitation of market opportunities that include ways of dealing with the uncertainty and the obstacles that get in the way of attaining organizational objectives.
Anticipation & Resilience	24	105	Acting to preclude threats to enterprise success and being steadfast in the face of challenges
Growth aspirations	25	83	Responding to market conditions to capitalize on opportunities
Personal values	22	79	Principals held by the leader that influence their decisions when running the business
Visioning	18	59	Involves creation and articulation of a vision as well as maintaining a focused attention on it to ensure a unified purpose in the organization
Social capital	21	55	The resources SME leaders obtain from their voluntary association with others through various networks relationships with others

Finding 2: Visioning. Majority of the successful SME leaders made it clear that for a leader to succeed; having a clear vision was critically significant. This leadership construct, which was labeled visioning involved creation, articulation, sharing and demonstration that it is a vision "worthy of persistence" (Pinchott, 1994 cited in Gupta et al., 2004: 247). This construct had three categories namely; framing the challenge, inculcating organizational culture and creation and articulation of the vision. Creation and articulation of the vision referred to possession, selling and setting a clear direction for the vision while inculcating an organizational culture involved creation of an organizational culture and enculturation of the same through various means such as training, mentorship and induction. Framing the challenge referred to the manner leaders presented themselves to stakeholders when promoting their entrepreneurial.

To demonstrate the worthiness of the vision, SME leaders maintained focused attention on the vision and dedicated personal and energy to galvanize support for it among employees and other stakeholders. They purposively prioritized and persistently shared and sold the vision to the employees. Some of them talked of "hammering the big picture" and referred selling the vision as the "magic" that makes the difference. Some of the leaders recalled how they made effort to connect their vision with the employees' dreams while others mentioned training, mentorship and induction as some of the ways they used to sell the vision. Many of these leaders, in their effort to galvanize support, maintained with regularity a positive attitude and demonstrated strength and fortitude even in

bleak circumstances and situations. Some of the exemplary quotes obtained from sample are presented in Table 4.

Finding 3: Anticipation and Resilience. SMEs leaders in this study were found to anticipate uncertainties and threats, carefully calculated their moves on how to overcome them and whenever failure occurred, never gave up but saw it as a lesson learnt then moved on. More importantly, these leaders were keen to protect their supporters, particularly the employees, from the vagaries of uncertainties and the paralysis that accompanied them. This behavior was observed in twenty-four of the twenty-eight sources. This construct was associated with entrepreneurial leadership sub-constructs of absorbing uncertainty, path clearing and resilience (Gupta et al., 2004).

Absorbing uncertainty meant that leaders took personal responsibility for risk exposure. In their endeavor to dissolve potential uncertainties and threats, these leaders narrated how they employed variety of techniques such as shouldering responsibility – "the buck stops with me", underwriting risky ventures to sustain stakeholder support, and giving employees room to make mistakes. Path clearing referred to efforts and actions taken by the leaders to eliminate obstacles that had potential to impede attainment of organizational goals. Such actions included negotiating and standing for their rights when they knew they were right, overcoming pressures from relatives, selective hiring and vetting to ensure recruitment of the right people, and firing unproductive employees who failed to subscribe to the entrepreneurial "dream". Majority of the study participants confessed having failed at least once in their earlier attempts in business. However, instead of mourning and mulling over the loss, they treated those failures as learning opportunity and used those lessons as launch pads for success. This behavior was observable even when they dealt with mistakes made by employees where they encouraged the employees to learn from those mistakes. Representative quotes from the study participant related to this construct are presented in Table 5.

Finding 4: Growth aspiration. Analysis of data revealed willingness to learn and aspiration for growth on the part of the SMEs leaders. Narrations from these leaders underscored the need for adopting technology in business, the importance of strategic adaptation to change, remaining open to learn, and creating and formalizing organizational structures. In spite of this emphasis, there was notable stress on the importance of allowing the business to grow organically – incremental effectuation of growth. Data coding resulted in growth aspiration being coded in twenty-five out of twenty-eight sources.

The affinity to learn and growmade many of these leaders avid researchers of current trends related to their businesses. A significant number reported how they shared ideas with business associates and employees, read books, and consulted experts; an attribute that was associated with their openness to learning. These, it was observed, heightened their attention on the market and continuous scanning of the environment for cues of opportunities and threats. For instance, some participants narrated how they connected with clients to get feedback while others recounted inviting knowledgeable external resource persons for advice to keep pace with market trends, yet others recalled how they went back to class to enhance their knowledge. Some narrative from participants stressed the need to be flexible and adaptable. In table 6, a select number of quotes obtained from these narratives are presented. This construct contained sub-themes of research, adaptability, customer care and openness to learning.

Finding 5: Personal Values. Most of the SMEs leaders in this study possessed and were guided by certain sets of values. These were observed in twenty-two of the twenty-eight sources analyzed. A number of them repeatedly stressed how their faith in and prayers to God had made them succeed, others emphasized the importance of valuing people, particularly the employees, yet some mentioned their passionate adherence to discipline, honesty and integrity as virtues that brought about success. From these narratives, it was vividly apparent that these values influenced the way they conducted business and shaped the manner they related with people. They found these values to be very important in building trust among their suppliers, clients and employees, the key people they relied upon in sustaining the business.

TABLE 3
Selected Quotes on Building Commitment

Category	Sub-category	Selected quotes
Promoting sense of belonging and ownership	Familiness	Life is not just coming here working getting paid and going home, that's not what it is. It is coming here and building a relationship or building a family, and building it so the people also understand that I have got to do the right things also, and I will also get an opportunity. *(INTERVIEW 4)*
	Respect employees	One thing that brings the best in my employees is you just have a human heart. Make them respect you, without fearing you, you know how that is. *(INTERVIEW 1)*
	Team work	The mentality that I want indoctrinated in the team, where we are here as one team, the same goal, any part of us can, it doesn't matter ,how good food we have, if the house keeping department lets us down we end up losing. *(FGD 1)*
Empowering employees	Equipping with skills	So for me what I decided was ok, I have a small core staff; I don't want to grow it beyond where it is. But I will train them well, so that they can perform, and I will also pay them well. *(INTERVIEW 2)*
	Freedom to work	I give you the leeway to work within your space. So I think the most important is the big picture, you give them the leeway to work within particular space. *(INTERVIEW 1)*
	Involvement in decision making	If you want to build and grow the right people, you must empower them in terms of enabling them to make decisions. And not just decisions, critical decisions, so that they know that here I am needed because I am making a decision which is making a difference every day. *(FGD 2)*

TABLE 4
Representative Quotes for Visioning

Category	Sub-category	Quotes
Framing the Challenge	Role modeling	Now once your staff know that, then they start learning to do the same. So that whatever challenges that they are facing, they then learn to deal with them positively. *(INTERVIEW 2)*
Inculcating organizational culture	Stay positive	So for me I have always presented myself as been very positive. And saying it's possible. *(FGD 1)*
	Training	So everything is about training and you are supposed to train your employees such that in turn, they are supposed to understand what you want, [they] must have the same vision, mission and are supposed to keep things going but not to leave everything to you in your hands. *(INTERVIEW 15)*
	Mentorship	What I do over here, I make sure all the first few guys know my culture and what I think and how I think, the rest of the guys tell everybody else. *(INTERVIEW 1)*
	Orientation	So this new employee will go through all those departments to get orientation and to know what is going on in the institution. *(FGD 4)*
Creation and articulation of vision	Selling the vision	If you can get them to believe in your bigger vision, then that I think according to me is what makes the difference. Because if they can believe that there is a future, because nobody wants to feel tomorrow you will shut down and go away. *(INTERVIEW 2)*
	Share the vision	It was a context of showing them a broad scheme of what we are doing, we have shared with them the vision, the mission and what we are trying to accomplish. *(INTERVIEW 22)*

TABLE 5
Quotes Related to Anticipation and Resilience

Category	Sub-category	Quotes
Absorbing uncertainty	Room for mistakes	[If] you make a mess, what I always tell the guy is, "that's how much it has cost us to train you", if you messed a batch worth 500,000 that's training, because we don't expect it to occur again. Because if you quarrel and its already spoilt is it helping anyone, but if you see it from a positive light and encourage him to see check on where the mistake was. *(FGD 1)*
	Shouldering responsibility	What I mean is that when am cheated, I don't have to transfer my cheating to the manufacturer and suppliers. I therefore have to look for money and pay the supplier so as to sustain my job. *(INTERVIEW 17)*
		All those vagaries in business and what have you, the buck stops [with] me. And when something goes wrong in my business, I don't blame anybody. I blame myself. *(INTERVIEW 7)*
Path clearing	Negotiation	I approached these fellows, so one of them listened to me and we became friends then he told me he was going to assist me. *(INTERVIEW 8)*
	Anticipating relatives' pressure	What I do with relatives is I get a friend of mine who owns another company, because you know those things come, please help us our daughter our son, I say no problem, I give them those guys and tell them even you if you have a relative, refer them to me I see what I [can] do. *(INTERVIEW 1)*
	Selective hiring	For housing, we don't take graduates, we actually take people who have never done sales and we train them. We found [that] when we get what we call graduates, they come with very, sort of, fixed ideas of how to sale and how to do things. *(INTERVIEW 2)*
Resilience	Keep the passion and move on	We lost money on it. But what we didn't lose the passion for what we had learnt, and we decided it is a lesson, now the question is how do you use the lesson, do you stop or do you continue. But for me, I had learnt a lot of things along the way and one of the things I had learnt is using leverage, using what you have to do something. And I felt that I could do bigger projects than what we had done. *(INTERVIEW 2)*
	Learning from experience	I have learnt lessons from the experiences I have had, because if you did not learn those lessons then you will never come back again. *(INTERVIEW 19)*

Finding 6: Social Capital. The study revealed that successful SMEs leaders leveraged social capital within their networks of friends, relatives, peers and business associates. Some of the participants in the study recalled how they used the networks to recruit, gain new ideas, get help when they needed it, and even to sell their products. Moreover, these networks were found to be instrumental in overcoming pressure from relatives, who would normally demand that these leaders hire their children. There were narrations how the leaders circumvented the pressure by referring the relatives to their business associates and peers for employment. Additionally, these networks acted, as one participant put it, as "feelers of what we want" in reference to identifying the right people recruit. More quotes that demonstrate leveraging of social capital are shown in table 8.

However, there was an interesting observation where some entrepreneurs engaged in some "white lies" for survival. These SMEs leaders were operating with good intent and were not setting out to break the law or to cheat, but rather to manage the different stakeholders' needs in order to create some working capital. We coined the term 'expedient integrity', to describe this kind of activity

that created space between different stakeholders needs. From table 7, we see some exemplary quotes that demonstrate the manifestation of these attributes.

TABLE 6
Exemplar Quotes for Growth Aspiration

Category	Sub-category	Quotes
Research	Study on product	But I knew with the research I had done and the product I wanted to put on the market, I knew I could sell it all to cash buyers, without putting a single shilling. *(INTERVIEW 2)*
	reading	If you come across a challenge you don't understand you ask around, you read around, you do whatever, like internet wasn't where it is now, now I think you can Google, and you look for someone who could help you. *(INTERVIEW 1)*
Adaptability	adaptable to changes	So you should be somebody who is able to adjust to changes because that is where businesses fail because you can be rigid to one particular area to an extent that when other players come on board you are rendered irrelevant. *(FGD 4)*
	adopting technology	I just wanted to able ahead of the rest in the technology. So I was able to get into the required technology very fast and use it very fast. *(INTERVIEW 5)*
Customer care	build customer confidence	You will be successful if you have the confidence of your customer if you build that confidence of the customer. *(FGD 4)*
	connecting with clients	The other thing was the good customer relationship; all the business colleges became part and parcel of the business. So they were royal to the business. *(INTERVIEW 21)*
Openness to learning	learning on the go	It's a question of talking and you know learning and then implementing it and gradually, it's like a puzzle, you put the pieces in and all of a sudden you find that the whole thing is working. *(INTERVIEW 3)*
	learning from experience	Sometimes the lines in which we persevere have dividends in terms of learning, we as entrepreneurship get the lessons the experiences. *(INTERVIEW 22)*
	listening	So when somebody has a point to make, you are supposed to listen, take it and incorporate it so as to move further. *(INTERVIEW 17)*

TABLE 7
Select Quotes for Personal Values

Category	Quotes
Discipline	The most important thing that has made us reach where we are is business discipline. This includes a lot of things, but the major thing is we have been financially disciplined in terms of managing the little resources we have. *(INTERVIEW 12)*
Faith in God	When you are God fearing there is a way he drives you and on top of that, you have to be sincere and faithful. *(INTERVIEW 19)*
Honesty	If there is one word that is most important it is honesty and truth. You have got to be true to yourself, you have got to be true to your customers, you have got to be true to the people you work with. *(INTERVIEW 3)*
Keep your word	When I was selling for my relatives wine, he did not ask for cash before giving me the wine he gave me the wine without money but what motivated him to give me more wine was the way I paid him. *(INTERVIEW 18)*

Finding 7: Entrepreneurial Orientation. Another construct that emerged was the leader's entrepreneurial orientation, which refers to personal attributes including determination, pro-

activeness, risk-taking orientation, aggressiveness, self-belief and resourcefulness. This was coded in twenty-five out of the twenty-eight sources studied. Narratives from these leaders' experiences provided evidence for existence of entrepreneurial orientation at the personal level. From them we heard stories of how they were determined to succeed, some recalled how they continued to take risks, others talked of "selling hard" in reference to their aggressive character when pushing things, and in other instances there were accounts of how proactively seized opportunities to promote their organizations and sell their products. They also talked of how their personal involvement in and hands-on knowledge of the business had helped them succeed.Table 9 below provides some illustrative quotes demonstrating the existence of leader's entrepreneurial orientation.

To remain competitive, the participants recounted how they had worked with intensity to build and promote their brands. Some explained how they differentiated their products through efficient execution, insistence on supplying superior quality and unique products while others emphasized the significance of inventing new ideas, for example, improvising a broken down truck for a warehouse.

TABLE 8
Selected Quotes Related to Social Capital

Category	Quotes
Business through networks	The best way to reach the market is of course getting good references, when people talk well about you, your women group, your bank. *(FGD 2)* So you can see 500 people are your mouth pieces that speak for you. So you can see how the community has offered free advertisement, my virtue of having that interaction by supporting them. *(FGD 1)*
Getting help from others	For me I knew I would go to my auditor, if it is about finances, if it was about HR, I knew a lady, actually I used to use them. *(INTERVIEW 1)* I found out a lot to capital to get started so the social capital that existed through the commercial networks. *(INTERVIEW 22)*
Hiring through networks	So my position preference is to pass the word around rather than put an advert in the paper. You will bring me somebody you know. *(FGD 2)* We send the information out to mostly, we have network with auditing firms. Yeah, like we can inform our auditing firm that we want two account clerks. *(INTERVIEW 12)*
Learning from networks	When you know that what you are doing in terms of networking will at least give you a hint or information that can help you succeed in the kind of undertaking that you want to carry out. *(FGD 2)* I also got to workshops that add on my skills of doing business but this is because of the networks. *(INTERVIEW 19)*

TABLE 9
Illustrative Quotes Relating to Entrepreneurial Orientation

Category	Quotes
Aggressiveness	I was passionate about what I was talking about. It like being a good sales man, I was selling hard and I kept telling them. *(INTERVIEW 2)* I am not very good with defeat. The more I see that it is a challenge, the more I also fight to defeat it. *(INTERVIEW 19)* The aggressive person in me, who believed that all could be done as long as you were determined and whatever you wanted could be achieved if taken seriously enabled me to succeed. *(INTERVIEW 15)*

Self-belief and personal initiative	I used to do my own marketing whereby sometimes I would use a wheel barrow to take my juice and also when it came to selling, I would put it at the verandah of my friends shop such that people could buy. It was really self-belief and I knew that I would make it one day. *(INTERVIEW 15)*
Pro-activeness	So, [I said], we must do brochures, so everybody who walks in your office you give him brochure to carry. But he didn't realize what I was doing, I was preparing the market name for [my company], so I needed [my company's name] to be out there in the market. *(INTERVIEW 2)* We ensure that we understand our market both the purchase and consumer market so that we know how to segment our market. *(INTERVIEW 19)*
Risk taking	In our case nobody had ever done this before, everybody was looking at small businesses as very high risk areas, nobody was willing to lend without taking securities, and you know when we started this everybody was telling us that look, you are seriously going to burn your fingers. *(FGD 2)* So I told him, what we do, let me risk, the adverts are mine, I will do brochures, nobody had done brochures in this country. *(INTERVIEW 2)*
Competitiveness	So that aspect of being able to create a business that you can sustain, is very critical. So if you look at what we are trying to do here, for example in terms of that is, first of all is create a good name, so the brand is very important. *(INTERVIEW 2)* What makes us fundamentally different; I'd say execution, from how we execute things with people in the office, to how we execute things with our clients. *(INTERVIEW 1)*
Creativity	I had to really be innovative again. With my analogue machine, do some creative things. I used to print for them and print...like, if it is a seminar, I print for them using an ink jet printer. After getting the photo, after the photo is out, you just put it on an ink jet machine you print it again, so that you become ahead of the rest. *(INTERVIEW 7)* I had a truck that the engine had knocked, that time there was nothing like parking meters or something, so that truck was my go-down, so any scrap I put there, the truck was like a go down. *(FGD 1)*

DISCUSSION

Most studies on SMEs in East Africa have majorly focused on challenges, policy environment and causes of business failure. As such, less has been said about those businesses or entrepreneurs who succeed (see for example, Bowen et al., 2009;Ntayi, Eyaa, Zeija, & Rooks, 2011;Briggs, 2009). Our results that focused on succeeding showed that successful Kenyan and Ugandan SMEs leaders encouraged and persistently strived to sustain employee commitment. This finding is consistent with previous findings in extant literature that have associated employee commitment with benign organizational outcomes such as retention and job performance (Rhoades, Eisenberger, & Armeli, 2001). Our findings showcase the means by which SMEs leaders used to cultivate and enhance employees' commitment in their organizations. (Rhoades et al., 2001) have argued that employee's commitment is dependent on their perceived organizational support. In our case, successful SMEs leaders encouraged employee commitment by empowering them, cultivating "family like" relations with employees, motivating them, and communicating with them regularly. Perceived support, Rhoades and colleagues proffer, is premised on employees' belief that their contribution is highly valued by the organization. Practices such as those displayed by leaders in this study, impacted

employees' perceived support as they demonstrated the leader's appreciation and recognition of their contribution.

A unique attribute observed among SMEs leaders in the two East African countries was the cultivation of "familiness" within their organization. Familiness has been used in small business literature in reference to social capital that stems from family involvement and interaction in business (Pearson, Carr, & Shaw, 2008). In this perspective, familiness is treated as unique resource that can create sustained competitive advantage (Kansikas, Laakkonen, Sarpo, & Kontinen, 2012). However, our findings appear to contradict this notion as leaders in our study expressed discomfort in engaging relatives in business. Many of them associated such involvement of relatives in their businesses as a negative and in most instances resulted in business failure. Therefore, familiness as conceptualized in literature would seem to be a liability.However, an interesting scenario unfolded where SMEs leaders would shun family members only for them to recreate family-like relationships among their employees. This they did by treating employees as family. Creation of such relationships saw the leaders participate in promoting the social welfare of their employees through such activities like giving fatherly advice on how to invest and accumulate wealth, assisting them in social events e.g. weddings and funerals and even helping them in family obligations such as paying fees for their children. The consequence of recreating familiness was enhancement of both normative and affective commitment of employees. Normative commitment meant that employees felt obligated to reciprocate the leaders' benevolent acts. For instance, in lean times when the organization would be experiencing cash flow problems and unable to pay wages on time, the employees felt obligated to stay. In other circumstances, the employees would pay back by doing extra work without extra pay. Affective commitment meant the employees felt emotionally attached to the organization as they saw it as family where there well-being was catered for. This way, these leaders ingeniously avoided high cost of family tax associated with the orthodox familiness.

Having a vision, sticking to it and continuously inspiring employees came out very strongly in successful entrepreneurs interviewed in this study. What is telling from our research results is that, not only did these successful SME leaders emphasize a clear vision, but also stressed how important it was to align employees' dreams. This result appear to support Baum, Locke, & Kirkpatrick, (1998) finding that reported vision and vision communication to have a significant effect on organizational performance. Baum & Locke (2004) allude to similar argument with an emphasis on vision communication. According to them vision communication occurs through the entrepreneur's behavior, speech, pep talk and making presentations, a characteristic that was clearly evident among successful entrepreneurs in this study.

Anticipation and resilience are two terms that have been discussed in relation to SME sustainability. While the word resilience is used in many contexts, it is usually related to proactive readiness of, reactive recovery and learning from adversity (Bhamra, Dani, & Burnard, 2011). Resilience and anticipation have been associated with organizational performance and sustainability (Vogus & Sutcliffe, 2007). SMEs remain most vulnerable to adverse market conditions such as high volatility and competition. This makes resilience and anticipation an important part of success and sustainability of SMEs.

SMEs leaders, this study found, encouraged and nurtured anticipatory practice, resilience and learning from experience among their employees. This result points to the significance of Gupta et al's. (2004) entrepreneurial leadership roles of absorbing uncertainty and path clearing. Leaders in this study absorbed uncertainty by allowing employees to make mistakes and learn from them and shouldering responsibility when things went wrong. Further, they anticipated and acted to eliminate potential barriers that would have constrained employees' ability to deal with situations as they arose. Our sense is that these leaders executed these roles to foster employees' resilience – encouraging them to be proactively decisive and to learn from mistakes.

It has been established that entrepreneurs start businesses not because they have all the resources they need but because they have found a way of putting to economic use what they have at hand. In other words, they are good at improvising. Sarasvathy (2001) calls this effectuation. The

notion of improvisation is well documented in entrepreneurship literature (Baker, Miner, & Eesley, 2003; Hmieleski & Corbett, 2008). This competency is particularly useful at the early stages of a business when resources are scarce. Swiercz & Lydon (2002) identify two stages in business development, the formative growth stage and the institutional growth stages. Improvisation is likely to be more prevalent at the formative growth stages. This pragmatic approach to solving problems was constantly replicated in the leadership of most successful SMEs studied.

Literature suggests that the beyond organizational behavior, the personal values of business owners have a profound influence on the behavior and choices they make including the choice of criteria by which they judge their business' success (Hambrick, 2007; Kasser, Cohn, Kanner, & Ryan, 2007). Indeed values and beliefs of the leader have been associated with determination of the prevailing organizational culture.Organizations with strong values-driven cultures perform relatively better than those that weakly emphasize values. In line with this notion, this study found that business owners/leaders ascribed a significant part of their success to their individual values such as trustworthiness, faith in God, integrity, and personal discipline.The emphasis on Faith in God is appears particular to East Africa. The almost universal strong belief and practice in God seemed to relate to a positive attitude and increase the leaders' ability to take greater risk and work through challenges. Since they believed and had faith in God, then they rationalized that God would protect them from adverse outcomes even when the risk and the stakes were high. This belief in God was noted to influence how they dealt with people and their particular emphasis on the maintaining integrity and honesty in their dealings. As Vyakarnam, Bailey, Myers, & Burnett (1997) note in their study in ethics among small business owners, reputation is a major concern for SMEs. The bottom line in adoption of and being driven by these personal values is to build a reputation for themselves and their businesses. Reputation is tied to loyalty (Vyakarnam et al., 1997). Loyalty makes customers make repeat purchases because they have confidence in the quality of products and services. Suppliers and financiers feel comfortable extending credit as they have confidence that the entrepreneur will honor obligations when they are due. Such reputation is thus a resource can creates an advantage and impact the ability of the enterprise to remain in business in the long haul.

According to Baron & Markman (2000), social capital refers to actual and potential resources individuals obtain from their voluntary association with others through various networks and relationships with others. Baron and Mark, while articulating the significance of social skills in building social capital stock, associate social capital with diverse benefits to the entrepreneur such as access to venture capital, access to privileged market information and ideas, customers and most importantly trust. Our results appear to support Baron & Markman (2000) suggestions of the benefits of social capital in the realization of enterprise success. In our case, the leaders of SMEs clearly demonstrated knowledge of the importance of social capital imbedded in their networks and regularly exploited it to create advantage for their enterprises. Majority of the leaders of SMEs in this study took advantage of the resources within their networks to conduct business such as reaching out to new customers and suppliers, collaborating to reduce transaction costs, getting help and consulting, hiring workers, learning through organization of network events like workshops and meetings as well as informal sharing of information at individual level. This is suggestively supportsYli-Renko, Autio, & Sapienza (2001) findings. Yli-Renko and colleagues in their study of young technology firms in United Kingdom reported finding a positive relationship between social interactions and network ties, and knowledge acquisition. Knowledge acquisition was in turn positively related to knowledge exploitation. In Yli-Renko et al. (2001) study, knowledge acquisition referred information obtained from contacts and exploitation referred to the use of that knowledge in development of new products, creating technological distinctiveness and enhancing sales-cost efficiency. While methodological constraints of our study may not support claims of connections and relationships, analysis of narratives from these entrepreneurs appear to provide strong support of a nexus between social capital and enterprise success.

Entrepreneurial orientation is a construct that includes learning, achievement, autonomy, competitive aggression, innovative and risk taking orientation and personal initiative. While the

constructs that emerged in our study include personal entrepreneurial orientations, our findings of the constructs of successful leadership also emphasize how a leader operates to influence not just employees, but also the organizational culture and embeddedness of the organization within the family and community and provides sustainability in the face of different challenges. In this case, an entrepreneurial orientation is framed within our broader constructs of leadership and not the other way around.

Our treatment of entrepreneurial orientation contrasts with Engelen, Gupta, Strenger, & Brettel, (2015) who operationalized entrepreneurial orientation as a separate construct from leadership. In Engelen et al. (2015) certain transformational leadership practices were found to moderate the entrepreneurial leadership-performance relationship. However, in Engelen and associates case, entrepreneurial orientation was an organizational level construct, which explains why it was a separate construct from leadership. In our study, what was observed is the leader's individual entrepreneurial orientation, which forms part of his/her leadership style. The leadership style displayed by our cases relate closely to the entrepreneurial leadership concept as conceptualized.

CONCLUSION

In most African cultures, a relative who is "doing well" is under obligation to support other relatives. Consequently, an individual running an enterprise is expected to offer support and assistance to less endowed family members. African family values emphasize collectivism where older kin members are under obligations to take care of younger relatives. Managing relatives in business is apparently a "thorny issue" and was noted to be headache for many SME leaders interviewed. Many times entrepreneurs, particular the novices, engage relatives as employees with the hope that the blood relation will make them more trustworthy and better managers of their business. However, from the narrations obtained, nothing can be further from the truth. One the other hand if the entrepreneur fails to employ the relatives, he/she is ostracized, viewed as proud and accusing of neglecting them [relatives]. The entrepreneur has thus to decide whether to employ relatives and run the risk of collapse or decline to employ them at the risk of stigmatization and being seen as anti-social. Management of relatives is thus a central issue and inextricably connected to success of SMEs, at least in Kenya and Uganda.

It pays to cultivate good personal relationships with the employees and make them feel part of the business. As one entrepreneur put it, "*they [employees] must feel ownership; they must feel that it's more than a job … because if you do not, they will simply look at you as a pay cheque*." It is more of a family relationship where the leader plays the role of a "big brother" or "father figure" offering advice to the employees and "sharing life lessons" to help "employees build themselves". Such a relationship appears to resonate well with the African family values where elder siblings and parents are expected to play a role in assisting and supporting younger siblings. Developing a family-like relationship with the staff has benefits. One it makes employees fell obliged to stay even when salary delays, particularly if the organization is going through a "trough" and cash flows are lean. The indebtedness means they are will to "go the extra mile without extra pay". Moreover, feel responsible the clients satisfied, reaching out to the market and marketing the products of the organization even when they are obliged to.

Dedication: This paper is dedicated to Prof. Rosemary W. Maina, a key member of our research team, who sadly passed away on 23rd September, 2015.

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IS ECONOMIC DEVELOPMENT MORE THAN THE SUM OF INDIVIDUAL SUCCESSES? THE EFFECT OF FEMALE PARTICIPATION IN THE ECONOMY ON GDP

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ABSTRACT

The "aggregation" theory of development proposes that development is the sum of individual and business successes. But this ignores the complex interactions, which can have unpredictable effects. We consider the contribution of women to the economy through participation in government, labor force and self-employment. We find that as expected the proportion of women in parliamentary contributes to GDP and female unemployment reduces GDP. We also found that high participation in self-employment and the labor force by women are negatively associated with GDP. This does not support the aggregation theory and may support Complexity Development Theory.

INTRODUCTION

Economic development is viewed as the solution to poverty and the pathway to prosperity for developing nations. But cultures in some countries have prescribed roles for men and women, which do not promote equality in economic systems. These gender role differences, may lead to females being under-represented in government labor force, and self-employment. The 'aggregation' theory of development is the view that development is the sum total of individual and organisational performance. But if the economy is a Complex Adaptive System as proposed by Bader (2012) and Hasegawa and Noronha (2014) development is an emergent property of the whole economic system and inputs may not have direct effects on outputs of the system. To test these two theories we ask what effect does the participation of women in the employment, business and government have on a country's economy? We investigate this question by studying the relationship between female (compared to male) participation in education, employment, entrepreneurship, government and economic in the 214 economies in the World Bank's Global Economic Monitor.

LITERATURE REVIEW

In this literature review we discuss economic development, poverty and prosperity and the role of under-representation of women in government, labor force, and self-employment.

Aggregation of Economic Activity versus Complexity Development Theory

In 2001 45% (2.7 billion) of the world's population of approximately 6.1 billion lived in 'moderate poverty' on less than US $ 2 per person per day (World Population Summary, 2012). In the last 60 years there have been many theories attempting to explain development, why some countries have the fastest growth in history, while others stagnate and so far no way has been found to explain the differences (Barder, 2012). There are numerous resource based view theories of development based upon capital (Harrod & Domar reported by Barder, 2012), savings (Rostow reported by Barder, 2012), aid (Rostow reported by Barder, 2012), or technology (Solow reported by Barder, 2012). There is also an institutional view explaining development through policies (The Washington Consensus reported by Barder, 2012).

Neither the resource-based view nor institutional theories provide clear answers to the question why some economies develop and others don't. Microfinance, which has been hailed as a

saviour in the development field (Alverez, 2012), can be seen as a resource-based view of development based upon capital. But microfinance is coming under scrutiny and results from the microfinance industry indicate that microfinance alone does not solve the problems of poverty (Dalglish & Tonelli, 2011). These views imply that development is the aggregation of successes from multiple individuals and business enterprises, but this ignores the interactions between and among institutions, organisations and individuals in the society, which can often have unpredictable effects. A number of authors have proposed that complexity theory can be useful to development efforts (Moss, 1998; Roe, 1999; Michael, 2004; Smith, 2007; Mowles, Stacey & Griffin, 2008; Loorbach, 2010; Barder, 2012).

Development is part of a much larger system than just the economy. Development involves the whole of society, including non-economic factors such as population, education, culture and institutions (Hasegawa & Noronha, 2014). Haswagawa and Noronha propose that a business system is made up of three layers. The foundational level creates meaning through culture, values, shared norms and socially constructed meaning, which provide rationale for behaviour, shared identity and a basis for authority (2014). The institutional layer of a business system creates order through institutions, such as government, which are the humanly devised constraints that shape social interactions and provide a hospitable environment for cooperative solutions to complex exchange. The institutional layer uses material and external ideational logics to provide order to capital, human capital and social capital. Finally there is the organisational level, which creates structures and systems for coordinating economic behaviour and exchanges. This level creates patterns of firms and managing. Haswagawa and Noronha describes these three layers as a complex Business System.

Haswagawa and Noronha (2014) follow Barder (2012) in proposing that the economy is a Complex Adaptive System and that development is an emergent property of the whole system, not just an aggregations of some parts of the system. Interdependencies among ‘actors’ in the system make it very difficult, if not impossible, to use cause and effect relationships to predict how inputs to the system will affect the outputs of the system. Complexity Development Theory proposes that viewing society as a CAS and development as an emergent property of the system aids in understanding the dynamics of the economy. They further propose that Complexity Theory can help governments and aid organisations create better development programs at the organisational, institutional and national levels.

Barder (2012) proposes seven policy implications from viewing development as an emergent property of a CAS, one of which is to challenge concentrations of wealth and power, which attempt to maintain their positions of strength. The marginalization of women can be seen as a concentration of wealth and power in the male population, which can have unpredictable effects on the complex national Business Systems we call the national economy. In the following section we describe how unequal power and wealth between males and females in developing economies can result in differences in gender participation in the national economy.

Gender Inequality in Developing Nations

It appears that women have gained greater gender equality in developed nations than developing nations. The year 2015 marks one century since European women gained the right to be elected to parliament. In 1990 Tinker published a collected volume on the unifying persistence of inequalities between men and women in the face of development. The goal was the identification of approaches that will improve women's condition. While there may be improvement, the problem has not been resolved.

In the same year Ward wrote about how global restructuring would change women’s work (1990). Ward reported on a Global Restructuring, which was like a global assembly line controlled by developed countries with the assembly line work delegated to less privileged nations and increasing use of female industrial workers in the informal sector. Pay and conditions in informal work are unregulated by labour legislation providing a way to avoid labour legislation and keep costs down. Thus participation in employment did not remove the exploitation of women in developing economies.

Elson writes on the male bias in the development process (1995). Elson points out that bias towards men does not indicate deliberate ill-intent towards women, but reflects the gendered nature of economic structures and processes. Hence even apparently gender-neutral “liberalisation” policies can

perpetuate or intensify male bias. Elson proposes that " The best chance to reduce male bias lies in a shift to human-centred forms of development in which there is not only a transformation of the reproductive economy but also a transformation of the productive economy to recognise the community of a family responsibilities of both men and women" (1995, viii).

The United Nations (UN) World Survey's Report on the Role of Women in Development (2014) asserts the central role of gender equality in achieving sustainable development. The report uses three criteria to assess the likelihood of policy actions achieving gender equality. Do they support women's capabilities and their enjoyment of rights? Do they reduce, rather than increase, women's unpaid care work? And do they embrace women's equal and meaningful participation as actors, leaders and decision-makers? They find that gender equality has not yet been achieved.

Effect of Marginalisation on Economic Development

While the focus of the UN report (2014) is on the relationship between gender equality and sustainable development we posit that gender inequality and marginalization will decrease economic performance. The Beijing Declaration and Platform for Action 2, adopted in 1995, set a landmark global agenda for women's human rights, gender equality and the empowerment of women. Benavot's long term cross-national study (1989) found that the link between educational expansions at the primary school age had a stronger effect on long term economic prosperity than for boys. This effect was not mediated by women's rates of participation in the paid employment or fertility rates. Hence we propose that reduction of the role of women in the economy will have a negative effect on the economy.

H1: There is a positive relationship between participation of women in the economy and the gross domestic product of a country, such that higher participation will be reflected by higher GDP and lower participation will be reflected by lower GDP.

METHODOLOGY

Data

Since the research is focusing on the participation of women in the economy and the gross domestic product of the countries around the world, the data was collected from the Global Economic Monitor (http://data.worldbank.org/data-catalog/global-economic-monitor) as secondary data. In the research, the complete variable data set for all countries and regions was analysed rather than selecting any sample for the efficient result. So, the whole world is the sample for the research. The variable data were collected from 214 countries (See Appendix 1), the population of countries in the world. The time frame of variable data is 15 years (from 2000 to 2014). This time frame includes good and not so good (e.g. the Global Financial Crisis in 2008) times in the world economy.

Analysis

All the data was downloaded in MS Excel format from the source. For the analysis purpose, the entire data set was converted into SPSS. All variables are averaged for the years 2000 to 2014. The descriptive statistics are analysed as Mean, Minimum value, Maximum value and Standard Deviation for each variable. The correlation matrix among the all variables was created and finally an OLS regression analysis is performed.

Measures

This section describes the measures and the descriptive statistics are used to illustrate each variable. Table 1 shows the mean for all variables by region. Table 2 shows the mean, minimum, maximum and standard deviation for the dependent variable, GDP per person, by region. The dependent variable, **Gross domestic product (GDP) per capita**, is measured in current US dollars. From both tables it can be seen that countries in Europe, North America and OEDC countries have the highest GDP per person in current US Dollars. Table 3 shows the descriptive statistics for all variables for all 214 countries. The mean GDP for all nations is $13,264, ranging from a minimum of $182 (Burundi) to a maximum of $131,192 (Monaco), with a standard deviation of 20,138. The

independent variables, which represent women's participation in the economy are also described and illustrated.

The **proportion of seats held by women in national parliaments** is shown as a percentage. Below 50% represents under participation, above 50% is over participation. In Table 2 the proportion ranges from 0 (Bermuda, Fed. Sts. Of Micronesia, Palau and Qatar) to 49% (Rwanda), with the average of 16% and a standard deviation of 10.

Women in the labor force is represented by women as a percentage of total labor force. The mean is 41% with a standard deviation of 9. The minimum is 14% (United Arab Emirates, Qatar, Saudi Arabia and Afghanistan) and the maximum is 54% (Mozambique).

Women's participation in self-employment is measured by the percentage of females who are self-employed as a percentage of all self-employed. The mean is 36% with a standard deviation of 16. The minimum is 0.25% (Qatar) and the maximum is 97% (Mozambique).

Women's long-term unemployment is a reversed measure of participation in the economy. It is measured as the percentage of females' long term unemployed a percentage of all long term-unemployed. The mean is 37% with a standard deviation of 21. The minimum is 1% (Rep Korea) and the maximum is 82% (FYR Macedonia).

RESULTS

Hypothesis 1 proposes a positive relationship between participation of women in the economy and the gross domestic product of a country, such that higher participation will be reflected by higher GDP and lower participation will be reflected by lower GDP. Table 4 shows the correlation among variables. The independent variables correlated to GDP include:

- Proportion of seats held by women in national parliaments (%)
- Self-employed, female (%)
- Long-term unemployment, female (%)

The independent variables not correlated to GDP include:

- Labor force, female (% of total labor force)

To test this hypothesis we conducted a linear regression on GPD of our independent variables. We found that Women in national parliament has a barely significant positive effect (Table 4, Model 1, $\beta=.201$, $p<.10$). Women in long term unemployment, which reflects lower participation was highly significant (Table 4, Model 1, $\beta=.279$, $p<.001$). Contrary to our prediction, women in the labour force had a highly significant negative effect on GDP (Table 4, Model 1, $\beta=-.215$, $p<.001$). Also contrary to our prediction, women who are self-employed had a significant negative effect (Table 4, Model 1, $\beta=-.534$, $p<.001$). Thus providing missed results.

TABLE 1
Mean Variables by Region (% Female)

	GDP	% Parliament	% Labor Force	% Self Empl	% Long Unempl
Arab World	$4,950	9.8	21.6	.	.
Caribbean small states	$7,539	16.5	42.2	24.8	.
Central Europe and the Baltics	$9,963	17.1	45.5	20.3	47.0
East Asia & Pacific (all income levels)	$6,143	17.5	43.6	.	.
East Asia & Pacific (developing only)	$2,950	17.9	43.7	.	.
Euro area	$33,341	23.9	44.2	12.1	43.2
Europe & Central Asia (all income levels)	$20,427	20.6	44.8	15.8	39.3
Europe & Central Asia (developing only)	$4,545	13.5	42.1	33.4	.
European Union	$30,004	23.1	44.7	13.2	39.8
Fragile and conflict affected situations	$1,076	13.2	40.4	.	.
Heavily indebted poor countries (HIPC)	$589	17.4	45.2	.	.
Latin America & Caribbean (all income levels)	$6,862	20.8	40.5	35.2	.
Latin America & Caribbean (developing only)	$6,280	20.9	40.7	36.7	.
Least developed countries: UN classification	$585	16.9	44.5	.	.
Middle East & North Africa (all income levels)	$5,730	8.8	20.6	.	.
Middle East & North Africa (developing only)	$3,064	9.1	20.7	52.1	.
North America	$45,071	18.8	46.2	6.4	13.5
OECD members	$32,250	22.1	43.2	14.1	23.9
Other small states	$3,433	13.8	43.3	.	.
Pacific island small states	$2,676	3.6	36.7	.	.
Small states	$4,428	12.7	42.6	.	.
South Asia	$943	14.9	28.1	86.8	42.1
Sub-Saharan Africa (all income levels)	$1,132	17.2	45.7	.	.
Sub-Saharan Africa (developing only)	$1,121	17.2	45.7	.	.
World	$8,193	17.8	39.9	.	.

TABLE 2
Regions Gross Domestic Product per Person in US Dollars

Region	Mean	Min.	Max.	S.D.
Arab World	4,950	2,503	7,690	1,986
Caribbean small states	7,539	5,020	9,789	1,767
Central Europe and the Baltics	9,963	3,973	14,394	3,852
East Asia & Pacific (all income levels)	6,143	3,664	9,463	2,178
East Asia & Pacific (developing only)	2,950	955	6,222	1,865
Euro area	33,341	20,208	42,182	7,569
Europe & Central Asia (all income levels)	20,427	11,508	26,152	5,396
Europe & Central Asia (developing only)	4,545	1,554	7,148	2,076
European Union	30,004	18,063	37,881	6,915
Heavily indebted poor countries (HIPC)	589	302	915	223
Latin America & Caribbean (all income levels)	6,862	3,670	10,172	2,581
Latin America & Caribbean (developing only)	6,280	3,543	9,423	2,330
Least developed countries: UN classification	585	285	944	240
Middle East & North Africa (all income levels)	5,730	2,927	8,845	2,292
Middle East & North Africa (developing only)	3,064	1,534	4,873	1,268
North America	45,071	35,233	54,199	6,284
OECD members	32,250	23,061	38,400	5,700
Other small states	3,433	1,710	4,935	1,206
Pacific island small states	2,676	1,697	3,575	647
Small states	4,428	2,594	5,847	1,270
South Asia	943	455	1,541	393
Sub-Saharan Africa (all income levels)	1,132	493	1,796	482
Sub-Saharan Africa (developing only)	1,121	491	1,781	477
World	8,193	5,353	10,804	2,025

TABLE 3
Descriptive Statistics for 214 Countries

	N	Mean	Min.	Max.	S.D.
GDP per capita (current US$)	204	$13,264	$182	$131,192	$20,138
Proportion of seats held by women in national parliaments (% Female)	191	16	0	49	10
Labor force, female (% Female of total labor force)	185	41	14	54	9
Self-employed, female (% females)	154	36	0	97	30
Long-term unemployment, female (% female)	68	37	1	82	21

TABLE 4
Correlation of variables

		1	2	3	4
1	GDP per capita (current US$)				
2	Proportion of seats held by women in national parliaments (%)	.284**			
3	Labor force, female (% of total labor force)	.04	.310**		
4	Self-employed, female (%)	-.605**	-.194*	.14	
5	Long-term unemployment, female (%)	-.426**	-.258*	.042	.247*

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).
*** Correlation is significant at the 0.001 level (2-tailed).

DISCUSSION

Lack of development creates conditions of poverty for significant portions of the world's population and contributes to conflict and environmental damage. Traditional views of development imply that development is the aggregation of successes from multiple individual business enterprises, i.e. the sum total of success equates to national development. But this ignores the interactions between and among institutions, organisations and individuals in the society, which can often have unpredictable effects. To test this traditional perspective we consider the contribution of women to the economy through participation in government, employment (or lack of employment), and self-employment. Our basic hypothesis is that greater participation of women in the economy will results in higher GDP per capita. What we find is that the proportion of women in parliamentary contributes to GDP and female unemployment reduces GDP as expected.

We did not expect to find that high self-employment by women is negatively associated with GDP. This could be explained by the theory of opportunity versus necessity driven entrepreneurship. "Opportunity entrepreneurship represents the voluntary nature of participation and necessity reflecting the individual's perception that such actions presented the best option available for employment but not necessarily the preferred option." (Acs and Varga, 329). In a study of 11 countries Acs and Varga found that opportunity entrepreneurship has a significant positive effect on economic development,

but necessity entrepreneurship has no effect. They explain that opportunity entrepreneurship is more likely to involve technological innovation and greater firm growth. Thus, if women't entrepreneurship in developing nations is necessity based, it would be less likely to increase their GDP. More research is needed to investigate the relationship between opportunity and necessity entrepreneurship in developing economies.

TABLE 5
Regression Analysis. Dependent Variable: GDP per Capita (Current USD)

	Model 1
Constant	n.s.
Independent variables	
Women in national parliament	.201+
Women in Long-term unemployment	-.279**
Women in Labor force	-.215+
Women self-employed	-.534***
$\mathbf{R^2}$	.487
$\Delta\mathbf{R^2}$	
F	13.985***

*** P<0.001, ** p<0.01, * p< 0.05,

We also did not expect to find that women in the labor force had a significant negative influence on GDP. It could be that there is a form of opportunity versus necessity employment, similar to the case for entrepreneurship. Women forced to work out of necessity could be less productive than women choosing to work to take advantage of the employment as an opportunity. This also requires future research.

The theoretical implications of this study are the potential relationships between opportunity and necessity entrepreneurship and employment. This work also supports the complexity development theory, which posits that the economy is a complex adaptive system and linear relationships do not always hold up due to unrecognized relationships and/or externalities. More research is needed to test this proposition.

This research makes a contribution to theory showing that women's participation in government at the highest levels (parliament) has a positive influence on the economic well-being of the country. This study is limited by the inability to control for all possible influences on GDP. Future research is needed to investigate relevant controls, moderating and mediating effects. Another consideration is the influence of culture on women's options and behaviour. Future research will benefit from measuring the independent variables before the dependent variables. Future research is also needed to determine if this phenomenon represents female necessity entrepreneurship and necessity employment.

CONCLUSION

Economic development is viewed as the solution to poverty and the pathway to prosperity for developing nations. Traditional views of development imply that development is the aggregation of successes from multiple individual business enterprises, i.e. the sum total of success equates to national development. But this ignores the interactions between and among institutions, organisations and individuals in the society, which can often have unpredictable effects. To test this traditional perspective we consider the contribution of women to the economy through government, employment (or lack of employment), business and self-employment. We find that the proportion of women in parliamentary contributes to GDP and female unemployment reduces GDP as expected. Contrary to expectations we also found that high self-employment and high employment by women are negatively associated with GDP. Could it be that the road from poverty to prosperity passes through equality on the way to economic development?

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APPENDIX 1
Countries in the Analysis

Afghanistan	Albania	Algeria	American Samoa
Andorra	Angola	Antigua and Barbuda	Argentina
Armenia	Aruba	Australia	Austria
Azerbaijan	Bahamas, The	Bahrain	Bangladesh
Barbados	Belarus	Belgium	Belize
Benin	Bermuda	Bhutan	Bolivia
Bosnia and Herzegovina	Botswana	Brazil	Brunei Darussalam
Bulgaria	Burkina Faso	Burundi	Cambodia
Cameroon	Canada	Cabo Verde	Cayman Islands
Central African Republic	Chad	Channel Islands	Chile
China	Colombia	Comoros	Congo, Dem. Rep.
Congo, Rep.	Costa Rica	Cote d'Ivoire	Croatia
Cuba	Curacao	Cyprus	Czech Republic
Denmark	Djibouti	Dominica	Dominican Republic
Ecuador	Egypt, Arab Rep.	El Salvador	Equatorial Guinea
Eritrea	Estonia	Ethiopia	Faeroe Islands
Fiji	Finland	France	French Polynesia
Gabon	Gambia, The	Georgia	Germany
Ghana	Greece	Greenland	Grenada
Guam	Guatemala	Guinea	Guinea-Bissau
Guyana	Haiti	Honduras	Hong Kong SAR, China
Hungary	Iceland	India	Indonesia
Iran, Islamic Rep.	Iraq	Ireland	Isle of Man
Israel	Italy	Jamaica	Japan
Jordan	Kazakhstan	Kenya	Kiribati
Korea, Dem. Rep.	Korea, Rep.	Kosovo	Kuwait
Kyrgyz Republic	Lao PDR	Latvia	Lebanon
Lesotho	Liberia	Libya	Liechtenstein
Lithuania	Luxembourg	Macao SAR, China	Macedonia, FYR
Madagascar	Malawi	Malaysia	Maldives
Mali	Malta	Marshall Islands	Mauritania
Mauritius	Mexico	Micronesia, Fed. Sts.	Moldova
Monaco	Mongolia	Montenegro	Morocco
Mozambique	Myanmar	Namibia	Nepal
Netherlands	New Caledonia	New Zealand	Nicaragua
Niger	Nigeria	Northern Mariana Islands	Norway
Oman	Pakistan	Palau	Panama
Papua New Guinea	Paraguay	Peru	Philippines
Poland	Portugal	Puerto Rico	Qatar
Romania	Russian Federation	Rwanda	Samoa
San Marino	Sao Tome and Principe	Saudi Arabia	Senegal

Serbia	Seychelles	Sierra Leone	Singapore
Sint Maarten Dutch part	Slovak Republic	Slovenia	Solomon Islands
Somalia	South Africa	South Sudan	Spain
Sri Lanka	St. Kitts and Nevis	St. Lucia	St. Martin French part)
St. Vincent and the Grenadines	Sudan	Suriname	Swaziland
Sweden	Switzerland	Syrian Arab Republic	Tajikistan
Tanzania	Thailand	Timor-Leste	Togo
Tonga	Trinidad and Tobago	Tunisia	Turkey
Turkmenistan	Turks and Caicos Islands	Tuvalu	Uganda
Ukraine	United Arab Emirates	United Kingdom	United States
Uruguay	Uzbekistan	Vanuatu	Venezuela, RB
Vietnam	Virgin Islands U.S.)	West Bank and Gaza	Yemen, Rep.
Zambia	Zimbabwe		

SOCIAL CAPITAL, MARKET COMPETITION AND PRODUCTIVITY GROWTH IN FAMILY BUSINESSES IN SUB-SAHARAN AFRICA: EVIDENCE FROM GHANA

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ABSTRACT

This study examines the effects of social capital, developed as a result of the social networking relationship with top managers of other firms and community leaders, on productivity growth in family businesses in Ghana. It further investigates how market competition moderates the relationship between social capital and productivity growth. An analysis of the data from 54 family businesses over two time periods indicates that: (1) social capital from the social networking relationship with top managers of other firms help the productivity growth of family businesses; (2) social capital from the social networking relationships community leaders are beneficial to family businesses by facilitating the growth of productivity; and (3) the benefit of social capital from both top managers from other businesses and community leaders to family businesses is moderated by market competition. The relationship between social capital and productivity growth is tempered by the intensity of competition in the market environment.
Keywords: Family businesses; Social capital, Ghana; sub-Saharan Africa; Productivity growth; Market competition

INTRODUCTION

Social capital is one of the most powerful constructs that have been shown to influence organizational outcomes in developing and emerging economies (Acquaah, 2007; Li, Poppo, & Zhou, 2008; Peng and Luo, 2000). Social capital is broadly seen as the resources that accrue as a result of the network of social relationships of agents within and between organizations, institutions, communities and the economy (e.g., Coleman, 1988; Lin 2001).The family business literature have shown that family firms are apt to developing enduring social relationships with a wide variety of external constituents to create social capital so as to obtain critical resources and capabilities when compared with non-family businesses (Acquaah, 2011a; Arregle, Hitt, Sirmon, and Very, 2007; Miller, Lee, Chang, and Le Breton-Miller, 2009). This is because social capital provides firms with the opportunity to obtain, utilize, and leverage valuable resources, information and knowledge for strategic organization of their business activities (Acquaah and Eshun, 2010; Adler &Kwong, 2002), thus enabling them to enhance organizational outcomes.

Family businesses permeate the organizational landscape in Africa and they are widely recognized as contributing extensively to employment generation, poverty alleviation, and socio-economic development. It has been argued that "almost all micro, small and medium-sized enterprisesin sub-Saharan Africa are family-owned firms, and they constitute about 90% of all businesses" (Acquaah, 2011a, p. 348).Family businesses in sub-Saharan African economies are facing institutional and business environments that are experiencing rapid changes due to economic liberalization and heightened competition making it difficult to obtain the necessary resources for their business activities. Ofori-Dankwa and Julian (2011) have termed the institutional and business environment in sub-Saharan Africa "double void contexts". They argue that the contextual environment is characterized by (1) "institutional voids" – the absence of market-supporting institutions, specialized intermediaries, contract-enforcing mechanisms, and efficient transportation and communication networks (Khanna and Palepu, 1997); and

(2) low levels of factors of production, especially human capital, financial capital and physical capital (Ofori-Dankwa and Julian, 2011). These characteristics have resulted inhigh levels of market imperfections and accentuated the weaknesses inherent in the market-supporting institutions and contract-enforcing mechanisms.

Consequently, family businesses are confronted with serious challenges in obtaining resources through arms-length transactions in sub-Saharan Africa. It has been suggested that developing and utilizing social networking relationships with external constituents in transitional economies would provide businesses with the opportunity to acquire the necessary resources for their business activities (Acquaah, 2007; Peng and Luo, 2000; Li and Zhang, 2007; Li et al., 2008). Thus, the social capital developed from social networking relationships by family businesses in sub-Saharan Africa would allow them to circumvent the"double void" contextual environmental challenges in securing the resources and capabilities needed for their business activities. Several studies in emerging or transition economies have shown that family businesses obtain resources by developing social capital through networking relationships which allow them to improve organizational outcomes (e.g., Acquaah, 2011a; 2012; Miller et al., 2009).

However, I argue that in the sub-Saharan Africanbusiness environment, the influence of social capital on organizational outcomes would be moderated by the nature of the competitive environment. This is because it has been argued that the value of social capital is contingent on firm and environmental factors (Burt, 1997), yet we do not have a comprehensive investigation of how the value or benefit of social capital is contingent on a firm's competitive environment. This study, therefore, examines the effects of social capital developed as a result of the social networking relationships (specifically from top managers of other firms and community leaders) on productivity growth in family businesses in Ghana and the interaction between the social capital of family businesses and market competition on productivity growth. The study thus emphasizes the moderating role of market competition on the link between social capital developed from social networking relationships and productivity growth. The role of social capital developed from social networking relationships in influencing productivity growth is important to family businesses, but the implication for its value in competitive intensive markets and/or institutional environments has not received prime attention in the literature.The investigation of the moderating effects of market competition on the relationship between social capital and productivity growth in family businesses is one of the few to examine the interdependence of the competitive market environment and the leveraging and utilization of social capital activities.

The study contributes to the family business and social capital literatures in several ways. First, the study investigates the utilization of social capital from social networking relationships with top managers of other firms and community leaders to acquire strategic resources in "double void" environmental contexts by family businesses. The leveraging of the social capital to garner the strategic resources for enhancing productivity is even more critical because of the economic role of community leaders and top managers of other firms in the economic system in transition economies (Acquaah, 2011a). Second, the study demonstrates how the extent of the impact of social capital on organizational outcomes is contingent on the nature and intensity of competition in an organization's external environment.

THEORY AND HYPOTHESES

Family Businesses and Social Capital

The literature on family businesses argues that there are several unique characteristics of the family business organization that enable it to strategically organize its business activities in an efficient and effective way. It has been argued that one of the unique characteristicsof a family business is the intermingling of the family relationships, ownership issues, and the management of the business (Hoffman, Hoelscher and Sorensen, 2006). The intermingling of the family relationship dynamics, ownership, and management of the business are characterized by the following: family businesses focus on the preservation of socioemotional wealth and the pursuit of non-financial objectives (Gomez-Mejia,

Cruz, Berrone, and De Castro, 2011). Moreover, the relationship between the owners/managers of family businesses and their employees is not only paternalistic (Bertrand and Schoar, 2006), but also maternalistic as the owners/manager seek to nurture the employees (Acquaah, 2013). Family businesses further exhibit internal cultures that are cohesive in nature where employees are hired for the long-run and treated generously (Miller and Le Breton-Miller, 2005). This allows family businesses to develop unique capabilities which generate trust, inspiration, motivation, and commitment among the workforce.

Other characteristics of family businesses include their richness in intangible resources and capabilities which has been termed "familiness" (Habbershon and Williams, 1999). Moreover, family businesses have a strong desire to develop relationships with their customers andthey demonstrate flexibility in decision-making (Tokarczyk et al., 2007). Family businesses are quick to develop social relationships and connections with external constituents, and are known to have the integrity and commitment to keep those social relationships (Acquaah, 2011a; Miller et al., 2009). Finally, family businesses are selective in their employee recruitment and selection procedures (Bertrand and Schoar, 2006). Family members are usually given priority for top management and other sensitive and critical positions so that the family may retain control of the businesses. Family businesses, therefore, have lower recruitment and human resource costs, making them more efficient than other labor-intensive businesses (Levring and Moskowitz, 1993). These characteristics create a unique and flexible work environment that inspires employees to be motivated, committed, loyal, and customer-oriented. These characteristics further lead to the development of social relationships and trust among management and employees in the organization which translate into the cultivation of social networking relationships with external constituents and the creation of social capital for resources, knowledge, and information to create value

Social Capital and Growth in Productivity

Social capital is a multidimensional construct focusing on the individual, organizational, and community and national levels. Putnam (2000:19) has defined social capital as the "networks and the norms of reciprocity and trustworthiness that arise from them'. Portes (1998: 6) also defines social capital as 'the ability of actors to secure benefits by virtue of membership in social networks', while Adler and Kwon (2002) see social capital as the goodwill that is available to individuals and groups. Social capital is further defined as "the aggregate of the actual or potential resources that are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition" (Bourdieu, 1986: 248). However, the most cited definition of social capital in the management literature is that of Nahapiet and Ghoshal (1998). Nahapiet and Ghoshal (1998: 243) define social capital as "the sum ofthe actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit" (which is a re-statement of the definition by Bourdieu, 1986). What is consistent among these sampled definitions is the focus on social networking relationships or connections as the foundation of social capital. In fact, Nahapiet and Ghoshal (1998) argue that social capital is a relational resource. They argue that social capital has three distinct but interrelated dimensions: structural, relational, and cognitive.

The structural dimension of social capital refers to the 'configurations of linkages between people and units' (Nahapiet and Ghoshal, 1998: 244). It focuses on the overall pattern of connections or networking relationships between and among individuals and organizations such as network tiesand network configuration (e.g., density, connectivity, and hierarchy).Thus, structural social capital deals with the extent to which economic actions and outcomes are shaped by the network of relations and an actor's position in the network (Acquaah, 2011a; Leanna and Pil, 2006). The relational dimension of social capital refer to those resources created and leveraged through personal relationships, close social interactions and the development of cohesive ties. It is characterized by trust and trustworthiness, norms and sanctions, reciprocity, obligations, and expectations (Nahapiet and Ghoshal, 1998). The cognitive dimension of social capital refers to those resources available through a commonly shared language, representations, interpretations, and systems of meaning among actors. The cognitive dimension of social capital is "constituted by the broader organizational mission and values that form the context in which exchanges of knowledge and collective action take place" (Andrews, 2010: 587). It allows members in an

organization to share and follow a collective vision and goals, which may foster shared meanings, values and collective responsibility.

In this study, I focus on the relational dimension of social capital. The relational dimension of external social capital is the prevalent means of developing social capital by organizations in sub-Saharan Africa. One of the defining characteristic of family businesses is their affinity to establishing enduring and committed social connections or networking relationships with external stakeholders such as top managers of other firms, community leaders, political leaders and government bureaucratic officials. This is because family businesses, especially in sub-Saharan Africa, face several challenges in the strategic organization of their business activities. These challenges include financial, human resources, managerial capabilities and technical competencies shortages (Robson, Haugh, &Obeng, 2009). This study focuses on the social capital developed through social networking relationships with top managers of other firms (suppliers, customers and competitors) and community leaders. I argue that the social networking relationships family businesses build with top managers of other firms and community leaders may help provide them with the necessary resources and capabilities that would be required to support their business strategic activities, which would in turn increase the businesses' productivity. In developing economies the social networking relationships family businesses are able to establish with these external constituents can make up for the "institutional voids" in the market (Khanna and Palepu, 1997) and factors of production deficiencies (Ofori-Dankwa and Julian, 2011). These institutional voids impede arms-length transactions and economic exchange in the product, labor and capital markets in developing economies (Miller et al., 2009). Thus the social capital family businesses develop through social relationships with external constituents enable them to obtain the critical resources in the form of information, knowledge acquisition and exploitation, financial capital, human capital, and marketing and technological opportunities.

Managers and/or owners of family businesses develop social capital through the personal and social networking relationships and ties with their peers in other organizations who may be their suppliers, buyers or competitors (Dubini and Aldrich, 1991). As stated earlier, a major challenge facing family businesses in sub-Saharan Africa is the lack of functioning institutional and market environment that are conducive to arms-length transactions; and factors of production deficiencies. Several studies have shown that the social capital managers of family businesses develop through personal and social networking relationships and ties with top managers of other businesses enable them to acquire resources, valuable information, and knowledge acquisition and exploitation, which are used to mitigate uncertainties and thus enhance productivity (Dyer and Singh, 1998; Lane and Lubatkin, 1998; Larson, 1992). For example, social capital from the key customers' and suppliers of family businesses could facilitate the creation, acquisition and exploitation of knowledge (Dyer and Nobeoka, 2000; Yli-Renko et al., 2001). Furthermore, social capital from customers may enable family businesses to understand their tastes and preferences and thus create both customer and brand loyalties, and increase sales (Acquaah, 2007; Li, Zhou, and Shao, 2009; Park and Luo, 2001). Moreover, social capital from suppliers will not only provide access to quality raw materials, superior service, fast and reliable deliveries (Peng and Luo, 2000), but also financial resources.The social capital family businesses develop with competitors may lead to the sharing of information about how to reduce operations cost (von Hippel, 1998), or lead to collaboration in sharing resources and capabilities; or implicitly collude to deal with competitive uncertainties in their business environment (Park and Luo, 2001). Therefore, social capital developed from connections top managers of other businesseswill facilitate access to information, resources and knowledge that could be used to improve productivity by family businesses. Thus, I hypothesize that:

> *Hypothesis 1. Social capital from top managers of other firms will be positively related to growth in firm productivity in family-owned businesses.*

Several parts of Sub-Saharan Africa, and especially Ghana's sociocultural system, are highly collectivistic and embedded in cultures and traditions that thrive on communal bonds, interpersonal relationships, and strong allegiance to the leadership of the extended family unit and the community (Adu-Febiri, 1995). In

Ghana, the traditional extended family system and broader community, which are represented by the kings of various ethnic groups, chiefs of towns and cities, and village heads, play a crucial role in the lives and activities of individuals, organizations, and institutions. The traditional and modern religious leaders (e.g., leaders in African traditional religious organizations; Christian religious organizations and churches; and Islamic religions, etc.), are very instrumental in influencing the decision-making processes of individuals and business leaders in Ghana. This is due to the development of high levels of shared trust, norms and values from the repeated informal interpersonal relationships between a community and its traditional and religious leadership. Community leaders in Ghana are the guardians of societal norms, shared understandings, and expectations, which define socially acceptable practices and behaviors in a community's business environment (Salm and Falola, 2002). Moreover, community leaders are very influential in acquiring and mobilizing resources, and providing access to valuable information and knowledge to family businesses. Social capital from networkingrelationships developed with community leaders, therefore, provide family businesses with the requisite resources and capabilities for increasing the productivity of their businesses activities.

The social capital developed through social networking relationships with community leaders by family businesses would facilitate their legitimacy and promote access to resources and information as community leaders endorse and refer the products and/or services of family businesses to their communities. The social capital from the networking relationships may also enable family businesses to obtain access to resources such as favorable leases to land for construction or agricultural purposes, enter new market segments or acquire access to new customers, and/or gain technological know-how (Acquaah, 2007). It has been shown that entrepreneurs in Ghana cultivate personal and social networking relationships with community leaders (e.g., kings and chiefs) and leadership of religious organizations and institutions to avail themselves to information about business opportunities, and establish links to sources of financial resources and markets for their products (Acquaah, 2007; Kuada and Buame, 2000). Thus, the social capitaldeveloped through social relationships with community leaders' willenable family businesses to strengthen their resources and capabilities base which could be used to increase their productivity.

Hypothesis 2. Social capital from community leaders will be positively related to growth in firm productivity in family-owned businesses.

Moderating Effects of Market Competition

The social capital developed from networking relationships with executives of other businesses and community leaders enable family businesses to obtain the resources, capabilities, information and knowledge that are used to organize their strategic activities and create value. The industrial organization literature posits that market competition is an important determinant of organizational outcomes (Porter, 1980).An increase in market competition exerts significant constraints on organizations in their business operations such that there is pressure to increase quality while at the same time reducing prices to become competitive and profitable (Acquaah and Eshun, 2010).I, therefore, argue that the ability of family businesses to effectively utilize the resources and capabilities obtained through social capital for their business activities is contingent on the intensity of competition in their businessenvironment. The business environment in most sub-Saharan African economies and Ghana's economy specifically is rapidly changing as a result of the openness of the economy through economic liberalization policies (Acquaah, 2005). Thus, there is competition from both domestic and foreign businesses which make it difficult and challenging for family businesses to effectively use the information, knowledge, resources and capabilities obtained through the social capital from executives of other businesses and community leaders for their productive activities.

Family businesses in Ghana do not have the appropriate human and managerial resources to effectively turn the information and knowledge benefits from the social capital quickly into productivity improvements. The social capital family businesses derive from executives of other businesses and community, therefore, provide potential benefits and opportunities for increasing productivity in benign

environments because the market environment offers family businesses the flexibility, time and ability to their make changes to their productive processes which is more favorable to earning higher performance. Compared to highly competitive environments, social capital in benign environments would allow family businesses to utilize the accumulated tacit knowledge, human resources, and capabilities to properly match and minimize threats to their business activities and exploit the opportunities in theirbusinesses' market environment.

The paternalistic culture of family businesses (Habbershon and Williams, 1999), which is characterized by flexibility in decision-making, commitment, loyalty and trusting relationships, could be more effective in improving the businesses ability to mitigate their institutional and strategic disadvantages in a benign environment than a competitive environment. This is because of the recognition in the family business literature that family businesses lack extensive firm-specific managerial knowledge, experience, and is deficient in expertise required to react quickly to rapidly changing environments (e.g., Chrisman et al., 2004; Schulze et al., 2001). I, therefore, hypothesize that:

Hypothesis 3. Market competition will moderate the relationship between social capital from top managers of other firms and growth in firm productivity in family-owned businesses. The impact of social capital on growth in firm productivity will be lower when market competition is higher.

Hypothesis 4. Market competition will moderate the relationship between social capital from community leaders and growth in firm productivity in family-owned businesses. The impact of social capital on growth in firm productivity will be lower when market competition is higher.

METHODS

Sample and Data

The data were collected from senior executives (e.g., chief executive officers (CEOs)), and the chief financial officers) of family-owned businesses operating in Ghana in two time periods: 2002 and 2005. The sample consisted of 80 family-owned businesses selected from the 2001 edition of the *Ghana Business Directory*. The family business literature provide several definitions of a family business (e.g., Anderson and Reeb, 2003; Chrisman, Chua, and Sharma, 2005; Westhead and Cowling, 1998). In this study, family business is defined as a business that is owned and controlled by a specific family, and where the members of the family are involved in the management and decision-making processes of the business (Acquaah, 2011b). I use this definition because in Ghana a business is considered a family business when family members usually own 100 percent of the business. I, therefore, asked the CEO's of the businesses to indicate whether (1) the business is 100% owned by a specific family with a "yes" or "no" response; (2) family members controlled the business with a "yes" or "no" response; , and (3) family members were involved in the business as directors or employees, also with a "yes" or "no" response. The family business sample for the study consisted of firms where there was a "yes" response to all the three questions.

To solicit participation in the study, senior executives of the sampled family-owned businesses were sent letters in the latter part of 2002 requesting their cooperation in completing a survey questionnaire. To ensure a high response rate and the provision of reliable and accurate responses, the senior executives (mostly CEO's) were promised that information about the respondents and the company will be kept in strict confidence. About one and one-half months after the letters were sent to the selected companies', personal visits were made to the businesses. The CEOs were given the questionnaires and a mutually agreed upon date to collect the completed questionnaires was determined. After several visits to the businesses, 61 family-owned businesses provided responses. Fifty-four (54) of the responses were useable for the study, givinga response rate of 57.5% percent. In 2005, a follow-up data was collected from the 54 family-owned businesses using the same questionnaire survey that was administered in 2002. All the firms completed the survey administered in 2005; however, useable responses were obtained from only 50 of the 54 family-owned businesses. Thus, a total of 104 observations were obtained in the two time periods for the study.

The data were collected from individuals occupying senior management positions in order to minimize potential response bias and common method variance problems. On average, the respondents' tenure with their companies was 11.6 years, and their managerial position tenure was about 9 years. Common method variance was examined through two methods during the survey design and administration, and one post-hoc statistical test was run. First, information on social capital developed through networking with external entities (top managers of other businesses and community leaders) were solicited for the three-year periods 1998-2000 for data collected in 2002 and 2001-2003 for data collected in 2005, while I requested information on growth in firm productivity for the following two-year periods: (a) 2001-2002 for data collected in 2002; and (b) 2004-2005 for data collected in 2005. Second, information on the independent variables was obtained from the CEOs and their deputies, while the information on growth in firm productivity was obtained from the heads of the accounting/finance function.

Measurement of Variables

Growth in firm productivity. I obtained self-reported data on growth in firm productivity from the head of the accounting and finance function in each of the family-owned businesses. The respondents were asked to rate their firm'sgrowth in productivity relative to their major competitors in their industry for the two-year periods 2001-2002 and 2004-2005. Growth in firm productivitywas measured on a scale ranging from (1) *'much worse'* to (7) '*much better'*. The use of perceptual measures is common in situations where objective data are either not available or difficult to obtain. The relationship between subjective and objective measures of firm performance outcomes have also been established in the literature. For example, Wall, Michie, Patterson, Wood, Sheehan, Clegg, and West (2004) have established that there are strong convergent, discriminant, and construct validities between subjective measures of performance which are used as proxies for objective measures of performance.

Social capital from networking relationships. *Social capital* was measured by examining the development of interpersonal and social networking relationships by top managers of family-owned businesses in Ghana with (1) top managers of other businesses; and (2) community leaders. The top managers of the family-owned businesses were asked to assess the extent to which (1) top managers in their businesses have *developed* and *used* personal and social networking relationships for the three year periods 1998 - 2000 and 2001-2003 respectively on a seven-point scale, ranging from (1) "*very little'* to (7) *'very extensive*'. Social capital from networking relationships with *top managers of other firms (α = 0.69)* were measured with three items: social networking with suppliers, customers, and competitors. Social capital from networking relationships with *community leaders (α = 0.86)* was measured using two items: social networking relationships with local kings, chiefs and/or their representatives, and leaders of religious organizations (e.g., pastors, priests, traditional religious leaders, and imams).

Market competition. *Market competition (α = 0.79)* was measured with six items. The respondents were asked to indicate the extent to which the following activities have taken place in their firm's industry within the three-year periods 1998-2000 and 2001-2003: (a) increase in the number of major competitors; (b) use of package deals for customers; (c) frequency of new product or service introductions; (d) the rate of change in price manipulations; (e) increase in the number of companies which have access to the same marketing channels; and (f) frequency of changes in government regulations affecting the industry (Mia and Clarke, 1999). These activities were measured on a seven-point scale ranging from (1) *"very little"* to (7) *"very extensive."*

Control variables. The control variables included in the study are firm age, firm size, business sector, and year dummy. *Firm age* was measured as the logarithm of the number of years since the formation or incorporation of the firm. *Firm size* was measured as the logarithm of the number of employees. *Business sector* was operationalized using a dummy variable, coded 1 for manufacturing businesses and 0 for service businesses. Because I pooled two periods of data, I included a dummy variable, *Year dummy*, whichwas coded 1 if an observation corresponds to a data collected in 2002 and 0

if an observation corresponds to a data collected in 2005 to pick up any fixed effects that varied between the two periods.

Statistical Analysis

A pooled time series and cross-section (TSCS) regression model with a time lag between the dependent and independent variables was used to examine the relationship between business strategy, social capital, market competition and growth in firm productivity in family businesses (e.g., Wiklund and Shepherd, 2003). The items measuring the market competitionvariable wasobtained for the three-year periods 1998-2000 and 2001-2003 for the two time periods 2002 and 2005 respectively. Growth in firm productivity, on the contrary, was measured using the responses for the two-year periods 2001-2002, and 2004-2005 for data collected in 2002 and 2005 respectively.

RESULTS

Table 1 provides the means, standard deviations and the correlations among the variables. It shows that the correlations among the variables are not high. The only relatively high correlation worthy of mention is that between firm size and business sector, but the correlation is only -0.43 indicating that most of the large family businesses are service firms. I examined the validity of the econometric model by conducting through several analyses. I examined the problem of multicollinearity by checking the variance inflation factors (VIFs) of the hypothesized variables in the estimated model. All the VIFs were all less than 10 indicating that multicollinearity was not a problem (Neter, Kutner, Nachtsheim, and Wasserman, 1996). Moreover, the assumptions of equality of variance, independence of the error terms, and the normality of the residuals were all assessed and found to be satisfactory. The Durbin–Watson statistics also indicated that autocorrelation is not a problem and thus the pooled cross-section and time series model is adequate (Gujarati, 2003).

The standardized results of the estimated pooled TSCS regression models are presented in Table 2. Model 1 presents the results of the base model to investigate the effects of the control variables on growth in firm productivity. The result indicates that none of the control variables are related to growth in firm productivity in Model 1. In Model 2, the moderating variable, market competition, was added to the control variables. Model 3then includes the social capital variables to the controls and the moderating variable to examine Hypotheses 1 and 2. Hypothesis 1 states that social capital from top managers of other firms will be positively related to growth in firm productivity in family-owned businesses. The result indicates that social capital from top managers of other firmsis significant and positively related to growth in productivity in family businesses ($\beta = 0.424, p < 0.001$). Hypothesis 2 also posits that social capital from community leaders will be positively related to growth in firm productivity in family-owned businesses. Again, the result shows that social capital from community leaders was significant and positively related to growth in productivity in family-owned businesses ($\beta = 0.239, p < 0.01$). Thus, Hypotheses 1 and 2 were supported.

In Model 4, the interaction between market competition and the social capital variables (top managers of other businesses (MANAGERS) and community leaders (COMMUNITY)) to the variables in Models 3 to examine the moderating effect of market competition on the relationship between social capital and growth in productivity in family businesses. Hypothesis 3 posits that market competition will moderate the relationship between social capital from top managers of other firms and growth in firm productivity in family-owned businesses, such that the impact of social capital on growth in firm productivity will be lower when market competition is high. The result in Model 4 indicate that market competition negatively moderates that impact of social capital frommanagers of other businesses on growth in productivity in family businesses ($\beta = -0.213, p < 0.01$) corroborating Hypothesis 3.

Hypothesis 4 further states that market competition will moderate the relationship between social capital from community leaders and growth in firm productivity in family-owned businesses, such that the impact of social capital on growth in firm productivity will be lower when market competition is high.

The result further shows that market competition negatively moderates the impact of social capital from community leaders and growth in productivity in family-owned businesses ($\beta = -0.151$, $p < 0.05$), providing support for Hypothesis 4.

Figures 2 and 3 present the plots of the moderating effects of market competition on the relationship between social capital from managers of other businesses, and social capital from community leaders and growth in productivity in family-owned businesses respectively. To create the plots, we followed the procedure suggested by Aiken and West (1991). I constrained all variables except the social capital variables (MANAGERS for Figure 2, and COMMUNITY for Figure 3) in Model 4 in Table 2 to their mean values. MANAGERS and COMMUNITY then took the values of one standard deviation below the mean (low), and one standard deviation above themean (high) at different levels (one standard deviation below the mean, and one standarddeviation above the mean) of market competition. As depicted in the graphs, the effects of the social capitalfrom both top managers at other firms and community leaders on growth in firm productivity increases at a decreasing rate when market competition is high, while it increases rapidly when market competition is low such that social capital's impact on growth in firm productivity is high when market competition is low than when market competition is high.

DISCUSSION AND CONCLUSION

The ubiquity of family-owned businesses in the global economy cannot be over-emphasized. They are the dominant form of the business organization in Africa and other developing and transition economies, contributing significantly to employment, entrepreneurial activities, community development, and economic growth (Acquaah, 2011a). This study examined the direct effects of social capital derived from the networking relationships with top managers of other firms and community leaders on the growth in productivity in family-owned businesses in Ghana. The study further investigated how market competition moderated the impact of social capital from the development of social networking relationships with external stakeholders (top managers of other firms and community leaders) on the growth in productivity in family-owned businesses. The findings indicated that both social capital from social networking relationships with top managers of other firms and community leaders positively influence the growth in productivity in family-owned businesses in Ghana. The findings further indicated that market competition moderated the influence of social capital on the growth in productivity in family-owned businesses. Specifically, higher levels of market competition minimized the positive impact of social capital from both top managers of other firms and community leaders on growth in productivity of the family-owned businesses. The findings supported the hypothesized relationships.

The findings are interesting because though social capital is also believed to have a "dark side" (Gargiulo and Benassi, 2000; Portes and Sensenbrenner, 1993) and therefore detrimental effects on organizational outcomes, it is generally seen as providing benefits to organizations in the strategic organization of their business activities without taking into consideration other contingent factors. The findings from the study clearly showed that social capital developed from social networking relationships with executives of other businesses and community leaders provided benefits to family-owned businesses in the form of growth in productivity. These findings are consistent with what have been found in the literature in transition economies (e.g., Acquaah, 2011b; Li et al., 2009). However, the extent of the benefit is contingent on the external environmental conditions the family businesses face in the conduct of their business activities. Specifically, the positive impact of both social capital from top managers of other businesses and community leaders on productivity growth are mitigated by the intensity of market competition the family businesses experience. For family businesses, social capital is more beneficial when the competitive environment is benign.

TABLE 1
Descriptive Statistics and Correlation Matrix of Variables (N=104)

Variables	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
1. Growth in Productivity								
2. Social capital from community leaders	0.34***	**0.86**						
3. Social capital from managers of other firms	0.16+	0.16+	**0.69**					
4. Firm size [a]	0.08	0.24**	-0.01					
5. Business sector [b]	-0.16+	-0.28**	-0.20*	-0.43***				
6. Market competition	0.33***	0.06	0.04	0.05	-0.01	**0.79**		
7. Firm age [a]	-0.10	-0.05	0.21*	0.17+	-0.04	-0.12		
8. Year dummy	-0.02	-0.02	-0.02	-0.42***	0.02	-0.06	-0.12	
Mean	4.70	3.96	4.94	1.60	0.85	4.91	1.24	0.52
Standard Deviation	1.17	1.12	1.12	0.25	0.36	1.26	0.32	0.50
Minimum	2.00	1.00	1.00	1.00	0.00	2.00	0.60	0.00
Maximum	7.00	7.00	7.00	2.44	1.00	7.00	1.92	1.00

The values in diagonals are reliabilities (Cronbach alphas).
[a] Firm size is log of number of employees; Firm age is log number of years since formation or incorporation.
[b] Manufacturing firms are coded 1, service firms are coded 0.
+ $p < 0.10$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

TABLE 2
Standardized Regression Results (DV = Productivity Growth)

Variables	Model 1 (Std. Error)	Model 2 (Std. Error)	Model 3 (Std. Error)	Model 4 (Std. Error)
Controls				
Firm age	-0.107	-0.063	-0.145+	-0.074
	(0.100)	(0.096)	(0.086)	(0.083)
Firm size	0.022	0.005	0.042	0.044
	(0.124)	(0.118)	(0.104)	(0.097)
Business sector	-0.149	-0.153	0.009	0.072
	(0.112)	(0.106)	(0.095)	(0.089)
Year Dummy	-0.106	0.001	0.015	0.020
	(0.111)	(0.106)	(0.091)	(0.084)
Hypothesized Variables				
Market competition (MCOMP)		0.326***	0.286***	0.335***
		(0.095)	(0.082)	(0.077)
Social capital from managers of other firms (MANAGERS)			0.424***	0.351***
			(0.086)	(0.082)
Social capital from community leaders (COMMUNITY)			0.239**	0.284***
			(0.086)	(0.082)
MANAGERS x MCOMP				-0.213**
				(0.071)
COMMUNITY x MCOMP				-0.151*
				(0.074)
Adjusted R^2	0.000	0.095	0.333	0.428
Change in Adjusted R^2		0.095**	0.238**	0.095**
Model F	0.90	3.16**	9.90***	9.55***
Durbin-Watson Statistic	2.190	2.193	2.028	1.808

FIGURE 1
Effects of Interaction between Social Capital from Top Managers at Other Firms and Market Competition on Growth in Firm Productivity

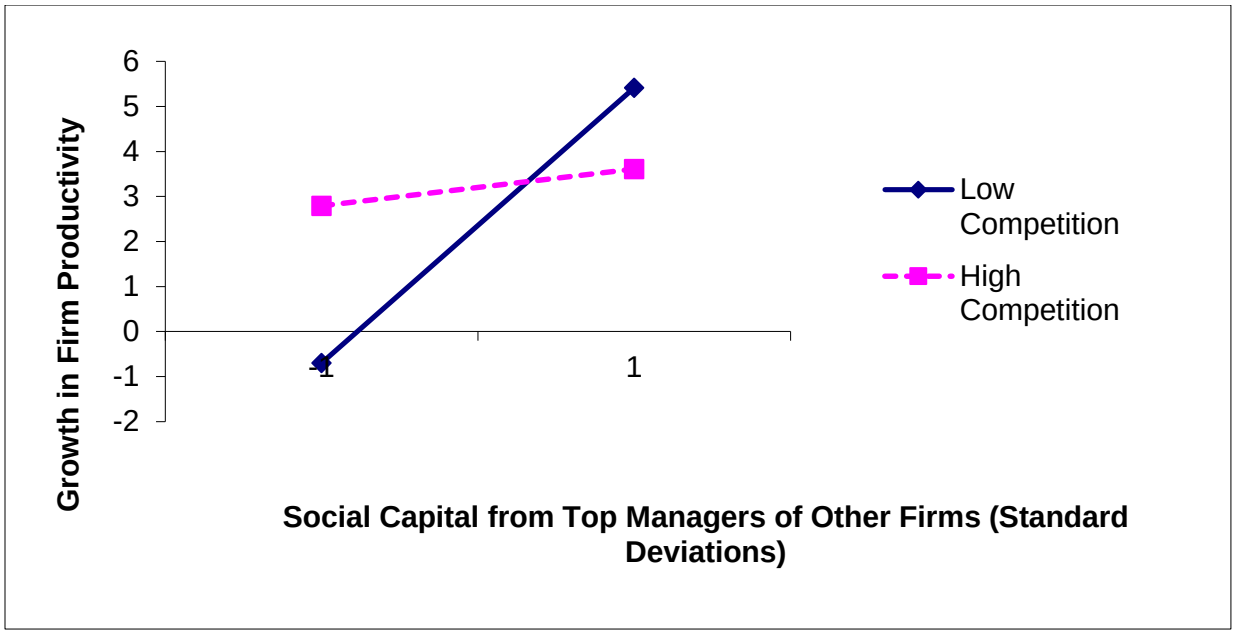
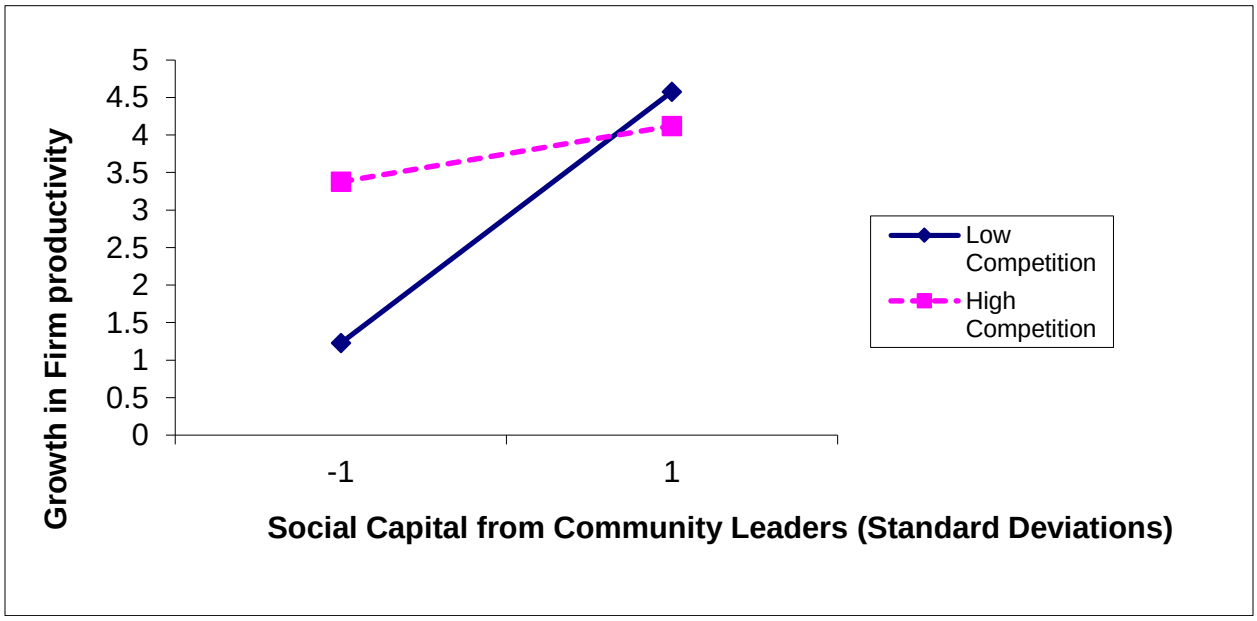


FIGURE 2
Effects of Interaction between Social Capital from Community Leaders and Market Competition on Growth in Firm Productivity



The findings contribute to the family business literature in several ways. First, despite the importance of social capital in the strategic activities of family businesses, little is known about the contingent implications of the business environment on the social capital developed by family businesses with external entities. The findings provide support for the viability of the leveraging and utilization of social capital from external entities (especially executives of other businesses and community leaders) for productivity growth by family businesses. The reliance of family businesses on their unique characteristics of developing long-lasting and committed social relationships with external entities, flexibility, paternalism, generosity, and close and emotional ties to employees to create a dedicated, motivated and committed workforce enable them to use social capital to improve their productivity. These dedicated, motivated and committed employees focus on customers to build customer loyalty and are more likely to engage in innovative activities that enhances the quality of their products and services and provides significant benefits to family businesses in their productive activities.

Second, the findings also contributes to family business research by showing that the benefits from social capital created from social networking relationships with executives from other businesses and community leaders by family businesses could be tempered by the intensity of competition in the market environment. The findings indicated that the leveraging of social capital activities by family businesses is moderated by market competition. The findings in this study are inconsistent with that obtained by Acquaah and Eshun (2010) using a general sample of firms who found that the interaction between social capital from top managers of other firms and market competition, and that between the social capital from community leaders and market competition was positive. They, therefore stated that "The increase in market competition as a result of the structural transformation of the economy is injecting some level of discipline into the strategic organization of firm activities; this is the positive impact of competition on performance" (Acquaah and Eshun, 2010: 694). However, for family businesses, intense competition does not allow them to quickly leverage the benefits from social capital from both executives of other businesses and community leaders.

The findings from the moderating analyses imply that family businesses in Ghana should be circumspect about their business and market environment when using the social capital developed from social networking relationships with executives of other businesses and community leaders for their strategic activities. Even as family businesses in Ghana strengthen their social relationships and connections with executives from other businesses and community leaders to create social capital for their strategic activities, they would have to also look for the resources, information and knowledge that would enable them to be agile in the rapidly changing competitive environment. This would allow them to benefit from theendorsements, market opportunities, and legitimacy they gain in their communities as a result of relationship building with community leaders, and the resources, information, and knowledge they are able to access through their relationships with executives from other businesses.

Limitations and Future Research

This study is not without limitations. First, productivity growth was measured subjectively instead of objectively. Objective measures of productivity growth would have been preferable but all the family businesses were privately owned so was difficult to obtain objective productivity information from them. Moreover, as stated earlier, Wall et al (2004) have demonstrated the convergent, discriminant, and construct validities of subjective performance measures as substitutes for objective performance measures.Second, though this study uses data over two time periods, the time period is still short for an explicit longitudinal study. A longitudinal data over a longer period of time would be more likely to provide robust conclusions about the direct effects of social capital and the impact of the moderating effect of market competition on the relationship between social capital and growth in firm productivity in family businesses. Ihave,however, attempted to longitudinally link cause and effect relationships between social capital and growth in firm productivity, on the one hand, and the effect of the interaction between social capital and market competitionongrowth in firm productivity, on the other hand, for family businesses in Ghana. Although the findings may not be completely free from establishing associations amongsocial capital, market competition,and growth in productivity, by soliciting information on social

capital and market competition from a prior time period andgrowth in productivity from a subsequent time period, the results may indeed be establishing some level of causality.

Third, the study was limited to a small developing country in sub-Saharan Africa – Ghana, which obviously may affect its generalizability to other larger economies in sub-Saharan Africa. It may, however, be argued that the cultural, institutional and economic environment in Ghana may be similar to those in other low-income sub-Saharan African countries and thus the findings could be generalized to those environments.

Conclusion

This is one of the few empirical studies that have examined the direct effects of social capitalon the growth in productivity in family businesses, and how the social capital-growth in productivity relationship is moderated by market competition. Moreover, the study uses data over two time periods, a rarity in family business research in transition or developing economies. The study demonstrates that family businesses rely on their unique characteristics to benefit from the development, leveraging and utilization of social capital for their productive activities. Moreover, despite the unique characteristics of family businesses which provide them with the opportunity to develop enduring and committed social connections and networking relationships with external stakeholders, the social capital they develop with executives of other businesses and community leaders are not as valuable in competitive market environments as in benign environments. When the social capital family businesses in Ghana develop through social networking relationships with different external stakeholders interact with market competition, its influence on growth in productivity is mitigated. Future research should examine these relationships in other emerging or developing economies so as to deepen our understanding of the interactive effects of social capital and market competition on productivity and other performance outcomes in family businesses and help in providing us with rich insights into their interplay in family business research.

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THE ATLANTICO CASE STUDY: HIGH IMPACT ENTREPRENEURSHIP IN THE FINANCIAL SERVICES SECTOR IN SUB-SAHARAN AFRICA

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ABSTRACT

There is growing evidence that certain types of entrepreneurship matter more than others, when it comes to fostering long-term economic growth and job creation (Bos&Stam, 2014; GEM, 2011a; OECD-Eurostat, 2007). Sub-Saharan African countries need entrepreneurial champions that are able to inspire the next generation of entrepreneurs and develop a culture of organizational excellence, growth-orientation and internationalization. Founded in 2006, the Atlantico Bank is a case study of an entrepreneurial start-up in the financial services sector in Angola. This study analyzes academic and statistical studies, internal documents, and primary data from 27 semi-structured interviews conducted in Africa and Europe. This study explores how the Atlantico Bank became a high-impact entrepreneurial endeavor and provides lessons on how financial services start-ups can enter new markets, build a unique brand, develop a young team in challenging circumstances and do all this while implementing principles of social responsibility and internationalization from day one, in the Sub-Saharan African context.

INTRODUCTION

The African nation of Angola opened a new chapter in 2002, when it ended a civil war that had been raging in the country since 1975. This conflict left millions of internal refugees and turned the country's capital, Luanda, into an overpopulated mega-city making living conditions even more difficult for its inhabitants. Since returning to peace, the country has experienced tremendous economic growth, partly fueled by Angola's strong oil exports. Luanda, the capital, was recently ranked as the most expensive city in the world in terms of costs of living (The Telegraph, 2015). The question arises of how far the financial sector in such a dynamic country has evolved. Our case study will shed some light on this matter through an in-depth analysis of the Atlantico Bank, a representative example of a young financial institution that also embodies the spirit of high-impact entrepreneurship.

The case study starts with an overview of the financial services sector in Sub-Saharan Africa to create a wider context, helping the reader better understand the specific example of Angola. Before assessing the case of Atlantico, we present a background on high impact entrepreneurship and entrepreneurship in Angola followed by the research methodologies of our study. We start the presentation of Atlantico by tracing its entrepreneurial roots and characterizing its founders as high-impact entrepreneurs, followed by a summary of their initial challenges and the growth that was achieved, leading up to a key event in October 2015 when Atlantico merged with Millennium Angola, the Angolan branch of the largest listed Portuguese bank. The subsequent section goes on to explore the organization's

management and strategy, also covering the aspects of internationalization, technology, and the development of the Atlantico brand. The paper concludes with how Atlantico takes a leadership role in corporate social responsibility, developing role models and contributing to the general development of the country. From the assessment of the Atlantico case we can better understand how this high-impact entrepreneurial venture in the financial services sector has had a lasting positive impact on the country.

FINANCIAL SERVICES IN AFRICA

The financial services sector in most Sub-Saharan African countries tends to be relatively nascent when compared to developed markets. After all, until recently most Sub-Saharan African countries were characterized by the prevalence of subsistence economies, i.e. non-monetary economies in which people relied on agricultural goods and the mutual exchange of those goods among people (Sharif, 1986, Young *et al*. 1994). Once written off as a "lost continent", (Economist, 2000) Africa has risen economically. Babarinde (2009) argued that the key factors contributing to this growth were: 1) the end of the Cold War; 2) the rise of pluralist democracies; 3) regional integration agreements; and 4) economic reforms that have led to a paradigm shift under which Sub-Saharan economies found new hope and experienced tremendous economic growth.

Economic growth and finance tend to go hand-in-hand (Cheng *et al*., 2014, Neyapti and Dincer, 2014), implying that the robust economic development of Africa should be matched by the rise of its financial services sector. However, research points out that the development of a financial system can take time. Mishkin (2007) emphasized that industrialized countries took hundreds of years to establish the legal and regulatory system on which their financial sector functions. Therefore, it is safe to assume that the Sub-Saharan financial services sector is relatively fragile compared to that of developed countries. Nevertheless, African countries are catching up quickly in terms of crafting the legal and regulatory frameworks that are necessary for a functioning financial system. For example, evidence from Zambia shows that a three-phased reform approach between 1992 and 2008 has produced mostly positive results in improving the performance of that country's financial services sector (Mwenda&Mutoti, 2011).

When assessing the status quo of a financial services sector, the established standard holds that the key assessment criteria include the sector's stability at the macroeconomic level and the extent to which the sector allocates resources at the microeconomic level (Hawkins, 2004, Studart, 1995). In terms of the first, we can observe that Sub-Saharan African countries have generally taken regulatory measures to provide for stability at the macroeconomic level (Babarinde, 2009, Mwenda&Mutoti, 2011). There is also evidence that the financial services sector in Sub-Saharan Africa has evolved out of practically nothing within a matter of just a few years. According to KPMG (2013), about 80% of the population in Sub-Saharan African countries do not use formal banking services and therefore are excluded by default from the wider benefits provided by the financial services sector, such as the issuance of credit cards. Nevertheless, the growth trajectory is tremendous, with a growth rate in the prevalence of bank accounts by about 12% annually between 2011 and 2014 (World Bank, 2014). In addition, Sub-Saharan Africa leads the world in mobile money accounts: While just two percent of adults worldwide have a mobile money account, 12% in Sub-Saharan Africa have one (World Bank, 2014).

In Sub-Saharan African countries there was a process of transition from government-owned banks, with restrictive regulation, in the 1980s, to deeper and more stable financial systems with private ownership encouraged. Today, despite the diversity of the countries, banking in Africa remains shallow, but stable, with comfortable liquidity levels and robust capital levels. Even so, in Sub-Saharan African countries the financial services companies lend less to the private sector than in other countries in the world (Beck & Cull, 2013).

The small size of some economies, the predominance of the informal sector, the volatility and the fluctuations in the income of the microenterprises and families, as well as the dependence on commodity

exports and, finally, governance problems in the private and government institutions are some specific characteristics of banking in Africa (Beck & Cull, 2013).

From South Africa, arguably the financial services hub of Sub-Saharan Africa, it is possible to make some forecasts on what might happen in Angola in the near future. Hawkins (2004) studied the South African financial sector ten years after the country became a full-fledged democracy. The study found that even though the financial system was marked by stability, the greatest beneficiary was the high-value market, while the provision of financial advantages to small businesses and the poor fell somewhat short. After the end of Apartheid, international banks that left South Africa in 1980s returned and forced local banks to become more competitive. During this time, South Africa experienced a sharp rise of the number of financial institutions, including smaller banks that might have catered to smaller business customers. However, many smaller banks would later disappear as larger banks swallowed them as part of a broader consolidation process in the South African financial services sector. It remains to be seen if Angola will undergo a similar consolidation, though the agreed merger between Atlantico and Millennium Angola could be seen as the first move in such a trend.

ANGOLA'S FINANCIAL SERVICES INDUSTRY

Brief Characterization & Presentation of Statistical Data

After 27 years of civil war, Angola finally established peace in 2002, setting off a process of reconstruction and the creation and consolidation of key institutions that are essential for the country's development. When the conflict ended, Angola had "*3.8 million former displaced people, 450,000 refugees and 280,000 former soldiers. As a result of the war, an entire generation has been entirely excluded from any form of education or training*." (African Development Bank/OECD, 2008: 133)
Much infrastructure was destroyed and this remains a huge constraint on production. During the war, people migrated from rural to urban areas. To counteract the economic isolation of regions and populations, largely caused by war, the government implemented the National Industrialization Program 2013-2017 and accelerated provision of physical infrastructure in special economic zones. A lack of qualified human resources as a result of the civil war also posed one of the most significant limitations on growth. On the other hand, there is an effort underway to facilitate access to credit for small and medium-sized enterprises.

From 2003 to 2007 the Angolan economy strengthened its development, through foreign-exchange stabilization, a balance of payments surplus and the sustained increase in international foreign exchange reserves. This scenario captured the interest of private investors and drove the process of national reconstruction, in particular through a public investment program. All this made possible high rates of gross domestic product growth, with non-mining sectors growing around 30%. The financial sector in this period achieved growth rates for assets under management consistently above 60% per year, accompanied by a continuous rise in the average transformation rate. This environment increased competition and helped boost financing for private initiatives.

In 2008 the Angolan economy began to feel the shockwaves from the US Subprime Crisis, considered by many economists to be the most serious since the Great Depression. At the international level the crisis forced the muscular intervention of central banks to ensure the solvency of some commercial banks as well as a global assessment of the best strategies for risk management.

Even so, in Angola in 2008 "*growth was greater on the credit side, with a rise of 82.8%.Customer deposits presented very significant growth, rising 45.6% compared with the previous year. These high growth rates represented a set of challenges for bankers, as it was essential to ensure scalability of various operational support components, including IT systems, which became more and more important as business grew, as well as processes and organization, where growth tends to increase complexity. Human resources were also an important factor, as there was, unfortunately, a lack of qualified employees in the labor market*" (Deloitte, 2008: 2). The years that followed were favorable to

the Angolan economy, which recovered at a moderate pace from the external shock of 2008/09, suffering from the underperformance of the petroleum sector in the domestic and international markets.

Angola's GDP grew 7.4% in 2013, after growing 5.2% in 2012, with the non-petroleum sector clearly contributing to this expansion. (Banco PrivadoAtlântico, 2013) The public investment program, designed to increase the promotion of reconstruction and improve basic infrastructure in the country, also helped power this increase. The performance of crude oil prices in the international market helped drive a gradual increase in foreign exchange reserves, which reached $33.1 billion in December 2013, up 8.2% from the same month the previous year. *"The expansion of the economy was accompanied by the financial sector, which saw deposits rise 17.5%, growing from 4,000 billion kwanza in 2012 to 4,700 billion kwanza in 2013. In December 2013, deposits in the national currency represented 62% of the total, reflecting the confidence placed in the national currency as a valuable reserve."* (Banco PrivadoAtlântico, 2013: 20).Alongside economic growth, there was also a decline in inflationary pressure. The annual inflation rate in Angola retreated to 7.4% in 2014.

Recently, the Angolan economy was affected "*by the sharp decline in international oil prices, as well as a temporary reduction in oil output due to unscheduled maintenance of oil fields, and prolonged drought. Nonetheless, sound macroeconomic policies helped to ensure an economic growth rate of 4.5% in 2014, down from 6.8% in 2013. Angola will suffer from significantly lower oil prices over the 2015/16 horizons. Lower oil prices are expected to lead to sizeable cuts in public spending and a consequent deceleration of GDP growth to 3.8% in 2015. But growth is expected to rebound to 4.2% by 2016".*

Adverse business environments, the governance and management of public resources, quality of human resources, social services and assistance to the poor have an obvious effect on the growth and equitable development. In Angola, "*social pressures are increasing due to the high unemployment rate (26%), particularly among youth; significant poverty, affecting 36.6% of the population; and high-income inequality, with a Gini coefficient of 55.3. In this context, structural reforms are imperative to accelerate economic diversification, reduce dependency on natural resources, increase productivity, improve the allocation of resources and create the conditions for a faster rate of economic growth and equitable development*" (Muzima& Mendy 2015: 2).

The Development of the Financial Services Sector in Angola

In 2006 a total of 16 banks had operations in Angola, the majority of them subsidiaries of international banks, and in that year the number of branch offices of public banks increased 20% while private banks' branches grew 55%. Services to customers also increased, as the Visa credit card system became fully operational. Despite the growth of the financial sector, with deposits growing by 76% to USD 8.7 billion and the banking system remaining well capitalized, the banking penetration rate for Angolans remains low. In 2007, just 6% of the Angolan population, or 1 million people, had a bank account and regularly carried out financial transactions using a bank (Deloitte, 2007). In that period, in the Sub-Saharan African middle-income countries 25% of the population had access to banking services, and that share was 46% in South Africa (African Development Bank/OECD, 2008).In 2010, that percentage in Angola rose to 18%, reaching 50% in 2013, reflecting what was clearly a promising growth process.[4]

Related National Policies

In 2005, the payment systems law was established in Angola[5] to regulate the management and control functions of the payment system. These changes related directly to the activity of supervision and

[4] http://www.redeangola.info/taxa-de-bancarizacao-pode-atingir-65-por-cento/

"As a result of the "Financial Education" campaign launched by the BNA, the banking penetration rate rose from 18% to 50% over the past three years. Focused on financial education, the Bank has developed a series of initiatives that are based on three pillars: distribution channels, financial product offer, and financial education and increased confidence in the financial system.

One of the results of the campaign was the launch of financial products designed for people with lower-income, such as the Bankita and BankitaCrescer accounts, which in May of 2013 already had some 205,000 customers."

[5] Law number 05/05, July 29

safeguard mechanisms for the financial institution in Angola, and marked an important step towards a more modern financial system. Pertinent laws regulating financial institutions date back to 1999 but it was not until 2007 that the norms were brought into line with international standards. And the Basel Committee on Banking Supervision and the Angolan Bank for International Settlements were established (Banco Nacional de Angola, 2009). Subsequently, Angola followed up in 2011 with laws to protect against money laundering and the financing of international terrorism as well as a more transversal reform of the legal system.

In 2012 the government published Law number 2/2012, of January 13, in the official gazette, establishing the foreign exchange regime applicable to trade in merchandise as well as activity related to the petroleum industry. This law represents an important stimulus for the Angolan financial sector, with the expectation that it will become one of the most attractive and robust in Africa, as well as strengthening the Angolan economy and the national currency (Monteiro, 2013). Supported by the legislation, the efforts of public entities such as the Bank of Angola and the Capital Market Regulator (CMC), and the contribution of private players, the Angolan financial system has seen remarkable development over the last 10 years.

Although problems still persist related to technology, liquidity management and the absence of a dynamic capital market, customer confidence has increased thanks to policies of the Bank of Angola, which has asserted greater control of the financial system in recent years. Instituting these practices helps align the Angolan financial system with international practices aimed at improving corporate governance, financial reporting and risk control. It is therefore increasing accountability in the management of the national financial system.[6]

High Impact Entrepreneurship: Banco Atlantico, the Theory in Action

High impact entrepreneurship can contribute to the competitiveness and growth of the financial sector in Sub-Saharan Africa. According to a study by the Global Entrepreneurship Monitor (GEM) and Endeavor, an NGO, only 4% of entrepreneurs are considered high impact entrepreneurs, but they contribute 40% of the total jobs created. High impact entrepreneurship also contributes to economic growth and plays an important role in inspiring the next generations of entrepreneurs. They are agents of structural economic change, especially when incumbents have too much to lose by giving up their vested interests in long established markets. High impact entrepreneurs tend to associate with like-minded partners and have a vision of internationalization. In addition, they often become business angels, financing other entrepreneurial projects, and usually hold a degree or multiple degrees from higher education institutions. Typically they act with a view toward pursuing specific opportunities and are generally categorized as innovators.

According to Schumpeter (1942), these entrepreneurial innovators drive economic change. Newcomers set in motion a process of industrial change "that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one," a process of creative destruction (Schumpeter, 1942: 83).

Beyond driving economic change high impact entrepreneurship also creates more net jobs. Evidence for this in developed countries has been well documented for over 25 years. Birch (1987) referred to new high-growth firms as "gazelles" (Birch &Medoff, 1994). These gazelles stand in contrast to "elephants" which are the few large (often publicly-traded) companies, and the vast majority of all new firms that started out small and stay small, which he termed ''mice.''

High-growth or high-impact refers to enterprises with an average annualized growth rate greater than 20%, over a 3-year period, and with 10 or more employees at the beginning of the observation period. Growth is thus measured by the number of employees and by turnover. Gazelles are a subset of high-growth enterprises, which are up to five years old. Less than one percent of firms and less than two percent in terms of turnover is accounted for by gazelles (OECD-Eurostat, 2007).

Regardless of the rhetoric used, whether it is to emphasize "high-quality entrepreneurs" (Hvide, 2009), "high-quality startups" (Fritsch &Schroeter, 2009), or "high-potential entrepreneurship" (Lerner,

[6]Interview with Executive Member of the Board of the Capital Markets Regulator in Angola

2010), it is clear that they have an important place in an economy and society. As high impact entrepreneurs' firms grow and add new jobs, they develop new innovations, generate wealth and act as role models for the next generation of young people in their countries (Henrekson& Johansson, 2010).

Specifically, the entrepreneur's leadership style, professional development, technological innovation, and internationalization are all important ingredients of successful high-impact entrepreneurship, and each of those aspects is positively reinforced by the other, as shown in the following graph.

Jensen and Luthans (2006) found that employees' job satisfaction is positively influenced by their perception of the authentic leadership style of the entrepreneurs at the helm of their companies. This effect is particularly strong when there is a transformational leader (Bono and Judge, 2003). Leaders and their distinctive leadership styles can therefore have a great impact on employee satisfaction. This impact, however, is mutual in that high employee satisfaction can positively affect the leadership style of the entrepreneur in that employee satisfaction leads to employees' commitment to the organization (Saltz, 2004). This is especially true when employees trust the leader of the venture (Arnold et al., 2001).

Internationalization positively reinforces the entrepreneurial dynamics of companies that engage in the process, particularly companies based in emerging economies (Javalgi and Todd, 2011). Even though there is a debate on whether internationalization is beneficial for young companies (Sapienza, 2006), there is evidence that doing so can be a catalyst for growth (Oviatt and McDougall, 1997; Zahra, et al., 2000). Within the context of high-impact entrepreneurship, the growth aspect is of paramount importance. And high growth derived from internationalization can have a positive impact on employee satisfaction.

Lastly, technological innovation can act as a driver for growth (Grossman and Helpman, 1993). Technological innovation can be particularly strong when combined with internationalization (Kyläheiko et al., 2011). In some cases, innovation can actually cause internationalization (Lachenmaier and Wößmann, 2005).

Entrepreneurship in Angola

For the majority of the Angolan population entrepreneurship is a necessity-driven activity as there is no better alternative for employment. Entrepreneurship in the Angolan context is often very closely connected with the informal economy and used as the only alternative for employment. Approximately one third of Angolan adults have started a new business in the last three and a half years (GEM, 2012: 6) and globally Angola ranks the sixth highest regarding business creation. Sixty-six percent of Angolans believed there will be good short-term opportunities to launch a business, while the average in sub-Saharan Africa is more than 70% (GEM, 2012: 5). However, 38% of the general population of Angola has a fear of failure. This is closely connected to the fear of uncertainty. The fear of failure is generally more prevalent in developed economies, and Angola's rate is actually closer to those of the Portuguese (39.6%) and the European average than other countries in sub-Saharan Africa (GEM, 2011b: 6).

Angola is a "factor-driven" economy that looks to diversify from its reliance on mining, petroleum production and other extractive economic activity. It has been argued that the focus of government in "factor-driven" economies should be on enhancing the basic necessities of economic development, such as infrastructure, primary healthcare, government stability and education (Porter & Schwab, 2008). It is up to the private sector to provide more examples of successful, principle-based entrepreneurial role models and show young Angolans that it is possible to be a successful high impact entrepreneur.

METHODOLOGY

This study was based on quantitative and qualitative methods of gathering information. In terms of sampling, we used purposive sampling, more specifically theory-based sampling (Patton, 1990) to pick

Atlantico, as it perfectly exemplifies high-impact entrepreneurship, as defined in our theory section on high-impact entrepreneurship (see section above: *High Impact Entrepreneurship: Banco Atlantico, the theoryin action*). As to the first, reports and company accounts were explored as well as other internal documents, videos, prospects, photographs, etc. The qualitative data was collected in strategic interviews with managers, employees, contractors, customers and other stakeholders. 27 interviews were conducted from October 2014 to March 2015, in Luanda and Lisbon, and. In selecting the persons for the interviews, a convenience sample was employed (Patton, 1990), while making sure that the interview partners respondents were chosen taking into account relevance and representativeness criteria, as well as their familiarity with the Atlantico. An interview guide was used, to gain insights from different perspectives but the questions were open to provide a sufficient degree of freedom and adaptability in retrieving information from the interviewee. The interviews were done in two rounds, with the questions further revised once sufficient overlap of information was achieved from the first round.

This study started with the consultation of secondary sources to better understand the Sub-Saharan region and the country of Angola. The majority of the research was done via semi-structured interviews to develop the case study. As there is relatively little work developed on the financial services sector in Sub-Saharan Africa, using this form of qualitative research method was perfectly suited for deep inquiries into subjects, especially as the aim of this study is to explore the "how" rather than the "how many" (Pratt, 2009). The desire was to more profoundly understand how Atlantico had such phenomenal growth and understand it as a best-practice example.

In regard to academic research on Africa (Jackson, 2004) and since the financial services sector in particular is relatively young, researchers are still in uncharted territory to some extent. Indeed the concept of high impact entrepreneurship is an emerging area of study with only a handful of quantitative studies by the Global Entrepreneurship Monitor (GEM, 2011a) and the OECD (OECD-Eurostat, 2007). Therefore, semi-structured interviews were a good approach to better understand the phenomenon while giving the interviewer space to navigate novel, unexpected and unexplored aspects that arose during the interview process.

The starting point of a semi-structured interview is to know what it is that you want to find out about (Miles & Gilbert, 2005), and in our case the goal was to find out what contributed to the success of Atlantico and its high growth. This initial goal setting was followed by the formulation of the first round of interview questions and further collection of background information from secondary sources on banking in Africa, and Angola in particular. For a second round of interviews, questions were refined and changed to find out missing information and explore more deeply the consensus views that were revealed during the first round of interviews. The questions were classified into different groups, such as the professional background of the interviewees, their perspective on the entrepreneurial story of Atlantico, the extent of innovation at Atlantico, and the evolution of its business model. The qualitative information was subjected to content analysis, using thematic analysis to develop categories, identify patterns, collate data and compare scripts. The evidence highlighted was then compared and supplemented with quantitative data.

During the coding process, we labeled, compiled, and organized the information collected during the interviews. We created a storyline, based on high-impact entrepreneurship, to explore the main concepts, to organize the collected data, and to define the structure of the code scheme. The codes were a hybrid combination of pre-set codes and open codes.

CHARACTERIZATION OF THE INSTITUTION

Atlantico's Start-up Story

In this scenario of economic expansion and opportunities for the financial system, Banco PrivadoAtlântico (Atlantico) was founded in 2006, and we can define it as a high impact entrepreneurship (HIE) case in accordance with the OECD definition (see section above on High Impact Entrepreneurship).

The creation of Atlantico was based on the recognition of an opportunity by its founders. Opportunity recognition, using skills, abilities and knowledge in the face of comparatively limited resources has been identified as a key aspect of high impact entrepreneurship (Barreira, 2004). The founders had a deep understanding of the Angolan banking sector and were able to identify the key competitive factors needed to develop a focused business strategy in areas such as investment and private banking, where innovation was needed. A low profile approach was crucial in the way in which the Bank was created. Even the initial training of the Bank's staff was organized outside the usual locations in Angola to give an international approach and an emphasis on "know-how" and sector specific knowledge.

Two of the founders, CEO Carlos Silva and Board Member Paulo Marques, shared a law office in Luanda during the 1990s. In addition to providing services, Carlos Silva also acted as a financial and tax consultant to companies operating in the financial and petroleum sectors. Starting in 1998, he represented Portugal's Banco Espírito Santo in Angola and became the founder and chief executive of Banco Espírito Santo Angola.

Previous to the launch of Atlantico, the founders conceptualized a structure that would eventually underpin the new bank. The initial priority was, of course, to obtain a license from the Bank of Angola, which was a lengthy process explained in part by the skepticism around the idea of creating one of the first native-born banks in Angola with no international connections from which it could gain instantaneous market credibility.[7]

Carlos Silva, Paulo Marques and IsménioMacedo comprised the Executive Board along with six other employees, working up to 20 hours a day, based in Atlantico's first location, a three-room house designed for a family of five or six people. The initial team grew quickly. It was a multifaceted team (despite the specialization, with the functions of each member clearly defined, the activity was broad-based), many of them young (average age between 25 and 30 years) and all were highly motivated, which enabled them to overcome obstacles like the uncertainty surrounding the project's future. The truth is that an entrepreneur can be considered successful even if they lose some stability and economic resources compared with a previous job (Barreira, 2004), as was the case with some of the board members and various members of the team.

One day they were visited by a government minister who had good relations with the founders, and one of the board members ran off to hide in the bathroom so he wouldn't be seen in the soiled clothes he was wearing to work in. "*I was a lawyer and I also painted doors. All of us did everything possible to get the job done, to invite people in, to fill in millions of forms...*" stated Paulo Marques.

Making a sacrifice in the name of a business project, aligning personal goals with those of the company, and accepting the risks one is willing to take are all part of the entrepreneurial process. To define important targets entrepreneurs should reconcile "what they want with what they are willing to risk." (Bhide, 1996: 121) The common motivation helped to foster a good working environment, becoming a seal of quality for the effort underway in building up the credibility of the Bank. The first customers would start to appear soon thereafter. On August 31, 2006 the public deed establishing the business was signed, but it was only on the 6th of November that the official authorization of Atlantico's activity was confirmed, with the issuance of the definitive registry (Banco PrivadoAtlântico, 2007). A launch event that presented Atlantico's identity to Angola and the world occurred on November 15, 2006.

Evolution, Growth, Agencies & Wealth Generated (Statistical Data Describing Growth)

The Bank's first annual report noted that*: "from all perspectives the results of the activity were positive -- net assets grew to $345.6 million while net profits totaled $5.4 million, representing a return on equity (ROE) of 51.3% and an efficiency ratio of 64.3% - demonstrating that* Atlantico *after just one year of activity achieved the goals it had set out. In 2007 the Bank consolidated its offer of products and services, the result of its distinctive business model for relationship and investment.*" (Banco PrivadoAtlântico, 2007: 8)

[7] Interview with Atlantico Board Member

The Bank was established with initial capital of 801.7 billion kwanza (equivalent to $10 million at the time), represented by 1 million shares with a nominal value of $10 each, which were fully subscribed and paid in cash. In June of 2009 the Bank carried out a capital increase, raising 6.5 billion kwanza (the equivalent of $55 million). In June of 2011 the capital was increased by 4.9 billion kwanza, (the equivalent of $52.5 million). And in November of 2011 there was another capital increase, raising 4.76 billion (the equivalent of $50 million) as can be seen in the table below.

At the end of 2007 Atlantico had three branches and a service center in Luanda.[8] The number of branches has increased every year since then, and by 2013 the Bank was present in every provincial capital, with 43 branch offices open to the public. One effect of the HIE is economic growth, as we can see in the case of Atlantico.

A major entrepreneurial milestone occurred in October 2015, when it was announced that Atlantico would merge with Millennium Angola, which is the Angolan subsidiary of the Portuguese bank Millennium bcp. Atlantico is a major shareholder in Banco Millennium Angola, and Carlos Silva is on the board of Millennium bcp. This merger of two major players in the Angolan financial sector will create an institution with the size and know-how needed to take advantage of growth opportunities in Angola and beyond. The merger also represents the event that brings the initial start-up story of Atlantico to a successful conclusion, setting the bank on a new path towards continued growth on a larger scale. And even with this transaction, Atlantico is unlikely to surrender the entrepreneurial spirit that has inspired its people and driven its success so far.

TABLE 1
Atlantico's Early Investment Rounds

Dates of Investment Rounds	**Kwanza**	**Dollars (approximately)**
Initial capital	801.7 billion	$10 million
2009 June	6.5 billion	$55 million
2011 June	4.9 billion	$52.5 million
2011 November	4.76 billion	$50 million

Employee Growth and the Development of the Team

Attracting and retaining key staff is a significant challenge for organizations in Angola. Atlantico has had considerable growth in its employee numbers. As is the case throughout sub-Saharan Africa the employees tend to be younger than those in the developed markets.

Main Challenges

Given the scarcity of qualified staff in Angola, management of human resources has been one of Atlantico's main challenges. As a result of the war, the percentage of unskilled labor in the total Angolan labor force is 94% among the 15-19 age group, 74% among those aged 20-24 and 68% among those aged 25-29 (African Development Bank/OECD, 2008).

[8] The Bank began activity in 2006 with 72 employees (Banco PrivadoAtlântico, 2007)

Efforts have been made to develop policies to attract and retain talent, to motivate and train employees, and to give each employee opportunities to develop their career. As important as having qualified and well trained people, it is also essential to have management systems based on technology to ensure efficient management of processes. This has been another of the challenges facing Atlantico throughout its process of growth and expansion.

Atlantico's employees are 59% male and 41% female. Atlantico continues to grow its headcount and the geographic distribution of its workforce. High impact entrepreneurship is defined by job and wealth creation. This can be verified in Atlantico's case, as the team has grown continuously, rising from 72 employees in 2006 to 656 at the end of 2013.

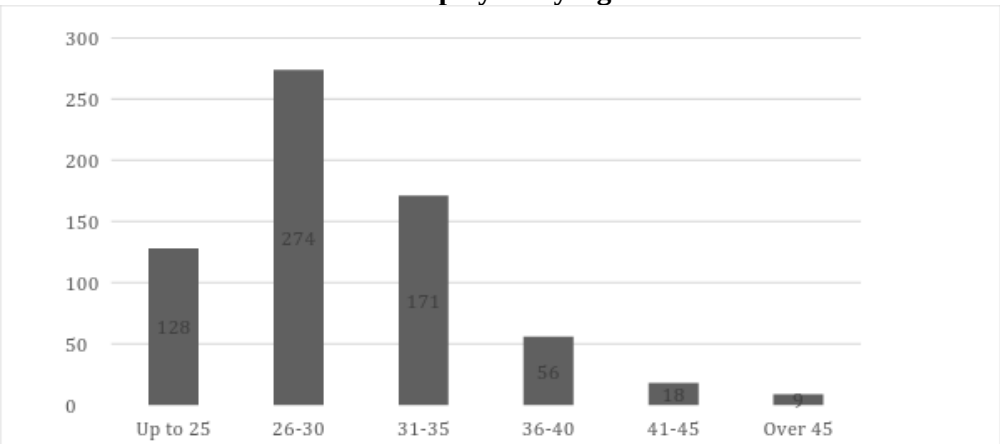
The majority of the workforce is in Luanda, but the staff has also increased in the provinces as the organization grows its operations, having achieved a presence in all Angolan provinces in 2013.

MANAGEMENT & STRATEGY

Market Positioning

According to the initial vision for the project, Atlantico positioned itself as an investment bank and offered private banking services. "Atlantico *is the first bank operating in the Angolan financial market with a mixed operational setup, providing relationship and investment banking services, and acting in partnership with investors.* Atlantico *believes that this new business model is the one that best responds to the challenges of emerging markets, where, even more than financing the economy, there is a need to ensure that key projects appear in a timely and rigorous manner. The* Atlantico *service model for relationship banking aims to "walk" alongside our customers, discussing and presenting specific, individualized solutions, drafting with each one a map of their personal finances. Banco PrivadoAtlântico's focus in investment banking is based on strengthening the productive and infrastructure sectors, in order to encourage the sustainable real development of the Angolan economy.*" (Banco PrivadoAtlântico, 2007: 21).

FIGURE 1
Employees by Age



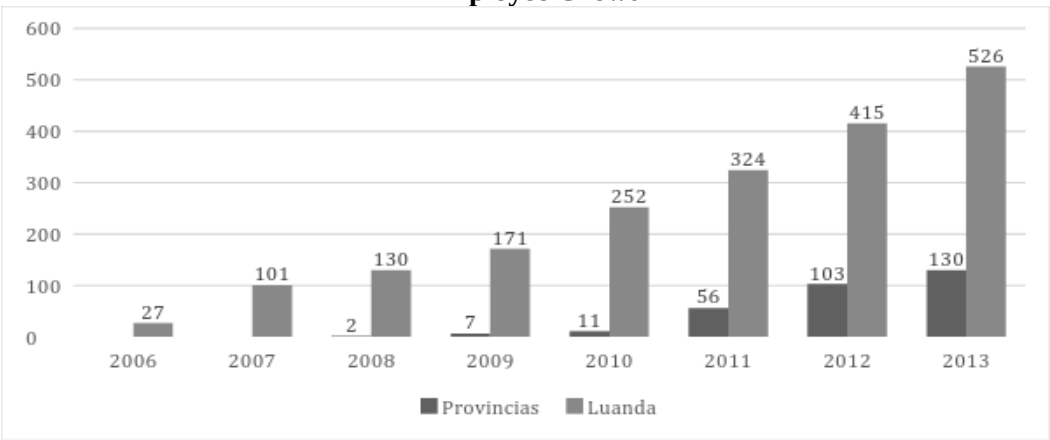
[9]

[9]Atlantico, Human Capital Department, January 2014

A process of reflection regarding the Bank's strategic positioning began in 2010, integrating the trends in the Angolan market as well as the demand for financial services. Clearly, the investment area needed to continue, but the need to expand in the market for emergent affluent customers was also essential. Atlantico would continue to be a corporate and investment bank with a private banking niche, in line with its identity as a driver for growth and development of the country, creating tools to this end: products and resources destined for the emerging class. Given that Angola's economy is developing at a rapid pace, with banking penetration rapidly increasing, it was clear that there would be many opportunities available.

At the end of 2011, the year after the Bank's strategic positioning had changed, there was an robust increase of 52% on the base of the business customers and of 49% in credit to the economy, which brought about significant changes, shifting the emphasis from savings to loans, with increasing activity in this area (Banco PrivadoAtlântico, 2011).

FIGURE 2
Employee Growth



[10]

Marketing Approach

Atlantico's initial positioning in the market focused on relationship banking, with the principal concern the sustainability of customer relations. Up through 2012 there were only a few investments in advertising, with the emphasis instead on customer satisfaction, as word of mouth recommendations were essential to building the customer base. For this reason the focus of Atlantico's staff training is to ensure that this differentiating factor remains the top priority.

Starting with the change in the strategic positioning, a number of TV campaigns were launched and the Bank began a strategic partnership with a popular musician, organizing the "Festival Sons do Atlântico" (The Sounds of Atlântico Festival), associating the Bank with a youthful, emerging and ambitious segment.

Brand & Organizational Culture (vision, mission & values)

The image that first characterized Atlantico was a wave, to inspire action and change. The choice of the new symbol created an innovative effect and sent the message that a new kind of bank was being born, for the people. The main goal of this image was to create a strong personality, pointed to relationship banking, to standardized and well-known processes, and to a solid organizational structure

[10] *ibid*

(with credit and risk committees, etc.). There was also alignment with the language of revamping processes and transparency in customer relations.

2010 was the year of change for Atlantico. A focus group involving board members, employees, partners and others was carried out, leading to a joint exercise to rethink the brand, which would be illustrated by the Greek letter *phi*. *Phi* is also a mathematical sign, and represents the balance between reason and emotion. It also symbolizes universal knowledge, present in the different disciplines, and including many different cultures. "*Atlantico is a global bank, it's not just Angolans and Portuguese who work here, there are various nationalities and at no time have we suffered from cultural shock"* stated one board member.

Another important aspect of *phi* is its association with human relations, which are valued at Atlantico, as the company "*believes that people can conquer a better life through commitment, effort and determination, by working, through knowledge and with the desire to go further*."[11]

FIGURE 3
The *Phi* of Atlantico

[12]

The process of refreshing the image also involved updating the name of the Bank: Banco PrivadoAtlântico became Atlantico. This change simplifies the name, with a single word that creates impact, easily memorable.

A rebranding isn't easy and can imply the loss of years of effort to create an association of values with the old brand (Juntunen*et al*., 2009), but Atlantico has had very positive results. Rigor, Confidentiality, Operational Safety and Innovation are Atlantico's values, with the goal of guaranteeing to customers, partners and employees that the Bank acts with confidence, creativity, integrity and excellence. Operational safety and data confidentiality are guarantees to customers and the market that there are no leaks and that the customer's privacy is respected. In order to guarantee this, the Bank follows the best banking practices, supported by a modern IT system that is reliable and efficient. Rigor puts each operation on the right path, with no detours, accidents or indecision.

Internationalization

From the start Atlantico aimed to expand into Europe[13], in order to gain credibility and experience, consolidating a project of international expansion. The financial system in sub-Saharan

[11] www.atlantico.ao

[12] Figure taken from the Atlantico Annual Report, 2010

[13] "*Atlantico is an bank registered under Angolan law that invests every day on the growth of its human capital, recruiting people with high levels of technical training, inside and outside of Angola, in order to fulfill its commitment to actively participate in projects that generate national wealth. Atlantico is focused on becoming an internationally-respected bank, with high levels of security, confidentiality and sophistication, characterized by*

African countries has benefited from foreign investment by subsidiaries of large international banks. In that way, the opening of Atlantico Europe was very significant because it breaks with the North-South expansion paradigm, and helps Angola affirm its institutions abroad.

This strategic milestone in Atlantico's history confirms that high-impact entrepreneurs normally seek to work in a team and to think globally, capturing international customers.

Because Atlantico Europe is regulated by institutions that are more advanced and with stricter rules, the Bank is better prepared to operate securely in any market. In Portugal the investment is focused on investment banking and this experience is also channeled to Atlantico Angola. At the same time, Atlantico Europe is an academy for bank employees, with specialized training in Portugal, providing them with important and different experiences in a more demanding legal and competitive context.

Portugal was chosen because of the language and the historically close relationship the two countries have developed, though there are also challenges, as Portugal and Angola have significant cultural differences.

As for the launch of Atlantico Europe, it coincided with a critical period for the Portuguese bank Millennium bcp, and strengthened the ties between the two banks, establishing strategic partnerships that add competitive value. Through cross shareholdings in Angola – Sonangol, Millennium and Atlantico - various joint partnership agreements have been signed for international projects in Asia and Brazil.

Atlantico's plan of action also includes strengthened relations in friendly countries or those of strategic interest, such as Brazil, the US, China and Mozambique, creating a parallelogram linking Maputo, Rio de Janeiro, Lisbon and Luanda. In 2013, Atlantico Asset Management opened in Luxemburg, with the aim of providing alternative asset management services (Banco PrivadoAtlântico, 2013).The next milestone towards internationalization occurred in October 2015, when it was announced that Atlantico would merge with Millenium Angola, which is controlled by the Portuguese bank Millenium BCP (Jornal de Negocios, 2015). At the time of the writing of this case study, it could be expected that this merger would have implications on Atlantico's internationalization prospects in that it makes the bank stronger, both in terms of balance sheet and access to funding for a possible future expansion to other African countries. Embarking on its ventures in partnership with a European bank strengthens Atlantico's hand in developing contacts with European businesses interested in Angola and other African countries.

Technology

Technology is an essential tool in the banking business, and serves as a driver for growth. In 2011 a set of initiatives were developed, including *IG - Sistema de Informação de Gestão* and the Strategic Plan for the Information System was approved to structure the Management of Technology in line with the objectives set in the Strategic Plan 2015. In recent years the Bank has invested in restructuring its Intranet, today a more robust, transversal and interactive instrument, facilitating bilateral communication and the centralization of all applications in a single channel, making support of business activity more efficient. At present, Atlantico is a pioneer in providing 24-hour access to the Bank, through a call center that allows for transactions, an innovative solution in the market using Interactive Voice Response.

Competitive Advantage

Since the beginning, training and retaining talent has been a key challenge, and because of this Atlantico has always focused on its people. The project would only be successful if it brought together the right people, blending different academic training with professional experience, and for this reason the Bank performed a targeted recruitment plan.

A humanistic perspective on business leads to positive results both for employees and for organizations, such as job satisfaction and commitment. Training a skilled staff and providing them with

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excellent customer service, by the development of society and the economy, by the professional growth of its employees, and the generation of wealth for its shareholders." – Annual Report, 2007

the tools to not only strengthen their technical performance, but also to expand their behavioral and personal developmental skills that will benefit their respective country's development.

Training, Knowledge & Skills

A study by the Boston Consulting Group[14] found that Atlantico invests twice as much as any other Angolan bank in training and development of its employees."*The focus on training and development is one of* Atlantico*'s priorities and a commitment that's been made to its employees. The Bank values its human capital and believes that knowledge is the only unlimited resource that drives sustainable development. The emphasis on training is an essential part of the Bank's reality.*

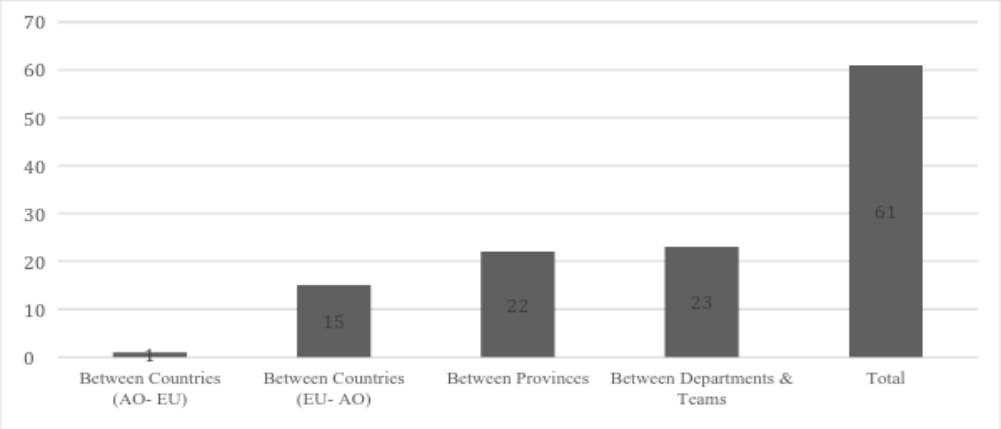
In 2013, Atlantico increased its investment in staff training and development, implementing programs specifically designed to improve their technical and behavioral skills, to help them anticipate customer needs, create value and guarantee the institution's sustainability.

In 2013, total investment on employee training rose to $1.65 million. A total of 34,748 hours of training were given to 2,383 participants, an average of 53 training hours per employee. The School Center, founded in 2012 to train employees in technical skills and behavior in line with business priorities, became increasingly relevant during the year, having provided 57% of the training time." (Banco PrivadoAtlântico, 2013)

The Training Center was created with the goal of training employees in technical matters and behavior in alignment with business priorities. A curriculum was designed according to the needs of the Bank workers in Angola.Since 2010 the Bank has implemented a leadership program, *phi*, that aims to improve "soft skills" including the concepts related to emotional intelligence. International experts help leaders and other managers develop leadership and emotional intelligence skills, focus on resilience and talent as well as work-life balance, creativity, communication and team management, commitment, inclusion and inspiration.

The Bank has also established partnerships with leading universities, including ASM – Angola School of Business, the AgostinhoNeto University and the Catholic University of Angola (Luanda), Indeg/ISCTE (Lisbon) and the Catholic University of Portugal (Porto), taking advantage of the programs for executives offered by these institutions and adapting them to Atlantico's specific needs.

FIGURE 4
Mobility of Employees between Countries, Regions and Teams



15

[14] Internal Report, Atlantico, 2013

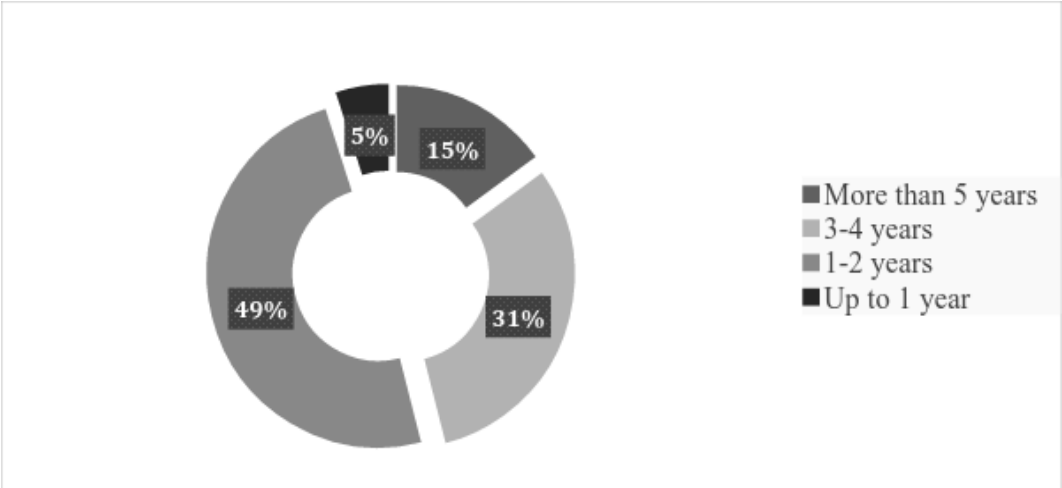
[15]Atlantico, Human Capital Department, January 2014

Career Mobility

Aligned with this philosophy of training and development of human potential, the Bank's human resources policy implemented programs to evaluate performance, in order to reward merit, reinforce positive behavior and promote career management, by way of mobility or promotion. The aim was to assess skills and targets, analyzing the contribution made by each team to the Bank's results. And because the Bank continues to grow, there is a constant need to train new leaders to open new branches, and career development opportunities abound. In 2013, 95 employees were promoted (around half had between one and two years' experience with the Bank) and there were 61 instances of mobility. These data reflect the concern of Atlantico to attract and retain talent.

The employment market in Angola is characterized as having high rates of churn. In Atlantico more than half of the employees have been working in the organization for over 3 years and there is a strong feeling that people are connected to the organization and stay in the Bank longer than other organizations.

FIGURE 5
Number of Years of Employment



[16]

After peace in Angola the labor market has been in need of constant growth in terms of a qualified workforce. This workforce is what is at the base of their market leadership.

MARKET LEADERSHIP

Leadership & Role Players (inspiring the next generation of entrepreneurs)

In 2013, Carlos Silva was awarded the title of "Best Manager of the Year 2013" by the jury of the Sirius prize, sponsored by Deloitte. They cited that he was awarded this title because of his managerial and leaders skills and assistance to Angolan businessmen in growing and internationalize their businesses, in harmony with national interests.His leadership style involves giving a voice to his employees, letting

[16] *ibid*

them speak first and then, only after understanding what they have to say, expressing his opinion. As a result, the teams he leads tend to be united. His method included a deep analysis of the experience he acquired in previous banking sector jobs, including knowledge, tactics and insight; the "intellectual capital" (Barreira, 2004). He has the will to remain informed and up to date in terms of technical knowledge, trying not to neglect the merit, talent, leadership and human development. Many consider Carlos Silva a visionary. And his leadership has helped the team in tackling the enormous tasks required of them. The organization, however, also has the responsibility to follow in the footsteps of its founding CEO and younger leaders are now required to steer the boat and develop the leadership skills of their staff. In order to preserve a culture its principles must be shared, and its origins known. In the various interviews conducted during this research the shared vision and attention to developing young leaders was mentioned as one of the keys to the organization's success.

Corporate Social Responsibility as one of the Founding Principles

Atlantico's social responsibility grows out of its empathy with its surrounding environment, and its commitment to help take on the challenges that arise. From the large bay windows in the first offices of Atlantico the team could see children playing in the neighborhood, and they understood that these children had a lot of free time. Through sports, programs were developed to teach youths how to open their minds to new horizons. The centers that were developed also gave a nutritious meal a day to the students who participated in sports, educational and social activities, as well as games.

LOGOS (Luanda Organizing Game On The Street) was the program that was developed. The target audience was clearly identified: youths from disadvantaged families, as youth is the time to mold the future adult and help them make positive life choices, whether it's in the family domain, at work or in the community: civic duty, personal responsibility, solidarity, team spirit and work ethic, creating citizens who are committed and active. In the beginning three centers opened in Luanda, through partnerships, to make it possible for youths to use their spare time in a healthy way. These centers developed sporting activities, particularly football, basketball, handball, indoor football and karate as well as cultural activities including music, dance and theater.

In 2010, the LOGOS project involved 1,645 young people, oriented by 36 monitors and community leaders, employees of LOGOS. The goals of the project rest on the development of skills among the youths that promote good relationships, team spirit, leadership, proximity, passion, competitiveness, solidarity and healthy living.

From sports the project grew rapidly to include pedagogical orientation, social and cultural events, supporting families and the promotion of literacy. The project also expanded its geographical influence, with the aim of reaching 18 Angolan provinces in 2015. The project fights child illiteracy in the country and is supported by various Angolan authors and artists. And it promotes volunteer action and social intervention. To further increase awareness and the visibility of the project strategic partnerships were established with educational, cultural and sporting institutions, with the focus always on increasing the impact on the lives of the young people.

Atlantico employees have been actively involved in various volunteer efforts and social support initiatives, having, for example, planted trees and donated books and sportswear in support of LOGOS projects. Over the past five years LOGOS has used the motto "A Valuable Generation". In 2014, $2.6 million was invested in support, charity and corporate solidarity. At the moment project LOGOS supports more than 4,000 children who participate part-time, since LOGOS is a complement to the education received at school and in the family, rather than having a major pedagogical role.

Impact in the Market

To make possible its expansion into all of the provinces and to increase the Bank's efficiency, a strategic plan for IT systems in Atlantico was established, with an investment of around $3 million, to implement workflow and document management tools, thereby facilitating a greater level of key information to support managers in their decision-making.

On the other hand, the Luanda Bay project completely changed the way the city of Luanda looks. Atlantico played a crucial role in financing this project.
In 2012, Atlantico participated as financial advisor for the structuring, preparation and placement of a syndicated loan for $250 million to finance the public infrastructure for Luanda Bay. With the financial side entrusted to Atlantico, the project was led by the Angolan government and included the participation of the business sector, which joined together to create the conditions to proceed with the job, without the need to resort to the State Budget. This public-private partnership made it possible to completely renovate, in an inclusive and sustainable manner, an historic zone, returning it to use by Luandans (Banco PrivadoAtlântico, 2012). Millennium Angola was a very important partner in this process.

Contribution to Angolan Development

With peace and political stability achieved in 2002, the process of rebuilding began in Angola, a country that has been independent only since 1975. Ten years ago, when Atlantico started to build its foundation, there was a flow from outside in: products, services, knowledge, and human resources were all imported. And the Bank began to carry out a mission - the priority was to help the country develop, by contributing to the uptake of banking services, by generating credibility for the financial services sector, to prove that Angola had institutions with Atlantico's level of sophistication. But this mission to develop the country would involve, above all, the development of human potential, by delegating responsibility to Angolans, through training and a policy designed to attract talent.

CONCLUSIONS

Because of the rapid economic growth; for having reached 500 employees in less than 10 years; by engaging the young staff and working with them from a perspective of value creation; for having effectively implemented from its conception an internationalization plan; because its leader joined with other entrepreneurs and become an inspiration for others, and above all for having acted because of an opportunity identified, Atlantico presents itself as a case of successful high impact entrepreneurship in Sub-Saharan Africa.

Atlantico has raised the bar for service and product quality in the financial sector, introducing new technology and investing actively in employee training, which allowed the bank to improve the efficacy and efficiency of its processes, ensuring rigor and transparency.The bank positions itself as an active participant in the financial inclusion of the Angolan people, with branches in all the country's provinces and with a broad range of financial products and services. Beyond the financial services it provides, the bank launched a Financial Literacy Guide with the aim of promoting the characteristics of the principal banking products and services, and to improve knowledge of how the financial system operates.

The main impact, however, rests with the bank's humanistic approach to managing people, contributing to the training and retention of national talent, through programs, career development and policies that support academic studies, as well as through motivation, recognition and career management. Atlantico's social responsibility program, LOGOS, conceived and implemented from the very beginning, also plays an important role in Angolan society, encouraging children to stay off the streets, increase their skills and stay in school. This initiative also contributes to the creation of a culture of solidarity, volunteerism and assistance among various segments of society.

Leadership as Key, Team Development is Fundamental

Leadership at Atlantico means leading by example, taking responsibility for the common benefit of the institution.In an Angola where demonstrations of wealth to burnish one's profile are commonplace, the leadership style of Atlantico is by contrast low-key, humble and focused on supporting clients and their ambitions. Leaders in the organization are ambitious but rigorous and dedicated to the vision, while

remaining attentive to the market. Without this unique type of professionalism, the Atlantico start-up story would be very different.

People are the main challenge facing this institution. There continues to be a lack of specialized human resources prepared for the challenges facing the bank, which means Atlantico must continue to invest in training. Leadership training has tended to focus on personal and interpersonal development between colleagues based on ethics and shared values. Policies to attract and retain talent as well as efficient career management contribute to high employee satisfaction. Atlantico's first slogan was "Different because of its People"; they continue at the heart of the success of this high impact entrepreneurial organization.

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APPENDIX 1
List of Individuals Interviewed

Organization	**Function**	**Sex**	**Interview Location**	**Date**
AESE Business School	Professor	M	Lisbon	Nov. 14
Angola School of Management	Dean	M	Luanda	Feb. 15
Architect	Supplier	M	Luanda	Feb. 15
Atlantico	Director Coordinator of HR	F	Luanda	Feb. 15
Atlantico	Director of CSR Initiatives	M	Luanda	Feb. 15
Atlantico	Director of Technology	M	Luanda	Feb. 15
Atlantico	Director of Operations	F	Luanda	Feb. 15
Atlantico	Member of the Board	M	Luanda	Nov. 14
Atlantico	Coach, consultant	F	Lisbon	Nov. 14
Atlantico	Member of the Board	M	Luanda	Nov. 14
Atlantico	Director of Private Banking	F	Lisbon	Nov. 14
Atlantico	Member of the Board	M	Luanda	Nov. 14

Atlantico	Director of Private Banking	F	Luanda	Nov. 14
Atlantico	Director of Marketing	F	Luanda	Nov. 14
Atlantico	Director of Company Businesses	M	Luanda	Nov. 14
Atlantico Europe	Ex-Board Member of Atlantico Europe	F	Lisbon	Nov. 14
Atlantico Europe	International Strategy	M	Lisbon	Oct. 14
BAI	Ex-Staff, now at competitor BAI	M	Luanda	Feb. 15
Capital Markets Regulator	Executive Member of the Board at CMC	F	Luanda	Feb. 15
Entrepreneur	Client	M	Luanda	Feb. 15
Excitos	CEO, Financial Services Technology Company	M	Lisbon	Feb. 15
Finicapital	Project Manager	M	Lisbon	Jan. 15
Independent Consultant	Former Politician	M	Lisbon	Feb. 15
MighTworld	Chief Dream Officer	M	Lisbon	Dec. 14
Millennium bcp	Member of the Board	M	Lisbon	Dec. 14
Millennium bcp	Former Ambassador of Portugal	M	Lisbon	Mar. 15
Millennium bcp	CEO Millennium Angola	M	Lisbon	Nov. 14

Part 2: Organizational Behavior and Human Resource Management

THE WORK-FAMILY EXPERIENCES OF BLACK SOUTH AFRICAN MOTHERS IN PROFESSIONAL OCCUPATIONS

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ABSTRACT

Transformation imperatives in contemporary South Africa require greater workforce participation by black South African women but we know very little about their work-family concerns and experiences. To address this gap, in-depth interviews with nineteen black mothers employed in professional occupations were recorded and analyzed. Five themes emerged from the analysis: tensions arising from conflicting work-family role expectations, positive work-family interdependencies, coping strategies used to negotiate the work-family interface, workplace discrimination, and the desire for greater workplace flexibility. The findings contain suggestions for employed black mothers and South African organizations designing family-friendly initiatives to attract and retain them.

INTRODUCTION

The voices of black mothers in professional occupations are all but absent in African work-family research. While not surprising, this paucity of research is untenable because it contributes to systemic sample bias and a consequent incomplete understanding of the work-family experiences of black women. This paper is our way of responding to calls for more context-rich and culture sensitive work-family research (Powell, Francesco, & Ling, 2009). The South African context is a particularly interesting one as South Africa (SA) emerges from a bitter legacy of apartheid. Black women professionals now form the fastest growing segment of the South African workforce because of equity legislation and improved access to education and work opportunities (Ntuli & Wittenberg, 2013) and they are more likely to have a tertiary qualification than black males (Department of Higher Education and Training, 2011). A growing number of black South African women have rejected their traditional familial roles, aspiring to financial independence and individual career success (Gaganakis, 2003). While our understanding of work-family phenomenon is still predominantly informed by the experiences of white American samples, the limited but growing body of context-sensitive work-family research highlight some unique experiences not captured in existing work-family frameworks (e.g., DelCampo, Rogers, & Hinrichs, 2011). Delcampo et al. (2011) attribute these differences to cultural context, asserting that cultural factors inform the decisions

of individuals in their work and family domains. Using a qualitative, inductive approach to better understand these women's work-family experiences, we hope to lay the groundwork for the development of new theory building that incorporates insights on race, gender, and culture with what is known about the work-family interface.

LITERATURE REVIEW

There are two strands of complementary research on the work-family interface. The dominant strand focuses on the adversities of multiple role occupancy. Role conflict theory is based on the argument that simultaneous participation in two or more domains causes conflict to arise as the one role is incompatible with the other role (Kahn, Wolfe, Quinn, Snoek, Rosenthal, 1964). Work-family conflict is "a form of inter-role conflict in which the role pressures from the work and family domains are mutually incompatible in some respect" (Greenhaus & Beutell, 1985, p. 77). It assumes the scarcity of time and resources will create conflict arising from competing work and family demands, leading to several detrimental implications (Amstad, Meier, Fasel, Elfering & Semme, 2011). The second, more recent and less dominant, but growing strand of research, focuses on positive aspects of assuming multiple roles. This perspective is rooted in the expansion model of human energy, allegiance, and personal resources through performing of multiple roles (Marks, 1977). Marks (1977) theorized that individuals' enactment of multiple roles create more energy or personal resources rather than deplete finite reserves. Work-family enrichment (WFE) represents "the extent to which experiences in one role improves the quality of life in the other role" (Greenhaus & Powell, 2006, p.72). A literature search (up until October 2013) highlighted the paucity of research on black women's work-family experiences globally, but particularly in SA where only one published study was found (cf. Bosch, Bruin, Kgaladi, & de Bruin, 2012).

Bosch et al. (2012) highlighted the rising career aspirations and work centrality amongst South African black women. They found that these black women valued independence and occupational success and readily relied on extended family networks for childcare. Middle-aged black women, in particular, committed the fewest personal resources to their marital role. These findings echo those of Bell (1990) and Dean, Marsh, and Landry (2013), that in America, black career-oriented women experienced intrinsic satisfaction from creating new images of black women that moved beyond traditional images. Those women who are also married have reported improved wellbeing (Broman, 1991) and enjoyed greater career success and job satisfactionwhen compared to their single counterparts (Blair-Loy & Dehart, 2003), indicating that combing work and family roles can be beneficial.

The limited body of knowledge that reflects stressful experiences relating to multiple role occupancy among black women show that work demands, unfavourable workplace cultures, and perceived racial and gender bias are workplace antecedents of WFC (Burlew & Johnson, 1992; Cole & Secret 2012; Katz & Piotrkowski, 1983), while having young or many children are family antecedents (Cole & Secret 2012; Katz & Piotrkowski, 1983). Family obligations have shown to pose a barrier to the career success of black American women in professional occupations. The scarcity hypothesis (Marks, 1977) is useful in understanding how family obligations inhibit career success and satisfaction amongst black women. Scarce resources such as time and energy are spent in one role and unavailable for use in other roles, leading to strain. In ethnic cultures, traditional gendered roles (of caregiver and homemaker) are intensified with the woman required to fulfil multiple familial role expectations. Cowdery, Scarborough, Martin, Seshadri, Lewis, and Mahoney (2009) however showed that a more equitable distribution of family responsibilities became evident when black working couples with younger children prioritised family roles, reducing the strain on the mother.

As work-family researchers based in Africa, we believe that exploratory qualitative study is a necessary first step to give meaning to the work-family dynamics facing South African black mothers in professional occupations.

RESEARCH DESIGN AND METHOD

Issues regarding work-family dynamics are subjective and contestable and therefore best investigated qualitatively. A qualitative enquiry is also consistent with our intention to examine black women's "lived experiences, behaviors, emotions, and feelings" of being a mother with a professional occupation in South Africa (Strauss & Cobin, 1998, p. 10-11). Strauss and Corbin (1998) maintained that qualitative research is best used when the method is congruent with the nature of the research problem and when it is used to explore areas about which little is known – we believe this to be the case in this study.

After receiving ethical clearance to conduct the research, both purposive (Suri, 2011) and snowball sampling (Neuman, 2006) techniques were applied to identify participants. Purposive sampling ensured variation across age, industry, tenure, marital status and children's ages. Unstructured in-depth interviews were conducted with nineteen (N = 19) black mothers who had obtained graduate degrees and were employed in professional occupations in organizations in the Cape Town metropolis. Table 1 depicts the demographics of the participants. Participants provided written consent to be interviewed, preferring to be interviewed at work (n = 14) or a nearby coffee shop (n = 5). The generative question: "Tell me your story of how you combine a work and family role?" provided the starting point for the interviewer to use a range of techniques such as probing questions (Mabry, 2008), reflective summaries, and considered pauses (Hennink, Hutter, & Bailey, 2011). The unstructured interviews, each of between 30 and 90 minutes, were recorded with the permission of the participant and transcribed verbatim.

The text in the transcripts was coded through an iterative process using Atlas Ti version 7. Data collection and analysis was conducted simultaneously (Coffey & Atkinson, 1996) until saturation of data was reached (Miles & Huberman, 1994; Strauss & Corbin, 1998). Trustworthiness of the results were assessed using protocols developed by Lincoln and Guba (1985) that include credibility, transferability, dependability, and confirmability. Given the exploratory nature of this study, thematic analysis was used to identify, analyze and detect reporting patterns within the qualitative data (Braun & Clarke, 2006). The six step process as explained by Braun and Clarke (2006) was followed to analyse the data. First, the interviews were transcribed to increased familiarity with the date, followed by reading the data, re-reading the data and noting down preliminary ideas. Next, initial codes were generated systematically across the entire data set by collating data relevant to each code. The third step involved organising codes into potential themes and gathering all data relevant to each theme. The fourth step involved reviewing the themes which involved the refinement of the themes. All the collated extracts for each theme were read and then considered whether they appeared to form a coherent pattern, as this was evident, the reworking of themes was not necessary. Next, each theme was refined to reflect the overall story depicted by the analysis. The themes were clearly defined and named to capture these overall stories. The final step involved producing the report which was done through the final write-up of the findings and discussion.

FINDINGS AND DISCUSSION

We present the five dominant themes that emerged from the thematic analysis: (1) tensions arising from conflicting work and family role expectations, (2) positive work-family interdependencies, (3) coping strategies used to negotiate the work-family interface (4) discrimination perceived in the workplace and (5) the desire for greater flexibility in work practices. The themes are substantiated with verbatim extracts from the data to provide insight into the work-family experiences of black women in professional occupations in SA.

Negative Interaction between Work and Family

Conflicting work and family demands emerged as the strongest theme. Work-family conflict (WFC) is a well-known phenomenon with a long-history of research attention (Greenhaus & Beutell, 1985). All participants experienced WFC but the intensity of this varied amongst them. Sub-themes

included incompatible time demands and dissatisfaction with the traditional gendered distribution of parenting responsibilities at home.

Most participants in our study regarded an equal balance between work and family life to be "*not possible*" (Participant no. 3) noting that work demands left too little time and energy for engaging in their family role. One participant described her notion of work-family balance as "*work-life battle*". Participants cited intense levels of WFC as a major reason for why black women with families leave their profession: "*…these are accountants and doctors and whatever who decide that they are going to be stay-at-home mothers with their kids"* (Participant no. 17). Incompatible time demands, including time spent travelling on work assignments, made it difficult to fulfill both work and family role commitments. Despite all the women displaying a strong work ethic, long work hours contributed to their experiences of WFC: "*Whenever there is work to be done, I work, even if it's on Saturday or Sunday or at night…I tell them* [kids] *that I do not want to be disturbed…it's like pushing them aside…"* (Participant no. 5). Strain from conflicting time demands seemed to be more intense for the mothers with younger children, as they require more physical and psychological attention as well as direct parental supervision, a finding consistent with past research (Sultana, 2012). The struggle for time not only affected their children but their spouses too, as feelings of neglect were expressed, "*So it creates conflict, my husband feels neglected, he feels that it is his time* (Participant no. 15). Our findings that participants reflected more on work time interfering with family time is consistent with those of Amstad et al. (2011) who attributed this to the perception that family boundaries are more permeable.

TABLE 1
Demographics of Sample

P	Occupation	Highest Education	Marital Status	Age	No. of Children	Gender & age of children
1	Accountant	Bachelors degree	Married	55	2	Daughter 23; Son19
2	Accountant	Honours degree	Separated	38	1	Daughter 8
3	HR Specialist	Masters degree	Married	40	2	Daughters 16 & 13
4	Accountant	Bachelors degree	Single	45	1	Daughter 9
5	OD Manager	Masters degree	Married	-	2	Daughter 16 & Son 22
6	IT Specialist	Masters degree	Married	37	2	Son 15; Daughter 11
7	Advocate	Masters degree	Engaged	32	2	Sons 7 & 1
8	Ombud		Married	-	3	Daughters 12, 6 & 4
9	Head: NGO	Bachelors degree	Married	46	2	Son 19; Daughter 17
10	Accounts Manager	Bachelors degree	Married	31	1	Son 2
11	Research	Honours degree	Widowed	50	1	Son 9
12	Legal Advisor	Bachelors degree	Married	35	3	Daughters 15, 12; Son 2
13	Medical Doctor	Bachelors degree	Single	30	1	Daughter 5
14	Obstetrician	Bachelors degree	Single	-	1	Daughter 18
15	OD Manager	Honours degree	Married	-	2	Son 18; Daughter 4
16	Credit Manager	Masters degree	Married	-	5	Daughters 18, 5; Sons 13, 16, 14
17	Head: HR	Masters degree	Separated	42	2	Daughter 24; Son 11
18	Researcher	Masters degree	Single	29	1	Daughter 1
19	Researcher	Masters degree	Married	29	1	Son 4

Note. P = Participant; HR = Human resources; OD = Organizational development; IT = Information Technology

The unequal distribution of family responsibilities (e.g., sharing of household work, attending to a sick child, and helping when the domestic worker was absent) was voiced as contributing to the WFC that the participants' experienced "*…basically everything then depends upon myself and the domestic worker. And my husband also during that time was very focused and busy with his own work. He was just not going to attend any of those. It was a given"* (Participant no. 5). Participants recognized the implicit prioritization of work roles by their spouses and employers. Participants cited many domestic arguments

regarding the locus of responsibility for caring for a sick child and the expectation that they arrange their work hours around those of their husbands, despite having professional demanding work roles of their own. The growing divergence between black men's and women's acceptance of traditional role has been found in previous studies (Cowdery, Scarborough, Knudson-Martin, Seshadri, Lewis, & Mahoney, 2009; Furdyna, Tucker & James, 2008). South Africa, despite its egalitarian constitution is still dominated by patriarchal societal values; and gender role stereotypes are strong in the black community (Maume, 2006), placing intense family role obligations on black mothers.

Positive Interaction between Work and Family Role

T he positive benefits resulting from simultaneously occupying work and family roles emerged as an important theme. Descriptions of these benefits were consistent with the work-family enrichment construct (Greenhaus & Powell, 2006) theorizing positive work-family interaction. Most frequent mention was made of positive gains from the work role that was applied as resource gains in the family role rather than vice-versa. These resource gains included financial independence, respect derived from their professional identity, and the development of particular skills that found application in both roles.

Financial income from working was an important resource that enables participants to provide for their children, for example by buying gifts: "*…the eyes light up and they say "thank you mummy", that appreciation…it's really important"* (Participant no. 2). Access to financial resources provides these women with independence and autonomy in decision-making, protection from abuse and a serves as a source of strength: *"Dependency is what most of the time creates abuse…whereas when you are (financially) independent you can say 'thank you very much and you walk out'…that gives you power"* (Participant no. 5).

Of the 19 participants, 16 spoke positively about the skills that they learnt at work such as respect, patience and consideration that helped them in their family role: *"Ican teach my kids how to be successful in the working environment"* (Participant no. 9). Similarly, of the 19 participants, 17 spoke about how skills used in the home such as listening and having empathy were transferred to the workplace, improving their effectiveness in their work role. Greenhaus and Powell (2006) explain how development in one role enhances participation in another role, enhancing self-esteem and promoting the acquisition of social capital. Some women also voiced that by having multiple role commitments they use their time more efficiently:*"So because I have a child, it has definitely made me make use of my time wisely. I don't spend time having unnecessary chats with people in the workplace because I know I need to finish my work and go fetch my child at school before the school closes"* (Participant no. 6).The participants become ''time architects'' (Hochschild, 1997) to manage the multitude of details necessary for family management indicating an increased sense of urgency and focus.

Coping Resources

Strategies employed to cope with work-family demands surfaced as an important theme. Successful coping was ascribed to the careful management of resources such as social support at work, childcare support from extended family and paid domestic help. Many women did not regard their husbands as supportive and voiced high expectations from their husbands for them to fulfil traditional home duties. Though the women themselves had little interest in meeting role expectations in this "second shift" (Hochschild, 1997). They largely attributed their success in managing their professional work demands and family commitments to strong support systems:

"*The best for African women, to tell the whole story, is to have a good support system and everything works well, because if you don't, you are doomed for life. A good support system from your family is number one, it works wonders. If you don't have that, you won't cope at work, you won't cope at home, you won't cope with your kids, you won't cope everywhere*." (Participant no. 2)

The support resources that these women draw on originate in both the work and the family domains. In the work domain, supervisor support was an important resource that helped them cope as

mothers working in demanding professional jobs: *"…my boss and I have a very open relationship, so it's nice to have a boss that understands you and understands your situation* (Participant no. 5). Interestingly most of the women spoke about an association between their supervisor's gender and the perceived support they received for juggling work and family:

"My male bosses have been great and my female bosses have not been too great…I've found that female bosses, I don't know, they just gave me hell, it's almost like kind of to prove a point…, but with my male bosses, they let me work around my own little scheduleand when I said look, my son or daughter is needing this, then they said, just go" (Participant no. 12)

Supervisor support facilitates the employee's ability to better cope with their work and family roles (Kossek, Pichler, Bodner, & Hammer, 2011). Lu, Siu, Spector & Shi (2009) showed that employees with family-friendly supervisors experienced higher levels of work-family enrichment and resultantly increased job satisfaction, affective commitment and organisational citizenship behaviours (Baral & Bhargava (2010).

Support stemming from the family domain was most evident in the form of paid domestic help, especially in cases where the women themselves had paid help in their home when they were young. In South Africa, paid domestic labour is accessible due to the country's high income disparity and the large pool of migrants from neighbouring countries. Most of the participants relied on paid help for childcare so that they could focus on meeting their work role demands: *"I grew up in a family where we had a helper since I was born…so there is no way that I couldn't have a helper, no way…she prepares the lunch boxes for kids, baths and changes the kids, she cooks* (Participant no. 7). Other qualitative studies have also reported that paid domestic help is perceived as an important resource in helping women negotiate the work-family interface, especially in gender traditional cultures, where the women receive limited assistance with domestic duties from their husbands (e.g., Kailasapathy & Metz, 2013; Valk & Srinivasan, 2011).

Extended family emerged as another form of support helping these women to cope with the demands of being a working mother. Notable, the conceptualisation of family extends to include cousins, grandparents, aunts, uncles and in-laws; reflective of communities valuing the collective (Ho, Chen Cheung, Liu & Worthington, 2013): "*I have got my mother, [she] is still alive and I have got a very, very supportive sister…my mummy in-law is still alive and my sisters in-laws I can also rely on them very much".* The availability of extended family support plays an important decision factor for these women when choosing jobs, as indicated by 17 of the 19 participants:

"I took a decision that I want to raise my child closer to my family…so I just took a decision that I am going back to Cape Town, to start a life again because I knew, I could see that I would need a support system which is working perfectly for me at the moment…I made a deliberate decision to stay in Cape Town to have the quality life for my children" (Participant no.16).

In collective cultures, maintaining strong family ties and interconnectedness is facilitated by family members living in close proximity. The black working mothers in this study affirmed the value that they placed on extended family being available to assist them juggle their work and family responsibilities. Our findings are consistent with other studies conducted among collectivist cultural groups (e.g., Kailasapathy & Metz, 2012; Ng & Chakrabarty, 2005).

The findings that emerged on spousal support highlighted cultural and contextual idiosyncrasies. In South Africa younger men and women have been more exposed to the Anglo-based values of gender egalitarianism through urbanization and English-speaking education system in a post-democratic era. We infer from the data that the women who are married to husbands who hold more modern, egalitarian gender attitudes experience greater support than those married to husbands valuing traditionalism:

"[I] make sure the supper is ready and the baby is bathed and fed also. But my husband was very helpful also in that regard because he would look after supper and he would look after the baby…now because we live in the 20th century, men are tending to shift from that old mentality that a man is not supposed to do women's work. (Participant no. 7.

A supportive husband who has nontraditional sex-role attitudes would buffer his wife from the challenging demands of work and family (Beutell & Greenahus, 1993). The experiences of women with traditional husbands were markedly different: "*You get the traditional husband…you must do everything…it's not even acknowledged that I have been at work …"* (Participant no. 7). Participant 17 adds "*As black women I don't think we have as much support as we could from our husbands and we don't even know it…".*

Discrimination in the Workplace

An important finding in this study is the perceived persistence of gender and race discrimination. Discriminatory practices were never officially sanctioned but were described as products of subtle racism or an institutionalized androcentrism that translated into differential treatment. Feelings of disrespect in the workplace were also identified. As this mother had to say: "*… it is a stereotype that you are black, you are inferior and you don't know much and you get treated as such"* (Participant no. 5). Discrimination was seen in pay differentials and different treatment albeit subtle. It is difficult to untangle gender and race issues when analyzing the transcripts but the sense of being discriminated against is palpable and strongly felt: "*I remember being thrown out of the intensive care unit by my senior registrar…because she thought I was the patient's mother and I think it's because the patient was of colour and I was of colour…I mean, even at med school, she's like oh you don't look like a medic…I've had horrible experiences* (Participant no.13).

The persistence of workplace discrimination for black women even in America has been linked to WFC (Cole & Secret, 2012) and is acknowledge as both an organizational and employee concern (Triana, Garc´ia & Colella, 2010). Ensher, Grant-Vallone, and Donaldson (2001) noted that ''it is important for management to pay attention to employee's perceptions of discrimination…because whether or not employees' beliefs are consistent with reality, behaviors are affected'' (p. 53).

The Desire for Greater Workplace Flexibility

In the interviews the women voiced that the family-friendly resources in their workplaces were inaccessible and some felt that they were inadequate. This lack of institutional support was frustrating for the women and perceived as symptomatic of insensitivity from management. Of the 19 women, 18 expressed the desire for opportunities to work some of the time from home and for onsite crèche facilities: "*It does bother one when you don't know what to do with your kids or they are then far away from you when you could have picked them up if they were close by and taken them home."* (Participant no. 5). Concerns for breastfeeding rights were shared and the women felt that an on-site crèche could assist women to continue breastfeeding their young children whilst at work. Furthermore the refrain "allow people to work at home" was viewed as one that should be offered but that it would be preferred for employees not to make use of it. Having a crèche facility available was also desired.

Although informal support was available, these informal practices were sometimes problematic: "*sometimes you come in early but you feel uncomfortable leaving early because the boss was not here early when you came in. But if it (formal policy) was in place, you would know that he knows that I am here at 6am and I am leaving at 3pm"* (Participant no. 4). Participants also acknowledged that informal flexibility could be abused: "*people will keep on asking to go somewhere…it's to the detriment of the company, you understand?"* (Participant no. 8). Offering flexible working arrangements that is supported by senior management and the employee's line manager offers employees control over when they work, increasing their satisfaction and commitment to the organisation; whereas its absence leads to high turnover intentions (McNall, Nicklin, & Masuda, 2010). Despite considerable empirical evidence for its

efficacy in reducing WFC (Premeaux, Adkins, & Mossholder, 2007) and facilitating WFE, family-friendly workplace practices are still not pervasive in African organizations.

IMPLICATIONS AND CONCLUSION

Work-family demands have implications for workers' attitudes, behaviours, wellbeing as well as organisational effectiveness (Eby, Casper, Lockwood, Bordeaux, & Brindley, 2005). This has forced organisations to introduce interventions to assist employees to manage the competing demands of work and family lives while being productive at the workplace (Baral & Bhargava, 2010). Some of the interventions that organisations should invest in are re-designing jobs to provide workers with more autonomy, providing policies and practices such as flexible schedules and on-site childcare, however it is imperative that the use of these are supported by employees direct line manager for its effects to be successful. Literature has indicated positive benefits of such interventions on job outcomes such as increased job satisfaction, engagement and commitment and improved employee wellness (Kossek et al., 2011; Stepnova, 2013).

We have two objectives in presenting this paper. Our first objective is to initiate a scholarly conversation about culturally nuanced knowledge in the work-family domain. We hope that this conversation will help broaden the scope of much of what is written as work-family scholarship in Africa. We want to conceptualise and plan research in a manner that respects current scholarship but enriches it through its rootedness in a context that is known and understood. We are particularly concerned about the temptation to adopt imported discourses and frameworks that may constrain our understanding rather than enrich it.

Our second objective is to help identify and develop practical management solutions for the issues confronting and discouraging black mothers from entering work in the professions. For us this is a transformation issue that is core to any debate about workplace effectiveness or diversity. Qualitative research allows for voices to be heard and acknowledged so that deeply embedded prejudices can be recognized and overcome in pursuit of redressing past inequities and creating new opportunities.

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EXPLORING PERSONALITY FACTORS IN WORK FAMILY CONFLICT AMONG FORMAL WORKERS IN A DEVELOPING COUNTRY

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ABSTRACT

Exploring the work family conflict concept as it relates to personality factors in a developing country, specifically, within the Ghanaian context, was the aim of the study.Questionnaires were administered to 207 respondents through cluster, convenience and snowball sampling techniques. Employees of private (n=119) and public (n=88) organisations in the formal sector of Ghana were used for the study. Findings revealed that no significant difference exists between male and female formal workers who are married in their experience of family-to-work conflict; a non-significant positive correlation exists between conscientiousness and work family conflict; neuroticism is the strongest predictor of family-to-work conflict.
Keywords: work family conflict; work-to-family conflict; family-to-work conflict; formal workers; personality

INTRODUCTION

As far back as the 1970's, some researchers (Andrews & Withey, 1976; Whitely & England, 1977) identified two important domains of the life of the contemporary worker, which are work and family. This view has further led to the focus of researchers on work family conflict (Parasuraman & Greenhaus, 2002).

Human beings, by their very nature are social beings interacting with one another, and one set of social interaction in one place can affect social interaction, either positively or negatively in another domain. Therefore, problems emanating from the family may negatively impact work performance and output in the place of work, such as when the illness of a parent or other close relative prevents one from going to work early or not going at all (Gutek et al., 1991). In a similar fashion, problems from the work domain can impinge one's level of commitment in the family domain. Thus there are two directions of the phenomenon of work family conflict: work-to-family conflict and family-to-work conflict. By having unique antecedents, work-to-family conflict comes from the work domain while antecedents of family-to-work conflict come from the family domain (Adams et al., 1996; Thomas & Ganster, 1995).

The personality of individuals is suspected to be a determinant of how mild or serious the work family conflict may be. Seen as "an individual's characteristic pattern of thought, emotion and behaviour, together with the psychological mechanisms – hidden or not – behind those patterns" (Funder, 2001, p.2), personality shows differences in the way individuals think and react to situations that arise in their day-to-day interactions (Westring & Ryan, 2007).

In a study on individual differences at work, Blanch and Aluja (2009) pointed out that work family conflict has become an important construct in the study of individual differences in the workplace. Recent years have also seen an increased interest in the work family interface in human resource literature, with special emphasis on the antecedents and consequences of conflict between two domains (Adekola, 2010).

Problem Statement

In spite of the growing interest in the area, many of the studies so far have basically focused on environmental antecedents of work family conflict (Friede & Ryan, 2005). However, apart from taking into consideration the characteristics of the environment that have influence on individuals' work family experience, it is necessary to understand the characteristics of individuals that influence their ability to manage the demands of work and family. Elby, Casper, Lockwood, Bordeaux and Brinley (2005) have argued that the role of individual differences, such as personality, in the experience of work family conflict is a very important area meriting further research. Blanch and Aluja (2009) discovered that although work family conflict is an important construct in the study of individual differences at work, there is limited research that focuses on the interaction of situational with individual difference variables (or personality factors). Sumer and Knight (2001) earlier acknowledged that individual differences in the way people balance work and family have been largely overlooked. This study is therefore motivated by the fact that only few studies exist generally in the African context and in particular, Ghana in the area of work family conflict. Again, in Ghana, none of the studies so far reviewed have taken the personality of individuals into consideration. Assessing individual differences has become necessary for this study because organisations in Ghana are made up of people from different cultural, religious and political orientations that shape their personalities, and such personalities shape their perceptions and quality of interactions in any given situation. Thus personality in this study refers to the Big Five personality factors: Openness to Experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism (McCrae & John, 1992). This study is important in the sense that the direction of the results would help in adjusting the orientations given to people so that they are able to handle the resulting conflicts that arise from their responsibilities in the work and family domains. Formal workers are those class of workers governed by rules and regulations and systems of industrial relations and labour laws (Obeng-Fosu, 2007).

Aim of the Study

The study aims at exploring the work family conflict that exists among formal workers in Ghana by largely focusing on the personality factors of the individuals and how they impact on the work-family relationship. This is to establish the level of association between the Big Five personality factors and work family conflict.

LITERATURE REVIEW

The literature review covers the key themes used in the study. They include work interference with family (or work-to-family conflict), family interference with work (or family-to-work conflict) and the Big Five personality factors.

Related Theories

A number of related theories to the work family conflict construct include the role theory, which, according to Kahn *et al*. (1964) is hinged on the notion that the behavior of individuals can largely be explained by the expectations that others have of them. Thus by the demands on the roles an individual performs in both work and family domains, inter-role conflict arises. This theory forms the basis for many studies on work family conflict. This is because the conflicts referred to as a result of the interference in the roles individuals have to play in the work domain and in the family domain. Thus this theory is worth mentioning in this study.

Another theory reviewed is the identity theory whose idea is that individuals are flooded with many competing responsibilities that follow a certain order by scale of preference (Burke, 1988). Smoot (2005) mentioned that because individuals have a vast number of identities, conflicts come about as a result of the level of importance attached to those identities. Since the study takes into consideration the personality of individuals, this theory is appropriate. Every social domain commands certain behavioral attributes; in the home, a parent is expected to be calm, caring and gentle, while this same parent would

be expected to be firm and strict at work (especially when one occupies a managerial role). The inability to blend these identities could be a function of the individual's personality. While some are able to separate the social expectations, others apply the same personal values in all social settings. One, then, may eventually lean towards the personality trait that is in harmony with the social setting in which more time is spent. Such personalities, to a greater extent, determine the way one is able to manage the resulting conflicts.

The role theory and identity theory have focused on the way people perceive the role that they perform at home and workplace and the resulting conflict from the two roles. Thus conceptualized, the identity of the individual is the individual's personality.

The spillover theory Fredriksen-Goldsen and Scharlach (2001) basically has two dimensions – positive spillover and negative spillover. Positive spillover refers to the transfer of satisfaction, energy, and sense of accomplishment from one domain to the other while the negative spillover refers to problems, negative moods and emotions carried from one domain to the other.

As an antithesis to the spillover theory, the segmentation theory holds that satisfaction or dissatisfaction of an individual in one domain is not dependent on the satisfaction or dissatisfaction accumulated in the other domain. In essence, each domain of work and family are ends in themselves. The congruence theory makes it clear that whatever the relationship that may exist between work and family, a third common factor may be responsible for such relationship. This third factor is personality.

The Big Five Personality Factors

The Big Five personality factors are five broad categories of personality which are used in describing human personality (Work Family Conflict, 2011). The five factors identified for the purpose of this study are: Openness, Conscientiousness, Extraversion, Agreeableness and Neuroticism. These factors are said to be broad in the sense that for each trait, there exists a correlation of specific factors. The correlations are probabilistic, however, there are exceptions to the rule. For instance, talkativeness and assertiveness are both factors linked with Extraversion, however, in reality, they do not tally. That is, one may be assertive but not talkative. Some research have concluded that people who are talkative are most often also assertive, and those who are assertive are as well talkative. It is for this reason that they are both put together under the broader category of Extraversion.

The Personality Factors

a. Openness to Experience*:* People with this category of personality have general characteristics of appreciating art, have wide interests and are imaginative. Further, they are adventurous, curious and may have very unusual ideas and a variety of experiences (Barrick & Mount, 1991; McCrae & John, 1992). This category of personality is a distinguishing feature between people who are imaginative and those who are down-to-earth and conventional. Sometimes called *Intellect* or *Intellect/Imagination*, people who are Open to Experience are intellectually curious and sensitive to beauty. A low score on openness means that such individuals are more conventional and cling to traditional interests. When given the option, they prefer the very obvious to the cumbersome and ambiguous.

b. Conscientiousness: People with this trait are generally regarded as organized, thorough, hardworking, effective, dependable and planful (Barrick & Mount, 1991; Judge & Higgins, 1999; McCrae & John, 1992). It is the ability to exhibit self-discipline, act dutifully and aim for achievement against measures or outside expectations. People with this category of personality prefer to go by planned behaviour rather than behaviour that is spontaneous.

An appreciable level of consistency has been established between conscientiousness and job performance (Salgado, 1997) and to life satisfaction (De Neve & Cooper, 1998). The effect of role clarity and ambiguity on individual well-being is also moderated by conscientiousness (Miller *et al.*, 1999). In other words, individuals who are more conscientious do not feel the heavy impact of role ambiguity while

executing their work because of their more disciplined and organized lifestyle. Indeed, role stressors have been found to be related to work family conflict (Aryee, 1992). From the characteristics of a more conscientious individual as reviewed, obviously, people who are conscientious will be more effective with balancing the demands from each domain of family and work, and so will less likely report conflict coming from either the family or work domains.

Generally, previous studies examining the link between conscientiousness and work family conflict have established a negative relationship. For example, Bruck and Allen (2003), in their study of the relationship between family-to-work conflict and conscientiousness among a sample of 164 workers at the University of South Florida, found a negative correlation. Also, Kinnunen *et al.* (2003) found a negative correlation in their study of working fathers in the Netherlands on the same factors (family-to-work conflict and conscientiousness). These studies also found no significant relationship between work-to-family conflict and conscientiousness. However, other related studies established a significant relationship. By using a national random sample of 2,130, Wayne *et al.* (2004) discovered that conscientiousness had a negative relationship with both work-to-family conflict and family-to-work conflict. The correlations, however, differed. That is, r=-0.20 for family-to-work conflict and conscientiousness, and r=-0.17 for work-to-family conflict and conscientiousness. Despite the differences, the correlation coefficients were both significant. The result of their study can be considered a more accurate estimate of the relationships because of the large sample size (Bryant, 2009). Another study by Smoot (2005) revealed a negative relationship between work family conflict and conscientiousness. So far research aimed at establishing the relationship between work-to-family conflict and conscientiousness have shown inconsistency in results, but in general, the existing literature have been consistent in showing a negative relationship between work family conflict and conscientiousness.

c. Extraversion: Extraversion is a measure of one's intensity of interpersonal interaction and activity (Pervin, 1996). Very specific factors of extraversion include talkative, assertive, active and energetic. People in this category are characterized as having positive emotions, surgency, and the propensity to look out for stimulation and to be in the company of others (McCrae & John, 1992). Individuals in this category of personality are rarely alone; they constantly long to be in touch with the external world. People with this trait are called *extraverts,* and they are perceived as enthusiastic and attention-seeking individuals. They are also action-oriented individuals towards avenues for entertainment and excitement. Introverts, the exact opposite of extraverts, are deficient in the enthusiasm and exuberance that are exhibited by extraverts. They are usually quiet and reserved. They may be active and energetic, but not in a social fashion.

The studies done linking extraversion and work family conflict have shown results similar to the findings on conscientiousness. That is, a negative relationship has been reported by some researchers, though with some inconsistencies. Grzywacz and Marks (2000), in their study, found extraversion to be negatively related to both work-to-family conflict (among males and females) and family-to-work conflict (among females only). They made use of data from 1,986 employed adults who participated in National Survey of Midlife Development. Although Grzywacz and Marks (2000) found family-to-work conflict to be experienced only by females, other researchers (example, Andreassi, 2006; Kinnunen *et al.*, 2003) were able to establish through their studies, that there is a relationship between family-to-work conflict and extraversion among both males and females. Along the general measure of work family conflict, Smoot (2005) found a negative relationship between extraversion and work family conflict. A greater proportion of literature have indicated significant negative relationship between extraversion and work family conflict. However, Stoeva *et al.* (2002), and Bruck and Allen (2003) found no relationship between extraversion and work family conflict in their respective studies. Extraverts are better able to interact with people and share their concerns. Through this effort they are more able to cope with the pressing demands coming from both family and work domains and so will report lower levels of work family conflict.

d. Agreeableness: The display of specific factors of sympathy, trust, kindness and affection are characteristic of people with this category of personality. It is the tendency to be compassionate and accommodative rather than being suspicious and antagonistic towards others (McCrae & John, 1992). Agreeable individuals place value on cooperating with others. They often empathise with others and so are considerate, generous and helpful. They are also willing to sacrifice their interests for the sake of other people. Their perspective of human nature positive, that is, they have optimistic views of human nature. Their basic belief is that humans are honest, decent and trustworthy.
The opposite of agreeable individuals is *disagreeable individuals*. For such persons, self-seeking tendencies are valued higher than the needs of others. They are basically and generally not interested in the welfare of others, and are very unlikely to sacrifice what they have for the benefit of other people. They are mostly skeptics who are suspicious, stingy, unfriendly and uncooperative.

e. Neuroticism: At times termed *Emotional Instability*, Neuroticism includes specific factors like tension, moodiness, insecurity, defensiveness and anxiety. It is the tendency to experience unpleasant emotions including anger, anxiety or depression (Barrick & Mount, 1991; Judge & Higgins, 1999; McCrae & John, 1992). A high score in neuroticism shows individuals who are emotionally reactive and prone to stress. Common and normal situations are likely to be blown out of proportion and interpreted as threatening, and minor challenges are seen as overly cumbersome. Because of the longer period of time for which their negative emotions persist, they are mostly in a bad mood. As a result of the challenges in regulating their emotions, people who score high on Neuroticism are unable to engage in rational thinking and are also unable to effectively cope with stress.

Low scores on the neuroticism scale shows individuals who are less reactive in their emotions. They are often calm, emotionally stable, and free from persistent negative feelings. However, the absence of negative feelings does not necessarily mean that those who have low scores experience high level of positive feelings.

Among the five personality factors, neuroticism has been much focused on in terms of research. The conclusions drawn from several studies linking neuroticism and work family conflict have pointed out that a positive relationship exists. Grzywacz and Marks (2000) found that neuroticism is positively linked to negative spillover from the work to the family domain and from the family to the work domain. Andreassi and Thompson (2007), Bruck and Allen (2003) and Wayne *et al.* (2004) found a positive link between neuroticism and work interference with family and family interference with work. A positive link has also been found between neuroticism and time-based conflicts (Andreassi, 2006; Bruck & Allen, 2003). Being high on neuroticism means that the individual may be less likely to deal with the high demands coming from both family and work domains. For this reason they will be more likely to experience high levels of work family conflict as compared to individuals who are low on neuroticism.

Research Hypotheses

H_1: *Formal workers in private- and public-sector organisations will differ significantly in their experience of work family conflict*
H_2: *There will be a significant negative correlation between conscientiousness and work family conflict*

METHODOLOGY

The study is quantitative in form. The population for the study was made up of formal workers in private- and public-sector organisations in the Greater Accra Region of Ghana. The Greater Accra Region was used because of its cosmopolitan nature, that is, it is made up of people from all the ten geographical and political regions of Ghana. The reason for the use of formal workers was because their work processes are better regulated as compared to the informal sector (Obeng-Fosu, 2007), thereby reducing the incidence of confounding variables of extremely differing work conditions. The sample space was six

selected organisations, two each from service, financial and manufacturing institutions. The cluster sampling of the three areas was followed by convenience and snowball techniques. In the convenience sampling, questionnaires were administered to workers who the researchers identified as willing to cooperate. In the case of the snowball technique, the *willing* workers were given at least two additional questionnaires to give to their colleagues to respond to. Each organisation was given 50 questionnaires. In total, 300 questionnaires were administered, out of which 207 were successfully retrieved, thus a response rate of 69% was obtained.

The main instrument used for the study was the *Work Interference with Family (WIF) and Family Interference with Work (FIW)* inventory developed by Gutek, Searle and Klepa (1991). The original measure used eight items to describe the extent to which an employee's work demands interfere with family responsibilities (four items) and the extent to which family demands interfere with work responsibilities (four items). Two additional items were added to each of the subscales (Work Interference with Family: *My job interferes with my responsibilities at home, such as cooking, cleaning, repairs, shopping, paying the bills, or child care,* and *My job keeps me from spending the amount of time I would like to spend with my family*; Family Interference with Work: *My home life interferes with my responsibilities at work, such as getting to work on time, accomplishing daily tasks, or working over-time,* and *My home life keeps me from spending the amount of time I would like to spend on job-related activities*) by Carlson and Perrewe (1999), making it a 12-item scale. The two subscales have also been combined into a composite measure of work and family interference (Carlson and Perrewe, 1999). The present study added two other items (Work Interference with Family: *I feel physically drained when I get home from work,* and *I feel mentally exhausted when I get home from work;* Family Interference with Work: *I feel physically exhausted when I arrive at work from home,* and *I get mentally drained when I get to work from home*) adapted from Bedu-Addo (2010) whose work on work family conflict focused on Ghanaian women in higher status organisations. The additional items were added in order to have more related items on the scale so as to broaden it and make it more comprehensive.

The 25-item Personality Item Pool of Big Five Factor Markers was used to ascertain the personality of the respondents. This scale was tested for reliability in a pilot study using fifty-two (52) students studying for the Executive Master's Degree in Business Administration (EMBA) at the University of Ghana Business School. This population of respondents for the pilot study was used because of the varying organisations in which these students work and this, to a very high extent, eliminated the incidence of organizational bias. A Cronbach's alpha of 0.80 was obtained for the Work Interference with Family scale and 0.76 for the Family Interference with Work scale. The personality factors that were measured in the 25-Item Personality Item Pool of Big Five Factor Markers were: Extraversion, Agreeableness, Conscientiousness, Neuroticism, and Openness to Experience, and the scale yielded a Cronbach's alpha of 0.79.By the use of several tests in the Statistical Package for the Social Sciences (SPSS), Version 16.0, analyses were made of the data gathered.

FINDINGS AND DISCUSSIONS

Demographic Information

The questionnaires successfully retrieved revealed the following statistics:
Males: 62.19%; Females: 37.81%
Males who are married: 60.82%; Females who are married: 39.98%
Respondents occupying managerial positions: 34.85%; Respondents not occupying managerial positions: 65.15%
Respondents working in private firms: 57.49%; Respondents working in public establishments or organisations: 42.51%

Establishing the level of relationship between the Big Five personality factors and work family conflict.

The multiple regression used for addressing this objective assumed two dimensions:

a. FIW (dependent variable) and the Big Five personality factors (independent variables). The One-Way ANOVA of regression output produced the following: $F_{(5,201)}=3.45$, $p<0.05$, $R^2=0.08$. The coefficient of regression indicated neuroticism ($p=0.001$) to be the only factor significant in relation to FIW. In other words, neuroticism is the strongest predictor of the relationship between FIW and the Big Five personality factors. The regression equation is thus given as:

   FIW = 16.04 – 0.07(Extraversion) – 0.011(Agreeableness) + 0.12(Conscientiousness) + 0.40(Neuroticism) – 0.17(Openness to Experience)
   Since the *p*-value for the ANOVA of regression is less than the level of significance, it means that to a greater extent, the independent variables (Big Five personality factors) explain the variations in the dependent variable (FIW)

TABLE 1
Statistical Summary (One-Way ANOVA of Regression) of FIW and the Big Five Personality Factors

Model		Sum of Squares	df	Mean Square	F	*p*	R Square
1	Regression	717.63	5	143.53	3.45	.005[a]	0.08
	Residual	8369.78	201	41.64			
	Total	9087.40	206				

TABLE 2
Statistical Summary (Coefficient of Regression) of FIW and the Big Five Personality Factors

Variables	Unstandardized Coefficients		Standardized Coefficients	t	*P*
	B	Std. Error	Beta		
(Constant)	16.04	3.37		4.76	.000
Extraversion	-.071	.146	-.036	-.488	.626
Agreeableness	-.111	.162	-.056	-.684	.495
Conscientiousness	.117	.177	.054	.661	.509
Neuroticism	.400	.116	.257	3.447	.001
Openness	-.174	.163	-.091	-1.070	.286

a. Dependent Variable: FIW

b. WIF (dependent variable) and the Big Five personality factors (independent variables). The output from the One-Way ANOVA of regression indicated the following: $F_{(5,\ 201)}=1.91$, $p>0.05$, $R^2=0.05$. The coefficient of regression revealed extraversion ($p=0.03$) to be the strongest predictor of the relationship between WIF and the Big Five personality factors. The regression equation is given as:

WIF = 18.63 + 0.33(Extraversion) + 0.10(Agreeableness) – 0.14(Conscientiousness) + 0.02(Neuroticism) + 0.12(Openness to Experience)

In the case of WIF and the Big Five personality factors, the independent variables do not explain the variations in the dependent variable.

TABLE 3
Statistical Summary (One-Way ANOVA of Regression) of WIF and the Big Five Personality Factors

Model		Sum of Squares	df	Mean Square	F	*p*	R Square
1	Regression	401.777	5	80.355	1.913	.094[a]	0.05
	Residual	8442.668	201	42.003			
	Total	8844.444	206				

a. Predictors: (Constant), Openness, Neuroticism, Extraversion, Conscientiousness, Agreeableness
b. Dependent Variable: WIF

TABLE 4
Statistical Summary (Coefficients of Regression) of FIW and the Big Five Personality Factors

Variables	Unstandardized Coefficients		Standardized Coefficients	t	*P*
	B	Std. Error	Beta		
(Constant)	18.634	3.384		5.506	.000
Extraversion	.325	.146	.168	2.223	.027
Agreeableness	.101	.162	.052	.622	.535
Conscientiousness	-.141	.178	-.066	-.797	.426
Neuroticism	.016	.117	.010	.133	.894
Openness	.123	.164	.065	.752	.453

a. Dependent Variable: WIF
$p<0.05$

Bruck and Allen (2003) found that neuroticism has no significant regressive coefficient to work family conflict as a whole, work interference with family and family interference with work. This study, however, found a significant regressive coefficient between neuroticism and family interference with work. However, with work interference with family, there was no significant regressive coefficient. According to Andreassi (2006) the relation between neuroticism and work interference with family is higher than that of neuroticism and family interference with work. This study revealed otherwise; the relation of neuroticism and family interference with work (β=0.40) was found to be higher than neuroticism and work interference with family (β=0.02).

Neuroticism, which is the tendency to experience unpleasant emotions (including anger, anxiety or depression) (Judge and Higgins, 1992) has been pointed out as the strongest predictor of family interference with work in this study. This finding is consistent with several others that have established a

positive link between neuroticism and work family conflict. Grzywacz and Marks (2000), for instance, found that neuroticism is positively linked to negative spillover from the family to the work domain. Likewise, Andreassi (2007), Bruck and Allen (2003) and Wayne *et al.* (2004) also found a positive link between neuroticism and family interference with work. Indeed, formal workers who are high on neuroticism are less likely to deal with the high demands coming from both family and work domains. This is as a result of the innate and predisposed factors of tension, insecurity and anxiety.

For work interference with family, extraversion was seen as the strongest predictor of the model. Extraversion is a measure of one's intensity of interpersonal interaction and activity (Pervin, 1996). Such individuals are talkative, assertive and active (McCrae and John, 1992). Comparatively, in terms of levels of interaction and social networking, the work domain takes much of the individual's time than in the family domain. This is because there are so many friends and colleagues that the formal worker high in extraversion may want to interact with. Greater hours of the day are spent outside home, leading to the negative spillover from the workplace to the family domain. In fact, the regression coefficient of extraversion and work interference with family (β=0.33) is greater than that of extraversion and family interference with work (β= -0.07). This implies that spending more hours outside the family domain has negative implications for one's responsibilities at home (negative spillover).

H_1: *Formal workers in private- and public-sector organisations will differ significantly in their experience of work family conflict*

Here it was found that a significant difference exist between formal workers in private and public organisations when it comes to family-to-work conflict, with those in the private organisations experiencing more of the conflict than those in the public organisations. However, no significant difference existed in the experience of work-to-family conflict between formal workers in private and public organisations although those in the private organisations had mean scores that were relatively higher than that of those in the public organisations. Thus for family-to-work conflict: $t_{(205)}$=3.67, p<0.05 and for work-to-family conflict: $t_{(205)}$=0.75, p>0.05

TABLE 5
Statistical Summary of Formal Workers in Private and Public Organisations and FIW

	Sector	N	Mean	Mean Difference	Std. Deviation	t	df	*p*
FIW	Public	88	15.8523	3.3242	5.9045	3.67	205	0.000
	Private	119	19.1765		6.8242			

p<0.05

TABLE 6
Statistical Summary of Formal Workers in Private and Public Organisations and WIF

	Sector	N	Mean	Mean Difference	Std. Deviation	t	df	*p*
WIF	Public	88	25.7159	0.6875	7.1131	0.75	205	0.457
	Private	119	26.4034		6.1193			

p<0.05

A related study by Aslam *et al*. (2011) who dwelt extensively on primary data in a comparative study of work family conflicts between private and public sector workers found that respondents in both sectors were neutral in their responses; there was no significant difference in their experience of work family conflict. The finding of this study which is consistent with that of Aslam *et al*. (2011) is that of work-to-family conflict in which no significant difference was found between formal workers in the

public and private sectors. Such non-significant difference may be attributed to the increasing work demands which put much strain and stress on formal workers. For instance, in the private sector, the employer wants to make more profits, and so would require extra efforts from employees. During the period of this study, the State had put a freeze on public sector employment, thus putting much pressure and extra work on the current employees. This development may have accounted for the similar increasing work pressure, strain and stress by public sector workers, as experienced by their counterparts in the private sector. Perhaps the conditions that contribute to the finding are not just work-related. Both private and public sector workers go through similar vehicular traffic situations in the capital, thus contributing to the conflicting situation.

The experience of family-to-work conflict saw a significant difference, with private sector workers experiencing more of the conflict than public sector workers. There is a common notion in Ghana that workers in private-sector organisations are better remunerated than workers in public-sector organisations. For this reason, there are a lot of demands made on them financially from both close and distant family relations due to the extended family system that still exists in Ghana. There are also situations whereby such workers have to spend quality working hours attending to family relations who may want to discuss personal issues in their offices.

H_2: *There will be a significant negative correlation between conscientiousness and work family conflict*

For conscientiousness and family-to-work conflict the findings are summarized as follows: $r_{(207)}=0.09$, $p>0.05$, and for conscientiousness and work-to-family conflict: $r_{(207)}=0.03$, $p>0.05$

TABLE 7
Statistical Summary of Correlations between Conscientiousness & Wfc Based on Pearson *R*

Variables		Conscientiousness	FIW	WIF
Conscientiousness	Pearson Correlation	1	.092	.029
	p		.095	.340
	N	207	207	207

p<0.05

The correlations for both conscientiousness and family-to-work conflict and work-to-family conflict are positive and very weak. With the results obtained and the hypothesis stated, it is realized that the correlations are not negative as stated in the hypothesis and they are also not significant. Therefore, H_2 is rejected at the 0.05 level of significance. This means that there is no significant negative correlation between conscientiousness and any of the forms of inter-role conflicts (whether work-to-family conflict or family-to-work conflict).

By controlling for the effect of negative affectivity and Type A personality, consciousness had a significant and negative prediction effect on family-to-work conflict. Further, conscientious individuals experience less of family-to-work conflict (Bruck & Allen, 2003). The results of this study contrasts with that of Bruck and Allen (2003) in that the correlations found for both work-to-family conflict and family-to-work conflict are positive and non-significant. Although an individual may be conscientious in nature, the demands on the individual from both domains of work and family can make it somewhat impossible to meet all the demands, hence, the resulting conflicts. Additionally, conscientious individuals are hard-pressed to meet expectations from the work and family domains. The strain and stress associated with such expectations and the compulsion for order lead to the arising conflicts.

CONCLUSION AND RECOMMENDATIONS

The nature of conflict felt does not only arise from environmental forces (example, rank or position, sector of work or nature of work) but also from internal forces of the individual, which is conceptualized in this study as the personality of the individual, for which the Big Five personality factors were assessed in line with the work family conflict construct. In this sense, while conscientious individuals are largely seen as experiencing less of the inter-role conflicts, individuals high in neuroticism are susceptible to the resulting conflicts. More specifically, neuroticism was found to be the strongest predictor of family-to-work conflict ($\beta=0.40$, $p<0.05$); extraversion was the strongest predictor of work-to-family conflict ($\beta=0.33$, $p<0.05$). This further explains the place of individual differences in the interpretation of conflicts and definition of stress which emanate from inter-role conflicts.

The study has emphasized the fact that inter-role conflicts truly exist, especially, the negative spillover from the work to the family domain. Since it is a negative spillover, it is likely to affect the quality of relationship that formal workers would have with their families. If the relationship with the families is impaired, another negative spillover from family to the work domain will result, which may lead to more stressful and conflicting situations for such workers.

Therefore, there should be the possibility of making work more flexible such that focus will be more on results rather than mere presence at the place of work. Again, the human resource practice should be friendlier so that workers who are in poor state of physical and mental health are given some support by the organisation including: counseling services and time-off. High levels of physical and mental breakdown not only affects the total well-being of workers, but also, the productivity of the organisations. Formal workers, on their part, should delegate some of their functions so that they are less stressed and pressured to meet growing demands on them. Priorities should be set so as to know what to do at a point in time and what needs to be postponed for another time.

It is again recommended that during recruitment and placement, employers effectively assess the capacities (physical and intellectual) and competencies of potential employees so as to place them in positions or assign them roles that match their abilities. This is because mismatching employees and their responsibilities has the potential of creating conditions that allow for negative spillover from work to family. That is, if they are not capable of handling their work, they may become more stressed on the job, which may also have negative consequences in the family domain.

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EXPERIENCES AND CHALLENGES OF WOMEN LEADERS IN SUB-SAHARAN AFRICA

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ABSTRACT

There is little research on African women in particular. More attention could be given to influences that shape African women's leadership experiences in order to better understand their leadership practices. The purpose of this paper is to examine the challenges African female leaders face. The paper reviews articles on African female leaders produced in the Sub-Saharan African printed media. A number of challenges women leaders face emerged from an analysis of the articles, including societal culture, occupational culture, sex stereotypes, and lack of access to education. Implications for organizational and socioeconomic outcomes are discussed, with a view of improving leaders' effectiveness.
Keywords: African women leaders; manager; leadership; culture; gender

INTRODUCTION

There is a significant body of literature on women leaders and managers. Most of the research on leadership is done in Western countries. Yet, those findings are not all transposable to different contexts (Blunt and Jones, 1997; Bolden and Kirk, 2009; Kuada, 2010; Sørensen and Kuada, 2001). There is little research on non-Western women managers and leaders in general, and on African women in particular (Bolden and Kirk, 2009; Booysen and Nkomo, 2010; Davidson and Burke, 2004; Nkomo and Ngambi, 2009). As a result, we know comparatively little about the nature of the challenges that female leaders encounter in Sub-Saharan African countries. Therefore, there is a need for studies in non-Western contexts in order to provide insight on and deepen our knowledge of the experiences of female African leaders. Bolden and Kirk (2009), for instance, argue that "more attention could be given to illuminating the rich fabric of influences that shape leadership experiences in an endeavour to enhance understanding rather than explanation and/or prescription" (p. 72).

The purpose of this paper is to examine the experiences of female managers and leaders in Sub-Saharan Africa and the challenges they face in the specific context of Sub-Saharan Africa. This is done through a critical review of several African printed media depictions of women leaders and managers, including interviews of those leaders. This is followed by a discussion of the emergent themes from the newspaper articles, and I conclude with implications of the findings. The significance of the paper is that there is a need for further research on African women leaders and managers. First, women play a critical role in economic development, an active civil society, and good governance, particularly in developing countries (Coleman, 2004). Findings from the *Grant Thornton International Business Report* indicate that the ratio of females to males in tertiary education has increased by 17 percentage points in Sub-Saharan Africa (SSA) since 1980 (Grant Thornton International, 2014). Yet, there are still very few African women rising to executive or managerial level positions in organizations. Thus, for a sustainable socioeconomic development of the region, there is a need to develop leaders, regardless of gender. Second, the dismal economic situation of most SSA countries has been ascribed, in part, to poor management and leadership (Edoho, 2008; Kamoche, 1997; Ochola, 2007). Understanding experiences of SSA women in leadership and management roles in African organizations can help African managers, organizations, and communities appreciate, develop or improve their own approaches.

BACKGROUND

African Women in the Global Workforce

Although women represent 40 percent of the global labor force (World Bank, 2011), the female labor force participation has averaged 50% between 1990 and 2010 (Women, Work, and the Economy, 2013). There are important differences across regions in levels and trends (Table 1). The female labor force participation rate in 2010 was 23% in western Asia. Sub-Saharan Africa, in contrast, had a significantly higher female labor force participation rate (62%). These differences can be, in part, explained by the level of development of western Asian countries versus Sub-Saharan African countries. In developing countries, high female labor force participation rates typically reflect poverty (Gaddis and Klasen, 2010). Other factors that affect female labor force participation include educational attainment, social norms influencing marriage, fertility, institutional setting (laws, protection, benefits), and women's role outside the household (Verick, 2014).

TABLE 1
Estimated and Projected Labor Force Participation Rate of Persons Aged 15 Years Or Over By Region and Sex, 1990 And 2010

	Female labor force Participation rate (%)			Male labor force Participation rate (%)		
	1990	2010	Difference	1990	2010	Difference
Africa						
Northern Africa	23	23	6	76	74	-2
Sub-Saharan Africa	60	62	2	82	80	-2
Asia						
Eastern Asia	72	69	-3	85	79	-6
South-Eastern Asia	59	57	-2	83	83	0
Southern Asia	35	36	1	85	81	-4
Western Asia	26	23	-3	79	72	-7
CIS in Asia	68	60	-8	81	73	-8
Latin America and the Caribbean						
Caribbean	39	48	9	75	72	-3
Central America	35	43	8	84	79	-5
South America	38	59	21	81	80	-1
Oceania	62	64	2	77	75	-2
Mode developed regions						
Eastern Europe	58	54	-4	73	66	-7
Rest of more developed regions	50	53	3	74	69	-5

(Source: United Nation Report (2010). The World of Women, p. 77)

Statistics on sector employment of women vary greatly among African regions as well. The majority of women (68%) in the least developed countries that comprise Eastern, Middle and Western Africa work in the agriculture sector. On the other hand, 70% of women in the more economically

advanced countries of Southern Africa work in the services sector (Table 2). Sub-Saharan Africa also has a high rate of informal employment, particularly among women (Chen, 2008). There are, however, little data on female managers in Africa (Nkomo & Ngambi, 2009). While not comprehensive, the data reviewed suggest that African women are underrepresented in positions of leadership.

TABLE 2

Distribution of Employed Persons, By Economic Sector, Region and Sex, 2004–2007 (Latest Available)

	Women			Men		
	Agriculture (%)	Industry (%)	Services (%)	Agriculture (%)	Industry (%)	Services (%)
Africa						
Northern Africa (3)	42	16	41	28	25	47
Southern Africa (3)	19	11	70	26	25	49
Eastern, Middle and Western Africa (5)	68	6	26	71	9	20
Asia						
Eastern Asia (4)	11	13	76	13	25	62
South-Eastern Asia (6)	30	17	54	34	23	43
Southern Asia (5)	55	17	28	32	24	43
Western Asia (8)	15	8	77	8	32	59
CIS in Asia (6)	48	7	45	41	23	36
Latin America and the Caribbean						
Caribbean (7)	4	10	85	15	29	56
Central America (7)	6	16	78	30	24	46
South America (6)	10	12	78	21	27	51
Mode developed regions						
Eastern Europe (8)	12	22	66	14	41	45
Northern Europe (10)	3	13	84	7	37	56
Southern Europe (10)	10	17	73	11	36	53
Western Europe (6)	3	12	85	4	36	60
Other more developed regions	3	11	86	5	32	63

(Source: United Nation Report (2010). The World of Women, p. 84)

Cultural and Gender Differences in Leadership Research

Several factors shape behaviors of men and women in leadership positions, including culture and gender. There is much literature examining the relationship between culture and leadership styles. Connerley and Pedersen (2005) define culture as a complex phenomenon consisting of both visible and invisible characteristics that may influence leadership. Their definition of culture consists of many categories: demographic characteristics, status, ethnographic characteristics such as nationality, and ethnicity, and affiliations. These cultural categories are socially constructed and are given meaning. Therefore, individuals who differ along those characteristics "experience the world in different ways

whether those differences are based on internal differences, external differences in the way they are treated by others, or a combination of the two" (Connerley and Pedersen, 2005, p. 4). Ayman and Korabik (2010) argue that ignoring the role of gender and culture in the study of leadership limits the scope of knowledge in this area. They state that "at a basic scientific level, failure to include diverse groups in research limits the validity and generalizability of findings and the inclusivity of theories" (p. 157).

According to social role theory (Eagly & Karau, 2002; Eagly & Wood, 2012), men and women will achieve different outcomes under certain conditions. Social role theory argues that gender stereotypes are a result of the specific gender role structures within a given society. By extension, the differences in men's and women's normative roles will influence their behavior as leaders. To develop better leaders and encourage more women to take on leadership roles, it is important to understand the environment in which those women work. Understanding the structural and cultural barriers and facilitators women face when vying for leadership positions can help them adjust their expectations and successfully negotiate the work environment.

The idea that men's leadership differs from women's leadership has been examined in numerous studies. For instance, Eagly and Johnson (1990) found significant evidence supporting gender differences in leadership styles. Their meta-analysis suggested that women adopt a more democratic or participative style while men adopt a more autocratic or directive style. There has been much research on the way stereotypes affect leadership and the perceived mismatch between the female gender role and the leader role. Research suggests that because agentic traits (e.g., assertive, controlling, confident) are generally associated with the prototypical leader, and communal traits (e.g., helpful, nurturing, gentle) with the female gender, this perceived mismatch puts women leaders at a disadvantage (e.g., Broughton & Miller, 2009; Eagly & Karau, 1991, 2002; Heilman, 2001; Powell, Butterfield, & Parent, 2002; Rosette & Tost, 2010). This role incongruity between agentic behaviors and prescribed gender roles can result in backlash against women leaders (Brescoll & Uhlmann, 2008; Eagly & Karau, 2002; Livingston, Rosette, & Washington, 2012; Okimoto & Brescoll, 2010; Powell, 2012).

Prior research has shown that cultural background influences leader behavior (Smith et al., 2002; Van de Vliert, 2006), and numerous studies have shown that a country's culture helps to explain leadership behaviors (e.g., Dorfman, Hanges, & Brodbeck, 2004; Hofstede, 2001; House et al., 1999). Research from the GLOBE project (Dorfman et al., 2004) on leadership theories has found important relationships between leadership styles and the GLOBE cultural dimensions. A well-known and influential study on culture and leadership, the Global Leadership and Organizational Behavior Effectiveness (GLOBE) project aimed in part at developing cultural dimensions at both the organizational and societal level of analysis, building on the work of Hofstede (2001). Another goal of the GLOBE project was to examine the beliefs that different culture hold about effective leaders. Based mainly on the work of Hofstede (1980, 2001), Trompenaars and Hampden-Turner (1998), and Kluckhohn and Strodtbeck (1961), the GLOBE conceptualized and developed measures of nine cultural dimensions. These are aspects of a country's culture that distinguish one society from another and have important managerial implications. The GLOBE researchers identified nine dimensions of cultures that differentiate societies and organizations. The nine cultural dimensions are performance orientation, assertiveness, future orientation, humane orientation, institutional collectivism, in-group collectivism, gender egalitarianism, power distance, and uncertainty avoidance. The GLOBE researchers examined how the nine dimensions of culturally endorsed implicit leadership theories (CLTs) are viewed across cultures and found, among other things, that respondents across the countries viewed the charismatic/value-based leadership dimension as universally effective. Cultures in at least three countries in each of the following geographic regions are represented in the GLOBE sample: Africa, Asia, Europe (Eastern, Central, and Northern), Latin America, North America, North Africa, Middle East, and the Pacific Rim. Middle managers in these industries were asked to use a seven-point scale to describe leader attributes and behaviors that they perceive to enhance or impede outstanding leadership. They were also asked to give their perceptions of the practices and values (in the form of As Is and Should Be responses, respectively) in the society in which they live, and of the organizations in which they are employed. The GLOBE study showed, among other finding, that charismatic/value-based leadership and integrity attributes are

universally endorsed as contributors to outstanding leadership. The study also found that cultural forces exert a considerable influence over leadership expectations, status and impact.

To what extent is leadership culturally contingent? The Global Leadership and Organizational Behavior Effectiveness Research Program (GLOBE), as well as a substantial amount of other empirical research (House, Wright, and Aditya, 1997), has demonstrated that what is expected of leaders, what leaders may and may not do, and the status and influence bestowed on leaders vary considerably as a result of the cultural forces in the countries or regions in which the leaders function. Studies have also shown a relationship between some of the GLOBE's cultural dimension and women in leadership roles (e.g., Bullough, Kroeck, Newburry, et al., 2009).

African Women in Leadership

Many research studies have shown that leadership behaviors are culture bound. There is much research on leadership in North America and Europe, but the question remains to what extent these Western research findings are generalizable to other cultures (Javidan and Dale, 2005; van Emmerik, Euwema, and Wendt, 2008).While those studies provide valuable evidence to better understand leadership and management across cultures, they minimize individual and contextual differences, andadvance a culturally determined and mostly North American view of the world of work. As Bolden and Kirk's (2009) stated, "By reducing the study of leadership across cultures to comparison of cultural value indices we run a very real risk of oversimplifying cultural variations and neglecting other significant factors such as the influence of history, geography, demographics, religion, and individual differences" (p. 71). There are many successful leadership styles throughout the world so conformity of African leaders to Western models is not always what is required (Blunt & Jones, 1997, Kuada, 2010; Sørensen & Kuada, 2001).

While there is a growing body of literature on women leaders, comparatively little is known about African leaders in general, and Sub-Saharan African women in particular (Bolden and Kirk, 2009; Nkomo and Ngambi, 2009). As a result, there is little current information available on women leaders and managers at all levels in African countries, on their experiences in leadership roles, and on the nature of the challenges that female leaders encounter in developing countries such as the ones in Sub-Saharan Africa. More research is needed on leadership in Africa to help African managers, organizations, and societies understand and/or improve leadership practice. Some view leadership as a subset of managerial activities or as overlapping roles, while others see them as different processes. Although the roles may differ, sometimes the same person fulfills them. Thus, in this study, the terms leaders and manager are used interchangeably (De Jong and Den Hartog, 2007).

METHOD

Given the difficulty of accessing information about the newspapers' circulation, readership, and geographic range – these data were available only for a few papers – newspapers were selected using LexisNexis and other websites such as World Newspapers and Magazines and Stanford University Libraries & Information Resources, which provide a directory of newspapers in many countries around the world. Printed press in English and in French in the following countries were investigated: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Cote d'Ivoire, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe. Other languages are widely spoken and used in the written press in SSA. However, the author limited the selection of newspapers to those in French and English because there are the two languages the author and student are fluent in.

To be selected and further investigated, printed press in these countries should also have the news available on their website. In some cases, there were several newspapers for a country (e.g., Ghana or

Nigeria) and while others had none (e.g., South Sudan). A total of 258 newspapers were identified, 145 of which had a website. The 145 newspapers that had a website were further investigated for articles about women in positions of leadership or in management positions. Articles published between January 1, 2014 and June 30, 2014 were located using the following English keywords: "women", "female", "leadership", "manager", and "management" in each newspaper's online archives. French keyword was: "femme"; leader and leadership are used in the French speaking press with the same meaning as in English so those words were not translated. All articles referring to women leaders appearing in the retained publications during the period selected for analysis were included.

The initial search yielded about 912 articles, but many did not explicitly focus on African women leaders. For instance, while a female leader might have been mentioned in an article, she was not the focus of the article and nothing was said about her as a leader. Those articles were not included in the study. A total of 24 articles were retained for analysis. Articles were first categorized based on the title, whether or not it focused on women in positions of leadership. Next, those articles were reviewed to determine whether they discussed the leader's experience and / or achievements, and some of the challenges met. The following categories were chosen for coding: country, topic, general tone of the article, tone toward women, provision of facts (i.e. some background information on the woman or women discussed in the article), framing (episodic vs. thematics). Coding was double checked by a second researcher who had not been involved in the initial process. Themes emerged as the authors categorized the articles, they were not pre-selected prior to the analysis (see Table 3 in Appendix).

RESULTS AND DISCUSSION

The search yielded very few articles focusing on women in positions of leadership. Only 24 out the 912 articles (2.63%) searched focused on women leaders and managers, which suggests a lack of visibility and media coverage of women leaders and managers in most of the newspapers and magazines reviewed. This is consistent with the findings in the scholarly literature. In a study of current knowledge of African women in leadership, Nkomo and Ngambi (2009) sought to identify published scholarly research on African women leaders and managers. Nkomo and Ngambi (2009) reviewed journal articles, books, book chapters, monographs, and conference proceedings published between 1990 and 2008 and found a total of 43 publications. African women leaders and managers are largely invisible in local media reports. It is unclear if this figure is due to the fact that there are few women in leadership and management positions in Sub-Saharan African countries, and therefore few to write about. It should be noted that the analysis was limited to newspapers that had a website. It is possible that the number of articles retained would have been larger if the author had access to more newspapers.

Some of the 24 newspaper articles reviewed used a thematic frame (10) to report on the women's stories while others used an episodic frame (14). According to Iyengar (1990), "In the thematic frame, the news might consist of information bearing on general trends" (p. 22), and are essentially background stories. On the other hand, stories in the episodic frame cover an individual's experience. Few of the articles directly discussed the interviewee's leadership style. Several themes emerged from the content analysis of the newspaper articles: societal culture, occupational culture (lack of support and sex stereotypes), being held to a higher standard, and lack of access education (see Table 4 in Appendix).

Societal Culture

One of the challenges Sub-Saharan African women leaders and managers are faced with is a patriarchal social structure. In patriarchal societies, all women are under the control and the authority of the senior man (Mogadham, 2004). In these cultures, boys are generally raised in the cultural belief that men should be breadwinners and heads of household and girls are taught to be obedient housekeepers. Those patriarchal beliefs define women as subordinate to men (Amadiume, 1987; McDowell and Pringle, 1992; Tamale, 2000), which creates a challenge to women who seek leadership and / or managerial

positions. The data show the pervasiveness of gender stereotypes across different sub-Saharan cultures. Many Sub-Saharan African countries are patriarchal societies.

The women interviewed and / or portrayed in the newspaper articles often experienced strong opposition to their choice to seek leadership or managerial positions. One of the women interviewed stated that "There is a strong belief in her community that women should not hold leadership positions" (Dr. Habaudi Njiro Hobona, in *Mmegi / The Reporter,* Botswana). Another, speaking of the unlikelihood of a woman being elected to lead Nigeria, said "Our thinking has not yet accepted the woman. Culture and certain stereotypes have beclouded our vision and thinking faculty" (Hajiya Mariya Abdullahi, in *Leadership*, Nigeria). A South African female politician observed that "It's very difficult. The patriarchy is still very high; there are people who believe women can't be like men" (Zanele Magwaza-Msibi, in *Mail & Guardian*, South Africa). This statement reinforces the idea that the prototypical leader is male, and seeing women in position of leadership is somehow abnormal. Interestingly, to fight the stereotype, one of the interviewees justifies women leadership skills by the experience acquired while managing a household: "Setswana cultural beliefs dictate that women cannot lead despite the fact that it has been proven that women can be good leaders. She said because women are raised to manage the home, they become better managers even within politics and the corporate world" (Dr. Habaudi Njiro Hobona, in *Mmegi / The Reporter,* Botswana). Such statements do nothing to change the ideology "women's place" at home. Some quotes identified other cultural beliefs as a challenge to women leaders and managers. For instance, one interviewee argued that "What firstly disadvantages women is Setswana culture because people uphold the belief that women cannot contest for high positions. She said some people still have difficulty in voting for a woman" (Mosadi Seboko, in *Mmegi / The Reporter,* Botswana). Seboko, the leader of the Balete and first female paramount chief in Botswana portrayed in one of the articles, had to fighther own family's efforts to keep the chiefdom a patriarchy (Dr. Habaudi Njiro Hobona, in *Mmegi / The Reporter,* Botswana). Men in her family tried to circumvent her right to become chief, as her father's first-born child.

In addition to culture, there is the influence of religion. One of the interviewees in one of the Nigerian newspapers reviewed who is Muslim reported that she faced "religious sentiments" that women are not supposed to lead (Hajiya Mariya Abdullahi, in *Leadership*, Nigeria). Mogadham (2004) noted, "Muslim family laws have served to reinforce patriarchal gender relations and women's subordinate position within the family" (p. 137). Nigerian women can run their own businesses, pursue their careers, and run for political office but are represented a very low levels. The combination of cultural and religious beliefs creates a challenge for them when they seek leadership and / or managerial positions. Women leaders' leadership preferences and practices should be examined in this context.

This finding is consistent with others in the literature. Indeed, patriarchal social structures are not unique to Sub-Saharan Africa. Patriarchal society has long existed in various forms in Europe and Asia as well (Mogadhan, 2004). For instance, Javidan and Dastmalchian (2003) found that Iranian women have a difficult task, trying to reduce gender inequality, in part because of religious and cultural pressures. This is also consistent with the ample literature on cross-cultural management that has shown that culture influences leadership behaviors. One way some of the women leaders interviewed have found to mitigate this challenge is to exercise "the servant approach" or lead from behind (Linah Jebii Kilimo, in *The Daily Nation*, Kenya). While there are still very few women in positions of leadership, the pool of qualified women in some countries is growing and some countries have taken steps to facilitate women's access to leadership roles. The emphasis in many countries on girls' education is leading to a group of women well qualified to take on leadership responsibilities. It should also be noted that 16 African countries today have passed parity laws. Rwanda reserves a percentage of parliamentary seats for women, while Senegal has set quotas for women on candidate lists. But true equality requires societal change.

Organizational Culture

Societal cultures influence organizational cultures, which in turn affect leader behavior (Gordon, 1991; Hofstede and McCrae, 2004). One of the challenges experienced by the women interviewed, particularly those in male dominated fields, is a hostile work environment and lack of support from peers.

Some of the words used to describe this challenge are "sexism" (Bukola Bello-Jaiyesimi, in *The Sun*, Nigeria), "stereotypes" (Dr. Kelemu, in *The EastAfrican*, Kenya; Joyce Banda, in *Malawi Voice*, Malawi; Hajiya Mariya Abdullahi, in *Leadership*, Nigeria), and "male dominance" (Hajiya Mariya Abdullahi, in *Leadership*, Nigeria); "The space is not made favorable for women" (Bukola Bello-Jaiyesimi, in *The Sun*, Nigeria). One interviewee indicated that the organizational culture is not only made difficult by men, but also by fellow women. She states "As soon as a fellow woman receives recognition, achieves something profound or makes it to a certain position in business or profession, we promptly gather to find flaws in her character" (in *Daily Graphic*, Ghana). The women, for the most part, indicated that they had little support.

The aggressive nature of politics and the belief that women politicians must display masculine traits, leads to the perception that femininity inherently produces weak leadership. One of the *Nigerian Tribune*'s interviewees observed that many believe that "politics as practiced in Nigeria is a dirty game in which no woman should be involved." He added that "the perception had not been helped by the fact that elections in Nigeria had often been characterized by one form of violence or the other and that politicians viewed politics as a do-or-die affair." These observations point to a mismatch between characteristics expected of politicians, which are traditionally masculine, and the traditional stereotypes of how women are expected to behave. As explained by social role theory, women whose roles are perceived to be incongruent with the female gender are likely to experience backlash. Additionally, such stereotypes about women and politics limit women's political recruitment, which is dependent on a number of contextual factors, as it is the case for men. Amongst those factors, political culture and gender-role attitudes affect the degree to which a country welcome women in legislative representation (Arceneaux, 2001). Gender roles represent specific beliefs about men's and women's proper roles in society (Arceneaux, 2001; Bennett and Bennett, 1993). In countries where politics are viewed as a men's world, women are less likely to be offered opportunities to run for office.

However, there seems to a willingness to improve women's status in most of the Sub-Saharan African countries. For instance, there has been a significant increase in women's political representation in Sub-Saharan Africa in the past 50 years. During the 1960s, less than 1% (0.6%) of legislators were women; in 2007, 17.8% of legislators in the lower chambers of parliament were women (Tripp, Casimiro, Kwesiga, and Mungwa, 2009, p. 152). This increase is attributed mostly to gender quotas (Barnes and Burchard, 2012; Tripp et al., 2009). More could be done to increase women representation in national legislatures. One of the politicians interviewed lamented the lack of financial support to help women run for office: "the lack of funds continues to affect women seriously as constituencies are wide and they do not have resources to cover them. She said women are willing to contest for parliamentary seats in high numbers if they were going to be financed."

Unrealistic Expectations

Interestingly, one of the challenges in one of the newspapers was the fact that women leader seems to be held to higher expectations than men generally are. For instance, Joyce Banda, the former President of Malawi, was expected to be a better, more honest leader (than her male predecessors), simply because she is a woman. The journalist remarked that "women are thought of as better caretakers of homes and communities (and therefore countries)" and "Malawians found her not to be good enough at fighting the cancer of corruption that popular lore portrays as a preserve of male leadership." And her failure was seen as indicative in the news article of all women's ability to lead. Two of the newspaper articles on Banda included quotes such as "Joyce Banda has confirmed the stereotypes that Malawians, including women themselves, have had about women in leadership and that is 'women can't lead'" (in *Malawi Voice*, Malawi). One female politician who lost in the same election as Banda blamed Banda as well for her failure. She said, "We as women have now started facing resistance from men as we are being viewed as non-performers. Our fellow woman has let us down. It's very difficult being a woman now because one has to prove that she's not like her" (in *Malawi Voice*, Malawi).

Lack of Access to Education

The last challenge identified as a result of the content analysis is the lack of education and access to education. One of the interviewees stated that "family demands such as having and looking after children tend to limit women's opportunities for higher education. Particularly in sub-Saharan Africa, the culture and the society dominate the women" (in *Peace Ghana*, Ghana). Another one, a politician, attributed the low numbers of female politicians in part to women's lack of knowledge (Hajiya Mariya Abdullahi, in *Leadership*, Nigeria). According to the UNESCO (2010), while there has been a rapid growth of enrollment in tertiary education in Sub-Saharan Africa in past 50 years, only 6% of the Sub-Saharan African population in age to be enrolled in tertiary institutions in 2008 was enrolled. In comparison to the global average of 26%, it is very low. It should be noted that there is significant variation among countries within the region. For example, in 2009 the tertiary gross enrollment ratio exceeded the regional average in the following countries: Cameroon (9.0%), Cape Verde (14.9%), Côte d'Ivoire (8.4%), Ghana (6.2%), Guinea (9.2%), Mauritius (25.9%), Namibia (8.9%) and Senegal (8.0%). However, the ratio remained low in countries such as: Burkina Faso (3.4%), Burundi (2.7%), Central African Republic (2.5%), Chad (2.0%), Eritrea (2.0%), Ethiopia (3.6%), Madagascar (3.6%), Malawi (0.5%), Niger (1.4%) and Uganda (3.7%). Reasons for these statistics include cost of education, the parents' level of education, number of siblings, and household work (Glick & Sahn, 2000). In those situations, family tends to favor the education of boys over girls.

DISCUSSION

The purpose of the study was to examine the experiences of female managers and leaders in Sub-Saharan Africa and the challenges they face. A review of newspapers and magazine articles in several SSA countries indicated that there are few publications in the printed media on women leaders and managers. When asked about their experiences, however, some of the women interviewed discussed some of the challenges they faced when exercising those leadership roles, mostly based on sex stereotypes that permeate the societal culture and organizational culture. The lack of access to education was also seen as a factor in the low numbers of African women leaders. The review of articles in different Sub-Saharan countries also showed that there are significant differences between African women due to class, ethnicity, race, culture, geographical location and history.

The themes that emerged from the analysis of those articles are not unique to SSA. As is still the case in the USA, Europe and across the world, women in SSA seem to have limited access to leadership positions both in the private and public sector (Catalyst, 2006). Even though women's participation in the labor force has increased, few access top leadership positions. Obstacles to women's progress, also known as glass ceiling (Hymowitz and Schellhardt, 1986), concrete wall (Bell and Nkomo, 2001) or labyrinth (Eagly and Carli, 2007) are varied. Stereotypes, prejudice, and lack of career opportunities (Hoyt, 2010; Sanchez-Hucles and Davis, 2010) contribute to women's under-representation in elite leadership roles by affecting perceptions of and responses to women as well as impacting the experiences of women themselves.

Stereotypes are cited as a significant barrier to female leaders' advancement (Appelbaum et al., 2013; Catalyst, 2005; Koenig et al., 2011), and this paper indicates that it is a barrier to SSA female leaders as well. Stereotypes can affects female leaders because of their influences on perceptions. According to Sanchez-Hucles and Davis (2010), a stereotype threat is present when "one cares about a domain (e.g., one wishes to be an effective leader), one knows that a stereotype about the group of which one is a member can provide an explanation for poor performance in this domain (e.g., women are expected by others to be less effective as leaders), and this stereotype is made salient in a situation requiring performance" (p. 174).

CONCLUSION

Overall, this paper provides insight into the challenges women face as leaders, and the role of those challenges on perceptions of women's effectiveness as leaders. This paper contributes to the growing body of literature on the impact of gender and culture on leadership by showing some similarities and differences in female leaders' experiences in Western and Sub-Saharan African countries. Shedding the light on successful African women leaders can help raise societal awareness about women leadership. The picture is not homogenous. Thus, further research on regional differences would help provide a more accurate picture of African women leaders' experiences. Additionally, here is little research on stereotype threat, the antecedents and consequences of stereotype threat in organizational settings (Kalokerinos et al., 2014). Further research is needed to better understand how this obstacle affects female leaders.

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APPENDIX

TABLE 3
List of Newspapers Reviewed for the Study by Country

Country	Newspapers identified	Newspapers with current website
Bénin	Adjinakou Araignée, Aube Nouvelle, Fraternité, La Croix du Bénin, La Maison des Médias du Bénin, L'Autre Quotidien, Le Matin, Le Progrès, L'Option Infos, Matinal, Nation, Nouvelle Expression, Sonangnon (12)	Araignée, Matinal, La Croix du Bénin, Le Progrès, Nouvelle Expression, Sonangnon (6)
Botswana	Botswana Gazette, Botswana Guardian, Daily News, Mmegi / The Reporter, Ngami Times, The Voice (6)	Botswana Gazette, Botswana Guardian, Daily News, Mmegi / The Reporter, Ngami Times, The Voice (6)
Burkina Faso	Agence d'Information du Burkina, Bendré, Evasion, Evénement, FasoNews.net, Hebdo. Hebdomadaire du Burkina, Indépendent, Journal du Jeudi, Observateur Paalga, Observateur Dimanche, Opinion, Pays, San Finna, Sidwaya (14)	Evénement, FasoNews.net, Journal du Jeudi, Observateur Paalga, Opinion, Pays, Sidwaya (7)
Burundi	Burundi Quotidien, Burundi Realités, Burundi Tribune, Rugamba, l'agence Net Press (4)	Burundi Realities, Rugamba, l'agence Net Press (2)
Cameroon	Cameroon Tribune, Effort Camerounais, Messager, Nouvelle Expression, Post, Quotidien Mutations, Star News (7)	Cameroon Tribune, Effort Camerounais, Messager, Post, Star News (5)
Central African Republic	Agence Centrafrique Presse ACAP, Centrafrique-Presse, Le Confident (3)	Agence Centrafrique Presse ACAP, Centrafrique-Presse (2)
Chad	Alwihda, ialtchad Presse, N'Djamena Hebdo (3)	Alwihda, ialtchad Presse (2)
Comoros	Canal, Gazette des Comores, Kashkazi (3)	(Ø)
Congo	Agence d'Information d'Afrique Centrale, Les Dépêches de Brazzaville, Mwinda Press (3)	Agence d'Information d'Afrique Centrale, Les Dépêches de Brazzaville, Mwinda Press (3)
Congo (DRC)	Conscience, Kinshasa Times, L'Avenir, La Cité africaine de Matadi, Le Potentiel , Revue de la Presse Congolaise, Observateur, Observateur Kongo, Le Phare, La Référence (9)	Conscience, Revue de la Presse Congolaise, Observateur, Observateur Kongo, La Référence (5)
Cote d'Ivoire	24 heures, Democrate Plus, Douze, Eburnea Presse, Fraternité Matin, Intelligent d'Abidjan, Inter, Ivoir Soir, Le Jour Plus, Journal, Le Liberal, National, Notre Voie, Nouvelle	Fraternité Matin, Intelligent d'Abidjan, Notre Voie, Patriote (4)

	République, Patriote, Réveil Hebdo, SoirInfo, Tassouman (18)	
Djibouti	Nation (1)	Nation (1)
Eritrea	Asmara Time, Eritrea Daily (2)	(Ø)
Ethiopia	Ethiopian Reporter, Gambella News, Jimma Times (2)	(Ø)
Gabon	BDPiste, Gabonews, Gabonews News Agency (3)	BDPiste, Gabonews (2)
Gambia	Gambia News, Gambia Post, The Point, Senegambia News (4)	The Point, Senegambia News (2)
Ghana	Daily Graphic, Ghanaian Chronicle, Ghana News Agency, Ghanaian Times, The Spectator, Heritage, Joy Online, Network Herald, Peace Ghana, Public Agenda, The Statesman (11)	Daily Graphic, Ghanaian Chronicle, Ghana News Agency, Ghanaian Times, Heritage, Joy Online, Peace Ghana, Public Agenda (8)
Guinea	Agence Guinéenne de Presse, GuinéeNews, Guinée Presse, La Lance, Le Lynx, Le Scribe (6)	Guinée Presse (1)
Kenya	Business Daily, Coast Week, Daily Nation, East African, East African Standard, Kenya Broadcasting Corporation, Kenya Times, News From Africa, The Nation, Sunday Nation (10)	Business Daily, Coast Week, Daily Nation, East African, East African Standard, Kenya Broadcasting Corporation, News From Africa (7)
Lesotho	Lesotho News Agency (1)	(Ø)
Liberia	Analyst, Daily Observer, Heritage, New Dawn (4)	Analyst, Daily Observer, New Dawn (3)
Madagascar	Dans les Media Demain, Express de Madagascar, Gazette de la Grande Ile, Madagascar Tribune, Mad Online, Midi Madagasikara, New Magazine (7)	Express de Madagascar, Gazette de la Grande Ile, Madagascar Tribune, Mad Online, Midi Madagasikara (5)
Malawi	Daily Times (Blantyre), Malawi Voice, Maravi Post, The Nation, Nyasa Times (6)	Malawi Voice, Maravi Post, Nyasa Times (3)
Mali	L'Aube, Echos, L'Essor, Info-Matin, Maison de la presse du Mali, Mali Actualités (6)	Journal du Mali, Mali Actualités (2)
Mauritania	Authentique Quotidien, Calame, Carrefour de la Republique Islamique DE Mauritanie, Nouvelle Expression, Quotidien-Nouakchott, Riminfo, Sahara Media, Tahalil Hebdo (8)	Carrefour de la Republique Islamique DE Mauritanie, Quotidien-Nouakchott (2)
Mauritius	5-Plus Dimanche, Le Défi Plus, L'Express, Independent Daily, Le Matinal, Le Mauricien, Mauritius Times (7)	L'Express, Le Matinal (2)
Namibia	The Namibian, Namibia Economist, New Era (3)	(Ø)

Niger	Républicain (1)	(Ø)
Nigeria	Business Day, Business Hallmark Newspaper, BusinessNews, Leadership, The Sun, Vanguard, Daily Champion, Daily Sun, Daily Trust, The Guardian, Nation, The News, Nigerian News, Nigerian Observer, Nigerian Tribune, PM News, Port Harcourt Telegraph, Premium Times, Punch, Sunday Trust, Tell, This Day, Tide, Triumph, Urhobo Times (25)	Business Day, Business Hallmark Newspaper, BusinessNews, Leadership, The Sun, Vanguard, Daily Trust, The Guardian, Nation, Nigerian News, Nigerian Tribune, PM News, Premium Times, Tide, Urhobo Times (15)
Rwanda	La Nouvelle Relève, Rwanda Focus, The New Times (3)	Rwanda Focus, The New Times (2)
Senegal	Nettali, L'Observateur, L'Office, Le Quotidien, Rewmi, Le Soleil, Wal Fadjri/L'Aurore (7)	L'Office, Le Quotidien, Rewmi, Le Soleil, Wal Fadjri/L'Aurore (5)
Seychelles	Nouveau Seychelles Weekly, The People, Seychelles Nation (3)	The People, Seychelles Nation (2)
Sierra Leone	Awareness Times, Awoko, Concord Times, Cotton Tree News, Independent Observer, Pool, Sierra Leone Daily Mail, Sierra Leone Telegraph, Standard Times (9)	Awareness Times, Awoko, Cotton Tree News, New People Newspaper, Pool, Sierra Leone Telegraph (6)
Somalia	Dalkayaga, Hargeisa Star, Hiiraan Online (3)	Dalkayaga, Hiiraan Online (2)
South Africa	Business Day, Cape Argus, Cape Times, City Press, Daily Maverick, Daily Dispatch, Daily News, Dispatch Online, Financial Mail, Herald, Mail & Guardian, South Africa: the Good News, Sowetan, The Star, Sunday Times, The Sunday Independent, The Times, Pretoria News, Sunday Tribune, The Mercury (20)	Business Day, Cape Argus, Cape Times, City Press, Daily Maverick, Daily Dispatch, Daily News, Mail & Guardian, South Africa: the Good News, Sowetan, The Star, Sunday Times, The Sunday Independent, The Times, Pretoria News, Sunday Tribune, The Mercury (17)
South Sudan	(Ø)	(Ø)
Sudan	Sudan News Agency (1)	(Ø)
Swaziland	(Ø)	(Ø)
Tanzania	Arusha Times, The Citizen, Daily News, The Express, The Guardian (5)	Arusha Times, The Citizen, Daily News, The Express, The Guardian (5)
Togo	IciLome, Infos Togo, Le Togolais, Togo News (4)	Le Togolais, Togo News (2)
Uganda	East African Business Week, The Monitor, New Vision, The Independent (4)	East African Business Week, The Independent, The Monitor, The New Vision (4)
Zambia	Times of Zambia (1)	Times of Zambia (1)
Zimbabwe	The Herald (1)	(Ø)
Total	258	145

TABLE 4
Excerpts of Articles on Women Leaders

Newspaper/ Magazine	Topic	Facts	Framing
Mmegi / The Reporter Botswana	Dr Habaudi Njiro Hobona Politician	She said this is compounded by Setswana cultural beliefs that dictate that women cannot lead despite the fact that it has been proven that women can be good leaders. She said because women are raised to manage the home, they become better managers even within politics and the corporate world. Further, she said, the first-past-the-post electoral system disadvantages women. Mbaakanyi said what can change representation of women in politics is a deliberate effort, within parties and nationally, to encourage female representation at all levels of politics. Reached for comment, the UDC's Bathobakae said what firstly disadvantages women is Setswana culture because people uphold the belief that women cannot contest for high positions. She said some people still have difficulty in voting for a woman. The other reason that Bathobakae feels is a contributing factor is lack of funds, which she says continues to affect women seriously as constituencies are wide and they do not have resources to cover them. She said women are willing to contest for parliamentary seats in high numbers if they were going to be financed.	
Mmegi / The Reporter Botswana	Mosadi Seboko Chief / Traditional leader	Seboko is now 54, and lo and behold, she is the leader of the Balete herself, the first female paramount chief in Botswana. She was enthroned 15 months ago after challenging and overcoming her own family's efforts to keep the chiefdom a patriarchy. Too outspoken in defense of women's rights	Episodic
Cameroon Tribune Cameroon	Women in positions of leadership in Cameroon	More women in leadership positions (minister, senators, civil service…) but not enough women involved in the decision making. More progress is needed	Thematic
Daily Graphic Ghana	Women leaders	As soon as a fellow woman receives recognition, achieves something profound or makes it to a certain position in business or profession, we promptly gather to find flaws in her character, spreading malicious gossip and rumours aimed at tarnishing her image and destroying her confidence.	
Peace Ghana Ghana	Women leaders	Another female scientist making a huge impact is Martha Mueni Sila, Kenya's principal agricultural officer. She says that training in leadership and management equips women with rare and important skills. "When my mentor shared her experiences and expertise with me, it helped to build my confidence and self-esteem, which I think are useful for a woman scientist in a male-dominated profession."	Thematic

		African women still face many hurdles. It has been documented that some cultural practices make them, at times, less assertive than men. And family demands such as having and looking after children tend to limit women's opportunities for higher education. "Particularly in sub-Saharan Africa, the culture and the society dominate the women…however, very recently, many governments have been giving encouragement to women and girls to get involved in the scientific fields," according to Likyelesh Gugsa, a senior plant genetics expert at the Ethiopian Institute of Agricultural Research. Ms. Gugsa maintains that women face huge challenges daily and often lack the right kind of support. The employment environment can be hostile to women scientists, adds Ms. Gugsa. Sometimes they even refuse to accept top positions for fear of criticism and discrimination. This is one of the reasons a typical AWARD programme also includes training that empowers women to deal with all kinds of harassment as they progress in their careers.	
Daily Graphic Ghana	Ms Esther-Amba-Numaba-Cobbah CEO of Stratcomm Africa	As the CEO of Stratcomm Africa, Ms Cobbah leads over 50 employees. She leads her team and encourages them by channelling their visions and goals and inspires them to achieve them. Her intelligence, wit, determination and courage have turned Stratcomm Africa, which started on a study desk and later moved into a container, into a super power communication agency, which has undoubtedly become a force to reckon with. All leaders have philosophies that guide their life. Ms Cobbah believes that the power to lead must always come from a commitment to serve. Ms Cobbah, or Aunty Esther as she is affectionately called, demonstrates this at Stratcomm Africa where she has created a culture of service in which she looks out for the interest of people and supports them to succeed beyond what they thought possible.	
The EastAfrican Kenya	Joyce Banda President of Malawi	Malawians found her not to be good enough at fighting the cancer of corruption that popular lore portrays as a preserve of male leadership. Alleged corruption	Episodic
The EastAfrican Kenya	Dr. Kelemu Head the International Centre for Insect Physiology and Ecology (ICIPE)	Not only was she breaking stereotypes about women not being as intelligent as men, but she was breaking them in the very male dominated science world! "Don't believe science is for men. I think women make very good scientists. They are meticulous, observant, can multitask, and are more careful. At one point in Colombia, all the members of my staff were women.	Episodic
The EastAfrican Kenya	Jennifer Riria CEO of Kenya Women Finance	Three Kenyan women entrepreneurs emerged winners in the Ernst & Young East Africa Entrepreneur of the Year awards	Episodic

	Holding Jyoti Murkhejee CEO of Software Technologies Prof Olive Mugenda Vice-Chancellor of Kenyatta University	"impressive track record of quality leadership"	
The EastAfrican Kenya	First ladies in East Africa: Salma Kikwete (Tanzania), Janet Museveni (Uganda), Denise Nkurunziza (Burundi), & Jeannette Kagame (Rwanda) and others	"In East Africa, it seems, the role of the First Lady has been evolving over the years, from "mama wa taifa" (mother of the nation) — the silent, matronly types by the Big Man's side, essentially reinforcing his role as the ultimate embodiment of the patriarchal establishment — to a more forward-looking one; a microcosm of shifting dynamics of the modern-day African society. Today's East African First Lady is not the unassuming, silent type. She is educated, vocal and often powerful in her own right	Thematic
The Daily Nation Kenya	Marakwet East MP Linah Jebii Kilimo Crusader against female circumcision and currently chairs Kenya's Anti-Female Genital Mutilation board	There is a strong belief in her community that women should not hold leadership positions. She overcame this barrier by using the servant approach and through the culturally accepted practice that women wait on men to serve especially at the dinner table. I wanted to serve them like a mother who serves the children and husband.	Episodic
The Daily Nation Kenya	Olive Mugenda KU Vice-Chancellor Prof. Margaret Kobia Public Service Commission Chairperson	They are arguably two of the most successful women managing top public institutions whose transformation is evident. Transforming KU from a Sh1.5 billion budget institution into one whose annual budget is now about Sh9 billion shows her commitment to create a world-class learning institution. The VC appreciates the role of the strong and passionate team working with her at the university. Prof Mugenda, who describes herself as a "firm and fair leader", says her vision to turn KU into the best institution of its kind is still on course. Just like her long-time friend, Prof Kobia has great hope for the institution she is leading. "At PSC, we believe in team work. My fellow commissioners and other staff are really determined to see the civil service image change; we want to make it the place to be," she says. According to Prof Kobia, women should take charge of their lives and drop the notion that the man is always the breadwinner. "Organisations are looking for good talent regardless of gender. Women with qualifications, experience and superior performance	Episodic

		are today more likely to be appointed as directors in boards. I advise women to seek opportunities for learning and growth in the corporate world," she says.	
The Daily Nation Kenya	Senator Dr Agnes Zani	steely determination to stay the course in a male-dominated field that some consider the ultimate "dirty game". assertive and aggressive nature is a go-getter ready to scramble, push and pull to get what she wants	Episodic
Malawi Voice Malawi	Joyce Banda Former president	Failed leadership – originally viewed as a beacon of hope and possibility for all women in Africa Women thought better caretakers of homes and communities (and therefore countries) Joyce Banda has confirmed the stereotypes that Malawians, including women themselves, have had about women in leadership and that is" women can't lead	Episodic
Malawi Voice Malawi	Female politicians	Malawi's female political aspirants are failing to secure victories across the country in the recent primaries conducted by main politcal parties and opposition Malawi Congress Party (MCP) spokesperson Jessie Kabwila has attributed the women failure in primary elections to the not so impressive performance by President Joyce Banda. "We as women have now started facing resistance from men as we are being viewed as non- performers. Our fellow woman has let us down. Each time she's criticized that her administration is also linked to cashgate, she uses the gender card as her defense. It's very difficult being a woman now because one has to prove that she's not like her," said Kabwila. "The use of the gender card is wrong and has reflected negatively on us women." The ruling party trashed Kabwila's observation as baseless. Kabwila who is also shadow MP for Salima North west alleged in an interview that a lot of women are now facing a challenge to prove themselves as better leaders following the performance of Banda during her tenure as head of state.	Thematic
Vanguard Nigeria	Including women in leadership positions to make Nigeria the world's largest economy by 2050	A consideration of the first 20 listed companies in the Nigerian Stock Exchange revealed that seven companies had no single woman on their board; adding that five of the companies had a woman each, while eight had either two or three women on their boards	Thematic
The Sun Nigeria	Bukola Bello-Jaiyesimi Entrepreneur	*Who or what do you consider the greatest influence in your life?* A desire to make a difference and a desire to make positive change in Africa. *Who are your mentors and those you've mentored?* I have a few mentors that I cherish in different areas like finance, entrepreneurship and personal	Episodic

		development. They're part of my success story. I will mention just one for now and she is Kemi Akiyode Adebayo, a woman who will stop at nothing to unleash other people's potentials. I've always mentored youths and women who are unstoppable despite numerous challenges in Africa. *What are some challenges women in leadership positions encounter?* The first is sexism and I hasten to say that irrespective of gender, women also have the capacity to function effectively in leadership positions and in the work place if given the opportunity. The quality of leadership a woman can deliver is a function of the quality of education and experience she possesses.	
The Guardian Nigeria	Women regents	The implication of Regency is that women are peaceful and law abiding. They ascend the throne in period of crisis. But haven stabilized the traditional chaotic environment at the demise of a male monarch; they are scornfully thrown out and into the abyss: no more salaries and no more recognition. Yet, out of office, the tradition still places some encumbrances on their ways: their ways of dressing, like males, remains; they must not carry loads on their heads and they must not even work again. Yet, no provision is made to take care of them out of office.	
Nigerian Tribune Nigeria	Women in politics	From time being, sex stereotyping has always been an issue in contemporary setting. It assumes that masculine and feminine traits are intertwined with leadership. Due to the aggressive and competitive nature of politics, the belief is that participation in elected office requires masculine traits. Hence, the bias leveled against women stems from the perception that femininity inherently produces weak leadership. He held that these challenges, which he identified to be the perception held by many that, politics as practised in Nigeria is a dirty game in which no woman should be involved. He further stated that the perception had not been helped by the fact that elections in Nigeria had often been characterized by one form of violence or the other and that politicians viewed politics as a do-or-die affair. In a similar vein, another lawyer, Mrs Yetunde Adegboye, in an interview with Nigerian Tribune, associated the challenges women often face in politics to cultural factors, financial constraint and the height of putting the home in good shape. She added: "Another factor is the conspiracy theory of men. We hear a lot of stories in the circles of politicians about why men holding political offices would rather want to compromise the morality of a woman before actually giving them support.	
Leadership	Hajiya Mariya	*What were the challenges you faced?*	Episodic

Nigeria	Abdullahi Politician	My key challenge was religious sentiments, which some people brought in insisting that a woman is not supposed to lead. To them, a woman is only allowed to be seen and not heard. Other challenges I had were to have myself accepted by the people. *Judging from your vantage position as an active female politician, what are the peculiar challenges facing female politicians in general?* Some of the challenges include male dominance. The space is not made favorable for women. You know, women don't have money and these days, to make any impact in politics, you have to have money to be able to go out and campaign. But then again, women are reluctant to leave their jobs to join the uncertainty of politics. Lack of the required knowledge and will power is also a challenge to the women. It takes will, determination, and guts, of which most women don't have. Most of these things are things that prevent women from joining politics. *Do you think Nigeria is ripe for a female president?* Right now, Nigeria is not ripe for that. There are no two ways about that. *…but why if one may ask?* Well, it's because we are not just ripe for it. Our thinking has not yet accepted the woman. Culture and certain stereotypes have beclouded our vision and thinking faculty.	
Business Day South Africa	Women in the mining industry in SA	WOMEN are better represented in executive management and board committees in the biggest South African mining companies than in any other country's mining companies, according to a PwC survey released on Thursday. Women made up 23.8%, or almost a quarter, of executive management among South African mining companies in the world's top 100, compared with the next-highest country, Canada at 14.8%. South Africa had the highest proportion of women on board committees in the top 500 mining companies, at 21.3%, showing they are actively involved. The US was next highest at 8.7%.	
Mail & Guardian South Africa	NFP leader Zanele Magwaza-Msibi Politician	People wanted a political party that will push for clean governance, not one that benefits the few. *How do men in the NFP feel about having a woman leader? Isn't it difficult being a female leader in a province like KwaZulu-Natal?* It's very difficult. The patriarchy is still very high; there are people who believe women can't be like men. But there are also men who are progressive. Men in the NFP give me the respect any leader deserves. I have been working with traditional leaders and they appreciate my work and respect me.	Episodic

The Daily Monitor Uganda	Maria Kiwanuka Finance Minister	"I do not think there are any set principles of being a successful career woman. Everybody is different. You just have to know what you want within the framework of what you can achieve. Believing in yourself, I think, is paramount. You must be persistent and I say persistent, persevere during all times of hardships. Every successful leader has had a time when they have been told no, but continue to follow their vision anyway. I thank my husband as well for his continuous strong support and the three young men who call me "Mama". Those rose up to the challenge of growing up in different countries often far from home. They made sure that they gave me enough space so that I could do whatever it took in order to get ahead in life.	Episodic
Times of Zambia Zambia	Luisa Dias Diogo Former prime minister of Mozambique Former finance minister	She noted that there was little political will to include women in the development process in Africa, a situation that had led to underdevelopment of the continent.	Thematic
Jeune Afrique Africa	Daphne Mashile Nkosi CEO of Kalagadi Manganese	Militante passée au monde des affaires, Daphne Mashile-Nkosi est la première femme à diriger une compagnie minière en Afrique du Sud Obstinée, parfois autoritaire, mais avec une touche de féminité, insiste-t-elle, la patronne ne baisse jamais les bras. En 2014, sa société devrait réaliser environ 12 milliards de rands de chiffre d'affaires, avec l'objectif d'employer 50 % de femmes.	Episodic

IS IT TOO HEAVY FOR ME? WORK-FAMILY CONFLICT, MANAGERIAL SUPPORTAND EMPLOYEE COMMITMENT AMONG EMPLOYEES IN BANKING INSTITUTION

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ABSTRACT

This study aimed at investigating the relationship between work-family conflict (Work-to-family conflict and family-to-work conflict) and employee commitment in the banking institution. Furthermore, the study focused on exploring the moderating effect of perceived managerial support on the relationship between work-family conflict and employee commitment. This study was a survey targeting total of 333 employees working in banking institution. The results of the study indicate work-to-family conflict had a positive relationship with affective commitment, continuance commitment and normative commitment. Moreover, perceived managerial support and gender significantly moderated the relationship between work-to-family and family-to-work conflict and construct of employee commitment. The research was cross-sectional in nature and used self-reported measures for data collection. This study provides valuable insights into understanding the work-family conflict among employees with family responsibility in banking institution. Measures have been suggested to managers in the banking institutions which can be adopted to minimize the work-to-family and family to work conflict leading to better work-life balance among employees. The study contributes to the existing work-family conflict literature. The moderating effect of perceived managerial support is explored to further elaborate on the relationship between work-family conflict and employee commitment.
Keywords: Work-family conflict, Employee commitment, perceived managerial support.

INTRODUCTION

The concept of work-family conflict has gained a lot of attention in many organizations worldwide. More and more employees are finding themselves experiencing work-family conflict due to the changes that are taking place in the organization. Work and family spheres are the two most important domains of an individual'slife and fulfillment of the two domains requirea great amount of time and energy (Rathi & Barath, 2013). Quite often, balancing multiple roles across thetwo domains (work and family) can increase interpersonal and intrapersonal conflict among employees, which can further result in work-family conflict, thus decreasing employee commitment (Casper et al., 2002). Employers across the globe are facing difficulties in recruiting and retaining highly qualified staffs (Casper et al., 2002); therefore greater understanding on factors that increases employee commitment is of great interest to many academics and managers alike. Studies have found that frontline employees such as customer service or tellers in banks are vulnerable to role conflict because of the demands of multiple roles (Aycan & Eskin, 2004). This study strives to increase our knowledge and understanding about the relationship between work-family conflict (work-to-family and family-to-work conflict) and employee commitment with managerial support being a moderator.

Work-family conflict is commonly defined as "a form of inter-role conflict in which role pressures from the work and family domains are mutually" (Hsu, 2011, p. 234; Greenhaus & Beutell, 1985, p. 77), implying that participation in the work (family) roles made more difficult by virtue of participation in the family (work) role. Research indicates that work-family conflict arises when work roles interfere with family roles (Rathi & Barath, 2013; Beutell, 2010; Kinnunen et al., 2010; Kossek & Ozeki, 1998). Previous researches carried out in a number of countries with different cultural groups have

revealed that work-family conflict may have far reaching consequences for both employees and employers. Specifically, study by (Rathi & Barath, 2013; Choi & Kim, 2012; Beutell, 2010; Karatepe, 2010; Kinnunen et al., 2010; Lu et al., 2010; Namasivayam & Zhao, 2007) has revealed that work-family conflict is associated with increased turnover intentions among employees, reduced job satisfaction and organizational commitment. The relationship between work-family conflict and employee commitment has been widely studied among employees working in different organization such as hospital, hotel, university, security firms, software engineering firms, and construction industry (Rathi & Barath, 2013; Rehman & Waheed, 2012; Thanacoody et al., 2009; Karatepe & Kilic, 2007; Scholarios & Marks, 2004; Lingard & Lin, 2003).

Though the relationship between work-family conflict and employee commitment has been studied widely, past research has clearly indicated that managerial support which is work environment variable is a significant antecedent of work-family conflict. Nevertheless, this study considered managerial support as a moderator. The choice of Kenya banking sector is an important context in the study work–family conflict. First, work and family are considered to be the most important element of Kenyan culture (Isamah, 19960). Second is that the International Labour Organization's (ILO) global report on work-life balance in 2010 had found Kenya to have the highest prevalence of long working hours, (more than 48 hours per week), affecting 50.9 per cent of workers compared to 18.1 per cent of employees working more than 48 hours per week in the US and 25.7 per cent in the UK (WWR, 2011). Long working hours have often been associated with increased work-family conflict and high rates of absenteeism and sickness which have a serious impact on employee's commitment and organizational performance (Spurgeon, 2003). Finally is that Banking institutions are the most affected by work-family conflict in Kenya, ranking third in a list of 24 industries (ILO, 2009) comprising manufacturing and service. The working conditions of front office employees in banks (known as customer service representatives and tellers, who make up over 80 percent of the employees) are highly stressful (Aycan & Eskin, 2004) with little room for family activities in view of many deadlines to be met and unpredictable peaks during the course of the working time in Kenyan banks. As noted by Rathi and Barath's (2013) study among police officers in India, bank employees in Kenya are likely to feel neglected and receiving very little support from their managers because their numbers are very high to be supervised by few employed managers. Moreover, due to high job demands and irregular and inflexible work schedule, they do not get enough time to meet their family members which increases work-family conflict.

Kenya's cultural practices stress the importance of having a strong family unit, therefore giving high priority to fulfillment of family and social responsibilities (Isamah, 1996). Family and social relationships occupy a central position in the life of an individual in the society yet employees do not get enough time to fulfill family responsibilities due to high job demands (Rathi & Barath, 2013). This may cause negative attitude towards the work and low satisfaction with the family life. Parents in Kenya experience more work-family conflict because of pressure and demand to fulfill the two roles (family and work) with majority of them having more than two children who need attention and guidance in terms of their school work and social life. Further, employees who have no parental responsibilities also have to meet their personal, family or societal demands such as taking care of their elderly parents, siblings and extended family members which may also affect their work responsibilities. Though the increase in the number of children makes this worse (Rathi & Barath, 2013), perceived managerial support helps individuals reduce the work-family conflict. In order to better understand this phenomenon, the present study investigates the relationship between work-family conflict and employee commitment in the banks in Kenya; and the moderating effect of perceived managerial support on this relationship.

LITERATURE REVIEW

Concept of Work-Family Conflict

Employees in organizations are experiencing work-family conflict due to changing nature of work environment. Greenhaus and Beutell (1985) define work-family conflict as "a form of inter-role conflict in which the role pressures from the work and family domains are mutually incompatible in some

respect; specifically, "participation in the work (family) role is made more difficult by virtue of participation in the family (work) role" (p. 77). "Responsibilities at work and in the family are obviously important to most individuals; however, when taken together, these responsibilities often result in conflicting demands" (Hsu, 2011, p. 234). Extensive review of literature in the field of work-family conflict reveals that work-family conflict is bi-directional construct, implying that conflict may arise from two spheres which are work-to-family conflict and family-to-work conflict (Hsu, 2011; Judge, Ilies, & Scott, 2006; Grandey et al., 2005; Stoeva et al., 2002). Conflict can occur when time devoted to the requirements of one role makes it difficult to fulfill requirements of another role. Pressure from involvement in one role makes it difficult to fulfill requirements of another role, or specific occupational behavior required by one role makes it difficult to fulfill requirements of another (Greenhaus & Beutell, 1985).

Work-family conflict usually occurs when employees bring problems and stress from work to their homes which negatively influences the quality of their family life (Netemeyer et al., 1996). It may occur when family responsibilities interfere with employees work- related duties. Even though the two distinct conflicts are inter-correlated (Hsu, 2011; O'Driscoll et al., 2004; Carlson et al., 2000), previous studies have consistently demonstrated that employees with family responsibilities experience work-to-family conflicts more than family-to-work conflicts (Kinnunen et al., 2003; Lambert et al., 2002; Kossek & Ozeki, 1998).Work-to-family conflicts is a common source of work stress (Tanacoody et al., 2009), job burnout (Demerouti et al., 2001) and is often associated with a higher tendency to leave the organization (Lambert, 2006).

Employee Commitment

Employee commitment can be defined as strong belief in and acceptance of the goals and values of the organization by the employees and the willingness to put forth considerable effort on behalf of the organization, and also maintain appropriate organizational membership (Porter, Steers, Mowday, & Boulian, 1974). Past research by (Meyer & Allen, 1996; Casper et al., 2011) has linked work–family conflict to different dimensions of organizational commitment suggesting that with all types of commitment, employees are more motivated to stay with their organization based on different reasons. Employee commitment to the organization is manifested in three types, which are affective commitment, normative commitment, and continuance commitment (Rehman & Waheed, 2012; Lambert, 2006; Karrasch, 2003; Allen & Meyer, 1996).

Affective commitment is referred to as the emotional bond and identification of the employees with the organization (Allen & Meyer, 1996); while continuance commitment is the material benefits employees get by being a member of a particular organization (Akintayo, 2010). This definition implies that employees who have worked for many years in the organization would prefer to continue working for the organization simply because they may fear losing the benefits which they have acquired over a long period of time (such as increased salary, allowances, share option, or seniority, etc.). Further, normative commitment is the feeling of compulsion for the employee to continue working for the organization (Rehman & Waheed, 2012; Lambert, 2006), possibly due to the fact that one is being paid to work in the organization. The relationship between work life balance and employee commitment can be explained by the norm of reciprocity. From the employee point of view; when the employees perceive that their employer shows care about their well-being, they feel indebtedness to the organization and indicate loyalty. This kind of loyalty can increase their commitment to that organization (Allen & Meyer, 1996).

Contextual Understanding of Work-Family Conflict Influence in Kenya

This study extends the knowledge of past research in many ways. One, the study explore the link between Work-to-family conflict (WFC) and family-to-work conflict (FWC) and employee commitment using the study sample from Kenya employees working in banking sector. This is every important because most study in work–family field have been conductedin most Western countries and continental Asia (Rehman & Waheed, 2012; Hsu, 2011; Judge, Ilies, & Scott, 2006; Lambert, 2006). Second, the study also considers the work dynamics related to the roles of men and women in an African setting in

which Kenya operates. It is of importance for the study to look at the differences in work–family conflict among the two genders (men and women). Third, is that the study explores whether work–family conflict relates to three elements of employee commitment with managerial support moderating the relationship. The reason is that Kenya, like most countries in Africa is an emerging economy and banks are playing a leading role in the growth of the economy in the country. Employees are experiencing a lot of pressure from work and also from family which poses psychological challenges to them due to stress generated by work and family expectation (Ansari, 2011). Whereas studies from Western and Asia cultures have suggested that work–family conflict is negatively related to employee commitment (Rathi & Barath, 2013; Beutell, 2010; Judge et al., 2006), there is a knowledge gap of such studies on WFC particularly from an African cultural setting.

There are a number of statutory provisions, legal laws and other contextual factors that are likely to influence the work–family experiences of employees in Kenya. In Kenya, the Section 29 of the Employment Act state that "a female employee shall be entitled to three months maternity leave with full pay". On return, "the female employee has the right to return to the same job she held before her maternity leave. A male employee is entitled to two weeks paternity leave with full pay". The Act provides a significant experience of work and family for the genders. Although the number of women in the Kenyan workplace has been on increase due to constitution provision of thirty per cent of either gender, the traditional roles for women have not changed. Employed women spend significantly more time each week in household work than men. Recently, the role of women at the family level has increased by the signing of 'controversial' marriage bill into law that allows men to marry many women as they like. It is assumed that having multiple wives (family) by men and increased in family responsibilities by women has increased work-family and family to work conflict in Kenya.

Research has shown that men do not participate a lot in family responsibility (Lobel, 2009) but also earned significantly more money than women (Casper et al., 2011). The disparities in income between men and women and amount of time spent in family responsibilities, Kenyan men and women may show differences in their work–family experiences. Extensive research has shown that there are gender differences in work–family relationships (Kinnunen et al., 2003; Lambert et al., 2002; Kossek & Ozeki, 1998). For instance, research by (Casper et al., 2011) shows that women face greater work–family stress than men and have more family responsibility. Men and women in Kenya have different social experiences that may affect work and family life. Research has shown that differences in work-family conflict have been greater in cultures with low gender egalitarianism (Casper et al., 2011). The role of women and men has been traditionally defined despite the increase in level of education and awareness in Kenya. Women have been taking care of family duties while the primary responsibility of men has been working to provide basic needs to the family (Casper et al., 2011). In line with the above situation, it is assumed that women in Kenya should experience higher FWC because of family responsibility, and men should experience higher WFC, because of their work. Therefore the following hypotheses are adopted

$H1_a$. Women will experience more family-to-work conflict than men.

$H1_b$. Men will experience more work-to-family conflict than women.

Work-Family Conflict and Employee Commitment

Organizations currently are on constant move due to the changing nature of work, work place environment and the workforce. Nevertheless, in today's world more and more employees are getting exposed to work-family conflict. Many studies reveal that work-family conflict has a negative effect on employee commitment (Ajiboye, 2008; Beauregard, 2006; Allen & Meyer, 2000; Mayer et al., 2000). Akintayo, (2010) reported that work-family conflict negatively affected employee commitment among industrial workers in Nigeria. Work-family conflict is also negatively associated with affective and continuance commitment, which are the dimensions of employee commitment (Ansari, 2011; Parasuraman et al., 1992). In examining the effects of three types of work family conflict (role overload, work-family interference and family-work interference) on organizational commitment, Duxbury and

Higgins (2001) found that work-family conflict had a negative effect on employee commitment to organizations.

The relationship between the work-family conflict and employee commitment can better be understood with the help of the role theory. The role theory is mostly about how work demand psychologically influences the employee to exhibit negative emotions or attitude at home. The source of the controversy stems from the observed difficulty firms have with integrating the work-role demands they place on their employees with the increasingly complex array of non-work roles employees enact for their overall well-being (Boles et al., 2003). Rathi and Barath (2013) suggest that among various roles, work and family roles are the two most important life roles for most employees. They maintain that incompatibility between these roles may create tension and negative feelings. For example, if employees perceive that family roles are very important to them, they will see work as an activity that drains time and energy needed for the fulfillment of family roles, which may create a sense of threat to one self. Extant literature suggests that if work is considered to be the source of this interference then the employees may develop negative attitude towards their job, resulting in lower organizational commitment (Rathi & Barath, 2013; Beutell, 2010; Judge et al., 2006). Conflict between work and family can lead to low employee commitment particularly where work role demands are perceived to interfere with the fulfillment of the family roles and responsibilities.

Work-to-family conflict is a form of inter-role conflict in which time devoted to work and the strain created by the job interferes with performing family responsibilities such as caring of family members, while family-to-work conflict is the inter-role conflict which time devoted to family and the strain created by the family responsibility interfere with performing work related activity (Rathi & Barath, 2013; Netemeyer at el., 1996). Many studies have investigated both individual and organizational effects of work-to-family and family-to-work conflict. Most of this study reveals that work-to-family and family-to-work conflict have a negative effect on individual and organizational outcomes such as job satisfaction, performance and turnover intentions (Grandey et al., 2005; Judge et al., 2006). Based upon this, we hypothesize the relationship between work-family conflict and employee commitment as follows:

$H2_a$: *Work- to-family conflict will be negatively correlated with affective commitment.*
$H2_b$: *Work- to-family conflict will be negatively correlated with continuance commitment*
$H2_c$: *Work- to-family conflict will be negatively correlated with normative commitment.*
$H3_a$: *Family-to-work conflict will be negatively correlated with affective commitment.*
$H3_b$: *Family-to-work conflict will be negatively correlated with continuance commitment.*
$H3_c$: *Family-to-work conflict will be negatively correlated with normative commitment*

Moderating Role of Perceived Managerial Support

The definition of perceived managerial support is based on the theory of social exchange, which is concerned with the perception of employees regarding their relationship with their managers and how well they can rely on their manager to care for their individual concerns. In other words, a high managerial support climate produces a reciprocal relationship in which employees feel emotionally connected and obligated to "repay" their supervisor and/or organization by staying in the company (Eisenberger et al., 2002). "Perceptions of Managerial support have been argued to be more important than objective indices because it is perceptions that influence cognitive appraisals of situations" Casper et al., 2011; p 644). Gagnon and Michael (2004, p. 173) described perceived managerial support as "the degree to which an employee feels that they are supported by their manager." Under social exchange theory, employees are more likely to remain working for an organization if they feel that their managers or supervisors value their contributions and well-being, communicate well with them, and treat them with respect and recognition (Hsu, 2011; Eisenberger et al., 2002). The argument that managerial support assist in moderating the relationship between work-family conflict and employee commitment is supported by many researchers (Hsu, 2011; Lu et al., 2010; Karatepe & Kilic, 2007). Specifically, when more managerial support is present, the negative effect of WFC and FWC on affective, continuance and normative commitment should be reduced.

H_{4a}: Perceived managerial support has a positive effect on affective commitment.
H_{4b}: Perceived managerial support has a positive effect on continuance commitment
H_{4c}: Perceived managerial support has a positive effect on normative commitment

O'Driscoll et al. (2003) tested whether perceived management support for employees' work-family balance moderated the relationship between work-family conflict and psychological strain. They found that, when work-to family interference is high, respondents who reported high levels of management supportiveness experienced less work-family conflict. Ng and Sorensen (2008) compared the effect of perceived supervisor and coworker support on work attitudes and found that perceived supervisor support was more strongly related to job satisfaction, affective commitment, and turnover intention, as opposed to perceived coworker support. Since previous studies have demonstrated that perceived managerial support increases employee commitment and reduces work-family conflict, this study assumes that perceived managerial support moderates the relationship between of work-family conflict and employee commitment. The influence of managerial support as moderator may be different in Kenya. Most working employees with family responsibility can afford to have house help or live-in nannies who are easily available and cheaper and can take care of children when their parents are not available, which should make the difference between developing and developed nations. Also most families live with their relative or extended family members and help them in looking after their children. So work- family conflict should be more easily managed in developing nations and that managerial support may not have as much effect on work-family conflict and employee commitment as it would in Western countries. Based upon these arguments, the followings hypotheses are proposed:

$H5_a$: Perceived managerial support will moderate the relationship between work-to- family conflicts and affective commitment such that, if there is more support, the strength of negative relationship of WFC with affective commitment will be reduced.

$H5_b$: Perceived managerial support will moderate the relationship between work-to-family conflicts and continuance commitment such that, if more support is present, the strength of the positive relationship of WFC with continuance commitment will be reduced.

$H5_c$: Perceived managerial support will moderate the relationship between work-to-family conflicts and normative commitment such that, if there is more support, the strength of negative relationship of WFC with normative commitment will be reduced.

$H6_a$: Perceived managerial support will moderate the relationship between family-to-work conflicts and affective commitment such that, if more support is present, the strength of the negative relationship of FWC with affective commitment will be reduced.

$H6_b$: Perceived managerial support will moderate the relationship between family-to- work conflicts and continuance commitment such that, if more support is present, the strength of the positive relationship of FWC with continuance commitment will be reduced.

$H6_c$: Perceived managerial support will moderate the relationship between family-to work conflicts and normative commitment if more support is present, the strength of the negative relationship of FWC with normative commitment will be reduced.

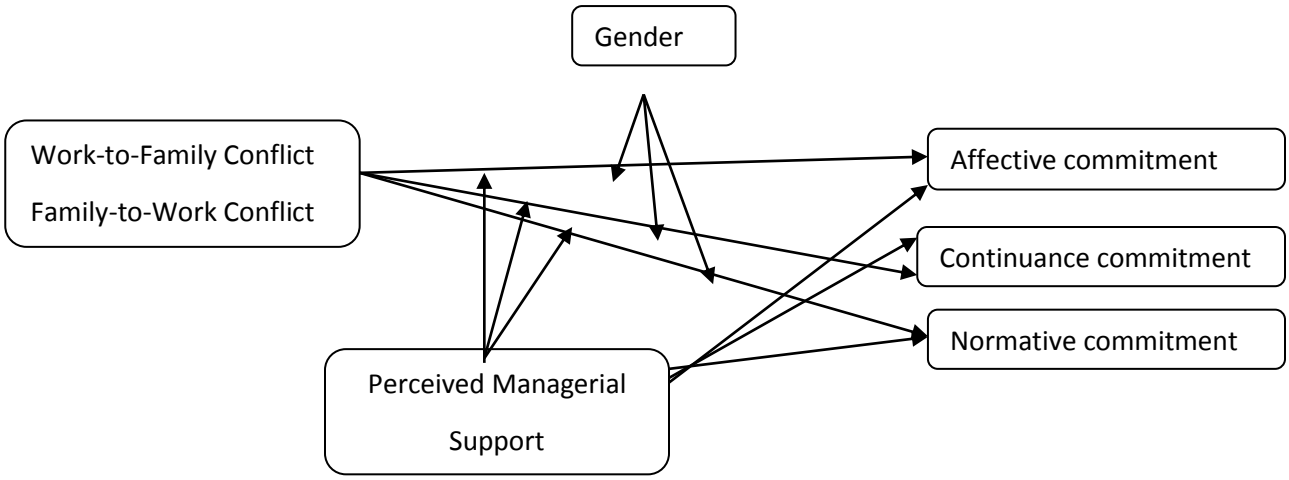
Gender as a Moderator

Relationship between gender and work-family conflicts has been different as discussed in the literature. Gender has been used as a moderator on relationship between WFC and employee commitment before but in a different setting. Study by (Casper et al., 2011) on work–family conflict, perceived supervisor support and organizational commitment among Brazilian professionals used gender (sex role)

as moderator. Traditional Africa culture requires men to more dominant in work related matters and women to be more outstanding in family related matters. Thus, women have different experiences with WFC while men should also have different experiences with FWC. This suggests the relationship between WFC and employee commitment should be stronger for women, whereas the relationship between FWC and employee commitment should be stronger for men.

$H7_a$: The relationship between WFC and affective commitment will be stronger for women than for men.
$H7_b$: The relationship between WFC and continuance commitment will be stronger for women than for men.
$H7_c$: The relationship between WFC and normative commitment will be stronger for women than for men.
$H8_a$: The relationship between FWC and affective commitment will be stronger for men than for women.
$H8_b$: The relationship between FWC and continuance commitment will be stronger for men than for women.
$H8_c$: The relationship between FWC and normative commitment will be stronger for men than for women.

FIGURE 1
Proposed Relationship between WFC and FWC on Organizational Commitment



METHODS

Sample and Procedure

The data used was obtained from a survey questionnaire sent to employees working in front office (lower management) 181, middle manager (supervisors) 107 and top managers (37) based in banking institutions in Nairobi. Eight respondents did not indicate their job group. During the data collection process, a formal request was given to the management to allow the researchers to collect the data from employees in their banking institutions. The employees were informed about the objectives of the study and were assured that collected data would be used only for the research purpose. When permission was granted for the data collection, survey questionnaires were hand delivered to employees

and others sent via email. The total numbers of 380 employees were contacted and requested to complete the questionnaires from January- August, 2014. Of these, 333 returned the completed questionnaires, thus making a response rate of 87.6 percent. From a total of 333 participants, 148 respondents (44.4 per cent) were female, while 186 participants (55.6 per cent) were male. The mean of number of hours spend at work was 45.119 and standard deviation 7.856. The majority of the respondent who participated in the study had a mean age of 30.160 and standard deviation of 6.351, with 56.2 per cent of respondent were married compared to 41.4 per cent who were not married. The study also found that 51.8 per cent of the employees do not stay with their spouses or partners whereas 48.2 per cent of respondent stayed with their spouses. Furthermore, 10.6 per cent had no dependent children, while 89.4 per cent had dependent children.

Measures

Demographic data were also collected and coded into the SPSS programme as control variable. These include marital status (0 = not married; 1 = married). The measures consisted of items with response options ranging from 1 ("strongly disagree") to 5 ("strongly agree"). Variables used in this study were tested for internal consistency reliability using Cronbach alpha (α) test.

Work-to- Family Conflict (WFC): Work-to-family conflict was measured using the five items adopted from the work of Netemeyer et al. (1996). It measures the employee perception of the degree to which work interferes with family life. An example of an item for the scale is "my family dislikes how often am preoccupied with my work while am at home." Scores were calculated by taking the average of the five items. Work-to-family conflict had Cronbach alpha (α) of 0.892.

Family-to-Work Conflict (FWC): Work-to-family conflict was measured using the five items adopted from the work of Netemeyer et al. (1996). It measures the employee perception of the degree to which family activities interfere with work responsibility such as getting work accomplished in time. Scores were calculated by taking the average of the thirteen items. Work-family conflict had Cronbach alpha (α) of 0.748.

Perceived Managerial Support (PMS): This variable was measured by adapting the ten item measure developed by Lambert (2000). An example of an item from the scale is "the manager switches schedules (hours, overtime hours, vacation) to accommodate my family responsibilities". A five-point Likert type scale with (1) representing (not at all) to (5) all the times was used. The Cronbach's alpha coefficient for this variable was 0.725.

Employee Commitment (EC): Employee commitment consisted of thirteen items, (affective continuance had three, continuance had five and normative commitment had five items) developed by (Meyer et al., 2002). Respondent opinions were captured on 5-point Likert type scale with (1) representing (strongly disagrees) to (5) representing (strongly agree). A higher scores represent greater employee commitment. A sample item was "This organization has a great deal of personal meaning to me" for ***affective commitment*** *(AC)* with Cronbach's alpha coefficient of 0.738. Sample item for ***Continuance commitment*** *(CC)* was "I feel that I have no option to consider leaving this organization" with Cronbach's alpha coefficient of 0.785. ***Normative commitment*** *(NC)* sample item was "even if it were to my advantage, I do not feel it would be right to leave my organization now" with Cronbach's alpha coefficient of 0.700. Employee commitment had composite Cronbach's alpha coefficient of 0.847.

Control Variables:Age, number of years worked for the organization, number of hours worked per week and Marital status were included in the study as control variables because it is known to be closely related to work-family conflict (Hsu, 2011) and employee commitment (Beauregard, 2006). It should be noted that if a variable is significantly correlated with the independent variable (IV) and the dependent variable (DV), it could be controlled to make the IV-DV relationship weak. The variable used as a control can then attenuate the common method variance (CMV) threat (Hsu, 2011; Podsakoff et al., 2003). In the current study, the result in (Table I) revealed that marital status is negatively correlate with Gender ($r = -0.150^{**}$, $p < 0.01$), WFC ($r = -0.283^{**}$, $p < 0.01$), Continuance ccommitment ($r = -0.190^{**}$, $p < 0.01$), and normative commitment ($r =- 0.214^{**}$, $p < 0.01$) and no relationship with affective commitment.

RESULTS

The means, standard deviations and correlations for the measures (marital status, Gender, year worked, Age, hours worked per week, WFC, FWC, PMS, EC, CC and NC) used in this study are reported in Table I. Gender is positively and significantly correlated with FWC (r = 0.146**, p < 0.01), indicating that there was gender difference in the direction of FWC, therefore, Hypothesis $H1_a$ is supported. In the case of relationship between gender and WFC, the result shows that there no relationship between gender and WFC (r = 0.108, p < 0.05), indicating no gender difference in WFC, therefore, failing to support $H1_b$.

TABLE 1
Means, Standard Deviations and Correlations between Work-Family Conflict, Perceived Managerial Support, Affective, Continuance and Normative Commitment

Variables	Mean	SD											
Age	30.16	6.351	1										
Number of years worked	4.94	5.005	.715**	1									
Hours worked per week	45.12	7.856	-.120*	-.102	1								
Gender	.56	.498	.020	.040	.033	1							
Marital status	.58	.495	.270**	.300**	-.051	-.150**	1						
WLC	3.02	.673	-.028	-.028	-.016	.108	-.283**	1					
FWC	2.68	1.074	.061	.072	.077	.146**	-.108	.158**	1				
MS	3.09	.834	.141*	.131*	-.159**	.042	-.092	.388**	-.131*	1			
EC	3.55	.942	-.022	.026	.023	.107	-.127*	.591**	-.056	.292**	1		
CC	2.79	.917	.005	-.051	-.080	.103	-.190**	.717**	.298**	.169**	.004	1	
NC	2.86	1.082	-.046	-.008	.064	-.014	-.253**	.745**	-.018	.398**	.482**	.200**	1

*p < = 0.05, **p < = 0.01 all (2-tailed). WFC= Work-to-family conflict, FWC= Family-to-work conflict, PMS= Perceived managerial support, AC = Affective Commitment,
CC= Continuance commitment, NC= Normative commitment

Moderating Effect of Perceived Managerial Support

To examine the moderating effects of Gender, PMS on the relationship between WFC, FWC and affective, continuance, normative Commitment, hierarchical regression analysis was conducted in this study. Hierarchical regression allows the study to specify a fixed order of entry for variables in order to

control for the effect of covariates or to test the effect of certain predictors independently of the influence of others. Before conducting the regression analysis, scores on the predictor and moderator variables were standardized, as the response scales for the WFC, FWC and PMS, Gender variable were of different magnitudes. The control variable (Marital status) was entered in the first step then gender, WFC, FWC and PMS were entered in the second step. The two ways interaction (gender and PMS) was added in the third step and three way interactions was entered in the final stage.

The results in (table II) showed that the covariates, number of working hours per week predicted significantly variance in affective (β= .111*, $p < 0.05$) and normative commitment (β=.128* 0.05). Meaning that participant who worked for more hours reported higher level of affective and normative commitment. Marital status also significantly predicted significant variance in continuance (β= -0.194**, $p < 0.001$) and normative commitment (β= -0.283**, $p < 0.001$), meaning that marital status had negative influence on continuance and normative commitment.

Examining the next (step 2) of the analysis, WFC was related to affective commitment (β= .649**, $p < 0.001$), continuance commitment (β= .727**, $p < 0.001$) and normative commitment (β= .640**, $p < 0.001$) respectively. Participant who reported greater WFC had higher level of affective, continuance and normative commitment. The result failed to support Hypothesis $H2_a$, $H2_b$ and $H2_c$. However, FWC was not related to affective commitment (β= -.048, $p < 0.05$) and normative commitment (β=.004, $p < 0.05$), failing to support Hypothesis $H3_a$ or $H3_c$. But participant who reported greater FWC had higher level of continuance commitment (β= .176**, $p < 0.001$), therefore, supporting $H3_b$.

P articipants who reported greater PMS had negative relationship in continuance commitment (β= -.124**, $p < 0.001$) and no relationship with affective commitment (β= -.014, $p < 0.05$) to their organizations, failing to support Hypothesis H4a and $H4_b$. But Participants who reported greater PMS reported positive relationship in normative commitment (β= .155**, $p < 0.001$) to their organizations (see Table II), supporting Hypothesis H4c.

In Table 2 result show that neither interaction between PMS with WFC was a significant predictor of affective commitment (β= -.197**, $p < 0.001$) but the prediction is negative. The interaction between PMS and normative commitment showed no relationship (β= -.042, $p < 0.05$), thus, failing to support Hypothesis $H5_a$, H5c. Also the interaction between PMS with FWC was not a significant predictor of normative commitment (β= -.034, $p < 0.05$), failing to support Hypothesis $H6_c$. However, the interaction between PMS and WFC did predict continuance commitment (β= .470**, $p < 0.001$), thus, supporting Hypothesis $H5_b$. Also the interaction between PMS and FWC predicted affective commitment (β= .213**, $p < 0.001$), thus, supporting Hypothesis $H6_a$ and interaction between PMS and FWC negatively predicted continuance commitment (β= -.297**, $p < 0.001$), failing to support Hypothesis $H6_b$. The interactions of WFC and gender in predicting affective (β= .109, $p < .05$), continuance commitment (β= -.57, $p < 0.05$) and normative commitment (β= .077 $p < 0.05$) was not significant, thus failing to support Hypothesis $H7_a$, $H7_b$ $H7_c$. Finally, the interaction between FWC and gender predicting affective commitment (β= .332**, $p < 0.001$) and normative commitment (β= -.241**, $p < 0.001$) was significant, therefore supporting hypothesis $H8_a$ and $H8_c$. However the interaction between FWC and gender predicting continuance commitment (β= .060, $p < 0.05$) was not significant, failing to support hypothesis $H8_b$.

DISCUSSION

The current study is very important in that it contributes to the literature and extends the conversation by exploring the work–family conflict experience in Kenyan context. The study aims to investigate the gender difference between work-family conflict (WFC and FWC) and employee commitment. This study also explores the moderating effect of perceived managerial support on the relationship between work-to-family conflict and family-to-work conflict and the three element of employee commitment. This is essential because culture and work policies may have significant influence on work–family relationships (Casper et al., 2011), and majority of work–family conflict

research have been conducted in western countries and Asia (Rehman & Waheed, 2012; Hsu, 2011; Lambert, 2006). The result of this study was not consistence with finding of other studies; this may be due to the cultural difference between Kenya and other countries which might have contributed to the difference. Still, there were similarities in the finding with those conducted in other countries by different scholars. Therefore generalization of this finding will not be appropriate until we establish the specific link or relationship that makes these studies the similar.

There were also similarities between this study and other studies carried out in western and Asia countries. Descriptively, the result revealed that marital status was negatively correlated with WFC, continuance commitment and normative commitment. This finding corresponds with finding by (Rathi & Barath, 2013; Beutell, 2010) who found that marital status to correlate negatively with WFC. Also, number of working hours per week predicted significantly variance in affective and normative commitment. Research by (Casper et al., 2011) also found similar association between number of hours worked per week and affective commitment. The findings of no gender differences in the experience of work–to-family conflict, was surprising, this was because of gender role differences in Kenya.

This particular result was consistent with studies in other samples from other countries of the world (Casper et al., 2011; Frye & Breaugh, 2004; Anderson et al., 2002). But when it comes to Family-to-work conflict, gender was positively and significantly, indicating that there was gender difference in the direction of FWC. We can link this with traditional and cultural practices that have pre-defined the role of male and female at family level and work level. The Africa traditional societies emphasize on distinctive roles of men and female, this traditional role have really influence the society at family level and work. Majority of the participant were from lower level and middle management, thus, it is possible that the respondent of this study understand more traditional roles than modern despite the fact that they are working in both local and multinational banks. Kenya in an emerging economy, work and family values are influence by western culture. It is believed that the influence of gender should not be that different at work and at the family level (Casper et al., 2011).

The results of the study indicate work-to-family conflict has a positive relationship with affective commitment, continuance commitment and normative commitment. This was different from past study by (Frye & Breaugh, 2004; Anderson et al., 2002) who found that there was negative relationship between work-family conflict and affective and continuance commitment across different cultures and environment. It shows that there is difference on how job stress operates across different environment and these differences may be more pronounces because of values and expectation associated work and family (Powell et al., 2009; Casper et al., 2011). However, FWC was not related to affective commitment and normative commitment. These also contradict the study by (Hsu, 2011) who reported that work-family conflict has a negative effect on affective commitment, job satisfaction, and turnover intention. It indicates that when work-family conflict is experienced by employees there is likelihood that work roles and responsibilities will remain unfulfilled, which in turn, may negatively influence work attitudes (Rathi & Barath, 2013; Kinnunen et al., 2010), resulting in lower employee commitment.

Results from the present study provide significant insight into the similarities and differences in how perceived managerial support works across cultures and different settings. The current study found a main effect of perceived managerial support on all the element of commitment, consistent with social exchange theory (Casper et al., 2011; Eisenberger et al., 2002). Participants who perceived greater support from their managers reported higher normative commitment. This was different with affective commitment and continuance commitment. Participants who reported greater PMS reported negative relationship in affective commitment and no relationship with continuance commitment. This may be attributed to other issues such as social support employee get from informal groups that where existing in the organization which weakens the influence of managerial support. Also too much support from managers raises suspicion among employees and interpret it to mean that they are independent in their work.

TABLE 2*:*
Gender, Work-to- Family Conflict, Family-to-Work Conflict, and Perceived Managerial Support Predicting Affective Commitment, Continuance and Normative Commitment.

	Affective commitment			Continuance commitment			Normative commitment		
Variable	**β**	**R^2**	**ΔR^2**	**β**	**R^2**	**ΔR^2**	**β**	**R^2**	**ΔR^2**
Step 1		.021	.007		.043	.030*		.078	.066*
Age	-.079			.076			-.043		
Years worked	.111*			-.029			.128*		
Number of working hours per week	.061			-.089			-.082		
Marital status	-.111			-.194**			-.283**		
Step 2		.411	.395**		.551	.539**		.542	.530**
Gender	.047			.021			-.157**		
WFC	.649**			.727**			.640**		
FWC	-.048			.176**			.004		
PMS	.014			-.124**			.155**		
Step 3		.439	.414**		.568	.549**		.551	.531**
Gender*WFC	.109			-.057			.077		
Gender*FWC	.332**			.060			-.241**		
Gender*PMS	-.471**			.417**			.043		
WFC*PMS	-.197**			.470**			-.042		
FWC*PMS	.213**			-.297**			-.034		
Step 4		.443	.414**		.573	.551**		.556	.532**
Gender*WFC*PMS	.122			-.103			-.093		
Gender*FWC*PMS	.098			-.153**			.302**		

Notes: *p < 0.05; **p < 0.01, WFC= Work-to-family conflict, FWC= Family-to-work conflict, PMS=perceived managerial support.

However, the interaction between PMS, WFC and FWC did predict continuance commitment, and the interaction between PMS and FWC predicted affective commitment. The result is similar with prior studies by (Hsu, 2011; Lu et al., 2010; Ng & Sorensen, 2008; O'Driscoll et al., 2004) who found that interaction between perceived managerial support and (WFC, FWC) has a significant positive effect on affective and continuance commitment. Because mangers are the driving force in the organization, employees interpret their support as a gain from the organization (Casper et al., 2011), and in turn, they

reciprocate with emotional attachment to the organization. In addition to the direct effect of perceived managerial support on employee commitment, the present study has found that perceived managerial support also serves as a significant moderator of the relationship between work-family conflict and all forms employee commitment. The findings collaborate with findings by (Hsu, 2011; Lu et al., 2010; Lingard & Lin, 2003) in the literature who investigated the moderating effect of managerial support on the relationship of between work life balance and employee commitment in the organization.

Practical Implications

As earlier stated, results show that employees in Kenya banks experience some degree of work-family conflict in their work setting. Therefore, employers especially the banking sector should institutionalize work life balance programs so that employees are able to balance the two spheres (work and family). Results also indicate that perceived managerial support could moderate the relationship between work-family conflict and employee's commitment. It is important for employees to receive support from their top managers and immediate supervisors. Supportive leadership style is also required to help employees in managing the stressful working conditions. Mentoring relationships with managers may also help employees in banking sector to cope up with work-family conflict.

The management should put in place targeted programs that can help employee negotiate and balance between work role and family responsibilities. For example, flexible work schedule, alternative work arrangement and part time working are some of important programs that are useful in balancing work role and family responsibility. Thus, in addition to reducing conflict and enhancing commitment, managers and executives can benefit from creating an environment that allows individuals to achieve balance and reduce on conflict. They might do this through an organizational culture that allows for individuals to negotiate roles with other members of the organization. The organization could provide more training and discretion to managers and supervisors to allow them to be able negotiations and renegotiations roles employees have in the organization.

Limitations of the Study and Directions for Future Research

Even though this study improves our knowledge on work–family conflict issues and employee commitment, the important questions remain what future studies should do in future. The current study contains a few limitations that must be addressed. First, the research was conducted in banking sector. Therefore, the findings are not applicable to other industries. Nevertheless, future comparative research could be carried out between different developing countries in Africa (such as Nigeria, Ghana, and South Africa etc.) and developed countries (such as USA, UK, Australia etc.) that conducted similar studies. Second, the study was carried out within a short period. This study investigated the moderating effect of perceived managerial support on the relationship of work-family conflict with employee commitment. Future research need to consider other potential moderators that are relevant in Africa setting such as family dynamics and size, social support, environment, cultural practices, leadership style and personality. Future research could build on the existing research by incorporating some of these moderators. In the study we have found that there are differences in experience among the genders, future research should explore why this differences exist.

Conclusions

This study expands our understanding on how work–family conflict and perceived managerial support affect employees commitment. The study provides important insights on how managers and practitioners are to behave and handle employees in the organization. Findings propose that organization that values and support there employee have advantage over other. In this types organization employees will give extra effort in their work and reduces the chances of them leaving the organization.

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TO FUSE OR NOT TO FUSE? INDIVIDUAL RELATIVE DEPRIVATION AND ORGANIZATIONAL FUSION

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ABSTRACT

In this study, we investigated a neglected but strong form of organizational connectedness, organizational fusion defined as an employee's experience of ingrained feeling of oneness with the organization. We sought to understand the factors that drive employees to fuse in organizations despite perceived disadvantages. We obtained self-report data for 114 employees matched to 28 organizations in an emerging country context. The reports indicate that employees were driven to fuse with organizations as a result of perceived relative deprivation. These results expand current understanding of organizational connectedness and suggest ways in which employees are driven to connect deeply with organizations.

INTRODUCTION

In organizations' quest to achieve competitive advantage, they strive for employees who show strong connectedness. Since the organizational man, scholars have examined organizational connectedness through identity, attachment, commitment, and involvement. These enduring and interesting studies of connectedness show a positive relationship to loyalty, human capital, learning, and organizational performance but negative effects on turnover and negative deviance behaviors. A review of the literature suggests lack of definitional clarity and a focus on one form of organizational connectedness. First, scholars define (and measure) the constructs interchangeably. Tsui, et al., (1992) define attachment as an individual's psychological and behavioral involvement in the organization of which he or she is a member, and O'Reilly & Chatman (1986) define commitment as a psychological attachment to the organization. If our understanding of organizational connectedness is to advance, there is a need for studies that examine strong forms of organizational connectedness. A strong form of organizational connectedness is characterized by difficulty in extrication. It also blends the elements of the weak forms to crystalize a stronger linkage of connectedness. We propose organizational fusion as one strong form of organizational connectedness. Organization fusion is defined as the extent to which employees experience a visceral feeling of oneness with the organization. Unfortunately, studies of organizational fusion are lacking. This is problematic considering that fusion has recently been proposed as important in diversity. Ashkanasy (2012) observed that business schools in Australia reflect a fusion of different cultures and approaches and "this heterogeneity also means there is a constant intermingling of new ideas and fresh perspectives that inevitably results in the creation of new ideas" (p. 1). Nonetheless, he focuses on "theoretical fusion" in contrast to the organizational fusion proposed in this study. Further, he seems to suggest that alienating minorities may not be healthy for organizations because it does not

lead to fusion of employees. We agree. However, we find in our study that sometimes perceived disadvantages may drive employees to fuse with organizations.

We draw from threat response theories particularly relative deprivation, stereotype reactance, and threat monitoring to show how employees who perceive current and/or future threat are likely to respond in a way that blunts the threat. Relative deprivation suggests that individuals who perceive disadvantages respond by engaging in self-improvement behaviors (Walker & Smith, 2002; Crosby, 1982). Stereotype reactance, the tendency to behave in a manner inconsistent with a stereotype, involves affirmative behaviors that enhance a previously negative situation (Kray, Thompson, & Galinsky, 2001). Threat monitoring theory focuses on the inclination of people to seek out or avoid information about threatening uncontrollable events. The outcomes of threat monitoring include affirmative response behaviors. Using these theories as a foundation, we identify relational and motivational determinants of organizational fusion.

Our study thus examines a concept that has long been observed in the social sciences but not studied in the organizational science. In that regard, organizational fusion challenges the conventional notion of organizational connectedness. Second, organizational fusion yields insight for managers that face situations similar to those observed in this study. Increasingly, discontent-creating policies are becoming common. They create problems for managers, particularly novices. Next, we discuss the theoretical background for the model and generate our hypotheses.

THEORY AND HYPOTHESES DEVELOPMENT

Organizational fusion is a positive outcome. However, the process by which employees fuse with organizations may occur in two major ways. Employees may fuse with organizations out of a sense of satisfaction or perceived advantage. This confirmatory process seems to underlie Ashkanasy's (2012) argument that fusion is facilitated by positive tendencies in organizations. It represents an advantage perspective. However, employees may also fuse with organizations out of a sense of dissatisfaction or perceived disadvantages. The latter is disconfirmatory, and is the focus of our study. We posit that employees who experience disadvantages at work are likely to fuse with their organization. In other words, there is a positive, rather than negative, relationship between perceived relative deprivation and organizational fusion. The latter may be a resultant effect of a desire for self-improvement. To develop our model, we drew from works on social psychological studies of relationships particularly self-expansion, and self-motivation which result from self-improvement desires.

Our model begins with relative deprivation. Relative deprivation theory postulates that individuals become angry and are motivated to redress the perceived inequity when their expectations about the goods and conditions of life to which they believe they are entitled are thwarted (Crosby, 1984). An employee may compare her current disadvantage situation with future disadvantage situation. To the extent that the latter is perceived to be worse, organizational fusion may occur as a way to mitigate the disadvantage. If the employee's situation is perceived to be worse, organizational fusion is likely to occur so as to redress the disadvantages. Perceived relative deprivation is thus the first factor. However, it drives other self-improvement-related factors such as self-expansion (Aron & Aron, 1997; Aron, Aron, & Norman, 2001), career planning (Zoogah, 2010), self-regulation (Deci & Ryan, 2000), and organizational support. Our review of these literatures provided a foundation for our model and indicated two important starting points.

Individual Relative Deprivation and Organizational Fusion

Individual relative deprivation is defined as an employee's recognition and resentment of perceived entitlements. Diverse outcomes including economic prosperity (Crosby, 1984), compensation and career advancement (Zoogah, 2010) are perceived entitlements that drive employees' responses to relative deprivation. Group fusion studies show that individuals who perceive their personal identities as "fused with" their organization (Swann, Gomez, Huici, Morales, & Hixon, 2010) expect reciprocal group

membership. The studies also show that fused individuals are not able to easily separate from the group. The strong connection induces them to think that the disadvantages they experience are not intended to ostracise them (Swann et al., 2010). Zoogah (2010) also found that employees who perceived disadvantages engaged in self-improvement by participating in development activities. Consistent we these studies, we expect perceived relative deprivation to influence employees' fusion with organizations. The connectedness derived from fusion leads to feelings of obligation to sacrifice for the organization, together with confidence that other organizational members will feel similarly obligated. Through fusion, employees may perceive the organization as a "family" consisting of members who not only share a common bond but who provide for and protect one another. Swann et al., (2009) found that "fused persons were more willing to fight or die for the group than nonfused persons, especially when their personal or social identities had been activated. The authors conclude that among fused persons, both the personal and social self may energize and direct group-related behavior." As a consequence of these two inducements, an employee may act on behalf of other members or the organization even if they have been disadvantaged by the organization. We therefore hypothesize that:
H1: Individual relative deprivation relates positively to organizational fusion.

Individual Relative Deprivation and Self Expansion

In addition to the direct effect proposed above, we expect an indirect relationship between relative deprivation and organizational fusion through the relations of employees. Zoogah (2010) found that the hypothesized direct effect of individual relative deprivation on development behaviors was not significant; rather the indirect effect through intentions was significant. Other studies show indirect effects as well as direct effects of individual relative deprivation (see Walker & Smith, 2002). Further, research suggests that relative deprivation drives employees to establish relationships not only as a way of coping with the self-esteem dummy effects of relative deprivation (Walker & Smith, 2002). Perceived relative deprivation activates identity-related concerns which then drive relationship decisions (Beaton & Tougas, 1997; Ellemers, 2002). This indirect relationship is supported by studies showing relative deprivation influencing individual and group actions through efficacy perceptions and resource mobilization (Smith & Ortiz, 2002). Self-expansion, a relational mechanism (Aron & Aron, 1986) may therefore be perceived as significant in mobilizing resources (Crosby, 1984), gaining social capital (Adler & Kwon, 2002), and buffering against future disadvantages. So we hypothesize that:
H2: Individual relative deprivation relates positively to self-expansion.

Self-expansion and Organizational Fusion

The self-in-relation recognizes that the self is organized and developed in the context of important relationships (Brewer, 1991). The idea that the self extends beyond the individual person, to include more than personal characteristics and attributes, is now common in social psychological analyses of the self (e.g., Abrams & Hogg, 2001) including cross-cultural analyses (e.g., Markus & Kitayama, 1991), social identity (Tajfel & Turner, 1979) and self-categorization perspectives which especially focus attention on the socially extended nature of the self. In this study, we adopt the relational perspective which is based on the self-expansion model (Aron & Aron, 1986; 1996). The self-expansion model holds that when two individuals become close, one partner is "included" in the self of the other person. It argues that the desire to expand the self is the basis for interpersonal attraction and on the maintenance of close relationships—not only romantic relationships, but friendship, sibling, and parent- child relationships as well. The theory has been extended to social comparison studies, flow experiences, cooperation (De Cremer & Stouten, 2003), and business growth.

In this study, we extend it to the organizational context by positing that employees who are disadvantaged are likely to form relationships within the organization as a way of expanding the self. This view fits with the relational self which suggests that relationships may be formed as preventive mechanisms to forestall future problems and facilitate acquisition of social capital (Chen, Boucher, & Kraus, 2011; Lewandowski & Ackerman, 2006). We argue that self-expansion may influence organizational fusion directly. By establishing relationships with coworkers, employees become integral

members of the organization and learn about the inner core of the organization as well as significant or influential individuals. As the relationships spread, fused individuals intricately bind with the organization. The self-expansion process allows employees to increase their potential efficacy by taking on the qualities and characteristics of other coworkers and in doing so become extensions of the self of the organization (Aron & Aron, 1986). So, we hypothesize that:
H3: Self-expansion relates positively to organizational fusion.

Mediation of Organizational Support

In addition, self-expansion may influence organizational fusion through organizational support. Self-expansion likely to be facilitated within the organization when there is support from supervisors. Supervisor support and top management support are both forms of organizational support that enable organizational fusion. Perceived organizational support, defined as the degree to which employees perceive that they have positive social relationships and endorsement of organizational leaders (e.g., Wanberg & Banas, 2000), thus enables self-expanding employees to integrate within the organization. Perceived organizational support may enhance self-expansion by validating the latter's relational outcomes. Specifically, when employees perceive that key constituents in the workplace (e.g., co-workers, supervisors, top management) are supportive, they are likely to perceive that they are central members and valued within the organization, which then might lead them to perceive their connectedness as self-enhancing and attractive (Luhtanen & Crocker, 1992). Furthermore, the principle of reciprocity suggests that employees who receive high levels of organizational support may be motivated to reciprocate (Gouldner, 1960), which may be manifested in stronger organizational fusion. Studies show that perceived organizational support has an important influence on individuals' relationship with the organization, especially among peripheral workers. For example, perceived organizational support is associated with organizational attachment among layoff victims, temporary workers (McClurg, 1999), and volunteers. The more employees perceive organizational support across organizational constituencies, the more powerful the cues regarding their relationship with the organization will be, and the more likely they are to fuse with the organization. We therefore hypothesize that:
H4: Perceived organizational support mediates relationship between self-expansion and organizational fusion

Individual Relative Deprivation and Self-Actualization

In our conceptual model we propose that individual relative deprivation activates self-actualization beliefs. One negative effect of relative deprivation is diminishment of self-esteem. Walker (1999) predicted and found support in an experimental study showing that experience of personal relative deprivation lowers personal self-esteem. In response to perceived diminishment of self-concept employees may act to improve or protect self-esteem in future (Ellemers, 2002). Self-improvement occurs through self-actualization motivations (Pettigrew, 2002).

Maslow (1972) describes "eight ways in which one self-actualizes" (pp. 45-49) one of which is making growth choices which implicates career growth in the case of employees. Once activated, self-actualization motivations lead to self-improvement behaviors (Ellemers; 2002; Maslow, 1972). Despite criticism of the prepotency principle of Maslow's (1943) model of hierarchical needs which led to reformulations in the form of existence, relatedness, and growth needs (Alderfer, 1969), there seems to be agreement that individuals strive to achieve the best or highest potential of the self. That strive is termed core self-actualization defined as an individual moving toward fulfilling his/her optimum potential by being prepared for the future, making a contribution to society, having the ability to face the future, as well as a commitment to learning and pride in one's accomplishments. The desire to fulfill one's potential is so strong that individuals resist or seek to restore any damage to the self. Given that relative deprivation diminishes self-esteem (Ellemers, 2002) it is likely that employees will seek self-improvement. In other words, relative deprivation activates self-actualization motivation. So we hypothesize that:
H5: Individual relative deprivation relates positively to self-actualization.

Self-actualization and Organizational Fusion

Even though organizational scholars have deemphasized self-actualization because of empirical challenges such as the prepotency principle (Koltko-Rivera, 2006), there is still agreement that most employees seek to reach their highest potential in organizations and that they use various means of achieving that potential one of which is the career route. In this study we posit that organizational fusion is a behavioral response that is driven partly by self-actualization motivations. Self-actualization may therefore influence organizational fusion directly. Organizational fusion enables employees to become integral members of organizations, gain access to resources, and occupy central roles which help them overcome constraints to their growth or potential. Fusion thus affords opportunities not available to peripheral members. Because organizational fusion exposes employees to resources, experiences, and knowledge that enables individuals to achieve their maximum potential (Gomez et al., 2012; Swann et al., 2009) employees who are motivated by self-actualization beliefs are likely to fuse with the organization. Self-actualization is therefore likely to affect organizational fusion directly. So, we posit that:
H6: Self-actualization relates positively to organizational fusion.

Self-actualization and Career Planning

In addition, self-actualization motives may drive career planning. The opportunities and advantages discussed above are likely to enhance the careers of fused employees. Self-actualization motivations are linked to the self-concept which influences career choices (Phillips & Blustein, 1994). Core self-evaluation, "fundamental premises that individuals hold about themselves and their functioning in the world' (Judge, Erez, & Bono, 1998, p. 161) is a component of the self-concept. Studies of core self-evaluation show that employees' favorable views of their capacity to alter their behavior and environments relates to their ability to optimize their growth. In models of career work, life-work management is the peak which corresponds to Maslow's (1972) seventh stage of self-actualization – peak experiences. Further, research shows that self-actualization is facilitated by social experiences and integration in groups (Koltko-Rivera, 2006).

Combined the studies suggest that self-actualization may be effectuated through prospective activities and tendencies. One prospective tendency of employees' career choices is career planning. Career planning refers to individuals' outlining future career developments and to their setting and pursuing career goals (Greenhaus, 1988). In order to achieve these career goals employees may view fusion with the organization as a means. Career planning is related to more successful careers (Hall, 2002). Employees who are concerned about their success may therefore view fusion as a strategy to enable them succeed in future. Further, it is suggested that the career setting is highly conducive to self-actualization or self-fulfillment suggesting that career planning enables an employee, along with the mutual goal-setting of his supervisor, to achieve his/her career goals. It is therefore likely that employees seeking to maximize their potential are likely to plan their careers. So we posit that:
H7: Self-actualization relates positively to career planning.

Career Planning and Organizational Fusion

In their decision model of career planning identify steps and factors that influence career planning decisions. Consistent with mentoring and social capital studies which show a positive relationship between career success and organizational attachment (Arthur, Khapova, & Wilderom, 2005) it is likely that organizational fusion which makes employees core members may proffer benefits and resources to employees. Employees who seek career success may integrate more deeply within the organization not only to gain access to information but also to develop social capital and gain access to career-enhancing assignments. Fusion may facilitate the realization of employees' career goals. Based on that logic we expect career planning to relate positively to organizational fusion. So, we hypothesize that:
H8a: Career planning relates positively to organizational fusion

Mediation of Self-regulation

In addition to the direct effect, career planning may relate to organizational fusion through self-regulation. It suggests that career planning requires strategy formulation which enables individuals to achieve their career goals. It also highlights expectancies (e.g., self-efficacy) as significant factors influencing the career decision-making process. Strategies and competencies (e.g., self-efficacy) are self-regulatory elements (Mischel & Shoda, 1995). Self-regulation, defined as the extent to which employees conduct themselves in order to achieve their goals (Vohs & Baumeister, 2004), is therefore likely to mediate the relationship between career planning and organizational fusion. The literature shows diverse frameworks of self-regulation. While some frameworks focus on belief systems (Bandura, 1997) and strategies (Mischel & Shoda, 1995), others focus on goals. Planning is important in self-regulation and implementation of goals (Gollwitzer, et al., 2004). Employees seeking to fuse with organizations may regulate not only their affective tendencies but also their actions so as to achieve their career goals. Career goals define for the employee what constitutes an acceptable level of performance – advancing a career – which then induces controlled effort, persistence, and direction within the organization (Gollwitzer et al., 2004). So, we hypothesize that.

H8b: Self-regulation mediates the relationship between career planning and organizational fusion.

METHODS

Sample and Procedure

We tested the hypotheses using a sample of employees from Ghana—an emerging economy (Arnold & Quelch, 1998; Hoskis-son, Eden, Lau, & Wright, 2000) that has successfully attracted foreign direct investment because of an influx of multinational corporations from America, Europe, Asia, and Japan that invest in minerals and petroleum.

We used a two-stage survey collection process based on the recommendations to minimize common method variance. A total of 125 surveys from 43 organizations were returned even though a few contained information missing at random. We used imputation techniques to address the missingness. Respondents did not differ statistically from non-respondents in gender, education, self-reported proactive personality and job satisfaction. Respondents were slightly younger (mean = 32.5, S.D. = 4.4), on average, than non-respondents (*mean = 37.30, S.D. = 6.5, t(112) = 4.25, p = .03*). The final sample that was used to test the hypotheses consisted of 114 employees matched to 28 organizations. Because the average of 4.1 employees per organization was not representative, we conducted single level analysis with employees as the unit of analysis.

Demographically, 55% of the employees were less than 34 years of age, 9% were between 35 and 45 years of age, 10% were between 46 and 56 years of age, and the rest did not specify. Of the participants, 77% were men, and 23% were women. A relatively large proportion (53%) had a college degree, whereas another 46% had a Master's degree. For job tenure, 42% had 5 or fewer years, 23% had 6-10 years, 14% had 11-15 years, 8% had 16-20 years. The rest did not indicate. Supervisors (35%), managers (29%), and executives (29%) participated in the study, and 66% were married while 33% were unmarried. About 42%, 32%, 4%, and 6% respective had organizational tenure of less than 5, 5-10, 11-15, and 16-20 years respectively. The size of participants' organizations ranged from 100 to 45000. Furthermore, participants' organizations were part of 18 industries including financial, insurance, mining, banking, health care, manufacturing, and service. All participants were from Kumasi —which is one of the industrial bases of Ghana.

MEASURES

Organizational fusion. We adapted the fusion measures, pictorial and verbal, that are developed to measure group fusion from Gomez, Brooks, et al., 2011; Swann et al., 2009; Swann et al., 2012). Our

items were framed as *"I am strong because of my organization"* and "*I make my organization strong."* In our study all items loaded on a single factor and the Cronbach (α) for the 7- item scale was 0.89.

Individual relative deprivation. Six items adapted from Zoogah (2010) measured cognitive and affective relative deprivation. The internal consistency estimates for the scales were .89 and .83, respectively.

Self-expansion. We measured this with Lewandasky & Aron (2002) 14 item self-expansion questionnaire. The measure has been used in diverse studies in social psychology (see Lewandowski, & Ackerman, 2006). Cronbach's alpha was .90.

Self-actualization. We used the core self-actualization subscale of the Brief Index of Self-actualization, an 11-item 6-point Likert-type measure that taps into an individual's fulfillment of potential. Reliability for the core self-actualization scale was fairly high with a Cronbach's alpha of .92.

Career planning. A 5-item scale adapted from Greenhaus (1971) on career planning measured whether individuals set goals for their careers and whether they were genuinely concerned with their future career development. Cronbach's alpha was .70.

Organizational support. Organizational support was conceived to comprise supervisory support and top management. We adapted Horay et al.,'s (2007) 12-item leader influence scale because six of the items tap the extent to which supervisors influence employees and another six tap the extent to which executives provide vision for the organization. Cronbach's alpha was .91.

Self-regulation. We measured self-regulation from the relational perspective (Lakey & Orehek, 2011). The 5-item scale, measured on a Likert scale (1= strongly disagree, 5 = strongly agree) showed a reliability (Cronbach's alpha) of .84.

We controlled for *age, gender, marital status, education, job tenure, organizational tenure, position*, and *size of organization*.

Data Analysis

We were interested in the process by which disadvantaged employees fuse with organizations. So, we used structural equation modeling (SEM) in the STATA version 12 statistical package. SEM is oriented toward processes and combines mediation with main effect analyses. The result support the 2-factor confirmatory factor analysis models of individual relative deprivation (χ^2 = 175.29, df = 8; RMSEA = .06; CFI = .98; TLI = .96) and organizational support (χ^2 = 164.03, df = 7; RMSEA = .07; CFI = .97; TLI = .95). The components of organizational support, supervisory support (β = .54, $p < .001$) and top management support (β = .49, $p < .001$) also distinctly relate to the latent variable. To determine if organizational fusion is distinct from other organizational attitudes – attachment, commitment, involvement, and identification (based on measures in the existing literature), we first conducted a first-order confirmatory factor analysis. The model was significant (χ^2 = 390.52, df = 242; χ^2/df = 1.61; RMSEA = .06; CFI = .97; TLI = .95) suggesting that the variables are distinct. A second order confirmatory factor analysis where the attitudes load on organizational connectedness yielded relatively better results (χ^2 = 371.43, df = 247; χ^2/df = 1.50; RMSEA = .05; CFI = .99; TLI = .98).

RESULTS

The means, standard deviations, minima and maxima along with correlations of the variables in the study were normal. Generally, the correlations between organizational fusion and its determinants range from low to moderate. Some are negative and others positive. Still others are not significant.

The goodness of fit indices (χ^2 = 33.53, df = 21, root mean square error of approximation – RMSEA = .07, comparative fit index - CFI = .96) suggest that the fit of the model to the data is good. The structural model suggests that individual relative deprivation relates positively to self-actualization (β = .34, $p < .001$), self-expansion (β = .49, $p < .001$), and organizational fusion (β = .27, $p < .01$). Self-expansion also relates positively to organizational fusion (β = .26, $p < .01$) and organizational support (β = .42, $p < .001$). Self-actualization relates positively to career planning (β = .14, $p < .05$) which in turn relates positively to

self-regulation ($\beta = .40$, $p < .001$) suggesting that career planning influences the regulatory process of employees. The latter also relates positively to organizational fusion ($\beta = .41$, $p < .001$). However, career planning does not relate directly to organizational fusion ($\beta = .034$, n.s). Organizational support relates positively to organizational fusion ($\beta = .44$, $p < .001$). The measurement model also shows that affective ($\beta = .91$, $p < .001$) and cognitive ($\beta = .76$, $p < .001$) components relate significantly to individual relative deprivation. It supports previous findings on the dimensionality of relative deprivation (see Walker & Smith, 2002).

Based on the results of the final model, only hypotheses 7 and 8a are not supported. The indirect effects suggest a number of paths by which individual relative deprivation relates to organizational fusion. First, individual relative deprivation relates to organizational fusion through self-expansion and organizational support (Path 1). It also relates indirectly through self-actualization, career planning, and self-regulation (Path 2). Second, self-expansion relates indirectly through organizational support (Path 3), career planning and self-regulation (Path 4). Third, career planning relates indirectly to organizational fusion through self-regulation even though it does not have a direct effect. Additional paths include self-actualization through self-expansion and organizational support to organizational fusion.

DISCUSSION

In this study, we examined the process by which employees fuse with organizations as a result of perceived disadvantages. First, we found direct effect of perceived relative deprivation on organizational fusion. This finding is consistent with relative deprivation theory (see Walker & Smith, 2002) but contrary to Zoogah (2010) who found indirect effect of relative deprivation on development behaviors. One reason might be the nature of the construct. Second, we found that relative deprivation relates positively to organizational fusion through self-expansion and organizational support. Employees self-expand by forming relationships within the organizations and solicitation of supervisory support and top management support. Third, perceived disadvantage related positively to organizational fusion through self-actualization, career planning and self-regulation. Perceived relative deprivation arouses the self-actualization motivation of employees which in turn drives employees to plan the course of action they will take to achieve their career goals. Career planning in turn is related to self-regulation. The motivational path combines positive, negative and neutral effects in contrast to the relational path that shows positive effects only. In addition, the effect sizes (standardized coefficients) of the motivational path tend to be lower than those of the relational path. The relational path thus seems to be a stronger route for individuals who perceive disadvantages to fuse with organizations.

These findings contribute to the organizational connectedness literature broadly and therefore supplement constructs such as organizational identity, attachment, commitment, and involvement. First, they show that organizational fusion may be in response to perceived disadvantages, an insight that enhances our understanding of factors influencing organizational connectedness. Second, the study addresses the need for researchers to consider both direct and indirect effects of the process by which employees connect with organizations. Third, we investigated the antecedents of organizational fusion in Ghana, a cultural context that differs from the West but which has industrial characteristics similar to the West.

The study has important theoretical and practical implications for scholars of organizational connectedness. Generally, employees connect with organizations through identification, attachment, commitment. Organizational fusion is closer to the organizational man (Whyte, 1956). However, unlike the organizational man that is based on perceived advantages, the focus of organizational fusion in this study is based on perceived disadvantages.

The nonsignificant finding of the direct effect of career planning also has implications. Career planning is deliberative but requires action to be effectuated. As a form of decision making, career planning requires regulation. This view is consistent with the theory of planned behavior. The effect of

career planning on organizational fusion is therefore more likely to be mediated. As we found in this study, that mediation manifests through regulation.

Based on the findings we propose three practical applications. First, organizations may exploit the desire of disadvantaged employees to fuse with organizations. We are not suggesting that organizations should deliberately disadvantage employees. Rather, we are suggesting that organizations maximize unintended benefits arising from their genuine policies. Second, organizations may establish relational mechanisms to enhance employees' relationships. The relational path indicates that employees establish relationships to enable them fuse with the organization. Organizations may therefore provide support (supervisor and top management) to enhance the fusion of employees. That support enables the self-expansion of employees to influence their fusion in the organization. Third, organizations can enhance the motivational path of employees. As the results indicate, that motivation may drive the intervening career planning and regulation of employees.

Similar to previous studies, this study has limitations. We focused on perceived deprivation rather than actual deprivation. An actual deprivation study would require computation of pecuniary outcomes of deprivation which seems difficult in a culture characterized by secrecy (Awedoba, 2005). Moreover, most psychological studies are perceptual. The study centers on individual relative deprivation but not group relative deprivation (Smith & Ortiz, 2002). Nevertheless, we suggest future research examine the effect of group relative deprivation on organizational fusion.

Despite the above limitations, the study contributes to the organizational connectedness literature by expanding our understanding of the drivers of organizational fusion. By investigating an alternative view of organizational connectedness we show another path by which employees connect with organizations: fusion. That path comprises of two paths – relational and motivational. The study thus extends the nomological network of organizational fusion theoretically and contextually. Therefore, the question of whether disadvantaged employees fuse with organizations seems to be affirmative.

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STEREOTYPING, PREJUDICE, AND INTENTIONS TO DISCRIMINATE AGAINST EMPLOYEES WITH HEPATITIS C VIRUS: THE MEDIATION AND MODERATION EFFECTS

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ABSTRACT

Egypt ranked first in the prevalence and incidences of Hepatitis C. Severe social problems are associated with this infectious disease. The purpose of this study is to investigate the dynamic relationships between stereotypes, prejudice, and discrimination intentions against HCV carriers. Data was collected from 115 Egyptian managers working in private organizations. Correlation analysis indicated positive relationships between stereotyping, prejudice, and discrimination intentions. Regression analysis revealed that prejudice fully mediates the relationship between stereotypes and discrimination intentions. Two-way ANOVA indicated no moderation processes in the relationship between stereotypes and prejudice. Limitations and future research directions are discussed.
Keywords: Stereotyping; Prejudice; Discrimination; Hepatitis C; Egypt.

INTRODUCTION

According to the World Health Organization (WHO), 3% of the world's population is infected with Hepatitis CVirus (HCV) (Golden, O'Dwyer & Conroy, 2005). HCV is a communicable disease that attacks the liver, and if untreated may lead to cancer and death. HCV is usually spread through needle sharing in hospitals, contaminated blood transfusion (Day, Ross & Dolan, 2003; Zickmund, Ho, Masuda, Ippolito & Labreque, 2003) or through drug use (O'Brien et al., 2010). Hence, the infectious disease is associated with negative beliefs regarding its carriers. The carriers may beperceived as irresponsible, dirty, and dangerous (Butt, 2008). Additionally, because of the debilitating symptoms of the disease and its costly treatment, people with HCV may be perceived as an unwanted liability. A number of researches (e.g. Crofts & Louie, 1997; Hopwood & Southgate, 2003; Stoove, Gifford & Dore, 2005; Zacks et al., 2006) indicated that one of the most problematic issues experienced by HCV carriers, beside their health vulnerability, is social stigma.

The consequences of diseasestigmaare pervasive. Victims suffer from low self-esteem and self-confidence (Rosenfield, 1997). In addition, their social welfare is reduced due to losing education, access to housing and reduced quality of healthcare services (Brener & Hippel, 2008; Major & O'Brien, 2005; Zickmund et al., 2003). In the workplace, individuals diagnosed with HCV may face prejudice, abuse, and discrimination from superiors or coworkers (Gifford, O'Brien, Smith, Temple-Smith, &Stoove, 2005;

Mohamed, Saad&Magdy, 2014). As a result of these consequences, some HCV victims may avoid diagnoses or treatment so that their medical condition remains unknown. This can frustrate public efforts to eradicate the disease.

Although the literature on HCV discriminationhas been useful it suffers from several shortcomings. First, as with many other illnesses, research on HCV has not integrated stereotyping, prejudice and discrimination in a single framework. Fiske (2000) has criticized social psychologists for neglecting the study of attitude-behavior relationships and made an "urgent" call for the integration of stereotyping, prejudice and discrimination. Second, most of the empirical research has been done in the United States and Australia. Little research has been done in developing countries, like Egypt, which has the world's highest rate of HCV infection (Viral Hepatitis: Global Policy Report, 2009). Conducting research in non-Western countries is important because stereotyping, prejudice and discrimination are affected by the local culture, social norms and legal context. Third, none of the studies published on HCV discrimination were done in the workplace. This is unfortunate, considering that the workplace represents a unique and important life domain.

This study has two purposes. First, to investigate the relationships between stereotyping, prejudice, and intentions to discriminateagainst employees with HCV in the workplace. Specifically, it was hypothesized that prejudice mediates the relationship between stereotyping and discrimination intentions. Second, the study investigatesthe moderating effects of gender, age, and previous contact on the relationship between stereotyping and prejudice.

This study makes several theoretical and practical contributions. First, it responds to Fiske's (2000) call for more research on the impact of cognition and emotions on discrimination. Second, this research should bring about awareness that HCV stereotyping and discrimination exist and that decision and policy makers should draft rules and laws to protect its victims and achieve equality and justice.

LITERATURE REVIEW

Stereotyping HCV Carriers

According to Kanahara (2006) stereotyping is seeing the world through a frame of reference defined by one's culture. He argued that stereotypes are beliefs about certain groups based on previously formed opinions. These opinions are based on experience whether they are actual incidents or merely embedded in culture. In the same vein, Boysen, Fisher, Dejesus, Vogel and Madon (2011) defined stereotypes as held beliefs about the attitudes and behaviors of certain groups of individuals.Eagleman (2011), on the other hand, argued that stereotypes are misconceptions about groups of people. These misconceptions are wide spread and internalized in the society. Based on Kanahara's previously stated definition, the researchers conceptualized stereotypes as the negative beliefs held by individuals against certain groups. These are the beliefs individuals turn to when they make cognitive and emotional judgments about the stereotyped groups.

Race, gender, religion, sexual orientations, disabilities or diseases can all be a base for stereotyping (Butt, 2008; Chaudoir & Earnshaw, 2009; Surgevil&Aykol, 2011). Managers use stereotypes in performance evaluation, wage distribution and staffing decisions of individuals from minority populations (Baltes & Rudolph, 2010).

HCV represents a good base for stereotyping as it may be spread through needle sharing in hospitals, contaminated blood transfusion (Day et al., 2003; Zickmund et al., 2003) or through drug use (O'Brien et al., 2010). Hence, HCV carriers are stereotyped as irresponsible, dirty, dangerous or addicts (Butt, 2008). This leads the society to look down on those infected, hold negative feelings against them, avoid dealing with them and isolate them from any social activity. A number of researches (e.g. Crofts & Louie, 1997; Hopwood & Southgate, 2003; Stoove et al., 2005; Zacks et al., 2006) indicated that one of the most problematic issues experienced by HCV carriers, beside their health vulnerability, is negative stereotypes.

Prejudice against HCV Carriers

Prejudice is defined as attitudes held by an individual or group, without having sufficient knowledge about the entity prejudiced against, towards a certain individual or group (Schneider, 2004; Webster, Saucier & Harris, 2010). According to Veve (2007), it is believed that prejudice represents the emotional factor of the negative attitude towards the stereotyped individual or group. This emotional part is reflected in hostile affect such as anger or disgust towards the stereotyped group.

Schneider (2004) believed that prejudice is mainly directed towards groups that are devalued in a society such as drug users or homeless people (Crandall & Schaller, 2004). Such a belief aided in providing support that prejudice, similar to stereotypes, acts as a prejudgment that determined how people react emotionally to certain devalued groups.Sasaki et al. (2014) found that Japanese caused uninfected individuals to avoid the carriers. Individuals with viral Hepatitis suffered from prejudice and discrimination. Such negative feelings

The recent focus of researchers in the literature has been on ways to reduce prejudice and its subsequent effects. The main conclusion reached is that eliminating stereotypes, categorization and labeling is the way to fight negative affect (Park & Judd, 2005).

Discrimination against HCV Carriers

Discrimination is defined as the mistreatment of an individual due to his/her belonging to a certain devalued group (Link & Phelan, 2001a). Discrimination may take the form of exclusion, denial of opportunities, incivility or other forms of mistreatment (Major & O'Brien, 2005). Reasons for discrimination could be based on negative stereotypes with relation to personal characteristics (e.g., gender, age, ethnicity, religion, etc.) (Childs, 2011), physical illness (e.g., HCV, HIV/AIDS, etc.) (Surgevil & Akyol, 2011) or mental illness (e.g., epilepsy, schizophrenia, etc.) (Genberg et al., 2009; Link & Phelan, 2001b).

Bradley (2009) argued that one of the main causes of the high unemployment rate among stereotyped individuals is the negative perceptions held by managers in the workplace. He concluded that such stereotypesmay lead to intentions to discriminate in different social settings, including employment.Moreover, when organizations hold negative views of the stigmatized, this gets transferred to the stigmatized individuals themselves who feel marginalized and down-graded. This negatively affects their performance, inhibits them from exhibiting their full potential and further distorts their image among their managers and colleagues.

From the employees' perspective, discrimination againststereotyped individuals take the form of keeping them out of the mainstream. Employees exclude the stereotyped from social settings or gatherings. This negatively affects the psychological health and the relationships of the stereotyped inside the organization. In addition, they lack mentorship, career guidance and appropriate feedback on their performance (Surgevil &Akyol, 2011).

Stereotyping, Prejudice and Intention to Discriminate: The Mediation Effect

According to Ajzen (2012), intention to behave and the actual behavior are strongly connected. Many scholars have supported this argument and have shown that intentions explain, to a great extent, the actual behavior of individuals (Alam & Mohammad, 2010; Igbaria & Greenhaus, 1992). This approach would suggest that stereotypes (norms) lead to prejudice (attitudes) which in turn leads to the intentions to discriminate. Although this causal chain has never been explicitly tested in disease stigma research, several empirical studies have provided partial support for the model. For example, some scholars argued that stereotyping leads to different forms of prejudice and discrimination (Butt, 2008; Chaudoir & Earnshaw, 2009; Rao, Angell, Lam & Corrigan, 2008; Ugarte, Högberg, Valladares &Essén, 2013). Based on the premises of theory of Ajzen's discussion, it can be assumed that prejudice mediates the relationship between stereotypes and intention to discriminate. Therefore, the first hypothesis was:

H1: Prejudice mediates the relationship between stereotypes and intentions to discriminate HCV carriers in the workplace.

Relationship betweenStereotypes and Prejudice: The Moderation Effects.

Some studies found modest causal and positive relationship between negative stereotypes and prejudice (Bahns, 2011; Crandall &Schaller, 2004; Schneider, 2004; Surgevil & Akyol, 2011). However, other group of researchers believed that this relationship depends on several moderating variables (Schneider, 2004).For example, gender, age and the education level are few of the demographic factors that affect the formation of the relationship between stereotypes and prejudice (Stephenson, 2009).

As for gender, previous studies revealed that gender was correlated with attitudes toward mental illness (Angermeyer, 2006; Corrigan & Penn, 1999; Corrigan & Watson, 2007; Gordon, Tantillo, Feldman& Perrone,2004; Hampton & Zhu, 2011; Holzinger, Floris, Schomerus, Carta&Angermeyer, 2012; Laws & Kelly, 2005; Leong &Zachar, 1999; Panek & Jungers, 2008; Panek & Smith, 2005). Females were more likely to have favorable, less prejudicedattitudes toward mental illness than males (Angermeyer, 2006; Corrigan & Penn, 1999; Corrigan & Watson, 2007; Hampton & Zhu, 2011). Males were less benevolent and more restrictive than females, while females were more benevolent, less authoritarian, less socially restrictive, and had higher mental hygiene ideology (Leong & Zachar, 1999). This argument may be especially valid in Egypt'smasculine society, as women maysympathize, relate more to the stereotyped HCV carriers, and interact more favorably with them.This may be a reflection of the rather rigid female role expectations and prevailing image of "fragile female" in the Egyptian society.Therefore, the following hypothesis was articulated:

H2: Gender moderates the relationship between stereotyping and prejudice, so that women show less prejudice than men.

Age differences in the relationship between stereotypes and prejudice are well documented but poorly understood. Compared to younger Americans, older Americans have more negative attitudes toward a variety of different groups (Firebaugh&Davis, 1988; Wilson, 1996), but there are competing explanations for this effect. On the one hand, it might be the case that older adults express more prejudice because they were socialized in more prejudiced times (Schuman, Steeh, Bobo, & Krysan, 1997). On the other hand, due to their poorer inhibitory control than younger adults (Hasher, Zacks &May, 1999;Radvansky, Zacks& Hasher, 2005), older adults might have greater difficulty inhibiting their unintentionally activated stereotypes and prejudicial thoughts (Von Hippel, Silver& Lynch, 2000). Indeed, older people exhibit particularly high levels of prejudice (e.g. Henry & Sears, 2009); therefore, age may play an important contextual role in their reaction toward HCV carriers. Previous research has found that older age was associated with increased prejudice toward HIV infected employees (Bermingham & Kippax, 1998; Lau & Tsui, 2005). In addition, Eguchi, Wada and Smith (2014) found that age affects prejudice against HIV and HCV carriers in the Japanese workplace. The fifth hypothesis is:

H3: Age moderates the relationship between stereotyping and prejudice, so that youngerpeople show less prejudice than older ones.

Finally, the role of previous contact with people with HCV is also assumed to moderate the relationship between stereotypes and prejudice. Increased familiarity of HCV has previously been shown to reduce prejudice toward infected colleagues (Eguchi & Wada, 2013; Wang et al., 2013). This argument is accepted among the majority of researchers; actual contact with HCV carriers increases factual knowledge (Pedersen, 1996). Therefore, the sixth hypothesis of this study is:

H4: Previous contact with a HCV carrier moderates the relationship between stereotyping and prejudice so that individuals with previous contacts show less prejudice than individuals with no contact.

METHODS

Participants

Data was collected from a non-probability purposive sample of managers attending an executive MBA program in an Egyptian private university. All participants were recruited based upon the following criteria:a) all participants should have five years of experience in their organizations; b) they occupy middle to top management positions; and, they represent different organizations working in different business fields to assure diversity.Two-hundred and ten managers were approached; only 115 managers completed the questionnaire (response rate 55%). Participants were approached at the beginning of their classes and were asked to fill the questionnaire. Before distributing the questionnaire, all participants were assured that their participation was voluntary and anonymity was guaranteed.The age of participants ranged between 20 to 45 years, 19.1% of them were between the ages of 20-30 years old, 57.4% were between 31-40 years old and 23.5% were older than 40 years old (mean = 31.35, SD =10.9 years). 79% of participants were males, and 69% of them had previous contact with HCV carriers.

Instrument

HCV stereotyping, prejudice and intention to discriminate were all measured using the instrument created by Mohamed et al. (2014) as the instrument was redeemed inclusive of items covering the three variables. For stereotyping, twenty eight items are used to cover six subscales: contagiousness, responsibility, personal characteristics, social relations, work performance and rights of disclosure. For prejudice, twelve items are used to cover three subscales: fear, disgust and access to resources. As for intentions to discriminate, thirteen items are used to cover two subscales: social distance and denial of resources. All items were measured on a seven-point Likert scale that ranged from 1 (strongly disagree) to 7 (strongly agree). The descriptive statistics and reliability coefficients of these scales are shown in table 1.

TABLE1

Descriptive Statistics and Reliability Coefficients of the Questionnaire Scales

Variables	Mean	Standard Deviation	Chronbach's Alpha
Stereotyping: Contagiousness	20.99	3.36	.72
Stereotyping: Responsibility	13.19	4.34	.71
Stereotyping: Personal characteristics	11.45	4.09	.70
Stereotyping: Social relationships	18.86	5.19	.74
Stereotyping: Work performance	27.67	7.54	.78
Stereotyping: Rights of disclosure	14.18	4.19	.72
Stereotyping	106.35	19.04	.86
Prejudice: Fear	14.10	5.79	.74
Prejudice: Disgust	12.70	4.31	.76
Prejudice: access to resources	10.94	3.89	.77
Prejudice	37.74	11.87	.82
Discrimination intentions: Social distance	35.31	7.69	.83
Discrimination intentions: Denial of resources	33.42	6.20	.81
Discrimination intentions	63.76	12.53	.83

RESULTS

Testing the Mediating Effect

According to Baron and Kenny (1986), in order for prejudiceto function as a mediator, they must be associated with the predictor variable (stereotypes) and the outcome variable (discrimination intentions). Additionally, the predictor variable (stereotypes) must be related to the outcome variable (discrimination intentions). Following Baron and Kenny (1986)'s suggestion, two steps were taken. First, the authors examined if there were relationships between the mediator (prejudice), the predictor (stereotypes), the outcome variable (discrimination intentions) using a correlation analysis method as shown in Table 2. Second, the authors examined if prejudice mediates the relationship between stereotypes and discrimination intentions using a multiple regression method and Sobel test suggested by (Preacher & Hayes, 2008) as shown in Table 3. All analyses were conducted using IBM Statistical Package for Social Sciences (IBM SPSS), version 22.

TABLE2

Zero-Order Correlation Coefficients among Study Variables

Variable	Prejudice	Discrimination Intentions
Stereotypes	.76**	.70**
Discrimination intentions	.87**	1.00

** Correlation coefficient is significant at .01 level.

TABLE3

Hierarchical Regression Analysis

Model	**R**	**R2**	**F**	**B**	**T**	**Sig**
Stereotype	.64	.40	75.41**	.63	8.68	.0001
Stereotype Prejudice	 .82	 .68	 117.35**	.09 .76	1.17 9.78	.24 .0001
Sobel test = 10.405 (Sig at .0001 level)						

** F is significant at .01 level.

The results of the correlation analysis indicated that prejudice is strongly and significantly correlated with both stereotypes and intention to discrimination. Moreover, stereotypes were also strongly and significantly correlated with discrimination intentions. Furthermore, the regression analysis along with Sobel test indicated that prejudice fully mediates the relationship between stereotypes and discrimination intentions since the effect of stereotypes on discrimination intentions was no longer significant after including prejudice in the regression model. Therefore, the first hypothesis could not be rejected.

Testing the Moderating Effects

According to Winer (1971) and Baron and Kenny (1986), if the moderator (e.g., age, gender, education, and contact) and the independent variable (stereotypes) interact to cause the dependent variable (prejudice), the simplest analysis of moderation effect is m x n ANOVA, where m is the number of levels of the moderator, and n is the number of levels of the independent variables. The moderation is established, in this case, through the significance of the interaction term. Therefore, two steps were taken. First, the independent variable (stereotypes) was categorized into three levels; low, moderate, and high using visual binning technique with equal percentiles. Second, the authors examined the moderating roles

of gender, age, education, and previous contact for the relationship between stereotypes and prejudice as summarized in Table 4.

TABLE4

Summary of 2-Way Analyses of Variances For Interactions Between The Independent Variables (Stereotypes) And Different Moderators

Source of variance	Sum of squares	df	Mean square	F	Sig.
Gender*Stereotypes	13.32	2	9.57	.22	.80
Age*Stereotypes	208.61	4	52.15	1.23	.30
Previous contact * Stereotypes	40.30	2	20.15	.47	.63

The results of two-way analysis of variance for the interaction between stereotypes and each of gender, age, and previous contact with HCV carrier reveal that there are no significant interaction between the independent variable and all moderators. Therefore, hypotheses 2, 3, and 4 were not supported.

DISCUSSION

The purpose of this studywas to investigate the mediating role of prejudice in the relationship between HCV stereotypes and intentions to discriminatein the workplace. The researchers also wanted to test the moderating impact of age, gender, and past contact with individuals with HCV on this relationship.

The descriptive statistics (mean scores) of the subscales reflected that managers carry negative stereotypes, prejudice and high levels of intentions to discriminate against employees with HCV. The average scores on the stereotyping items show that participants carry perceptions about HCV carriers specifically with regard to contagiousness and work performance. These stereotypes could be embedded in the culture, erupted from structural roles in the organizations or simply shared within social groups. Those stereotypes help individuals generalize the characteristics on all the ill and hence, simplify dealings with them (Schneider, 2004).

The average scores also showed that participants mostly have fear of the infected individuals. In addition, the participants revealed that they tend to socially distant themselves from the HCV carriers in the workplace.

The research on HCV and its detrimental influences is still in the infancy stage. This study adds to the literature as it explored the dynamics of relationships between stereotypes, prejudice and discrimination intentions with respect to HCV.

The correlation analysis proved that there are significant and strong relationships between stereotypes and prejudice and intentions to discriminate. As argued by Schaller and Stangor in 1996, the problem is not in stereotyping itself; the problem is in internalizing these misconceptions and acting on them in daily life. The present research also agreed with Link's claims in the 1980s that labeling individuals as HCV carriers led to their stereotyping by the society. Such claim was also supported by Rosenfield (1997). In addition, the participants' reporting of holding negative emotions and intention to exhibit discriminatory acts supported Link and Phelan's claim (2010b) that the stigmatized face reduced quality of life and limited access to resources. This also confirms Earnshaw and Chaudoir's belief that social distancing, disclosure problems and denial of resources are issues facing the stigmatized as a result of their illness.

Moreover, regression analysis suggested that prejudice is playing a full mediation role in the relationship between stereotypes and discrimination intentions. Although causality could be assumed,

however, it was not definite and was not addressed by this research.Such results provided support that social interventions to correct stereotypes are eminent as they will create a butterfly effect. Interventions to correct stereotypes will reduce prejudiced attitudes and eliminate intentions to discriminate. This will affect the actual behaviors of individuals in the workplace and the society as a whole.

The results, further, indicated that all moderating effects of gender, age, and previous contact on the relationship between stereotypes and prejudice were not supported. These results can be explained by assuming that negative stereotypes and related prejudice attitudes are widespread in the Egyptian culture such that all managers, regardless of their different characteristics, will act based on them.

LIMITATIONSAND FUTURE RESEARCH DIRECTIONS

There are several potential limitations to the current study. Firstly, the sample size is considered small and it does not allow for results to be generalized to other contexts. Because of the limited time and instability of the country, less number of participants was able to complete the questionnaire. Secondly, all participants were white collar employees, their responses might be different than what less educated blue collar workers would give. Thirdly, the sample was taken from managers working in private organizations. Public institutions' employees may provide different results. Fourthly, the point of view of the HCV carriers was not explored in the Egyptian context. Studying the perception of the stereotyped is important to compare it with the society's perception.

Several recommendations are suggested for future research. First, the results are not universal; testing the concepts across different groups is important. In this case, different types of organizations, managerial levels, time frames and even cities should be explored. Second, increasing the sample size in future studies is important to validate the results of this research. Third, studying actual discriminatory acts is important to check for differences between reported attitudes and actual ones.Finally, parallel to this work, future research may also study the dynamic relationships between stereotypes, prejudice, and discrimination intentions using qualitative methods. This is considered a reasonable response to Suddaby's call (2010), who argued that "As organizational theorists, we must adopt an ongoing position of critical reflexivity about how our individual point of view, our often taken-for-granted assumptions, and our institutional biography might introduce bias and distortion into how we conceptualize and abstract reality." (p. 350).

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THE LEADERSHIP –TURNOVER NEXUS: EXPLORING MEDIATOR AND MODERATOR EFFECTS OF AFFECTIVE COMMITMENT

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ABSTRACT

This study examined the relationships among transformational leadership, affective commitment and turnover intention. A survey of 340 workers from 13 registered Savings and Loans Companies supported the formulated hypotheses. Structural equation modeling (SEM) analysis using LISREL 8.5 with maximum likelihood estimation was employed to test the hypothesized model relating the above-mentioned latent constructs. Results of the SEM analysis showed that transformational leadership was related to affective commitment. Further, transformational leadership had an indirect effect on turnover intent through affective commitment. Finally, affective commitment moderated the hypothesized path between transformational leadership and turnover intention. Implications of these results in the SLCs are discussed.
Keywords: transformational leadership; affective commitment; employee turnover; SEM; Ghana

INTRODUCTION

Leadership is imperative to the wellbeing of both employees and their organizations. Over the last decade, transformational rather than transactional or laissez-faire leadership has become one of the most preferred subjects within the leadership literature (Bass & Avolio, 2000). Transformational leaders are said to possess leadership behaviours of *intellectual stimulation*, *idealized influence*, *individualized consideration*, and *inspirational motivation* (Bass & Avolio, 1990; Bass, 1999).

Previous studies have examined the positive effects of transformational leadership style on work attitude and job satisfaction (Aryee et al., 2002), organizational commitment and trust (Top et al., 2013) and task performance (Judge & Piccolo, 2004; Aryee & Chu, 2012) as well as negative influence on turnover intention (Alexandrov et al., 2007; Dupré & Day, 2007) and actual turnover (Burton & Peachey, 2009; Wells & Peachey, 2011). However, there remains to be seen how transformational leadership and affective commitment may relate to or work with each other to influence employee turnover intention. Also, the processes and mechanisms that brings about the indirect effect of transformational leadership on turnover intention may be complicated than thought by many management and business researchers. Additionally, eyebrows have been raised at a lack of context-specificity in leadership research (Jordan et al., 2010; Liden & Antonakis, 2009; Schriesheim et al., 2009; Yukl, 1999). Hence, understanding the setting within which the study was conducted in imperative. Like Yucel et al.'s (2013) study in Turkey, Ghana is also a collectivist culture (Hofstede, 1980) and thus the Ghanaian context further provides

support for a thorough insight of leadership research in a collectivistic culture as against the most leadership research conducted in individualistic cultures (Hofstede, 1980). Finally, it is perceived in the SLCs that low levels of transformational leadership may create feelings of discontent among employees and eventually increase their turnover intention given the desire of most of these employees to work with retail banking companies. Hence, this study further aims to explore an understudied context for leadership in a developing economy. The study focuses on SLCs because they play a critical role in the growth and development of the Ghanaian economy.

Drawing on Mercurio's (2015) model of affective commitment as the core essence of organizational commitment and Kanter's (1968) attitudinal commitment theory, our study sought to address these limitations in the extant literature by testing an integrated mediated and moderated model of affective commitment in a sample of employees from the non-bank financial sector in Ghana. First, we examined transformational leadership and affective commitment as antecedents of turnover intention. Second, we also examined the mediating and moderating influence of affective commitment on the relationship between transformational leadership and turnover intention.

Our study contribute to the literature in three ways. First, drawing upon Mercurio's model of affective commitment and the attitudinal commitment theory (Kanter, 1968), we argue that employees emotional attachment to and identification with their organisations would decline their intention to quit and serves to promote a degree of trust and willingness to follow their leaders' guidance. Second, we make an empirical contribution to the literature by examining the mediated and moderated influence of affective commitment on intention to quit in an organisation within a collectivist culture, contrary to previous work which has typically used samples from individualistic cultures in the West (Hughes et al., 2010; Meyer et al., 2002). In addition to the theoretical and empirical contributions, our study also make a significant practical contribution by providing advice to both middle and top managers on how to create an atmosphere of trust, admiration, loyalty, and respect for employees which will in turn help to lessen their turnover intentions.

The paper first and foremost presents the literature review. This is followed by the research framework and the research methods. Finally, the paper looks at the results as well as discussions and implications for future research.

LITERATURE REVIEW

Transformational Leadership

Transformational leadership behaviour promotes employee's level of maturity and ideals, and concerns for achievement, self-actualization, and wellbeing of others (Bass, 1999). Transformational leaders uplift the morale, motivation, and morals of their employees which invariably promote empowerment, creativity and *esprit de corps*. Transformational leaders stimulate followers to achieve extraordinary results by providing both meaning and understanding (Gumusluoglu & Ilsev, 2009). Thus, they align the objectives and goals of individual followers with the larger organization (Bass & Riggio, 2006) and provide the followers with support, mentoring, and coaching.

Transformational leadership entails four key dimensions: *charisma or idealized influence*, *inspirational motivation*, *individualized consideration*, and *intellectual stimulation* (Bass & Avolio, 1990; Bass, 1999). Further, Yukl (2006) opined that results for separate dimensions of transformational leadership style are inconsistent in the leadership literature. Adding to that, Fu et al. (2010) opined that the dimensions are so highly correlated that it is difficult to clearly determine their separate effects, even when series of factor analyses support their distinctiveness. As a result, numerous studies on transformational leadership have used only a composite score rather than the dimensions (Yukl, 2006). This paper also combines the four components into a composite score to measure transformational leadership as a unidimensional construct (see Aryee & Chu, 2012; Walumbwa et al., 2008).

For many years, transformational leadership and employee turnover were separate research areas. However, interest in combining these two separate areas has grown over the past three decades and is

based on the assumption that employees are more likely to be influenced by the leadership behaviour of their immediate supervisors (Purcell & Hutchinson, 2007). Reducing the turnover rate of employees who meet and exceed goals could make a tremendous impact on the firm's bottom line. Dimaculangan and Aguiling (2012) examined both direct and indirect effect of transformational leadership on salespersons' turnover intention through ethical climate, person-organization fit, and organizational commitment. Results showed that transformational leadership contributes to managing employee turnover by increasing the firm's financial performance. Chang, Wang and Huang (2013) in a multilevel study in Taiwan established that individual and store-level factors were significantly associated with employee turnover intention. At the individual level, job characteristics had a significantly negative relationship with turnover while results at store-level found a significant negative relationship between transformational leadership and turnover intention. Similarly, Kara, Uysal, Sirgy and Lee (2013) studied the effect of transformational and transactional leadership styles on employee wellbeing in the hospitality industry. Using data from a sample of 443 Turkish 5-star hotels, Kara et al. (2013) found transformational leadership style to be more effective in enhancing employee wellbeing and minimizing turnover intention. In sum, transformational leadership has been shown as a key variable in lessening turnover intention and enhancing their overall wellbeing. We there propose to study the relationship between transformational leadership style and employee turnover intention from a collectivist cultural perspective.

Hypothesis1. Transformational leadership has a negative relationship to employee turnover intention.

Apart from the mechanisms by which transformational leaders' influence their followers' decision to turnover, evidence in the extant literature shows that transformational leaders also influence employees emotional attachment to and involvement with the organization. According to Leroy, Palanski and Simons (2012), social exchange theory serves as the basis to fathom the relationship between transformational leadership and affective commitment. Thus, based on the norm of reciprocity, trust and identification with leaders are built through continuous communication with employees and the sharing of values. Thus, employees identify with leaders and the values these leaders instill in them in the organization. Braun, Peus, Weisweiler and Frey (2013) argue that this identification with and attachment to the leader results in increased affective commitment in the employees. Similarly, Pillai and Williams (2004) posit that transformational leaders are catalyst in eliciting higher levels of commitment. These we think are particularly true in a service-oriented business like the savings and loans companies in Ghana.

Also, available empirical evidence suggests that transformational leadership is positively related with organizational commitment (Avolio et al., 2004). However, when considering the effect of transformational leadership style on the facets of commitment (i.e., affective, normative and continuance), very little evidence is available in the extant literature particularly in Ghana. Few empirical research (Chandna & Krishnan, 2009; Chiun et al., 2009) using data from Africa have found transformational leadership to have positive effect on follower's affective commitment. Given the significant role that these two construct can play in a service-oriented institution like the savings and loans companies, we intend to explore their relationship from the perspective of a collectivist culture (i.e., Ghana) since there is a paucity of research in this area. We therefore argue that transformational leadership will have a positive effect on employees' emotional attachment to and involvement with the organization.

Hypothesis 2. Transformational leadership has a positive relationship to affective commitment.

Mediating Role of Affective Commitment

In this paper we seek to understand the indirect effect of transformational leadership on turnover intention through the lens of attitudinal commitment theory (Kanter, 1968). According Meyer and Allen (1991), affective commitment means *an employee's emotional attachment to, identification with, and involvement with the organization*. This emotional attachment to organizational goals results in employee's willingness to exert effort on behalf of the organization. Positive employees' outcomes to a large extent depend on their perceptions of how much the organization cares about their wellbeing and values their contributions (Gould-Williams, 2007; Vermeeren et al., 2011) to the aims and objectives of

the organization. In this case, the degree of affective commitment will depend on the fulfillment of employee's needs and values (Hackman & Oldham, 1975). However, to lessen employee turnover and improve performance, it is imperative that the organization meets the needs of its employees (Schneider & Bowen, 1993). This assertion is based on a synergetic assumption that if organizations care for their employees, the employees in return will care for the organization. Thus, as Taris and Schreurs (2009) puts it, a happy worker is a productive worker.

Hughes, Avey and Nixon (2010) examined the relationships between leadership and followers' quitting intentions and alternative job search behaviours. Results revealed that quality of leader-member exchange (LMX) mediated the relationship between followers' perception of transformational leadership behaviour and their intentions to quit the organization. Similarly, Hamstra, Van Yperen, Wisse and Sassenberg (2011) in a study showed how job-fit helped to reduce followers' turnover intentions with particular emphasis on transformational leadership. However, the mechanisms and methods by which transformational leader's behaviour influences employees' decision to quit their jobs have not received adequate attention in the literature from the perspective of an emerging economy. This clearly shows the need for greater attention to be paid to understanding the mechanisms through which transformational leadership influences work-related attitudes such as employee turnover intention in order to develop a more complete understanding of the inner workings of transformational leadership (Bass, 1998).

Furthermore, previous research has found a positive relationship between transformational leadership and affective commitment (Kark et al., 2003; Yucel et al., 2013) and a negative relationship between affective commitment and turnover intention (Guntur et al., 2012; Lew & Sarawak, 2011; Meyer et al., 2002). Consistent with Mercurio's (2015) model of affective commitment as a core essence of commitment and Kanter's attitudinal commitment theory, we propose that employees' affective commitment will mediate the relationship between their perception of their supervisors' transformational leadership behaviour and their own turnover intention.

Hypothesis 3. Affective commitment mediates the relationship between transformational leadership and employee turnover intention.

Moderating Role of Affective Commitment

Given the huge emphasis on main effects of transformational leadership on turnover intention, research on transformational leadership may be overlooking key moderator variables. Indeed, researchers (e.g., Yucel, McMillan & Richard, 2013) have suggested that it may not be the perceptions of transformational leadership behaviour alone that influences employee work outcomes, but a clear perception of positive social exchange or leader-member exchange between employees and their organizations.

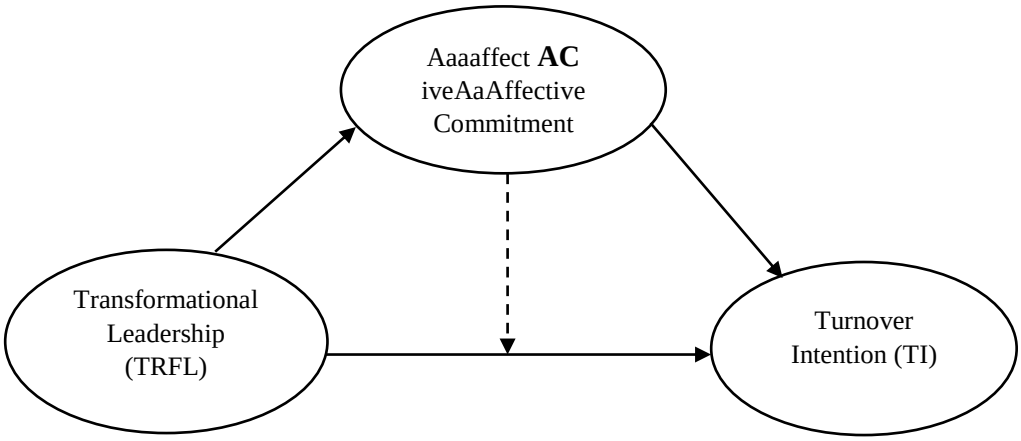
These exchanges are primarily based on ones perceptions of support (Shore et al., 2006; Walumbwa & Hartnell, 2011) and fairness (Colquitt et al., 2001). This is because a positive perception of support and fairness is likely to increase the probability that employees will feel comfortable with their organization and the leaders' behaviour without necessarily worrying about quitting their job (Gillet et al., 2013). Yet, our knowledge of the mechanisms and processes that creates and maintains this support and fairness is somewhat limited. In line with this assertion, scholars have suggested that future research should begin focusing on what contributes to lessen employee withdrawal reaction behaviour and what constrains an organization's ability to retain its talented employees for a longer period of time (Chiu & Francesco, 2002; Zargar et al., 2013).

Because employees emotional attachment to and involvement with the organization has been suggested as one of the best predictors of employee engagement (Saks, 2006) and withdrawal reaction behaviours (Meyer et al., 2002) relative to other commitments, affective commitment may be the most potent moderator of the influence of transformational leaders behaviour on follower's work attitudes and behaviours. For instance, some researchers (Yucel et al., 2013) have suggested that affective commitment might influence employees' perceptions of transformational leaders' behaviour. However, few studies, if

any at all, have investigated the interaction effect of affective commitment and transformational leadership in predicting employee work attitudes and behaviours, particularly in developing economies. Further, although the relationship between transformational leadership and turnover intentions is well documented (Bycio et al., 1995; Tse et al., 2008; Zhu et al., 2012), little research has examined potential moderators of this relationship. In this paper, we argue that transformational leadership practices (Avolio & Bass, 1991) contribute to employee turnover intention contingent upon employees' level of attachment to and involvement with the organization (i.e. affective commitment). We specifically examined the role of affective commitment in enhancing the effects of transformational leadership practices on employees' work withdrawal reaction behaviours.

Hypothesis 4. Affective commitment moderates the relationship of transformational leadership to turnover intention such that this relationship is stronger when affective commitment is high.

FIGURE 1
Hypothesized Model of the Relationship among TRFL, AC and TI



METHODS

Data and Sample

The target population for this study consists of employees in the Ghanaian Savings and Loans Companies (SLCs). The accessible population however was limited to employees of 13 SLCs located in the Greater Accra and Ashanti regions respectively. The selection of these two regions was based on the fact that approximately 80% of the SLCs in Ghana are concentrated in these two regions (GHASALC, 2012). In addition, the headquarters of these SLCs are located in these two regions. The sampling units consist of managers, officers and assistants in SLCs registered under the Financial Institutions (Non-Banking) Law of 1993 (PNDCL 328). We employed a convenience sampling technique to select 435 participants for the study. In Ghana and most part of Africa, data collection is very difficult since most people are not used to filling questionnaires and returning them. Thus, when gathering primary data in such locations, convenience sampling becomes the most appropriate for sufficient response as compared to other sampling techniques (Leat & El-Kot, 2007).

A questionnaire survey was used for the data gathering. A total of 450 questionnaires were sent out to respondents in the 13 SLCs. However, only 340 questionnaires representing 78% response rate were completed and returned. To test non-response bias, we followed Armstrong and Overton's (1977)

procedure. We compared responses of early respondents to the survey (first 10% of returned questionnaires) to the responses of late respondents (last 10% of returned questionnaires) as a proxy for non-respondents. The results of the independent samples t-test showed that there were no significant differences in the response patterns of early and late respondents. Thus, non-response bias is not an issue in this study and the data used to test the hypotheses were representative of the sampling frame.

Out of a total sample of 340 employees, 52.1% of respondents were male and 47.9% were female. Approximately 56% of the sample reported their age as 26-30 years, while the second largest group of respondents reported being 20-25 years of age. Approximately 64% of the sample had worked for their organization for 1-4 years, while the next group of respondents (25.3%) had worked for their organization for 5-8 year. Approximately 65% of the sample were officers followed by 23.8% assistants and 10.9% managers. A total of 76.8% of respondents were located in Greater Accra whereas 23.2% of the sample were from Ashanti region.

Measures

The survey instrument was made up of four sections. The first section contained demographic variables such as gender, age, position, tenure and location. The remaining three sections included the latent constructs: transformational leadership, affective commitment and turnover intention. With the exception of some of the demographic variables, all the remaining items on the questionnaire were closed-ended.

Dependent variable

A 4-item scale by Jackofsky and Slocum (1984) was used to measure employee turnover intention. Respondents were asked to indicate the frequency with which they are likely to quit their jobs on a 5-point Likert scale ranging from 1 "*strongly disagree*" to 5 "*strongly agree.*" All four items had factor loadings above 0.50 and were included in the analysis. A sample item from the turnover intention scale is "*I am actively looking for a new job*." The coefficient alpha for the 4-item turnover intention measure was 0.88.

Mediator and moderator variable

A 6-item scale was used to measure affective commitment (Meyer & Allen, 1997). Participants responded to all six items on a 5-point Likert scale ranging from 1 "*strongly disagree*" to 5 "*strongly agree.*" Following Hair et al. (2014), two items with factor loadings below 0.5 were excluded after the confirmatory factor analysis. The remaining four items were: "*I really feel as if this company's problems are my own*," "*I don't feel like part of the family at my company*," "*I don't feel emotionally attached to this company*" and "*I don't feel a strong sense of belonging to this company*." The coefficient alpha for the 4-item affective commitment measure was 0.79.

Independent variable

The Multifactor Leadership Questionnaire Form 5X (Bass & Avolio, 1995) was used to measure transformational leadership. The MLQ measured the four dimensions of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Based on prior research (e.g., Aryee & Chu, 2012; Walumbwa et al., 2008), the 20 items were averaged to form a composite transformational leadership score. Apart from idealized influence which was measured with eight items, the remaining dimensions were each measured with four items. Respondents were then made to indicate the frequency with which their immediate supervisor(s) engages in each of these behaviours on a 5-point Likert scale ranging from 1 "*not at all"* to 5 "*frequently, if not always*" The scale coefficient alpha for the composite transformational leadership measure was 0.90.

Control variables

Demographic variables (e.g., gender, age, tenure and location) which are potential predictors of turnover intention were included (Chang et al., 2013; Hansung & Stoner, 2008; Lu et al., 2007; Moynihan

& Landuyt, 2008). Gender was a dichotomous variable (0 = *male*, 1 = *female*). Employees' age and tenure were continuous measures. Finally, location was also a dichotomous variable (0 = *Greater Accra Region*, 1 = *Ashanti Region*).

Controlling for Common Method Biases

Although self-report measures (i.e., questionnaire) offer substantial benefits such as ease of distribution and inexpensive usage to the researcher, they also tend to increase the possibility of common method variance which produces inflated correlations among the constructs of interest (Crampton & Wagner, 1994). To this end, the study adopted recommendations of Podsakoff et al. (2003) in order to reduce the likelihood of this method bias. First, respondents were assured of their anonymity and confidentiality prior to completing the survey questionnaires. Second, psychological separation in common method experiments was used. A cover rubric served as the psychological separation for the different constructs.

RESULTS/FINDINGS

To enhance statistical power by reducing type 1 error, we followed recommendations by MacKinnon et al. (2002) and used structural equation modeling (SEM) with maximum likelihood estimation procedure to examine all the measurement models and simultaneously test the hypothesized relationships shown in Figure 1. The data analysis followed Anderson and Gerbing's (1988) two-step procedure, which involves a confirmatory factor analysis (CFA) to test the distinctiveness of our study constructs using LISRER 8.5 (Joreskog & Sorbom, 2006) and an estimation of the hypothesized relationship using structural equation modeling.

Measurement Model Validation

The validation of the measurement model was conducted in two stages. We began with assessment of the measurement models for our study variables in accordance with Anderson and Gerbing's (1988) suggestion by analyzing the fit of each individual construct independently. Next, a CFA was conducted for the overall measurement model in which all the major latent constructs were allowed to be freely estimated.

The fit of the CFA model was evaluated based on the chi-square (χ^2) goodness-of-fit test and four other fit indices recommended by Hu and Bentler (1998, 1999) and Bagozzi and Yi (2012). Although Hu and Bentler's (1999) recommendations are a good starting point to conclude that a model fit the data well, we relied on the more recent conservative recommendations by Bagozzi and Yi (2012): RMSEA$\leq$0.07, SRMR$\leq$0.07, NNFI$\geq$0.92 and CFI$\geq$0.95 (see Marsh et al., 2004). The fit statistics for the model specifications are presented in Table 2 and as can be seen, all the constructs fit indices were within the acceptable threshold. Also, Table 1 displays the final list of items, their respective standardized factor loadings and the square multiple correlation test. The positive and significant factor loadings confirm convergent validity of our study constructs. The overall measurement model fit was very good (all factor loadings in Table 1 were significant at *t*-value > |1.96|, and the fit indices were: χ^2 (227) = 636.53, normed chi-square (χ^2/df) = 2.80, root mean square error of approximation (RMSEA) = 0.07, standardized root mean square residual (SRMR) = 0.06, non-normed fit index (NNFI) = 0.92, composite fit index (CFI) = 0.93) as compared to the two alternative bias factor models indicated in Table 2. Thus, we conclude that the results of the confirmatory factor analysis provide empirical evidence of the distinctiveness of the three constructs.

We also estimated the alpha reliability, composite reliability and average variance extracted and the results showed that all the constructs possessed high internal consistency and were within the acceptable range: indices exceeded the minimum threshold of 0.70, 0.60 and 0.50 respectively (Bagozzi & Yi, 2012; Hair et al., 2014). Further, discriminant validity of the constructs was assessed by comparing

the average variance extracted and the square of the correlation between the measures. Table 3 presents the inter-construct correlation and the reliability estimates for the study variables. As indicated in Table 3, all the variances extracted were greater than the square of the correlation between the two constructs, indicating satisfactory discriminant validity (Fornell & Larcker, 1981; Hair et al., 2014; Netemeyer et al., 1990). The descriptive statistics and zero-order correlations among the study variables are presented in Table 4. Transformational leadership related to affective commitment (r = .22, p< .001) as did turnover intention (r = -.12, p< .05). Affective commitment also related to turnover intention (r = -.33, p<.001).

TABLE 1
Confirmatory Factor Analysis for Measurement Model

Construct and their Indicators	**Factor Loadings**	**SMC**
Transformational Leadership Items (TRFL)		
II1. My manager goes beyond self-interest for the good of the group	0.59	0.35
II2. My manager acts in ways that build my respect.	0.67	0.45
II3. My manager displays a sense of power and confidence.	0.68	0.46
II4. My manager specifies the importance of having a strong sense of decisions.	0.63	0.40
II5. My manager emphasizes the importance of a collective sense of mission.	0.73	0.53
IM1. My manager talks optimistically about the future	0.69	0.48
IM2. My manager talks enthusiastically about what needs to be done.	0.74	0.55
IM3. My manager expresses a compelling vision of the future.	0.76	0.58
IM4. My manager expresses confidence that goals will be achieved.	0.74	0.55
IS1. My manager re-examines critical assumptions to questions whether they are appropriate.	0.61	0.37
IS2. My manager seeks differing perspectives when solving problems.	0.60	0.36
IS3. My manager gets me to look at problems from many different angles.	0.71	0.50
IS4. My manager suggests new ways of looking at how to complete assignments.	0.70	0.49
IC1. My manager spends time teaching and coaching.	0.71	0.50
IC2. My manager helps me to develop strengths.	0.77	0.59
Affective Commitment Items		
AC1. I really feel as if this company's problems are my own.	0.85	0.72
AC2. I don't feel like part of the family at my company.	0.77	0.59
AC3. I don't feel emotionally attached to this company.	0.64	0.41
AC4. I don't feel a strong sense of belonging to this company.	0.61	0.37
Turnover Intention Items		
TI1. I intend to remain on this job	0.77	0.59
TI2. I am actively looking for a new job	0.73	0.53
TI3. I will quit my job soon.	0.59	0.35
TI4. A year from now I will still be with this same company	0.62	0.38

Note. Factor loadings are significant at (t-value > |1.96|); SMC = squared multiple correlation.

Structural Model Estimation

After the CFA, SEM was followed to assess the overall fit of the hypothesized model and estimated paths were also tested. Again, various fit indices were used to check statistical significances of each path and the overall structural model. Table 6 presents the test of our structural model. As shown in that table, our hypothesized final model (Model 4) fit the data well, (χ^2 (12) = 35.27, χ2/df = 2.94,

RMSEA = 0.076, SRMR = 0.032, NNFI = 0.94, CFI = 0.96) considering the fact that the study had a large sample size (*N* = 340).

TABLE 2
Results of the Confirmatory Factor Analysis

CFA Models	χ^2	df	χ^2/df	*p*-value	RMSEA	SRMR	NNFI	CFI
Transformational leadership	176.46	84	2.10	0.00	0.06	0.04	0.94	0.95
Affective commitment	3.66	2	1.83	0.16[a]	0.05	0.02	0.98	0.99
Turnover intention	0.68	2	0.34	0.71[a]	0.00	0.01	1.02	1.00
Full measurement model†	636.53	227	2.80	0.00	0.07	0.06	0.92	0.95
Alternative model 1	878.56	229	3.84	0.00	0.09	0.08	0.76	0.78
Alternative model 2	909.28	229	3.97	0.00	0.09	0.08	0.75	0.77

Note.N = 340; RMSEA: Root mean square error of approximation; SRMR: Standardized root mean square residual; NNFI: Non-normed fit index; CFI: Comparative fit index; [a]: not significant at α = 0.05; †Full measurement model: All items retained in transformational leadership, affective commitment and turnover intention were modeled simultaneously.
Alternative model 1: Add affective commitment items to TRFL and estimate them under TRFL
Alternative model 2: Add affective commitment items to TI and estimate them under TI

TABLE 3
Inter-Construct Correlations and Reliability Estimates for Study Variables

Variables	α	CR	AVE	Squared correlation	
				1	2
1. Transformational leadership	0.90	0.82	0.59		
2. Affective commitment	0.79	0.80	0.51	0.05	
3. Turnover intention	0.88	0.77	0.56	0.01	0.11

Note. CR = Composite reliability; AVE = Averaged variance extracted; α = Cronbach alpha.

TABLE 4
Descriptive Statistics and Zero-Order Correlations among Study Variables

Variables	Mean	SD	1	2	3	4	5	6
1. Gender	0.52	0.50						
2. Age	28.37	4.53	0.21***					
3. Tenure	2.19	1.77	-0.04	0.40***				
4. Location	0.77	0.42	0.07	0.02	0.06			
5. Transformational	3.62	0.68	0.07	0.05	0.11*	0.01		
6. Affective commitment	4.67	1.24	0.04	0.08	0.03	-0.11*	0.22***	
7. Turnover intention	3.02	1.01	-0.07	-0.04	0.09	0.15**	-0.12*	-0.33***

Note. *N* = 340; $^{*}p<.05$; $^{**}p<.01$; $^{***}p<.001$.

As reported in Table 5, all the hypothesized direct relationships (with the exception of TRFL to TI) were supported by the structural model data.[1] TRFL accounted for 9% of the variance in AC whereas TRFL and AC together explained 31% of the variance in turnover intention. Consistent with the HR literature, it was found that TRFL had significant positive effect on AC ($\gamma = 0.47$, $t = 4.14$) and AC also had a significant negative effect on turnover intention ($\beta = -0.55$, $t = -5.75$). The results therefore lend support to H2 and H3. However, the direct path from TRFL to turnover intention was not supported ($\gamma = -0.03$, $t = -0.23$).

TABLE 5
Structural Path Estimates for the Proposed Model

Parameters	Path	Std. Estimate	t-value	R^2	Result
TRFL to AC	γ21	0.47	4.14	0.09	Supported
TRFL to TI	γ31	-0.03	-0.23		Not supported
AC to TI	β32	-0.55	-5.75	0.31	Supported
TRFL x AC to TI	γ23	-0.59	-3.24		Supported

Note. With the exception of TRFL to TI path, all paths have *t*-value > |1.96|; TRFL x AC is the interaction term.

Test of Mediation and Moderation Effects

To test for mediation effects, two structural models were compared. The first model positions AC in a full mediating role between TRFL and TI. The second model (the hypothesized model of the study) allows for both direct and indirect effects (mediated through AC) of TRFL and TI. Since the first model is nested within the second, a χ^2 difference test can be performed to determine whether AC fully mediates or only partially mediates the effect of TRFL on TI. This approach to testing mediation effect is consistent with previous studies that have examined mediation hypothesis (e.g., Brown et al., 2002; Mostafa & Gould-Williams, 2013; Yen & Gwinner, 2003; Weston & Gore Jr., 2006). Table 6 shows the results of the structural equation analysis for both full and partial mediation models. As indicated in Table 6, both structural models fit the data reasonably well. However, the χ^2 difference comparing the fully mediated model with partially mediated model suggests an insignificant difference ($\Delta\chi^2 = 0.02$, $\Delta df = 1$) and therefore we used model CAIC (Bozdogan, 1987) to compare our two models since it takes into account the statistical goodness of fit and the number of parameters that are estimated to achieve good fit. Bozdogan (1987) recommends that the model that produces the minimum CAIC might be considered because CAIC penalizes model complexity. Therefore, we conclude that the fully mediated model provides the best fit for the data (χ^2 (9) = 33.18, RMSEA = .09, SRMR = .04, NNFI = .94, CFI = .96) since it produces the minimum model CAIC score (115.13).

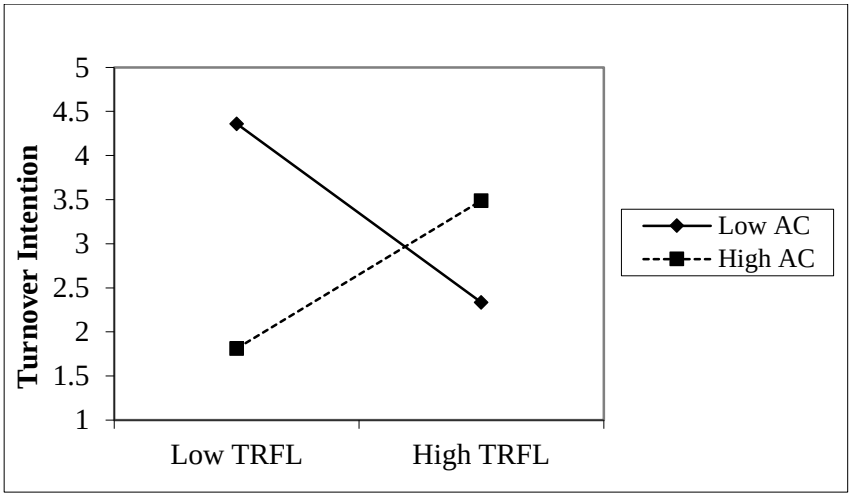
The results revealed that AC fully mediated the relationship between TRFL and turnover intention. Therefore, Hypothesis 3 is supported. Thus, it could be argued that TRFL has an indirect rather than a direct effect on turnover intention through AC.Hypothesis 4 stated that, AC moderates the relationship between TRFL and turnover intention. The path estimate shows that AC was negatively related to turnover intention ($\beta = -0.55$, $t = -5.75$). Similarly, the interaction between TRFL and AC was significantly and negatively related to turnover intention ($\gamma = -0.56$, $t = -3.24$). The interaction pattern is shown in Figure 2. Simple slope analysis reveals that an increase in AC leads to an increase in TRFL and a decrease in turnover intention. Thus, the inverse relationship between TRFL and turnover intention becomes even stronger when AC is high. Table 6 presents the moderation model fit for the data. As shown in Table 6, the moderation model (Model 3) provided a reasonable fit to the data (χ^2 (11) =35.27, $\chi 2/df$ =3.21, RMSEA = 0.08, SRMR = 0.03, NNFI = 0.93, CFI = 0.96).

TABLE 6
Results of the Hypothesized Model Estimated in Structural Equation Modeling

Model	χ^2 (df)	$\Delta\chi^2(\Delta df)$	RMSEA	SRMR	NNFI	CFI	Model CAIC
1. Full mediation model	33.18(9)	−	0.09	0.04	0.94	0.96	115.13
2. Partial mediation model	33.16(8)	0.02(1)	0.10	0.04	0.93	0.96	121.93
3. Moderation model	35.27(11)	−	0.08	0.03	0.93	0.96	
4. Final structural model [a]	35.27(12)	−	0.08	0.03	0.94	0.96	

Note. [a] simultaneous estimation of both mediation and moderation models

FIGURE 2
TheInteraction Effect of AC and TRFL on Turnover Intention



DISCUSSION

The findings of this study represent a step beyond previous leadership research, which has reported a direct linear relationship between transformational leadership and employee turnover intention. In particular, the study found an indirect effect of transformational leadership style on employee turnover intention through affective commitment. The findings provide a theoretical support to the attitudinal commitment theory and Mercurio's model of affective commitment as a core essence of organizational commitment. This finding extends earlier findings on the importance of affective commitment to the organization at different echelons of analysis (Meyer, et al., 2002).

Also, our findings provide empirical evidence that the effect of employees' perception of their immediate supervisors leadership style (Walumbwa et al., 2008; Walumbwa & Hartnell, 2011) on their intention to quit varies according to the level of emotional attachment to and involvement with the organization. Accordingly, affective commitment interacted positively with supervisors' transformational leadership style to influence employees' turnover intention (Meyer, et al., 2002; Yucel et al., 2013).

Finally, understanding the setting within which this study was conducted is imperative. Similar to Yucel et al.'s (2013) study in Turkey, Ghana is a collectivistic culture (Hofstede, 1980) and therefore the Ghanaian context provides support for the extrapolation of the transformational leadership research in a

collectivist culture as against the most leadership research conducted in individualistic cultures (Hofstede, 1980). Also, although the private sector is seen as the engine of Ghana's economy, there is a paucity of research in this context. Hence, this study is the first of its kind to empirically show the indirect effect of transformational leadership style on employee turnover intention in the savings and loans companies in Ghana.

Practical Implications of the Present Study

The result of our study provides some practical implications for both private and public organizations. First, the finding that transformational leadership was positively related with affective commitment, which in turn, was related to turnover intention, has some practical significance. Since practice of transformational leadership behaviours such as *inspirational motivation, intellectual stimulation, idealized influence* and *individualized consideration* increases the likelihood of achieving organization's set objectives and limits upswing of staff turnover (Gyensare, 2013; Gyensare et al., 2015), the study suggests training and coaching of leaders to be more transformational in order to provide useful returns on investment in terms of employee development. For instance, Dvir et al. (2002) suggest that such training and coaching initiatives are related to increased levels of commitment, motivation and satisfaction as well as followers performance. Therefore, the savings and loans companies will benefit from implementing combined training and coaching methods based on transformational leadership concepts (Braun et al., 2009). Most importantly, our study provides understanding of the mediating mechanism that links the leader's style to employee's turnover intention.

The study also highlights the potential importance of affective commitment in organizations, especially with respect to the interactive effect of transformational leadership in limiting the upswing of staff turnover. The greater affective commitment employees experience in the SLCs, the higher their level of performance and the lower their intention to quit. Hence, the interaction between employees' perception of supervisors' leadership style and stronger attachment to and involvement in the organization will help lessen the cost related to turnover (Vance, 2006). Given the positive effect of affective commitment on the link between transformational leadership and turnover intention, it is imperative that immediate supervisors and management find ways to take advantage of this interaction effect so as to circumvent the burden associated with employee turnover.

Limitations and Suggestions for Future Research

The findings of the current study are without some limitations and should be interpreted with consideration in the light of the following limitations. The first limitation deals with the sample. Although our findings have undoubtedly contributed to our understanding of the intervening and interacting role of affective commitment to employee turnover intention, they should be treated as preliminary until future research replicates them with samples pooled from a broader range of occupations and organizations both in the private and public sectors. Also, results of the current study are limited to employees in the Ghanaian SLCs, a fraction of the non-bank financial institutions (NBFIs) and thus cannot be generalized to the Ghanaian context as a whole. Future longitudinal and experimental research would help confirm the causal paths investigated in the present study.

Subsequently, the study relied on the use of self-reported measures. Despite the fact that some researchers have shown that common method variance is trivial and small (e.g., Spector, 1987; Crampton & Wagner, 1994) and common method bias is rarely strong enough signal to invalidate research findings (e.g., Spector, 2006), we believe that results of the present study may be inflated by same source bias. However, we followed some steps recommended by Podsakoff et al. (2003, 2012) to reduce the likelihood of this method bias. The recommended steps followed in this study, however add some degree of confidence to our conclusions. Following Walumbwa and Hartnell (2011) suggestions, we recommend that future studies incorporate objective withdrawal reaction behaviour measures, and measures that tap directly into the notion of employee turnover. Also, this study limited employee outcome variables to

turnover intention. While this is a key outcome variable in most empirical studies, future research, primarily within the sub-region should examine a different set of employee outcomes such as lateness and absenteeism, in order to confirm the negative results reported in this study and the possibility of replicating same findings across a range of employee outcomes.

Finally, future research could learn from testing our model with other leadership styles (e.g., charismatic and ethical leadership). Probably these leadership styles may exhibit an indirect effect on employee turnover intention. Thus, as indicated by Yucel et al. (2013) such areas of research await thorough investigations.

Conclusion

The present study set out to enhance our understanding of a potential mechanism, namely affective commitment, through which transformational leadership affect employees' turnover intention in the SLCs. In addition, the study also helps us to understand the interactive mechanism between transformational leadership and affective commitment on turnover intention. The findings are consistent with the study's hypotheses and existing research. Transformational leadership had an indirect effect as opposed to the numerous findings (e.g., Chang, Wang & Huang, 2013; Kara, Uysal, Sirgy & Lee, 2013) that have reported a direct effect on turnover intention. We hope that our findings will spark future research interest and ideas in studying complex mechanisms between transformational leadership and other relevant work outcomes. In spite of her strategic location and economic importance in the West Africa sub-regions, there is a paucity of business and management research in Ghana. Again, we hope that the findings reported here, which demonstrates the intervening and interacting effects of affective commitment on transformational leadership and employee turnover intention, will inspire others who wish to carry out further management research in Ghana and within the sub-region.

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ANTECEDENTS TO EMPLOYEE ENGAGEMENT: A QUALITATIVE STUDY OF SENIOR SECONDARY SCHOOL TEACHERS IN NIGERIA

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ABSTRACT

This study explores the antecedents of employee engagement among civil servants. Participants included 28 teachers from 8 government owned senior secondary schools in Lagos State, Nigeria. The teachers cut across all levels in terms of experience, grade level, and gender. Teachers were interviewed about factors that get them engaged at work. The results revealed six main themes: passion for the job, availability of materials for the job, work environment, relationship and support between employees, training and retraining, and pay and remuneration. The findings are discussed in relation to best practice in engaging employees to work within the public sector.

INTRODUCTION

Employee engagement has emerged as a popular concept among academics and practitioners the business, management, industrial/organisational psychology, and human resource management fields (Kim, Kolb, and Kim, 2013). Kahn (1990: 694) defined employee engagement as "the harnessing of organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances." While there is evidence of increasing theoretical consolidation and growth of studies on employee engagement, the literature captures the inherent debate and variations of employee engagement.

Accordingly, the superior business outcomes of employee engagement have made academics and practitioners to ask questions about the key drivers or antecedents that can influence increases in employee engagement (Wollard and Shuck, 2011). This has led to research exploring the drivers or antecedents that can enhance, and perhaps help the development of an engaged workforce (Saks, 2006; Wollard and Shuck, 2011). As such, the literature has reported different antecedents to employee engagement such as job characteristics, perceived organisational support, perceived supervisor support, rewards and recognition, value congruence, work-life balance, job fit, workplace safety (Harter, Schmidt, and Hayes, 2002: Kahn, 1990; May, Gilson, and Harter, 2004; Saks, 2006). However, the increase in the list of the antecedents of employee engagement has only led to disparate and disconnected debates because of the lack of consensus on its meaning and characteristics (Gruman and Saks, 2011). Also, these reported antecedents are based on results from the researchers' perspectives of employee engagement. It is important to identify and understand the antecedents of engagement from understanding and perspectives of those who feel it.

Also, many of the reported antecedents of employee engagement were from studies based on hypotheses testing (e.g. Harter et al., 2002; May et al., 2004; Saks, 2006). While these quantitative studies have tested and validated already constructed theories employee engagement, it is important to note that such studies have certain weaknesses. For instance, such quantitative studies may not reflect the original understandings of the research participants (Choy, 2014). Also, the theories used might not reflect the research participants' understandings (Choy, 2014). Besides, the researcher may miss out on phenomena occurring because of the focus on hypothesis testing rather than on theory building (Creswell, 2013). Finally, the knowledge produced may be too abstract and general for direct application to specific situations, contexts, and individuals (Creswell, 2013; Choy, 2014).

Secondly, many of the studies on engagement has been within the western context, especially in the United States, Canada, and the United Kingdom, as well as some parts of Asia, Oceania and South America, and these cover more of the private sector than the public and the third sectors contexts (Shuck, 2011). The results of many of these studies have revealed that the importance of each antecedent of engagement vary from context to context (Wollard and Shuck, 2011). Consequently, it is important to identify and understand the antecedents, which will be popular within the African context. However, little or nothing is known about employee engagement within the African context especially Nigeria. It is pertinent to note that most of these studies as earlier mentioned are generally theory testing, and validating, which means the true meaning of employee engagement and the factors that drive it may still be elusive within these contexts despite the research results.

Thus, the purpose of this study is to contribute to the expanding literature on employee engagement by exploring and understanding its popular antecedents within the Nigerian public sector as a means to initially develop a strategic plan for engagement in the sector. This will help identify and understand employee engagement and its antecedents based on the understanding of the constituents of the research context. Also, this paper seeks to see if the results of this study would be similar to other antecedents already identified in literature from other contexts. The main research question for this study is that; what are the antecedents to employee engagement? Kahn's (1990) personal engagement theory is adopted to explore and understand the antecedents of employee engagement within this context. While many researchers seldom use this framework for their studies, many of the antecedents of engagement known today greatly reflect the three psychological conditions – meaningfulness, safety and availability – proposed by Kahn (1990). Therefore, this framework stands out as the most suitable to qualitatively explore and understand the antecedents of employee engagement. This study is based on the notion that employees' perceptions of their work affect the experience of psychological conditions, which in turn shape employees' decisions to engage in their work roles.

Hence, the paper is organised as follows. The next section – Theoretical framework - reviews Kahn's (1990) theory of personal engagement before exploring the antecedents of EE as reported by literature in relation to Kahn's psychological conditions of meaningfulness, safety and availability. This is followed by a discussion of the research methods used in collecting and analysing data before discussing the findings. The paper concludes with a discussion of the main themes and recommendations from the study.

THEORETICAL FRAMEWORK

While the focus of this study is to explore and identify the antecedents of employee engagement, it is important to note that this study follows Kahn's (1990) theory of personal engagement. Therefore, Kahn's (1990:694) definition of personal engagement as - "the harnessing of organisation members' selves to their work roles: in engagement, people employ and express themselves physically, cognitively, emotionally, and mentally during role performances" – is the working definition adopted by this study. This definition is adopted because it reflects the understanding of engagement from the perspectives of the research participants in Kahn's (1990) study. Also, this definition reflects employees' positive behaviours towards work role expressed cognitively, emotionally and physically, which are products of psychological conditions of meaningfulness, safety and availability – engagement (Kahn, 1990).

According to Kahn (1990), individuals have dimension of themselves that, given the appropriate conditions, they prefer to employ and express in the course of role performance, even as they maintain boundaries between themselves and their roles. Individuals who drive personal energy into role performance become physically involved in tasks, cognitively vigilant, and emotionally connected to their work and their colleagues (Kahn, 1990). In other words, employees who are engaged to their work express what they feel and think, their creativity, their beliefs and values, and their personal connections to others (Crawford, Rich, Buckman and Bergeron, 2014).

According to Kahn (1990), employees' experiences of themselves and their work environment influence momentary psychological conditions that drive that drive their willingness to personally engage in role performance. Furthermore, employees seemed to ask themselves three questions - how meaningful is it for me to bring myself into this performance? How safe is it to do so? How available am I to do so? - And then, personally engage depending on their answers (Kahn, 1990). These questions represent the three psychological conditions of meaningfulness, safety and availability, which reflect the basic logic of contract (Crawford et al., 2014). Generally, individuals agree to contracts when they believe they have the resources needed to meet their responsibilities, when the contract contains clear and desired benefits, and finally, when the contract also offers protective guarantees (Kahn, 1990).

Accordingly, people vary in their willingness invest themselves according to the meaningfulness and the safety they perceive in situations; as well as their own availability (Kahn, 1990). The combination of these three conditions – meaningfulness, safety and availability – creates a condition of psychological presence from which employees are able to employ and express themselves more completely physically, cognitively and emotionally in their work role performances (Kahn, 1992).

In summary, Kahn's (1990; 1992) personal engagement represents the employment and expression of personal physical, cognitive, and emotional energy in one's work role. This personal investment in role performances is dependent on the psychological presence created by individuals' perceptions of meaning, safety and availability. These perceptions are influenced by antecedents factors which determine the level of engagement employees give in role performances.

Antecedents of employee engagement are defined as constructs, strategies, or conditions that precede the development of employee engagement and that come before an organisation earns the benefits of engagement-related outputs (Wollard and Shuck, 2011). These antecedents are discussed within the context of the three psychological conditions – meaningfulness, safety, and availability - proposed by Kahn (1990).

First, psychological meaningfulness is defined as the positive "sense of return on investments of self in role performance" (Kahn, 1990:705). People who experience meaningfulness feel worthwhile, useful, and valuable (Kahn, 1990). According to Kahn (1990; 1992), the main factors influencing meaningfulness include challenging tasks clearly delineated, varied and rather autonomous; roles that carry identities consistent with how people like to see themselves and that confer a sense of status; and rewarding interactions involving appreciation, feedback, and respect that allow individuals to feel valuable and cared for.

Consequently, certain antecedents of engagement fit the theoretical description of meaningfulness as offered by Kahn (1990). These antecedents include autonomy, job challenge, development opportunities, and reward and recognition. These antecedents are linked to high level of engagement because they offer opportunities and incentives for employees to express their preferred self in role performances (Kahn, 1992). Beginning with autonomy, Kahn (1990) opined that autonomy provides a sense of ownership and control over work outcomes, which increases the meaning of work to individuals. This premise has been supported by the findings of some empirical studies. For instance, Crawford, LePine and Rich (2010) in a meta-analytic estimate based on 32 studies and a combined sample of over 18,000 people, found that autonomy promotes engagement. Crawford et al (2010) put the relationship between autonomy and employee engagement at 0.37. Also, Christian, Garza, and Slaughter (2011) in a more updated estimate based on 43 studies and a combined sample of 24,000 individuals found that autonomy and engagement are positively related with the relationship at 0.39. Therefore, this confirms that increased employee autonomy is a major way of driving employee engagement. Secondly, job challenge encourages meaning through employees' feelings that much is expected of them (Kahn, 1990). This suggests that raised expectations increase effort, persistence and performance among individuals. However, this has been confirmed by different researchers who found that employee engagement is positively related to cognitive work demands (Bakker, Demerouti, and Schaufeli, 2005), work responsibility (Rothbard, 2001), and high workload (Xanthopoulou, Bakker, Demerouti and Schaufeli, 2009). Furthermore, both job responsibility and workload were found to promote employee engagement (Crawford et al., 2010). Thus, job challenges make employees respond to increased expectations with

high employee engagement. Another antecedent to employee engagement found with the context of psychological meaningfulness is development opportunities. According to Kahn (1990), development opportunities make work meaningful because they provide paths for employee growth and fulfilment, prepare employee for greater job challenge, and expose employees to alternative roles that have greater job fit with their preferred selves in role performances. This premise has been found consistent with the findings of some researchers. For example, using a large sample of Royal Dutch Constabulary Officers, Bakker, van Emmerik, and Euwema (2006) found that development opportunities enhance employee engagement. Similarly, other researchers found that development opportunities encouraged higher levels of engagement in samples of managers (Rothmann and Joubert, 2007), public sector workers (Williams, Wissing, Rothmann, and Temane, 2009), and soldiers (Chambel and Oliveira-Cruz, 2010). This suggests that while financial rewards may not necessarily drive engagement in western countries, they may serve as important drivers of engagement in a context such as Africa. This results support the notion that development opportunities promote higher levels of engagement amongst employees. Lastly, reward and recognition have also been proposed as an antecedent of employee engagement, according to Kahn (1990), reward and recognition should encourage meaningfulness because they represent returns on personal investment of self in role performance. However, in terms of empirical relationships with engagement, results are more mixed. For instance, while Bakker et al (2006) found no positive relationship between employee engagement and financial rewards, Jackson, Rothmann, and Van de Vijver (2006) found that financial rewards led to higher levels of employee engagement among educators in South Africa. The latter suggests that what matters as an antecedent to engagement in a particular location and to certain people may be different to what matters in antecedent to some other people in another context. This highlights reasons why the antecedents of engagement need to explored, identified and understood within different context. In summary, among the antecedents linked to psychological meaningfulness, the most empirically validated one to drive higher engagement is autonomy. Also, ensuring greater job challenge, development opportunities, and reward and recognition would significantly drive higher engagement.

Secondly, psychological safety is defined as a sense of being able to invest oneself in work role performances without fear of negative consequences to self-image, status or career (Kahn, 1990:708). Employees feel safe when work conditions are trustworthy, secure, predictable and clear in terms of behavioural consequences (Crawford et al., 2014). According to Kahn (1990), the main antecedents linked to safety include social support (interpersonal relationships), and workplace or work environment climate to mention a few popular ones. With regards to social support, Kahn (1990) submitted that employees having social support perceptions lead to increased safety because it gives them the flexibility to take risks and maybe fail without fearing negative consequences. Many researchers have found that social support influences high level of engagement. For example, Schaufeli and Bakker (2004) and Saks (2006) reported that positive social support from management and fellow employees in an organisation lead to high levels of engagement. Also, meta-analyses from Crawford et al (2010) and Christian et al (2011) provided empirical proofs that social support is a key driver of engagement. Workplace climate is another antecedent linked to psychological safety. Kahn (1990) argued that workplace climate enhances psychological safety because it clarifies the organisational norms, and expectations for desired employee behaviour. In congruence to this submission, different researchers have found that positive and supportive workplace climate promotes psychological safety, which leads to increased levels of employee engagement (e.g. Gorter, te Brake, Hoogstraten, and Eijkman, 2008; Xanthopoulou et al., 2009).

Finally, psychological availability refers to "sense of possessing the physical, emotional, and psychological resources necessary for investing self in role performances" (Kahn, 1990:705). Kahn (1990) perceived that the main factors influencing psychological availability include physical energy, emotional energy, insecurity, and outside life. Theoretically, role workload, work-role conflict, and resource inadequacies influence how psychologically available employees are for role performances, which if positive, increases the level of engagement. Role workload refers to when employees have too much work to do in the time available for its completion (Beehr, Walsh and Taber, 1976). While a challenging work role brings meaningfulness to employees, there is a point at which job demands can

make employees feel unable to engage in performing the tasks. This makes employees feel less capable of having the physical, cognitive, and emotional energy available to invest self in role performance (Kahn, 1990). It is important to note that there are empirical research supporting this proposition. For instance, Bakker et al (2006) found that constabulary officers who perceived their roles as being too complex notwithstanding their level of education and skills were likely to report significantly decreased level of engagement. Similarly, Hakanen, Bakker and Schaufeli (2006) found that when teachers feel constantly overwhelmed by unfinished work tasks, they reported lower level of engagement. Hence, while a challenging workload may be of benefit to increased employee engagement, evidence suggests that high workloads may decrease engagement level. Also, work-role conflict is a perceived factor that can influence the psychological availability of employees towards decreasing or increasing their engagement level. Whenever employees' behaviours are inconsistent with behaviours expected of them by their managers, there is a work-role conflict. Thus, Kahn (1990) argued that work-role conflict damages psychological availability because it makes employees believe they cannot concurrently satisfy conflicting demands with any amount of effort. There are empirical supports for this submission. For instance, using a sample of 186 Information Communication Technology consultants, Hallberg and Schaufeli (2006) found that consultants who received incompatible requests from two or more people at work showed lower levels of engagement. Also, using 12 studies and a combined sample of over 3,600 individuals, Crawford et al (2010) estimated the relationship between role conflict and engagement to be -.24.

These findings confirm that for organisations to increase employee engagement, work-role conflicts need to be minimised. Finally, resource inadequacies may decrease the level of employee engagement. Resource inadequacies refer to conditions where work tasks become demanding because of problems caused by missing or defective equipment of by missing or outdated information (Sonnentag, 2003). According to Kahn (1990), resource inadequacies decrease employee availability because they exhaust the physical and emotional energy that may have been used for productive self-investment in work role performances. Several empirical studies have produced findings consistent with this notion. For instance, in a study focusing on public sector employees, Sonnentag (2003) found that situational constraints involving a lack of appropriate information or materials for role performance diminishes the level of engagement. Similarly, in a study conducted among 477 employees working in the call centre of a Dutch telecom company, Bakker, Demerouti and Schaufeli (2003)reported that Job demands (such as computer problems) were the most important predictors of call centre employees' levels of exhaustion, which led to decrease in the level of engagement.Moreover, in a cross-sectional survey of a sample of 1,794 policemen and women in the South African Police Service, Mostert and Rothmann (2006)found that high lack of resources or inadequate quality equipment promoted low level of engagement. Put together, these findings show that organisations can increase the level of engagement by providing adequate resources needed by the employees for role performance.

In summary, the relationships between EE and some of its proposed most relevant antecedent factors to this study that could be organised under one of Kahn's (1990) three psychological conditions – meaningfulness, safety and availability have been highlighted. The focus has generally been on two variable relationships between each of the antecedent factors and EE without examining relationships with EE when the antecedent factors are incorporated together as antecedents of EE. Hence, there is the need carryout this examination because according to Kahn (1990), the extent to which employees experience the three psychological conditions of meaningfulness, safety and availability together determines how engaged they are in a particular work condition. Consequently, antecedents that fall under each of these three psychological conditions should have a unique relationship with EE even when considered together. However, Kahn (1990) was not clear about the exact nature of how meaningfulness, safety and availability combine additively or interactively. Besides, most of the empirical studies focusing on the antecedents of engagement above have shown that different antecedents exist in various contexts. Therefore, since the research context here is Africa, Nigeria to be precise, it is pertinent to explore the antecedents within this context qualitatively in order to capture an original understanding of what matters as antecedents of engagement to Nigerian public sector employees. Therefore, the aim of this study is to

explore, and identify the antecedents to employee engagement through the understanding of workers experience of what gets them engaged at work.

METHOD

Participants

Twenty-eight teachers from eight different state-owned senior secondary schools across three local government areas – Alimosho, Ikeja, and Lagos Island local government areas - in Lagos state, Nigeria participated in this study. The criterion for participant selection was that participants must be subject teachers in public senior secondary schools across the three local government areas mentioned above. The three local government areas were selected because they were the once easily accessible by the researcher within the budget available for the study. In addition, these twenty-eight teachers were the ones who showed interest in finding out more about the study and decided to take part in it.

Procedure

While seeking permission to complete this study, certain agreements were reached in order to fulfil the required research ethics. According to Israel and Hay (2006: 2), "carrying out a research requires protecting others, minimizing harm and increasing the sum of good." To assure and ensure this, the researcher sought the consent of the Commissioner for Education in Lagos State who then informed the teachers about the study through the Tutor-generals in charge of each local government areas. Also, the teachers were informed about the study by the researcher on visits to each school. Information about the study was delivered to the teachers by the Principal of each secondary school within the three local government areas. The researcher approached potential participants, invited their interest, informed them of the study, and then gave a copy of the consent form and the statement of the study to teachers who agreed to participate in the study before making arrangements for an interview with each potential participant. All participants were advised that they could withdraw from the study at anytime. None of the participants withdrew their participation from the study.

However, it was agreed that the identities of the teachers and their respective schools should not be disclosed. Hence, the researcher adhered to the highest level of anonymity. The identity of the organisation remains anonymous likewise that of the teachers who participated in the study. Pseudonyms were used to represent the names of the teachers to ensure the anonymity of the teachers. These pseudonyms are only known by the researcher to ensure reflexivity (Reinharz, 1997). These pseudonyms ensure the ethical requirement of the research. In ensuring confidentiality of results, the researcher avoided compromising commitment to morality and to the law and maintained the standard satisfactory for professional integrity (Social Research Association, 2003). This research is open to collegial review and the researcher adhered to professional integrity without any fear or favour (Social Research Association, 2003).

A semi-structured interview schedule was designed and used to obtain information about teachers' experience and knowledge of the factors that get them engaged to work. In the interviews, questions were asked about teachers' understanding of engagement, factors that influenced them to be more engaged at work and otherwise. The interview questions were unstructured and designed in such a way that promotes open – ended responses from the teachers. The interviews were between 45 minutes and an hour long. The interviews were audio-taped with the consent and permission of the participants and transcribed. The interview schedule is available in the appendices.

While data was collected via semi-structured interviews and transcribed, transcripts were analysed using the thematic analysis technique. According to Bryman (2012), thematic analysis involves the search for themes that emerge as being important to the description of a phenomenon. Thematic analysis is a method for identifying, analysing, and reporting patterns (themes) within data (Braun and Clarke, 2006). It plainly organises and describes data set in rich detail (Braun and Clarke, 2006). It is a form of pattern recognition within the data, where emerging themes become the categories for analysis. Also, it often interprets various aspects of the research topic (Boyatzis, 1998). Thematic analysis has been

criticised based on certain weaknesses. For instance, while it encourages flexibility, this makes difficult for researchers to decide what aspects of their data to focus on (Braun and Clarke, 2006). Besides, thematic analysis has limited explanatory power beyond mere description if it is not used within an existing theoretical framework that anchors the analytic claims that are made (Braun and Clarke, 2006). However, its advantages – flexibility (Braun and Clarke, 2006); allowing the expansion of the range of study past individual experiences (Guest, 2012); interpretation of themes supported by data; applicability to research questions that transcend an individual's experience (Guest, 2012); allowing for categories to emerge from data (Saldana, 2009) – encouraged the researcher to adopt it for data analysis. Thus, to address the disadvantages aforementioned, the proposed step-by-step guide by Braun and Clarke (2006) was followed to the latter.

According to Braun and Clarke (2006), the first step is familiarisation with the data with the researcher(s) preparing the transcripts personally. Thus, to begin data analysis, the researcher personally transcribed the audio-taped interviews and got immersed and familiar with the data by repeatedly reading the data in an active way searching for meanings, patterns and themes. This is essential before beginning coding, as researcher's ideas, identification of possible patterns will be shaped as the researcher reads through (Braun and Clarke, 2006). While familiarising with the data and as advised by Braun and Clarke (2006), the researcher took notes about what is in the data and what is interesting about them. According to Braun and Clarke (2006), the next phase is the generation of codes, which involves the production of initial codes from the data. Here, the researcher generated codes that identify important features of the data that are relevant to answering the research question. This involves coding the entire dataset, and after that, organising all the codes and all relevant data extracts, together for later phases of analysis. The researcher manually coded data by using 'post-it' notes to identify fragments of data. At this stage, different codes were generated and collated. In the next phase, the researcher examined the codes and collated data to identify important potential themes by collating data relevant to each theme by working with the data and reviewing the viability of each theme. This is referred to as the searching for themes phase (Braun and Clarke, 2006). Here, the researcher used the name given to each code to organise them into overarching themes, and sub-themes, and all extracts of data that have been coded in relation to them. At this point, researcher started having a sense of the meaning of individual themes. While doing this, the researcher did not discard anything at this stage because it is important to examine all the extracts in details before deciding whether the themes hold as they are, or whether some need to be combined, refined and separated, or discarded (Braun and Clarke, 2006). This is the stage where themes are reviewed. The researcher used Patton's (1990) dual criteria to determine the substantial themes ensuring that there are clear distinctions between themes while the data within the themes fit together meaningfully. This stage led to the next phase where a detailed analysis of each theme was developed by fashioning out the explanatory name, focus and scope of each of the six themes (Braun and Clarke, 2006), which formed the results of this study. At the end of all these five rigorous phases, the final stage is the report production stage which involvesuniting the analytic narrative and data extracts, and contextualising the analysis in relation to existing literature (Braun and Clarke, 2006). This is carefully done by the researcher by embedding extracts within the analytic narrative that not only describe the data, but make argument relating to the research question – what are the antecedent of employee engagement? This reporting is done in the findings section.

FINDINGS

The analysis of interviews with the teachers revealed six main themes: passion for the job, availability of materials for the job, work environment, relationship between employees, training and retraining, and pay and remuneration.

Passion for the Job

Most teachers spoke of how their mindset, what they desire, and what they love to do influenced their choice of profession and performance in the teaching role. The teachers expressed that they are doing the job they have always desired and loved to do. When asked about how to describe an engaged teacher and what influences teachers to be engaged, most of the responses revealed that the passion an individual has for a profession makes him or her committed to the job as well as engaged. For instance, Rotimi, a male teacher with 18years of experience, having a smile on his face said that *"I think I will first of all start from your mindset as an individual…this job I love it…from the onset I want to be a teacher…a job that you love you will be committed to it."*

The interviews also revealed that having the heart and interest for a job and being ready to sacrifice one's energy and time for and on the job indicate the love an individual has for a job. An individual who has the heart for a job, interested in the job, and ready to sacrifice for the job has passion for the job. These characteristics indicate passion for the job which in turn influences engagement. For example, Niyi a male teacher with 23 years of experience stated that *"if somebody has that heart for the job…you will be ready to sacrifice… you will sacrifice your time, sacrifice your energy, and sacrifice personal belongings like money."*

Also, teachers reported that their love for children and having the interest of the students in mind influence their love for the job. They claimed that caring for the students is an important factor that made them become teachers. For instance, when asked to describe an engaged teacher, Bimbo, a female teacher with years of experience stated that *"A fully engaged teacher is somebody that is willing to work, love his job and ready to achieve the organisational goals…has the interests of the students at heart and he's willing to know and achieve the organisational goals…."* In response to how teachers get engaged, she said *"you love the job first of all… you have the interests of the students…you see the students like they are your own children…"* When asked the same question, some teachers pointed out that love for a job could be as a result of parents' occupation and the love an individual has for children. A good example of this is Tomilola, a female teacher with just 8 months in service who reported that *"another thing is that you need to have passion for the job…for example, I really love this job…I have always wanted to be a teacher and that is because my dad is a lecturer…also, I have passion for children…I like being around children…and that encouraged me to become a teacher as well…"*

Availability of Materials for the Job

Teachers reported that having the right tools and resources needed for the job essentially influence employee engagement. Kolade, male teacher with 8years of experience identified that availability of materials needed for the job is a precondition to employee engagement. He said that *"the facilities and materials for teaching help teachers to be engaged when they are available…"* In fact, Laide, a female teacher for years identifies materials for the job as being an important factor for getting teachers engaged. She said *"one of the factors will be the availability of materials needed for the job… if all those things are not available, there is no way the teacher will be able to discharge the duty very."* Teachers believe that having instructional materials needed for their job helps them to be engaged. Bimbola, a male teacher for 6years has a clear idea about how availability of materials for the job helps teachers to be engaged. He said *"there are some things that we needed as sort of materials or equipment or devices that will be used by that teacher to effectively discharge that duty…one of such is instructional materials… if those things are provided, at least it will aid teaching…"* most of the teachers are of the view that when they are well equipped with the tools and materials they require within their different fields to teach, such would get them engaged with their work.

Work Environment

Another major theme that emerged from the interviews was that a good work environment influences individuals to be engaged to work. For instance, Rotimi talked about how the immediate surroundings of the workplace (the school), and other factors such as the quality of the classrooms, staff rooms, quality of the air (ventilation), and the noise level can be positive or negative for employee

engagement. Most teachers believe that when the environment is of good quality, it serves as an antecedent to engagement. For instance, Folake, a female teacher with 19years of experience believes that having good ventilated classrooms and staff offices would encourage teachers to be engaged to work. Speaking excitedly about how teachers become fully engaged, Folake said, *"I think number one is good environment…if we have airy classes, conducive classes…then the classes are not overpopulated…and good quality, well designed offices…we will be engaged."* Another teacher, Adeyemi who has only been a teacher for three years claimed that the environment in of his school really attracted him to work. He said *"…so teachers are highly engaged through the following factors….one, a very conducive environment for the teachers…having the right furniture in the staff room and classes encourage teachers to be more engaged."* In fact, in a particular school, all the teachers identified work environment as a major factor that influence their engagement to work. An eye-catching statement was made by one of them, Bashorun, a male teacher with 19years in service stated that *"I feel comfortable …if I am not comfortable with the job and this school…no matter the challenge I face…I will remain here because the environment is conducive for me…in fact…I love being here than being at home."* In fact, another teacher, Abeke, a female teacher with about 3years 2months experience in service made a submission about the school she work in; *"the environment here is very good for learning and teaching…the quality of classes and offices are good and lovely…it encourages teachers to be effective…I enjoy coming to this school to work every day unlike my former school where the environment is nothing to write home about."* This clearly indicates that a good and conducive work environment could be a precondition to engagement. a good work environment makes the workplace attractive to employees and in turn encourages them to be engaged to work.

Relationship and Support between Employees

A major theme identified from the interviews could be relationship between employees. Teachers talked about how the cordial relationship and family-like relationship that exist amongst them serve as a precursor to employee engagement. This was identified as a major theme in every school where teachers were interviewed. For example, Niyi, male teacher with 23 years of experience claimed that *"relationship with co-workers serves as a way of motivating me to be engaged at work…supports from colleagues in all forms help a lot".* Niyi's statement shows that good relationship amongst employees encourages supports on the job amongst them. Niyi talks about how the cordial relationship among teachers in his school has resulted into the creation of a social committee in the school. This social committee is made up of teachers and through it they attend to one another's needs. This cordial relationship promotes teamwork among the teachers as well. In the interview with Bola, a female teacher with 10 years' experience, she shared experience about how other teachers were able to help her and other teachers who were busy preparing the final year students for their final exams with other responsibilities of their jobs as a result of the good relationship they have. In an event that happened while interviewing a teacher which reveals the cordial relationship and support among the teachers, Simbi, a female teacher with 25 years' experience sought the help of another teacher to take her class while she took part in the interview. The other teacher happily jumped at the request and made for the class immediately. Also, Hammed, a male teacher with just 6months experience in service expressed that having cordial relationships with other teachers have helped him to be engaged because whenever he is faced by any challenge on the job, others are easily accessible for him to seek their help. For instance, Folake described a scenario that supports Hammed's point, but her final statement says it all; she stated that *"at least I have seen people in this school calling on another staff within the school to teach a topic…and the person did it with all pleasure…and it was done…I think that is a good relationship…and it has helped…"*. In describing how relationship and support between employees help them to be engaged, Bolarinwa, a female teacher with up to 12 years' experience said *" in this school we are working as a team…then we work as brothers and sisters…keeping good relationship with ourselves…"*

Training and Retraining

Teachers also identified training and retraining as a precondition to employee engagement. Teachers talk about how learning new skills about their jobs in response to the twenty first century technological changes have made them become engaged to their jobs. Making a point for how training has help to engage teacher to work, Bimbo, a female teacher with 14years of experience was quick to say *"we enjoy trainings and seminars here which help teachers to be engaged…the trainings and seminars are focused on how to help teachers resolve any challenges they are facing…these trainings are regular.."* In fact, a teacher claimed that training contributed to the love for the job. Tomilola, a new female teacher with about six months in service said *"the training I got when I was doing my teaching practice internship made me love the job completely and I made up my mind that this is where I am needed..."* In addition, teachers believe that training and retraining has helped them understand their jobs better in terms of duties and responsibilities of the role. Laide, a female teacher with 10 years in service stated that *"with the trainings and seminars, teachers have been exposed to the understanding that we are stakeholders in the education sector and we have our quota to contribute…so, understanding your position and responsibilities as teachers helps us to be engaged in this school…"* The availability of training and retraining for employees from the responses of the participants suggests it could be an antecedent to employee engagement.

Pay and Remuneration

Pay and remuneration was highlighted by teachers as an important antecedent to employee engagement. For instance, Sholape, a female teacher with 3years of experience claimed that pay is the *"real antecedent of engagement for me."* Most of the teachers confirmed that pay rise will reduce teachers' turnover and encourage them to be engaged to work. This is because teachers believe they are poorly remunerated. According to Laide, a female teacher with 10years' experience, *"if there is no increment in salary"* teachers will not be engaged to work. Laide concluded that *"salary is important"* and that if there is an increment in salary, it would be good for teachers. While Tolu, a male teacher with 20 years' experience identified that good salary can help engage teachers to work, Rotimi pointed out that salary increment could reduce employee turnover. Rotimi identified that if you are "well remunerated", you will not be searching for other jobs or businesses to make extra income and you will be focused on your job. In another response supporting this theme, Funmito, a female teacher with 23 years of experience, talks about the fact that "*when you are well paid, you will be committed".* These views from the teachers revealed that pay and remuneration could be an essential factor influencing employee engagement among workers.

DISCUSSION AND CONCLUSION

Prior studies have indicated that employee engagement has positive results on organisational performance. It has been reported that employee engagement reduces employee turnover, increases profitability and productivity at work (Harter et al, 2002). Hence, employees become innovative and proactive (Hakanen, Perhoniemi, and Toppinen-Tanner 2008), and avoid unproductive behaviours (Sulea, Virga, Maricutoiu, Schaufeli, Dumitru, and Sava, 2012).

Six main themes were identified as important factors influencing employee engagement amongst teachers in public senior secondary schools from three local government areas in Lagos State, Nigeria. Passion for the job is a new antecedent identified by this study and this seems peculiar because it is being purported as the next stage after employee engagement in emerging practitioner literature (see Zigarmi, Nimon, Houson, Witt, and Diehl, 2011). The passion an employee has for his or her job is important in developing interest and love to be engaged to such job. In particular, most of the teachers highlighted that employee engagement would occur only when an employee has passion for the job he or she performs. One explanation for this is that passion for the job or passion for work has a link with engagement (Ho, Wong and Lee, 2011). Also, this explains the suggestion made by Zigarmi, Nimon, Houson, Witt, and

Diehl (2009) that employee work passion results in consistent, constructive work intentions and behaviours, which highlights employee engagement. In addition, this highlighted the suggestion of Gilbert and Foley (2012) that passion for work is associated with employee engagement.

Another antecedent to engagement reported by the teachers is availability of the materials needed to perform the job roles. This is similar to the earlier finding of Sonnentag (2003), Bakker et al (2003), and Mostert and Rothmann (2006) about resources inadequacies. Availability of the materials employees need to do their job is important in maximising employee competence, in showing employees that their work is valued, and in showing the organisation's support for them in performing the work they are asked to do (Harter, Schmidt, Killham, and Agrawal, 2009). It appears that providing the needed materials needed by employees for their jobs preconditions them to ne engaged.

The work environment was also shown to be important in influencing employees to be engaged at work. From the perceptions of the teachers, the condition and quality of their work environment in terms of health and safety really matters in terms of engagement to work. If a good work environment is provided by employers, it is likely that tasks will be completed successfully, and employee engagement will occur (Bakker, Schaufeli, Leiter and Taris, 2008). A work environment that protects the health and safety of employees serves as a precondition to employee engagement (Dollard and Bakker, 2010). This suggests that a good work environment could influence the engagement state of employees at work.

The relationship and support employees give to one another in the workplace goes a long way in influencing their state of engagement to work. Previous studies suggested social support in terms of co-workers relationships influences employee engagement (e.g., Schaufeli and Bakker, 2004; Saks, 2006; Crawford et al., 2010; Christian et al., 2011). This present study validates the submission of these researchers and also confirms that this is true of the present research context.

Training and retraining has been identified to be a possible factor to influence employee engagement. This study suggests that providing a workplace that allows employees to acquire knowledge, skills and competencies that relate to their work roles could make them engaged. Previous studies have suggested that development opportunities in form of training and retraining positively influence engagement (e.g. Crawford et al., 2010; Christian et al., 2011). This confirms that this antecedent is present among employees in the present research context as well.

The results of this study show that pay and remuneration is an important antecedent to employee engagement. Many teachers were of the view that their salaries and benefits influence their level of focus and concentration on the job. Teachers believe that increasing their pay and benefit would get them to be engaged. While this confirms the findings of previous research (Saks, 2006), it also confirms the findings of Jackson et al (2006) that financial reward strongly influence engagement with the African context. This may have something to do with socio-economic situation of Africa. Future research may look at the link between the socio-economic situation in Africa and Engagement. This study has indeed revealed that there is variance in terms of antecedents to engagement across the globe.

The strength of this study is that the use of in-depth interview gave room to the exploration of new themes emerging in order to provide a thorough understanding of the antecedents to employee engagement. a limitation of the study is that it only focused on just eight senior public secondary schools within three local government areas in Lagos State, Nigeria. Therefore, it may be that these results are not generalizable to a large proportion of teachers in public senior secondary schools across Lagos State and Nigeria as a whole. Also, the results may not be generalizable to the whole education industry and the whole of the public sector. In addition, the small sample may limit the generalisability of the results, especially in relations to junior public secondary schools and public primary school teachers. Therefore, further studies are required to include a larger and more diverse sample of teachers.

On the overall, it is recommended that for build employee engagement among teachers in senior secondary schools, the management of the schools need to understand the factors that influence their workers first. Also, while passion for the job could be identified at the point of recruitment and selection, management needs to pay attention to providing modern materials needed to perform the job, an enabling work environment that encourages co-workers support and relationship, training, and better pay and

benefit packages. It is important for the management of each school to design its employee engagement strategy in relations to their peculiar needs.

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APPENDIX

INTERVIEW SCHEDULE FOR TEACHERS

A. EMPLOYEE ENGAGEMENT: CONCEPT AS PERCEIVED BY PARTICIPANTS

1.) Have you heard about employee engagement before? [prompt: Give a little texts meaning of engagement]

2.) How would you describe a fully engaged teacher? [Prompt: engagement 'v' commitment]

3.) Who is a teacher fully engaged to? (prompt question)

B. EMPLOYEE ENGAGEMENT: ANTECEDENTS

5.) How do teachers become fully engaged? (cognitive, emotional, and physical/behavioural)

a) Ask follow-up questions on why they provided particular responses

6.) What is critical to achieving EE here in this school?

a) Ask follow-up questions on why they provided particular responses

C. EMPLOYEE ENGAGEMENT: BARRIERS

7.) What challenges do teachers encounter in getting engaged? What are the barriers for EE in this school?

a) In what ways do policies help or hinder/restrict teachers' efforts at becoming engaged?

D. EMPLOYEE ENGAGEMENT: DRIVERS

8.) What initiatives or measures do the school management takes to help enhance teachers' engagement?

9.) How effective are these measures?

DEVELOPING ETHICAL LEADERS IN AFRICA: THE ROLE OF ELDERS

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ABSTRACT

Over the last decade, several notable scholars in the field of management have made calls for increased incorporation of ethics into the curriculum of business students. While the importance of teaching ethics in business schools is undeniable, there are debates about how to teach ethics. In this paper, we discuss how the process of involving community elders in leadership training can be an effective alternative to the traditional classroom approach of teaching ethics, especially in the African context.

INTRODUCTION

The challenges facing Africa are enormous. As the Nobel Laureate, Wangari Maathai (2010) noted in her book *The Challenge for Africa*, "the challenges Africa faces today are real and vast." The continent has been marred by internecine violence that has killed hundreds of thousands of Africans over the last few decades. Despite the abundance of natural resources, African countries are among the poorest in the world. Too many people continue to die because of starvation and lack of access to clean drinking water. Preventable diseases such as malaria, diarrhea, tuberculosis, HIV/AIDS continue to take too many lives. Infant and maternal mortality rates in the continent are the highest in the world, and literacy and education rates are the lowest. Even the continent's forests which were once considered pristine are now getting desertified because of the permanent damage caused by unchecked logging, mining and deforestation.

The depressing statistics of Africa do not mean that there haven't been any improvements at all. In fact, *The Economist* in a special issue on Africa in 2013, noted that African lives had improved significantly over the past decade, and declared that "Africa (is) rising." However, the overall statistics across a wide range of developmental indices continue to remain discouraging. Also, progress in Africa has been fragmented and much slower compared to the rates of progress happening in other parts of the world. Thus, some people have described the "Africa rising" narrative to be unjustified (e.g., Mufuruki, 2015).

The Need for a Revolution in Leadership

The causes behind the problems in Africa are complex, having roots in slave trade, cultural destruction, colonialism, Cold War, arms trade, corporate greed, among others. However, one factor that does receive prominence among modern scholars is the lack of good leadership. It's not that the continent hasn't had any good leaders. In fact, the continent has produced many exceptional leaders such as Kwame Nkrumah, Nelson Mandela, Desmond Tutu, Julius Nyerere, Leopold Senghor, Ellen Johnson-Sirleaf and Wangari Maathai among others, who have not only made significant positive difference to Africa and Africans, but have also inspired the whole world. The problem is that the continent has also been plagued by bad leaders. Bad leaders are leaders who are either incompetent, rigid, intemperate, callous, corrupt,

insular, and/or evil (Kellerman, 2004). Africa has had too many such bad leaders in the form of autocrats, kleptocrats, useless puppets and ruthless despots (Chimora, 2010; Rotberg, 2004) who have literally robbed and raped the continent or have allowed that to happen.

The lack of sufficient good leaders is further illustrated by the fact that the Ibrahim Prize for Achievement in African Leadership (established by the Sudanese billionaire Mo Ibrahim) was unable to find a winner for four times in its brief eight year history. This is despite it being the largest annually awarded prize in the world, consisting of an award money of US$5 million over ten years and US$200,000 per year for life thereafter.

In the words of Maathai (2010), "Africa needs a revolution in leadership—not only from politicians who govern, but from an active citizenry that places its country above the narrow needs of its own ethnic group or community." Instead of passively hoping for conditions to be changed by the political leadership, Maathai says that citizens should themselves take leadership responsibility to change Africa. We couldn't have agreed more. However, the problem is that corruption is not just restricted to top leadership in Africa, but has reached pandemic proportions where it has become part of everyday life. This is what is referred to as the classical view of corruption, where the term is used to describe a society or a state that has lapsed from a standard of goodness (Dobel, 1978; Johnston, 1996). Numerous scholars have noted about the rampant corruption in many African countries (2005; Adjibolosoo, 2005; Aluko, 2002; Simplice, 2014). The standards of public morality has reached such low levels that people are often forced to pay bribes for the most basic of official tasks, such as getting a driver's license or electricity connection, and even voting.

Dealing with Corruption in Africa

Academics and researchers have proposed various explanations about the origins of corruption in the African continent. They range from corruption being a component of the traditional African life to it being a remnant of the exploitative practices of the European colonial regimes that ruled Africa for centuries (2005). Regardless of the origin, what is incontrovertible is that corruption is eating away the very fabric of many African nations and that strong steps need to be taken to root out corruption from the continent.

Although there is certainly value in figuring out the historical origins of corruption in Africa, we believe that it takes the focus away from finding the means to eradicate corruption from the continent. We acknowledge that the current level of corruption in African countries is not just a recent development but is the result of a long history. However, disproportionate emphasis on "why there is so much corruption in Africa" can potentially hinder the progress towards a corrupt free Africa, where people either loathe themselves for having been 'traditionally corrupt' (2005) or become helpless victims of a colonial legacy, hoping for some Western "good cowboy" (Matthews, 2006) to solve the problems of Africa.

CONCEPTUAL FRAMEWORK

It is well known in the organizational behavior literature that sometimes even well-meaning and caring individuals commit unethical acts under particular circumstances. This has been demonstrated several times in the psychology literature with many famous experiments such as the Milgram's (1963) obedience studies, Zimbardo's prison study (Haney, Banks, & Zimbardo, 1973), Darley and Batson's (1973) Good Samaritan study. In other words, high corruption in Africa doesn't mean that Africans are bad people. It only means that if a system has become corrupt (for whatever historical reason), people who don't want to engage in corruption also feel compelled to engage in it, because it becomes essential to surviving and meeting ones different physiological and psychological needs. Over time people get used to corruption. Engaging in corruption becomes a tolerable if not an acceptable way of living. Thus, Maathai (2010) urges Africans to not tolerate systemic corruption, and appeals them to act from perspectives that go beyond "narrow self-interest and opportunism".

There is no panacea for corruption in Africa, not anywhere, because it is a very complex phenomenon existing at multiple levels and with multitude of causes. However, we believe that a step that can make a significant difference to the process of reducing corruption in Africa is the incorporation of ethics education into all undergraduate and graduate level courses of business.

Why Teach Ethics to Business Students in Africa?

Business is a big part of modern life. Not surprisingly, business courses are among the most popular and sought after courses around the world. They increase students' prospects of employment and financial stability. For the poor, a business course can literally be a ticket out of poverty.

According to us, the best place to deal with corruption is to target teaching ethics to the current business students of Africa, because in the modern capitalist society, these students are future leaders who will influence the way all business is conducted in the continent and the world. So it is important that students are groomed to think ethically in ways that promote collective benefit over self-oriented values, service-mentality over profit mentality, and long-term sustainability over short-term profits.

Training business students to think and act ethically is also important because it has been shown in several studies that business students (along with students of economics) tend to engage in significantly more unethical and cheating related behaviors than students of other majors (Baird, 1980; Bowers, 1964; McCabe, 1997; McCabe, Butterfield, & Trevino, 2006). This could partly be because students of certain traits and motives self-select into such programs. For example, it's possible that students joining MBA programs are relatively more ambitious and self-oriented, which makes them ignore the ethical implications of their decisions and actions. However, it is also true that the business curricula across the world has been strongly influenced by Agency Theory, Milton Friedman's Liberalism, and Peter Drucker who is known to have even said, "If you find an executive who wants to take on social responsibilities, fire him fast" (Ghoshal, 2005; Mishra & Schmidt, 2013). There are a lot of studies providing conclusive evidence that exposure to MBA and economics training make students think and act from self-oriented and utilitarian perspectives (Ferraro, Pfeffer, & Sutton, 2005; Krishan, 2008; Wang, Malhotra, & Murnigham, 2011).

It is not that ethics is not a part of the current business curriculum in Africa, but similar to business schools in the Western world, it is a tiny fragment in the overall curriculum (McCabe et al., 2006; Rasche, Gilbert, & Schedel, 2013). The management curriculum in Africa has traditionally had a strong Western influence (Safavi, 1981) and continues to be to this day (Nkomo, 2014). Thus, the business curriculum in Africa continues to emphasize the dominant Agency Theory and Liberalism perspectives, which have been attributed to be the primary cause of corruption, corporate scandals and economic debacles that have been witnessed in the western world (Ghoshal, 2005; Wang et al., 2011).

Following the corporate scandals and economic debacles of the 2000s, in the West, business schools were heavily criticized for not incorporating enough ethics education in the business curricula. Business schools responded by doubling the number of ethics-related courses between 2005 and 2009 (Rasche et al., 2013). Unfortunately, there is no evidence of a similar increase in emphasis on ethics in the African business curricula.

This is not to say that African business schools should simply double or triple the amount of ethics-related courses in their curriculum. We already know that the doubling of ethics courses in the West did not yield as much positive results as expected because seventy five percent of those courses were optional for students and were not integrated across all subject areas of business such as finance, accounting and marketing (Rasche et al., 2013). We do not also recommend that African business schools should blindly ape the dominant Western model of teaching ethics through lectures, business cases, and discussion of ethical dilemmas. Although these approaches to teaching have their merit, they may not necessarily relate to the African context. However, we do think that students can be taught to think and act ethically—there is enough evidence to support that idea (e.g., Comer & Vega, 2008; Schmidt, McAdams, & Foster, 2009)—and that the approach to teaching ethics in Africa should be such that it makes a deep connection with the African ethos.

It is probably a fallacy that there is one traditional African ethos. Africa is a diverse continent with over 54 countries. In Kenya alone, there are more than forty three different tribes and several sub-tribes, each with different customs and languages. The African identity may have been imposed on the people of the African continent by the colonialists (Kanneh, 1998), but that does not mean that there cannot be a spiritual and ethical 'common denominator' (Jahn, 1961) of African ethics. Senghor (1974) talked about negritude, "the sum total of the civilization of the African world" which gives the people from Africa a uniqueness, not just in terms of song styles and rhythms, but also in deep social and ethical values."

How to Teach Business Ethics in Africa?

There is an ancient African proverb attributed to the Igbo and Yoruba communities in Nigeria that says, "It takes a village to raise a child." There are many similar proverbs existing in other African communities and languages as well (such as Banyoro, Kihaya, Kijita and Swahili). All these proverbs essentially emphasize the importance of communal effort in raising a child. We think that it will also take the joint effort of an entire village to raise ethical leaders. Ethics is too important and relevant a topic to the community to be left alone for business schools to teach.

The traditional African ethos is an egalitarian philosophy that is succinctly expressed in proverbs such as "I am because we are, and since we are, therefore, I am" and "I exist for, with and in the We." Several authors have made calls for teaching this philosophy to African students (Lutz, 2009; Mbiti, 1978; Nkomo, 2014; West, 2014). We completely agree with these authors. However, we strongly believe that African philosophy, whether it's called Ubuntu, Unhu, Hunhi, Negritude, or something else, cannot be understood and appreciated within the confines of a classroom. Classroom approach to learning is an excellent way to learn formal concepts and theories, but it should also be remembered that classroom learning, which originated in the western world, is primarily geared towards tests, examinations and receiving diplomas. This system served the colonial masters and their economic interests well, but they are not necessarily the best means for students to learn and internalize African ethical philosophies.

In addition, if we teach African ethical philosophies to students just in the classrooms, it is going to be no different from the current method of teaching business ethics through lectures, cases and ethical dilemmas. Readings, lectures and discussions on African philosophies will certainly enhance students' knowledge of these perspectives and will add to their understanding of the philosophical perspectives from the West such as the Kantian, Utilitarian and economic philosophies. However, the basic assumption in this approach to teaching is that (un)ethical decisions are made by rational actors. But evidence is mounting in favor of the view that most ethical and unethical decisions are made more through intuitive and contextual processes than through a deliberative rational process (Gigerenzer, 2009; Haidt, 2001; Sonenshein, 2007). Thus, we cannot continue to teach ethics the way it has been traditionally taught in business schools, and propose that ethical training of business students be moved from the bounds of the classroom walls of business schools.

Numerous scholars (e.g., Gyekye, 1998; Khoza, 2006; Le Roux, 2000; West, 2014) have expressed that Africans need to have a deeper connection with the values of caring, sharing, compassion, generosity, cooperation, cohabitation, tolerance, and respect. These values, according to them, form the very cultural foundation of African ethics. However, these values were deliberately trivialized by the colonial administrations to help them rule over the continent and have been generally lost in the mainstream society. In the words of Maathai (2010), "When communities were told that their culture was demonic and primitive, they lost their sense of collective power and responsibility and succumbed, not to the god of love and compassion they knew, but to the gods of commercialism, materialism, and individualism."

It is important for students to recognize and appreciate the implicit values championed in the traditional African society, and how they are embedded in the traditions, rituals and customs of the people of Africa, because they can help expand their consciousness from the self to the community and from the short-term to the long-term, future generations perspective . Thus, we propose that business students are involved in community projects, where they get the opportunity to observe and learn from the elders of

the tribes, and how they effectively hold their community together. We think that this can be accomplished by bringing together students and elders in a formalized way with clearly identified objectives that promote the above-mentioned values. Such an exposure will give students a chance to embrace their communities and see the wisdom in the ways of the elders.

Almost all communities and villages had a Council of Elders, "men of wisdom with Plato's attributes of philosopher kings who could listen and handle diverse cases in the community"(Oricho). An elder could be either man or woman, but is a person, senior in age, who is respected in the community for his/her judgment, character, and sensitivity towards the needs of the community. This is not to say that traditional leaders are perfect, but students can learn extensively from them about what works and what doesn't. This learning will mostly be intuitive and through observation, not just because the elders may or may not have a formal education to talk rationally about their decisions and actions, but also because observational and immersive learning is one of the best ways to develop intuitive sense about ethics (Bandura, 1986).

Traditional Africa emphasized the value of every individual to promote harmonious relationship based upon ethics that promote community (Metz, 2007). This has its own challenges especially if the elders themselves happen to be corrupt and unethical in their way of leading. During traditional forums, students (mentees) and elders (mentors) will be encouraged to find ways of examining the qualities and skills brought to the table by mentor elders that build ethical businesses and communities. The matching of students with mentors will not be done blindly. The communities in Africa are aware of those elders who have championed ethics and they will assist colleges in matching students with the right mentors. The establishment of such elder mentors will eventually translate into some ethical behaviors that do not require any punitive measures after unethical action has occurred but rather self-reflection for behavioral change. And through this process, both the students and elders will gain in what is called *kwimena* (in Kikuyu) or *kujijua* (in Swahili), which is self-knowledge that bolsters taking responsibility not just for the self but others.

Lastly, there is a need to engage elders and students in projects that students conduct such as writing project papers, thesis, and dissertations. This will not only promote the advancement of Africa literature with cultural elements that shape the ethics of the culture, but also the implicit devaluing of the African traditional culture and community that exists in African society(Maathai, 2010). Indeed, the west promoted a mentality of material prosperity and capitalism as idol to be worshipped. While richness is relative, we challenge African students to work with village elders and learn the richness of family, community, respect, humanness and all the ethos that are community focused. Obviously, traditional village elders have proven to value their families, community, and are committed to investing in their communities. The college students sometimes might see education as a gateway to get out of the African culture and yet they might forget the longing for African cultures by most industrialized nations. Industrialization promotes materialistic success and business school designed to produce graduates whose main goal is to be materially rich in Africa are faced with several ethical challenges. Once again note that we use village elders carefully knowing that some of them might be unethical in their lifestyles. This means whoever will be engaged to collaboratively work with students in their projects should be above reproach to corruptions or any other unethical behaviors.

Connecting with the elders is important because current students of African universities are often far removed from their communities where they are supposed to live by these values. The migration of students from villages to urban centers in search of formalized education and the general urbanization have disconnected students from observing how parents and village elders handle the demands of leadership. People make unethical decisions because they disengage from the moral dimensions of their decisions (Bandura, 1999, 2002). They behave in ways that are alien to their values and principles because they cease to a connection between how their actions affect other people. Opportunities of connection with the traditional communities and their elders can help restore this connection that often gets lost in the insular world of business. Potentially, such opportunities can literally make students fall in love with their local cultures and environment, which will then prompt them to be their stewards, instead of blindly pursuing their own self-interests that harms them. It will also make the lives of students more

meaningful for "individuals only become important when they contribute positively to the sustenance of their community" (Mangena, 2012).

Being researchers, we are fully aware that our idea of teaching business ethics by connecting business students with elders in the community—although rooted in the theories of psychology and the thoughts of African scholars—is still just an idea. What challenges will be encountered while implementing this idea is something that can only answered by its implementation and empirical research on the process. Since the focus here is on solving a real world problem, we recommend that action research would be most appropriate method (Denscombe, 2010), at least during the initial stages. Later on, specific aspects of such students-elders partnerships could be evaluated using traditional survey and even experimental methodologies.

CONCLUSION

We sincerely believe in the words of Nelson Mandela who said, "Education is the most powerful weapon which you can use to change the world." The problem is that the higher education system has been hijacked by the corporate sector. The education system, especially in business schools, functions primarily to serve the greed of corporations. We are not socialists or communists and are not against the capitalistic model of economy. In fact, we agree with all those scholars who say that capitalism has bettered the quality of life of human beings around the world. However, we think that the current education system is lopsided.

At a fundamental level, there are just two types of values: the first one asserts the wants and needs of the *self*, and the second stresses fulfilling the needs of *others*. It is essential that there is a balance between these values, because while there are benefits to both these values, when any one of them is taken to the extreme, it becomes detrimental to the self and/or dysfunctional for the society. For example, absolute pursuit of self-interest may make somebody wealthy, but could lead to an insular and unmeaningful life; it also leads to corruption and inequity in the society. Similarly, while it is important to care for others, only doing things for others may take time and resources away from people that they could have used in bettering their own living conditions; they may also be exploited by people that only care for their vested interests. In context of business education, this means that we need a system that balances the *self* and *other* values properly. Unfortunately, since the current system is completely lopsided towards self-centered values, we need a countervailing force for *other* values.

As colleges continue to produce many graduates with business degrees (or general academic degrees), we have also seen that corruption continues to follow them as they take on different careers in their life. This is because of the lack of emphasis on ethics in the curriculum. So we agree with the view that ethics needs to be an integral part of higher education, especially business education, not just in form of standalone and optional courses, but weaved into all major courses of business (Rasche et al., 2013). In other words, we agree with the importance of integration of ethics into business curricula, but we also see it to be insufficient, because (un)ethical decisions are less of a conscious and rational process, and more of an intuitive and contextual process. It is in these contexts that we think that required involvement of students in the community and mentorship opportunities with elders in Africa can bring balance back into the system. Such an education system which balances rational and intuitive modes of thinking, and our *self-* and *other-oriented* values will be a system that can change the world for the better.

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WORKFORCE DIFFERENTIATION: AFRICAN PERSPECTIVE

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ABSTRACT

Given that not all jobs are of equal importance, firms allocate jobs to employees depending on the human capital requirements needed to do those jobs. However, there has been very little effort to identify firm-level factors likely to influence the extent to which jobs can be allocated to employees. Therefore, I attempt to bring human resource management literature into this forum and offer a range of factors that explain firm-level variations in the allocation of jobs to employee.

INTRODUCTION

As researchers in human resource management (HRM) increasingly look for ways of increasing firm performance, and creating competitive advantage, "researchers have tended to differentiate the employees according to their criticality for organizational success" (Stirpe, Bonache, & Revilla, 2014, p. 2). For instance, Krausert (2014) argues that there are several employee sub-groups which co-exist within organizations, and they should be managed through the use of differentiated human resource (HR) systems since each employee group has different human capital characteristics. In this context, 'differentiation' involves investing in "those specific jobs and those specific people within jobs that help create strategic success" (Becker, Huselid, & Beatty, 2009, p. 3).

Arguably, the human resource (HR) architecture of Lepak and Snell (1999, 2002) has emerged as one of the most influential approaches to understanding workforce differentiation. Lepak and Snell (1999) use the term *HR architecture* to refer to as the interrelationships among three dimensions that define the relationship between the organisation and employees: employment mode, employment relationship, and HR practices. Lepak and Snell maintain that strategic value and uniqueness of human capital are the two key criteria for creating competitive advantage. Consequently, by juxtaposing strategic value and uniqueness, the authors propose four patterns of workforce differentiation: knowledge-based, job-based, contract, and alliance workers-each pattern being managed by a specific set of HR practices. In their empirical study across 148 firms in the United States (U.S.), Lepak and Snell (2002) confirmed that firms allocated jobs across these four employment modes based on the strategic value and uniqueness of human capital required to do these jobs.

However, beyond this early test of their model, the extant literature on differentiation has been more pre-occupied with demonstrating how firms can use differentiated HR systems to create positive firm outcomes (e.g., Lepak, Takeuchi, & Snell, 2003; Lepak, Taylor, Tekleab, Marrone, & Cohen, 2007; Stirpe et al., 2014). There has been very little effort to extend the HR architecture framework in a way that formally integrates the boundary conditions through which differentiated HR systems can be applied within firms. Addressing this issue is particularly noble given the complexity associated with employment systems.

Moreover, the achievement of competitive advantage is still a challenge (Lee, Lee, & Wu, 2010). Perhaps a clear delineation of the boundary conditions likely to shape workforce differentiation might be important in developing effective HR systems. Indeed, without a thorough and robust understanding of the factors which shape workforce differentiation, focusing on how differentiated HR systems improve

business success "is akin to putting the cart before the horse" (Lepak, Liao, Chung, & Harden, 2006, p. 220). It may be possible that firms use differentiated HR systems wrongly or that research only partially captures the factors likely to influence business success. Therefore, a robust understanding of the factors likely to influence firm effectiveness is paramount.

Most importantly, the limited studies on workforce differentiation are invariably based on American theories and models and issues can arise when these are transposed and applied to different institutional or cultural contexts. Researchers acknowledge that "because countries often have unique cultures (i.e. values, norms, and customs) it is widely presumed that multinational enterprises must understand the culture(s) of the region(s) in which they operate in order to effectively manage their human resources" (Jackson & Schuler, 1995, p. 252). Thus, the concept of differentiation in Africa is as an area that needs addressing with the roots of suitability. There is no better time than now when African scholars are engaged in developing an autochthonous management scholarship capable of harnessing and building on the expanding workforce towards developing effective African enterprises.

This conceptual paper is expected to contribute to workforce differentiation in two unique ways. First, by building on the HR architecture model, and integrating theories most relevant in understanding employment systems, this study seeks to provide HRM researchers with a more detailed analysis of the antecedents of workforce differentiation. By so doing, a strong conceptual foundation for future SHRM research that focuses on workforce differentiation is suggested. Second, by exploring the factors likely to influence workforce differentiation in Africa, this paper provides a useful platform for future efforts in a similar vein to advance the HR architecture with roots of suitability. This is critical given that alignment or congruence is useful for organizational effectiveness (Delery, 1998). It cannot be overemphasized that using this conceptual paper as a starting point, differentiation frameworks suitable for the African context can be developed.

The document begins with an overview of the HR architecture model as presented by Lepak and Snell (1999, 2002). Thereafter, I critique the HR architecture framework in the light of theories relevant for understanding firm-level employment systems. I then discuss national cultures and indicate how African cultural values, and norms, may influence a firm's architecture. Last but not least, I draw some important implications for theorizing in this area and also indicate future research agenda.

LITERATURE REVIEW

Overview of the HR Architecture Model

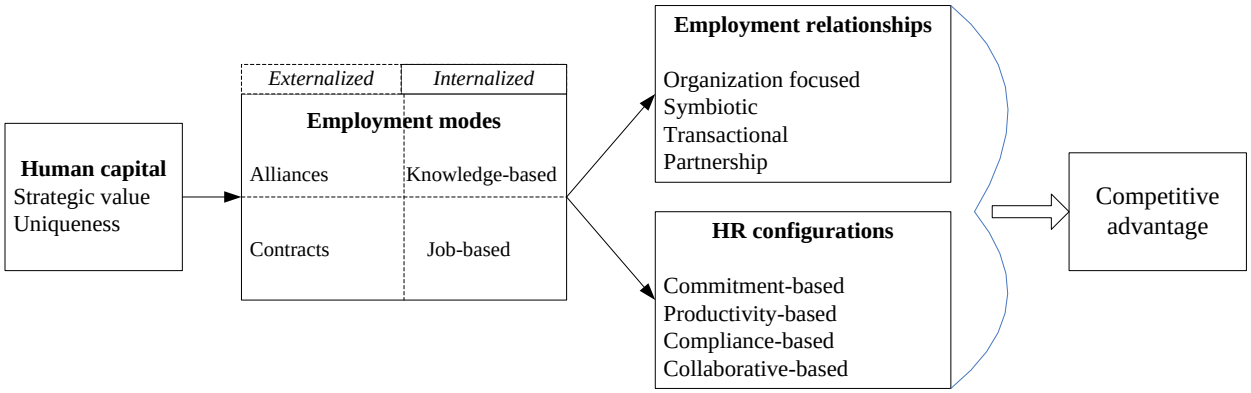
Lepak and Snell (1999, 2002) have typically focused on human capital strategic value and uniqueness as the two key criteria for creating competitive advantage. They define *strategic value* of human capital as "its potential to improve the efficiency and effectiveness of the firm, exploit market opportunities, and/or neutralize potential threats" and uniqueness as the degree to which human capital is "rare, specialized and, in the extreme, firm-specific" (Lepak & Snell, 2002, p. 519). Through combining the extent to which jobs have strategic value and require unique human capital, Lepak and Snell derive four employee groups each reflecting different employment modes, employment relationships and HR configurations as graphically summarised in figure 1 below.

Knowledge-and job-based workers belong to an *internalized* employment mode. Knowledge-based workers are those with high strategic value and high uniqueness, while job-based workers have high strategic value but low uniqueness. Contractual work arrangements and alliances belong to an *externalized* employment mode. However, unlike employees in contractual work arrangements who have low strategic and low uniqueness, alliance/partnerships have at least high uniqueness. Lepak and Snell (1999) maintain that if each employment mode is managed using suitable employment relationships and HR configurations, competitive advantage can be created.

This model was tested by Lepak and Snell (2002) in their empirical study conducted across 148 U.S. firms. The results obtained from this study revealed that the strategic value of jobs, and the human capital requirements needed to do these jobs various across the four groups of workers. In other words,

each group of workers occupies a particular category of jobs in an organization; and as a result, the HR systems are differentiated across these groups of workers.

FIGURE 1
The HR Architecture Framework



Source: Adapted from Lepak and Snell (1999, 2002) and modified by the researcher.

However, to assume that human capital value and uniqueness are the only two important criteria for creating competitive advantage is rather simplistic. For instance, Ployhart and Hale (2014) theorized that employee skills, knowledge, and abilities do not directly lead to competitive advantage; rather they work through an emergence-enabling process consisting of tasks and other contextual factors that facilitate or hinder the need for particular employee categories, and their interactions. Consequently, I propose that investigating other factors likely to influence the allocation of jobs to employees might help advance knowledge on the functionality of a firm's architecture.

Establishing Boundary Conditions for the HR Architecture

In this section I seek to propose a new model for differentiation by delineating factors most likely to inhibit or facilitate the development of a differentiated HR system. To do this, I re-evaluate the HR architecture framework in the light of other theories most relevant to understanding employment systems including the internal labour market (ILM) theory (Doeringer & Piore, 1971; Osterman, 1987), the *flexible firm* theory (Atkinson, 1984; Sloane, 1989), and the job-based theory (Becker & Huselid, 2006; Becker et al., 2009).

Internal Labour Market (ILM) theory

Protagonists of ILM theory noted that firms establish their own 'internal labour markets' (ILMs) consisting of several characteristics such as external hiring of workers at low skill level jobs, and the internal development of employees for core or 'higher level' jobs (Doeringer & Piore, 1971; Osterman, 1982, 1987). In other words, employees occupying 'low' or peripheral jobs are considered 'low skill' workers and they are usually outsourced while workers who occupy 'core' or higher level jobs are internally developed. The core assumption of ILM theorists' argument being that employees with *firm specific* skills bring about firm success; hence the need to internalize those employees. In their

conceptualization of the HR architecture, Lepak and Snell (1999, 2002) refer employees with *firm specific* skills as those with human capital uniqueness.

Earlier on, however, Osterman (1987) had highlighted that much as employees with *firm specific* skills (or human capital uniqueness) are important, firms do not operate in isolation. Rather, firms operate within institutional and bureaucratic boundaries which have the potential to influence the extent to which jobs are allocated to employees. Osterman (2011) noted that given that employment relationships are political in nature; unions, and the quality of management-employee relations, among others, have the potential to influence the use of differentiated HR systems. For instance, whereas the goal of management is the achievement of firm strategy and business success, the goals of employees might be humanistic and personal (e.g., financial gains, friendships, recognition). As such, these conflicting interests could potentially wreck the employment relationship; a consequence which is disastrous for both firms and employees. Therefore, to ensure continued existence of the employment relationship, unions often play the part of power-brokers, and develop rules regarding appropriate and inappropriate behaviour for employers and employees. Therefore, union presence has the potential to influence the extent to which firms may differentiate between jobs and employees.

It is important to note that even in the presence of unions, the competing interests between management and employees may still result to several organizational outcomes (Osterman, 2011). However, the firm level outcomes discussed in relation to employment relations are mainly cooperation and conflict (Bacon & Blyton, 1999), and they are taken to be two sides of the same coin. According to Edwards, Bélanger, and Wright (2006), a firm level outcome such as cooperation is a reflection of the extent to which managers and employees participate in the employment relationship. Put differently, the quality of cooperation between management and employees is an indication of the deployment and distribution of HR resources within firms such that higher levels of management-employee cooperation is an indication that the various employee groups within firms have less antagonism or that the firm has the ability to develop employee engagement through consensual mechanisms like teamwork and *overt* conflict management processes. Generally, however, firms with higher levels of management-employee cooperation tend to treat all their employee groups in more or less similar ways in comparison to those with low levels of management-employee co-operation. This is succinctly supported by theories of social exchange which maintain that organization's treatment of its employees is often reciprocated by employees (Gouldner, 1960; Rousseau, 1995). Consequently, firms which seek to build higher levels of management-employee cooperation are less likely to use differentiated HR systems in comparison to those firms with less emphasis on management-employee cooperation. Therefore, just like union presence, the quality of management-employee cooperation has the potential to influence the extent to which firms use differentiated HR systems in such a way that those firms which seek to build high levels of management-employee cooperation are less likely to differentiate between jobs and employees.

The flexible firm theory

Consistent with the ILM view, the *flexible firm* holds that there are *contingent* and core employees who occupy *peripheral* and core jobs respectively, and that each group requires differentiated HR systems. However, unlike ILM theory which focuses more on internal labour markets and bureaucratic structures, the *flexible firm* tends to focus more on the market factors influencing flexibility requirements. In fact, the model of the *flexible firm* gained prominence in the 1980's as a response to the growing product market variability and uncertainty, wage rigidity, and increase in fixed labour costs (Sloane, 1989). It sought to describe how firms can cope with the dynamic market pressures at the least possible costs (Prowse, 1990). Central to this theory is the view that firms tend to deploy various strategies for *core* and *peripheral* workers depending on the need for *flexibility* as posed by the dynamic market constraints. In other words, the *flexible firm* theorists held that highly dynamic environments require highly *flexible* employees (Kalleberg, 2003). This is because *flexible* employees are able to neutralize threats and exploit opportunities in the business environment (Cappelli & Neumark, 2004). Generally, the main market factors discussed in strategic HRM literature is environmental dynamism and technological intensity (Lepak et al., 2003).

It is important to note that Lepak and Snell define valuable human capital as "its potential to improve the efficiency and effectiveness of the firm, exploit market opportunities, and/or neutralize potential threats" (Lepak & Snell, 2002, p. 519). This is akin to the *flexible firm's* notion of *flexible* employees. In their theoretical conceptualization of the HR architecture, Lepak and Snell (1999) noted that factors such as environmental dynamism and technological intensity may in fact influence human capital strategic value and uniqueness, but they did not test it in their empirical study.

More importantly, given that highly turbulent market environments require highly skilled and competent employees, firms cannot afford to invest on all their employees since that will require vast amount of firm resources, and yet economic resources are by nature limited. Therefore, I propose that dynamic market variations such as technological intensity and environmental dynamism are likely to influence the use of differentiated HR systems in such a way that high levels of market variations (i.e. environmental dynamism and technological intensity) will require high levels of workforce differentiation in comparison to low levels of market variations.

The job based model

The job-based model posits that workforce differentiation results from strategic capabilities derived from a firm's strategy (Becker & Huselid, 2006; Becker et al., 2009). Thus, jobs embedded in strategic capabilities are referred to as *strategic jobs* and are the source of value creation in firms than any other jobs in the firm (Becker & Huselid, 2006). These *strategic jobs* should be invested in disproportionately since they have a direct strategic impact to the firm and there is high performance variability among employees occupying these jobs (Huselid, Beatty, & Becker, 2005; Huselid & Becker, 2011).

Several empirical studies have been conducted and they show that there is a significant relationship between a firm's competitive strategy and performance (Lee et al., 2010; Takeuchi, 2009; Youndt, Snell, Dean, & Lepak, 1996). As a result, several scholars contend that the HR systems adopted by a firm should be reflective of the firm's strategy (Delery & Doty, 1996; MacDuffie, 1995; Miles & Snow, 1984). Bird and Beechler (1995) found out that firms whose HR systems are aligned with firm's competitive strategy tend to perform much better than those which are misaligned.

Accordingly, this paper takes the position that differentiation should also be done in accordance to the competitive strategy being pursued by a firm. Therefore, I argue that for human capital strategic value and uniqueness to create competitive advantage, they also must be aligned to the firm's competitive strategy. Consequently, I propose that the relationship between human capital (strategic value and uniqueness) and workforce differentiation will be moderated by a firm's competitive strategy.

National cultures

Culture can be defined as "the pattern of variations within a society, or, more specifically, as the pattern of deep-level values and assumptions associated with societal effectiveness, shared by an interacting group of people" (Maznevski, Gomez, DiStefano, Noorderhaven, & Wu, 2002, p. 276). The most widely known framework for comparing national cultures is that developed by Hofstede, Bram, Daval, and Geert (1990) who identified five dimensions of culture: (1) individualism-collectivism, (2) masculinity- femininity, (3) uncertainty avoidance, (4) power distance, and (5) long term- short term orientation. Using Hofstede's national culture perspective, several SHRM researchers have sought to link variance between HR practices and cultural values, beliefs, and attitudes (Fey, Morgulis-Yakushev, Park, & Björkman, 2009; Ralston, Holt, Terpstra, & Kai-Cheng, 1997). In fact, most scholars of strategic HRM no longer question that the existence of cultural differences might influence the effectiveness of HR policies and practices between nations (Jackson & Schuler, 1995). For instance, the study conducted by Fey et al. (2009) across 241 Multi National Enterprises (MNEs) operating in Russia, U.S., and Finland revealed that certain HR practices are more important in certain countries. Therefore, it is important to understand these differences and ensure that HR systems and the cultural orientation of workers are congruent with one another for the attainment of competitive advantage. In this paper, however, I limit myself to the individualism-collectivism dimension of national culture since it the key cultural moderator

that has received considerable attention in the extant HRM literature (Kim, Triandis, Kâğitçibaşi, Choi, & Yoon, 1994; Maznevski et al., 2002; Newman & Nollen, 1996).

According to Hofstede (1980) *individualism-collectivism* describes the strength of the relation between an individual and other individuals in the society – that is, the degree to which people act as individuals rather than as members of a group. In individualist cultures, such as the U.S., and the United Kingdom, people are expected to look after their own interests and the interests of their immediate families. Conversely, collectivist cultures, particularly most African cultures, people are expected to look after the interest of the larger community, which in turn is expected to protect people especially when they are in trouble. Therefore, the need for differentiation in Africa might be much less in comparison to Western countries. To most Africans, the reality of the community takes precedence over that of the individual regardless of the knowledge, skills, and abilities possessed by that individual. In other words, the "notion of synergy i.e., the creation of a whole that is larger than the sum of the individual parts, is an integral part" of African cultural values and norms (Mangaliso, 2001, p. 25). Therefore, African cultural values and norms which are collectivistic in nature directly challenge the concept of differentiation, which is inherently individualistic as it gives importance to certain employees with valuable and unique skills and competencies. Therefore, I propose that culture will moderate the relationship between human capital and workforce differentiation such that the relationship between human capital and workforce differentiation will be weaker where collectivistic cultures are strong. Also, there is likelihood that the extent of workforce differentiation in Africa might be lower in comparison to Western countries.

DISCUSSION

Many researchers in HRM have invoked the HR architecture model (Lepak & Snell, 1999, 2002) especially in trying to understand how differentiated HR systems can create competitive advantage. Much less research has examined firm-level factors likely to influence ways in which firms differentiate between jobs and employees. Studying this question is particularly pressing given the complexity associated with employment systems particularly the potential influence of institutional and bureaucratic pressures (Osterman, 1987), dynamic market pressures (Kalleberg, 2001, 2003), and competitive strategy (Becker & Huselid, 2006) in shaping the nature of a firm's architecture. More importantly, the limited previous studies on workforce differentiation are invariably based on American theories, and issues can arise when these are transposed and applied to different cultures. Therefore, to fill these significant lacunae, I have re-evaluated the HR architecture model in the light of relevant theoretical pieces of literature including ILM theory, the flexible firm theory, job-based model, and against the aspect of national culture, and teased out other likely determinants of workforce differentiation.

Contributions

By elucidating on the antecedents of workforce differentiation, I expect to make contributions in two-fold ways. First, this study will supplement the dearth of knowledge about workforce differentiation by bringing into light other factors that may influence the conditions under which firms differentiate their employees. For instance, Lepak et al. (2007) identified factors including innovative business strategy, employee-centred HR philosophy, and industry membership as moderating the extent to which differentiated HR systems are adopted for core and support employees. Therefore, basing solely on the HR architecture to understand workforce differentiation is inadequate. Moreover, given that the HR-performance link is a c*omplex* relationship (Boselie, Dietz, & Boon, 2005; Wood, 1999), it's important to investigate a wide range of factors and their interactions. Accordingly, I argue that workforce differentiation might be influenced by a whole host of factors including union density, management-employee relations, competitive strategy, market factors, and national cultures.

Second, this paper also 'draws boundaries' between workforce differentiation in Africa and in Western countries. Although the extent to which employees are deployed within an organization's HR system reflects the nature of human capital requirements of different categories of jobs; the extent of

differentiation between the Western countries and Africa is bound to be significantly varied. For instance, in individualistic cultures such as the U.S., the need to secure individual interest is larger, increasing the potential for differentiation. However, in a collectivistic culture such as Africa, communal interests are larger, reducing the room for workforce differentiation. Thus, researchers should not assume that the extent of workforce differentiation is the same for all contexts. Finding the appropriate extent of differentiation for each context is crucial for the advancement of management scholarship. In other words, understanding workforce differentiation in the African context is even more critical especially for multi-national enterprises (MNEs) which operate across borders. Therefore, this paper suggests validation and extension of the dominant approach to differentiation by establishing its roots of suitability within the African context.

Future Research

First, research may test the proposed model in both western and African countries so as to determine the extent to which firms in the respective countries might differ as regards to the utilization of differentiated HR systems.

Second, there is need to develop an autochthonous workforce differentiation model suitable for Africa. The reason for this is because national culture also influences socio-cultural, legal, and political environments of countries, which in turn may also influence the extent to which variations in HR systems might be applied.

Third, research could also explore the impact of workforce differentiation for employee outcomes given that differentiation involves disproportionate employee investments. Moreover, by focusing more on "strategic" as opposed to "support" employees, there is a possibility of achieving an intended outcome, which is an increase in "flight risk" of strategic employees. To what extent then is the HR architecture model relevant for generating desirable and undesirable employee outcomes?

Fourth, I encourage further research into workforce differentiation, and identify which bundles of HR practices should be differentiated. Kang, Morris, and Snell (2007) argue that HR practices can be clustered into three bundles: (1) development HR systems (such as training, job rotation, and skill development); (2) employee relations HR systems including giving employees job autonomy, discretion, and the opportunity to perform and participate; and (3) performance HR systems which include performance appraisals, benefits, and incentives. Which of these bundles of HR practices should be differentiated, and which ones should not?

Fifth, given the rapidly changing business environment characterized by globalization, and deregulation of markets; Africa's status as one of the most attractive business markets for foreign investors offers great opportunities. For MNEs operating in Africa, one of the biggest challenges is the management of human resources. Research which shows how western management theories such as HR architecture can be successfully applied in African context is not only vital but necessary.

CONCLUSION

The current paper builds on the HR architecture model to draw attention to a new perspective of workforce differentiation. I draw further insights from ILM, the flexible firm, and job-based theories to propose a comprehensive approach to workforce differentiation. In addition, I argue that the concept of workforce differentiation is alien to most African cultural values and norms. This is because most cultures in Africa are collectivistic in nature, and value social interactions, relationships, and communal life (Mangaliso, 2001). Therefore, understanding workforce differentiation within an African context is critical for a robust understanding of the concept of workforce differentiation. I maintain that this paper provides a useful platform for future efforts in a similar vein to advance literature on workforce differentiation in Africa, and beyond.

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STIMULATING CO-OPERATION ACROSS DIFFERENCES: USING THE DIVERSITY ICEBREAKER IN FIFTEEN AFRICAN COUNTRIES.

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ABSTRACT

Diversity Icebreaker (DI) is a training and development process that first uses a questionnaire to differentiate and rank three different cognitive styles, followed by a very interactive seminar describing, exploring and adapting to these differences. This paper describes the feedback from thirteen consultants using the Diversity Icebreaker process across thirty-six seminars in fifteen sub-Saharan African countries.

The culturally non-stereotypical results prompt questions on how effectively self-reflective questionnaires based on 'Western' self-construals can capture a potentially more inter-related self–construal in Africa. They also raise the possibility of educational, professional and organisational acculturation and/or adaptation of employees in sub-Saharan Africa. Nevertheless, the reported feedback from the facilitators supported findings elsewhere, that the subsequent interactive and reflective learning in the Diversity Icebreaker sub-group and whole group processes can open up interaction and stimulate co-operation across differences in organisations in sub-Saharan Africa.

INTRODUCTION

In this study, we have gathered reports from thirteen different consultants across thirty-six seminars that have used the Diversity Icebreaker (DI) seminar process in fifteen different sub-Saharan African countries, a first study in a specific geographical region. This study examines the potential for the DI methodology to contribute towards opening up communication and understanding, as well as stimulating greater co-operation across the changing patterns of individual and group differences in sub-Saharan Africa.

The three main questions applied to the descriptions of and quantitative results from, the thirty-six seminars are:

1. Does the African context change the way in which the statements and structure of the Diversity Icebreaker questionnaire distinguish three cognitive styles?
2. Does the Diversity Icebreaker seminar process stimulate constructive reflection about differences that can potentially lead to improved collaboration?
3. What kind of future research is required to stimulate collaboration across differences in Africa?

CONCEPTUAL AND CONTEXTUAL FRAMEWORK AND BACKGROUND LITERATURE

The Diversity Icebreaker processes described in this paper were used by practitioners in consulting contexts in Africa and not for primary research purposes. Quantitative data was only collected from 2 countries. The conceptual and theoretical issues raised in this paper and analysis are post facto. Nevertheless the results can point out areas for future planned research.

The Purpose and Use of the Diversity Icebreaker Process

The Diversity Icebreaker (DI) is typically used for:-

- Self-understanding and leadership development,
- Working in teams doing project work and innovation seminars,
- Cross-cultural workshops and diversity management,
- Communication and conflict management training,
- Kick-offs.
- A demonstration for trainers, training managers and decision-makers, as well as practitioners in industry, academia and the public sector.

The Diversity Icebreaker (DI) combines a psychological test with an open-ended group seminar process. In doing so, DI builds on different scientific paradigms, including psychology, sociology, linguistics and pedagogics (Ekelund, Iversen and Davcheva, 2015). It is designed to measure personal preferences for different communication, interaction and problem solving styles. It consists of forty-two items with a semi-ipsative response scale that represent three cognitive dimensions, labelled Red, Blue, and Green. These identify personal preferences for focusing on people, action or ideas respectively.

Since 1996, this integrated multi-paradigm approach has been the fundamental approach in the Diversity Icebreaker training and development sessions in over fifty countries as well as in academic research over the last twenty years. (Ekelund and Langvik, 2008, Ekelund and Pluta, 2015). Practitioners, as well as authors, have suggested that the process is useful and relevant for cross-cultural training (Ekelund and Maznevski, 2008, Romani, 2013, Orgeret 2014).

The Stages of the Diversity Icebreaker Process in Seminars

After individually filling in the Diversity Icebreaker questionnaire, the participants split into three 'colour' groups according to their highest score in each dimensional category. The participants are then given two questions to answer on flipcharts:

- "What are the qualities of your own colour when you interact with others?" or "What is awesome about being your colour?"

And

- "What are the qualities of the two other colour groups when they interact with each of the other two groups?"

The groups form an identity and create an in-group positive feeling as they describe themselves and list their characteristics on a flip chart, often focusing first on their positive aspects, and often later the negative.

The groups then share in plenary:-

- "What have you written about yourself?"
- "What have you written about the others?"

In answering these in plenary, the groups need to change between reflecting on themselves, to also trusting to be open about their perceptions of others' and sharing them. (Using both actor and observer perspectives (Jones and Nisbett, 1971)) By doing so, participants become aware of how the concepts of Red, Blue and Green are perceived from an inner and outer perspective by themselves and others. Added to that, they experience a feeling of cohesion in the in-group, and how easy and fun it is to be together with people similar to themselves.

Once participants are comfortable and aware of their own and the other group's characteristics, the facilitator can begin to explore the different aspects of diversity that the group seems to be interested in, or which are particularly relevant to the overall context of the seminar. These can include:-

- Acceptance of individual preferences,
- Addressing communication challenges,
- How they position themselves with the broader team and organisation,
- The relevance of bringing forward their own competences as part of a diverse group,
- The division of roles and rules in different stages of the business processes,
- Cross-cultural differences, perceptions and resulting interaction.

Following the sharing in between the groups, a further learning process, a collective reflection (level II in Argyris' terminology (Argyris 1998), is triggered with the question; "What have you learned between the time you started filling in the questionnaire and what you have now just shared and listened to?"

The dual process of exploring differences, creating a reciprocal acknowledgement of diverse qualities (differentiating) while simultaneously creating a positive cohesion and commitment (integrating) seems to have a powerful impact in reducing prejudices (Canney Davison and Ekelund 2004). Facilitator's have reported that shared positive experiences inside groups of same colour are described as having a 'bridge-builder' effect. It seems that the DI process creates and highlights new, intuitively acceptable, cognitive 'fault-lines' (Lau and Murnighan, 1998) within positive and functional group 'fault-lines'. A process that somehow breaks down, as well as breaks through the negative effects of any consciously or unconsciously established surface level differences.

Most trainers continue with collective reflection until the whole group comes to a common agreement that relevant differences can be positively elicited, acknowledged and utilized to the benefit of

the whole group... a central aim of the process. This enables the group to safely explore questions about identity, as well as to understand how prejudices, stereotyping, or even just not recognising others as inherently different (sometimes expecting them to be like oneself), can unnecessarily polarize and complicate interactions within a team. The DI process often creates humorous self-reflective situations that facilitate openness, as well as an acceptance of giving and receiving feedback, which seems to increase trust within the group. This is important as there are very different cultural norms around whether or not you can constructively seek or give feedback to or from your superiors and colleagues, in private or in public (e.g. Sully de Luque and Sommer, 2000). Giving and receiving one-on-one constructive feedback is not a traditionally embedded activity in many organisations in sub-Saharan Africa. Especially corrective feedback, is preferably given and received in private. Creating a 'safe' experience of doing this in a group and the outcome ending in good humour and positive emotions can be a new experience for many participants that seems to free up the ability to be more open on other issues.

The Research Context: The Fast Changing Cultural Realities of Sub-Saharan Africa

Traditionally, mostly rural, 'African' cultures have been described by Western anthropologists and cultural experts as 'collective', 'communal', 'focused around the extended family' and 'communitive', as opposed to 'individualistic' and 'agentic' (Bakan 1966). This has led some cultural lenses to treat 'sub-Saharan Africa' almost as a single unit, embodying a similar set of cultural behaviours (see Lewis www.crosscultures.com) [17].

In actual fact, the geographical (ethnic), linguistic, urban and economically stratified realities, even within countries, are very much more distinct and highly nuanced. With over nine hundred million people, living in forty-nine countries, covering twenty four and a half million sq. km, sub–Saharan Africa displays the most linguistic diversity of any region in the world with over one thousand languages (1/6th world total). Much of the linguistic and cultural diversity centres around ethnic groupings, with one hundred and sixty four ethnicities with at least 20% of their traditional homelands crossing colonially imposed national borders, (Stelios and Papaioannou 2011). Many ethnic groups within countries have very different traditions and ways of life (e.g. over one hundred within Ghana, over seventy within Kenya). With over fifty percent of most national populations under fifteen years of age, urbanisation is a rapid on-going cultural change across many post-independence economies (independence from British, French, Portuguese and Belgian regimes fifty or more years ago) with over five hundred million Africans projected to be living in urban centres by 2016. Large growing cities include Lagos, Ibadan, Accra, Johannesburg, Nairobi, Kinshasa-Brazaville and others with large informal settlements holding the transitional mass of rapid low-income urban immigration.

Much of Africa's increasing wealth is based on mostly untapped, extractive and mineral industries (rather than industrial processing and assembly), as well as fast growth in innovative ICT and telecommunications industries. Nevertheless, income from these resources have more often been channelled into supporting a relatively small proportion of increasingly wealthy people, rather than focused more on rapidly increasing reliable energy, transport, educational and health infrastructures for the majority of the populations.

According to the Gini rankings, in terms of income, sub-Sahara is one of the most unequal regions in the world[18]. Increased national growth and income is not yet having the expected 'trickle down' impact on overall poverty, access to education, resources or formal secure employment. While GDP and 'economic growth in $ terms' have increased faster than much of the rest of the world, sub-Saharan

[17] See http://www.crossculture.com/product/cultures-of-the-world-world-europe-map/# Last accessed on June 29th 2015. Except South Africa all of Africa is Red and the in-country profiles tend to be similar.

[18] https://www.cia.gov/library/publications/the-world-factbook/rankorder/2172rank.html

Africa as a whole still scores very low on the three dimensions of the Human Development Index[19], with only three non-African countries also in the lowest thirty globally.

Aside from the traditional geographic matrixes of cultural and linguistic differences, cultural and linguistic differences are now highly stratified between rural and urban populations, inter-generational groups, social and economic status as well as access to resources. Sixty percent of rural Africans do not live within two kms of an all season road, with over fifty percent having no access to electricity. Eighty percent or more of rural and in many cases, urban populations cook on wood sourced biomass (ECA 2013). As such, in many countries, the number of people in formal taxed, mostly urban employment is low, with 'vulnerable employment' as high as seventy percent in 2013.

Sub-Saharan Africa is undergoing rapid change in many different ways and it is worth exploring whether Diversity Icebreaker can take a group through a process that allows them to find a comfortable way of reflecting on and exploring the implications of all the different changing 'cultural fault-lines' surfacing, evolving and transforming across sub-Saharan Africa.

METHODOLOGY

Facilitators who had used Diversity Icebreaker in workshops in sub-Saharan Africa were given the following guidelines to describe their experiences:

- Describe the context, purpose, target groups, composition of the participants, location, use of Diversity Icebreaker in the program,
- Describe any surprising learning points that might indicate cultural differences, from you as a consultant, comments from the participants, results on scores or on the flipcharts or other experiences or reflections

Based on the written reports of seminars that took place in sub-Saharan Africa from 2008 to 2015, thirteen facilitators received the written interview guide (see Appendix A) and responded between April to June 2015, sometimes including their co-facilitators' perceptions. A first draft of analysis was sent to those who answered at the beginning of June 2015 for comments and revisions were made, following the feedback.

RESULTS / FINDINGS

The Demographics of the Workshops

The descriptions showed that the workshops were held in fifteen African countries, with one held in Ecuador with an African based UN group. The sub-Saharan African countries were; Angola, Burundi, DR Congo, Ethiopia, Ghana, Kenya, Liberia, Mali, Malawi, Nigeria, South Africa, Sudan, Tanzania, Uganda and Zambia.

Of the thirteen different consultants who have shared their experience and feedback, one is ethnically from Africa, another has lived there for twenty years and the rest came into Africa to run the workshops, mostly from Europe and USA. The feedback is based on approximately one thousand and sixty three registered participants, and the seminar group sizes ranged from ten to one hundred and forty participants. Most workshops were a mix of genders, some almost balanced, with two workshops consisting of only females.

[19] http://hdr.undp.org/en/content/human-development-index-hdi :Last accessed 12.10.2015.

The Organisations or Mix of Organisations

Twenty out of the thirty-five seminars were run in a context where an international organization worked with local or international representatives for a kind of development mission, project or aid function; refugee issues, peace-corps activities, UN supported police corps, etc. Two were run for local businesses, one as a part of leadership training in international company, two seminars were run to demonstrate the process for trainers, five seminars were run at universities as part of management training.

In the seminars, seven of them had only participants that were recruited from the local national/ethnic group. Twenty of the seminars had mainly locals with a small group of international representatives from the parent or other organisations. Five of the seminars had a large mix of people across many countries mainly African countries. Three of the seminars were business organisations with a mixture of different national and ethnic backgrounds.

Comment on the Background of the Participants

It is likely that those participating in the reported Diversity Icebreaker workshops are likely to be some of the relatively few in urbanised formal organisational employment settings. They are likely to have had access to full secondary and tertiary education, be fluent in the post-colonial languages of government and commerce (English, French and Portuguese) and to be familiar with how to interact and best survive in 'Western' style organisational structures. These structures are often highly segmented with very specific implementation goals and mostly pre-determined fairly routine work processes. They are organisations where individuals are measured and rewarded according to personal achievement, individuated 'deliverables' and timely results while espousing the importance of teamwork. This is a very different environment from the more collective 'talking it through' flexible decision-making and conflict resolution found in many rural African cultures. It is possible that the results above reflect a contextual adaptation or acculturation.

The main purpose of reported seminars where DI was included.

In ranked order, the main functions for the use of Diversity Icebreaker in workshop in sub-Saharan Africa were:

- Develop a strategy, log frame and action plan and building a shared value chain while jointly identify opportunities and key issues."
- Workshops where the intention was to make an organizational, performance and development reviews, HR and management routines, global best practices, and to create future plans to be followed up,
- Creating a positive and involving experience to promote interaction,
- Training in self-awareness and communication, empowering and engaging employees.
- Business training of leaders, strategy and decision-making,
- Demonstration for trainers.

Other specific descriptions included:

- "We used Diversity Icebreaker as an introduction program to promote development thinking, methodology and tools in a mixed group of nationals and Norwegian representative."
- "To create a common vocabulary for three groups across organizations. Focus on communication and the power of any type of diversity with very mixed nationalities."
- "To use the positive motivation after the seminar to select the most important project and timeline with a small group of internationals and the main group from the local country. Use the positive atmosphere to be more precise concerning goals."
- "This was a classic Diversity Icebreaker seminar, followed by the group work to select the most important project and set a realistic timeline…the main goals and priorities in our work. The outcome

most of all, was to create a closer relationship with the mission leader group and add some motivation and direction for mission itself."

Reported Qualitative Effects

Using the questionnaire

Several facilitators experienced the participants having difficulty with the format of the questionnaire, despite power point instruction and demonstrations and a suggestion to ask colleagues for assistance. "There can be a lack of familiarity with self-scoring questionnaires in sub-Saharan Africa. Facilitators need be prepared to use more time, and help with understanding instructions and scoring, perhaps suggesting neighbours assist, especially those working in English as a second language. It can be surprisingly difficult for some people to score and summarize in order to get 84 – even in a university context".

In each of the 14 lines of the questionnaire, six ticks are spread across three statements (one Red, Blue and Green in random order). Unlike a Likert scale, this creates a forced weighted ranking across the three categories and avoids some of the reference group and culturally different response styles found in Likert scale responses. (e.g., Harzing 2006). Nevertheless, it is a more complicated scoring mechanism and up to 13% of the recorded results in Africa were not accurately scored. One facilitator commented that "some of the participants felt uncertainty around gathering data for research purposes. Maybe this can be done with more confidentiality".

Observations on the three categories

As in other workshops in different countries, the characteristics of a particular colour were often reflected in the way the self- description flipcharts were written. In a workshop in Kenya, the Blues did straight bullet points describing themselves as practical, concrete, direct, solution oriented, organised, time-conscious, evidence based, like numbers, grounded, perfectionists, like structure and more. The Reds encircled their passionate, caring, people oriented, outgoing, very warm, show feelings, considerate, patient, humane (and more) self-description with a large heart. The Greens, … having quoted John Lennon 'You may say I am a dreamer….' saw themselves as determining the future, liking variety, connecting the dots, experimental, adventurous, flexible, able to create new opportunities, set high goals, think outside the box and more.

Facilitators reflected:

- "We were big groups (over twelve in each) group). Some of the greens protested loudly and felt they did not fit in. We went some rounds to settle this. One was wearing both Blue and Green in the end.."
- "The word 'aggressive' reaction was a part of one Red group's self and other description in West Africa in different seminars with post-graduate business students. The term was confirmed by the other groups too. This is not what we have seen in other places. Why is this so? Could it be that the social dimension is more linked to authority, power and sanctions in an African context? An intriguing question that needs to be researched in another format".
- "Wrong hypothesis (!) with first group in South Africa. Since we are working with primarily non-profit personnel or those from health sector that are involved in an exchange program to promote peace and knowledge-sharing, we assumed there would be many more "Reds". In fact, there was over fifty percent "Blues" in both large groups we have worked with so far."

In other organizations the same comments were reported and some who thought that they would be Red were stronger in Blue. This might be due to the organisational need of structure, independent of the overall 'Red' primary concerns of "caring of others"- and similar humanitarian values that motivate people to work in these type of organisations. This may also be a feature of the self-construal within the DI questionnaire explored below. Another facilitator reflected that in comparison to her experience in other cultures the participants of that particular workshop found it more troublesome to clearly understand the Green category, while other facilitators worked with groups who were quite clear.

Expressing negative stereotypes with self-reflective irony

One of the consultants commented as a reflection upon his experiences: "An element of surprise to me was that in majority of cases, participants described the 'other' generally in 'negative' terms while 'self' perceptions were generally positive. Perhaps this is not unique???" The participants are partly influenced by the instructions given, and partly due to normal in-group vs out-group effects of the process itself. As mentioned above, the expression of 'politically incorrect' perceptions of one self and others in a 'safe' group feedback environment, becomes an important learning point in the last stage of the seminar. This open expression of stereotypes with self and collective irony is one of the aspects that can differentiate this training from some other diversity trainings (Maznevski and Ekelund 2008, Romani 2013, Orgeret 2012). As some facilitators observed:-

- "Two women started teasing each other over and over again during the whole week – constantly using the colour terms; e.g. 'Now I understand why you are so'…. One was Blue, the other one Red."
- "And well; as I use a lot of humour, irony and self-irony during my sessions, I could have experienced that they didn´t understand it or thought I was going too far due to different culture perceptions. But instead, they embraced it and used it themselves. I think it made them too more relaxed and that it created a better more open and better dialogue between them and made them see their colleagues and leaders in a new perspective."
- "The Americans "pull the string" of going very far on the negative side. But this created a lot of fun."

On the use of humour

It is being said that use of humour is very different in different cultures. In DI seminars there are different elements that create and promote humour (Ekelund and Pluta 2015). One of them is the trainer. After establishing a shared understanding of the serious character of psychological testing, the trainer can start giving light-hearted self-deprecatory or wry humorous comments about their own expertise or the limitations of the scientific tradition represented by classical psychology tests. While in most cases this sets the atmosphere, these wry comments about personal and professional credibility did not create any kind of humour in two of the seminars where this was explicitly tested out.

One facilitator surmised 'Maybe making light of one's own expertise does not fit into an acknowledged safe area of playfulness for an 'expert' coming from abroad. Maybe this would be different for a local trainer who would know how to break into it appropriately in the local context as well as which aspects of themselves the group will find funny or unusual.'

Responses to the final question

"What have you learned between the time you started filling in the questionnaire and what you have now just shared and listened to?"

In Africa, some answers to this question have been: "It is nice working among equals"; "There are some consequences of labelling each other"; "Conflicts are created between groups through this process"; "It is strange that it is was so easy for me to act and identify myself with Blue, even though I really am predominately Red"; "We need all the colours in a team". Facilitators' observed:-

"The short input of DI sets the atmosphere for allowing the facilitator to enter in a small amount of self-reflection and, most importantly, get an amicable agreement from this group that whatever their deeper underlying differences about the approach of the overall project as a whole, they would act as one collaborative team during the two day workshop and not criticise each other".

"I would have had the DI session before we started the organisational review settings. When we did so, I am sure it influenced the whole atmosphere for the rest of week, as well as the working environment. It also improved some people´s perception of one of the leaders that they had been having trouble with. This leader showed self-irony and humour from the beginning and throughout the whole DI session, which I am sure was very important. Some commented it to me later, that they had started a new and better dialogue in the office that week. I have no doubt that their openness and humour in the DI session was a very important start here."

When it was not used as a part of a program, it was mostly used as a separate module for communication training and creating a culture of acknowledging differences.

"After we finished they were really grateful and the director gave a "Thank you" … expressed the value to the UN and that the seminar was important for them. They can be very formal and it's different from what we are used to in Scandinavia. But it seemed like they really had a feeling that this was important and useful for them".

"After many of them expressed having more motivation and many of them used the "Red, Green, Blue button" for weeks after the seminar. They seemed proud. As a good group effect we had more of the project managers attending the weekly meeting. Sometimes they even came on time!! "

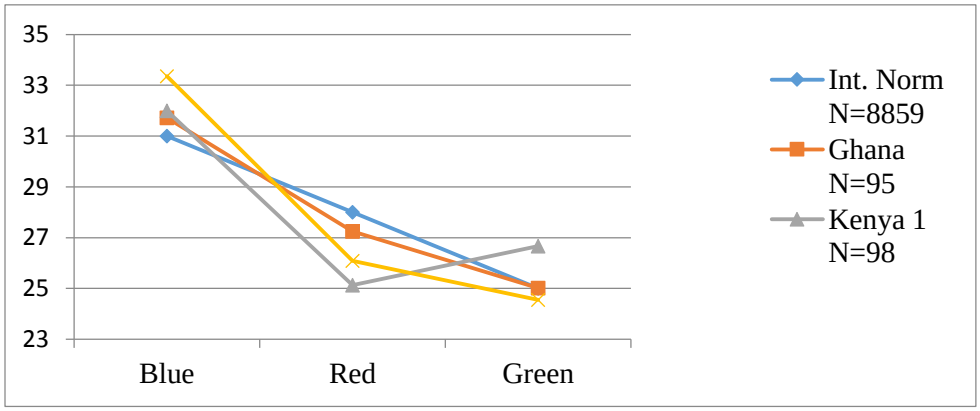
"The seminar as obligatory for everyone and some of them, especially the American staff, seemed unmotivated. The seminar turned out to be one of the most successful I had in this country. Everybody was participating and creative. One of them told me afterwards that he had attended a lot of "this kind of seminar", but this felt different for him. In a positive way! I think it was the humorous part that made him be more positive."

"You have to be prepared for unexpected things to happen. It is important to emphasize that they have to stay all the time the seminar is running. Especially it is important to get the highest leadership to attend or to give guidelines about attending the seminar. African leadership tends to be much more hierarchical than Scandinavian leadership."

Quantitative Results

There are different possible levels of cross-cultural enquiry and investigation around using Diversity Icebreaker in Africa. The simplest one is comparing the means of scores in the Red, Blue and Green categories in the recorded African samples compared with global norms. A preliminary analysis of the DI workshops where questionnaires were collected and recorded is shown in Figure 1 below.

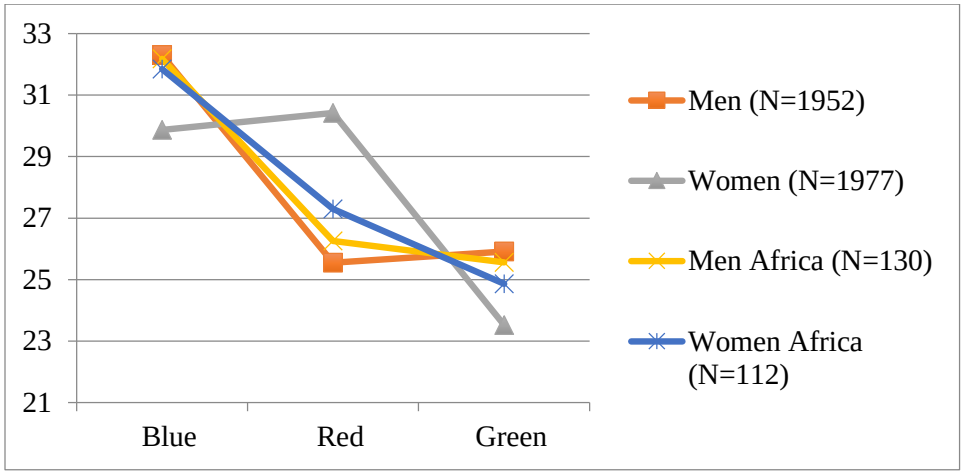
FIGURE 2
Preliminary Analysis of Collated Diversity Icebreaker Questionnaire Results from Sub-Saharan Africa.



The Ghanaian sample comprised mainly business students, professors and management experts. The first Kenyan sample (Kenya 1) included private sector organisations, while the second sample (Kenya 2) was from one international public finance organisation focused on poverty reduction. As we can see from the figure above, there were fewer individuals with Red as a dominant colour in the African samples where data was recorded, than in the current (much larger sample size) international averages. It is possible that with larger numbers the line straightens out. Nevertheless, given the preconception of African culture as 'collective' and a previous extrapolation of a correlation between Red and

"collectivism" (Ekelund, Shneor and Gehrke, 2008), this is a non-stereotypical result. While the sample sizes are very different, there were also noticeable gender differences between other international norms and the African samples.

FIGURE 3
A Comparison of Men and Women's Results in Africa against International Norms



The African men were slightly more red than the international norm but the African women much less Red. On the whole you could say that the African women scored closer to the international male norms that the international female norms. It would take much deeper research to find out if 1. The Red Statements in the questionnaire reflect how African women and men see their interaction with people. 2. Women and Men in Africa equate the work environment with being goal than people oriented and may respond differently if asked to think of how they are in their home or communities/

DISCUSSION

1. Does the African context change the way in which the statements and structure of the Diversity Icebreaker questionnaire distinguish the three cognitive styles?

The Cultural Heritage of the Questionnaire

The Diversity Icebreaker was developed in a Norwegian context. Scandinavian cultures have been described as anti-authoritarian, egalitarian, collectivist in work situations (Smith, Andersen, Ekelund, Graversen, and Ropo, 2002). Validation studies have been conducted relating these three dimensions to other 'Western' based psychometric methodologies, such as the 'Big Five' personality factors, Emotional Intelligence, Cultural Values, and Team Performance (Ekelund and Langvik, 2008).

A group of 409 Italian business students scored significantly higher on red and lower on green than the averages of 137 business students from five different countries. (USA, France, Mexico, Denmark and Switzerland) (Ekelund, Shneor and Gherke, 2008). Is there any validity in correlating the three cognitive dimensions distinguished by Diversity Icebreaker with some of the cultural value dimensions used in other cultural research? These are also based on aggregated individual questionnaire scores (e.g. Red with collectivist/ allocentric/being, Blue with individualist/ idiocentric/ doing). (e.g.; Smith and Peterson (2002 and updated country scores) Schwartz, (1994) Kluckholn and Strodbeck (1961), Triandis et al (1985) and others).

A Western conceptualisation and measurement of 'collectivism' is defined as 'the practice or principle of giving a group priority over each individual in it' which seemingly quashes individuality. Do many Africans rather have a way of individually inter-relating within a specific community and more generally, within the 'communitive' humanness that underpins many deep African cosmologies? Is this something not described by the Western definition of 'collectivism' and not captured by the Red statements in the DI questionnaire? Even if very generalised overlaps between normative national cultural values and DI preferences seem discernible; theoretical challenges aside, as described above, the results from the Sub-Saharan African Diversity Icebreaker seminars suggest there may be much deeper cultural issues at work when using a Norwegian origin questionnaire in different cultures, notwithstanding the discernable influence of organisational, professional and gender 'cultures' on personal DI scores.

Culturally Different Concepts of Self

Particularly since the 1990's, academics have been exploring the evidence across many field and disciplines that although all individuals are likely to have some sense of self, the content, process and structures of that self are likely to be very different, based on different socio-cultural contexts and life experiences (e.g.; Allan 2001). Some have suggested that only a multidimensional approach with six or seven factors can begin to distinguish culturally different senses of self, grouped into three over-arching constructs of self–differentiation, other-focus and self-containment (E.g. Owe et al 2012, 2013). Most questionnaires and psychometric tools have been developed within an American or European socio-cultural context and are often based on the assumption of a strongly individuated, fairly context free, sense of self... 'where the individual is seen as an independent, self-contained, monadic entity who comprises a unique configuration of internal attributes (e.g. traits, abilities, motives and values) and behaves in a certain way as a result of these attributes'. This is different from a more interdependent sense of self that would highlight cooperation, interdependence and collective responsibility.

African societies and identities can be described as traditionally focused around 'locality' community, age groups, and kinship… all of which contribute to a sense of socially meaningful belonging and obligations based on reciprocity (Danner 2012). Some scholars propose that African cosmologies are more inclined towards a self-reflecting principle of 'I am because we are and because we are therefore I am', in other words, a more interdependent sense of self (e.g. Chabal 2009, Edwards, Makunga et al 2004) than a more individuated contextually independent one. Some scholars emphasize that cultures differ to the degree to which they emphasize competition, cooperation or individualism or not, or the evaluation of self by a generalised other or by a specific reference group. (E.g.: Triandis 2001). Since Singelis's seminal article (Singelis 1994) scholars have explored the validity of proposing two different self-construals -independent and interdependent- and the extent to which these are quite basic to the most general schemata of an individual's 'self-system'. In other words, senses of self may differ significantly with regards to the degree and types of separation, as distinct from the degree of connection, with generalised or significant others. For instance, many Africans seek and applaud individual achievement and success, while they simultaneously remain deeply embedded and interactive within a community (e.g.; Makura 2008).

When the 'Big Five' personality taxonomy, of openness, conscientiousness, extraversion, agreeableness and neuroticism was developed in the USA, it was found to be 'robust' across at least 55 nationalities and validated against other Western generated psychometric factors, as was Diversity Icebreaker. At the same time, over the last decade, in China, the sixth factor of interpersonal inter-relatedness, mirroring a more truly interdependent sense of self has emerged that is now being tested in the USA and other cultures and found to be significant (e.g. Fan et al. 2011). Taking an emic[20] approach

[20] Emic refers to 'from within a culture', as opposed to Etic 'from outside the culture and thus 'across cultures'

across 11 South African languages and ethnic groups, the resulting South African Personality Index, (SAPI) includes conscientiousness, emotional stability, extraversion, facilitating, integrity, intellect, openness, relationship harmony and soft-heartedness (Hill et al., 2013, Nel et al., 2011).

As mentioned, each of the statements in the Diversity Icebreaker questionnaire start with 'I' and so may be seen to be making a very basic assumption that the participant does have a bounded, contextually independent individuated sense of self. The statements that support a cognitive preference for focusing on people (Red), include self-referent statements such as 'I'm easy to get to know,' 'I'm patient with others', 'I tell my thoughts to others', 'I like to meet lots of people'. In other words, while some of the content and structure of constructs around individuated 'self and 'personality' can be usefully identified and measured across cultures, the red statements in Diversity Icebreaker refer more to a person's openness, extroversion, sociability than to interpersonal relatedness, relationship harmony and soft-heartedeness identified in SAPI and whose importance is likely to be found across much of Africa; something that needs more research.

Being able to adapt one's own cognitive and communication style and approach to others and maximise the benefit of interacting, demands some self-awareness of one's own preferences and habits. It also implies some curiosity about the way they are interpreted by others, as well as the impact one's own behaviour and preferences have on others. Unless they can be accurately captured and described within an individual's cultural self-construal, they will be of limited cross-cultural comparative value.

Gender Differences

As shown in Figure 2 in other cultural contexts, women have scored higher on Red than men. The reasons for the difference in the African sample are unknown, however they may again reflect the different self-construals women have in Africa in relation to others, which are not captured in the current DI statements or different approaches to being in the work place.

National Differences

On the DI questionnaire, participants are asked for their scores, age, gender, profession and organisation. While some 'cultural' measures would have been interesting, it is known that passport nationality does not necessarily reflect someone's 'culture' and so it has been hard to find a universally valid term to ask so 'nationally aggregated data is based more on the place where the seminar data was collected than on the exact nationality/ culture of participants. The above results in Figure 1.:- the lower Red scores and higher Green from the Kenya 1 based workshop, may hint at a 'kernel of truth' (Triandis & Vassiliou 1967) about different cultural norms in different countries and regions within Sub-Saharan Africa. Kenya is known for IT entrepreneurial and opportunistic business culture. This has not always been admired by those looking for a more 'humane','socialist' approach such as Julius Nyerere, former President of Tanzania. However even though the small Kenya 1 group score lower on Red and higher on Green than a much larger international average, the truth is that no national cultural norms can be meaningfully correlated to a very limited number of DI questionnaires, especially since organisational and professional cultures may also be influencing individuals.

Professional, Organisational and Other Influences

There were clear and consistent messages from the participants in several countries that they would have answered differently in three settings: work environment, with families, and in their social groups (e.g. church). This maybe highlights that these environments are 'culturally' very different and especially in cultures with very high interpersonal relatedness, people gauge and adapt their optimal behaviour and preferred way of being within a more immediate context and according to the different statuses and relationships of whom they are with. In two or three workshops, facilitator's reported participant's starting an open discussion on how much the work place shaped and changed someone's preferred cognitive style, say from Red to Blue working in the finance sector, in contrast to people picking a profession based on their preferred style. Norms from previous DI questionnaire results in Norway have demonstrated significant differences on Diversity Icebreaker scores between different

professions, organisations and industries that will underlie any national scores. (Ekelund, Shneor and Gehrke, 2008).

FIGURE 4
Professional Norms In Norwegian Samples

Social workers (N=95)	28.9	32.7	22.1
Junior management (N=104)	37.1	24.4	22.1
Service providers (N=29)	36.6	31.6	15.3

In one multicultural group in Tanzania, the 5 primary Greens were in senior management, while the rest of the team were primary Blues, which led to reflections about senior management needing to see the larger picture while others focused on implementing the procedures and processes. Aggregated norms on any one variable, such as nationality, may be influenced by other aspects of a person's reality and context, such as gender, profession, organisational culture, as well as by the questionnaire itself.

The DI process in the African context.

2. Does the Diversity Icebreaker seminar process stimulate constructive reflection about differences that can potentially lead to improved collaboration?

Despite the likely cross-cultural limitations of the DI questionnaire statements themselves, the feedback from the thirteen facilitators across 36 seminars in sub-Saharan Africa strongly suggests that the DI process often stimulates generally good-natured self and in-group/ out-group reflection and fosters more openness and emotional safety in discussing differences and other topical issues. "Many expressed that applying DI is relevant to their projects, getting new people on board, creating awareness of different communication preferences, and all coming to appreciate the power (and not only the challenges) of many layers of differences. They see the value of having all three "colour" preferences, and that each person has all three colours in them to varying degrees." The impact and validity of the process itself was re-emphasized by one of the facilitators being asked to use Lewis's model of culture active, (Red, Blue and Yellow). Using this different model with the same processes as the DI group processes, it still had a very positive similar outcome of opening up interaction and stimulating greater co-operation.

As described above, almost all the facilitators' reported that the outcome of using the DI processes was positive and led to an appropriate level of self-reflection and light-hearted in-group out-group exploration. Many of the fault-lines in Africa society; the deeply troubled histories with ex-colonial cultures, colonial exacerbation of ethnic divides, legacies of in-balanced minority power and wealth, uncertainty surrounding new development partners, such as the China, India and Brazil, as well as the increasingly unequal distribution of resources are some of the challenges confronting Sub-Saharan Africa that have each generated their own momentum and sometimes very deep 'fault-lines'. In the extensive use of the DI process in the context of an international aid and development partners working in an African context, DI has proven relevant in highlighting the function of establishing a positive common ground, a shared language, from which to then explore working across those trickier fault-lines of history, ownership and power.

One of the students in Ghana commented that the self-reflective humour, combined with the probability of Red, Blue and Green cutting across ethnic backgrounds, makes the Diversity Icebreaker process potentially relevant in reducing prejudices while stimulating co-operation between different ethnic groups. The DI discussions can also bring to the surface memories of when participants themselves experienced crossing ethnic boundaries, such as one Kenyan who reflected how he discovered that the tribal stereotypes he had been raised with did not apply to his schoolmates when he went to boarding school in Nairobi. Participants themselves eliciting and sharing such stories promotes mutual agreement of the need to go beyond unhelpful stereotypes and prejudices.

Limitations and Future Research

This paper is based on brief qualitative and some quantitative reports of a non research-based Western based questionnaire from mostly European and American based consultants working short-term in Africa. There are obvious limitations in drawing any inferences or conclusions with the quantitative data, given the very different sample sizes. Given that personality, gender, professional, socio-economic and ethnic differences will underlie any national groupings based on passports, extrapolating any national cultural differences based on a few aggregated individuals' scores can be spurious or coincidental. For instance, combined Ghanaian and Kenyan scores map closely onto a set of Danish scores, but there is no set of underlying causes that can be drawn out.

Nevertheless the results do point to the need for more in-depth research to find the factors that will elicit relevant positive fault-lines and simple cognitive categories in Africa that can be used in the seminar processes. No participants suggested a cognitive category was missing, only that they may not be in the right primary one. One participant suggested that the fact that Blue may map onto more Myer Briggs categories than Red and Green may account for Blue primary dominance, although this also led into a debate on a bias in the type of people that join the types of organisations reported in this paper. On the qualitative feedback, feedback from more African origin and based consultants would no doubt lead to other types of reflection and learning points. At the same time, the western oriented facilitators can perhaps be more easily surprised by and so notice, particular learning points that contrast with their own cultural backgrounds and preconceptions.

Hopefully other countries or regions in Africa will find the resources to do emic studies on personality and self-construal as in South Africa. Diversity Icebreaker can then look at those to see if some of the Red statements can be developed to reflect more interpersonal relatedness, relationship harmony and soft heartedness. Future research can also combine the DI seminar experience with much deeper focus group discussions to get feedback on the questionnaire as well as the experiences and cross cultural differences from participants. Structured pre-and post-seminar participant evaluations could add much more objective feedback of their impact, as is being done with DI in the Middle East (Rubel et al, 2014) A conclusion from a presentation at Academy of International Business in 2008 on the international use of the DI process was "We believe this needs a more thorough analysis, and would like to encourage other researchers to pursue this challenge …" (Ekelund, Shneor and Gehrken, 2008).

Summary

There are many calls for indigenous African models of leadership and management. The quality and scope of self-construal in Africa is something that needs to be explored in much greater detail to understand how any type of Western self-referenced questionnaires and psychometrics are working. As demonstrated by the SAPI project, this will only come about by extensive and in-depth emic research that can lead to more 'etic' questionnaires. The preliminary differences from international norms found in the DI scores in the African context may be anomalous, however they also stress the need for questionnaires and tools that are generated from within the changing African cultural realities, rather than based on only Western conceptualisations.

Despite the possible cultural limitations of the questionnaire and limitations of the data, the qualitative and quantitative feedback from the thirteen facilitators provides evidence that the Diversity Icebreaker processes can work as positively in sub-Saharan African organisational settings as in other parts of the world. The processes stimulate co-operation by allowing a whole group to experience working positively across a new, seminar generated, fault-line based on intuitively acceptable individual differences. Groups can then take this process forward to look at some of the more emotionally charged and difficult historical fault-lines, possibly speeding up building some of the bridges across the real and perceived divides which are already being formed through education, greater exposure to different points of view, modernisation, business acumen and urbanisation in sub-Saharan Africa.

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APPENDIX A

Research questions for DI article on African experiences.

1. Describe as much as possible with a few words the setting for the training seminars, eg: purpose of the workshop
2. Which organisation or mix of organisations?
3. Location where the workshop was held
4. Composition of participants in terms of nationality, skills and gender
5. Where and how did DI fit in the programme?

Going into another country or region is a cross-culturally practise where learning opportunities emerge as surprising moments between un/conscious assumptions and actual experiences.

What kind of learning / or what surprised you

1. Concerning your role as a DI facilitator? Some surprises?
2. About how the participants responded to the seminar process?
3. About the content of Red, Blue or Green on the Flip charts?
4. About how the participants expressed what impact the structure, process or learning had on them individually and as a group/ team.
5. Are there any other type of "learning" that you think is important to bring forward?
6. Do you have an excel overview / or summary of the group results for the Red, Blue and Green scores? Eventually if not, any indication of how many participants that took part?

THE LEAD RESEARCH PROJECT: DEVELOPMENT OF THE LEADERSHIP EFFECTIVENESS SCALE IN EGYPT, GHANA, KENYA, NIGERIA, SOUTH AFRICA AND UGANDA

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ABSTRACT

There has been an increased interest in Africa due to its steady growth over the last couple of years. Despite Africa's greater potential in the global economy, little is known about leadership in Africa or about women in management. In addition, there are limited instruments in the literature that measures leadership effectiveness from an African perspective. In this paper, we discuss the development of a leadership effectiveness measure using emic-etic and mixed-methods approaches. We find five factors that measure leadership effectiveness, some unique to Africa. Our preliminary findings suggest that the generalizability of the measure across African.

INTRODUCTION

The Economist (Dec 3, 2011) states that Africa's economies are steadily increasing and growth is likely to continue. Sub-Saharan Africa has been reported to have the highest growth rate in the world after Asia (EKN, 2014). Despite this, there is a lack of management research in the region, especially in the area of leadership. Little is known about leadership in Africa and the African diaspora (people having roots from Africa) (Lituchy & Punnett, 2014; Suryani, Van de Vijver, Poortinga, & Setiadi, 2012).

It seems evident that differences in culture have an impact on what is considered effective management. More than thirty years ago, Hofstede (1980) asked the question "do American theories apply abroad?" and concluded that they might not, because of cultural differences. In contrast, Den Hartog, House**,** Hanges, Dorfman and Ruiz-Quintanilla (1999) wrote about the "emics and etics of culturally-endorsed implicit leadership" and argued that attributes associated with charismatic/transformational leadership will be universally endorsed as contributing to outstanding leadership, while there are other attributes that will universally be seen as impediments to leadership. These contrasting views embody the emic and etic perspectives respectively, where the emic-emic perspective focuses on what is unique in each culture or location, while the etic perspective examines what is shared and can be compared across cultures or locations.

The emic-etic and mixed-methods approaches offer a valuable way to develop a holistic, deeper understanding of a phenomenon under study (Stake, 2000). We used a mixed-methods approach (Greene, Caracelli, & Graham, 1989) to explain leadership effectiveness in Africa. In a series of studies, we develop a new, culturally-appropriate measure of leadership in Africa. First, qualitative, emic methods (Delphi technique and focus groups) were used to measure the attributes and behaviors of effective leaders. The results of these studies were then used to develop a quantitative survey of effective leadership that is appropriate for the cultural context (House et al, 2004). The purpose of this paper is to develop and test the LEAD (Leadership Effectiveness in Africa and the Diaspora) instrument.

Walumbwa, Avolio, and Aryee (2011) observed that very little theoretical or empirical work has addressed the topic of management and leadership in Africa. Overall, the African continent and the African diaspora provide a good illustration of how little we know about management in many countries and regions. Even in the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study, African countries were not well represented, and there was relatively little discussion of the results from Africa. We provide a cross-cultural perspective of leadership effectiveness in various African cultures.

International management researchers need to begin to "fill the gap" by undertaking research in all parts of the globe, and particularly in those areas identified as "under-researched" (Steers, Sanchez-Runde, & Nardon, 2012). The countries of the African continent are particularly in need of more research, and perhaps emic and qualitative research is especially relevant in creating data-driven African-based conceptualizations. Beaty, Nkomo, and Kriek (2006) noted that quantitative research was prevalent in studies of management in South Africa, while studies of a qualitative, or joint qualitative-quantitative methodologies were limited. This lack of data driven theory building, qualitative, or joint qualitative-quantitative (emic-etic) research may also be the case elsewhere in Africa.

LITERATURE REVIEW

Emic-Etic

A researcher taking an emic approach tries to put aside prior theories and assumptions in order to let the participants and data "speak" for themselves, and to allow themes, patterns, and concepts to emerge from the data (sometimes referred to as "insider," or "bottom-up" approaches). In contrast, an etic

approach (sometimes, referred to as "outsider," or "top-down" approaches) is seen as using existing theories, hypotheses, perspectives, and concepts, often derived from outside of the setting being studied. An emic approach is often used when researching topics that have not yet been heavily theorized, while the etic approach allows for comparison across contexts and populations and the development of more general cross-cultural concepts. The LEAD research fits with these definitions, although in our emic research in several different countries we do attempt to compare the results across countries. There are easily identifiable benefits and drawbacks to each approach (Morris, Leung, Ames, & Lickel, 1999). Essentially, one can say that an etic approach can overlook new and relevant concepts, while an emic approach can help uncover these; however, an emic approach can only uncover concepts that participants find salient at a particular time, and does not allow for statistical cross-cultural comparisons.

Mixed-Methods

Mixed-methods approaches have been used in business and management research. For example, there are papers in organizational culture (Yauch & Steudel, 2003), strategic management (Molina-Azorin, 2012) and more recently, international research (Suryani et al., 2012). Suryani et al. (2012) use qualitative, emic research followed by quantitative research with both emic and etic perspectives. They used this approach to have a less biased and more balanced viewpoint of Indonesian leadership. Similarly, this paper uses qualitative and quantitative methods in conjunction with each other to better understand leadership effectiveness in Africa and the African diaspora. By using mixed-methods, we aim to develop an Afro-centric measure of leadership. The literature on leadership is briefly summarized below.

Leadership in Africa

There are many definitions and theories of leadership, mostly developed in the West. Most researchers agree that leadership is a process and involves influence (Northouse, 2004). Due to globalization, there has been an increased interest in examining leadership across cultures. The GLOBE definition of leadership includes influencing, motivating and enabling others. The GLOBE research initiative was among the first large-scale comparative studies to examine leadership across cultures (House et al., 2004). Despite its contribution to the literature, the GLOBE project used a quantitative approach to examine middle managers in sub-Saharan countries only (Littrell, 2011). Walumbwa, Avolio, and Aryee (2011) state that "very little empirical or theoretical work has addressed leadership and management in Africa", Bolden and Kirk (2009) suggest that grounded conceptualizations of leadership are needed, drawn from research within Africa, using a variety of methodological approaches. A few researchers have looked at the role and impact of culture in the African context (Wanasika et al., 2011) or indigenous concepts such as Ubuntu (Mbigi, 2000), spiritualism (Mbigi & Maree, 1995), and the Tree of Talking (Wambu, Chinweizu, & Mazuri, 2007). James (2008) described the traditional concept of leadership as encompassing the "big man" who is all-powerful, fearsome, and all knowing. Smith (2002) discussed spirituality and the importance of ancestors in leadership.

Despite these positive developments, much of the literature on leadership in Africa is conceptual rather than empirical (Swartz & Davies, 1997). A unified theory of African leadership has not been identified, nor has a clear differentiation among countries been studied. The current paper contributes to theory by developing a scale and examining leadership among African countries.

One exception is Wanasika, Howell, Littrell, and Dorfman's (2011) account of leadership in the five sub-Saharan countries that were included in the GLOBE study (i.e., Nigeria, Namibia, Zambia, Zimbabwe, and a black sample from South Africa). Kamoche (2011) observed, "Africa remains relatively under-researched in the fields of management and international business" (p. 1), and "the scope for further research into the management of people in Africa is enormous" (p. 4). Similarly, Bolden and Kirk (2009) suggested there is a need for grounded conceptualizations of leadership drawn from research within Africa, using a variety of methodological approaches. Fortunately, there is some evidence that African countries are becoming a greater focus of management research. Several journals have devoted special issues to African management (see for example, the *Journal of Occupational and Organizational Psychology* (2011), the *Journal of African Business* (2008), and the *Journal of World Business* (2011)).

Additionally, some recent books have focused on issues in African management (Ngunjiri, 2010; Lituchy, Punnett, & Puplampu, 2013; Zoogah & Beugre, 2013).

Notwithstanding the recent focus on Africa by several journals and book authors and editors, more research is needed. This is particularly so because scholars who have studied management in African countries have questioned the effectiveness of the use of Western management and practices there (Blunt & Jones, 1992; Kamoche, Debrah, Horwitz, & Muuka, 2004). Still other scholars have theorized that management practices based on African philosophy would be more effective (Guma, 2012; Khomba & Kangaude-Ulaya, 2013); or have found that Western frameworks are not used by managers in African organizations (Kayuni & Tambulasi, 2012). Recently, a few researchers have examined different aspects of leadership in the African context, including (1) the role and impact of culture on management in the African context (Ford, Lituchy, & Punnett, 2013; Jackson, 2004; Jackson, Amaeshi, & Yaruz, 2008; Jackson, 2013; Lituchy, Punnett, Ford, & Jonsson, 2009; Littrell et al., 2013; Zoogah & Nkomo, 2013); (2) African concepts such as *Ubuntu* expressed as paternalistic and humane leadership (Littrel et al., 2013; Mangaliso, 2001; Mbigi, 2000; Ncube, 2010; Poovan, Du Toit, & Engelbrecht, 2006; Wanasika et al., 2011); (3) the Tree of Talking (Wambu, Chinweizu, & Mazuri, 2007); and (4) neopatrimonialism as an important but under-researched aspect of the public sector and state elites in sub-Saharan countries (Muchiri, 2011; Taylor, 2004). The African countries studied are also not representative of most of Africa, because South Africa dominates the literature (Lituchy et al., 2009). As such, Beaty, Nkomo, and Kriek (2006) noted the tendency for scholars who conduct studies of management in South Africa to use a quantitative approach. Further, some of this literature is conceptual rather than empirical, and there is a need for empirical data that can be replicated and compared among countries.

Punnett (2014) concluded that around the world male characteristics continued to be associated with effective management in the traditional stereotype of 'think manager think male' (Schein, 1973; Schein, Mueller & Lituchy, 1996). This would suggest that respondents are more likely to respond positively to statements about an effective manager being a man. At the same time, in contrast, a recent McKinsey report (Barsh, Devillard & Wang, 2012) found that a growing number of women around the world are succeeding both at senior and lower levels and that they are inspiring other women to be confident that they can be effective managers. This would suggest that female respondents may be less likely to see males as managers and may even be more positive about women managers.

Overall, the various studies on leadership in Africa yield contrasting views, which gives rise to the need for a more systematic approach that would allow for the accumulation of a more unified body of work. Therefore, we have chosen to use an emic-etic and mixed-methods approach to address these needs.

METHOD AND RESULTS

In this paper, we present the results of the LEAD surveys. The results of the qualitative studies (Delphi technique and focus groups) can be found elsewhere (Galperin, Lituchy, Acquaah, Bewaji & Ford, 2014; Holder, et al., 2014; Lituchy, Punnett & Ford, 2013; Lituchy & Punnett, 2014; Senaji et al., 2014). Below, we discuss the development of survey. In the first phase, we discuss item development of the survey, based on the Delphi technique and focus groups. The second phase consisted of a pilot test. Phases 3 and 4 involve running factor analyses.

Phase 1: Survey and Item Development

The responses from the Delphi technique and focus groups provided the basis for developing a standardized questionnaire. This questionnaire is appropriate for use across countries and cultures, and at the same time it incorporates culture specific concepts. The questionnaire included some established constructs, but also reflected constructs identified from the Delphi technique and focus groups, from African countries as well as the African diaspora in Canada, the Caribbean, and the USA. We thus used an etic approach that incorporated the results of an emic approach.

The process for developing the leadership questionnaire concepts was as follows. Results of the Delphi technique and the focus groups were content coded using NVivo (a qualitative analysis software package). Based on this analysis the researchers identified aspects of leadership that were important for the quantitative survey. Existing leadership concepts and measures were reviewed to see how well they covered the list of leadership concepts derived from the Delphi and focus group processes. Existing measures to be used in the questionnaire were selected from published sources, based on reliability, validity, and previous international use. The researchers then worked together on this content and developed a list of items describing effective leadership for those concepts that were not covered by existing measures. These items were revised and reduced to a final list of 36 leadership items. The draft questionnaire, which included the complete existing measures as well as the newly developed items, was pre-tested with a sample of 100 participants. The items included in the final version were refined based on the results of factor analyses. The data from the standardized questionnaire is still being collected and will be reported at a later time. Examples of items created based on participant ideas with no corresponding items from prominent pre-existing western developed leadership measurements include "Honors tradition", "Follows customary laws", "Is wise", and "Is courageous".

Phase 2: Pilot-test in the African Diaspora

Of the 35 leadership constructs that emerged, three constructs (leader empowerment, servant leadership, and transformational leadership) already had pre-existing measures. A sample in Barbados was used to pre-test the cross-cultural applicability of these constructs to an African diaspora context before developing a culturally-appropriate measure of leadership for Africa and the diaspora. After the three existing measures were pre-tested, a survey was developed including all 35 constructs. This survey was then pilot tested in Ghana, Uganda, Kenya and the African diaspora in Canada.

***Barbados and Africans in Canada CFA Participants*.** In the Barbados sample, there were a total of 56 respondents (mean age of 30.17 years (*SD* = 10.65); 67.9% female). In the pilot test sample, there were 164 respondents (mean age of 27.86 years (*SD* = 9.49); 50.6% being female) from Ghana, Uganda, Kenya, and the African diaspora in Canada. Their average number of years in the workforce was 7.37 (*SD* = 6.55).

Measures. In Barbados, the survey was composed of the following measures: leader empowering behaviour (LEBQ) (Konczak, Stelly, & Trusty, 2000); servant leadership scale (Page & Wong, 2000); and transformational leadership (Podsakoff, MacKenzie, Moorman & Fetter, 1990). In the pilot survey, items from the above measures were used, as well as 45 leadership items newly created based on the qualitative results of the focus groups and Delphi technique.

Analyses and Results. For the Barbados sample, a CFA was conducted on the data to determine whether the Western-developed measures were applicable to a diaspora population, in addition, inter-item reliabilities were calculated. All scales and subscales reached the Cronbach's alpha threshold of .70, except for the LEBQ subscale of "delegation of authority" (a = .66), however, it was deemed to be close enough to the threshold and acceptable for international research (Triandis, 1995) and therefore, it was included in further analysis. Using AMOS, CFAs were run. The fit indexes for the LEBQ measure structure were: χ^2 (11) = 24.64, $p < .01$; CFI = .89; IFI = .90. The fit indexes for Page and Wong's Servant Leader Measure were: χ^2 (132) = 315.26, $p < .00$; CFI = .81; IFI = .82. The fit indexes for transformational leader were: (χ^2 (194) = 468.69, $p < .01$); CFI = .84; IFI = .85. From the CFAs, we see that the models are close to holding true in Barbados however, they are just on the cusp of acceptability based on the fit indexes. This indicates that leadership in the Caribbean is similar to North America; however, the differences warrant the creation of a dedicated leadership scale for Africa and the diaspora.

In the pilot sample, an EFA was run on the data using SPSS to see whether the leadership constructs included in the survey could be further reduced or combined. A principal component analysis was run with a varimax rotation. Based on the scree plot 15 factors were selected, which combined explained 73.82% of the variance. Factor 1, "likeable leader" was by far the largest explaining 34.91% of the

variance, followed by factors 2 "transformational and servant leader" (7.37%) and 3 "traditional, big man leader" (4.76%).

Phase 3: Exploratory Factor Analyses (EFA) in Africa

Following the results of the pretest's EFA and the subsequent reduction and combination of factors, items on the survey were either modified, added or removed to better tap into the factors. A larger African only population was then sought to complete the survey in order to further refine the factors measured on the survey. Once EFAs were run on the revised survey, CFAs were performed in the next phase to confirm the factors found on the EFA.

African EFA Participants. There were a total of 164 respondents (Mean age of 27.86 years (*SD* = 9.49); with 57% female. Participants were from Nigeria (44.6%), Egypt (20.9%), Kenya (13.5%), Ghana (12.2%) and a small number of other countries (6.8%). The average number of years in the work force of the sample was 9.65 (*SD* = 8.55) and 61.5% (*n* = 91) of the sample had a supervisory role in their job.

EFA Analyses and Results. A principal component analysis was run with a varimax rotation. Based on the scree plot five factors were of importance with those beyond that only explaining 2.56% of variance or less. These five factors explained a combined 64.90% of the variance. The most significant factors were: Factor 1 (Social, wise, hard worker) explained 38.80% of the variance, factor 2 (visionary servant) explained 9.05% and factor 3 (models and inspires) explained 6.42%.

Phase 4: Confirmatory Factor Analyses (CFAs) in African.

Composed of 441 respondents, the sample had an average age of 34.37 years (*SD* = 8.62); 47.1% were female. The Participants were from Ghana (37.7%), Uganda (19.3%), Nigeria (17.7%), Egypt (11.6%), Kenya (7.0%), South Africa (4.8%), Tanzania (1.4%), and Ethiopia (0.5%). The average number of years in the work force was 9.63 years (*SD* = 8.09) and 62.2% (*n* = 251) of the sample had a supervisory role in their job.

Analyses and Results. Running CFAs in AMOS on the five factors from the EFA found that three of the five factors loaded. These factors were Factor 1 (social, wise, hard worker), Factor 2 (visionary servant) and Factor 4 (traditions and gender). Issues rose with the running of CFAs on Factor 3 and Factor 5, which were most likely due to the low number of items for each factor, three and two items respectively, the results of the CFAs can be found in Table 1.

The first factor entitled, "leadership characteristics" described the main personal characteristics of an effective leader, including being social, wisdom, and hard working. The second factor entitled, "leadership style" described the importance of visionary and servant leadership in effective leadership. The third factor entitled, "leadership behaviors" focused on the effective leadership behaviors such as inspiring others with his/her plans for the future, obtaining commitment from subordinates, and being a good model for others to follow. The fourth factor entitled, "traditions and gender" described the extent to which one follows traditions and is of a certain gender. Sample items included: An effective leader: (a) follows customary laws; (b) is a man; and, (c) is a woman. Finally, the fifth factor entitled "delegation and authority" encompasses effective leadership behaviors that include providing subordinates the authority to make changes necessary to improve things and the delegation of authority.

DISCUSSION

This paper used mixed-methods in developing a culturally-sensitive measure of effective leadership for Africa and the African diaspora using the LEAD instrument in Africa. Based on the Delphi technique and focus groups, a survey appropriate to the African and African Diaspora cultures was developed. Using an emic-etic method, we were able to develop a greater understanding of leadership effectiveness in African and the African diaspora. The qualitative and quantitative results corroborate the importance of several aspects of leadership including leading by example, religion, spirituality, being a

man, and Ubuntu; some of which are not included in Western measures of leadership. Given the challenges in conducting cross-cultural research using mixed-methods (Molina-Azorin, 2012), it is not surprising that there are a limited number of cross-cultural, mixed-methods studies.

TABLE 1
Africa CFA Study Goodness-of-Fit Indicators (Male and Female combined)

Model	χ^2	Df	χ^2/df	*p*	NFI	CFI	IFI
Factor 1 (Social, Wise, hard worker)	424.58	54	7.86	0.001	0.86	0.88	0.88
Factor 2 (Visionary servant)	127.93	20	6.40	0.001	0.92	0.93	0.93
Factor 3 (Models and inspires)							
Factor 4 (Traditions and Gender)	114.53	2	57.27	0.001	0.78	0.78	0.78
Factor 5 (delegation of authority)							

Our preliminary results suggests that factor structures of what constitutes an effective leader were fairly similar among African men and women. African men and women placed importance on the following factors: leadership characteristics, leadership style, leadership behaviours, and delegation and authority. The differences in the importance of being a man to be an effective leader is consistent with research by Barsh et al. (2012), Schein et al. (1996), Lituchy et al. (2014, 2012, 2011) and Punnett (2014). It is important to recognize that the LEAD project is on-going and any results presented here should be viewed as preliminary. Additional African partners are being sought, and the intent of the research group is to extend the research base across more of Africa, and throughout the Caribbean as well as Canada and the USA. Despite its limitations, our unique study provided a better comprehensive understanding of leadership effectiveness in Africa and its diaspora. Future research will include refinement of this scale, and look at antecedents and consequences of effective leadership.

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TECHNOLOGY ACCEPTANCE MODEL AND AGRIBUSINESS ENTREPRENEURS' INTENTIONS TO ADOPT AGRICULTURE TECHNOLOGIES

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ABSTRACT

Although the technology acceptance model has been widely used to explain intentions to adopt new information and communication technologies, it has rarely been used in the agriculture sector, specifically, in emerging economies. To test the validity of this model and explain the intentions of female entrepreneurs to adopt new agriculture technologies, we conducted an empirical study on a sample of 315 female entrepreneurs operating in the agribusiness sector in Ivory Coast. Results showed that the two dimensions of the technology acceptance model, perceived usefulness and perceived use positively predicted intentions to adopt new agriculture technologies. We also found that perceived usefulness better predicted intentions to adopt new agriculture technologies than perceived ease of use. We introduced a new social norm variable, perceived gender role and found that it negatively predicted perceived usefulness, positively predicted intentions to adopt new agriculture technologies, but did not significantly predict perceived ease of use. The study's implications for future research and practice were discussed.

INTRODUCTION

The use of technology has increased agricultural output by improving productivity and efficiency while reducing costs in the food value chain. These gains have been observed in both developed and developing countries. In several developing countries, such as those in sub-Saharan Africa, national governments have spearheaded efforts to modernize the agricultural sector to improve productivity and efficiency. They have formulated and implemented policies to provide assistance to farmers and develop programs to facilitate agricultural modernization. In these countries, agriculture modernization includes the use of tools, such as tractors, harvesting and food processing equipment, and new farming techniques.

A noticeable factor in most sub-Saharan African countries, is that activities related to food production and commercialization are mostly controlled by female entrepreneurs. In this paper, we refer to these female entrepreneurs as female agribusiness entrepreneurs. We define female agribusiness entrepreneurs as female entrepreneurs who own land, cultivate the land, and sell their products in urban areas. Although some of these female entrepreneurs own the land and cultivate it, others act as brokers, buying the agricultural products from farmers and reselling them in urban markets. Because of the growth of the population in most sub-Saharan African cities, there is a dire need for food and related products. Hence, opportunities are abundant in this sector. However, to take advantage of these opportunities, female entrepreneurs must be open to the modernization of the food production value chain. They have an incentive to improve their outputs, reduce costs, and generate profits. To facilitate this process, national governments in sub-Saharan Africa have developed and implemented policies aimed at introducing new

technologies in the agricultural sector with often mixed results. Indeed, there are still difficulties related to the lack of productivity in the agricultural sector. As an example, most farmers and agribusiness entrepreneurs are not always efficient.

Moreover, there are exogenous variables that render the agricultural value chain inefficient and costly. Such variables include poor physical infrastructures, such as the absence of paved roads connecting some rural areas to urban centers, thereby rendering the distribution process ominous and unreliable. In addition to these factors, there seems to exist some human resistance to efforts undertaken by national governments to modernize the agricultural sector. Despite the apparent economic benefits, farmers and food distributors tend to neglect to some extent the use of new agriculture technologies. This is not surprising because purely economic models cannot always capture the full complexity of the behaviors of the stakeholders involved in the food production value chain (Gartrell & Gartrell, 1985; Turvey, 1991; Flett et al., 2004).

In addition to economic factors, scholars need to explore other factors that may provide an alternative explanation of the intentions to adopt new technologies. A model that has received wide attention in this area is the technology acceptance model (TAM, Davis, 1986, 1989; Davis, Bagozzi, & Warshaw, 1989). Thus, the purpose of this study is to identify the factors affecting the intentions to adopt new technologies in the agricultural sector by female agribusiness entrepreneurs in sub-Saharan Africa. In so doing, the paper uses the technology acceptance model as a conceptual framework to explain female agribusiness entrepreneurs' intentions to adopt new technologies. There are pertinent reasons for focusing on female agribusiness entrepreneurs. First, as indicated previously, in most sub-Saharan African countries, the food value-chain is dominated by female entrepreneurs. Although few established female-owned ventures operate in the formal sector, the vast majority operates in the informal sector. Understanding their attitudes and behaviors toward the adoption of new technologies, particularly agriculture technologies, could help design policies to facilitate the modernization of this sector in sub-Saharan African countries.

Second, adapting the technology acceptance model to the agricultural sector in sub-Saharan African countries could contribute to the expansion of the model and provide new insights to scholars in management and entrepreneurship. Particularly, it could help to assess the validity as well as the limitations of the technology acceptance model. Previous research has applied the technology acceptance model in the information and communication sector in sub-Saharan African countries (Park, Roman, Lee, & Chung, 2009; Lin, Fofanah, & Liang, 2011; Lules, Omwansa, & Waema, 2012; Rammile & Nel, 2012; Citungo & Munongo, 2013; Wentzel, Diatha, & Yadavalli, 2013). For example, Citungo & Munongo (2013) applied the technology acceptance model in Zimbabwe and found that perceived usefulness, perceived ease of use, and social norms had significant effects on users' intentions toward mobile banking. These results were previous reported by Lules et al. (2012) who applied the technology acceptance model to the intentions to adopt mobile banking technologies in Kenya. Like Citungo and Munungo (2103), they found that perceived usefulness and perceived ease of use predicted customers' attitude toward usage of mobile banking.

The remainder of the paper is structured as follows. First, we review the extant literature on the technology acceptance model with a particular emphasis on its adoption in the agricultural sector. This review lays the groundwork for developing our research model and formulating the hypotheses. Second, we discuss the data collection method. Third, we analyze the data and present the results of the study. Finally, we discuss the findings in line with the extant literature on the technology acceptance model, acknowledge the limitations of the study, and provide directions for further research.

THEORY DEVELOPMENT AND HYPOTHESES

Introducing new agriculture technologies to improve productivity has been a concern for governments as well as agribusiness entrepreneurs in most sub-Saharan African countries. This is particularly important because traditional farming techniques are labor-intensive and inefficient.

Moreover, they lead to waste and extensive use of land, which has a negative impact on soil conservation and agricultural sustainability. Introducing new agriculture technologies could be construed as being part of what is called *precision agriculture* (Sparovek & Schnug, 2001; Grisso et al., 2002; Rezaei-Moghaddam & Salehi, 2010). "Precision agriculture is a comprehensive approach to farm management and has the following goals and outcomes: increased profitability and sustainability, improved product quality, effective and efficient pest management, energy, water and soil conservation and surface and ground water protection" (Grisso et al., 2002: 1). It is an umbrella terminology which embraces scientific knowledge (such as agronomic science) and its practical expression (machines, treatments, procedures, tools, supplies) (Sparovek & Schnug, 2001).

Adopting new agriculture technologies is not an easy task. Several social and cultural factors could undermine the adoption of new agriculture technologies despite their potential benefits. To better understand this process, it is important to explore the reasons underlying the adoption of new technologies in general. To this end, we used the technology acceptance model as a conceptual framework for the present study. The technology acceptance model has been applied to the agricultural sector (Sparovek & Schnug, 2001; Grisso et al., 2002; Flett, Alpass, et al., 2004; Adrian, Norwood, & Mask, 2005; Rezaei-Moghaddam & Salehi, 2010). For example, Adrian, Norwood, and Mask (2005) showed that attitude of confidence toward using precision agriculture technologies and perceptions of the net benefit incurred, positively influenced the intention to adopt these technologies. Likewise, Rezaei-Moghaddam and Salehi (2010) found that attitude positively influences the intention to adopt precision agriculture technologies.

Although some researchers have used the technology acceptance model to explore the adoption of new information and communication technologies in sub-Saharan Africa (Park, Roman, Lee, & Chung, 2009; Lin, Fofanah, & Liang, 2011; Lules, Omwansa, & Waema, 2012; Rammile & Nel, 2012; Citungo & Munongo, 2013; Wentzel, Diatha, & Yadavalli, 2013), they have rarely focused on the agricultural sector. This is astonishing because not only does the agricultural sector remain the dominant economic sector in most sub-Saharan African countries but it is also undergoing dramatic changes in terms of technology usage. Thus, there is a strong impetus to understand users' attitudes toward the adoption of new agriculture technologies. Consequently, the present paper aims at using the technology acceptance model to explain the factors underlying the intentions to adopt new agriculture technologies in sub-Saharan Africa. Because of resource constraints, the study will focus on a single country, Ivory Coast, where the government has formulated and implementing policies to modernize the agricultural sector.

The Technology Acceptance Model

Developed by Davis (1986, 1989) and Davis et al. (1989), the technology acceptance model contends that people are likely to adopt new technologies when they perceive the technology as useful and easy to use. The technology acceptance model derives from the theory of reasoned action (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980). According to Fishbein and Ajzen (1975), human behavior is best predicted by intentions, which are jointly determined by attitudes and subjective norms. Specifically, the theory contends that an individual's performance of a specific behavior is determined by his/her behavioral intention to perform the behavior, and jointly determined by the person's attitude and subjective norm concerning the behavior in question (Davis et al., 1989). The theory of reason action is a general model that does not specify the beliefs that are operative for a particular behavior (Davis et al., 1989: 984). It was later refined by Ajzen (1991) who proposed the theory of planned behavior. The theory of planned behavior differs from the theory of reasoned action in its addition of perceived behavioral control (Ajzen, 1991: 183). Ajzen differentiates actual behavioral control, having resources readily available and perceived behavioral control, which refers to people's perception of the ease or difficulty of performing the behavior of interest. "As in the original theory of reasoned action, a central factor in the theory of planned behavior is the individual's intention to perform a given behavior. Intentions are assumed to capture the motivational factors that influence a behavior; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behavior" (Ajzen, 1991: 181).

Both the theory of reasoned action and the theory of planned behavior served as the precursors to the technology acceptance model that was explicitly used to explore the reasons underlying the acceptance of information technology in organizations (Davis, 1986, 1989; Davis et al., 1989). As Davis et al. (1989) put it: "the goal of TAM is to provide an explanation of the determinants of computer acceptance that is general, capable of explaining user behavior across a broad range of end-user computing technologies and user populations, while at the same time being both parsimonious and theoretically justified" (p. 985). The technology acceptance model identifies two main variables, perceived usefulness (PU) and perceived ease of use (PEOU) that are likely to influence behavioral intentions.

Davis (1989) defines perceived usefulness as "the degree to which a person believes that using a particular system would enhance his or her job performance" (p. 320). This suggests that an individual who believes that using the technology would result in increased performance, would be more likely to adopt it. The construct of perceived usefulness was developed from a "survey used to measure perceptions of quality, control, productivity, effectiveness, and improved performance over existing practices" (Adrian et al., 2005: 259). For example, in an organization, managers may consider that using a certain technology could improve employee performance. Harboring such beliefs could facilitate the adoption of the technology.

Perceived ease of use refers to "the degree to which a person believes that using a particular system would be free of effort" (Davis, 1989: 320). The theory of reasoned action (Ajzen & Fishbein, 1980), the theory of planned behavior (Ajzen, 1991), and the theory of diffusion of innovation (Rogers, 1983) suggest that the complexity of a given technology may affect the intention to adopt it. For example, a person who finds a given technology difficult to use may be reluctant to adopt it. However, when the person finds the technology easy to use, he/she may be willing to adopt it. Davis (1989) found that perceived ease of use positively affected the intention to use the technology. Perceived ease of use was also related to perceived usefulness. In other words, when people find that the technology is easy to use, they tend to consider that it is useful.

Perceived usefulness and perceived ease of use are considered as distinct psychological constructs and influence a person's attitude toward adopting a new technology (Davis, 1989; Davis et al., 1989). It has been found that perceived usefulness exercised the most influence on technology acceptance than perceived ease of use (Davis, 1989; Davis et al. 1989; Brosnan, 1999). A meta-analysis on a sample of 88 studies including 12,000 observations, shows that the technology acceptance measures of perceived utility and behavioral intentions are highly reliable and may be used in a variety of contexts (Kinga & He, 2006). Thus, we consider the perceived usefulness of the technology and its ease of use as key predictor variables that would influence female entrepreneurs' intentions to adopt new technologies in the agricultural sector. There are at least two reasons explaining this attitude. First, female entrepreneurs must believe that using agriculture technologies would help improve efficiency and effectiveness. To the extent that using new agriculture technologies could help female agribusiness entrepreneurs to increase their production, they would find the technologies useful. However, the concept of usefulness is quite different from the ease with which the technology can be used. Thus, if female entrepreneurs believe that the new technologies are easy to use, they would be willing to adopt them. Thus, we formulated the following hypotheses.

Hypothesis 1. Perceived usefulness will have a positive direct effect on intentions to use agriculture technologies.
Hypothesis 2. Perceived ease of use will have a positive direct effect on intentions to use agriculture technologies.
Hypothesis 3. Perceived ease of use will have a positive direct effect on perceived usefulness.

The paper also considers that the female agribusiness entrepreneurs' subjective norms would influence the two dimensions of the technology acceptance model, perceived usefulness and perceived ease of use. One such subjective norm is perceived gender role. In most sub-Saharan African countries,

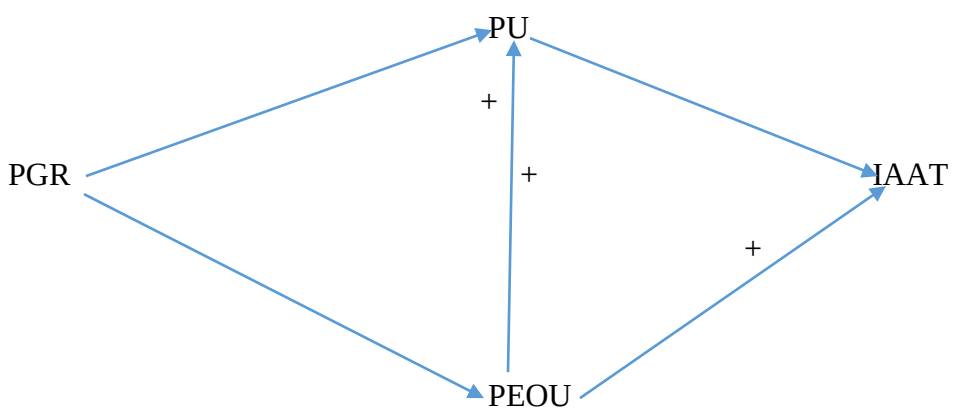
people tend to harbor values that are consistent with traditional roles ascribed to their gender. For instance, men tend to consider themselves as being more responsible and therefore, must be given full authority and respect in society. This is specifically true when it comes to household chores and responsibilities. Most women also tend to respect social norms that confine them to take care of their immediate and extended families. We introduce the constructs of *traditional* and *progressive* perceived gender roles. Traditional perceived gender role refers to the extent to which the female entrepreneurs believe that the role of a spouse is to be devoted to her family and be submissive to her husband. A progressive perceived gender role refers to the extent to which female entrepreneurs believe that the role of a spouse is not limited to the household but could include being more independent and assertive.

Perceived gender role is considered here as an external variable to the two dimensions of the technology acceptance model. For example, a traditional perceived gender role could have a negative impact on perceived usefulness. It could be possible that women who see themselves as obedient to their husbands and only playing secondary and limited roles in their families would consider new agriculture technologies as not useful. Indeed, a traditional perceived gender role could be inconsistent with using technologies that could help improve productivity and generate more profits for female business entrepreneurs. One possible explanation could be that these female entrepreneurs may consider that it is contrary to their beliefs to be more financially successful than their husbands. Perceived gender role could also negatively affect perceived ease of use. Indeed, harboring traditional values about the role of a woman in the family could translate into a judgment of whether agriculture technologies are easy (or difficult) to use. Thus, we formulated the following hypotheses.

Hypothesis 4. Perceived gender roles would have a negative effect on perceived usefulness of agriculture technologies.
Hypothesis 5. Perceived gender roles would have a negative effect on perceived ease of use of agriculture technologies.

Our research model is depicted in Figure 1, which shows the anticipated relationships between the different variables.

FIGURE 1
Research Model



In addition to the main research hypotheses, we also anticipated that the three variables, perceived gender role, perceived usefulness, and perceived ease of use would interact to positively influence

behavioral intentions. We also anticipated that perceived gender role and each of the two dimensions of the technology acceptance model would interact to positively influence behavioral intentions. Finally, we anticipated that the two dimensions of the technology acceptance model would interact to positively influence behavioral intentions. Thus, we formulated the following hypotheses.

Hypothesis 6. Perceived gender roles would interact with perceived usefulness to influence intentions to adopt agriculture technologies.

Hypothesis 7. Perceived gender roles would interact with perceived ease of use to influence intentions to adopt agriculture technologies.

Hypothesis 8. Perceived gender roles would interact with perceived usefulness and perceived ease of use to influence intentions to adopt agriculture technologies.

METHOD

Pilot Study

Research Instrument

The four research variables, perceived gender role, perceived usefulness, perceived ease of use, and intentions to use agriculture technologies were measured by Likert-type scales. Five choices were offered to respondents, strongly agree (5), agree (4), neutral (3), disagree (2) and strongly disagree (1). To measure the variable, perceived gender role, we originally developed a 10-item Likert-type scale. A high score indicated a more traditional gender role, whereas a low score indicated a more progressive gender role. The variables perceived usefulness and perceived use were measured by the original scales developed by Davis (1989) and Davis et al. (1989). The scales were translated in French and adapted to the agricultural sector. The criterion variable, intentions to adopt agriculture technologies was measured by an original 12-item scale designed for the purpose of the study.

Pilot Study

A pilot study was conducted on a sample of 102 female agribusiness entrepreneurs in Ivory Coast. The purpose of this pilot study was to validate the scales. All scales were written in French and administered in this language. All participants were able to communicate in French, the official language of Ivory Coast.

Reliability Coefficients and Factor Analysis

The reliability coefficient for the scale measuring the perceived gender role was .77. A principal components analysis (PCA) with Varimax rotation was conducted on the original scale of 10 items. After assessing the loadings of each item in the factor, 'perceived gender role,' we deleted one item. Therefore, the final version of this scale included 9 items. We also conducted a principal components analysis with Varimax rotation on the scale measuring perceived usefulness. All 10 items were highly correlated in the factor, 'perceived usefulness.' Therefore, they were all retained for the final study. The reliability coefficient of this scale was .88. For the scale measuring perceived ease of use, we conducted a principal component analysis with Varimax rotation. The results revealed poor factor loadings for six items as well as a low reliability coefficient. After deleting the six items poorly loaded in the corresponding factor, we were able to have high factor loadings for the remaining four items and a higher reliability coefficient, .70. Therefore, the final version of this scale included only four items. Finally, for the scale measuring intentions to adopt agriculture technologies, we conducted a principal components analysis with Varimax rotation. Because some items were poorly loaded in the corresponding factor, they were deleted. Therefore, the final version of this scale included five items with a reliability coefficient of .73.

Main Study

Variables

Criterion Variable. The criterion variable for this research was participants' intentions to adopt agriculture technologies (IAAT). This variable was measured by a five-item scale.

Predictor Variables. The predictor variables were: 1) perceived gender role (PGR), 2) perceived usefulness (PU), and 3) ease of use (PEOU). Each of these three predictor variables was measured by a scale.

Research Instrument

The final instrument included four subscales, perceived gender roles (9 items), perceived usefulness (10 items), perceived ease of use (4 items), and intentions of use (5 items). Respondents had the choice among five categories: strongly agree (5), agree (4), neutral (3), disagree (2) and strongly disagree (1). A high score indicated an agreement, whereas a low score indicating a disagreement with the corresponding item.

Sample and Procedure

The main study was conducted on a sample of 315 female agribusiness entrepreneurs operating in the Northeastern region of Ivory Coast. The questionnaires were administered in French during a two-week period. All participants were able to communicate in French.

RESULTS

Reliability of Research Instruments

The reliability coefficients of the four scales are displayed in Table 1. The reliability coefficient for the scale measuring perceived gender role was .73, the reliability coefficient for the scale measuring perceived usefulness was .88, the reliability coefficient for the scale measuring perceived ease of use was .76, and the reliability coefficient of the scale measuring intentions to adopt agriculture technologies was .83. All three scales had good Cronbach coefficients, above the threshold recommended by Nunnally (1978).

TABLE 1
Reliability of Research Scales

Construct	Cronbach's Alpha
Attitude toward gender role	.73
Perceived usefulness	.88
Perceived ease of use	.76
Intentions to use	.83

Correlations between Study Variables

Table 2 displays the correlations between the research variables. The variable, perceived gender roles was weakly correlated with the criterion variable, intentions to adopt agriculture technologies ($r = .17$, $p < .01$), whereas the variables, perceived usefulness ($r = .58$, $p < .01$) and perceived ease of use ($r = .54$, $p < .01$) were relatively highly correlated with the criterion variable, intentions to adopt agriculture technologies. Perceived gender role was negatively correlated with perceived usefulness ($r = -.11$, $p <.05$) although this correlation was relatively weak. There were no significant correlation between perceived gender role and perceived ease of use ($r = -.05$, ns). Perceived usefulness and perceived ease of use were significantly correlated ($r = .52$, $p < .01$).

TABLE 2
Descriptive Statistics

	1	2	3	4
1. Perceived gender role (PGR)	-			
2. Perceived usefulness (PU)	-.11**	-		
3. Perceived ease of use (PEOU)	-.03	.52*	-	
4. Intentions to adopt (IAAT)	.18*	.58*	.53*	-

* p <.01; ** p < .05

Hypotheses Testing

To test the direct effect of each predictor variable, a linear regression was performed. The results showed that when entered in the regression equation as the only variable, perceived usefulness predicted intentions to adopt agriculture technologies (β = .58, t = 12.72, p < .01) with an R-Square of .341 indicating that the model explained 34.1% of the variance. These results support our first hypothesis, which predicted a direct effect of perceived usefulness on intentions to adopt agriculture technologies. We tested the second research hypothesis by using perceived ease of use as the predictor variable and intentions to adopt agriculture technologies as the criterion variable. The results showed that perceived ease of use positively predicted intentions to use agriculture technologies (β = .53, t = 11.11, p < .01) with an R-Square of .281 indicating that the model explained 28.1% of the variance. These results also supported Hypothesis 2, which predicted a positive effect of perceived ease of use on intentions to adopt agriculture technologies. The beta coefficient and the percentage of variance explained by perceived usefulness were relatively higher than those of perceived ease of use. These results were consistent with previous findings supporting the view that perceived usefulness had a stronger effect on behavioral intentions than perceived ease of use (Davis, 1989; Davis et al., 1989).

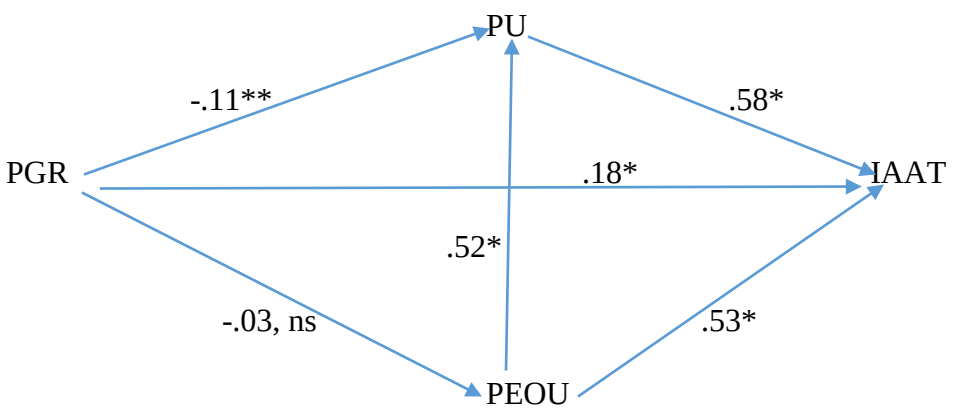
We tested the effect of perceived ease of use on perceived usefulness. The results showed that perceived ease of use predicted perceived usefulness (β = .52, t = 10.67, p < .01), with an R-Square of .264, indicating that the model explained 26.4% of the variance. The results supported Hypothesis 3. We tested the effect of perceived gender role on perceived usefulness and perceived ease of use by performing two separate regression analyses. In the first regression analysis, perceived gender role was entered as the predictor variable and perceived usefulness as the criterion variable. In the second regression analysis, perceived gender role was entered as the predictor variable and perceived ease of use as the criterion variable. The results showed that perceived gender role negatively predicted perceived useful (β = -.11, t = -1.93, p < .05), but it did not predict perceived ease of use (β = -.03, t = -.60, ns). Although the prediction was significant, it was very weak as indicated by the beta coefficient and the percentage of variance explained (R-Square = .009). Therefore, we could conclude that our hypothesis predicting a negative relationship between perceived gender role and perceived usefulness was barely supported, whereas our hypothesis predicting a negative relationship between perceived gender role and perceived ease of use was not supported. Although we did not explicitly formulate a hypothesis, we nevertheless tested the direct effect of perceived gender role on intentions to adopt agriculture technologies. The results of the regression analysis showed perceived gender role significantly predicted intentions to use agriculture technologies (β = .18, t = 3.14, p < .01). However, the R-Square was very low, .027, indicating that the model explained only 2.7% of the variance. Our findings are depicted in Figure 2, which shows the observed relationships between the study variables.

We conducted three additional regression analyses to test the interaction effects. In the first regression analysis, perceived gender role and perceived usefulness were entered as the predictor variables and intentions to adopt agriculture technologies as the criterion variable. The results showed that both perceived gender role (β = .24, t = 5.44, p < .01) and perceived usefulness (β = .61, t = 13.80, p < .01) significantly predicted intentions to adopt agriculture technologies, with an R-Square of .394

indicating that the model explained 39.4% of the variance. It is also worth mentioning that the beta coefficients for both variables increased when simultaneously entered in the regression model. However, in the models where these variables were the sole predictor variables, the beta coefficients were relatively lower. The change was particularly larger for perceived gender role, increasing from .18 to .24, a change of 33% in the value of the beta coefficient. This could imply that the effect of perceived gender role on intentions to adopt agriculture technologies is stronger when it is combined with perceived usefulness. To some extent, the same reasoning could be true for perceived usefulness. Its effect on intentions to use agriculture technologies seems to be stronger when it is combined with perceived gender role.

In the second regression analysis, perceived gender role and perceived ease of use were entered as the predictor variables and intentions to adopt agriculture technologies as the criterion variable. The results showed that both perceived gender role ($\beta = .19$, $t = 4.13$, $p < .01$) and perceived ease of use ($\beta = .54$, $t = 11.52$, $p < .01$) significantly predicted intentions to adopt agriculture technologies, with an R-Square of .316 indicating that the model explained 31.6% of the variance. Compared to the models where each of these two variables were entered individually in the regression model, there were no major changes in the beta coefficients. However, the percentage of variance explained increased as the result of combining these two variables as predictor variables, indicating a better model. The results of these two analyses also showed that perceived gender role has a better effect on intentions to adopt agriculture technologies when it is associated with perceived usefulness than with perceived ease of use.

FIGURE 2
Observed Relationships between Study Variables



* p < .01; p < .05

In the third regression analysis, perceived gender role, perceived usefulness and perceived ease of use were entered as the predictor variables and intentions to use agriculture technologies as the criterion variable. The results showed that all three variables significantly predicted intentions to adopt agriculture technologies (see Table 3). This model explained 46.2% of the variance. Based on the percentage of variance explained, this model was the best model. We also conducted a regression analysis to test the interaction effects of perceived usefulness and perceived ease of use on intentions to adopt agriculture technologies. The results showed that perceived usefulness ($\beta = .42$, $t = 8.32$, $p < .01$) and perceived ease of use ($\beta = .31$, $t = 6.21$, $p < .01$), positively predicted intentions to use agriculture technologies with an R-Square of .409, indicating that the model explained 40.9% of the variance.

TABLE 3
Regression Analysis. Predictor Variables Entered Simultaneously In Regression Model

Variables	B	T
Perceived gender role	.23	5.61*
Perceived usefulness	.45	9.26*
Perceived ease of use	.31	6.35*

* $p < .01$.

DISCUSSION

The main goal of this study was to determine whether the technology acceptance model could prove a useful model to explain the intentions to adopt new agriculture technologies in sub-Saharan Africa. To this end, we first conducted a pilot study to test the validity and reliability of the research instruments. This pilot study helped determine the validity and reliability of the two dimensions of the technology acceptance model, perceived usefulness and perceived ease of use in the sub-Saharan African context. It also helped to assess the validity and reliability of two scales used to measure the variables, perceived gender role and intentions to adopt agriculture technologies. Confident of the validity of the scales, we conducted an empirical study on a sample of 315 female entrepreneurs working in the agriculture sector in Ivory Coast.

The results support seven of the eight hypotheses formulated. We anticipated that perceived usefulness and perceived ease of use would significantly predict the intentions for female entrepreneurs to adopt agriculture technologies. The results supported this assumption. Our findings are in line with previous results on the technology acceptance model (Davis, 1989; Davis et al., 1989; Szajna, 1996; Brosnan, 1999; Flett et al., 2004). Brosnan (1999) indicated that the two components, perceived usefulness and perceived ease of use were essential in predicting the acceptance of new technologies. We also found that perceived usefulness exercised the greatest influence on intentions to adopt agriculture technologies, which is consistent with previous findings (Davis et al., 1989; Szajna, 1996; Brosnan, 1999). The correlation between the two dimensions, perceived usefulness and perceived ease of use supports Davis et al.'s (1989) contention that the perceived usefulness of a technology is dependent in part on its ease of use. Indeed, technologies that are easy to understand and use are also associated with being able to save time (Flett et al., 2004: 209).

Our findings provide further evidence that the technology acceptance model can be applied to various sectors and social contexts. Previous studies that applied the model in sub-sub-Saharan African countries, although not in the agricultural sector, found similar results. For instance, the model was applied to explore the intention to adopt mobile banking in Kenya (Lules et al., 2012), South Africa (Rammile & Nel, 2012), and Zamibia (Citungo & Munongo, 2013). It was also applied in Gambia to explore the extent to which it could provide adequate explanation for the adoption of information and communication technologies in government. The common thread of all these studies was that the model's key dimensions of perceived usefulness and perceived ease of use were effective predictors of respondents' intentions to adopt the technology of interest.

We introduced the concept of perceived gender role as a subjective norm that could have an impact on the two dimensions of the technology acceptance model. Although this variable negatively predicted perceived usefulness, it did not have any effect on perceived ease of use. Interestingly enough,

it had a direct positive effect on intentions to adopt agriculture technologies. To some extent, this finding sheds new lights on the role of subjective norms in the technology acceptance model. When women espouse a traditional role of women in the household, they tend not to consider the technology as useful. Although not necessarily bad, traditional beliefs could hinder female entrepreneurs' tendency to adequately evaluate the usefulness of agriculture technologies. In our study, however, this was tempered by the fact that the variable, perceived gender role, positively predicted intentions to adopt agriculture technologies.

Subjective norms can be operationalized in each social context. In the case of sub-Saharan Africa, when focusing on female entrepreneurs as we did in this study, it is important to consider the prevailing social norms and beliefs and how they might shape respondents' attitudes toward new technologies. This is particularly important because the technology acceptance model is not a context-free model. In our study, however, we did not find a significant impact of perceived gender role on perceived ease of use. This could be due to the fact that believing that women should play secondary and limited roles in their families and communities does not necessarily translate into perceiving agriculture technologies as easy to use. We also predicted an interaction effect among the predictor variables. This was also supported. Specifically, we found that perceived gender role had a greater impact on intentions to adopt agriculture technologies when it was associated with perceived usefulness than with perceived ease of use. We also found that the best regression model (explaining more variance) is the one that combined perceived gender role, perceived usefulness, and perceived ease of use.

Although we consider our study as being one of the first empirical studies to apply the technological acceptance model in the agricultural sector in sub-Saharan Africa, we acknowledge some of its limitations. The study was a cross-sectional study and not a longitudinal one. This could lead to issues of multicollinearity and variance inflation factor (VIF). To reduce the impact of these statistical shortcomings, we tested for multicollinearity and calculated the variance inflation factor. The results indicated that such issues did not exist despite the fact that the two dimensions of perceived usefulness and ease of use were correlated ($r = .52$). Another limitation was that we measured the intentions to adopt agriculture technologies and not the actual adoption of these technologies. Although intentions actually influence behavior (Fishbein & Ajzen, 1975; Ajzen, 1991), it is possible that other factors, such as the ability to purchase the technologies could influence actual adoption behavior. We also acknowledge that the study was conducted in a single African country, Ivory Coast, and therefore, the findings could not be generalized to other sub-Saharan African countries. However, we believe that there are some similarities between countries in sub-Saharan Africa, thereby rending our findings useful across the continent.

Despite these limitations, the present study provides implications for further research and practice. It is one of the few studies applying the technology acceptance model in the agricultural sector in sub-Saharan Africa. This study could be replicated in other African countries to explain the adoption of new technologies in the agricultural sector. This is important because the agricultural sector plays a critical role in sub-Saharan African economies. In addition, the technology acceptance model has been proven reliable when applied to many sectors. However, it could be refined when applied to specific social and cultural contexts. For instance, in the present study, instead of using 10 items to measure perceived ease of use, we use four items adapted to the local context. Future studies could also explore the role of social norms specific to the sub-Saharan African context. In this study, we introduced the concept of perceived gender role. This concept could be better refined and operationalized in future studies. Other social norms related to the extended family, the belief systems, family solidarity, and concern for social validation, could be added as external variables in studies applying the technology acceptance model.

Our findings also present some implications for policy making and training of entrepreneurs in the agricultural sector. The extent to which female entrepreneurs' perceived gender role negatively influenced perceived usefulness could bear practical implications. For instance, policies geared toward female entrepreneurs could include aspects related to the role of women in modern societies. Being a female entrepreneur and taking care of one's family need not be incompatible. Very often, most African women tend to consider their role within the family as being a traditional one. However, by becoming entrepreneurs, especially in the formal sector, these women are to some extent breaking some taboos.

Thus, they should espouse a more progressive view of their role within their families without breaking traditional norms and beliefs. By sensitizing women on their role as mothers, spouses and entrepreneurs, policy makers could help them strike a balance among these multiple roles. The technology acceptance model could also provide insights to policy makers to better explain the adoption of agriculture technologies. For example, the adoption of these technologies could be explained by factors other than economic incentives. By including psychological factors, such as attitudes and behaviors, policy makers could have a more holistic view on the adoption of new agriculture technologies.

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LEADERSHIP CHALLENGES FACING SOUTH AFRICAN EXPATRIATES WORKING IN AFRICA

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ABSTRACT

The increasing trend of globalisation has implications for companies wanting to do international business as well as for their global talent management approach. As greater interest concentrates on doing business in developing countries, research into leadership challenges associated with this comes under the spot-light as a priority. For this qualitative study fourteen (14) semi-structured interviews were conducted, the findings of which have been categorised into ten (10) interdependent and multi-dimensional themes, covering both personal and professional challenges, thus demanding an integrated and multi-dimensional approach to addressing them. This study can help different stakeholders better understand their roles in addressing the leadership challenges of South African expatriates working in Africa. This study has also revealed a lack of current research and information to help South African expatriates adjust personally and professionally in other countries in Africa. More research is thus required such that, going forward, it makes a meaningful difference to addressing the leadership challenges facing South African expatriates working in Africa thereby improving their overall experience.

PURPOSE OF THE STUDY

Scholars such as Grinstein & Wathieu (2012), Hill (2011), Collings, Scullion and Morley (2007), Pires, Stanton, & Ostenfeld (2006) and Harrison & Shaffer (2005) concur that the past few decades have witnessed a fundamental shift in the world economy towards globalisation. The phenomenon of globalisation has seen the merging of traditionally distinct markets across the world into what Hill (2011, p. 6) calls, "one huge global marketplace". Van der Heijden, Van Engen & Paauwe (2009) emphasise that as globalisation increases, so too does the number of employees sent on expatriate assignments. This leads to expatriation as a "dramatically increasing phenomenon" (Grinstein and Wathieu (2012, p. 5)". However, expatriate experience is not without its challenges and Collings, et al. (2007) argue that many companies underestimate the challenges involved in global staffing and talent management. These challenges are also not only the domain of global multi-national firms from the developed world but African states have been encouraged to align their politics and policies with the principles of globalisation (Akokpari (2006)) and to become effective players in what he calls, the "globalisation game" (Keller,

2007, p. 51). With Africa's increasing role in international trade, the ability of leaders to cope with these challenges comes under the spotlight. In this regard, the expatriate experience is also effected as Gupta & Dasari (2012, p. 8) ascertion holds true that that organisations have progressed from relying on exclusively local workforces to, "integrating professionals from diverse geographies with varied expertise, perspectives and skill sets". South African firms have also increased their continental footprint with the number of expatriate assignmens increasing in parallel. The purpose of this research is to determine the leadership challenges South African expatriates face when working in Africa.

LITERATURE REVIEW

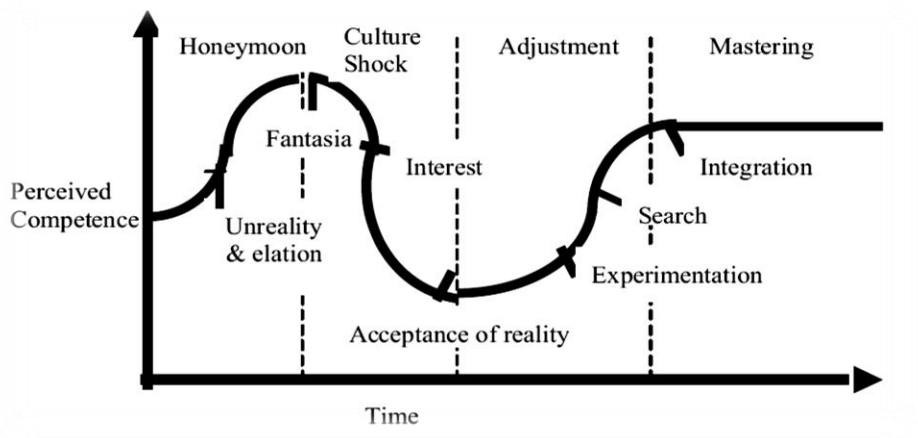
Scholars have identified a number of challenges facing leaders in Africa as will be discussed. One such challenge is identified by Okpara & Kabongo (2011) who argue that MNC's are experiencing retention challenges with their expatriate employees and state that between 10-80% of expatriates return home prematurely. Hill (2011, p. 609) refers to such premature return as "expatriate failure" and finds failure rates were significantly higher in developing nations (up to 70% as compared to 16-40% for developed nations). When discussing culture shock and the expatriate personal transformation and adjustment process, Pires, et al. (2006) acknowledges the research of Lysgaand (1955) in the 1950's for introducing the U-curve framework to demonstrate the process of expatriate cultural adjustment over time within a host country, in which four phases of the expatriate adjustment process were conceptualised; namely, honeymoon, culture shock, adjustment and mastering. Essentially, these phases cover the processes of change and transformation that expatriates, their spouses and their families experience over time, as they adjust to new foreign environments and host countries. Pires, et al. (2006) provides an alternative perspective on the model, by adding greater granularity to Lysgaand's four phases; they plot seven additional milestones along the expatriate (and spousal) adjustment U-Curve; namely unreality, fantasia, interest, acceptance of reality, experimentation, search, and integration. These are presented in the model below (Figure 1).

Pires, et al. (2006) acknowledges that far from experiencing a honeymoon phase, expatriates (and their spouses) actually experience a sense of loss and depression at the beginning of their assignments, from which they work towards acknowledgement and acceptance over time. Apart from expatriate and spousal adjustment challenges, Hill (2011) argues that expatriate failure rate is also a consequence of inappropriate expatriate selection processes, where companies assume superior domestic performance to be a predictor of similar international performance. Also companies tend to favour technical expertise, overlooking "cross-cultural fluency" in expatriate selection (Hill, 2011, p. 613). Advocating the importance of a holistic approach to expatriate selection and training, Avril & Magnini (2007) emphasises the importance of considering variables other than technical expertise in the process, such as the expatriates' family status, and emotional intelligence, which they argue is an important pre-requisite for successful cross-cultural adjustment. Avril & Magnini (2007) strongly encourage companies to involve expatriates' families in the selection process, notwithstanding the legal implications this involves.

The lack of information regarding cross-cultural practice has also been raised as challenging within African context with training, in particular cross-cultural training (CCT), has been strongly advocated as a factor in enabling expatriate success. Okpara & Kabongo (2011) and El Mansour & Wood (2010) suggest that the challenge of enabling expatriates to function in global locations, has given rise to cross-cultural training. Hill (2011), Herman & Tetrick (2009), Avril & Magnini (2007) Pires, et al. (2006) and Graf (2004) also champion the case for cultural and language training; they believe that this will enable expatriates to better adjust to their host country. Holopainen & Björkman (2005, p. 42) argue that cross-cultural training, "provides the expatriate with information on the host country and helps the expatriate to form realistic expectations" thereby reducing uncertainty and facilitating improved adjustment. Ironically Horwitz (2012) comments that in certain cases, despite having the best intentions, these programmes serve to perpetuate stereotypes about Africa.

While closely linked to cross-cultural adjustment, the challenge of language and communication barriers must be elevated due to its fundamental impact on expatriate success. According to Hack-Polay (2012), the experiences of expatriates have, "demonstrated that language is a critical survival tool in a new culture and society". Pires, et al. (2006, p. 163) support that culture and language barriers (or, "oral pleasure deficiencies") are the main contributors to adjustment challenges experienced by expatriates.

FIGURE 1
Alternate Perspective on the U-Curve (Pires, et al., 2006)



Linked to the challenge of communication barriers is the leadership challenge of knowledge transfer (not an easy task where communication is a barrier). The literature pertaining to skills transfer and the role of expatriates is most interesting. Wang, et al. (2009) suggest that expatriates with specific competencies that can transfer both explicit and tacit knowledge, can provide firms with a distinct competitive advantage. According to Change, Gong, & Peng (2012) and Choi & Johanson (2012) and Wang, Tong, Chen & Kim (2009), MNC's use expatriates to transfer knowledge from company headquarters to subsidiaries, to enhance subsidiary performance. They caution however, that due to the expatriate selection process, often based on technical merit, expatriates may not be equipped with the necessary skills to execute their tasks. They also make the point, that even if expatriates are equipped with the necessary competencies, knowledge transfer may still prove challenging given the attitude of local employees, (also referred to as Host Country Nationals of HCN's by Mahajan & De Silva (2012)) towards recognising value in the process; they define this concept as, "subsidiary absorptive capacity" (Chang, et al., 2012, p. 927).

A further challenge, and one that merits specific attention is the uniqueness of doing business in Africa. With 54 countries, comprising almost a billion people, and approximately 3000 tribes, speaking 2000 languages, Africa is a uniquely diverse continent. Keller (2007, p. 46) argues that despite Africa having experienced a relatively brief period of colonialism, it "profoundly reordered African political space, modes of economic production and social hierarchies" resulting in, "domination, exploitation and organised repression". He states that while the independence era enabled African-led regimes to change this legacy, many countries established "carbon copies" of previous colonial systems. The legacy of colonialism has led to challenges of economic stagnation and socio-economic challenges e.g. debt (Keller, 2007), poverty (Fox (2010) and crime (Awung (2011)). The main research problem was to investigate and interpret the leadership challenges facing South African expatriates working in Africa and to provide recommendations to support and enhance their expatriate experiences going forward.

RESEARCH METHODOLOGY

This study employs qualitative research to ascertain opinions, experiences and feelings of people and produce subjective data collected through direct encounters with respondents (Hancock & Group, 2007). Fourteen semi-structured in-depth interviews of twenty to thirty (20-30) minutes each were used to gather information from respondents (See Appendix One). Semi-structured interviews necessitates direct contact with respondents (Hancock & Group, 2007) and assists to (as Boieje (2010)) describes dismantle, segment and re-construct data to facilitate meaningful interpretation. Thematic analysis was used to analyse and interpret data according to the following process (Braun & Clarke, 2006)

According to Krefting (1991, p. 214), "subjective meanings and perceptions of the subject are critical in qualitative research" and she argues that it is the responsibility of the researcher to access these. She further argues that, too frequently, "qualitative research is evaluated against criteria appropriate to quantitative research and is found to be lacking" (Krefting, 1991, p. 214) and that alternative constructs as cited in Guba (1981) and Guba & Lincoln (1989), that could be used to assess reliability and validity of qualitative research. Krefting (1991, p. 216) states due to the purpose of qualitative research being to describe a particular phenomenon or experience and not to generalise to other phenomena or experiences, applicability (or generalisability) is sought in quanlitative research. Secondly, the issue of the transferability of qualitative research (also referred to as external validity in quantitative research) is pertinent to its applicability. It bears noting that according to Guba & Lincoln (1985) transferability is more important for the researcher wanting to transfer the findings to another situation or population rather than that of the researcher of the original study. Guba & Lincoln (1985) use the term credibility to define internal validity of qualitative research and argue that this assumes that a single tangible reality to be measured. According to Krefting (1991, p. 215) in quantitative research, internal validity is supported when, "changes in the dependent variable are accounted for by changes in the independent variable, that is, when the design minimises the effects of competing confounding variables by control or randomisation". She argues that in qualitative research, truth value is obtained from, "the discovery of human experiences as they are lived and perceived by informants" thus making credibility of qualitative research distinctly subject-oriented, not dependent on being defined at the outset by the researcher. Krefting (1991) argues further that at the heart of research reliability, lies that value of repeatability, where replication of the research procedures will not alter research findings, thereby fulfilling the research criterion of consistency.

She refers to quantitative research as having strict methods of research design and observation to ensure and control for research repeatability, and thus reliability, which differs from the field of qualitative research where, "extraneous and unexpected variables" may present themselves (Krefting, 1991, p. 216). According to Krefting, qualitative research, "emphasises the uniqueness of the human situation, so that variation in experience rather than identical repetition is sought" and she argues that "The key to qualitative work is to learn from the informants rather than control for them" (Krefting, 1991, p. 216). Wahyuni (2012, p. 77) describes dependability as pertaining to research replicability and repeatability, taking into account, "changes that occur in a setting and how these affect the way the research is being conducted". She argues that dependability can be achieved by a thorough explanation of the research design and process, such that other researchers may adopt a similar model. This research has endeavoured to make these explanations thoroughly and thus fulfils the criterion for dependability (reliability).

RESULTS

Theme 1 focused on the challenge of adjusting to the uniqueness of African cultures, norms and practices like adjusting to diverse religious and cultural practices, an unfamiliar work ethos and a different approach to work. Respondents reported experiencing a significant culture shock as nothing was the same as in South Africa. This is consistent with the view of Pires, et al. (2006) who found culture barriers pose

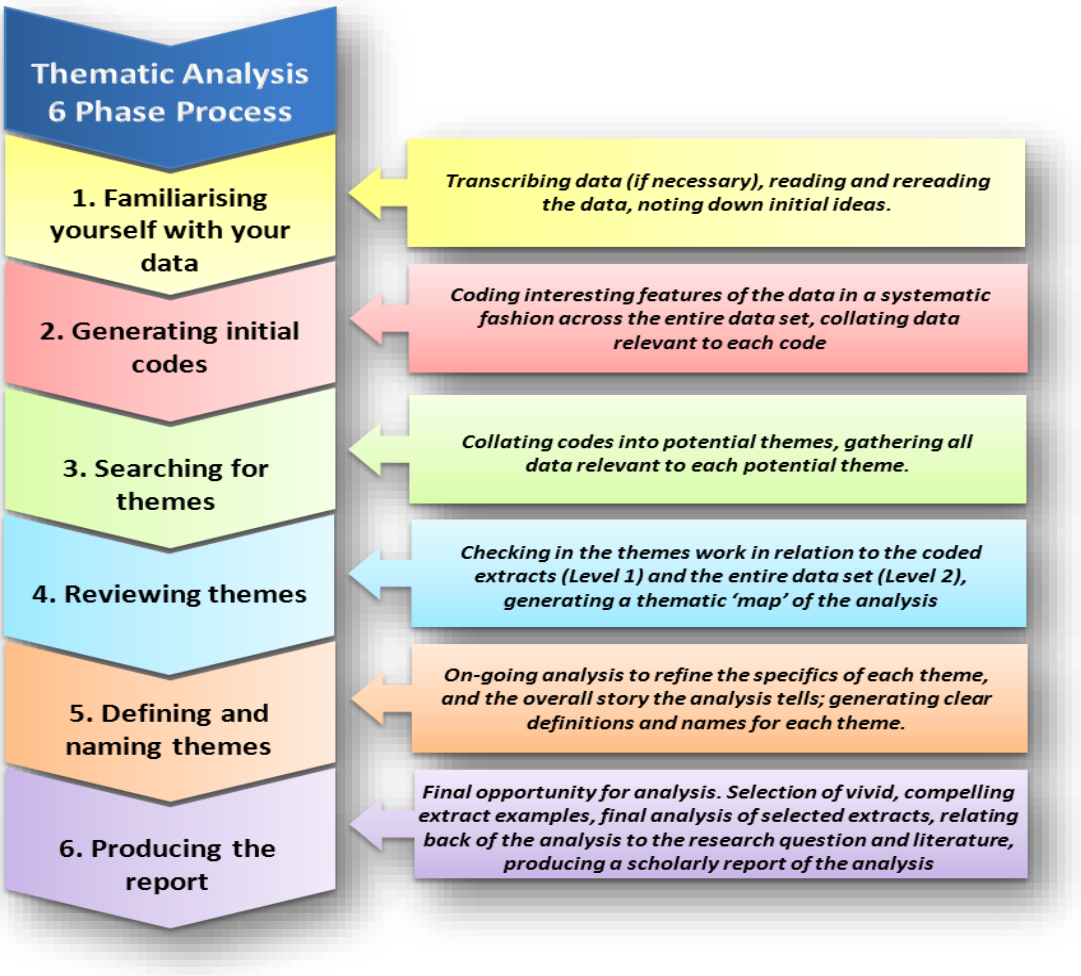
a significant challenge to expatriates' ability to adjust. This is evident in the study like Respondent A's comment:

> "The customs of the people there and the conventions… What is customary and what is conventional. You don't know that. Even stuff that people take for granted you don't know. You don't know who to talk to, you don't know where to get information and what that does from a leadership point of view is it constrains you and restricts you"

Examples of difficulties based in cultural norms include:

- the local work ethos and work ethic: This was evidenced by their perception of the wide-spread lack of urgency (the proverbial "*African time*"[21])
  "ageism" ho argue that respect for elders is a fundamental tenet of the African value system.

FIGURE 2
Six Phases of Thematic Analysis (Braun & Clarke, 2006)



[21] African time (or Africa time) is the perceived cultural tendency, in most parts of Africa, toward a more relaxed attitude to time (Google Definition, 2013)

- Religious practices the integration of Muslim and African communities and practices has seen Islam having significant impact and influence within African communities. E.g. he dry fasting associated with this religious practise.
- Food: sharing a meal together where it was common for different people to use their hands while eating off the same plate.
- Polygamy: Multiple spouses were referred to as co-spouses, and would need to be included at different work-related events. Support for the culturally acceptable practice of polygamy is offered in Grinker, Lubkemann, & Steiner (2010, p. 391), who reflect that 63% of all marriages in Nigeria, and 51% of marriages in Sierra Leone, are "polygamic marriages"

Theme 2 revealed the challenge of managing the change impact of the expatriate assignment on family (spouses and children). This theme highlights the (largely) negative impact on family; more generally to the spousal and family adjustment experience as a result of joining the expatriate family member and living in a new country e.g. spousal adjustment, general family adjustment and issues pertaining to education and school systems for children. In keeping with the literature, respondents reported that one of the biggest challenges that affected expatriate success was the impact it had on the family and how this was managed. For example respondent J shared points out her husband found it difficult to adjust to the language barriers, which frustrated his efforts to complete ordinary household tasks like purchasing groceries for the family. She said,

> "Spouse adjustment is a problem because if you are the working person, you've got a purpose to get up in the day and you would be doing what you would do in any other country. If you are spouse, you are the one who makes the biggest adjustment…you have to find out where are shops are, how to get around, what do people do, and financially you are not earning the money so that can be a frustration, especially today where most couples have 2 salaries"

This is consistent with experiences documented in other locations like reported by Shaffer, et al. (2012, p. 1290) when stating: "Personal and familial relationships, as well as work–family balance concerns, are also important considerations for corporate expatriates." Adequate education facilities for children was also identified as contributing to the challenge of managing the change impact of expatriate assignments on the family. Both Respondents A and D mentioned the challenges of balancing work and family life while trying to find schools and Respondent J, who had experienced difficulty in Mali with the lack of available and appropriate secondary educational facilities; her daughter was grouped other teenagers from different grades and felt held back with her educational development, which led to feelings of depression. In support of this, Mäkelä, Känsälä, & Suutari (2011) make the case for work-family conflict as a result of the expatriate assignment, which is in support of the research done by Starr & Currie (2009) and the research done almost ten years ago by Mayerhofer, Hartmann, Michelitsch-Riedl, & Kollinger (2004) on the relationship strain that may arise due to separation as result of one spouse being on assignment.

Not all the respondents took their families with them on assignment that brings challenges from another perspective with adjusting to not being together. For example, Respondents H stating:

> "Missing out on your life back home…nothing prepares you it. Everything back home moves on and you have to re-adapt. You miss out on the development of your loved ones"

Hill (2011) and Okpara & Kabongo (2011), argue that the main reason for expatriate failure was the challenges of family adjustment, specifically spousal adjustment, which follows on from earlier research that family strain and stress placed as a result of the expatriate assignment, may negatively affect performance and output of the expatriate (Mayerhofer, Hartmann, & Herbert, 2004). It seems the same challenges are faced by families in the African context.

Theme 3 focused on the challenge of adapting to local living conditions while on assignment. In general, respondents found it difficult to adjust to living conditions far removed

from what they were accustomed to in South Africa. According to Thomas & Schroll-Machl (2010, p. 345), "Each international assignment leads to more or less pronounced psychological and physical strain caused by the new work environment and social setting," Support for their argument is offered by Shaffer, et al. (2012) in their research into the choices, challenges and career consequences of global work experiences, that emphasises the demands of the environment and local living conditions, and the impact that this may have on expatriates' ability to adapt and adjust accordingly. Respondents in the study relates the following challenges they faced in Afrca:

- poor road infrastructure hindered both business operations and personal adjustment; for instance, Respondent L spoke about bad road infrastructure being the cause of delayed deliveries of work material and resources, which impacted project schedules and costs;
- Extreme African weather conditions like those lamented by Respondents C, J, and N include extreme heat and humidity that contributed to the challenges of dehydration and fatigue, which negatively impacted their output
- lack of adequate medical and health-care facilities In general, the majority of respondents agreed that medical facilities were not of the same standard that they were accustomed to in South Africa and in certain cases this had led to serious medical emergencies. Respondent J reported that her son had become extremely ill; however due to the poor medical facilities in Mali, they were not helped and instead were referred to a traditional healer.
- diseases; the high prevalence of malaria in the areas they were assigned to like Botswana, Tanzania and Zambia.
- Close confines and strict camp curfews, (of 6am – 6pm) were a further challenge relating to living conditions as mentioned by Respondents A, E, and K. These challenges occasionally manifested in stress, aggression and frustration amongst expatriates.
- The lack of entertainment (for adults and children) was proved to be a challenge in terms of adjusting.

Theme 4 focused on the challenge of crime and corruption and the impact on business leadership. The issue of crime in Africa, (and specifically West Africa) is discussed by O'Regan (2010) and De Andrés (2009) who provide examples such as drug trafficking, human trafficking and terrorism financing. According to O'Regan (2010, p. 2), the trafficking of illegal items is common in West Africa; he goes on to state that, "Arms, counterfeit medicine, cigarettes, and crude oil all move illegally to and through West Africa". Echoing the literature, this was another theme that emerged for Soouth African expatriates. The nature of the crime and corruption that expatriates had experienced or were exposed to varied and included, rebel attacks, theft, bribery, scams, kidnapping, illegal labour unrest and the subsequent impact on business operations. Respondent B related numerous instances of credit card theft that he had heard of and had personally experienced e.g. in hotels where expatriates were housed. According to Olatunbosun & Oluduro (2012, p. 41), "in many of these countries, corruption has become well rooted in their systems to the extent that you can hardly get anything done without having to bribe your way through".Respondent L also mentioned the involvement of local police and the threat of going to prison if the fees were not paid. Another leadership challenge facing respondents was theft perpetrated by local organised crime syndicates that affected business operations such as diesel theft from trucks in transit and the many different individuals involved in and benefitting from the arrangement. One of the more alarming elements mentioned was the threat of kidnapping that expatriates were exposed to in Africa, which apart from money-making, also had a link to rebel activity and unrest. Thus, substantiating accounts of a.o. (Graham IV, 2011) and Osumah & Aghedo (2011, p. 277) who argue that kidnapping has become a commodity in Nigeria, This was specifically made mention of by Respondent A, who related the incidents of kidnapping that he had been aware of:

> "Kidnapping is huge problem in some countries. If you get caught in the Delta and you are a South African working for an oil company, you are gone. You'll come back in 6 months' time, you would have lost a bit of weight, but the company will pay dollars to get you back.

> There's currently a South African guy who got picked up by the rebels in Timbuktu, he's yet to be returned…he's somewhere in desert."

Theme 5 focused on the challenge of delivering on business mandates while managing the mismatch of South African norms within a uniquely African context. Examples include the lack of governance and controls in many African countries, the acceptable methods of conducting business such as the payment of facilitation fees (perceived to be corrupt by respondents), the local legal systems and the lack of applicability of South African norms within the environments that expatriates found themselves in. While closely linked to the theme of crime and corruption, this theme distinguished unique African business practices from South African methods of conducting business. One of the more common challenges mentioned by a number of respondents was their perception of corrupt business practices that permeated the African expatriate landscape and the consequent impact on delivery of business mandates. Consistent with findings of a.o. Van den Bersselaar & Decker (2011) and Andvig (2010, p. 10) on the prevelance of corrupt business practices respondents (e.g. A, D, F and G) emphasised that the manner of conducting business in Africa was completely different from how it is conducted in South Africa. Indiciative of this sentiments is the statement by Respondent D,

> "South African policies and practices not always applicable within African context of doing business"

According to Faruq, Webb, & Yi (2013) the lack of governance in developing countries encourages corruption and diminishes bureaucratic effectiveness, which consequently has a negative impact on economic performance. In support of this, Kakonge (2012) and Mbaku (2010) concur that corrupt business practices are pervasive in Africa. In this regard Respondent H commented,

> "There were virtually no governance or compliance structures in place at all. Things are done but there are no controls, there's nothing. South Africa is light-years ahead in terms of governance, so as a South African entity operating there, we had to abide by South African rules, but trying to get the locals to abide by those rules was a nightmare."

The challenge thus experienced by respondents was managing the mismatch of their South African norms, characterised by strict governance and controls of business operations, within a uniquely African context, where the lack of controls enabled an environment perceived by South African expatriates to be corrupt. The process of facilitating smooth and efficient business operations did not always take the form of money. Respondents C and K spoke about favours expected in order to move business along.

Theme 6 focused on the challenge of the personal mental models, attitudes and stereotypes held by expatriates and how this impacted their personal adjustment and delivery on business mandates. The perceived "arrogant" nature of South Africans expatriates who believe they are better than locals and the oppressive colonial behaviour demonstrated by expatriates, which served to alienate them and frustrate their adjustment. Respondents admitted that once they acknowledged their own mental models and stereotypes towards Africa, they were able to better understand and manage their leadership challenges around this. Tarique, & Burgi, (2001) suggest that expatriate managers working in Africa tend to hold on to negative stereotypes of African business and the competency of local employees, thus preventing them from appreciating the value and team effectiveness that can be harnessed. Respondent F spoke at length about the challenges of mental models and stereotypes, and advocated the importance of being aware of ones' mental models and stereotypes, as these tend to be instinctively applied to unfamiliar situations, thereby limiting the expatriate's ability to embrace different cultural norms and business practices.

> "One of the biggest leadership challenges is going into another country with a mental model of what you think it is based on your own value system, beliefs, perceptions or things you heard and I think you often take a South African way of doing business and impose it on other countries"

The concept of mental model superiority is discussed by Fechter & Walsh (2010, p. 1197) who argue that, "postcolonial continuities in relation to people, practices" permeate the behaviour of expatriates amongst local people and make the case that it is imperative to be aware of the colonial

context that may inform and drive behaviour. Respondent G went on to link the attitude of South Africans to the legacy of oppression experienced by South Africans as a result of colonisation and Apartheid. He described the superior attitude and myopic thinking of South African expatriates working in Africa as akin to that of the abusive and oppressive political leadership legacy that they had experienced, indicating that,

> "We have become our oppressors"

Many respondents acknowledged that a poor attitude on the part of South African expatriates contributed to the challenges they experienced. Respondents K, M and N spoke about the challenge facing South African expatriates as a result of their own arrogance demonstrated in African countries in terms of their best practice solutions in business. Respondents also offered a view that one of the leadership challenges facing South African expatriates working in Africa was the poor expectation management and resultant negative attitude, associated with their personal African stereotypes. Chen, et al. (2010) and Games (2010) shared a similar view that the attitude of expatriates was fundamental to their ability to adjust to new environments; expatriates tended to be frustrated by their own expectations that the new African countries they went to on assignment would be the same as South Africa.

Theme 7 focused on the challenge of understanding and managing local market and working conditions like the instability of local financial institutions and the volatility of local markets. One such element of unpredictability was the volatility of local African markets. Arezki & Nabli (2012) argue that African countries have experienced low economic growth accompanied by high levels of macro-economic volatility. This view is shared by Huang (2012) who emphasises that low-income countries (such as those in Africa) are vulnerable to macroeconomic volatility as does Games (2010) who discusses the business risks associated with currency fluctuations in Africa. Chinzara (2011) and Omojimite & Akpokodje (2010) take this argument further by stressing the link between macro-economic risk and stock-market volatility. Respondents agreed that local market volatility made it difficult to predict how business markets would grow, which consequently impacted on effective business planning that respondents were expected to perform. Where sudden market fluctuations and changes occurred, this had a knock-on effect on other dimensions of business operations, such as budgeting and resource allocation, thus making strategic business planning a serious leadership challenge experienced by respondents. These sentiments from respondents are echoed in Hamann, et al. (2008), who argue that doing business in Africa can be difficult due to the unpredictability and complexity of the environment. Respondent F had reported that this was actually the biggest leadership challenge he experienced while on expatriate assignment in Africa as indicated by this statement:

> "When you do strategic or long range planning you have to get a sense of how you think the market will grow and that is important because it determines the level of resources you going to apply and the budgets you going to allocate to the business in order to enable it to grow. But if you have all these variables which are quite challenging and unpredictable, the biggest challenge is determining your strategic plan"

Respondents A and F also discussed the challenge and criticality of effective risk management, to enable successful business operations in an unpredictable market environment. One of the challenges shared by Respondent A was the inability of company head offices in South Africa to understand effective and fit-for-purpose risk management. Respondent F emphasised the importance of closely following and understanding local market trends and competitors when choosing risk management strategies to deliver on mandates. Another leadership challenge facing respondents (and linked to the local market volatility experienced) was the instability of local financial institutions, specifically discussed by Respondents H and F. This was evidenced by the shortage of available local currency and the consequent difficulty in acquiring foreign exchange, often associated with the local market volatility discussed above.

Local technical infrastructure was another commonly mentioned variable affecting working conditions of respondents. This included transport and telecommunications and was raised by several respondents,

including Respondents A F, H, K and L. Games (2010, p. 9) discusses the difficult local logistics of doing business in Africa which include, "great distances, the lack of suitable premises, high rents, weak domestic economies which do not allow for easy local sourcing of requirements, expensive hotels, bad roads, poor infrastructure, unreliable power supplies, a lack of telecommunications, high local taxes, a lack of skilled labour and inefficient banking systems."
The lack of adequate telecommunication infrastructure also posed a leadership challenge to respondents and affected business communication, which in turn affected business operations.

According to Respondent F,

> "When you have your people out in the field, getting to them through communication is a problem. For example when I was in Ethiopia, they did not have a cellular network so it was a fixed line capability that the country had. So the ability to communicate affects how you deploy your workforce and your teams and how you able to get through it"

Theme 8 focused on the challenge of conducting effective networking and relationship building. In this regard respondents mention lack of acceptance from locals and communication barriers, most notably illustrated by the inability of expatriates to communicate in local languages. It was widely accepted by respondents that business operations could be easier facilitated with improved local networking as mentioned by Respondents C, D, E, G, H, I, J, K and L). Pires, et al. (2006) describes this as oral deprivation, and argues that the ability to communicate is fundamental to expatriate adjustment. An interesting point that emerged from the study was that when they attempted to communicate in local languages, they experienced greater acceptance, as they were perceived to be respectful of local culture- a view supported by Hill (2011). Conversely respondents also discovered that communicating in a different language from that which locals are familiar with (such as Afrikaans), tended to alienate them and caused distrust amongst locals for expatriates as pointed out by Respondent E,

> "At the outset, I made a real effort to try to learn the local languages as a means of being respectful to the people and their culture. They respect you when you try. A lot of South Africans made a mistake where 5 of them will be amongst the locals before a meeting and they'll be talking Afrikaans. To Tanzanians you hiding something if you speak in a foreign language. Rather speak Swahili or English."

Similar findings from earlier research by Holopainen & Björkman (2005) on the personal characteristics of successful expatriates and from McCroskey & Richmond (1990) indicate that the more the expatriate willingly gets involved in local communication, the better their understanding of local culture and people will be. Of interest to note is Eichinger's comment that having a willing attitude to learn local languages is considered more important to cultural adjustment and relationship building amongst locals than actual language proficiency (Eichinger, 2012).

Theme 9 focused on the challenge of leading and managing local and expatriate employees including local skills development, the challenge of establishing work teams, accommodating local employees whose cultural practices affected the working environment (such as polygamous practices) and the challenge of keeping expatriate staff motivated and energised to avoid depression. Respondents C, F, I, J and N specifically discussed the important process of skills transfer from expatriates to local employees and the challenge of inconsistent educational levels and work experience amongst local employees. This made for a significant challenge as mentioned by Respondent I,

> "One of the mandates made very clear for expats was that we are going there to impart knowledge to locals. You need to be seen to be doing a good job at transferring your knowledge and skills and improving the quality of skills of the locals and that was challenging….Then we had to from scratch have a training programme for these guys. The challenge was to up-skill them to be good role models in terms of local talent."

Wang, et al. (2009) suggest that expatriates with specific competencies who can transfer both explicit and tacit knowledge, thereby enhancing subsidiary performance, can provide firms with a distinct

competitive advantage. According to Change, Gong, & Peng (2012) and Choi & Johanson (2012) and Wang, Tong, Chen & Kim (2009), MNC's use expatriates to transfer skills and knowledge from company headquarters to subsidiaries, such that subsidiary performance may be enhanced. They caution however, that due to the expatriate selection process, often based on technical merit, many expatriates may not be equipped with the soft skills necessary to execute this task effectively. The last sub-theme emanating from the data was around the leadership challenge of keeping expatriate staff motivated during assignments. Respondents A, B, E, H and J referred to the loneliness and depression that was experienced by their expatriate employees (and themselves personally) over time. In his study on homesickness and the coping strategies of expatriates, Hack-Polay,(2012) draws attention to the negative effects thereof and argues that while research on expatriates tends to focus on many different elements of adjustment, little emphasis is paid to the impact of homesickness.

Lastly, Theme 10 focused on the challenge of enabling and running successful business operations amidst the lack of support from home country head office. Sub-themes here included the silo mentality and lack of urgency manifested by head office for expatriate realities on the ground. Home country head offices were perceived to be completely disconnected from the expatriate process and in some cases, unwilling to offer support. With the exception of Respondent N, (who had four months of experience at the time of being interviewed) all respondents made reference to this. For example, the lack of effective pre-departure on-boarding, the disconnect and lack of urgency demonstrated by home country head-office for realities experienced by expatriates, organisational politics from head-office that affected efficient and effective delivery of expatriate assignments and the internal organisational processes and systems that affected expatriates, such as their company's Human Resources recruitment and contracting processes.

According to Kuo (2012), Okpara & Kabongo (2011), Avril & Magini (2007), Pires, et al. (2006) and Holopainen & Björkman (2005) appropriate pre-departure training of expatriates is a critical enabler of improved adjustment in host countries, which contributes positively towards overall success and they advocate cross-cultural training as an essential component of this on-boarding process many respondents criticised their parent companies for the lack of effective pre-departure on-boarding, (the lack of which was said to have resulted in several challenges to their ability to adjust and acclimatise to new working environments). Where expatriate on-boarding, orientation and training programmes were offered to respondents, these were perceived to be too generic in nature and thus not fit-for-purpose. These views are concomitant with those of Kuo (2012) and Avril & Magini (2007) who suggest that basic pre-departure expatriate training is insufficient and inadequate to support expatriates for real-life situations they may encounter while on assignment; they advocate a more experiential approach to on-boarding and training programs. Respondents D, E, F, H and L shared views on the challenges resulting from a lack of effective pre-departure on-boarding. An example of this was the lack of appropriate language tuition provided before expatriates embarked on their assignments thus compromising their ability to communicate in their country of assignment. A lack of urgency and sense of disconnect that respondents experienced from home-country head office were also reorted. Respondents A, B, D, E, L, H and J all commented on this; in other words, the failure of head-office to appreciate the realities and challenges affecting expatriates and their consequent inability to render fit-for-purpose and required support. A simple example of this was shared by Respondent A, who commented on the inadequate approach adopted by company head-offices towards risk management and the leadership challenges this brought about for expatriates. His view was that head offices viewed risk management as a financial evaluation, where better cost efficiencies were thought to reflect better risk management. Thus respondents reported that one of their main challenges as South African expatriates was a distinct lack of support from home-country head office and the, "*out-of-sight-out-of-mind*" mentality that set the tone for their interactions. Human Resources (HR) departments were specifically criticised for this.

Research and literature on the lack of support from parent company head-office for expatriates is limited; however a 2007 study by Collings, et al. on the changing patterns of global staffing and the challenges of expatriates, does high-light the specific lack of HR support; they state that as a result of inadequate HR support from the parent company, "managers are often expected to assume responsibility

for their own training and development (Collings, et al., 2007, p. 208) . Also a more recent study by Lui, (2009) indicates an association between the extent to which expatriates are supported by their organisations and the commitment they felt and demonstrated. Related to this challenge from home-country head office was the organisational politics in head office that affected operations on expatriate assignment. Respondent D was frustrated by the pervasiveness of head office organisational politics and how prone head office was to making assumptions about expatriate assignment conditions. Management decisions based on those assumptions posed challenges to respondents as they were not always relevant or fit-for-purpose. Respondent C was critical of the lack of clearly defined rules and processes provided by head-office; in his opinion this could have greatly supported his adjustment.

CONCLUSION

In shedding light on the research question, the findings may be clustered around ten (10) interdependent and multi-dimensional themes, covering both personal and professional challenges. This indicates that the leadership challenges faced by South African expatriates working in Africa do not function in isolation of one another; instead they act interdependently of one another, with critical integration points and enabling elements, thus demanding an integrated, multi-dimensional approach to managing them such that South African expatriates' experiences in Africa are improved.

For this research, conducted amongst South African expatriates working in Africa, the findings have been categorised into ten (10) Themes covering leadership challenges from a personal and professional perspective.

Suggestions for Further Research

This research has revealed a distinct lack of current research and information to help address the leadership challenges faced by South African expatriates as they adjust to life, professionally and personally, in other countries in Africa. More research is thus required in this field; each of the ten (10) Themes that emerged over the course of this body of research may be investigated in greater depth in further research. Moreover, with the triple oppression that South African women have experienced as a consequence of historical political and cultural legacies, it is suggested that further research be undertaken that will focus specifically on the leadership challenges and needs facing South African women expatriates working in Africa.

To better understand the impact that spouses and families of South African expatriates have on overall expatriate success (or failure), more research will also be required into this, with a focus on coping and supportive strategies. While there is much research into the impact of spouses and families (in general) on expatriate success, there remains little research into those experiences of South African families having to manage through (and thrive in) the expatriate experience. Furthermore, all the research into leadership challenges faced by South African expatriates will not holistically address the situation, without also greater research focusing on corporate head-office staff to better understand why and where the gaps lie such that they may be able to best support expatriates working on the African continent.

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Part 3: Strategy and International Management

EXPLORING THE APPLICATION OF SERVICE-DOMINANT LOGIC TO DIGITAL MARKETING COMMUNICATION ACTIVITIES: A POSTMODERN MARKETING PERSPECTIVE

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ABSTRACT

The service-dominant logic (S-D logic) paradigm promotes a unified approach to market offerings by focusing on the perspective of service, common to both traditionally defined goods and services offerings. S-D logic's pioneers, Vargo and Lusch, advocate its use as a lens to examine marketing issues. This study conceptually explored the application of S-D logic to digital marketing communication within a postmodern marketing context. The increasing presence and usefulness of digital media to engage stakeholders warrants contemplations towards more effective digital media marketing communication campaigns. Based on S-D logic premises the proposed application centres on the capabilities of digital media as communication enablers. The conceptual exploration suggests that the S-D logic paradigm offers a pertinent frame of reference to derive more value from digital marketing communication opportunities.
Keywords*: Service-dominant logic, digital media, postmodern marketing*

INTRODUCTION

In their seminal article, Vargo and Lusch (2004) proposed service-dominant logic (S-D logic) as a paradigm to support a unified approach to marketing offerings, irrespective of their classification as goods, services or hybrid combinations. Support for an S-D logic paradigm superseding that of the manufacturing goods dominant logic was well received (Grönroos, 2006; Gummesson, 2008; Peñaloza & Venkatesh, 2006). Under this paradigm it is the term service that is common across both types of offering. Vargo and Lusch (2004; 2011) classify service as the process of applying one's competences (knowledge and skills) through deeds, processes and performances for the benefit of another entity or the entity itself. Expanding on their 2004 work, Vargo and Lusch (2008) argued that S-D logic should not to be perceived as a theory; but rather as a lens for viewing marketing issues. Resonating with marketing scholars S-D logic was found useful in understanding the social construction of markets (Peñaloza & Venkatesh, 2006); branding (Ballantyne & Aitken, 2007); experience marketing (Tynan & McKechnie, 2009); the marketing of places (Warnaby, 2009); and mobile couponing (Bacile & Goldsmith, 2011). In addition, the

expansion of a proposed change in the orientation of S-D logic from one-party customer centricity to a two-party centricity, which considers the perspective of both the organisation and the customer was proposed by Gummesson (2008). An open-source approach to S-D logic allows for its continual development through contributions from other scholars (Lusch & Vargo, 2011). Although these contributions have added to the body of knowledge on the relevance of an S-D logic approach to various aspects of marketing, there is limited literature expanding S-D logic to digital marketing communication.

Research Problem

In view of the increasing influence of digital media on consumers and its growing popularity as a communication touchpoint between brands and consumers, its role in the context of an S-D logic approach to marketing is a gap that should be addressed. Firstly, firms that choose to adopt an overriding S-D logic marketing paradigm should allow S-D logic concepts to permeate all their marketing activities. Some underlying concepts of S-D logic include: service, experiences, co-creation of value, value proposition, complex adaptive systems, learning, network or constellation, dialogue, market with, and service orientation (Lusch & Vargo, 2006). Secondly, to improve the effectiveness of digital marketing communication in practice these activities should be derived from theories or paradigms that share related concepts with digital media, for instance, the flexible properties of digital media, like interactivity and multi-directional communication, that have the capability to manifest S-D logic concepts. Thirdly, contemporary society is described as postmodern (Brown, 2006; Firat & Dholakia, 2006). In brief, a postmodern society is characterised as one of complexity, disorder, subjectivity, participation and a belief in pluralism which permits the co-existence of multiple beliefs. Despite the societal transformation from modern to postmodern society, many characteristically modern models are still prevalent in the marketing and communication disciplines, from both the academic and the practitioner perspectives. Given the challenges of negotiating a postmodern society, S-D logic is potentially a viable framework to implement marketing communication, particularly through digital media, in the context of postmodern marketing.

The aim of this research was to demonstrate how digital media may be used as effective marketing communication tools within the S-D logic framework. Furthermore, the discourse intends to extend S-D logic of marketing to digital marketing communication by conceptually exploring and illustrating the role of digital media as tools to build and facilitate marketing communication between organisations and their customers in the context of postmodern marketing.

LITERATURE REVIEW

Contemporary society is characterised as postmodern (Brown, 2006; Firat & Dholakia, 2006). The rise of postmodern society is attributed to significant cultural changes and rapid technology development, notably in digital media (Firat & Dholakia, 2006). Characteristics that reflect the postmodern condition include fragmentation, de-differentiation, hyperreality, chronology, pastiche, anti-foundationalism and pluralism (Brown 2006). These traits help to explain current complexities experienced by society. Societal transformations trigger and influence adaptations in marketing (Brown, 1995; Firat & Dholakia, 2006; Goneos-Malka, Strasheim, & Grobler, 2014; Procter & Kitchen, 2002). Hence, postmodern marketing evolved as a response to postmodern society. Although postmodern marketing is clouded by vagueness, some of the terms used to classify it are boundedness knowledge, lack of universal laws, limits of generalisations, irrationality, subjectivity and participation (Brown, 2006; Firat & Dholakia, 2006). Some scholars, notably Firat and Dholakia (2006), have attempted to define orientations of postmodern marketing, see Table 1.

The orientations depicted in Table 1 illustrate that postmodern marketing is collaborative, involves stakeholder participation and requires adaptable processes (interestingly, these orientations resonate with the previously mentioned S-D logic concepts and interactive capabilities of digital media). The problem, however, is how to manage postmodern marketing in practice. To explore this concern,

supportive theories or paradigms with possible practical implementable solutions should be examined, such as the S-D logic paradigm. Initially Vargo and Lusch (2004) identified eight foundational premises (FPs) for the S-D logic paradigm, subsequently these were extended to ten FPs (Vargo & Lusch, 2008) which are stated in Table 2.

TABLE 1
Orientations of Postmodern Marketing

ORIENTATION	DESCRIPTION
Embedded cultural practice	Immerses the practice of marketing into customer communities, providing a supportive role in communities to enhance their life experiences.
Collaborative marketing	Recognises customers as co-performers in the marketing process.
Diffused marketing	Infers that all stakeholders are involved in marketing. It is no longer the exclusive domain of an organisation's dedicated marketing division.
Complex marketing	Refers to a need for enterprises to adopt more flexible marketing practices in a versatile market.

Source: Conceptualised from Firat and Dholakia (2006)

The novelty of S-D logic is its focus on service as the unit of exchange; its consumer centric framework emphasising customers as co-creators of solutions that are derived through social and economic networks; and the assertion that the value of the offering is contextually determined by the beneficiary. This study provides a starting point to explore the application of the service-dominant logic paradigm in the context of postmodern marketing, with an emphasis on digital marketing communication practices.

METHOD

This conceptual study, in accordance with Vargo and Lusch's (2008) recommendation, applied S-D logic as a lens to examine digital marketing communication. The ten foundational premises of S-D logic, served as the guiding framework for this analysis. After briefly describing each premise (noted in *italic* font), the application of each premise towards digital marketing communication was assessed to illustrate the relevance of S-D logic as a guide for digital marketing communication activity.

FINDINGS

Foundational Premise 1: Service Is the Fundamental Basis of Exchange

Individuals do not possess all the physical and mental skills they need to function optimally in society. People, therefore, draw upon the specialised skills and knowledge (operant resources) of others to fulfil their needs, through exchanges (Vargo & Lusch, 2004). Ultimately, service is exchanged for service (Vargo & Lusch, 2008).

In the context of marketing communication, one could consider the fundamental unit of exchange to be information or content that becomes operationalised through marketing communication efforts. The multi-directional capabilities of digital media facilitate the flow of information or content between individuals and organisations. The properties of computer-mediated media enable synchronous, asynchronous and interactive communication, and the digitalisation of information effectively homogenises content, making it accessible from a variety of digital media platforms. Customers and

consumers are increasingly generating digital content (OECD, 2007). Social media channels, in particular, enable brands or firms to interact directly or indirectly with their customers or prospects (Correa, Hinsley, & Zúñiga, 2010; Kaplan & Haenlin, 2010; Zhao, 2011).

TABLE 2
Service-Dominant Logic Foundational Premise (FP) Modifications and Additions

	FOUNDATIONAL PREMISE	COMMENT/ EXPLANATION
1	**Service** is the fundamental **basis** of exchange.	The application of operant resources (knowledge and skills), 'service', as defined in S-D logic, is the basis for all exchange. Service is exchanged for service.
2	Indirect exchange masks the fundamental **basis** of exchange.	Because service is provided through complex combinations of goods, money and institutions, the service basis of exchange is not always apparent.
3	Goods are a distribution mechanism for service provision.	Goods (both durable and non-durable) derive their value through use – the service they provide.
4	**Operant resources are** the fundamental source of competitive advantage.	The comparative ability to cause desired change drives competition.
5	All economies are **service** economies.	Service (singular) is only now becoming more apparent with increased specialisation and outsourcing.
6	The customer is always a **co-creator** of value.	Implies value creation is interactional.
7	The organisation **cannot deliver value, but** only offer value propositions.	Organisations can offer their applied resources for value creation and collaboratively (interactively) create value following acceptance of value propositions, but cannot create and / or deliver value independently.
8	A service-centred view is **inherently** customer-oriented and relational.	Because service is defined in terms of customer-determined benefit and is co-created, it is inherently customer-oriented and relational.
9	**All social and economic actors are resource integrators.**	Implies the context of value creation is networks of networks (resource integrators).
10	**Value is always uniquely and phenomenologically determined by the beneficiary.**	Value is idiosyncratic, experiential, contextual, and meaning laden.

Source: Adapted from Vargo and Lusch (2008:7) (Emphasis as per original)

Foundational Premise 2: Indirect Exchange Masks the Fundamental Basis of Exchange
Since service is supplied to an entity through intricate arrangements of goods, money, and organisations, the service basis of exchange is not always obvious (Vargo & Lusch 2008).

One consequence of organisational efficiency is that customers have become further removed from employees and the exchange process. The notion of the part-time marketer was considered to minimise distance between customers and employees (Grönroos, 2006; Gummesson, 2000). Following this logic perhaps customers could be considered as part-time marketers too, since customers relay their perspectives of an organisation's offerings to other prospective customers. This blurring of traditional

roles between customers and marketers is indicative of postmodernism's trait of de-differentiation. Moreover, digital marketing communication messages may become masked before they reach the customer. The second foundational premise supports the concept of integrated marketing communication to help minimise inaccurate transmission of information.

Foundational Premise 3: Goods Are a Distribution Mechanism for Service Provision

Goods provide their value to entities by the way in which they are used, i.e. through the service that they provide (Vargo & Lusch, 2008); as such goods turn into service devices (Ballantyne & Aitken, 2007).

From a marketing communication perspective, communication touchpoints (such as print, radio, television, cinema, out of home, point of sale, mobile phone, the Internet, and social media) distribute marketing communication information to consumers. Some digital media, for example social networks, like Facebook, are unique, possessing the ability to function as both the service and distribution mechanism. Facebook provides a platform to host media or content exchanges and allows various degrees of interactivity between participants. In the digital realm, the currency of information becomes embedded in digital content, which people access and exchange via various digital media distribution devices. The third foundational premise recognises that the unit of exchange is conveyed to entities through conduits, and it highlights that the conduit is not the service, merely the distributer.

Foundational Premise 4: Operant Resources Are the Fundamental Source of Competitive Advantage

Operand resources require the exertion of some act to produce an effect. Operant resources, on the other hand, are resources that are used to act on operand resources, such as knowledge and technology (Vargo & Lusch, 2004; 2008).

Organisations that differentiate and integrate knowledge from various stakeholders to improve their value proposition to customers increase their odds of attaining competitive advantage. This form of collaborative value creation is regarded as co-production (Vargo & Lusch, 2004). Conceivably, brand knowledge and branding are differentiators which provide competitive advantage; brands add value to products, customers assign meanings to brands and form relationships with brands (Kotler & Armstrong, 2010; Schultz & Schultz, 2004). Brand touchpoints are operant resources; they produce a brand experience for the customer (Duncan & Moriarty, 2006). Organisations that incorporate digital media in their marketing communication activities, are advantaged by the fact that these elements are readily available to customers through pull tactics, like search engine optimisation. Active audiences pull information on brands through narrowcasting and search, retrieving organisation-generated content as well as consumer-generated content about the brand or organisation. The challenge for brands is to try to positively influence consumer perceptions of their brand to increase the likelihood of consumers publishing favourable brand content, which aligns with the aforementioned transitional concepts of postmodern marketing: i) business activity to embedded cultural practice, ii) managed to collaborative, iii) centralised to diffused marketing, and iv) ordered to complex. The fourth foundational premise explains how the assimilation of knowledge and skills into service offers competitive advantage.

Foundational Premise 5: All Economies Are Service Economies

The fifth foundational premise highlights the prominence of service economies by recognising that service dependence has become more palpable in today's economy, where greater specialisation relies heavily on services for co-ordination and exchange (Vargo & Lusch, 2008). Organisations are increasingly required to outsource particular activities to networks of specialised entities. Entities within these networks are co-dependent for business success; in effect de-differentiation occurs between organisations as they become enmeshed and dependent on other organisations.

This premise is not deemed to be directly translational into a marketing communication context. However, it is still relevant to the field, since service interactions between several specialist suppliers may be required to enact an organisation's marketing communication efforts and execute campaigns. In the context of digital media as communication suppliers, people have become dependent on digital media's capabilities to achieve co-ordination and deliver exchanges. Under this perspective, connectivity, speed, convenience and efficiency represent significant service properties of digital media. The fifth foundational premise is based on the notion that economies operate on the principle of exchanging service (skills and knowledge).

The remaining five foundational premises, six through to ten, address various perspectives of value creation in the marketing process.

Foundational Premise 6: The Customer Is Always a Co-Creator of Value

The marketing process is not independent of the customer. Under S-D logic the production of value is a continuous interactional process (Vargo & Lusch, 2008). Involvement of the customer in the value-production process customises value outputs according to the customer's requirements.

The 6th foundational premise epitomises proactive customers and customer-centricity. It presupposes a degree of inseparability between the customer and the organisation to produce the offering. Firat and Dholakia (2006) perceive customers to be part of the value system, in the generation of value and transfer of value through associations they have with other customers as well as the organisation. Terblanche (2014) asserts that customers can only become value creators if value-in-use is at the core of value creation in the value-in-exchange dynamic between customers and firms. In interactive communication, specifically digital media channels, co-creation of information provides value to customers or prospects about the brand or organisation and provides the brand or organisation with information about the customer or prospect (Duncan & Moriarty, 2006). In the same way that customers participate in the co-creation of products and services, they have an expectation to participate in communication exchanges with brands or organisations (Firat & Dholakia, 2006). Digital media, particularly personal media, provide organisations with the means to continue the value-production process by communicating knowledge and information to their customers before, during and after sales. Digital media makes real-time marketing a reality (Bacile & Goldsmith, 2011).

Foundational Premise 7: The Enterprise Cannot Deliver Value, But Only Offer Value Propositions

Organisations can only infer a value proposition in their offerings. The perceived value of an offering is determined by the customer (Grönroos, 2006; Gummesson, 2008; Vargo & Lusch, 2004), so it is relative to the customer.

In a marketing communication context customers are free to determine which sources of information provide them with the most relevant value. People have online and offline conversations about brands, and brands/organisations should participate or contribute to these discussions (Kotler & Armstrong, 2010). By participating and 'listening' to the market, the organisation is in a position to assess the market's perspective of it and if necessary adapt their marketing communication approach, affecting both the choice of content and touchpoints selected. Dialogue offers greater dimensions of communication and, in turn, understanding between the customer and the marketer (Ballantyne & Aitken, 2007). In keeping with this logic potential value propositions of using digital media in marketing communication activities include its value as a medium and its value through interactivity.

Foundational Premise 8: A Service-Centred View Is Inherently Customer-Oriented and Relational

The characteristics of a service-centred view are interactivity, integration, customisation and co-production (Vargo & Lusch, 2004) which occur between the organisation and the customer to develop suitable solutions for the customer. These characteristics underlie relationship marketing. It must be noted that irrespective of the efforts an organisation invests in its customer, it is the customer that decides

whether he or she wants to create a relationship with the organisation (Schultz & Schultz, 2004). This is in line with the postmodern concept of relativism, from the perspective that the decision to form a relationship with a brand is relative to an individual's set of beliefs and needs.

The service-centred view's characteristics of interactivity, integration, customisation and co-production are readily reproducible through digital media, rendering digital media an attractive touchpoints to support the service-centred view. Digital media offer communication tools to assist with relationship-building strategies between customers and allow organisations to be selective about choosing the most profitable customers and communicating with them in more meaningful ways (Kotler & Armstrong, 2010). This is a departure from mass communication to personal communication strategies and personal communication may be perceived more trustworthy (Ballantyne & Aitken, 2007).

Foundational Premise 9: All Social and Economic Actors Are Resource Integrators

This premise refers to the fact that complex exchanges are the product of multiple micro-exchanges between entities. Entities are resource integrators connected directly or indirectly to each other within networks. Exchanges of integrated resources among resource integrators results in value creation. This premise resonates with the concept of embedded marketing as a postmodern marketing practice (Firat & Dholakia, 2006), where customers interact with organisations as well as with other customers in marketing activities.

The application of the ninth foundational premise is particularly apparent in information exchanges among members of social media networks. Consequently, members potentially assess the value of communication issued by other members in the social network relative to their relationship with the member that initiated the communication. This suggests that drawing on influencers and opinion leaders may be an appropriate approach for organisations to leverage their communication through social media networks. Opinion leaders possess certain attributes through which they are able to influence others (Kotler & Armstrong, 2010). This ties in with the concept of two-step flow, which is based on the notion that people exert a greater influence on other people than the media does (Littlejohn & Foss, 2005). Organisations should therefore engage with influencers to promote the organisation through the influencers' powers of persuasion within various networks.

Foundational Premise 10: Value Is Always Uniquely and Phenomenologically Determined By the Beneficiary

The actual value of an offering is unique to every beneficiary. Beneficiaries will have their own perceptions of an offering's value, which is dependent on multiple variables such as their personal characteristics, context, experiences and expectations (Vargo & Lusch, 2011).

Irrespective of organisations' efforts to convey a particular message through marketing communication efforts, recipients of the communication will make their own interpretations, which may or may not be those intended by the organisation. This assumption is based on poststructuralism theory, which holds that one's interpretation of a communication is constructed in terms of how it relates to the individual's concept of self (Firat & Dholakia 2006; Samuels 2008). People make sense of their worlds through the construction of stories; past, present and future episodes of their lives (Heeter 2000). This fact provides reasons behind individuals' motivation to share events and occurrences in their lives on social network sites. Perhaps the aspect of storytelling could be used to trigger personal narratives about brand experiences, such as attendance at an event hosted by a brand, with the intention that the consumer will recount the event experience to members of their social networks.

CONCLUSIONS

If marketing is "the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return" (Kotler & Armstrong, 2010:29), then it stands to reason that companies adopting marketing processes reflective of their environment and how customers perceive value are more likely to generate competitive advantage from their marketing activities than those that do not adjust their practices. This study has explored the relevance of S-D logic concepts with respect to postmodern marketing, and has demonstrated how some of these concepts may be implemented through digital marketing communication. In so doing it has highlighted the application of the S-D logic foundational premises as possible reference criteria for effective digital marketing communication practices in postmodern society.

Marketing investments in digital media are growing at the expense of traditional media. Therefore marketers need to equip themselves with appropriate knowledge and skills to strategise marketing communication in the digital domain. The interactive properties of digital media introduce new opportunities for communication as well as sources of marketing insight. For instance, consumers' conversations and commentary reveal their perspectives of an organisation's offerings and/or those of its competitors. Through participating in or scanning such conversations, organisations may gain value in terms of what customers think, what their expectations are and how they want brands to communicate with them.

Postmodernism is an intangible phenomenon; however, aspects of postmodernism, particularly the concept of embedded marketing (Firat & Dholakia, 2006), are echoed in the principles of S-D logic, which is a more tangible concept that offers possibilities for practical implementation. Therefore, it is reasonable to consider that the concept of S-D logic provides a suitable framework by which to implement digital marketing communication under postmodern marketing orientations.

Although this application is only an initial exploration, it contributes to the development of ideas concerning practical approaches for digital marketing communication in a postmodern context, and adds value to the generalisability of S-D logic by applying its premises within a postmodern context. The next steps to advance this idea and make more meaningful contributions to marketing knowledge would be to empirically test the premises in the context of digital marketing communication, or alternatively to investigate the S-D logic premises in digital marketing communication by identifying related constructs and developing these constructs through the literature and via qualitative methods.

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FACTORS THAT MAKE STRATEGY IMPLEMENTATION TO FAIL AND/OR SUCCEED: ARE THEY THE SAME? EVIDENCE FROM A DEVELOPING COUNTRY

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ABSTRACT

In the strategic management filed strategy implementation issues have received less research attention, especially studies that compare successful and unsuccessful implementations. The paper examines the extent to which the factors accounting for successful implementation are the same and/or different for those responsible for failure of strategy implementation. The study is based on 24 case companies from Ghana that have experienced successful as well as unsuccessful implementations. Using a content analysis, the results show that in both cases, the critical factors were internal, yet the relative frequency and importance differ. Implications for practice and policy are suggested based on the results.

INTRODUCTION

The field of strategy implementation continues to attract the attention from both academics and practitioners. For practitioners, better management is to a larger extent judged by effectiveness of strategy formulation and implementation (Chaneta, 2012). So the quality of every executive team, consisting of the chief executive officer (CEO) and/or the managing director (MD), the chief finance officer (CFO) and other top managers is based on the extent to which strategies are effectively selected and implemented. The agency theory and the stakeholder theory of strategic management explain why effective strategic implementation is a crucial activity for top managers. According to Jensen and Meckling (1996) and Alchian and Demsetz (2002) the agency theory of strategic management maintains that senior management are held accountable by the outcome of the implementation of their strategies. The reason for this is because the control mechanism inherent in the agency theory (the role of the board), seeks to ensure that agents (top management) are prevented from engaging in opportunistic behaviour that leads to implementation failure. On the other hand, the stakeholder theory of strategic management, Freeman and Mc Vea (2001) and Ackermann and Eden (2009) assumes that in order to fulfil the expectations of all other stakeholders (e.g. staff, customers, government, civil society) and not only shareholders top management are required to ensure effectively formulate and implement strategies.

Despite the theoretical assumptions above, studies confirm that strategies continue to fail. Two streams of papers addressing implementation failures can be identified in the field. One stream of papers consist of studies that seek to estimate the failure rate of strategy implementation initiatives. Of these paper include, but are not limited to: Rumelt (2011) (about 10% of well formulated strategies fail); Higgs and Rowland (2005) (about 70% of implementation initiatives fail to succeed); Raps (2004) (most implementation success rate ranges between 10% - 30%); Franken *et al*. (2009) (34% of cases studied report implementation performance below average); Johnson (2004) (about 66% of organisations fail to perform at their strategies). The other stream of papers concern studies that examine the factors affecting affective strategy implementation (i.e. drivers and barriers). Studies that fall under this stream of research include, but are also not limited to: factors accounting for the failure of strategies Wary *et al*. (2004);

causes of strategic failure in Turkey (Koseoglu *et al.*, 2009); factors limiting effective implementation initiatives in Oman (Rajasekar, 2014); limiting factors to a successful implementation of total productive maintenance (Bamber *et al.*, 1999); drivers and barriers for implementation of environmental strategies.

The present study deviates from the former and builds on the later. This is because in a comprehensive review of literature regarding the failure rate of strategy implementation (from 1981 - 2014), Candido *et al.* (2015, p. 19), recommended that future studies must explore more of the causes of strategic failure in order to analyse their relative importance and frequencies. In another comprehensive review of 60 articles of the factors influencing strategy implementation (from 1984 – 2007), Li *et al*. (2008, p.10) recommended that the areas in strategy implementation field that need urgent research attention include, but are not limited to studies that compare differences and similarities of the factors that influence strategy implementation among private companies and public corporations, or among local firms and multinationals. The present study seeks to make contribution to this body of knowledge by first identifying differences and similarities between causes of successful and unsuccessful implementation as well as the differences and similarities across sectors and organisations (i.e. private versus public). The study draws sample from Ghana because strategy formulations and implementation is common among organisations operating in the country, including public, private, multinationals and locals. Yet no, or few studies examine strategic implementation failure and/or success from the Ghanaian perspective in order to compare and contrast with the existing body of knowledge in the field.

To address the issue, the rest of the paper is sub-divided as follows. Section 2, deals with theoretical foundation. Section 3 deals with empirical literature whilst Section 4 focusses on design. Section 5 is based on results, analysis, discussion and conclusion. The last section (Section 6) deals with the implications of the study, limitations and avenues for future studies.

THEORETICAL FOUNDATION

In this sub-section, the key constructs, conceptual models and theories that underpin that study are clarified and presented. As a result, strategy, strategy implementation, implementation success and failure are clarified as the key concepts that inform the study. Of the strategic management theories, the agency and the stakeholder theories are used to buttress the need for effective strategy implementation.

Strategy

Following Chaneta *et al.* (2012), this study operationalises strategy of an organisations as the specific approaches and moves chosen by top management that produce an acceptance performance

Strategy Implementation

Two concepts are often used in the literature to refer to strategy implementation. These concepts are strategy execution and implementation. According to the 60 articles reviewed by Li *et al*. (2009, p.4) maintained that their authors do not differentiate between strategy executions from implementation. Li *et al*. (2009) argued that authors in their review apply strategy execution as an exact synonym of strategy implementation. While Li *et al*. (2009) did not differentiate between the two concepts, yet the authors maintained that the latter is widely applied in the literature. So in this study implementation is employed in line with Li *et al*. (2009).

However, with regard to the meaning of strategy implementation, some authors define implementation as the process and/or activities that convert strategies into outputs (Kotler, 1984; Harrington, 2006) – this view is often referred to as the process view (Li *et al*., 2009). Other authors (e.g. Hrebiniak and Joyce, 1984; Schaap, 2006) view implementation as top management actions that turn strategies into successful performance – this view is also called the behanvior view (Li *et al*., 2009). In between the two is the hybrid view (i.e. an integration of both process and behaviour view) (Li *et al*., 2009).

However, with regard to strategy implementation failure and/or success, this study uses the definition of successful implementation presented by Miller (1997, cited in Candido *et al.,* 2015). According to Candido *et al*. (2015, p.2), Miller (1997) defined successful implementation as: 1) " completing everything intended to be implemented with an expected time frame; 2) the attainment of the performance intended and 3) acceptability of the method implementation and outcomes with the organisation". So following Candido *et al.* (2015) by failure, this study implies either a strategy was formulated, but was not implemented, or implemented, but with a poor results and vice versa in the case of success.

The Agency and Stakeholder Theory of Strategic Management

The agency theory is widely applied in strategic management field (David, 2005; Mohd, 2005; Li *et al.,* 2008; Raduan *et al*., 2009). As indicated above with regard to strategy implementation, the agency theory of strategic management argues that top management are required to ensure effective strategy implementation because their relationship with shareholders being closely supervised by the board of directors (Meckling, 1996; Alchian and Demsetz, 2002). On the other hand, likewise the agency theory, stakeholder theory predicts that because of the need to meet the expectation of other key stakeholders (other than shareholders), top management are expected to implement strategies effectively (Mc Vea, 2001; Ackermann and Eden (2009).

Models of Strategy Successful Strategy Implementation

Whilst the agency and the stakeholder theories expect that top management will implement strategies successfully following the role of the board and the expectation of other stakeholders, the theories fail to account for the details with regard to how strategies are to be implemented in order to achieve success that meet the needs of every stakeholders. Consequently, a numbers authors have offered various conceptual models about factors that determine successful implementation. Among these models include, but not limited to: Peters and Waterman (1982) (the 7S strategy); Yip (1992) (structure, culture, people and management); Eisenstat (1993) (competence, coordination, commitment) (see Koseoglu *et al.,* 2009). In Alexander (1991, cited in Koseoglu *et al.* (2009, p. 81), the found that most reasons to strategy implementation failure are: 1) implementation taking more time than expected, 2) unexpected problems, 3) poor coordination, 4) distractions from crisis, 5) lack of competent workforce 6) lack of training of lower level workforce, 7) uncontrollable external factors, 8) lack of leadership from department managers, 9) poor definition of implementation task, 10) poor information system monitoring. In a related study, Beer and Eisenstant (2000) stated six main obstacles of strategy implementation, namely: 1) top-down laissez-faire top management style, 2) unclear strategic intentions as well as conflicting strategic priorities, 3) weak senior management team, 4) poor vertical communication, 5) poor coordination across functions and activities and 6) inadequate lower level leadership training.

In a comprehensive summary of key papers on strategy implementation between 1980 and 2011, Ivancic (2013, p. 201) synthesised the main factors that determine successful implementation and otherwise from authors into five themes namely: 1) time, 2) organisational structure, 3) firm resources, 4) leadership, 5) and uncontrollable external factors. Overall most studies agree that most of the factors that determine the success and the otherwise of implementation are internal issues. Consequently, Alashloo *et al.* (2005) synthesised the determinants of strategic failure and or success in to four main headings, namely: 1) planning issues, 2) organisational concerns, 3) managerial factors, and 4) individuals issues. Whilst Alashloo *et al.* (2005) appear robust, yet parsimonious, the model fails to consider influence from the external environment indicated in Ivancic (2013). In the light of that this study further synthesises and integrates Ivancic (2013) and Alashloo *et al.* (2005) into five conceptual model, namely: 1) planning issues, 2) organisational concerns, 3) managerial factors and 4) individuals issues and 5) issues from the external environment. This five conceptual model informs the study.

METHOD

The study is based on purposive sampling of 24 case companies that have implemented strategies. Of the 24 case companies, 14 consists of companies that have had a successful implementation, whilst 10 reported implementation failures. The informants were participants drawn from an Executive MBA (EMBA) strategic management class at a leading University in Ghana in the 2014/2015 academic year. As a result of the purposive nature of the study, only participants from the class who met the following criteria participated in the study: 1) a participant was either part of the people who implemented the strategy to its success as well as a failure and/or was in the company as at the time the strategy was being implemented; 2) a participants must have a minimum of two years of working experience in the company where the strategy was implemented and 3) a respondent was a members of the EMBA strategic management class. The approach used in selecting the cases for the study is also consistent with Eisenhardt (1989) who argued that a random selection of cases in qualitative research is neither necessary nor preferable. According to Eisehardt, extreme and/or purposive examples are most appropriate when a study aims to extent and understand theory. A detailed semi-structured interview that addresses a description of the case company, whether or not the company has a strategic plan, a description of the strategy that was implemented, a description of the failure, reasons of the failure, effects of the failure and the lessons learned were given to the informants to fill and present it in the form of a term paper. The collection of the case data took three months (March 2015 – May 2015) because it was used as a term paper guided and facilitated by the course instructor. Every case was write in English.

RESULTS AND ANALYSIS

Table 1 indicates that private Ghanaian firms are more represented in data, consisting of 43% of the sample. The next most represented sample is the public body organisations, accounting for 29% of the sample. This is followed by the private multinationals, 28%. Of these organisations the service sector dominates the sample accounting for more than three quarters compared to the manufacturing sub-sector accounting only 14%. More than three quarters of the case firms are large firms employing over full-time 100 workforce. Following Abor & Quartey (2010), the operational definition of firm size used in this study is: 1) micro firms – those employing five or less; 2) small firms – those employing between 6 and 29; and 3) medium-sized firms – those having between 30 and 99 and 4) large firms (those employing 100 and above). The highest academic qualification of each respondent is MBA degree.

From Table 2 below, likewise Table 1, more large organisations are represented in the sample of organisations that have experience strategic implementation failure (i.e. 50%). Again likewise the implementation successful cases, private Ghanaian firms dominate the cases of implementation failure, consisting of 60% whilst private multinationals and public sector bodies account for 20% each. Unlike, the successful cases of implementation, the case companies that recorded failures in strategy implementations were all service organisations. The results from the successful and unsuccessful implementations are presented on Tables 3 and 4 respectively.

TABLE 1
Cases of Implementation Success

Items	Frequency	%	Cum
Respondents			
Gender			
Male	12	86	86
Female	2	14	100
Firm size			
Micro	0	0	
Small	0	0	
Medium	3	21	21
Large	11	79	100
Firm age			
1-10	4	29	29
11-20	3	21	50
21-30	2	14	64
30 and above	5	36	100
Respondents' Age			
25-30	4	29	29
31-35	4	29	58
36-40	5	36	94
41=50	0	0	94
50 and above	1	6	100
Experience			
1-5	5	36	36
6-10	7	50	86
11-15	0	0	86
16 and above	2	14	100
Sector			
Manufacturing	2	14	14
Service	12	86	100
Other	0	0	100
Organisation type			
Public	4	29	29
Private local	6	43	72
Private multinational	4	28	100
NGO	0	0	100
Position			
Manager	9	64	64
Officer	5	36	100
CEO	0	0	100
Highest academic qualification			
MBA	14	100	100
PhD	0	0	100

TABLE 2
Cases of Strategic Implementation Failure

Items	Frequency	%	Cum.
Gender			
Male	5	50	50
Female	5	50	100
Firm age			
1-10	3	30	30
11-20	3	30	60
21-30	1	10	70
30 and above	3	30	100
Firm size			
Micro	0	0	0
Small	1	10	10
Medium	4	40	50
Large	5	50	100
Experience			
1-5	4	40	40
6-10	4	40	80
11-15	2	20	100
16 and above	0	0	100
Sector			
Manufacturing	0	0	0
Service	10	100	100
Other	0	0	100
Organisational type			
Public	2	20	20
Private local	6	60	80
Private multinational	2	20	100
NGO	0	0	0
Position			
Manager	7	70	70
Officer	3	30	100
Highest academic qualification			
MBA	10	100	100
PhD	0	0	100

TABLE 3
Implementation Success Results

No	Success factors	Compare and contrast - organizational types			Compare and contrast Manufacturing and service	
		Private local	**Private multinational**	**Public sector body**	**Manufacturing**	**Service**
1	Success factors					
2	Adequate communication (O)	***	***	***	**	*
3	Staff motivation (L)	*	**		*	
4	Staff training (O)	*	*	*		*
5	Staff ownership (L)	*	*	*	**	
6	Top management support (L)	*****	**	*	*	*
7	Clarity of intended outcome (P)	*	*			
8	Team work (O)	**	*			
9	Competent staff (P)		**			
10	Strong implementation Culture (L)	*	***	**	*	*
11	Passion in staff (L)	*				
12	Positive working climate (L)		*			*
13	Project management (O)		*	*		*
14	Clear M & E Plan (P)		***	*		*
15	Effective formulation (P)		*	*		*
16	Strong supervision (L)		*			*
17	Incentives (L)	*	**	*		**
18	Application of IT to drive information (O)	*				
19	Effective structure (O)	*	*			
20	Strong and periodic appraisal			*		*

Note: O=organisation issues; L=leadership issues; P=planning issues

TABLE 3
Implementation Failure Results

No	Success factors	Compare and contrast - organizational types			Compare and contrast Manufacturing and service o	
		Private local	**Private multinational**	**Public sector body**	**Manufacturing**	**Service**
1	Poor formulation (P)	*****	*	**		*******
2	Poor feasibility studies (P)	*******	*	*		********
3	Poor education (O)			*		*
4	Poor communication (O)	**	**	*		***
5	Lack of staff buy in (M)			*		*
6	Wrong implementation time (P)			*		*
6	Poor education (L)	***				***
7	Lack of staff involvement (L)	*				*
8	Lack of competent staff (O)	*	*			*
9	Lack of fund to fund the implementation (O)					
10	Lack of clear intended outcome (P)	*				*
11	Lack of competent staff (P)	*				*
12	Lack of contingency plan (P)	*				*
13	Lack of action plan (P)	**				**
14	Distraction by other things (O)	*				*
15	Poor leadership (P)	**				**
16	Poor M & E (P)	**	*			**
17	Lack of logistics (O)	*	*			*

Note: O=organisation issues; L=leadership issues; P=planning issues =management issues

DISCUSSION, CONCLUSION & IMPLICATIONS

Whilst all the success factors are internal, in line the conceptual framework that informs the study (Ivancic (2013; Alashloo *et al.*, 2005) leadership issues (e.g. motivation, supervision) dominate the success factors, followed by oraganisations and planning. With regard to the failure factors, planning challenges (e.g. formulation problems, lack of contingency plan dominate), followed organisation and leadership. In terms of comparative analysis, though the variables that account for successful implementation are the same as those accounting for failure factors, yet their degree of frequency and relative importance differ.

The practical implications are that: 1) implementation success resides within the capacity of the firm and so practitioners must constantly sharpen the internal competence and 2) because the impact of the factors changes, managers must constantly keep track of them. Whilst policy must create the enabling environment, it must also aim at helping the companies to build internal capacity.In terms of limitation, the study is qualitative and so future study must employ statistical analysis to confirm the relation importance of the factors.

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USING IFDI PERFORMANCE AND POTENTIAL INDICES TO ASSESS COUNTRY ATTRACTIVENESS IN AFRICA

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ABSTRACT

Multinational corporations are constantly seeking foreign locations that allow them to maximize their competitive advantages. The challenge comes in finding countries that fit their firm, sector and growth needs for the future. Governments, on the other hand, have a vested interest in making their countries attractive to foreign investment as inward foreign direct investment serves as a linchpin for economic development in their nations. Stakeholders need reliable data to assess the attractiveness of countries around the global in order to benchmark their performance against their competitors. UNCTAD's performance and potential indices are ideal for analyzing trends across consistent country measures. The use of the IFDI Performance and Potential Matrix proves to be an important tool in this analysis. This paper focuses on benchmarking African countries using this process.

INTRODUCTION

Africa is positioning itself as a key destination for inward foreign direct investment (IFDI). According to a report released by FDI Intelligence (2015), Africa witnessed the largest increase in inward investment, with $87bn of FDI announced in 2014. This growth was spurred by Egypt, Angola, Morocco, Ghana and Zambia being named as the top 10 destinations in the region by capital investment. With so much diversity among the nations on the continent, it is important examine how these African countries position themselves to be attractive for foreign investment. Many countries in Africa are attractive for their natural resources. For example: Algeria, Egypt, Libya, and Nigeria are major producers of petroleum and natural gas; Botswana, Democratic Republic of Congo, and South Africa together produce 50% of the world's diamonds; and Ghana, South Africa, and Zimbabwe together provide nearly 50% of the world's gold**.** This paper is focused on using UNCTAD's performance and potential indices to examine IFDI attractiveness on the African continent. First, it is imperative to understand historical factors that have influenced IFDI into these nations in the past. This will be followed by an examination of the methodology of calculating performance and potential indices and its application to continental Africa.

Historical Perspective on Africa and IFDI

A number of African countries have initiated economic reforms aimed at increasing the role of the private sector, for example, by privatizing state-owned enterprises. Additionally, they have taken steps to restore and maintain macroeconomic stability through the devaluation of overvalued national currencies and the reduction of inflation rates and budget deficits (UNCTAD, 1998). During this time, a number of nations improved their regulatory frameworks for FDI, making them far more open, permitting profit repatriation and providing tax and other incentives to attract investments. To this point, Naudé and Krugell (2007) contend that the key determinant of FDI to Africa is the change in economic policy. They advocate the creation of a business environment conducive to foreign investment and risk reduction. Progress has been made in this area that is important for the FDI climate; such as trade liberalization, the strengthening of the rule of law, and improvements in legal and other institutions as well as in telecommunications and transport infrastructure (World Economic Forum, 1998, p. 20). Back in 2013, a more progressive picture of Africa emerged. This increased

optimism was spurred on by a decade of historically strong growth, with many countries in Africa relatively unscathed by the global economic crisis, thanks to prudent macroeconomic management. However, growth remains unevenly spread across the region and has not yet translated to a rise in living standards comparable to those observed in other rapidly growing developing regions (World Economic Forum, 2013). To attract FDI, countries must exhibit a sustained level of competitiveness. Many African countries continue to be featured among the least competitive economies in the world. By *competitiveness* we mean all of the factors, institutions, and policies that determine a country's level of productivity. Productivity, in turn, sets the sustainable level and path of prosperity that a country can achieve. In other words, more competitive economies tend to be able to produce higher levels of income for their citizens. Competitiveness also determines the rates of return obtained by investment. Because the rates of return are the fundamental drivers of growth rates, a more competitive economy is one that is likely to grow faster over the medium to long term. Michael Porter (1990) in discussing the competitiveness of nations identifies three distinct categories of competitiveness (factor-driven, efficiency or investment driven and innovation driven). Factor driven economies are based on having abundant labor, suitable land and capital capabilities. For many nations, this represents a primary stage of development. In contrast, efficiency driven nations raise the level of productivity through more investments. This stage characterizes many regions and countries. Finally, nations can be classified as innovation driven, by being highly efficient, capable of creating unique value in products and services and they thrive through invention and innovation that leads to an upgrading of their industrial base. Table 1 provides a comparative look at African nations to nations at similar stages of development.

TABLE 1
African Economies by Stages of Development

Stage	**African countries**	**Other countries in this stage**	**Important areas for competitiveness**
Stage 1 (factor driven) GDP per capita < US$ 2,000	Benin, Burkina Faso, Burundi, Cameroon, Chad, Cote d'Iviore, Ethiopia, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda, Zambia, Zimbabwe	Bangladesh, Nicaragua, Pakistan, Vietnam, Yemen	Basic requirements (60%) Efficiency enhancers (35%) Innovation factors (5%)
Transition from 1 to 2 GDP per capita US$2,000-US$3,000	Algeria, Botswana, Egypt, Gabon, Libya	Azerbaijan, Bolivia, Brunei, Darussalam, Iran, Islamic Rep, Venezuela	Basic requirements (40-60%) Efficiency enhancers (35-50%) Innovation factors (5-10%)
Stage 2 (efficiency driven) GDP per capita US$3,000-US$9,000)	Cape Verde, Mauritius, Morocco, Namibia, South Africa, Swaziland	Albania, Belize, China, Costa Rica, Indonesia, Jordan, Mexico	Basic requirements (40%) Efficiency enhancers (50%) Innovation factors (10%)
Transition from 2-3 GDP per capita US$9,000-US$17,000	Seychelles	Argentina, Brazil, Chile, Croatia, Malaysia, Mexico, Russian Federation, Turkey	Basic requirements (20-40%) Efficiency enhancers (50%) Innovation factors (10%)
Stage 3 (innovation driven) GDP per capita >US$17,000		Germany, Republic of Korea, Norway, Spain, United Kingdom, United States	Basic requirements (20%) Efficiency enhancers (50%) Innovation factors (30%)

Source: The African Competitiveness Report, World Economic Forum, 2013

With potentially about 150 countries to choose from when determining where multinationals may locate, or in which mode (local production verses exports) and in which order they will decide on investing, it is critical to briefly discuss the theoretical impact of IFDI.

THEORETICAL BACKGROUND

Numerous criteria need to be evaluated in regards to understanding the attractiveness of national markets. Consideration must be given to the size of the market (GDP, population, growth of GDP, consumption per capita); the size of the product market (competitors, buyers); cost considerations (labor, raw materials, transportation, taxation, etc); availability of the necessary infrastructure; government policy (political stability, government's attitude towards foreign companies, investment incentives, ownership restrictions, tariff protection); exchange rate stability and other factors (Veugelers, 2001).

The major contribution on FDI theories comes from Dunning's eclectic paradigm or the OLI model, which sets the basic framework for the analysis of the FDI (Dunning, 1977). The eclectic paradigm is divided into three distinct parts, which determine the extent and the form of the foreign owned production. The first set is the ownership specific advantages. Ownership advantages tangible factors held exclusively by the multinational like expertise or patents and allows the multinational to compete with the other enterprises regardless of disadvantages that might occur. The second set is the location-specific advantages, factors specific to a place that must also be used in that particular place. These include labor advantages, natural resources, trade barriers that restrict imports, etc. The elimination of trade barriers between the countries and the easing of transactions costs are some of the reasons that could affect the FDI decision and make one country more or less attractive to another. Finally, the third set is the internalization advantages. These advantages refer to the gains that a multinational has by using its ownership internally instead of buying or selling from third parties. It is the second point, location advantages that we focus on in this paper. In order to assess how well a country utilizes its location advantages, in order to attract IFDI, established measures are needed. In the upcoming section IFDI performance and potential indices are discussed.

MEASURING COUNTRY ATTRACTIVENESS

There are a host of research studies that have evaluated single factors and the impact on the attractiveness to FDI. Tang (2012) studied the direction of cultural distance; Woo (2010) conducted a 20-year panel data analysis on the impact of corruption on a country's FDI attractiveness; and Walch and Worz (2012) examined the impact of country risk. Independently, these studies provide insight into key factors that impact the attractiveness of FDI to countries. What can be noted from the works of these authors is that a more comprehensive and possibly strategic approach of assessing multiple factors maybe more revealing. Different methodologies have been employed to measure the attractiveness of countries for FDK. Economic literation provides for two distinct methods. One econometrically test the relationship that exists between investments abroad and the various potentially-related receiving country's factors and the other uses much of the same economic data to build rankings of countries' attractiveness Murat and Pirotti (2010).

In this paper we use a combination of the above, using UNCTAD's methodology of ranked systems of both performance and potential, while merging these indices together to provide a more strategic look at the activities of FDI attractiveness in selected African nations. The attraction of foreign direct investment is one of the principal economic development activities of governments. A country's ability to attract FDI can be measured through the use of two indices; the ***Performance Index*** and the ***Potential Index***. To compile the indices 131 countries were used. Countries were eliminated from the study if 12 years of data, from 2000-2011, could not be collected.

The Performance Index

The United Nations Conference on Trade and Development (UNCTAD) has created a simple way to benchmark IFDI performance by comparing absolute values of inflows or the shares in national investment. The Inward FDI Performance Index ranks countries by the FDI they receive relative to their economic size. It is the ratio of a country's share in global FDI flows to its share in global GDP. Countries with an index value of one receive FDI exactly in line with their relative economic size. Those with an index value greater than one attract more FDI than may be expected on the basis of relative GDP (UNCTAD, 2002).

$$IFPI_i = \frac{FDI_i / FDI_{world}}{GDP_i / GDP_{world}}$$

Of the 54 African nations, data for a twelve-year period (2000-2011) was collected. Only 21 countries (*Angola, Botswana, Cameroon, Congo, DRC, Cote d'Iviore, Eritrea, Ethiopia, Gabon, Ghana, Kenya, Mozambique, Namibia, Nigeria, Senegal, South Africa, Sudan, Tanzania, Togo, Zambia and Zimbabwe*) were used in the survey sample as completed data was available for the entire twelve year period. Table 2 below provides historical performance data for those countries:

TABLE 2
2000-2011 FDI Performance Index for Selected African Countries

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Angola	2.403	10.824	7.192	16.528	4.518	-1.592	-0.026	-0.347	0.573	1.366	-1.439	-1.105
Botswana	0.247	-0.573	7.233	6.864	5.114	0.967	1.387	1.062	1.347	0.596	0.364	2.707
Cameroon	0.427	0.343	2.973	1.652	0.334	0.506	0.095	0.218	0.026	1.481	0.837	0.934
Congo	1.286	1.246	5.894	6.185	-0.112	4.537	5.553	7.382	6.119	9.075	6.769	8.063
DRC	0.094	0.487	0.869	2.929	2.432	0.480	0.480	2.574	2.502	-0.712	4.653	2.351
Cote d'Ivoire	0.563	1.166	0.995	0.805	1.119	0.704	0.568	0.512	0.553	0.763	0.529	0.452
Eritrea	0.985	0.727	1.678	1.922	1.331	0.045	0.366	0.128	0.812	2.292	1.580	0.569
Ethiopia	0.408	1.914	1.746	3.608	3.295	0.737	1.030	0.265	0.115	0.319	0.354	0.746
Gabon	-0.210	-0.852	0.425	1.746	2.726	1.298	0.810	0.547	1.416	2.227	1.259	1.409
Ghana	0.831	0.758	0.514	1.199	0.960	0.466	0.899	1.312	2.734	4.271	2.888	3.100
Kenya	0.218	0.018	0.113	0.367	0.175	0.039	0.057	0.536	0.077	0.147	0.164	0.304
Mozambique	0.806	2.826	4.447	4.828	2.630	0.642	0.754	1.065	1.457	3.921	4.550	10.475
Namibia	0.759	0.459	0.819	0.451	0.818	1.865	2.205	1.800	2.538	2.619	2.499	2.283
Nigeria	0.614	1.216	1.704	1.983	1.306	1.531	0.963	0.852	1.132	2.361	0.603	0.817
Senegal	0.336	0.295	0.787	0.512	0.587	0.665	0.893	0.731	0.974	1.205	0.756	0.891
South Africa	0.182	2.767	0.716	0.312	0.196	0.910	0.069	0.541	1.040	1.255	0.372	0.390
Sudan	0.799	1.963	2.590	5.116	4.312	2.030	1.484	0.770	0.871	1.519	1.156	1.308
Tanzania	1.136	1.688	1.971	2.091	1.083	2.281	0.812	0.812	1.918	2.085	2.952	1.960
Togo	0.809	2.152	1.945	1.349	1.877	1.564	1.196	0.580	0.460	0.682	1.448	1.733
Zambia	0.844	1.597	3.824	4.737	3.829	1.477	1.393	2.212	1.506	2.120	3.137	1.778
Zimbabwe	0.087	0.025	0.220	0.044	0.092	0.616	0.212	0.306	0.336	0.602	0.645	1.344

The top five performers in 2011 were Mozambique, Congo, Ghana, Botswana and the DRC. Mozambique had the strongest and most consistent performance of the group. However, the top five have had impressive performance since the financial crisis of 2008. The most disappointing in the group is Angola. In the early part of the 2000's, the country outperformed all other countries listed. Unfortunately since 2005 the country experienced severe negative FDI drops and have not been able to recover significantly since then.

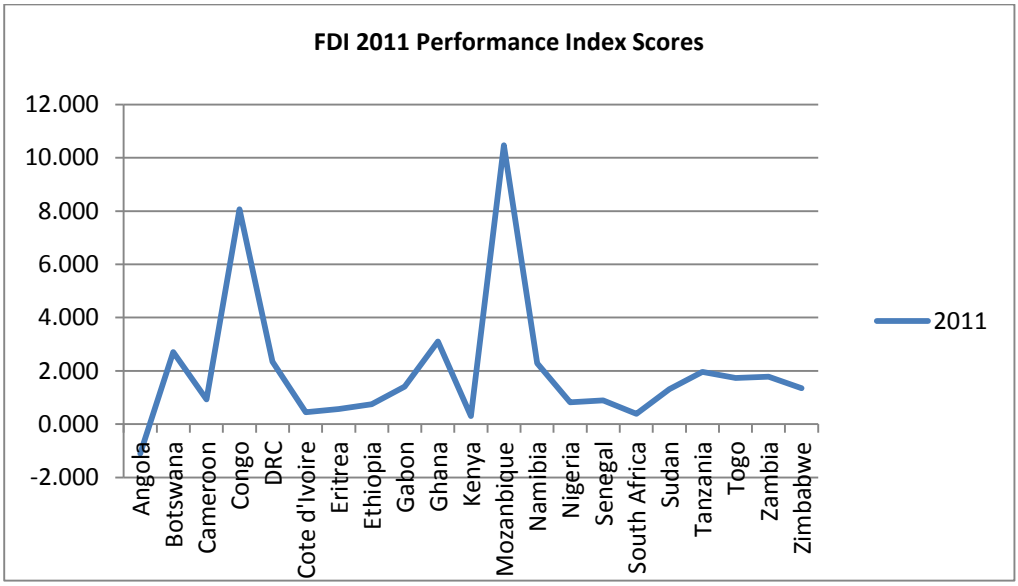
The trend line shows dramatic differences in the performance of the countries, with most not gaining an index score above 2. However, the most interesting fact for these African nations is that many did achieve a score above one, or very close to one, which indicates that they are receiving IFDI in line with their economic size. For the twelve countries that achieved a performance index score above one, they are positioning themselves for better economic growth. In the next section the potential index is discussed and later in the paper we will see the benefits of combining the information from the two indices to look at strategic planning options for stakeholders.

The Potential Index

The potential index is designed to evaluate the host country's ability to attract FDI flows vis-a-vis other countries. The index encompasses factors covering political, cultural and institutional values. In order to do this, the inward FDI potential index was comprised of several quantifiable factors that included: *the rate of growth of GDP, per capita GDP, share of exports in GDP, telephone lines per 1,000 inhabitants, commercial energy use per capita, share of R&D expenditures in GNI, share of tertiary students in the population, and country risk* (WIR, 2002). It should be noted that benchmarking some economic and competitive factors can be difficult to accomplish, it is challenging

to compare how efficiently policies are implemented and multinational corporations have different ownership advantages, so care should be taken in interpreting results.

FIGURE 1
2011 FDI Performance Index Scores Selected African Nations



The IFDI potential index is an average composite of these eight factors. The score for each variable is derived as follows: the value of a variable for a country is taken and subtracted from the lowest value for that variable among the countries; the result is then divided by the difference between the highest and lowest values of that variable among the countries. The country with the lowest value is given a score of zero and the country with the highest value, a score of one (WIR, 2002).

$$\text{Country}_i \text{ Potential score} = \frac{[(Average\ of\ eight\ elements_i) - (Value\ Minimum_{all\ countries})]}{[(Value\ Maxinimum_{all\ countries}) - (Value\ Minimum_{all\ countries})]}$$

This index is useful in understanding a country's ability to attract FDI. In table 3 below, the results for the potential indices for the sample countries are shown.

Botswana, South Africa and Namibia rose above all other listed African nations in their ability to attract FDI as noted in Chart 2 below. An interesting fact is that these three countries are neighboring countries and members of the same regional trade group. While no correlations can be made without more detailed analysis, one might propose that multinational corporations investing in this region may have benefited from proximity and psychic distance theory. Angola, in contrast to its performance results, maintained a stronger, positive position in its ability to attract inward FDI. The task for stakeholders in Angola, as with any other country, is to figure out how to align performance with potential. The other countries in the sample seem to be clustered around the same level of potential, regardless of the region that they represent.

Individually, performance and potential indices can provide trend analysis to analyze activity within each nation and for benchmarking of individual nations to each other. Another benefit of FDI trend analysis, particularly for Africa, is to assess the impact of regionalism on FDI attraction. With the formation of the African Union (AU) in July, 2002, the group consolidated existing regional trade groups into eight distinct regional economic communities (RECs). These eight RECs include: the Arab Maghreb Union (UMA); Common Market for Eastern and Southern Africa (COMESA); Community of Sahel-Saharan States (CEN-SAD); East African Community (EAC); Economic Community of Central African States (ECCAS); Economic Community of West African States (ECOWAS); Intergovernmental Authority on Development (IGAD); and Southern African

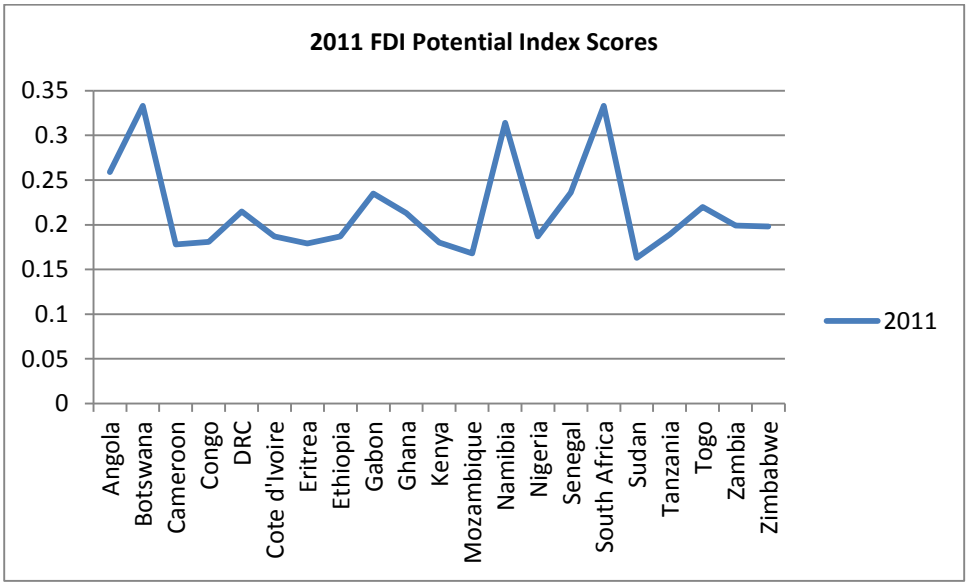
Development Community (SADC). The attractiveness of FDI cannot be measured simply by looking at indices. A more viable benefit of potential and performance indices is to plot them together for a comprehensive strategic analysis. This is undertaken in the upcoming section.

TABLE3
2000-2011 FDI Potential Index for Selected African Countries

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Angola	0.184	0.119	0.164	0.192	0.108	0.198	0.174	0.256	0.248	0.166	0.202	0.259
Botswana	0.257	0.220	0.264	0.312	0.224	0.242	0.254	0.274	0.299	0.243	0.275	0.333
Cameroon	0.200	0.062	0.099	0.170	0.053	0.079	0.063	0.072	0.138	0.120	0.079	0.178
Congo	0.044	0.030	0.087	0.154	0.069	0.084	0.058	0.088	0.144	0.106	0.109	0.181
DRC	0.177	0.110	0.149	0.189	0.109	0.169	0.132	0.091	0.197	0.180	0.172	0.215
Cote d'Ivoire	0.101	0.074	0.110	0.175	0.075	0.102	0.082	0.089	0.158	0.150	0.100	0.187
Eritrea	0.058	0.053	0.073	0.129	0.027	0.066	0.025	0.040	0.046	0.096	0.050	0.179
Ethiopia	0.097	0.051	0.067	0.118	0.071	0.100	0.090	0.102	0.170	0.146	0.112	0.187
Gabon	0.158	0.113	0.134	0.199	0.103	0.142	0.104	0.128	0.162	0.143	0.147	0.235
Ghana	0.146	0.088	0.128	0.196	0.079	0.109	0.080	0.086	0.155	0.134	0.110	0.213
Kenya	0.090	0.057	0.080	0.169	0.060	0.095	0.077	0.094	0.122	0.114	0.130	0.180
Mozambique	0.081	0.084	0.126	0.157	0.069	0.107	0.095	0.106	0.121	0.133	0.100	0.168
Namibia	0.158	0.097	0.139	0.193	0.125	0.119	0.120	0.143	0.170	0.169	0.124	0.314
Nigeria	0.154	0.086	0.114	0.200	0.158	0.103	0.106	0.095	0.170	0.159	0.109	0.187
Senegal	0.122	0.073	0.096	0.189	0.069	0.101	0.066	0.085	0.126	0.122	0.096	0.236
South Africa	0.291	0.235	0.284	0.318	0.240	0.270	0.254	0.255	0.292	0.263	0.244	0.333
Sudan	0.119	0.066	0.109	0.172	0.070	0.117	0.109	0.131	0.140	0.129	0.099	0.163
Tanzania	0.094	0.050	0.091	0.150	0.056	0.091	0.077	0.095	0.162	0.144	0.095	0.189
Togo	0.106	0.057	0.094	0.196	0.065	0.090	0.078	0.077	0.181	0.187	0.110	0.220
Zambia	0.108	0.071	0.094	0.159	0.068	0.100	0.098	0.118	0.153	0.170	0.136	0.199
Zimbabwe	0.107	0.075	0.062	0.106	0.043	0.054	0.048	0.044	0.041	0.149	0.137	0.198

FIGURE 2

2011 FDI Potential Index Scores Selected African Nations



A Matrix of Inward FDI Performance and Potential

The Inward FDI Performance and Potential matrix allows for comparing rankings on both of the indices by creating four distinct categories for analysis; front runners, below potential, above potential and under performers (Sulstarova, 2008). This provides a strategic look at the individual countries while still benchmarking against other countries, both on and off the continent. This type of analysis can provide policy makers with the needed support for suggesting changes to improve their

country's ability to attract inward FDI. It may also provide some clues as to why higher levels of IFDI may be concentrated in particular countries. The matrix plots African countries into four distinct categories with the other participating survey countries.

FIGURE 3
FDI Potential and Performance Matrix

	High FDI Performance	**Low FDI Performance**
High FDI Potential	**Front Runners** Australia, Austria, Belarus, Belgium, ***Botswana***, Bulgaria, Chile, China, Columbia, Costa Rica, Cyprus, Denmark, Hungary, Hong Kong, Ireland, Israel, Jordon, Kazakhstan, Latvia, Lebanon, Lithuania, Luxembourg, Malta, Mauritius, Mongolia, Panama, Poland, Portugal, Singapore, Slovak Republic, Ukraine	**Below Potential** Bahrain, Canada, Croatia, Czech Rep., Estonia, Finland, France, Germany, Greece, Iceland, Iran, Italy, Japan, Korea, Rep., Kuwait, Netherlands, New Zealand, Norway, Oman, Qatar, Romania, Russia, Saudi Arabia, Slovenia, ***South Africa***, Spain, Sweden, Switzerland, Thailand, Tunisia, Turkey, UAE, United Kingdom, United States
Low FDI Potential	**Above Potential** Albania, Armenia, Azerbaijan, Bolivia, Brunei, Trinidad/Tobago, Cambodia, Turkmenistan, ***Congo, DR***, ***Congo***, Dominican Rep., ***Gabon***, ***Ghana***, Honduras, Kyrgyz Rep., Macedonia, FYR, ***Madagascar***, Montenegro, ***Mozambique***, ***Namibia***, Nicaragua, Peru, Serbia, ***Sudan***, ***Tanzania***, ***Togo***, Malaysia, Moldova, Uruguay, Uzbekistan, Vietnam, ***Zambia***, ***Zimbabwe***	**Under Performers** *Algeria*, ***Angola***, Bangladesh, Bosnia, Brazil, ***Cameroon***, ***Cote d'Iviore***, Ecuador, ***Egypt***, El Salvador, ***Eritrea***, ***Ethiopia***, Guatemala, Haiti, India, Indonesia, Iraq, Jamaica, ***Kenya***, Mexico, ***Morocco***, Nepal, ***Nigeria***, Pakistan, Paraguay, Philippines, ***Senegal***, Sri Lanka, Tajikistan, Venezuela, Yemen, Rep.

Each of the four categories provides a unique look at the ability of countries within them to address the issue of attracting IFDI. The classification of countries is dynamic as their position may change from year to year.

Front Runners - As noted earlier in the paper, Botswana outshines the competition in the fact that they a high level of performance and a high level of potential for attracting FDI. This would seem to indicate that the country is able to manage its resources, and implement policies that attract above average FDI. Countries in this category are leaders in attracting FDI. Front runner countries could be benefiting from positive actions on the part of governments to attract FDI such as tax cuts, subsidiaries and other incentives.

Low Performance - The countries in this category have the capacity to attract FDI, but there is something prohibiting them from performing to their capabilities. As a member of the BRICS, South Africa certainly has risen to a level of prominence in the global community but their performance over the past 10 years has been inconsistent.

Above Potential - These countries are in the unusual position that despite the key metrics about their countries, they are able to attract more FDI than expected. These countries should be closely examined, especially by researchers, as there may be factors that are being overlooked to explain why they are able to perform so well in attracting FDI. There are several African nations that fall into this category.

Under-Performers - These countries do not seem to have the solid metrics or policies for attracting FDI. Another explanation could be that there are social, cultural and/or institutional factors that are prohibiting them attracting a substantial amount of FDI. Possible reasons could be that these countries have chosen to slow down the volume of incoming foreign capital investments and may be implementing institutional barriers such as ownership restrictions, rate of return restrictions, project approval requirements, trade and financial restrictions, etc.

LIMITATIONS

The major limitation is on the collection of data for many African nations. In order to see specific patterns of FDI, at least ten years of data was required. A very limited number of countries had information available for ten years through 2014, however, the sample size was extremely small, the largest group of countries had ten-years of data available from 2000-2011, but this only accounted for 50 percent of the total African nations. To go back further to look at more countries would mean that the data would be too old and not as relevant to current situations and patterns of investment, since this type of data is very dynamic in nature. While data is limited, the strategic nature of the framework is very relevant for modeling FDI attractiveness activity.

CONCLUSION AND IMPLICATIONS

In the end, FDI theory tells us that the choice of location for IFDI is determined by a firm's motives for expansion and the specific location advantages. Stakeholders need reliable information to understand location specific advantages and how they change over time. For corporate investors, location requirements are one part of the three part prong of the OLI model, and the other two components are equally important. However they need a reliable system for understanding location advantages and the IFDI Performance and Potential Indices and Matrix can provide reliable information to use in the process.

Government stakeholders, those responsible for policy decisions will benefit from the benchmarking capabilities that can be realized from both a ranking and strategic system. Strategic decisions on such issues as whether to encourage or restrict foreign ownership can be derived from analyzing this type of data. And for those responsible for implementing foreign direct investment strategies in a country, Investment Promotion Agencies (IPA's), this type of data allows them to track not only what is going on in their specific country, but what is happening within a particular region.

Obviously, looking at data alone will not provide the complete picture on a country's attractiveness to foreign investors. Country managers and government officials need to assess the strategic direction of their nations, the targeted industries that provided the most potential for economic development and the incentives that they are reasonably able to provide that will sustain the economic activity within their nation boundaries. This required the development of a comprehensive plan, working with corporate or entrepreneurial investors to ensure good communication and collaboration on FDI projects and investments. This is just one tool that can enhance the process.

Future research in this area can focus on analyzing FDI attractiveness within the eight official regional economic communities of Africa. An assessment of both intra and inter investment activities within and among the eight groups could be beneficial in establishing best practices especially on the part of IPAs. Another critical and interesting focus of research can be to analyze the impact of FDI attractiveness on specific industries within a country and/or a region. This can be beneficial in identifying strategic patterns for specific industries in terms of location selection.

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EXAMINING THE FACTORS THAT INFLUENCED THE ENTRY MODE STRATEGIES ADOPTED BY NIGERIAN BANKS IN FOREIGN MARKETS

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ABSTRACT

This research examines the factors that influenced the entry mode strategies adopted by Nigerian banks into foreign markets. It is underpinned by a positivist philosophy and used a mixed qualitative and quantitative approach. Five Nigerian banks were purposively sampled and used as case studies. Primary data was collected using Likert scale questionnaires and interviews. Secondary data was obtained from multiple sources. Findings from evidence gathered were compared with propositions developed from theories in the literature. The research found that Nigerian banks entered countries in sub-Saharan Africa with high equity commitment subsidiaries despite there being high environmental uncertainties in host countries.

INTRODUCTION

In the past decade, Nigerian banks have become one of the greatest facilitators of foreign direct investment in sub-Saharan Africa (SSA) by their expansion into several countries in the region. Presently there are nine international banks according to the classification of the Central Bank of Nigeria (CBN) that have subsidiaries in over twenty five SSA countries and as well as branches and representative offices in America and some European and Asian countries.

Research Question, Aim and Methodology

This study observes the foreign market entry decisions of Nigerian banks by examining their motives and entry mode strategies. The aim was to identify factors that influenced the entry mode strategies adopted by banks in the host countries and to compare the findings with the predictions of the various theories of internationalization. The study adopted a positivist philosophy and a mixed quantitative and qualitative research approach. A multiple-case study approach was also adopted with managers involved in the internationalization decision of five Nigerian banks providing primary data. Theories were identified from the literature and variables (dependent and independent) were also noted.

The originality of the study is the fact that it adds a country-specific body of knowledge onto the factors that influence entry mode strategies by banks from a low income SSA country and its relation to the established theories of internationalization. Studies on Multi-National Enterprises (MNEs) and Multi-National Banks (MNBs) have been carried out mainly on firms and banks from developed countries. There is a paucity of research on the internationalization strategies of MNEs from SSA. It is even rarer to find studies and international expansion strategies of MNBs from SSA. This study attempts to bridge that gap.

LITERATURE REVIEW

Banks embark on international market entry for most of the reasons that MNEs in general internationalize, but some scholars have noted that the nature and characteristics of banking have implications for their internationalization.

For example, studies have noted that banks follow their clients that have made international market entries. Host country opportunities, e.g. a higher expected rate of economic growth are also some of

the main determinants of outward banking Foreign Direct Investment (FDI) (Buch and DeLong, 2004). Banks sometimes possess qualities and assets that give them an advantage when operating in a foreign market, because it is able to operate more efficiently. These include the bank's size, distribution channel and managerial competence (Tschoegl, 2003). Banks may also react to the actions of their competitors and follow them to markets, or avoid some markets that their competitors have already entered (Williams, 1997).

When there are restrictions in the home country limiting a bank's home operations, growth or expansion, they might want to "escape" the home market, to expand internationally. In the same vein, a host country's openness to the establishment of new foreign branches and subsidiaries as well as tax incentives may also be important (Goldberg and Johnson, 1990). A common cultural background may also facilitate bank international expansion into a particular geographic market (Guillén and Tschoegl, 1999).

Banks and Theories of Internationalization

Scholars have, in seeking a better understanding of the determinants of the internationalization of firms, formulated a number of theories to explain the process. These theories include the eclectic theory, Resource Based View (RBV), Process Theory and Transaction Cost Analysis (TCA) among others.

The eclectic theory emphasizes Ownership (O-) advantages of the firms, Location (L-) advantages of the host country, and Internalization (I-) advantages that make firms decide on what mode of entry to adopt in a host country. The RBV supports the notion that firms are able to leverage unique, valuable and rare resources for competitive advantage (Barney, 1991). For banks, their managerial capabilities, brand name, reputation, size and organizational culture are all assets that can confer competitive advantages.

A TCA approach is more focused on factors that hamper a bank's ability to mitigate the cost of information on borrowers and enforce contracts (Williamson, 1975). These factors include environmental uncertainty brought about by macroeconomic instability and political risk as well as by regulatory, geographic, cultural and institutional distance. Process theory states that increased knowledge of foreign markets allows firms to increase their commitment of resources to the market (Johanson and Vahlne, 1977). It may also be at the heart of the internationalization of banks that they seem to enter foreign markets with low commitment modes of entry and increase their investment with increased knowledge of the market.

Entry Mode Strategies of Banks

Numerous studies have been conducted on the internationalization of banks and their market entry options (Goldberg and Saunders, 1981; Ball and Tschoegl, 1982). However, researchers have noted that a bank must desire foreign market entry and they require host country acceptance. Some countries limit foreign bank entries while others encourage participation (Cerrutti, E., Dell'Ariccia, G. and Peria, M.S.M. 2007). A bank's motivation for its presence abroad links with the product market it seeks to operate in and there are considerations relating to a bank's strategic objective, host country regulations and transaction costs - including environmental uncertainty, costs of information, macroeconomic stability and political risk. All these affect a bank's choice of mode of entry into a foreign market.

Banks enter new markets by all forms of entry mode choice, namely, joint ventures (JVs), strategic alliances, acquisitions and other equity ventures but because they usually trade and compete on the basis of their possession of tangible and intangible assets, banks usually prefer high control modes in their foreign market entry (Goldberg and Johanson, 1990).

However, even where control modes are high, equity commitment modes vary and can be divided into low, medium and high equity commitment modes. Low level equity commitment includes representative offices and agencies, while medium level equity commitment modes of entry include JVs, strategic alliances and the minority equity acquisitions of host country bank and wholly-owned branches. A high commitment mode of entry may involve the establishment of subsidiaries either through the majority equity acquisition of a local bank (brownfield acquisition) or the establishment of Greenfield operations.

A bank's tangible and intangible assets, influence entry mode choice. Focarelli and Pozzolo (2001) found that the largest banks (by assets and number of employees) preferred market entry as subsidiaries. A bank's business orientation, and the product market it seeks to trade in, also may influence market entry choice. Banks seeking to trade in investment and wholesale product markets in the host country usually enter with low and medium equity commitment modes, while those seeking to trade in the retail sector enter with high equity modes, e.g. subsidiaries (Tschoegl, 2001). Laws governing banking also influence entry mode choice as home country laws apply for most low commitment modes of entry, (representative office and agency) while a high commitment mode of entry (subsidiary) subjects a bank to host country banking regulations (Tschoegl, 2001). Branches are subject to both the home and host country laws. Thus, a bank's entry mode choice can be influenced by the laws it chooses to be governed by.

Host country regulations, economic and political risk profile, size of banking market, level of governance, cultural and geographic distance, and legal origin, all influence the timing, pace and choice of market entry. Galindo, A., Micco, A. and Serra, C. (2003) found that common legal origin, cultural and geographic proximity, and other factors that reduce transaction and entry costs, also encouraged banks to enter foreign markets with high commitment modes (e.g. subsidiaries). When Transaction Costs (TCs) are increased in a foreign market due to environmental uncertainties banks enter with low commitment equity entry modes or probably adopt a "wait-and-see" attitude. Environmental uncertainties are heightened by factors that include macroeconomic instability, political risks, low levels of development of institutions like credit rating agencies, the performance level of the judiciary and weak rule-based governance.

THEORETICAL FRAMEWORK AND PROPOSITIONS

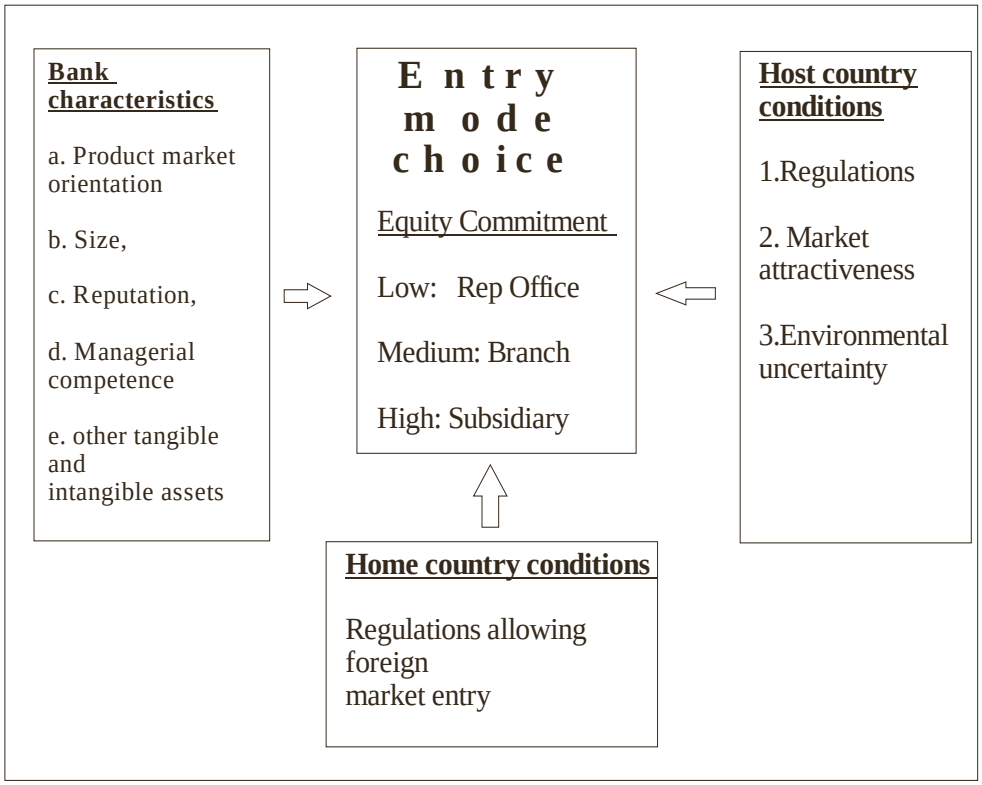
The theoretical framework and propositions are important aspects of positivist case study research. They are used in identifying the unit of analysis, boundary and scope of the research. Piekkari, Welch and Paavilainen, (2009) noted that the positivist tradition for case studies favors a design logic in which field work is preceded by the careful development of a blueprint. The theory identifies the various concepts in the literature and propositions are declared statements about causation. The concepts, when developed for measurement, become variables with the causal (independent) and outcome (dependent) variables identified. Yin (2009) advocates that propositions should be declared from the theory and investigated and (sometimes) falsified through empirical findings.

This research used a synthesis of the eclectic theory, the RBV and TCA as its framework and the empirical findings relating to them, from the literature. In this light, the dependent variables, namely, the entry mode strategy adopted by Nigerian banks in their foreign market entry is the main focus of the research, with the aim of identifying salient factors that influenced these choices.

Entry mode choice as a dependent variable

A bank's entry into a foreign market is dependent on the bank's product market orientation, strategic motives, as well as home and host-country regulations. Banks may consider a set of factors in the host country when planning an entry and these include regulations, growth prospects as well as the state of its economic, political and legal developments. Because banks usually trade and compete on the basis of their possession of tangible and intangible assets, characteristics and other O-advantages, they usually prefer high control modes in their foreign market entry. So for most MNBs market entry is usually in the form of FDI. Nevertheless, even where control modes are high, equity commitment modes vary and can be divided into low, medium and high equity commitment modes.

FIGURE 1
Framework of the Research



Factors That Influence Bank Entry Mode Choice

Bank Characteristics, Host-Country Regulations and Host Market Attractiveness

A bank's entry mode choice into a foreign market has been found to be associated with the product market it seeks to serve as well as the characteristics of the bank. The size and international experience of the bank have been found to influence levels of commitment of resource banks in a new market (Focarelli and Pozzolo, 2001). (Qian and Delios, 2008) found that banks with more international experience tend to enter markets with high commitment modes. A bank's business orientation also influences its entry mode choice. The product market in which a bank seeks to compete influences its choice of entry mode (Cerrutti *et al.*, 2007). A retail orientation could lead to a high commitment entry mode through the acquisition or establishment of a Greenfield operation. Investment and wholesale banking orientation could lead to a medium commitment mode, e.g. the branch office.

A bank's entry into a foreign market is dependent on the openness of the host country to banking FDI. So a host country's restriction or encouragement of foreign bank participation can influence entry mode choice (Buch and Lipponer, 2004; Cerrutti *et al.*, 2007). Ample evidence exists that shows that foreign banks are drawn to larger, more vibrant economies with greater profit opportunities. Magri, Mori, and Rossi, (2005) found this to be the case for foreign banks that entered Italy. The state of the host-country banking system also creates conditions that act as "pull" factors for banks. Banks may seek to take advantage of the inefficiencies in the host banking system because they possess O-advantages that they can exploit and gain a competitive advantage over local banks. Therefore they are more likely to expand their activities abroad with high commitment entry modes (Focarelli and Pozzolo, 2001). Cross-country evidence indicates that geographic proximity between home and host-country and common language are associated with higher levels of foreign bank participation and a greater likelihood of acquisition by a foreign bank. Researchers have argued that high geographical distance increases transaction costs by impeding knowledge transfer, effective coordination and the monitoring of clients and may lead to low equity commitment modes of entry by

banks. When a bank's home and host countries are culturally proximate due to their sharing a common language, colonial heritage and legal origin, entry costs are reduced for the bank (Galindo *et al.*, 2003; Guillén and Tschoegl, 1999). Thus, banks are encouraged to enter culturally proximate markets with high equity commitment entry modes.
Based on these arguments this proposition is suggested:-

Proposition 1

A bank's choice of mode of entry into a foreign market will be influenced by the host country's regulations and market attractiveness"

Level of country risk, development of institutions and rule-based governance

Studies have noted that the level of environmental uncertainty in a host country affects the entry mode choices of firms in that country. Environmental uncertainty in a host country is measured by many factors including macroeconomic stability, political risk, level of development of institutions and rule-based governance in the country (Outreville, 2007). Following TCA, environmental uncertainty in a host country is increased by a low regulatory framework as well as macroeconomic instability and political risk (Cerrutti *et al.*, 2007). Macroeconomic stability is a measure of a country's economic strength or weakness, and is a function of variables such as GDP per capita, real GDP growth, annual inflation rate, budget balance and current account balance. Cerrutti *et al.* (2007) found that MNBs preferred to operate subsidiaries in countries with high macroeconomic instability. Political risk is the degree of political stability in the host country, and is vital in ensuring a stable economy and conditions that allow for growth and development. Cerrutti *et al.* (2007) found that banks use medium commitment entry mode (branches) in countries with high political risk. Institutional factors are factors that diminish market attractiveness and institutional malfunctionings increase uncertainty in the host country. Low quality institutions are associated with poor economic performance, while corruption, lack of credit rating agencies, lack of rule of law and political risk increase transaction costs. Galindo *et al.* (2003) found that the difference in legal origin, banking regulations and institutional variables such as differences in corruption, the rule of law and efficiency of the judiciary all add learning costs which influence entry mode choice. Buch and DeLong (2004) contend that as countries increase transparency and enhance supervision their banks become more attractive targets for acquisition. Outreville (2007) found that the largest global financial firms sought markets with low governance risk.
Based on these arguments this proposition is suggested:-

Proposition 2

A bank's choice of mode of entry into a foreign market will be influenced by the level of environmental uncertainty in the host country."

DATA COLLECTION AND ANALYSIS

Sampling Frame

At the end of 2012 there were nine banks in Nigeria that were licensed to have international operations. From this population, five banks were chosen as the cases for this study by using purposive sampling. Between them they made up forty of the fifty-three total foreign entries made by Nigerian banks between 2005 and 2012. Thus, the sampled banks made up seventy-five percent (75%) of all foreign entries by Nigerian banks between 2005 and 2012.

The five banks chosen comprise: United Bank of Africa (18 international subsidiaries), Access Bank (9 international subsidiaries), Guaranty Trust Bank (7 international subsidiaries), Diamond Bank (4 international subsidiaries), Keystone Bank (4 international subsidiaries). The selection criteria were that all the banks have operated in international markets for the period of the study (2005-2012) and all have international operations in four or more countries. In sampling of respondents and interviewees emphasis was placed on top management in the strategy or corporate planning departments at the banks' headquarters and managing directors of international subsidiaries.

Likert scale questionnaires were sent to four managers in each bank for their response. The questionnaire was designed to appraise how important the stated factors were to a bank's management decision to embark on foreign market entry and entry mode choices. Furthermore, two managers who responded to the questionnaires were also interviewed, giving additional insights on their bank's strategies.

In order to triangulate data obtained through the responses to the questionnaire and interviews, secondary data was also employed here in a mixed methodology. Secondary data was sourced from bank annual reports and websites, reports of multilateral banking databases, and agencies like the World Bank and IMF.

Analysis of Likert Scale Data

Primary data was analysed using the Norman Distribution Fitting Analysis (NDFA) approach. According to Stacey (2005), constructs such as attitudes, perceptions and preferences are generally impossible to evaluate through direct observation, therefore researchers resort to indirect data sources, typically using some sort of self-report methodology.

The data gathered was qualitative and thus needed to be subjected to statistical transformation into quantitative data if parametric statistical methods were to be used. With NDFA this transformation can be done with greater reliability and validity than most of the other stated methods including the correspondence analysis method.

Essentially, the fundamental assumption of the methodology is that there is a distribution of perceptions about the range of issues/factors/items/variables presented in the survey. Because the response format is ordinal, it has no absolute, measurable, calibrated numeric values; therefore, the numeric measurement scale may be defined such that the distribution of responses follows a normal distribution (Stacey, 2005).

Along this numeric measurement scale, there are then threshold values that separate participants' responses into ordinal categories. In the case of this research, the categories are "Not important", "Less important", "Important," "Very important" and "Extremely important." In these five response categories, there are four thresholds which separate the categories. Using normal statistical distribution parameters such as population means and variance, the distribution of responses that is expected for each survey item can be calculated using the NORM. DIST function of Microsoft Excel. However, from the field data gathered from the questionnaire, we have the actual (i.e. observed) number of responses.

The methodology assumes arbitrary values for the means and variance of each of the survey items as well as the threshold values. While still using Microsoft Excel, the next step is to calculate a Chi-square goodness-of-fit statistic between the observed frequencies and the numeric model. If the Chi-square statistic is then insignificant, there is no significant difference between the observed data and the numeric model, and the means and variance in the model are reliable estimates of the means and variables of the survey responses.`

RESULTS

The data presented and analyzed sought to answer the main question of this research. Evidence from the primary and secondary data was used to seek support for or modification to, the propositions. Using these results,

Proposition 1

The primary data was gathered from respondents to the questionnaires and the average responses to each question were collated, tabulated and analyzed using the NDFA approach (see Tables 1 and 2). In the sections that follow, this primary data is supplemented by secondary evidence from a variety of quoted sources.

Host Country Regulations

Host countries may stipulate requirements to be fulfilled by foreign banks requiring entry into their markets. These regulations include capital requirements, ownership structure, organizational form, and permissible activities including establishing financial and non-financial subsidiaries.

TABLE 1
Normal Distribution Fitting Analysis of Responses, Expected Responses, Distribution Parameters and a Summary of Values Obtained

Item	n	μ	σ^2	Rank	t-value	p-value	Significance	Interpretation of degree of importance of factor
1.1. Regulations encouraging or restricting entry for foreign banks	20	1.02	.34	1	7.85	0.0000	Significantly greater than average, at α = 0.01	Very Important
1.2. Regulations allowing other non banking activities	20	.17	1.19	6	0.69	0.4964	Not significantly different from the average	Important
2.1. Same language and colonial heritage	20	-0.17	1.35	7	-0.64	0.5303	Not significantly different from the average	Important
2.2. Common legal origin(similar legal codes)	20	-0.35	1.10	8	-1.48	0.1565	Not significantly different from the average	Important
2.3. Geographic distance from Nigeria	20	1.25	0.52	11	-7.80	0.0000	Significantly less than average, at α = 0.01	Less Important
2.4. Level of development of banking in host country	20	0.41	0.36	9	-3.07	0.0066	Significantly less than average, at α = 0.01	Less Important
2.5. Reduced trade barrier due to regional integration (ECOWAS, NEPAD)	20	-0.49	0.25	10	4.38	0.0004	Significantly less than average, at α = 0.01	Less Important
3.1.Volatility of host country currency, inflation, and other economic risk factors	20	0.26	0.49	5	1.67	0.1122	Not significantly different from the average	Important
3.2. Political risk in host country.	20	0.52	0.48	2	3.34	0.0036	Significantly greater than average, at α = 0.01	Very Important
4.Level of development of institutions (e.g. banking supervision, judiciary)	20	0.26	0.49	4	1.67	0.1121	Not significantly different from the average	Important
5. Level of rule of law, corruption, property rights, creditor rights)	20	0.43	0.64	3	2.43	0.0259	Significantly greater than average, at α = 0.05	Very important

Regulations Permitting or Restricting Entry for Foreign Banks

Managers consider host country regulation to be "very important" in determining their entry mode choice. Data obtained from World Bank supervisory and regulatory data base (Barth, Capri, and Levine, 2012) shows that regulators, in some cases, specify organizational forms for banks seeking entry into their markets. For example, some countries do not allow bank branches (e.g. Ghana), while some others do not allow wholly-owned acquisitions of domestic banks by foreign banks. Some countries do not encourage entry as JVs. Secondary evidence shows that ease of entry into many SSA

markets has encouraged Nigerian banks to enter these markets with high equity subsidiaries. These requirements include low regulatory capital requirements, ownership terms, and laws to facilitate the repatriation of profits, among others. To emphasize the importance of host country regulations, managers pointed out that despite various applications, no Nigerian bank had been able to enter Mali and Angola by the end of 2012 due to regulatory challenges. A manager of UBA who was interviewed stated that:

'Our bank set up an office in Mali but because we were not issued a license by the Malian authorities, we could not operate. After three years in that country we were forced to close that office.'

Regulations Allowing Other Non-Banking Activities

Primary evidence suggests that this was an "important" determinant of entry mode choice. Regulators permit or restrict foreign banks participation in other activities like insurance and securities, pension fund administration, asset management, real estate and non-financial activities. In most SSA countries, however, foreign banks are permitted to either participate in these activities directly or through subsidiaries (Barth et al., 2012). Indeed evidence shows that most Nigerian banks have only banking subsidiaries in their host countries.

Market Attractiveness of Host Countries

Scholars have noted that a host country is attractive to an MNB if it shares similarities that help reduce the cost of entry and other transaction costs. These include cultural similarity, common legal origin, geographic proximity and reduced trade barriers due to regional integration.

Same Language and Colonial Heritage

Respondents stated that sharing the same language with Nigeria, English, was an "important" factor that determined their entry mode choice.

Secondary evidence shows that most of the Nigerian banks, except Diamond Bank, made their first entry into Anglophone West African countries (Sierra Leone, Gambia, and Ghana). GTBank operated only in Anglophone countries for a decade before establishing its first Francophone subsidiary in Côte d'Ivoire in 2012. Additionally, the countries with the largest concentration of Nigerian banks, namely, Ghana, Gambia and Sierra Leone are mainly English speaking (see Table 2).

However, Diamond Bank had all its international subsidiaries in four Francophone countries at the end of 2012. In the same vein, many Nigerian banks have entered French and Portuguese speaking SSA countries with high equity brownfield or Greenfield subsidiaries.

Common Legal Origin

Primary evidence shows that managers considered common colonial and legal origin to be "important" in their choice of entry mode. Most SSA countries were colonized by the UK, France, Portugal or Spain and thus derived their legal codes from these countries. Most English speaking SSA countries, like Nigeria, derived their legal codes from the UK. Secondary evidence shows that Nigerian banks have more subsidiaries in countries with the same legal origin as Nigeria. However, entry into countries with different legal origin in SSA has also been through high equity subsidiaries. This includes Côte d'Ivoire (French), with six Nigerian banks subsidiaries, Mozambique (Portuguese), and Congo DRC.

Geographic Distance

Managers stated that geographic distance between Nigeria and host countries was a "less important" consideration in their entry mode decisions.

Secondary evidence shows that Nigerian banks made entry into countries in all regions of SSA, except South Africa, mainly by high equity subsidiaries. While some of the banks have all their subsidiaries only in countries within the West African sub-region, others, including UBA, Access and Keystone Banks established Greenfield and brownfield subsidiaries in more distant countries in Central, Eastern and Southern Africa, including Zambia, Tanzania, Mozambique and Rwanda (see Table 2).

TABLE 2
International Market Entries by Made Nigeria Banks at the End of 2012 Showing the Language and Colonial Heritage of Host Countries

Host Country	Year of first entry by a Nigerian bank	Nigerian banks in host country	Host Country	Year of first entry by a Nigerian bank	Nigerian banks in host country
Benin Republic	2001	Diamond Bank, UBA	Kenya	2009	UBA,
Burkina Faso	2008	UBA	Liberia	2008	GTB, UBA, Keystone
Burundi	2008	Access Bank, UBA	Mozambique	2010	UBA
Cameroon	2007	UBA	Rwanda	2008	Access Bank
Chad		UBA	Senegal		Diamond Bank, UBA, Skye bank
China		First Bank[ro]	Sierra Leone	2002	Access Bank, GTB, Zenith, Skye Bank, UBA, Keystone
Congo Brazzaville	2008	UBA	South Africa		First Bank([ro]), Zenith Bank([ro])
Congo DRC	2008	Access, First Bank, UBA	Tanzania	2010	UBA
Côte d'Ivoire	2008	Diamond Bank, UBA, GTB, Access, Skye Bank	Togo	2011	Diamond Bank
France		UBA[br], First Bank	UAE		First Bank
Gabon	2009	UBA	Uganda	2008	UBA, Keystone
Gambia	2002	Access, GTB, Zenith Bank, Keystone, Skye Bank	UK	2007	FCMB, GTB, Zenith Bank, First Bank, Diamond Access UBA
Ghana	2004	Access, UBA, GTB, Zenith Bank,	USA	1994	UBA
Guinea	2010	UBA, Skye Bank	Zambia	2008	Access Bank, UBA

Source: Annual reports and bank documents

Level of Development of a Host-Country Banking Market

Respondents noted that the level of development of a host country's banking market was "less important" in their choice of entry mode into the host market. Rather, managers stated that a low level of development of host country banking markets presented opportunities for growth and profits.
Studies have found that most SSA countries have low financial depth and inefficient domestic banks. Domestic credit provided by the banking sector as a share of GDP measures banking sector depth and financial sector development in terms of size and these measure are low in most SSA countries (Allen *et al.*, 2010; Kiyota, 2011).

Data obtained from the World Bank Development Indicators (2012) covering depositors and borrowers and other outreach data, like the number of bank branches and ATMs per 100,000 persons, also show the low financial depth of most SSA financial markets. Kasekende *et al.* (2009) noted that, following the consolidation program of 2005, the Nigerian banking market became the second most developed market in SSA after South Africa. Secondary evidence shows that Nigerian banks entered most SSA banking markets by establishing brownfield or Greenfield subsidiaries.

Trade Barriers

Primary evidence found reduced trade barriers were a "less important" consideration for banks in their entry mode decisions. Secondary evidence shows that Nigerian banks still entered countries in other regions of SSA, where they did not have the benefit of reduced trade barriers, with high equity entry modes. Thus, non-membership of other regional blocks did not deter Nigerian banks

from entering into countries like Kenya, Zambia, Rwanda and Congo DRC with high equity subsidiaries.

Conclusions on Proposition 1

From the evidence of the primary and secondary evidence, some measures were found to be consistent with the proposition while others were inconsistent (see Table 3)

TABLE 3
Primary and secondary findings on Proposition 1

P1: Interview Questions	Primary Evidence	Secondary Evidence	Conclusions on P1
Regulations	Very important	Confirmatory	Consistent
Other Activities	Important	Confirmatory	Consistent
Same Language	Important	Mixed	Insignificant
Common legal origin	Important	Mixed	Insignificant
Geographic distance	Less important	Contradictory	Inconsistent
Depth of host country banking market	Less important	Mixed	Insignificant
Trade barriers	Less important	Contradictory	Inconsistent

Proposition 2

Studies have linked a country's level of environmental uncertainty as influencing the entry mode choice of MNB. Environmental uncertainty is measured by the country risk, the level of development of institutions and the level of rule-based governance in host countries.

Host country risk profile

Country risk is composed of many sub-measures including the macroeconomic stability and political risk of the host country.

Volatility of Host Country Currency, Inflation, and Other Macroeconomic Variables

Respondents considered host country economic stability to be an "important" factor when considering their entry mode choice. Data from WDI (2012) indicates that most SSA countries have volatile macroeconomic environments, with poor current account positions and relatively high inflation rates. Real GDP growth rates on the other hand are relatively high

However, secondary evidence shows that Nigerian banks entered most countries in the SSA with high equity subsidiaries. This was despite the fact that some of the host countries entered have a relatively risky macroeconomic outlook. These countries include Liberia, Gambia, and Sierra Leone which host a large concentration of Nigerian bank subsidiaries.

Political Risk Profile of Host Country

Managers noted that political risk in host countries was a "very important" factor that determined their bank's entry mode choice. Data on the political risk in host countries was obtained from The Political Risk Index database maintained by Country Watch as well as a database on country governance indicators maintained by Kaufmann, Kraay and Mastruzzi, (2009). Data shows that most SSA countries have low levels of political stability. Yet evidence over the past decade shows improvements. Generally, indicators of political risk show that values in Nigeria and in most SSA countries are relatively similar.

Secondary data shows that all the market entries made by Nigerian banks in SSA, except South Africa, were by high equity brownfield and Greenfield subsidiaries despite high political risk in some host countries.

Level of Development of Institutions

Managers consider the institutional development of the host country to be "important" in their entry mode decisions. These institutions help limit the cost of gathering information on borrowers as well as protect the rights of creditors. The availability of institutions that offer the borrower information in the host countries is measured by the credit information index. Additionally, the

strength of the legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending (WDI, 2012). Evidence shows that values of these measures reflecting levels of development of these institutions in SSA are similar for most SSA countries, including Nigeria.
Secondary data shows that Nigerian banks entered most of the countries of SSA with high equity subsidiaries despite the low levels of development of institutions in these host countries.

Level of Development of Rule-Based Governance

Respondents considered the level of rule-based governance development of host country to be "very important" in their entry mode decisions. Data from Kaufmann *et al.* (2009) shows that rule-based governance is generally low in SSA, but even lower in Nigeria. The measure indicating the effectiveness of government, rule of law and control of corruption indicate that in most cases, the Nigerian context is worse than most SSA countries.

Regulatory quality measures the ability of regulators to formulate and effectively enforces regulatory laws. From the data, the values of these measures are similar between most SSA countries, except South Africa. Despite the low quality of governance in SSA, secondary data indicates that Nigerian banks entered different countries in SSA with high equity brownfield and Greenfield subsidiaries. Managers interviewed noted that institutional development and governance levels of most SSA countries and Nigeria were similar.

Table 4
Primary and secondary findings of Proposition 2

P2: Questions	Primary Evidence	Secondary Evidence	Conclusions on P2
Macroeconomic stability	Important	Contradictory	Inconsistent
Political risk	Very Important	Contradictory	Inconsistent
Level of development of institutions	Important	Contradictory	Inconsistent
level of development of rule-based governance	Very Important	Contradictory	Inconsistent

Conclusions on Proposition 2

Primary and secondary evidence found a large measure of inconsistencies with the declared proposition (see Table 4).

FINDINGS AND REVISIONS TO PROPOSITIONS

The study found that Nigerian banks were among the largest banks in Africa and they possess some of the largest profit efficiencies in SSA due mainly to their tangible and intangible assets. This research found some measure of inconsistency between the propositions that were declared at the beginning of the research and the findings from the primary and secondary evidence gathered. In line with the positivist case study, these propositions may be revised or modified.
From the data, some factors that influence entry mode choice of the banks were found to be consistent and others inconsistent with Proposition 1, and yet others were insignificant. Regulations in the host country that eased entry for foreign banks and the level of development of the host banking market seem to have encouraged Nigerian banks to establish subsidiaries in most SSA countries. On the other hand differences in language, colonial heritage, legal origin and high geographic distance, between Nigeria and the host countries and the existence of trade barriers did not limit entry by the banks to low commitment modes of entry as predicted by theory. This can be explained by the fact that banks may view host countries in SSA as similar markets with similar levels of physical and institutional development with Nigeria. On the other hand, the ease of entry due to regulations and the high profitability of most SSA banking markets might offset entry and transaction costs and thus encourage entry with high equity subsidiaries.

Thus, from the findings, Proposition 1, which states:

"*A bank's choice of mode of entry into foreign market will be influenced by the host country's regulations and market attractiveness*"
is only partially confirmed**.** After reviewing the evidence, Proposition 1 was revised to state that:
"*If a host country's banking market is highly profitable and a foreign bank possesses significant O-advantages*, its choice of ***mode of entry will be influenced by the host country's regulations, but may not be affected by diminished market attractiveness due to high transaction costs***".

Evidence gathered from primary and secondary sources sometimes showed inconsistencies with the Propositions. These inconsistencies may have been due to differences in the different contexts within which previous research was conducted and on whose findings most internationalization theories were based. This is so because the findings of previous research, which showed a clear link between high transaction costs and high environmental uncertainty in host countries and low commitment entry mode choices by banks, were inconsistent with the findings of this research.

High economic growth rates and profitability of host country banking markets, possession of significant resources and O-advantages by the banks and similarity in measures of environmental uncertainty between Nigeria and host countries encouraged Nigerian banks to enter SSA countries with high commitment equity modes despite the high transaction costs and environmental uncertainties in these countries.

This is inconsistent with Proposition 2. From the evidence therefore, the proposition that:
"A bank's choice of mode of entry into a foreign market will be influenced by the level environmental uncertainty in the host country"
would have to be modified to state that:
"*A bank's choice of mode of entry into a foreign market will be influenced by the level environmental uncertainty in the host country, unless the foreign banks are from countries that share similar levels of environmental uncertainty with the host country*."

THE IMPLICATIONS OF THE RESEARCH FINDINGS

This research has shown that there is a distinct difference between the predictions from theories and findings from research conducted in more developed countries and those of findings of this research conducted on banks from SSA. Variables like weak institutional framework and low levels of rule-based governance that had clear associations with entry mode decision of banks in previous research findings proved inconsequential to the choice of entry mode of Nigerian banks. This is attributable to the fact that most SSA countries shared similar levels of environmental uncertainty with Nigeria. In this regard, it can be argued that the "uncertainty distance" between Nigeria and most host countries was low and that this created a context that was similar to their home country for the banks. While the concept of cultural and institutional distance are well known in International Business research, this study has given credence to the need for a deeper study of the role of "uncertainty distance" in IB research.

CONTRIBUTIONS

This research has essentially developed an explorative explanation of the phenomena of internationalization of Nigerian banks by examining the factors that influenced their entry mode choices. The research emphasised the various national, cultural and institutional context of SSA countries that may have influenced the findings. For these reasons, this research is highly contextual and the findings are largely idiosyncratic, but it should be noted that the research has sought high levels of validity and reliability through the positivist case study approach. Indeed this research found that the determinants of internationalization of Nigerian banks into SSA conform to the theories of internationalisation to a large degree.

LIMITATIONS

This research is mainly explorative. It relied on a small sample of research participants for the acquisition of primary data. Additionally, the fact that the sampling was purposive might affect the generalizability of the results.

SUGGESTIONS FOR FURTHER STUDIES

There are now a number of companies in Africa that can be called "African multinationals". These include: the South African telecommunications firm MTN and the retailer Shoprite; the Nigerian cement manufacturer, Dangote Industries. Factors that influence their decision to enter foreign markets and the entry mode of strategies of these African MNCs may be further studied.

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CRAFTING A NEW COURSE FOR CORPORATE GOVERNANCE REGULATION IN NIGERIA

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ABSTRACT

Drawing from an institutional theoretical perspective, this paper assesses the challenges hampering the effectiveness of regulations, and proposes a new regulatory direction for corporate governance in Nigeria. In doing this, we adopt an interpretivist methodological approach, relying on 21 semi-structured interviews. The data was analysed using the qualitative content analysis (QCA) technique. The outcomes indicate a need to move the present regulatory framework from a principle-based mechanism towards an integrated regulatory system. Furthermore, a multi-stakeholder co-regulation strategy was also recommended to promote the effectiveness of the proposed integrated regulatory framework.
Keywords: Corporate governance, Nigeria, principles-based, rules-based, co-regulation.

INTRODUCTION

Over the last few decades, the concept of corporate governance has continued to attract substantial interest amongst stakeholders (Solomon, 2013). This development, which has been accelerated by the increasing incidences of corporate collapses (Inyang, 2009; Judge, Douglas, & Kutan, 2008) evidenced by accounts in Enron, WorldCom, Lehman Brothers, among other corporations, have been traced to a variety of issues. Notably, Bebchuk and Weisbach (2010) identified seven important areas[22] which have influenced corporate governance scholarship. Recent developments in Tesco (Warner, 2014) and Volkswagen (McVeigh, 2015) have further served to reiterate the implications of poor governance practices in organisations. However, at the core of these issues is the importance of a robust regulatory system for corporate governance (Larcker, Ormazabal, & Taylor, 2011; Martynova & Renneboog, 2011; Siddiqui, 2010).

Therefore, in relation to the aforementioned, this paper addresses two proposals. The first proposal identifies an alternative regulatory approach for regulating corporate governance in Nigeria, while the second proposal recommends co-regulation between government and corporations in the country's corporate governance system. To achieve these objectives, the rest of this paper proceeds by reviewing relevant literature. This review encompasses issues around corporate governance regulation, examines the two commonly-used regulatory approaches in Anglo-American economies, discusses the underlying theoretical framework of this paper, and briefly presents the state of corporate governance in Nigeria. Thereafter, the methodology engaged in this study is noted, followed by the analysis of data collected. This paper concludes by offering a proposal for an alternative regulatory regime for corporate governance in Nigeria, whilst offering some recommendations for future research.

[22] These seven areas include shareholders and shareholder activism; corporate directors; executives and the compensation; companies without controlling shareholders; companies with controlling shareholders; cross-country comparisons in corporate governance; cross-border investments by foreign investors and; the political economy of corporate governance.

REVIEW OF LITERATURE

The Regulation of Corporate Governance

Following the importance of regulation to the effectiveness of corporate governance system, stakeholders have sought to generate knowledge to offer insights regarding the role of regulation in corporate governance. For instance, Bruno and Claessens (2007) analysed a large number of corporations from different countries to understand how corporate governance practices in a company and the country's regulatory system interact to influence the company's valuation. While their study indicates that corporate governance play an important role in ensuring efficient company monitoring and shareholder protection (which portends positive implication for corporate value), they show that the varying levels of regulation among countries informs the contrasting degree of corporate governance practices among countries. In addition, an interesting finding that emerged from their study highlighted that in companies that rely substantially on external financing, corporate governance is more valuable to such companies. In other words, even where corporate governance regulations is weak, companies must strengthen their self-regulatory mechanism, to enable it cope with the corporate governance demands of its external financiers. It can therefore be reasoned that where there is no appropriate regulatory structure for corporate governance, the goals of individuals companies can act as a catalyst for the emergence of a regulatory system.

In view of the foregoing, this paper focuses on the Anglo-American model of corporate governance which is adopted in Nigeria. The Anglo-American model is characterised by share ownership, emphasising separation of ownership from control, as shareholders appoint directors who in turn appoint management (Tricker, 2015). The adoption of this model of corporate governance in Nigeria can be traced to the colonisation of the country by Britain (Adegbite, Amaeshi, & Nakajima, 2013). Consequent upon the foregoing, this paper proceeds by examining the features and problems of the main regulatory approaches engaged in the Anglo-American model of corporate governance i.e. principles-based and rules-based regulatory approaches.

Principles-Based and Rules Based Regulatory Approach

As a predominantly regulatory mechanism, the success of corporate governance is enhanced by the level of compliance, which is influenced by the effectiveness of its enforcement strategy. To enforce corporate governance, countries engage either the principles-based or the rules-based approach, or a mix of both approaches. However, the application of these two regulatory approaches has been severally criticised. For instance, Seidman (2004) explained that focus on legal compliance mechanism, which is consistent with rules-based regulation, produces ever-increasing bureaucracies, which although are designed to enforce compliance with multiple legal and regulatory requirements, are often met by cynicism by operators and by clever employees who seek to undercut the system. Arjoon (2005) added that rules-based may not necessarily instil excellence, largely because it is impossible for a particular legislation to address all possible human infractions. Similarly, the use of the principles-based approach has attracted relative degree of criticisms. In particular, Black, Hopper, and Band (2007) identified several concerns associated with the principles-based system to include lack of uncertainty, accountability issues, blurring of distinction between minimum standards and best practice, among others.

Notwithstanding the criticisms against these two regulatory approaches, the application of rules-based or principles-based governance systems presents two fundamental concerns especially in the context of developing economies. The first concern noted in Judge *et al.* (2008), is that both approaches are features of common law[23] ideologies of the Anglo-American model. This raises a pertinent question: Can both principles of corporate governance, which are significantly different, be applied in other law contexts? Addressing this question, particularly in the context of developing economies where there exists a preference for civil law regimes, could provide an interesting proposition. Even in common law environments which are based on case laws defined by precedents, can these case laws be relied upon in a weak legal environment? Alternatively, can the use of both systems, if possible, compensate for the shortcomings of a weak legal institution?

[23] 'Common law' refers to laws that are derived from custom and judicial precedent rather than statutes.

The preceding statement informs the second concern. What are the challenges in embracing both approaches to take advantage of the benefits inherent in both models? For instance, Ofo (2011) and Adegbite (2012) highlighted the confusion created by the disguised use of both approaches in corporate governance regulation in Nigeria. Providing answers to these questions is expected to enhance knowledge regarding how corporate governance regulation could be improved. However, in addressing the foregoing concerns, it is imperative to take into account the institutional environment which influences the economic behaviours of operators. Several evidences (Adegbite & Nakajima, 2011; Aguilera, 2005; Aguilera & Jackson, 2003; Filatotchev, Jackson, & Nakajima, 2013) have revealed that concerns bordering on the institutional environment in an economy have impacted the practice of corporate governance across the world. Thus, it can be argued that offering insights towards enhancing corporate governance regulation necessitates the examination of the theory underlying institutional environment i.e. the institutional theory (see Zucker, 1987).

Institutional Theory

Whilst agency theory, considered as the supranational lens for evaluating corporate governance issues (Lubatkin, Lane, Collin, & Very, 2007), suggests that firm can be viewed as a nexus of contracts (Jensen & Meckling, 1976), Guiso, Sapienza, and Zingales (2009) contend that cultural specificities, as important determinants of economic exchange, are generally omitted during the formation of contractual relationships. Coase (1937) argue that economic theories (such as agency theory) have failed in view of the continued disregard to examine and recognise the underlying foundations and basis of the theory. Other similar calls have provoked the development of institutional theory.

Scott (1987) explained that institutional theory looks at the institutional environment, its influence on societal beliefs and practices which impact on various "actors" within the society. Similarly, Suddaby (2010) enlightened that institutional theory aims to understand why and how organisations attend to their institutional environments. Thus, it could be inferred that it is the focus of institutional theory to strengthen knowledge and the application of other theoretical approaches in the context of an institutional environment. For instance, Judge *et al.* (2008) linked institutional theory with agency theory, proposing that institutional theory promotes understanding of agency issues, as it analyses the institutional contexts in which agency issues develop. Mitnick (2006) position is also consistent with Judge *et al.* (2008) view, informing that institutional theory of corporate governance was necessitated by the lack of a framework to address underlying institutional elements of the agency model, hence its evolution as a reaction to the imperfections of the agency model.

The implication of the foregoing is that the nature of the institutional environment is critical for the selection and establishment of an appropriate regulatory regime (Martynova & Renneboog, 2011). Consequently, the adoption of the principles-based or the rules-based mechanism for corporate governance regulation is irrelevant if the key elements of the institutional environment are not accounted for. Judge *et al.* (2008) clearly demonstrate that the applicable regulatory system in a country is informed by the dominant institutional elements in that country. Furthermore, North (1990) posits that the robustness of institutions and the institutional environments determines how it (institutions) is able to check the economic behaviours of operators, and subsequently influences the selection of appropriate regulatory approach. However, in many developing economies such as Nigeria, the institutions and institutional environment is weak, which has contributed to the present state of corporate governance in the country (Adegbite *et al.*, 2013). Therefore, to understand the impact of the institutional environment on corporate governance in Nigeria, it is imperative to evaluate the regulation of corporate governance in the country.

Corporate Governance Regulation in Nigeria

Though Nigeria have a Companies and Allied Matters Act (CAMA) (1990) which is employed to regulate various areas of operations of Nigerian corporations, corporate governance regulation effectively commenced in Nigeria with the introduction of the Securities and Exchange Commission (SEC) Code (2003). Primarily, the SEC Code recognised the fundamental roles of directors and shareholders towards establishing a sound corporate governance system, hence a significant part of the code was devoted to addressing issues relating to these key players. It is worthy to note that the code was the first attempt by any corporate regulation in Nigeria to recognise the

crucial roles of non-executive directors. In addition, the code provided for an audit committee explaining its composition, qualifications and experience of its members.
Nevertheless, global developments and issues encountered with the SEC Code (2003) resulted in calls for a review of the code. A revised version of the code was released in 2011. However, in the intervening period (between 2003 and 2011), some sectors, notably the banking sector, had developed codes which sought to address the peculiarities of that industry. The first of such codes was the Central Bank of Nigeria (CBN) Code (2006). The code ushered in a new era of banking regulation following a consolidation programme in the financial sector. A key feature of the code was that compliance with its provisions was mandatory. This was not the case with the SEC Code (2003). The departure from the voluntary mechanism of the SEC Code (2003) to the mandatory approach adopted in the CBN Code (2006) signals the potential of a mandatory code in Nigeria.

Following the CBN Code (2006), another industry-specific code is the Code of Corporate Governance for licensed pension operators, introduced by the National Pension Commission (PenCom) in 2008. The code sets out the rules to guide Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs), with the aim of promoting transparent and efficient implementation of pension schemes by all operators (PenCom Code, 2008). The third industry-specific code of corporate governance is the National Insurance Commission (NAICOM) Code (2009). The code, which applies to all insurance and re-insurance companies operating in Nigeria, was expected to motivate companies in the Nigerian insurance industry to operate within a sound corporate governance framework. This is intended to promote transparent and efficient markets, which articulates the division of responsibilities among different stakeholders in the industry (NAICOM, 2009).

The emergence of industry-specific codes notwithstanding, it is still important to have a code which deals with corporate governance issues in all industries, similar to developed nations such as the UK and Australia. While this was the basis for the SEC Code (2003), the development of the SEC Code (2011) was informed by the necessity to address the weaknesses in the enforcement mechanism of the SEC Code (2003). In addition, regulators were concerned about addressing the constraints to good corporate governance, and identifying techniques for ensuring greater compliance, a challenge which the SEC Code (2003) could not sufficiently address.

These developments, amidst several calls for a review of the 2003 SEC Code, was the basis for the introduction of the updated version of the SEC Code (2003) *i.e.* the SEC Code (2011). The updated code, which has been rated as the most comprehensive regulation on corporate governance in Nigeria (Ofo, 2011), extended the frontiers of issues not sufficiently addressed in the SEC Code (2003). Indeed, a comparison with globally acclaimed corporate governance codes such as the UK code (2012) show that the SEC code (2011) addresses as many issues as the UK code. The code (SEC Code, 2011) has nine parts addressing matters concerning application of the code: (Part A), Board of Directors; (Part B), relationship with shareholders; (Part C), relationship with other stakeholders; (Part D), risk management and audit; (Part E), accountability and reporting; (Part F), accountability and reporting; (Part G), communication; (Part H), code of ethics; and (Part I), interpretation.

However, despite the comprehensiveness of the code, there has been mounting criticism against some of its provisions. With respect to the objectives of this paper, Adegbite (2012) noted that there is no clarity as to whether the code should be enforced as a rules-based or a principles-based code. Ofo (2011) also identified several shortcomings regarding the code, agreeing with Adegbite (2012) that the enforcement mechanism (rules-based or principles-based) is ambiguous, thereby leading to confusion. As noted previously, this paper focuses on this concern, with a view to offering recommendations to address this problem, in order to promote the regulation of corporate governance in the country. The achievement of this objective is enhanced by the methodology adopted for the study, which is presented in the next section.

METHODOLOGY

To achieve the objectives identified in Section 1.0, this paper adopts a qualitative, interpretivist approach. The authors considers reality as the outcome of social construction and interaction (see Berger & Luckmann, 1966). The subjective perceptions of people provide a rich and

valuable source of information (Bryman, 2012). Consequently, the authors opine that knowledge should be sought based on the perceptions of human beings, in relation to societal influences. The differences in individuals and their corresponding perceptions therefore support the multiple reality view, which is consistent with the interpretivist research.

In this study, interviews were conducted using the semi-structured technique. Semi-structured interview, according to Bryman (2012), refers to a context wherein the interviewer has a series of questions that are in the general form of an 'interview guide,' but the with the interviewer having the independence to vary the sequence of the questions. This approach, whilst encouraging two-way communication, offers the researcher latitude to ask further questions as a reaction to what is considered a significant response. Thus information generated from semi-structured interviews will not only provide answers, but also the reasons for those answers (Flick, 2014).

It was also crucial to clarify sampling issues and sample size. In view of the nature of the study, it was agreed that participants be drawn from the Nigerian business environment. These participants must be familiar with corporate governance policies. This requirement informed the decision to engage the following stakeholders; corporate executives, regulators and corporate governance consultants as participants in this study. Executives (corporate board members) were selected from companies listed on the Nigerian Stock Exchange (NSE) while regulators were selected from the principal corporate governance regulatory institutions in Nigeria (NSE, SEC and the CBN).

Thereafter, it was important to engage an appropriate sample size. Sample size issues in qualitative research are often influenced by 'saturation'[24] concerns. A considerable volume of literature in qualitative research tends to suggest that 'how many' is not necessarily the issue. A researcher should satisfy himself that he has learned, and understands the phenomenon, enough to enable knowledge generation. This is the basis for determining sample size in qualitative studies (Mason, 2010; Pope, Ziebland, & Mays, 2000). On the basis of saturation, the authors conducted 21 semi-structured interviews. A profile of the participants is provided in Table 1. The data collected was subsequently analysed using the qualitative content analysis (QCA) technique.

TABLE 1
Profile of Participants

Stakeholder Group	**No. of Participants**
Corporate Executives	9
Regulators	8
Corporate Governance Consultants	4
TOTAL	**21**
Career Background	**No. of Participants**
Law	4
Finance and Accounting	6
Economics	3
Business and Management	8
TOTAL	**21**

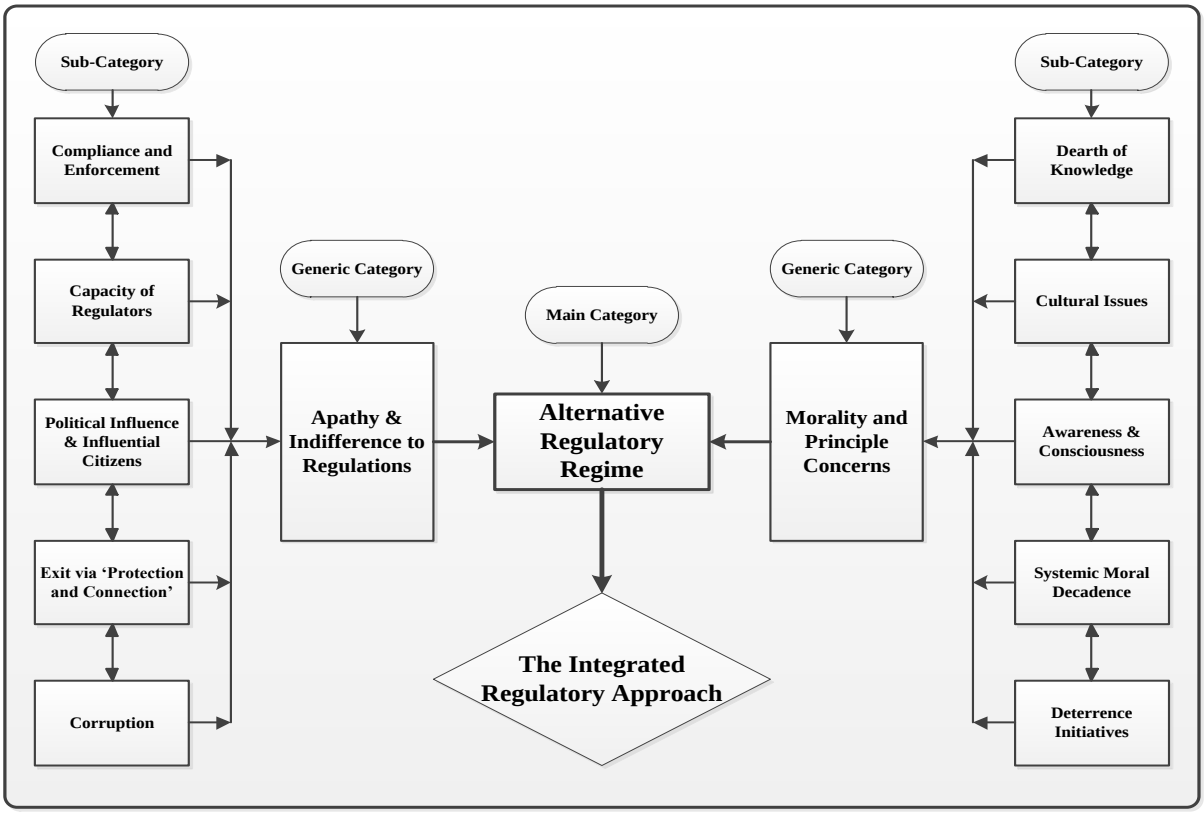
ANALYSIS OF INTERVIEW FINDINGS

As earlier noted, the data collected for this study was analysed using the qualitative content analysis (QCA) technique. Hsieh and Shannon (2005) explained that QCA allows for the subjective interpretation of the content of text data through a systematic classification process of coding and identifying themes or patterns. This fits with the interpretivist paradigm adopted in this study. The

[24] Saturation is achieved when the collection of new data does not shed any further light on the object being studied (Glaser & Strauss, 1967). Saturation is fundamentally a grounded theory construct, however Mason (2010) suggested it can be adopted as a guiding principle during data collection.

QCA procedure is based on a three-step model proposed in Elo and Kyngäs (2008). This procedure informs that key themes are identified and initially grouped as a sub-category. Further classifications emerge to produce the generic categories while the final classification of the generic categories creates the main category, which offers the core basis of the entire data analysis process. As earlier stated, three stakeholder groups were engaged in this study namely corporate executives (denoted by 'E'), regulators (represented by 'R'), and corporate governance consultants (designated by 'C'). Figure 1 presents the key themes emerging from data. From themes such as compliance, legal system, moral decadence, deterrence, among others, which constitute the sub-category, two generic categories were identified namely morality and principles concerns, and apathy towards regulation.

FIGURE 1
Thematic Framework for Study



As indicated in Figure 1, a generic category that emerged from the analysis relates to the belief system and moral principles of stakeholders. E7 noted that;

> *You know, the SEC code is driven by principles. I think this is where the problem lies. The use of principles will only work when the people are enlightened and display strong morals. But here in this country, most people are illiterate and poor, hence there is a lack of knowledge and a lack of awareness of corporate governance, and the capacity to remain morally upright is weak.*

The challenge of corporate governance regulation is compounded by low literacy levels. Adegbite, Amaeshi, and Amao (2012) inform that owing to low literacy levels, many shareholders are generally ignorant of their rights hence they prefer to remain passive. This increases the possibility of governance breaches by executives as the market fails to respond appropriately to their infractions. Indeed, in many developing economies, such as Nigeria, information asymmetry remains a concern, owing to the weak form of its market (Fama, 1970). This is often provoked by a high degree of illiteracy. This consequently undermines the effectiveness of a principles-based regulatory approach

which relies on the market, in order to react to observed governance infractions. In relation to E7's comment above, R2, a regulator, added that;

> *I think a major problem of our regulation is that it bears the mark of our colonial masters. To be honest, when it comes to corporate governance, Nigerians perceive it differently compared to the British people. So, as long as these regulations largely resemble those of Britain, it is not likely to be effective for the people in this country.*

Similar observations were noted by E3, E4, R5 and C3. Solomon (2013) argues that, from an institutional theory perspective, compliance with a code could be resisted, especially where the code originates from a foreign country with a different culture and environment. This resistance can result in 'decoupling.'[25] A code may not necessarily lack the robustness to address corporate governance concerns but institutional factors such as culture could undermine the functionality of the code. Rwegasira (2000) also emphasised that corporate governance, especially in African economies, will continue to experience challenges until measures are taken to adapt the governance model to acknowledge the peculiarities of specific economies. This links with Triandis (1972), arguing that many aspects of organisational theory developed in one culture may be inadequate in another cultural context. Indeed, comments from participants (E5, E8, R6, R7 and C4) indicate that some issues of governance in Nigeria border on the perception of corporate governance as a foreign concept. This concern emerges from the view that the codes are 'imported' from foreign countries, hence they lack the capacity to address, in particular, the cultural specificities of an ethnically-diverse country such as Nigeria. E8 admits that;

> *...maybe the problem of the code is that it failed to integrate our own culture because it was imported from abroad. So people will not identify with it. These codes do not address our local cultural peculiarities.*

Participants were unanimous in suggesting that the practice of corporate governance in Nigeria has been hampered by this development. In addition, the generic category of morality and principles is also impacted by the dominant cultural affiliations of stakeholders. For instance, while C3 stated that "you cannot separate people from their culture," E6 commented that;

> *Culture ...plays a very significant role in all that we (Nigerians) do. Our culture determines how we accept and react to issues, even economic issues. I personally think our cultural values and affiliations bears the greatest impact on the actions of at least, the majority of Nigerians.*

In corporate governance discourse, there is evidence (Haniffa & Cooke, 2002; Licht, Goldschmidt, & Schwartz, 2005) to suggest that corporate governance has been influenced by a dominant culture. Similar conclusions have been reported in Nigeria. Oghojafor, George, and Owoyemi (2012), whilst describing the relationship between corporate governance and national culture as *"Siamese twins,"* agreed that national culture plays a crucial role in the efficacy of corporate governance. Some other work (Amaeshi, Adi, Ogbechie, & Amao, 2006; Ite, 2004) suggests that the implication of culture upon corporate governance practices in Nigeria is substantial.

This view was alluded to by a majority of the participants, as they agreed that culture has strong implications for corporate governance in Nigeria. However, majority of the participants indicated that the dominant cultural values in the country are not consistent with the principles of corporate governance.

The aforementioned concerns contribute to the general apathy of the people (operators) towards regulations. This is the basis of the second generic category. An executive participant (E1) highlighted the challenge that emerges when stakeholders show apathy towards regulations. This challenge was noted in Ahunwan (2002). A consultant (C1) explained that;

> *From my experience, it is widely known that many so-called operators have never really sat down to look at the SEC code even the 2003 version. As a result, they don't even know what is expected of them and cannot perform.*

[25] Where actual behaviour of members of an organisation frequently does not reflect official accounts (Scott, 2014). There is apparent compliance with codes, but there is no genuine organisational change in practice (Solomon, 2013). A participant described this development as 'technical compliance'.

R1 also noted that the inherent challenges in the legal system, especially with reference to compliance and enforcement. R1 explained that;

> *It is far too easy to avoid compliance in this country as long as the individual or organisation is willing to offer gratification. You know, same thing also applies to the enforcement strategies for corporate governance. Generally, enforcement of the regulation is weak and there is no accountability. There are actually cases where regulators also help to facilitate these problems.*

Emenyonu (1996) traced the emergence of the issues raised by C1 and R1 to institutional deficiencies which have subsequently given rise to a growing number of Nigerians who are able to ignore the provisions of the country's laws to achieve their personal illegal ambitions. While the foregoing perception suggests that Nigerians display apathy to regulations, Adegbite (2012) added that the weaknesses in regulatory institutions have been exploited to create this attitude. Okpara (2011) agreed that a strict enforcement regime is likely to force compliance. Thus, whilst the use of regulations has appeared ineffective, it is possible that a robust regulatory regime, strengthened with commensurate enforcement strategies, could change the attitude of Nigerians towards regulatory policies. Thus, a rules-based system with an appropriate sanction strategy might achieve better results, as it minimises the possibility for misinterpretation and misunderstanding (Sama & Shoaf, 2005).

Another point noted by E3 in relation to regulatory apathy focused on knowledge issues. E3 observed that;

> *The importance of corporate governance is not fully understood or well appreciated by the majority of stakeholders. I think this has also lead to a situation where people are not really interested in corporate governance. I actually know some people who believe that pursuing corporate governance could create additional burden on their organisational finances.*

While it can also be argued that the above comment have contributed to the continued indifference towards corporate governance regulations and other instruments of corporate governance, it is apparent that the lack of understanding of corporate governance could have stemmed from short-termism prevalent in the system. For instance, the desire to sidestep regulations and pursue economic alternatives that would yield benefits for operators reflects a desire to achieve, but only in the short term. The adoption of a principles-based approach could facilitate short-termism, as it allows firms to seek voluntary compliance to corporate governance codes (Adegbite, 2012). However a principles-based mechanism requires that stakeholders act in the spirit of regulation and not 'to the letter'. This is consistent with Abraham and Shrives' (2014) proposition that disclosures should be substantive and not symbolic. This may be difficult in an environment with obvious regulatory indifference (Ahunwan, 2002). A participant (E4) noted the prevalence of 'technical compliance' rather than substantive compliance amongst Nigerian organisations. Consequently, in such environments, adherence to 'soft laws' (Black, 2008) is bound to experience challenges. These concerns provide further rationale for exploring an alternative regulatory system.

An Alternative Regulatory Regime for Corporate Governance in Nigeria

From the two generic categories discussed above, it is obvious that there is a need to modify the regulatory mechanism for corporate governance in Nigeria. While the Anglo-American model have shaped the regulation of corporate governance in Nigeria, the model appear to be specifically suited to economic systems where institutional frameworks are robust enough to check the behaviour of economic actors. The variations in the institutional environments across the globe was acknowledged in Aguilera and Jackson (2003) wherein it was noted that the control of corporations is influenced by social relations and existing institutional arrangements. The aforementioned reinforces Rwegasira's (2000) conclusions that differences in the institutional environment must be accounted for prior to and during the establishment of corporate governance systems in developing economies.

As a consequence, the proposed regulatory intervention must only have the capacity to tackle the many problems identified in the sub categories (see Figure 1), but must be robust and enduring, in order to address corporate governance concerns over the long term. Ofo (2010) traced the origin of the governance problem in Nigeria to the lack of a distinct regulatory system. In the SEC Code (2011), Ofo (2011) noted that the inability of regulators to clearly position the code either as a rule-based or principles-based regulation creates misunderstanding. Osemeke and Adegbite (2014) confirmed that

the SEC Code has features of both regulatory systems. But, section 1.3a of SEC Code (2011) indicates that;

The code is not intended as a rigid set of rules. It is expected to be viewed and understood as a guide to facilitate sound corporate practices and behaviour.

It can be argued that the view above is significantly indicative of a principles-based ideology. Schwarcz (2009) posits that principles-based regulation is often expected to promote the attainment of normative goals than the use of rules. But he added that the extent to which this occurs depends on the enforcement strategy. In Nigeria, Adegbite (2012) notes that regulation and enforcement are at variance. This position is consistent with the views of the majority of participants. This problem compels the development of an alternative regulatory strategy. An alternative will be rules-based strategy (or the stick approach) (Arjoon, 2005). There is a consensus among stakeholders noting that compliance and enforcement among the banks In Nigeria have been commendable. It is noteworthy to state that Section 1.7 of the CBN Code (2006) stipulates that:

Compliance with the provisions of this Code is mandatory.

Clearly, the CBN Code, unlike its SEC counterpart, adopts a rule-based regulatory strategy. Prior to the introduction of the CBN Code in 2006, corporate governance in the banking industry was regulated using the SEC Corporate Governance Code of 2003. But in an address to the Bankers' Committee, Soludo (2004) stated that non-compliance with regulatory requirements has been aided by the passive nature of existing regulations such that offenders are able to plead for a 'political solution' (see Adekoya, 2011). He subsequently called for a rule-based regulatory framework which formed the basis of the CBN Code (2006). The relative success achieved in the banking sector with respect to corporate governance (see Odeleye, 2014) suggests that the average Nigerian is probably more responsive to rules than principles. In a society experiencing high levels of poverty and low morality, enforcing principles is difficult, especially in view of its normative nature and intangibility.

In view of the above, the reform proposed demand that substantial elements of a rule-based mechanism be incorporated into existing codes of corporate governance in Nigeria. There are benefits of pursuing this alternative. First, urgent steps must be taken to address the deteriorating governance challenges in the country. Rules-based regulatory system has been widely acknowledged to offer an effective reform strategy, especially in the short-term. Thus, rules-based can be engaged as a "quick fix" to reposition governance practices, in order to enhance its capacity to earn the benefits of good corporate governance. This recommendation links with the need to increase awareness of corporate governance. As was the case with the introduction of the CBN Code (2006), a substantially rules-based regulation has the potential to drive corporate governance awareness as operators increasingly desire to avoid being exposed to stiffer penalties.

Following from the foregoing, this paper proposes a shift from the present regulatory structure of corporate governance in Nigeria to a substantially rules-based approach. But this recommendation comes with a caveat. This paper argues that it is difficult to achieve the long term objectives of a robust corporate governance system relying on a single approach. Despite the preference for a rule-based regulation and in line with Black (2008) proposition, this study recommends that the new regulatory model must incorporate elements of the principles-based approach. This is crucial because rules-based, as initially proposed, is intended to offer a short term impact. The pursuit of good corporate governance has been referred to as a "journey" (Madhani, 2007) thus the objective must be to achieve good corporate governance in the long-term. Arjoon (2005) stated that legal compliance, which is the basis of a rules-based approach encourages letter of the law which may not inspire excellence, but ethical compliance which underlies principles-based approach promotes the spirit of the law.

In relation to the foregoing, Black (2008) agreed that adopting principles-based or rules-based approach as an extreme position is a suboptimal strategy to implement. But Apampa (2014) questioned that if a hybrid (a mix of principles-based and rules-based) model is deemed appropriate, where along the spectrum should the optimal strategy lie? This paper adopts Black (2008) recommendation that regulators should first seek to negotiate with operators towards a consensual optimal strategy. However, if this strategy does not yield expected compliance levels, Black (2008) advised that regulators should gradually move up the enforcement pyramid whilst applying sanctions of increasing severity. This process must continue until compliance levels are acceptable. This

procedure signifies that existing regulatory approach will continue to change positions on the spectrum until the desired outcomes are achieved.

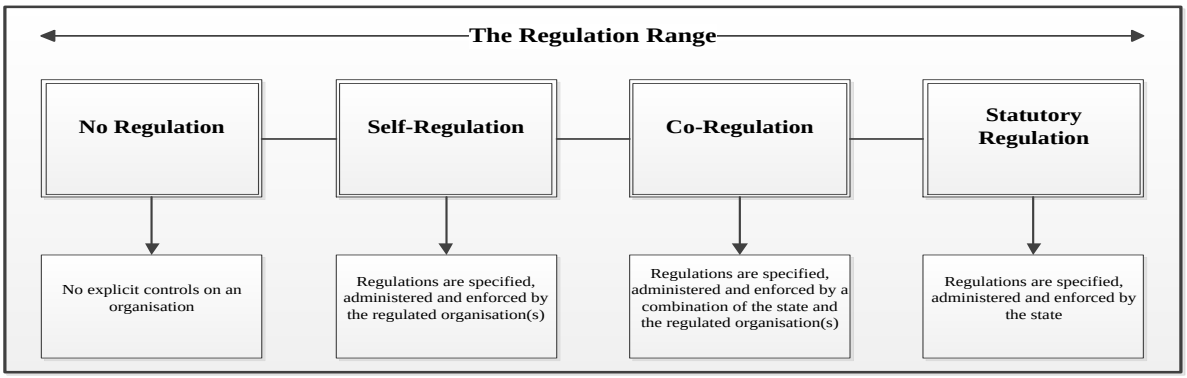
Therefore, whilst noting that the institutional environment in Nigeria does not support complete dependence on the principles-based or rules-based approaches, an appropriate mix of both approaches can achieve better outcomes. The South African corporate governance system offer evidence of the potential of an integrated regulatory approach. In South Africa, a country which shares similar socio-economic characteristics with Nigeria, its King Report III opted for an 'apply or explain' regime (Institute of Directors SA, 2009) rather than the conventional 'comply or explain' system. While the system integrates the elements of rules-based and principles-based approaches, it gives some power to corporate boards. For instance, where a board believes it is in the best interest of the company, it can adopt a practice different from that recommended by King III but the practice must be explained. According to Institute of Directors SA (2009), the change became necessary to address peculiarities of the South African business environment. This reinforces the view that countries should pursue policies which serves their best interest. Hence, it is proposed that a rules-based system be established in the Nigerian code, in the short term. Subsequently, a principles-based regulatory regime must be gradually integrated into the framework. In this study, the regulatory framework integrating elements of the principles-based and rules-based approaches is regarded as the intermediate approach to corporate governance regulation.

Having recommended a regulatory approach for corporate governance in Nigeria, it is necessary to offer further insights that would enhance the functionality of the proposed integrated regulatory framework. While the foregoing discussion have focused on addressing the first objective of this paper noted in Section 1.0, it is also deemed necessary to propose a regulatory system for firms operating in the Nigerian business environment. This proposal responds to the second objective of this paper, which makes a case for multi-stakeholder co-regulation. Generally, regulations, according to Adegbite (2012), are produced by agencies with the commensurate power and authority to induce compliance by operators. As a result, regulations could be viewed by operators as unfair owing substantially to their coercive nature. This perception tends to have consequences for compliance. This challenge is more pronounced in a country like Nigeria where the government has been repeatedly accused of not abiding by the provisions of existing regulations, thus providing a rationale for operators to also seek ways (albeit illegitimate) to evade compliance. The nature of this challenge in the Nigerian business environment dictates that an alternative strategy be proposed.

Bartle and Vass (2005) presented a framework (Figure 2) which revealed the spectrum of regulation. From Figure 2, 'no regulation' and 'statutory regulation' are isolated. Corporate governance is a regulatory mechanism hence 'no regulation' is irrelevant. Corporate governance regulations in Nigeria are monitored and enforced by the state which defines 'statutory regulation.' Evidence (Adegbite, 2012; Okike, 2007) has shown that this regulatory system is inefficient in Nigeria. Indeed, Hirsch (2011) questioned the appropriateness of strict government regulation in a fast-moving and complex economy, and its feasibility in light of major political obstacles. For these reasons, alternatives are limited to self-regulation and co-regulation (see Figure 2). Although Di Betta and Amenta (2004) discuss the benefits of self-regulation, the challenges inherent in adopting self-regulation are well documented. Baumeister and Heatherton (1996) identified two patterns of self-regulation failure; under-regulation and misregulation. Under-regulation occurs where standards are deficient and monitoring is inadequate. This could manifest in the emergence of conflicts of interest as self-regulation could favour the interests of the industry over those of the investors and the general public. Conversely, misregulation occurs due to false assumptions or misdirected efforts (Baumeister & Heatherton, 1996). One example is where Self-Regulated Organisations (SROs) limit their transparency and accountability, since they would be primarily accountable to their members rather than the government or the public.

Co-regulation (see Figure 2) involves a system wherein government and firms share responsibility for drafting and enforcing regulatory standards (Hirsch, 2011). Hirsch (2011) added that co-regulation is neither purely a government regulation nor purely an industry self-regulation, but a hybrid of both. Kirkbride and Letza (2004) suggested that corporate governance regulation has taken a significant new direction.

FIGURE 2
Continuum of Regulation

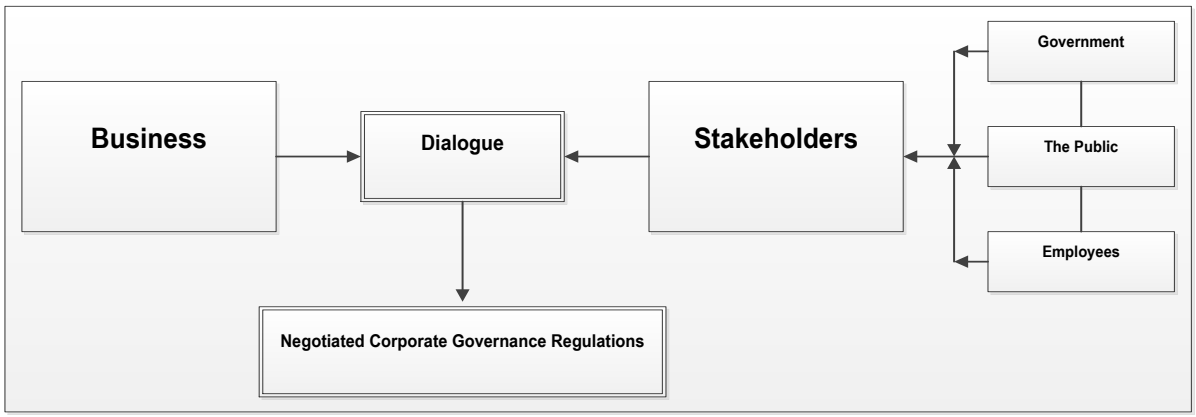


Source: Adapted from Bartle and Vass (2005)

They explained that the boundaries of regulation are no longer determined by the choice between market-based (self) regulation and state-based (statutory) regulation but by a process of collibration.[26] The benefit of this approach, according to Hirsch (2011), is that it ensures collaboration between government and businesses, leading to improved government-industry relationships, making both units problem-solvers.

However, the general view of co-regulation focuses mainly on cooperation between companies and government. Whilst this form of co-regulation is termed 'co-governance' or 'collaborative governance' (Hirsch, 2011), this thesis proposes the multi-stakeholder form of co-regulation (Jackson, 2010) which Albareda (2008) describes as the relationship between business and its stakeholders in developing corporate governance regulation (see Figure 3). This expands the frontier of corporate governance regulation beyond businesses and government. The main rationale for this proposal is informed by concerns regarding the industry-government relationship which occurs beyond the public view. This could yield one-sided outcomes which fail to protect other stakeholders (Hirsch, 2011).

FIGURE 3
Multi-Stakeholder Co-Regulation



[26] Collibration describes the process of government intervention in order to recognise a balance between its objectives and those of the market with a view to managing the balance such that government policy objectives are achieved (Kirkbride & Letza, 2004).

SUMMARY AND CONCLUSION

In this paper, the existing regulatory approach for corporate governance in Nigeria was examined. Following responses from participants, an intermediate regulatory approach that integrates the appropriate elements of a rules-based and a principles-based approach is proposed. Considering the need to reposition corporate governance practice in Nigeria, commencing the new regulatory approach with the rules-based or 'stick approach' (Arjoon, 2005) is considered necessary. However, in view of its inherent limitations (Sama & Shoaf, 2005; Trevino & Nelson, 2010) this approach should be engaged only in the short term. In fact, the approach should be changed as soon as improvements in corporate governance practice are observed. The second (final) stage of implementing the proposed regulation will integrate the principles-based regulatory approach. The efficient mix of appropriate elements of both systems will be subsequently engaged to manage corporate governance in Nigeria, over the long term. This is termed as 'the intermediate regulatory approach to corporate governance.' Evidence (Arjoon, 2005; Sama & Shoaf, 2005) shows that both approaches can sufficiently reinforce each other to generate optimal outcomes in respect of corporate governance.

To strengthen the application of the integrated regulatory approach, a multi-stakeholder co-regulation was also suggested to enhance corporate governance regulation in Nigeria. The benefits of co-regulation are numerous. Whilst it is consistent with co-regulation as they both reflect a long-term orientation, co-regulation allows organisations to better acknowledge the effect of non-compliance on collaborators (Steurer, 2013). Furthermore, in a highly dynamic market environment such as Nigeria, co-regulation offers a more rapid and flexible response to changes in market conditions. It is also important to state that in view of the confusing provisions in some corporate codes in Nigeria (Osemeke & Adegbite, 2014), the use of co-regulation could generate a regulatory framework acceptable to all stakeholders, thus minimising these confusions.

To conclude, this paper highlights an area that should attract increased scholarship with regards to corporate governance in Nigeria. Whilst it is noted that corporate governance literature in Nigeria is scant, it is worth mentioning that corporate governance scholarship in Nigeria has generally neglected governance practices in state-owned enterprises (SOEs). This is particularly worrisome as there are indications that SOEs in Nigeria are key contributors to the present state of its corporate governance (Kajola, 2008; Okike, 2007). Consequently, future studies may evaluate the dynamics of corporate governance in SOEs and the influences which obstruct good governance behaviour in the enterprises, and their overall effect on the economy. Such studies could be extended to assess how government interference affects the performance of SOEs compared with the performance of non-SOEs.

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POLITICAL RISK AND CHINESE OFDI TO AFRICA: THE ROLE OF FOREIGN AID

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ABSTRACT

We investigated the role of Chinese Aid in mitigating the political risk for Chinese outward foreign direct investment in Africa, especially in resource-abundant countries. Using panel data for 50 African countries that have received Chinese OFDI from 2003 to 2012, we tested two hypotheses developed based on the two-tier bargaining model proposed by Ramamurti (2001). Our results indicated that Chinese aid had a positive moderating effect on the relationship between political risk and OFDI in those resource-abundant countries. However, such a moderating effect was negative for all African countries. Theoretical and managerial implications following on from this study are discussed.
Key words: OFDI, international aid, political risk, Africa, China

INTRODUCTION

As one of the major considerations in the foreign direct investment (FDI) decision of multinational enterprises (MNEs), host country political risk has attracted much attention among scholars in the international business field (Asiedu, Jin, & Nandwa, 2009; Busse & Hefeker, 2007; Duanmu, 2014; Fitzpatrick, 1983). Although a consensus has not been reached among scholars on the definition of political risk, there is an agreement that political risk can have severe adverse effect on MNEs ranging from "change the terms of the agreement" to "the confiscation of wholly or partially foreign owned business property" (Weston & Sorge, 1964). Given the severe consequences of political risk, there are abundant studies on MNE political strategies to mitigate this risk. Prior studies found that MNEs can bargain with local government (LeCraw, 1984; Ramamurti, 2001), lobby local government (Okhmatovskiy, 2010; Rajwani & Liedong, 2015; Richter, Samphantharak & Timmons, 2009), develop political connections with local politician (Frynas & Mellahi, 2003; Niessen & Ruenzi, 2010), use joint ventures with local firms, or adopt a variety of other means to mitigate political risk (Feinberg & Gupta, 2009). While these findings have provided useful guidance as to how to deal with political risk at firm level, little is known on whether and how home country government can help mitigate host country political risk and protect their MNEs.

The political risk of a particular host country applies to all MNEs which make investment in that country, but its effect on MNEs may vary by the home countries to which the MNEs belong. This is because a host country government has different relationships with various home country governments. A friendly relationship between home-host country governments can help mitigate the general host country political risk and vice versa. Indeed, the effectiveness of MNE political strategy depends, to a considerate extent, on the relationship between home-host country governments which defines the specific investment environment for MNEs from a particular country. This notion is

consistent with the two-tier bargaining model developed by Ramamurti (2001) based on his observation of the negotiation between the MNE's home country governments in developed countries and host country governments in developing countries and the resultant more MNE-friendly investment environments in many developing countries in the 1990s.

Following on Ramarmurti (2001), we propose that a home country engages a host country through foreign aid to negotiate the entry of MNEs in a politically risky host country, with aid acting as a vanguard against political risk such as expropriation(Duanmu, 2012; Kimura & Todo, 2010) and corruption (Feinberg & Gupta, 2009). Although the important role of home country governments in improving investment environments of MNEs and mitigating political risk has been highlighted in the literature (Ramamurti, 2001), few studies have furthered this line of research by investigating specific mechanisms home country governments could use in the "tier-1" bargaining and the effectiveness of these mechanisms. This study is one of the first studies to start this investigation which should unpack significant implications to both research and public policy.

This study endeavours to make the following contributions. First, it extends the two-tier bargaining model by identifying foreign aid as a specific mechanism employed by home country governments in the tier 1 negotiation for the entry and post-entry risk mitigation. Second, it advances the literature on political risk by highlighting the variability of host country political risk by sector. Third, our empirical context of Chinese outward FDI into African countries is of great importance. Specifically, we chose the context of Africa as it is perceived to have a high political risk yet there is a rapid growth of Chinese MNEs in the natural resources sector (Alden & Davies, 2006; Besada *et al*., 2008; Broadman, 2007; Corkin, 2007). Finally, our study enriches the empirical setting of IB literature on FDI location choices.

THEORETICAL BACKGROUND AND HYPOTHESES

Political Risk and Two -Tier bargaining Model

There is no consensus on the definition of host country political risk among scholars (Fitzpatrick, 1983). In the earlier studies, it was termed as loss of control over ownership or loss of benefits of enterprise by government action (International Bank for Reconstruction and Development, 1962). Weston and Sorge's (1972) further specifies: "[P]olitical risks arise from the actions of national governments which interfere with or prevent business transactions, or change the terms of agreements, or cause the confiscation of wholly or partially foreign owned business property" (p.60). Truitt (1974) includes all "non-business" risks such as "creeping expropriation" in the scope of political risks. Lessard (1993) provides a slight twist to the definition of political risk by highlighting the risk of political discontinuities resulting in losses through expropriation or major policy shifts. Howell and Chaddick (1994) expanded this definition by including not only political decisions, events or conditions in a country, but also those that might be referred to as social, which will affect the business environment such investors will lose money or have a reduced profit margin.

Other classifications of political risks facing MNEs have been described in terms of whether they are firm-specific (governance risk, due to goal conflict between an MNE and its host government), country-specific (including transfer risk and cultural and institutional risks), or global-specific (including terrorism, the anti-globalisation movement, environmental concerns, poverty, and cyber-attacks). Despite of the differences in the explicit definition of political risk, the subsequent adverse influence of political risk on businesses are evident in all studies.

MNEs are more susceptible to political risk in host countries than domestic firms for two reasons. First, as foreign firms, MNEs suffer from liability of foreignness (Zaheer, 1995) with fewer connections in the host countries. They are not well informed of possible changes in policies and do not have as many resources such as political connections to mitigate the adverse effect of the political risk. Second, MNEs are usually the precise targets of policy changes such as nationalism movements (Kostova, Roth, & Dacin, 2008).

Literature has provided ample evidence of the "adversarial and confrontational" events in host countries (Dunning, 1998: 280) and the severe consequences of the host country political risk. Consequently, MNEs have developed strategies to mitigate such risk by negotiating with local governments in host countries (Carney, Gedajlovic, & Yang, 2009; Jiang, Peng, Yang, & Mutlu,

2015; White, Hemphill, Joplin, & Marsh, 2014). They have tried to leverage their strengths such as advanced technology or well-known brands to get favourable terms of entry, operations or exit. Notably, entry bargaining relations between host countries and MNEs have followed the accepted obsolescing bargain model (Vernon 1971) which characterized the nature of bargaining relations as a function of goals, resources and constraints on both parties (Vernon, 1971). This traditional bargaining model developed in the 1980s (Lecraw, 1984; Kobrin, 1987) was based on the experience of MNEs from developed economies. However, MNEs found that their bargaining power became obsolete post entry because the host country governments could hold MNEs' investments made in host countries as hostages and change the agreed terms. Indeed, while the initial bargaining favoured the MNE, once the MNE had made the investment, the bargaining power could theoretically shift to the host country over time, with risks such as host country imposing more or even new conditions on MNEs, including conditions such as higher taxes to asset expropriation. However, recent developments in entry bargaining literature indicate a shift from the obsolescing bargain model which had focused on the adversarial nature of the bargaining between MNEs and host countries (Vernon 1971), to the two-tier bargaining model (Ramamurti 2001). This growing literature view the obsolescing bargaining model as having limited explanatory capacity given the shifting nature of bargaining relations between MNEs, home countries and host countries (Eden & Lenway, 2001; Luo, 2001; Ramamurti, 2001). This has given way to new conceptualisations of the bargaining relations including the two-tier bargaining model (Ramamurti, 2001).

Ramamurti (2001) extended the one-tier bargaining between MNEs and host country governments by incorporating another tier of bargaining: the one between home and host country governments. Ramamurti conceptualizes host country – MNE relations as a two-tier, multiparty bargaining process. The initial, Tier-1 bargaining starts when the home country and host country meet bilaterally or through multilateral institutions to lay down the broader rules on FDI negotiations. These macro rules undoubtedly influence the micro rules set during the traditional Tier-2 bargaining relations between the MNE and the host country (Ramamurti 2001). As would be expected, the effectiveness of the bargaining between MNEs and host country governments would depend, to a large extent, on that between home and host country governments because the latter could increase the bargaining power of the former by clearing up the investment barriers and laying the ground for a favourable investment environment. That is, it was plausible that Tier-1 bargaining smoothened the relationship between MNE and host country, such that during the Tier-2 bargaining, the relations between MNEs and host country are already cordial and cooperative (Eden, et al., 2005). The two-tier bargaining model highlights the important role of the home country government in helping MNEs mitigate host country political risk (Ramamurti & Doh, 2004).

Unsurprisingly, there has been growing support for Ramamurti's (2001) two-tier bargaining model. Bakir (2015, p. 64) surmises that home countries strategically use agreements to strengthen their MNEs bargaining power during entry bargaining negotiations with host countries. When not directly influencing the host country, home countries have from time to time, relied on international agencies like the International Monetary Fund (IMF) and the World Bank, to influence host countries that are aid recipients to follow the rules during the entire duration of the foreign investment. In other circumstances, the home country would encourage the International Finance Corporation (the World Bank's private-sector lending arm), to co-invest in an investment so as to minimise political risk. Furthermore, home countries would also encourage their MNEs to take political insurance from the Overseas Private Investment Corporation (OPIC) and other international institutions like the Multilateral Investment Guarantee Agency (MIGA) which was a member of the World Bank group to minimise political risk. Finally, MNEs were encouraged to invest when developing host countries embraced legal provisions for international arbitration. Although home country governments have a variety of tools to use in their bargaining with host country governments, our study focuses on foreign aid and discusses how it can help mitigate host country political risk.

Political Risk and FDI: the Moderating Role of Foreign Aid

Among a variety of instruments available to home country governments to support their MNEs in their respective host countries, foreign aid can play a critical role, especially for investments in developing countries (Asiedu, Jin & Nandwa, 2009; Bearce & Tirone, 2010). Foreign aid, described in terms of financial flows, technical assistance, and commodities geared towards

promoting economic development in recipient countries, has often been viewed as an effective vehicle for promoting economic growth in developing countries (Lancaster, 2007). However, recent reviews on foreign aid indicate that a donor's motivation was influenced by political and strategic considerations (Alesina & Dollar, 2000; Lancaster, 2007). Discussion relating to motivations for giving aid concedes that aid continues to serve as a form of home country (donor) guarantee for investments in a host country (recipient), and that aid moderated the level of risk perceived by MNEs from the donor country (Asiedu, Jin & Nandwa 2009; Kimura & Todo, 2007). Other recent studies on the emergence of China as a major aid donor conclude that China's approach to foreign aid has shifted from that influenced by Cold War ideological and political considerations to one that is more influenced by business strategy (Buckley, Clegg, Cross, Liu, Voss, & Zheng, 2007; Chaponnière, 2009; Cheng & Shi, 2009; Ramasamy, Yeung & Laforet, 2012; Warmerdam & de Haan, 2011).

Past studies indicate that the threat of expropriation had a negative effect on FDI (Eaton & Gersovitz, 1984). However, recent literature proposes that an increase in aid improves a country's credit ratings (Harms & Rauber, 2006), and that aid mitigated the adverse effect of expropriation risk on FDI (Asiedu, Jin & Nandwa, 2009). Asiedu, Jin and Nandwa (2009) propose that although risk negatively impacts on FDI, aid alleviated the negative influence of risk on FDI, and that specific to the 'risky' Sub-Saharan Africa region, it would be beneficial to increase aid to high risk countries. In line with Asiedu and colleagues, we contend that foreign aid from a giving country to a recipient country can negatively moderate the relationship between political risk and outward FDI from the giving country to the recipient country. Nevertheless, there is substantial increase of MNEs' FDI to high risk countries as MNEs FDI is driven by the high economic growth and low labor costs (Feinberg & Gupta, 2009). Thus we have the following hypothesis:

> ***Hypothesis 1***: Foreign aid from a giving country to a recipient country negatively moderates the relationship between political risk and outward FDI from the giving country to the recipient country.

Further, we differentiate the moderating effect of foreign aid by sector of the investment and by ownership of MNEs. Natural resource sector is usually among the top of the list of sectors which are controlled or regulated by host country governments. As critical and exhaustible endowments, natural resources are important to all countries. To those countries whose economies are highly dependent on nature resource sector, the strategic importance of this sector cannot be overestimated. Therefore, FDI into this sector is usually of direct control by host country governments. While they may grant licenses to MNEs to develop this sector due to a variety of reasons (such as the lack of technology or finance to develop themselves), the concern of foreign ownership of a country's critical natural resources may surface from time to time. Therefore, natural resource sector is known for its high expropriation risk.

Rather than follow the traditional bargaining model where MNEs relied on their firm-specific advantages to obtain investments deals and minimise the potential for host government expropriation (Fagre & Wells, 1982; Grosse, 2005; Lecraw, 1984; Moon & Lado, 2000; Poynter, 1982; Vernon, 1971), MNEs are now following what Ramamurti (2001) describes as a two-tier bargaining. Li et al (2013) indicate that this two-tier bargaining has been successfully implemented by Chinese MNEs in the natural resource sector: the China Government initially engages with host countries endowed with natural resources so as to lower the political risks, prior to Chinese MNEs negotiating investment deals with host country governments (Alden & Davies, 2006; Broadman, 2007; Buckley, Clegg, Cross, Liu, Voss, & Zheng, 2007; Kragelund, 2010).

As discussed above, China's targeted foreign aid forms part of engagement with host countries, helping minimise political risk for Chinese MNEs in the natural resources sector. Indeed, recent statistics from the Ministry of Commerce of China show a consistent growth of outward foreign direct investment (OFDI) flows in the natural resource sector, which accounted for nearly 21 percent of total OFDI flows over the period 2004 to 2009 (MOFCOM, 2011). Therefore, we predict that the negative moderating effect of foreign aid on the relationship between political risk and FDI is stronger for FDIs in natural resource sector. Thus we propose the following hypothesis:

> ***Hypothesis 2:*** The negative moderating effect of Foreign Aid on the relationship between political risk and FDI is stronger for FDIs in natural resource industries.

Research Context

We implement our investigation in the context of Chinese FDI in Africa. This empirical setting is ideal for our study because of three reasons. First, compared to Chinese FDI in other regions of the world, Chinese FDI in Africa has a full spectrum of key investment motives, such as natural resource-seeking, efficiency-seeking and market-seeking. Other regions may have one or the other as key motives, but all these three motives have good representation in Africa. Second, the relative importance of these motives has changed over the years, allowing us to investigate the differential role of international aid on FDI location choices. Third, Chinese FDI in Africa has achieved increasing prominence but has been understudied. By the end of 2013, the stock of Chinese OFDI in Africa lifted from US$491 million in 2003 to US$26.2 billion in 2013 (Ministry of Commerce, 2014), representing a staggering 53-time increase and a compound annual growth rate of 48.8% over this ten-year period. Africa is very important to China both politically and economically. Politically, Africa has 56 independent countries. Their support and thus votes in international political, economic and civil decisions can be crucial for China to achieve its political goals in the world. This can be dated back to the role the African countries played in supporting China to return to the United Nations in 1971 (Bräutigam, 2011). Economically, Africa is not only an important source of commodities for China, but also a considerably large export continent for China's export. In 20014, China's export to Africa reached US$93.2 billion (IMF 2015) while imported US$109.5 billion from Africa. The bilateral trade increased from US$5.6 billion in 1999 to overUS$200 billion in 2014, 36 times over this 15-year period. Moreover Africa has also a huge potential for economic growth. The United Nations recently forecasted Africa's population will be quadrupled by the end of this century, representing three quarters of the population growth globally (United Nations, 2015). Finally, Chinese government has promoted its OFDI in Africa (Li, Newenham-Kahindi, Shapiro, & Chen, 2013). Moreover, a majority of Chinese OFDI in Africa was made by Chinese state-owned enterprises. Thus, it can be expected that Chinese government is more actively in using both economic and political mechanisms to mitigate its OFDI in Africa.

METHODS

Research Data

We use country level data from 2002 to 2013 for our hypothesis testing. The data of Chinese investment in African countries are collected from the yearly statistical bulletin of China's outward foreign direct investment, published by China's Ministry of Commerce (Ministry of Commerce, 2010, 2014). By the end of 2013, Chinses MNEs have invested in 50 African countries (Ministry of Commerce, 2014).

Variables and Measurements

Following Kang and Jiang (2012), we used the natural log of OFDI stock in each country as the dependent variable in our analysis. These data were drawn from the statistical bulletin of China's OFDI published by Ministry of Commerce (2010, 2014).

China's aid data to Africa were drawn from the database of AidData, collected and published by a group of researchers from the USA and Germany and supported by the United Nations University World Institute for Development Economics Research using a media-based data collection (MBDC) approach. As the intensive data collection project was conducted on early 2013, most of China's aid data projects were from 2000 to 2012. We downloaded the database that contained 1955 China's official aid projects and extract information about China's aid to Africa at the country level and on a yearly basis. We calculated the sum (total aid) of official development assistance (ODA)-like, and other official flows (OOF), and excluded official investment as it is part of Chinese OFDI in the aid recipient country since 2000. To our best knowledge, we are the first to use this database for studying China's OFDI.

Data on political risk is downloaded from the Heritage Foundation that compiles the index of economic freedom. The economic freedom index has 10 political and economic risk measurements, including property rights protection, freedom from corruption, government spending, business

freedom, labor freedom, monetary freedom. We use property right protection and freedom from corruption as indicators and calculated their average score for political risk as both of them were used by previous studies (Duanmu, 2014; Kang & Jiang, 2012). We reversed the index to reflect the level of political risk. Its value ranges from 34.4 (Botswana) to Sierra Leone (85), Zimbabwe (88.5) and Libya (90).

We use the resource (oil, ore and metal) export as the GDP percentage as an indicator for resource dependence and draw the data from the World Bank. It has been widely reported that one of the motivations for Chinese OFDI in Africa is to seek resources (Sanfilippo, 2010).

Several country-level control variables were also included in our models. GDP was included as it indicates the economic size of a host country. Market-seeking has been found as another investment motivation in Africa by Chinese firms (Sanfilippo, 2010). It was downloaded from the world development indicators. The bilateral trade can also influence the Chinese investment for two reasons. First, investment may follow the trade as conventional internationalisation theory predicts. Second, the bilateral trade may be used by the home country as economic power to protect its investment in the host country (Duanmu, 2014), thereby promoting further investment in the host country. We draw the China's trade data with each of African countries from the IMF database. Similarly we include the export dependence of African country as a control variable. Other three country-level variables are unemployment rate, inflation, and exchange rate. These three variables could have influenced on the FDI in the host countries (Duanmu, 2014) and were also downloaded from the World Development Indicators published by the World Bank.

The Model

Based on the hypotheses developed, we have developed our base regression model (model 1) as follows:

$\text{Ln}\ (\text{OFDI}_{it+1}) = \alpha_{it} + \beta_1\text{Political risk}_{it} + \beta_2\text{Ln(aid)}_{it} + \beta_3\text{Natural resource}_{it} + \beta_4\text{Ln(GDP)}_{it} + \beta_5\text{China export}_{t} + + \beta_6\text{Export dependence}_{it} + \beta_7\text{Inflation}_{it} + \beta_8\text{Exchange rate}_{it} + \beta_9\text{Unemploymentrisk}_{it}$

Where *i* represents a country in Africa, and thus varies from 1 to 50; *t* indicates the time period and ranges from 2002 to 2012. One-year time lagged was adopted for all independent variable except the aid as China's aid and investment to Africa were reported as often bundling each other (Mohan, 2013).

To test our H1, we have added the interaction effect of political risk and aid (β_{10}Ln(aid) *Political risk_{it}). The three-way interaction item (β_{11}Ln(aid) *Political risk_{it} *Natural resource_{it}) was added to test H2, along with the two other two-way interaction effect (β_{12}Ln(aid) *Natural resource_{it}) and (β_{12}Natural resource *Political risk_{it}) as part of the three-way interaction.

We adopted the panel data estimation method for our model through placing together the 50 African countries that have received Chinese OFDI over the period of 2003-2013. Hausman test (1978) was conducted to determine if fixed- or random-effects model specification is used. We used fixed-effect model in our analysis as Chi^2 was less than 0.05 reported in the Hausman test. The descriptive statistics and correlation matrix were presented in Table 1.

TABLE 1
Means, Standard Deviations, and Intercorrelations among Study Variables

	N	Mean	S.D.	1	2	3	4	5	7	9	10	11
Ln(OFDI)	485	3.662	2.220	1								
Ln(TotalAid)	500	18.389	5.577	0.572	1							
Political risk	438	68.568	11.432	0.054	0.177	1						
Natural resource	351	18.610	21.350	0.364	0.321	0.297	1					
Ln(GDP)	495	22.807	1.642	0.509	0.227	-0.208	0.250	1				
Ln(China export)	492	19.055	2.033	0.622	0.316	0.004	0.220	0.727	1			
Export dependence	490	11.529	30.429	0.165	0.002	0.281	0.290	-0.132	0.103	1		
Inflation	494	9.502	11.345	0.217	0.156	0.022	0.024	0.137	0.106	-0.059	1	
Exchange rate	484	791.824	2238.534	0.018	0.054	0.087	0.016	-0.041	-0.026	-0.005	-0.037	1
Unemployment	460	9.590	7.256	-0.026	-0.114	-0.369	0.290	0.149	0.026	0.129	-0.078	-0.032

Note: Ln(OFDI) – total Chinese OFDI; Ln(OFDI) – total Chinese aid since 2000; Political risk – composition score of property right protection and freedom from corruption (reversed); natural resource – export of oil, ore and metal as percentage of GDP; China's export – China's export to the African country; Export dependence – Merchandise export as percentage of GDP.

MODELLING RESULTS AND DISCUSSION

Table 2 presents the findings based on the model specifications as discussed above. From the base model (Model1), China's total aid is highly correlated to its OFDI. The correlation is positive and significant at 0.000 level. This clearly indicates that China has tied its aid to OFDI in African countries, supporting the claims in the existing literature (Mohan, 2013). Moreover, the coefficient for GDP is positive and significant, indicating market-seeking is a strong motivation for Chinese firms to invest in Africa.

TABLE 2
Results of Model Estimation

	VIF	Model 1	Model 2	Model 3
Ln(TotalAid)	1.26	0.140*** (0.028)	0.371*** (0.091)	0.486*** (0.097)
Political risk	1.42	0.027† (0.014)	0.064** (0.019)	0.075** (0.021)
Ln (aid) * political risk			-0.267* (0.114)	-0.253* (0.114)
Ln(Aid)*Natural resource				-1.911† (1.034)
Political risk*Natural resource				-0.510 (0.330)
Ln(Aid)*Political risk*Natural resource				0.022† (0.015)
Natural resource	1.99	0.003 (0.007)	0.003 (0.007)	0.447* (0.222)
Ln(GDP)	3.67	2.075*** (0.216)	1.909*** (0.251)	1.727*** (0.257)
Ln(China export)	3..00	0.000† (0.000)	0.000† (0.000)	0.000† (0.000)
Export dependence	1.69	-0.001 (0.009)	0.010 (0.009)	0.011 (0.009)
Inflation	1.1	0.005 (0.006)	0.007 (0.006)	0.005 (0.006)
Exchange rate	1.02	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Unemployment	1.71	-0.061† (0.029)	-0.062* (0.028)	-0.078** (0.028)
Constant		-48.379 (4.812)	-48.102 (5.314)	-47.008 (5.355)
Observations		315	310	310
R^2		0.3598	0.3769	0.4160

Standard errors are in parentheses
†p<.10; *p<.05; **p<.01; ***p<.001

The most interesting findings in Model 1 is probably the positive relationship between political risk and Chinese OFDI. This is again the conventional wisdom that FDI is negatively correlated to political risk. However, this finding is similar to what reported by Kang and Jiang (2012) in their study of FDI location choice by Chinese firms in East and Southeast Asia. They found that there was a positive relationship between economic risk and Chinese OFDI in the developing East and Southeast Asian countries, such as Philippines, Indonesia and Thailand. They offered little explanation for this and suggested that Chinese OFDI to these developing countries may be attracted by the differences in regulative and economic differences.

Three plausible factors may explain the positive relationship between political risk and Chinese OFDI in African countries. First, Chinese MNEs are latecomers in the global market and thus do not have First Mover Advantage (FMA), such as technology leadership, accessing to new market and critical resources, reaping advantages in market share and profitability (Lieberman & Montgomery, 1988; Vidal & Mitchell, 2013). MNEs from Western countries are often dominated in trade and FDI, particularly in those countries where political and economic risks are low. Thus Chinese MNEs were driven to those countries with a relatively high level of risk to explore opportunities and not compete with their counterparts from developed countries. In fact, they are the *first movers of latecomers* in African markets. Second, the institutional environment in these relatively risky countries may be similar to that in China. Thus Chinese MNEs could be experienced in operating in such an environment. Third, Chinese MNEs may have possess some firm specific advantages (FSAs) (Rugman & Li, 2007) that fit the economic development level in Africa.

FIGURE 1
Moderation Effect of Chinese Aid on the Relationship between Political Risk and Chinese OFDI

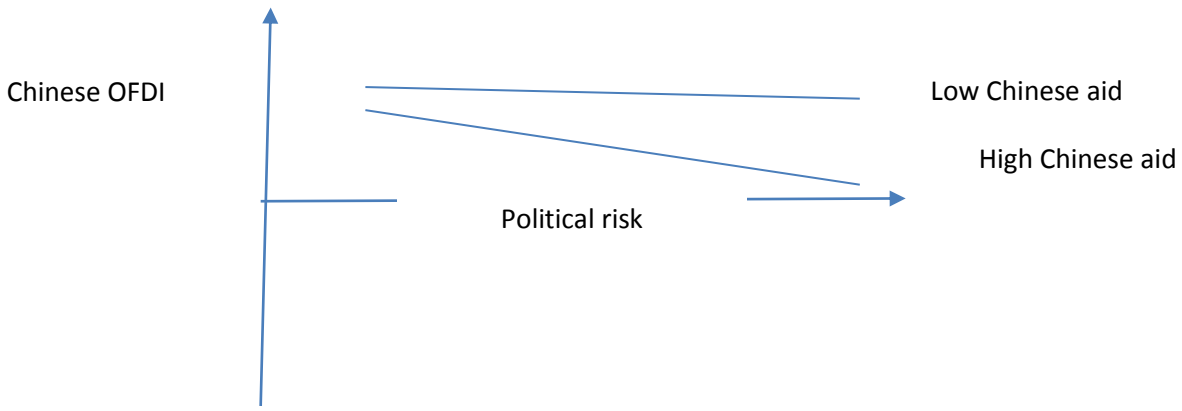
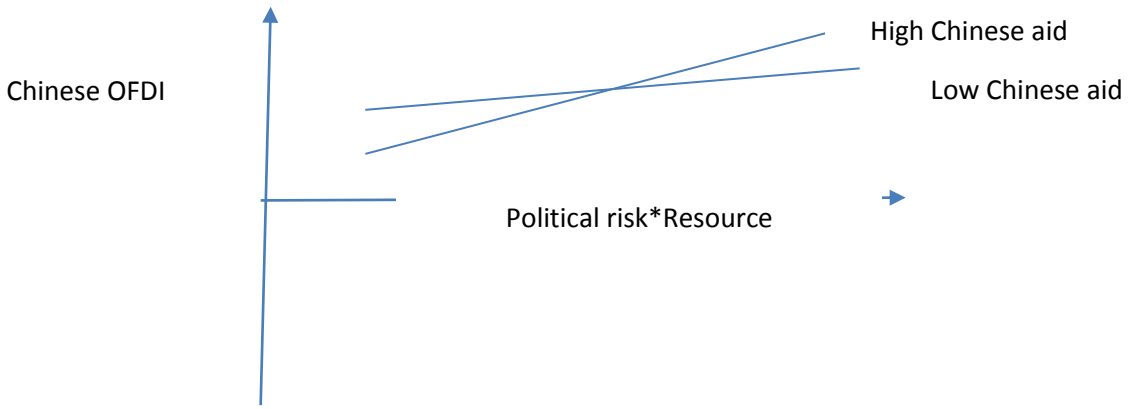


FIGURE 2
Moderation effect of Chinese Aid on the Relationship between Political Risk, Resource, and Chinese OFDI



To test our H1, we have added the interaction of political risk and total aid to the model. The results of this interaction are also shown in Table 2 (Model 2). As shown in Model 2, the interaction item (Political risk * TotalAid) is significant, but different from what we expected. This indicates that Chinese aid to Africa did not moderate the political risk of the host country. The negative sign further suggest that Chinese aid is more likely to flow to those African countries where the relationship between political risk and Chinese OFDI is lower. Rather, Chinese aid to Africa may be driven by other factors, such as humanitarian, trade, and political purposes. Therefore, our H1 is not supported.Our H2 states that the moderating effect of Chinese aid on the relationship between political risk and FDI is stronger for those countries with rich resources than those without them. We added a three-way interaction item to our base model (Model 1) to test this hypothesis. The findings are shown in Model 3. We found that the coefficient of this three-way interaction is positive, but only significant at 0.10 level. This means that Chinese aid mitigates political risk in those resource-rich countries, therefore supporting our H2. Figure 2 illustrates the moderation effect between political risk, level of resources, and Chinese OFDI.

CONCLUSION

Chinese OFDI in Africa has rapidly increased over the last decade. Given the relatively high risk level in many African countries, how Chinese government uses its first-tier negotiation to support its MNE's FDI is theoretically and practically an important research topic. Using the two-tier bargaining model (Ramamurti 2001) and panel data over a period of 2003 and 2012, we investigated the role of Chinese aid plays in mitigating the relationship between Chinese OFDI and political risk in Africa. We found that Chinese OFDI in Africa is positively related to Chinese aid. Such a close tie between FDI and aid suggests that they may be bundled together. Using aid as vanguard for FDI has been also found in other countries, such as Japan (Kimura & Todo, 2010).

We also found that country-level political risk is also positively related to Chinese OFDI and suggested that this may be attributed to the institutional environment in Africa, the characteristics of resources possessed by Chinese MNEs, and their experience of operating in similar economic and institutional environment. Moreover, the fact that Chinese MNEs are latecomers in the international market may also contribute to this. The challenge facing Chinese MNEs in Africa is that how to survive and prospect as the first movers of latecomers (Lieberman & Montgomery, 2013). Moreover Chinese MNEs may find they can be more likely to succeed in African region than globally (Rugman & Li, 2007).

One of the key research questions this paper aims to address is: Does Chinese aid moderates the relationship between political risk and Chinese OFDI in Africa? Our finding shows a negative moderation effect of Chinese aid on the relationship. Thus it does not support that Chinese government uses its aid as part of first-tier negotiation to mitigate the political risk for its investment in the host countries. Rather it suggests that Chinese aid may be driven by other factors. This is an area that needs further investigation in the further.

Finally, we found there is a positive and significant three-way interaction coefficient among Chinese aid, political risk and resource richness. That is, Chinese aid mitigates the effect of political risk on its OFDI in those countries where resource is abundant. Given the importance of natural resources to China's rapid economic growth in the last three decades, resource-seeking has been considered as the dominant motivation for Chinese OFDI in Africa (Li et al., 2013). In this sense, it seems that Chinese aid has been used to mitigate its investment risk in strategic industries, particularly those resource-abundant African countries.

Limitations and Directions for Future Research

As with any study, there are limitations with the present research. First, we assumed that the aid as an independent variable in our model specification. However, the relationship between aid and

OFDI can be more complex than this. For example, OFDI can be a driving factor for aid. Thus, their cause-effect relationship needs to be examined in future studies. Secondly, our study solely focused on the role of international aid from Chinese government and Chinese MNEs. As Chinese government has played a very active role in promoting and assisting its MNE's OFDI in Africa, and a substantial proportion of Chinese OFDI in Africa is made by Chinese SOEs. This may limit the generalization of the finding from this paper to other home countries. Finally, we only examined the role played by Chinese aid in Africa. Future studies may investigate such relationship globally.

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A BEHAVIORAL ECONOMICS PERSPECTIVE ON CRISIS MANAGEMENT DECISION-MAKING IN AFRICA

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ABSTRACT

Although scholarly work in the crisis management field has flourished in recent years with contributions from numerous disciplines, research that considers crisis decision-making and contingencies in Africa remains scant. Moreover, applications from the growing field of behavioral economics to the field have not yet been systematically explored and integrated. This paper addresses both shortcomings by presenting a perspective of crisis decision-making rooted in this emerging field with specific applications for the African continent.

INTRODUCTION

An organizational crisis is a low-probability, high impact event that threatens an organization and its stakeholders. It is largely unexpected, can create substantial damage to the organization, and requires a prompt, decisive response to manage effectively (Crandall, Parnell & Spillan, 2014). If not addressed effectively, a crisis can seriously hinder performance or even threaten survival (Coombs, 2007; Coombs & Holladay, 2006; Pearson & Clair, 1998).

Effectively managing a crisis is a multifarious process that extends beyond routine decision-making, especially in volatile and uncertain environments common in emerging economies common to the African continent (Crandall et al., 2014; Coombs, 2007; Coombs & Holladay, 2006; Dadzie, Winston & Dadzie, 2012; Parnell, Köseoglu, & Spillan, 2010; Pearson & Clair, 1998; Roux-Dufort, 2007). Indeed, crisis management (CM) processes are context specific (Ouedraogo, 2007; Ralston, Holt, Terpstra & Kai-Cheng, 2008; Reid, 2000). As such, theory and practice governing the field is interdisciplinary, with scholarly contributions from areas such as strategic management, organizational behavior, public relations, risk management, and disaster management.

Central to the crisis management process is the challenge of crisis decision-making, which often requires leaders to render rapid decisions in environments of stress, high uncertainty and complexity. Scholars have traditionally viewed decision-making in all organizational contexts, including crisis management, as an inherently rational process. However, exclusively rational decision-making is rarely the norm, and even the most rational decision makers appear to make irrational decisions at times. Scholars in behavioral economics (BE)—integrating the fields of psychology, sociology, and neuroscience—have addressed this conundrum, developing a field that has flourished in recent years with insights that are not tightly linked to assumptions of rationality (McDonald, 2008).

Applications of behavioral economics to crisis management are legion because both CM and BE recognize the psychological, emotional, and interpersonal anomalies associated with complete, non-routine decisions (Carone & Di Iorio, 2013; Diacon, Donici, & Maha, 2013). Scholars encourage practitioners to make sense of complex and sometimes frantic crisis-related activities by following

step-by-step instructions in a systematic and methodical manner. Such prescriptions have been useful and serve as a secure underpinning for the discipline. Indeed, responding to such unexpected and high-impact events requires a rational mindset vis-à-vis the organization's crisis management team (CMT) and the implementation of its crisis management plan. However, the prevalence of organizational crises does not support the contention that decision makers will always be rational, before, during, and after the crisis event. This appears to be especially true in emerging nations where crisis training is not as common, global entities are more likely to be involved, and environmental uncertainty can increase crisis complexity (Parnell, Köseoglu & Spillan, 2010).

Crisis management in organizations is receiving increased scholarly attention in the West (Crandall, Parnell & Spillan, 2014; Lalonde & Roux-Dufort, 2013), but there is a death of research on the topic in emerging economies, including the processes by top managers to engage in crisis decision-making (Dadzie, Winston & Dadzie, 2012; Herbane, 2013), especially in Africa (Acquaah, 2011; Agyapong & Boamah, 2013; Agyapong & Muntaka, 2012; Mahmoud, 2011). Indeed, infrastructure deficiencies and limited resources that are typical in emerging African economies not only increase the risk of a crisis, but can also intensify the damage when one occurs. Indeed, risk is inherent in mining and other industries common to the African continent. However, it tends to be greater in developing nations than in the developed world (Agyemang, 2003).

A BEHAVIORAL ECONOMICS PERSPECTIVE ON CRISIS MANAGEMENT

Behavioral economics (BE) addresses the reality of myriad and uneven degrees of rationality in the decision-making process. BE scholars recognize the importance of the human element and that most decisions are made in less-than-ideal situations. Rather, crisis decision-making is fraught with emotion, bias, and inconsistency, and is particularly cumbersome in the complex and uncertain environments common to emerging economics. BE seeks to understand this less-than-rational decision-making process by integrating concepts from psychology and sociology. Many of these concepts can be readily applied to decision-making in crisis situations.

In this section, we operationalize 16 BE concepts in the crisis planning and crisis action stages of the CM process. We sub-divide these concepts, or enforcers, into (1) comparison of alternatives/loss aversion and (2) cognitive stages. The resulting framework amends the traditional rational decision-making process, whereby crisis threats are formally identified, alternatives are evaluated systematically, and the decision is based on the most logical choice of action. While rationality provides a useful paradigm for thinking about CM, the reality of an organizational crisis suggests that human emotion, unique and dire circumstances, and an expedient time frame dictate a less-than-rational decision-making process.

The first group of BE concepts, *comparison of alternatives/loss aversion*, examines the decision-making style that involves evaluating options in order to minimize loss, even if an optimal decision is sacrificed in the process. The second group of BE concepts, *cognitive***,** includes situations in which decision-makers adopt a certain mindset or cognition when approaching a problem. Each group of enforcers is addressed within the context of the crisis management stage (i.e., crisis planning or crisis action) where its influence is most likely to be seen. We begin the discussion with the comparison of alternatives/loss aversion group.

Comparison of Alternatives/Loss Aversion BE Enforcers

This group of BE enforcers involves decision-making based on the need to evaluate available options or choices, especially with regard to a potential loss or gain situation. These enforcers can lead to both positive and negative outcomes.

Optimism bias. BE scholars refer to the tendency to overestimate the probability of a positive occurrence and underestimate the probability of a negative occurrence as optimism bias (Weinstein, 1980), or the "positivity illusion" (Ariely, 2009). Individuals tend to think hazardous events at work

are less likely to happen to themselves compared to others doing the same job (Caponecchia, 2010). Likewise, CM scholars refer to an "it can't happen to us" mentality whereby managers assume a crisis will strike another firm, but not their own. Optimism bias helps explain this mindset. Optimism is not inherently destructive. Indeed, optimistic entrepreneurs and scientists are largely responsible for new ventures that spur an economy. Such individuals must be willing to persevere and risk failure (Ariely, 2009). On the other hand, some degree of pessimism and anticipation of negative outcomes is warranted with regard to crisis planning.

Optimism pushed to the extreme can be dysfunctional to organizations, society, and even the entire economy. The global recession of 2007 to 2008 can be linked in part to the excessive optimism of U.S. citizens buying homes they could not really afford. Many government officials and organizational leaders encouraged this over-optimism, not recognizing both the broad crisis and myriad organizational crises that were to follow (Parnell & Dent, 2009). The global economic crisis had a more devastating effect on the African continent, resulting in a decline in the growth rate of about 60 percent. As emerging economies, nations were not able to weather the storm like their more developed counterparts (Fosu, 2013).

Optimism is also associated with currency issues and general financial instability prevalent in emerging African nations. Considering one example of many, the Ghanaian cedi fell over one-third against the U.S. dollar in 2014 because of an impending current-account deficit estimated to be about 10% of GDP, coupled with the government's inability to cut spending, thereby forcing the nation to seek assistance from the IMF (Bax & Dontoh, 2014).

Temporal discounting. Broadly speaking, individuals tend to accept a less attractive outcome in the present rather than wait for a more attractive outcome, especially if some degree of risk is associated with the delay. This process is known as temporal discounting (Whelan & McHugh, 2009). Individuals vary significantly in their patience and in their susceptibility to this problem, however (Dittmar & Bond, 2010). This can be a serious concern for individuals seeking to raise crisis awareness in an organization and/or procure the resources necessary to engage in crisis preparation. In turbulent environments common to emerging economies, managers often perceive crisis to be more the norm than the exception and may be willing to accept modest short-term gains to avoid potential long-term loss. While there are times when this approach might be valid, each decision must be evaluated on its own merits.

Probability weighting. Identifying quantifiable probabilities associated with decision alternatives does not guarantee an effective decision. According to prospect theory, decision makers tend to overrate low probability events and underrate high probability events (Barberis, 2013). Ironically, this phenomenon actually helps raise crisis awareness, but it may shift resource allocations in the wrong direction. For example, the odds of a fire destroying a facility that processes agricultural goods might be quite low, but those odds could be overestimated by managers and workers alike, especially following the news coverage of a devastating fire in a wood products firm a thousand miles away. Raising awareness can be productive, but it is important that resource allocation decisions be based on objective data, not just estimated probabilities. In such an instance, it would be unwise for a CMT to focus a substantial amount of time and energy preparing for a fire while ignoring less spectacular but more likely events such as a supply chain disruption caused by a weather event or a denial of website service due to a computer virus.

Individuals tend to convert objective information about probability into a subjective view of what might happen (Becker & Greenberg, 1978; Mukherjee, 2011). Even when probabilities of outcomes are reliably known, they tend to create their own probability weights in a way that overemphasizes low probability outcomes. Consider a simple example that could occur in the crisis preparation stage. Suppose a new, high profile pharmaceutical drug has a 99% chance of moderate to high success, but a 1% chance of abject failure. An ostensibly crisis-averse executive might fear a disaster, overweigh the odds of failure, and opt to thwart the product launch. Of course, crisis avoidance is never entirely possible and should be evaluated within the context of the prospects for

success. Hence, not introducing the drug might reduce the risk of a crisis below 1%, but it is not necessarily the most effective strategic decision. Moreover, no pharmaceutical company is likely to survive in an environment overly laden with crisis fears.

This example is further complicated by industry-specific concerns in Africa. The debate over drug availability has created a crisis for pharmaceutical firms operating on the continent. Traditionally, industry leaders have argued that drugs should be available to those who can afford them, thereby respecting patents and providing revenue streams necessary to spur additional research and development. In contrast, many activists have invoked a humanitarian argument, contending that drugs should be available on the basis of need, not means. A long battle over this debate emerged in South Africa in the late 1990s. After the South African government passed a law mandating price cuts on patented drugs, the Pharmaceutical Manufacturers' Association prepared to resolve the issue in court. The public relations backlash that followed damaged the entire industry, painting its members in a negative light and resulting in a pre-trial settlement that provides below-cost drugs to many consumers (Jack, 2005).

Bounded Rationality. Herbert Simon's concept of bounded rationality lies at the core of behavioral economics. Bounded rationality is based on two real world notions, limited search and satisficing (Schilirò, 2012; Simon, 1991). With regard to decision-making, individuals often lack sufficient time and energy to investigate every option available, especially when managing a crisis. Hence, good decision makers know when to select a decision that satisfies key criteria and move on by identifying key decision criteria and evaluating potential alternatives accordingly. Satisficing can lead to error when misused, but it can also be an effective decision-making tool when time constraints are present.

Simon's concept of bounded rationality is a heuristic tool and is important in crisis decision-making because it helps reduce the time involved in decision-making and the complexity that envelops a problem. The concepts of satisficing and bounded rationality are prevalent in Africa's emerging economies where high environmental uncertainty adds complexity to the decision-making process. Managers often identify and implement quick, practical solutions to problems that advance the organization even if they are not always optimal. Hence, bounded rationality should be viewed in a positive light when warranted by factors in the environment.

Recognizing the concept of bounded rationality can help crisis decision makers make more effective choices. Perfect decisions are elusive, and spending excessive time and resources to pursue perfection can make a situation worse. Hence, in some cases, more effective decisions often occur when limitations are embraced, major issues are examined, and decisions are made rapidly. Bounded rationality appears to defy the notion that good decisions are approached in a logical step-by-step manner and therefore, may appear less-than-rational. The premise, however, is that time and energy are limited when making crisis decisions; hence, bounded rationality helps explain why that process may proceed more quickly. In some cases, time and information may be limited and decision-making may need to be expedited. It may not be feasible to evaluate all of the options.

Invoking a bounded rationality perspective under crisis conditions can help decision-makers avoid unnecessarily delaying a decision while additional information is gleaned, a problem known as paralysis by analysis. In theory, additional information can always improve a forecast and new facts could become apparent immediately after a decision is made. Waiting just a little longer to make a decision amidst a crisis seems to have little downside, but multiple short delays can easily transpire into a long delay and inaction. This unfortunately communicates to stakeholders that the organization is indecisive in the midst of a crisis. Hence, extra time to evaluate every available factor or alternative related to the crisis is simply not an option in a real organizational crisis situation. While careful analysis is important, excessive analysis and slow decision-making can make the organization appear indecisive and less effective in its CM efforts. Paralysis by analysis is most likely to occur when decision-makers are faced with high complexity in a dynamic environment. Such instances are common in Africa's developing nations, where it is easy to rationalize that waiting for more information is better than attempting to navigate the current chaos.

Perceptions of gains and losses. Decision makers perceive potential gains and losses differently. As a rule, they tend to be risk averse in potential gain situations and risk taking in potential loss situations (Pixley, 2010). Crisis situations typically involve potential loss, suggesting that crisis managers might be willing to take irrational risks to avoid or minimize the downside. Because of personality influences, some CMT members may be risk averse in some areas but risk seeking in others. Differences in how to approach risk are linked to perceptions and how individuals mentally process bad outcomes. This underscores the notion that not everyone is equally equipped to serve on a CMT, as well as the need for crisis management training.

Reference points. People tend to use reference points rather than absolute values when evaluating alternatives (Baucells, Weber, & Welfens, 2011). Paraschiv and Chenavaz (2011) describe the following scenario. Suppose two individuals own identical apartments that they want to sell for $100,000 each. However, the first person originally paid $120,000 for her apartment while the second person paid only $80,000. Will both individuals feel as though they have gained $100,000 when they eventually sell? If one assumes reference points as a criterion, the first person will actually perceive a $20,000 loss while the second person will perceive a $20,000 gain. The reference point is not $100,000, but is instead the difference between original purchase and selling prices. This is why savvy real estate agents obtain the original sales price of a home before advising their clients about a prospective offer.

In a crisis situation, the reference point may be a fully functional organization, the state of affairs before the crisis actually occurs. However, a crisis alters the realm of possibilities. For this reason, decision-makers may delay appropriate crisis responses. They evade the reality of the crisis and attempt to push the organization back to an earlier reference point that is no longer attainable. Instead, they should make decisions that offer the best possible outcome for the organization given the current situation. This might explain why production firms hesitate to recall all of the defective products they produce at the outset, but end up doing so over a protracted process, each time facing additional customer scrutiny and media skepticism.

Omission bias. Many decision-makers wish to avoid regret so they often choose safe, default choices that can be easily defended unless there is a risky choice that might be objectively better (Sunstein, 2013). They often fail to take action that might help a situation because they fear the regret associated with taking an action will lead to harm, a phenomenon known as omission bias. Individuals do not tend to think of harms of omission as a personal fault. Consider the case of childhood vaccinations. Some parents are reluctant to have their children vaccinated, despite the fact that the likelihood of illness or death is typically lower than occurs if no vaccination occurs (Ritov & Baron, 1990). Vaccinating a child that ultimately experiences harm is likely to engender substantial feelings of guilt because the injury was a result of parental action.

The key to understanding omission bias is distinguishing between acts of commission and omission. Acts of omission typically lead to less regret than acts of commission in the short run. However, this changes in the long run, as acts of omission—what could have been done—become more important (Schwartz, 2004).

Omission bias can be seen in crisis decision-making as well. For example, an organization in crisis may opt not to hold a press conference even though doing so will probably benefit the company over the long term because doing so may also bring more questions from members of the media that are not immediately answerable. Hence, a perceived safer option is to not hold the press conference, or at least to delay it.

Omission bias can become a greater concern in the more political environments common in emerging economies that lack appropriate legal frameworks and infrastructure (Holburn & Vanden Bergh, 2008; Lailani Laynesa & Mitsuhashi, 2013; Peng, 2003; Vázquez-Maguirre & Hartmann, 2013). While certain business activities such as bribery are overt and are generally illegal, others such as forms of collusion with competitors, lobbying legislators, and negotiating with regulators, are more

cunning and situational, and do not always have a clear legal standing (Mantere, Pajunen, & Lamberg, 2009; Parnell & Dent, 2009; Parnell, Scott, & Angelopoulos, 2013; Rival, 2012; Vázquez-Maguirre & Hartmann, 2013). Faced with a crisis, decision-makers in such environments might hesitate to act, thereby alleviating perceived responsibility.

Cognitive BE Enforcers

The cognitive group of BE enforcers involves decision-making based on an individual's or group's mindset. While the previous group is based on comparing alternatives, the cognitive group bases decisions on filtered mindsets that govern the thinking of the decision-maker.

Pre-commitment. A pre-commitment strategy involves designating in advance how one will act when an event occurs (Liu, et.al. 2014). Pre-commitment strategies are helpful when actions required to manage a crisis are well known in advance and expedient actions must be undertaken when the crisis commences. For example, teaching individuals how to exit a building in the event of a fire is a well-practiced pre-commitment strategy. Individuals are usually taught not to take extra time to collect their belongings before exiting. The dangers associated with doing so appear intuitive before a crisis strikes. However, during a crisis, one's ability to make clear judgments can be curtailed as adrenaline flows rapidly and a sense of panic ensues. Nonetheless, it might be viewed as rational to accept the risk associated with taking a minute to maintain data security by removing a laptop computer before exiting the burning building. Hence, telling employees in advance *not* to take the time to retrieve personal belongings or electronic equipment appears to be less-than-rational.

Effective CMTs typically invoke pre-commitment developing standard operating procedures (SOPs) for addressing crisis situations ahead of time, particularly in emerging economies. Building on the previous example, exiting a building on fire without retrieving one's personal belongings or important work seems counter intuitive, but installing an off-site automatic data backup and retrieval system can reinforce such a policy. Doing so reassures employees that delaying the exit during an emergency is not only unwise for safety reasons, but is also unnecessary. The notion of SOPs is consistent with the idea of bounded rationality (discussed later) as well. The SOP might not be the perfect action to take when a crisis occurs, but it is typically a prudent and acceptable choice that would not emerge from a rational decision-making process.

SOPs can be particularly appropriate in emerging economies where rank and file members of an organization are less likely to have the training and empowerment necessary to make and execute operational decisions when a crisis occurs. For example, having a clearly defined process (i.e., SOP) in place to address a power outage can provide some stability and consistency in an organization, even if it is not the optimal solution in every instance. Workers unfamiliar with the strategic ramifications of various options can easily be trained to incorporate SOPs. In this respect, they contribute to the aforementioned satisficing that often occurs during a crisis event.

Visualization. Crisis scenarios that can be easily visualized are more likely than those that cannot to be perceived as viable threats. While photos of airplane crashes and fires are common, it is difficult to imagine what a technology breakdown looks like, even though the latter represents a far more common crisis event. For this reason, highly visual crises may receive greater attention by management even if their likelihood of occurrence is remote when compared to more likely, but less visual crises.

Ambiguous decisions are difficult not because of what is known, but because of what is unknown. Ambiguous situations can be due to hidden probabilities, information asymmetry, or context unfamiliarity. Sometimes situations are not as ambiguous as decision makers perceive at the outset, but addressing ambiguity effectively requires information. The CMT must determine what information is needed to transition from ambiguity to risk and how to obtain it in a timely manner. Compromises are often necessary depending on the time frame for a decision, the potential loss from making a poor decision, the quality of information available, and the cost of that information.

Overestimation of observations. It is important not to overestimate one's observations to the extent that those made by others are ignored. Individuals have a tendency to weight their own explanations more heavily than those of their colleagues. Crisis decision-makers are invariably faced with determining when they have enough evidence to make a key decision. The CMT should focus on obtaining high quality information to reduce uncertainty and understand the quality of the information, especially from dubious and Internet sources. The CMT should be discerning when evaluating alternatives or explanations (Stern, 2013).

Overvaluing one's observations is a pattern of thinking that transcends both low stress (crisis preparation) and high stress (crisis action stage) decisions. This bias also enforces the preference for group rather than individual decisions because of the synergy that can emerge from effective teamwork.

Framing. Framing occurs with the same situation or alternative is stated using different terms, thereby resulting in different perceptions (Foss & Lindberg, 2013). For example, many consumers view products that are 90% fat-free more favorably than those with 10% fat content, although both product descriptions are synonymous. Framing can create challenges for crisis decision makers. Although crises are often framed as completely unpredictable, chance, or unavoidable events, this is not always the case. A "we can't help it" perspective is often promoted either by individuals who are poorly trained in crisis management or those who seek to escape responsibility for crisis planning an act of omission (aforementioned), or both.

Crisis managers can leverage the notion of framing, but doing so is not always in the best interest of the organization. For example, framing a prospective crisis as a life or death scenario might be extreme, but doing so can raise awareness, particularly for those in the organization who are not convinced threat assessment is important. This might not appear to be detrimental to the organization, but accuracy is essential; understating or overstating a crisis can result in a misallocation of resources required to prepare for and manage it, and future skepticism about crisis preparations deemed to be unnecessary or too costly.

Framing is also a challenge when alternative crisis responses are evaluated. The frames through which alternatives are presented—consciously or otherwise—can influence the attractiveness of the alternatives (Hossain & List, 2012; Kim Haut & Bockstedt, 2013). For example, a production line that is 96% free of defects also means four products out of 100 will be defective. When assessing alternatives, decision makers should be careful to rephrase and evaluate facts and options from all angles to minimize problems associated with framing.

Framing is also a factor when the media report on an organizational crisis. In many instances, the organization is blamed, even before the facts of the incident have been thoroughly examined. When events are circulating on social media, framing can become problematic for the organization because the opinions, not the facts, of blogs and video posters are intertwined with the reporting of the incident.

Scapegoating. The act of blaming a person or group for a negative outcome that is due either in full or partly to other causes is called scapegoating (Rothschild, Landau, Sullivan, & Keefer, 2012). The purpose of scapegoating as a strategy is to transfer blame from the guilty party to someone else (Allport, 1948). Such a strategy minimizes feelings of guilt over one's responsibility for causing a negative event (Douglas, 1995).

Scapegoating is a human tendency, and justification for identifying a culprit after any crisis seems to build as a thorough investigation ensues. While identifying errors is essential—and individuals might need to be terminated as a result—care must be taken to remain reasonable and circumspect. Indeed, individuals tend to identify patterns among phenomena even when they might be completely random (Doyle & Chen, 2013; Falk, Falk, & Ayton, 2009). Managers in a firm that experiences a crisis may use scapegoating as a strategy to displace the blame and attention to another party. Blaming one's suppliers or customers is common. Certainly, a number of crises have originated within supply chains, but the firm usually shoulders at least some of the blame.

Outsider decision bias. In general, decision biases often affect decisions individuals make about themselves more than they do about decisions that affect others (Mooreland, 2013). Put another way, individuals are often more likely to display a decision bias when considering a decision about themselves or their own organization, but might actually recommend a different, more rational course of action when they are not directly involved in the decision. This is why it can be helpful to have outsiders involved in both pre-crisis planning as members of the CMT and in post-crisis evaluation, as they do not typically share the organizational blind spots and decision biases (Carone & Di Iorio, 2013). Of course, obtaining recommendations from others can be beneficial, but those individuals—even competent outsiders—bring their own biases as well.

Conformity/groupthink. Psychologists have understood for decades that many people display a propensity toward group conformity even when they must change views or perceptions they believe to be accurate (Ashe, 1956; Bond & Smith, 1996; Janis, 1982). High crisis concern could also lead to groupthink, especially in organizations whose leaders do not share information freely and encourage vigorous debate of alternatives (Herek, Janis & Huth, 1987). This tendency toward conformity could have adverse effects in both the crisis preparation and the active crisis stages. During crisis preparation, influential individuals suggesting potential crises or worst-case scenarios might receive instantaneous support from others on the CMT, while suggestions from less influential members might receive limited attention early on and never receive full consideration.

During the crisis action stage, when stress and uncertainty are high, an early plausible solution might receive quick, unanimous support from a CMT whose members seek to act decisively. Subsequent, more effective options might never be aired and fully evaluated. The literature confirms several high-profile crisis that were characterized by groupthink, including NASA's 1986 decision to launch the ill-fated Space Shuttle Challenger, which exploded shortly after takeoff, killing eight astronauts (Esser & Lindoerfer, 1989).

IMPLICATIONS FOR AFRICA

Understanding the basic tenets of behavioral economics can help explain elements of the less-than-rational behavior that emerges from CMTs, particularly in emerging nations. Understanding the rationale behind less than optimum decisions is a first step in improving the quality of an organization's crisis management response. In the discussion that follows, we focus on three areas of crisis decision-making with specific applications to the African continent.

1. While behavioral economics explains why identifying worst case scenarios is encouraged in some settings but not in others, this tool is especially useful in uncertain, global, and complex environments common to the African continent.

The identification of worst case scenarios is a key charge of the crisis management team. From this list, crisis contingency plans are drawn up and resources are made available, "just in case". But the motivation to identify these scenarios is complicated by certain behavioral factors. On one hand, the BE enforcers of *pre-commitment* and *visualization* encourage the process of risk identification and planning. Both of these enforcers are proactive in that they encourage planning before a crisis event has occurred including a process of addressing these events should they occur.

The BE enforcer of *probability weighting* introduces a bias that may cause crisis management planners to emphasize the wrong worst case scenarios. On the other hand, the *optimism bias* may work in the opposite direction, causing decision-makers to avoid emphasizing the likelihood of a realistic crisis event. Indeed, optimism bias and temporal discounting do not necessarily dismiss the threat of a crisis. Instead, this mode of thinking lulls management into thinking the threats either will occur elsewhere, or they are so far removed from the firm they are not worth worrying about. For

example, many firms in Africa are faced with the prospects of power shortages and outages and must factor this reality into their strategic decisions. On the one hand, such a consideration is germane; no managers at an African manufacturing facility should be surprised if and when an outage occurs. On the other hand, firms must find ways to meet demand and grow. Risk aversion and paralysis by analysis can easily set in when one considers the uncertainties.

This problem is common to many nations throughout the continent, as nations throughout Africa are facing an energy crisis (Laary, 2014). Erratic power supply and uncoordinated outages are widespread, affecting business operations and damaging electronic equipment (Kruse, 2014). Even in South Africa, where electricity used to be a reliable commodity. Dwindling investment and poor maintenance of equipment at state-run power provider Eskom has resulted in frequent blackouts. The first new power station built in South Africa in over two decades is scheduled to be completed in 2018 or 2019, almost a decade later than originally forecast. Eskom generates almost all of the power in South Africa and nearly half of the electricity on the continent, so its problems are far-reaching. Mines and factories have lost output as a result. As CEO of gold mining firm DRDGOLD Niël Pretorius put it, "It's a worrying thing you've got to watch all the time…This company won't survive a complete collapse of Eskom." Similar scenarios can be seen throughout the continent (Wexler, 2015).

Water shortages are also common throughout the African continent. An ample and reliable supply water is required for the production of many goods and services. Moreover, the demand for water will likely intensify with population and urbanization growth, and ironically, with increases in the standard of living. Mining operations critical to economic development are expanding, but these firms use more water while rainfall amounts have been decreasing over the years due to longer dry seasons. Growth in nations like Ghana is seriously threatened by a poor infrastructure incapable of meeting demand. This creates crises for myriad firms (Dzawu, 2013).

The Ebola crisis also offers an interesting example. Ebola not only created a human crisis in West Africa, but an organizational one as well. Some firms faced worker shortages due to the illness and many were unprepared to increase hygiene standards in the workplace to control spread of the disease (Hussain, 2015). Telecommuting could have been an option for some professional and service workers, but insufficient infrastructure and a predominance of hands on, manufacturing industries made it impractical for most.

2. Behavioral economics explains why crisis decision-making is slow, risk averse, middle-of-the-road, and often ineffective, problems that are particularly acute in African organizations.

One of the problems decision-makers face in the crisis action stage is that decisions rendered can appear slow to external stakeholders. Indeed, with the speed of social media, the negative effects of a crisis can be transmitted over a wide audience and geographic area in just a matter of minutes. Hence, decisions must be made in a timely fashion by management, and yet crisis decision-making can be slow because of paralysis by analysis.

The reality of an organizational crisis, however, does not lend itself to the luxury of infinite time. With speed at a premium, the CMT must ultimately resort to a *bounded rationality* approach and make decisions expediently. Indeed, environmental complexity amplifies this phenomenon. For example, nations in West Africa are threatened by epidemics, flooding, and other recurring natural disasters (Conill, 2013). Specifically, flooding is common due to the seasonal heavy rainfall and associated run-off with drought conditions and bam problems in Ghana and Burkina Faso. Tidal waves are also common along the West African Atlantic coastline. Lake Volta, the largest artificial lake in the world, seems to have altered climate patterns in Ghana (Andah, van de Giesen & Biney, 2003). The accompanying deforestation, change in water surface area, and dams that dried up rivers not only affected agriculture, but also spurred a migration to Accra, resulting in poor quality, unplanned settlements in the immediate path of potential flash floods.

The June 4, 2015 explosion at a gas station in Accra further illustrates the complexity of the problem. Approximately 150 people were killed when floods washed stored fuel into a fire. Most of

the victims were in the gas station for the same reason, seeking refuge from flash flooding (Tomlinson & Duell, 2015). Hence, a natural disaster that is often viewed as an inconvenience in the developed world triggered a calamity with substantial loss of life and organizational implications in a developing nation.

A central theme of BE is that decision-makers may carry the mindset of being too cautious. Put differently, loss aversion is a primary motivator in decision-making. Figure 5 depicts our discussion on the *perceptions of gains and losses* and the *reference point*. The loss function has its roots in prospect theory (Kahneman & Tversky, 1979). In general, decision-makers will opt for minimizing perceived losses as opposed to maximizing perceived gains. Prospect theory suggests that for top management or the CMT, cost minimization can take precedence over gain maximization.

Collectively, paralysis by analysis along with bounded rationality, perceptions of gains and losses coupled with the reference point, and the omission bias, can cause decision making to sway toward the middle. The result is that neither top management nor the CMT gets what it wants in terms of a decision alternative. This makes it more difficult to know if the proposed decision by either party would have ultimately been effective. Moreover, a middle-of-the-road decision could hinder the effectiveness of the crisis strategy. Because of group dynamics, the decision-makers are forced to compromise, minimize loss aversion, and avoid regret. Such decision-making does not always result in effective strategies to address the crisis.

3. Behavioral economics explains the less than rational thinking patterns in crisis decision makers, especially in regions such as Africa where sound crisis management training is less common.

Crisis-related decisions are extraordinary. In the crisis preparation stage, decision-makers must advocate the allocation of time, energy and resources to prepare for situations many in the organization—including executives—do not believe will happen. In the crisis action stage, they must make decisions under conditions of duress, incomplete information, and limited time. Rationality-based assumptions are helpful as a starting point, but they are woefully incomplete in explaining why crisis managers act as they do, and how they should act differently.

Effective communication is critical in the crisis action stage, but decision-makers in emerging economies are more likely to be insufficiently trained in this regard. In developed Western economies, open communication with the press is widely viewed as a desirable response to organizational crises (Evans & Elphick, 2005; Mullins, 2005). However, access to the press and social media is at best inconsistent in most African nations, prompting uneven communication with key stakeholders (Gupta, 2011; Parnell, Crandall, Xihui & Long, 2007).

Personal differences among crisis decision-makers are substantial, and include varying degrees of exposure to previous crisis events in the organization or in other organizations. *Overestimating observations* is a serious concern. When this occurs, individuals are basing future forecasts on erratic and disjointed experience with the past. Hence, multiple CMTs in the same firm could reach markedly different conclusions, particularly in the planning stage. While there is no single best crisis management plan, it is safe to assume that an effective plan should be based on a comprehensive assessment of the facts. Obtaining the facts can be difficult during the crisis action stage, but it is much more feasible during the crisis preparation stage.

The tendency to engage in *scapegoating* is difficult to overcome because shareholders, customers, and members of the media vigorously seek a responsible party. Resisting this urge requires patience. Identifying responsibly parties often has little to do with resolving a crisis, so time constraints typically do not present a challenge. Of course, it is important not to drift into the aforementioned paralysis by analysis and avoid making any decisions. It is imperative that decision-makers know the difference between urgent decisions and less pressing ones, and focus their time and energy on the former.

Finally, *groupthink* is a serious threat, especially when a crisis threatens not only organizations, but also individual reputations and careers as well. Faced with high-pressure decisions

under trying circumstances, many individuals will hesitate to challenge the group, lest they be considered culpable if things go wrong. Group decisions are often perceived as safe, even if they group is wrong. Crisis management teams (CMTs) must encourage individual contributions and counterintuitive thinking so that all viable alternatives are considered and properly evaluated on their merits.

Crisis training is vital in all organizations, but particularly in turbulent, uncertain environments common to the African continent. Developing infrastructure and legal systems, frequent monetary adjustments, shortages of power and water, and even war and terrorism create challenges for organizations seeking stability and growth. The prospect for crises is greater in such environments, placing a premium on management development to prepare for and manage ongoing crises.

CONCLUSION

The field of behavioral economics offers keen insight into decision-making in all stages of the crisis management process, particularly the crisis preparation and crisis action stages. While rational decision-making serves as a sound conceptual basis for thinking about CM, its limits are myriad in practice. Indeed, rational decision-making is typically *more difficult to accomplish* when an organizational crisis is involved. Many classic cases of crisis management depict ineffectiveness and suggest clear, serious and often repeated mistakes by crisis managers. Comprehensive academic and practical understandings of the CM field hinge on an augmented decision-making perspective that invokes less-than-rational, evidence-based concepts.

The continued emergency of African business prowess hinges on a variety of factors. Although not commonly directly referenced as one of them, effective crisis management is nevertheless, one of them. In volatile environments, preparing for and managing an ongoing crisis can easily be the difference between survival and dissolution. Training and development for top and middle managers is critical if organizations are to be equipped to meet this challenge.

Additional research in the realm of crisis management in emerging economies is needed, with specific regard to Africa. Behavioral economics offers a keen lens through which to understand the process more fully because it accounts for the irrationality inherent in crisis decision-making, and the uncertainty and challenges. BE offers both theoretical richness and a toolkit to shift crisis thinking to a more behavioral perspective. It also requires an interdisciplinary approach.

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STRATEGIC PLANNING SYSTEMS AND FIRM PERFORMANCE IN THE EXPORT PROCESSING ZONES

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ABSTRACT

This study focused on strategic planning systems as predictors of performance in a developing country context. These concepts have not been adequately investigated in extant strategy literature. We contended that strategic planning systems should be emphasized as a configuration and not by its domains. The influence of resources, management participation and planning techniques on performance showed positive and significant results. In support of our conceptualization, the results were that strategic planning systems as an aggregate factor has a stronger influence on performance than its domains. We conclude that the configuration of planning systems with its theoretical underpinning in the dynamic capabilities and resource based view, explains performance variations among firms.

Keywords: Strategic Planning Systems, Performance, Resources, Management participation, Planning Techniques, EPZ, Kenya.

INTRODUCTION

Strategic planning and performance implications are key areas of investigation in strategic management research. Scholars advocate for strategic planning as a basis of better performance. Armstrong (1982) argued that strategic planning enables firms to achieve an alignment with the environment. They posit that strategic planning channels attention and behavior to specific plans thereby driving out important innovations and creativity (Miller and Cardinal, 1994). Hence, the debate on the relationship between strategic planning and firm performance is inconclusive (Mankins and Steele, 2005; Jennings and Disney, 2006). Empirical research has sought to elucidate the relationship but the results are fragmented, contradictory and no consensus has yet emerged (Elbanna, 2008; Falshaw, Glaister and Tatoglu, 2006). The answer to the ongoing debate could lie in an investigation of strategic planning systems configuration. There are still scanty empirical tests of these phenomena in Export Processing Zones across Africa particularly in Kenya.

Conceptual Analysis

Strategic planning systems are multifaceted management systems that are contextually embedded in organizations (Ramanujam, Venkatraman and Camilus, 1986). They are structured entities that organize and coordinate the activities of the managers who do the planning. An effective strategic planning system takes into account specific firm situations along the dimensions of time and diversity. While extending this line of argument, King (1983) defined strategic planning systems as complete sets of processes and entities through which a firm does planning. In this study strategic planning system is conceptualized in terms of planning resources, management participation and planning techniques. Therefore, strategic planning systems consist of the people who do the planning as well as the mechanisms of planning. In this study we considered resources, management participation and planning tools as predictors of performance. The strategic planning systems play a significant role towards the achievement of long term objectives against specific inputs.

Strategic planning systems are among the least evaluated functions in organizations. Empirical research has been directed to the planning processes which focus on the steps in strategic planning rather than systems (Elbanna, 2008; Falshaw, Glaister and Tatoglu, 2006). However, focusing on planning processes does not provide results that are operationally useful to management (King, 1983). To fairly asses strategic planning, attention need be focused on the degree to which diverse benefits are achieved and the specific systems that facilitate achievement of various benefits. Ramanujam and Venkatraman (1987) argued that strategic planning evaluation needs a methodological framework involving the assessment of the system inputs, outputs, feedback mechanisms and the relative impacts made in terms of goal achievement.

Performance is a construct with multiple indicators (Srimai, Damsaman and Bangchokdee, 2011). Financial measures were popular for many years but have been criticized for limitations based on the scope of accounting manipulations, undervaluation of assets and distortions due to depreciation policies (O'Regan, Sims and Gallear, 2008). Further, Kaplan and Norton (2008) emphasized on the comprehensive performance measurement systems comprising of both financial and non-financial measures through the balanced score card. This study used both financial and non-financial measures of organizational performance. In the following section we present related literature in which we underpin the theoretical anchorage of resources, management participation, planning tools and performance.

Different theories have attempted to explain strategic planning in organizations. Literature portrays better performance as a function of strategic planning undertaken by firms. Strategic planning recognizes the need for organizations to establish a formal link with the external environment. Environment is a source of information, opportunities as well as scarce resources sought after by organizations (Grant, 2005). Therefore, strategic planning is as a result of both deliberate learning and emergent learning. This study draws from the resource based view (Wernerfelt, 1984) and dynamic capabilities theory (Teece, Pisano and Shuen, 1997).

The growth of a firm internally and externally depends on the manner in which its resources are employed. Building on the inroads made by Penrose (1959), Wenerfelt (1984) argued that for the firm, resources and products are two sides of the same coin. In other words, while the firm's profits are directly driven by products, they are indirectly driven by resources which are used for production. Firms may earn super profits by indentifying and acquiring resources which are critical to the development of the demanded products. Therefore, the critical task of top management is to develop new and valuable products through the exploitation of core competencies.

Dynamic capabilities theory focuses on how firms change valuable resources over time through a value creating process. Teece, Pisano and Shuen (1990) working paper was the first contribution to dynamic capabilities theory. They defined dynamic capabilities as the firm's ability to integrate, build and configure internal and external competencies to address rapidly changing environment. Through dynamic capabilities, firms avoid developing core rigidities, which inhibit development, generate inertia and stifle innovation (Ambrosini and Bowman, 2009).

Dynamic capability theory explains why many once successful firms struggle to survive or fail completely as the environment changes due to the inability to adapt successfully. Teece, Pisano

and Shuen (1997) argued that it is not only the resources that matter but also the mechanisms by which firms learn and accumulate new skills. Dynamic capability is about the capacity of an organization to purposefully create, extend and modify its resource base (Helfat et al. 2007).

Resources and Performance

Resource based view considers firms as sets of resources that produce competitive advantage. This theory is rooted in the work of Penrose (1959) who considered firms as bundles of resources. Wernerfelt (1984) defined resources as those assets which are tied semi permanently to a firm. They are the assets a firm owns and are externally available and transferable. They include brand names, trade contacts, technology knowledge, efficient procedures and capital. Firms which become resource holders maintain relative positions vis-a-vis other holders as long as they act rationally. Borrowing from Porter's (1980) five forces, Wernerfelt (1984) contended that entry barriers are resources since they contain mechanisms which make resource holder defensible. Economies of scale are a prime example of a resource which is an entry barrier.

Resource based view is useful in understanding the growth of the firm. However, it lacks substantial managerial implications. It emphasizes managerial development of the resources but is silent on how it should be done (Connor, 2002). Further it makes the illusion of total control, trivializing property rights while exaggerating the extent to which managers control resources and predict future value (McGuiness & Morgan, 2002). According to Connor (2002) resource based view is relevant to large firms with significant market power. He contended that small firms cannot base survival on their static resources thereby falling beyond the bounds of resource based view. Further, resource based view is more relevant to firms striving for sustained competitive advantage, for firms satisfied with their competitive position resource based view is irrelevant. By nature and scope resource based view focuses on the resources while ignoring process which transform the resources into customer value. We therefore propose that;

Hypothesis 1: Resources have a significant influence on performance

Management Participation and Performance

Ketokivi and Gastner (2004) observed that management participation generate informational, affective and emotional effects. It means that participation enforces positive organizational effectiveness specifically in terms of information sharing and development of commitment amongst all the actors. Participation by management also facilitates commitment to the plan thereby reducing behavioral impediments that may lead to strategy implementation failure.

Participation focuses on involvement in processes at different levels. Participation taps into concepts of breath and depth of involvement. Ogbeide and Harrington (2011) defined management participation as the collective level of management involvement within and across the firm. Management spreads beyond the top executive to include middle and lower cadre managers (Currie and Procter, 2005). Literature suggests that participative management approach could increase the firms informational processing, utilize knowledge dispersed across the firm, provide more alternatives, facilitate opportunity recognition and help the organization to avoid overlooking good ideas (Feigner, 2005; Ogbeide and Harrington, 2011).

Currie and Procter (2005) identified three possible types of middle level management involvement in strategic planning. They argued that managers synthesize, interpret and channel information to the executive management. Floyd and Wooldridge (1997) identified the fourth type of management involvement stemming from the middle level as implementing deliberate strategy through action planning. Floyd and Wooldridge (1997) argued that a certain degree of uniformity is required among middle level managers for an organization to achieve consistency. He observed that such consistency is associated with improved performance. Conversely, Floyd and Wooldridge (1990) found that involvement of middle level management increases an understanding of the resulting goals, leading to convergence of strategic priorities. Hence we propose that;

Hypothesis H2: Management participation has a significant influence on performance

Planning tools and Performance

In line with this argument, Tegarden, Sarason and Banbury (2003) established techniques such as benchmarking and establishing key success factors in an industry over time leads to effectiveness of the planning system. Similarly, a study conducted by Andersen (2000) revealed that strategic planning systems are associated with superior performance in all industrial settings. He argued that strategic planning systems are developed to integrate functional activities in marketing, production, human resource function together with research and development. Long term organizational actions like participation at different levels and application of appropriate techniques facilitate corporate performance.

Stonehouse and Pembertone (2002) have posited that the maturity of any academic discipline is judged by the extent to which its theories and techniques are employed in practice. Therefore, strategic planning techniques as models used in analysis of business environment are anchored in theory. They are used in translating strategy into business results. When strategic planning suffered a downturn in popularity and influence in the 1970s, largely it was due to the inability of the strategic planning techniques to deliver what was expected (Glaister and Falshaw, 1999). Ghamdi (2005) argued that using strategic planning techniques enhances a manager's analytical skills. An effective planning approach seeks to learn by examining the past (Ghamdi, 2005) and links the future through planning techniques (Amran and Kulatilaka, 1999). Navigating turbulent environment requires a strategic compass which relies on the use of analytical tools.

Strategic planning techniques enable firms to think strategically. They are possible means of fostering creativity and analytical mindset within organizations. In the competitive positioning paradigm, Porter (1980) centers his argument on the premise that firms position themselves within the competitive business environment through the use of a variety of strategic techniques aimed at generating superior performance. Ghamdi (2005) argued that planning techniques could integrate strategic planning into the core management process. Similarly, Aldehayyat and Khattab (2011) noted that planning techniques enable managers to transform data into valuable decisions and suitable actions. To this end, as Dincer, Totaglu and Glaister (2006) posited that the benefits of using strategic planning techniques include increasing environmental awareness, risk reduction and priority establishment. Hence we propose that;

Hypothesis H3: Planning tools have a significant influence on performance

Strategic Planning Systems and Firm Performance

Strategic planning systems impact on firm performance through different channels. According to available studies, conceptualization of strategic planning systems considers both the contextual and design variables. In this study, conceptualization of strategic planning systems took cognizance of the work of many scholars (Dayson and Foster 1982; Ramanujam, Venkatraman and Camillus, 1986; Ramanujam and Venkatraman, 1987; Elbanna, 2008). A general conclusion that emerges from the above studies is that strategic planning systems are a combination of many subsystems. Ramanujam and Venkatraman (1987) posited that the organization ability to engineer the right configuration of strategic planning systems fosters strategic alignment and adaptability. In essence, well configured systems become more effective in the future. In line with Ramanujam, Venkatraman and Camillus (1986) the appropriate configuration eventually leads to the achievement of superior performance**.**

Past studies have recognized the positive association between strategic planning systems and firm performance (Ramanujam, Venkatraman and Camillus, 1986; Ramanujam and Venkatraman, 1987; Elbanna, 2008). Dayson and Foster (1982) in their study argued that changes in the level of participation leads to positive changes in effectiveness. They argued that participatory planning systems which are widely communicated improve effectiveness. They concluded that in participative environments the planning function becomes well integrated into the decision making process leading to better performance. On the other hand, King (1983) argued that planning effectiveness is measured

by how well the strategic planning systems meet the intended goals like identification of new business opportunities which had been previously overlooked within the business environment.

A good configuration of strategic planning systems eventually fosters performance. Such a configuration encompasses enough resources provided for planning, participative management style and application of appropriate planning techniques. This is because the ultimate effectiveness of strategic choices are reflected in the ability of the system to yield positive business performance. Planning systems enables the organization to manage turbulent environment and achieve strategic alignment which sustains business growth. Eggers and Kaplan (2013) recognized that strategies are formulated through resource capabilities which are redeployed. Planning systems define how the organization ultimately achieves the objectives through resources, participation and the subsequent use of planning techniques. Strategic planning systems affect the outcomes of strategies. If the resources are adequate, participation spread along different cadre and appropriate use of planning techniques are in use, organizations enhance chances of success.

One of the key planning systems is management participation in the strategy process. Lines (2004) observed that participation in strategic change has a number of positive consequences. He argued that managers need to participate in the planning process so as to formulate better plans and facilitate strategy implementation success. Feigner (2005) argued that managerial participation increases the number of strategic alternatives hence diversifying strategic choices thus enabling choice of the best alternative. We hypothesize that;

Hypothesis 4: Strategic planning systems as an aggregate factor has a greater influence on performance than its domains.

METHODOLOGY

This study adopted an analytical cross sectional design. Since the main drive was to the relationship between strategic planning systems and performance. The sampling frame which had 84 firms in EPZs in Kenya was obtained from Export Processing Zones Authority (EPZA) in March, 2012. The determination of an appropriate sample size is important for a researcher to have a credible representation of the population. There are different methods available for sample size determination. This study adopted Bartlett, Kotrlik, and Higgins (2001) procedure of sample size determination. The approach is based on population size and the basic minimum is 100 units. For this study, total operational firms were 84, hence sampling was not done.

The population of this study comprised all operational EPZ firms in Kenya. The EPZ provided a rich context for this study because firms are distributed in different sectors, a factor which enhances representation in regard to different business areas. Further, the firms belong to a controlled environment which is defined by special incentives that give the firms fiscal, procedural and infrastructural advantages. Lastly, the EPZ firms by their very nature have a global orientation stemming from export business which enabled the study to achieve a global focus. Primary data was collected through structured questionnaires while secondary data was collected through document review. Respondents were members from the management teams of EPZ firms. Chief Executive Officers (CEO) and directors were preferred because they are the vision bearers within the firms. Strategic management literature reveals that top management decisions play a crucial role in defining the organizational position.

Reliability test was done through Cronbachs' Alpha coefficients. The coefficients range from 0 to 1 and the higher the coefficient, the more reliable the scale. The overall Alpha coefficient for the sample was put at recommended value of 0.70 (Holcomb, Holmes & Connelly, 2009). Content validity for this study was determined through pilot study. A pilot study was carried out before rolling out the main study. After the pilot study, the questionnaire was modified according to the data sets established in EPZs. Data analyzed for this study was collected from 40 firms making 62.5 percent response rate. Strategic planning systems was operationalized in three components namely resources with interest on allocated space, networks, personnel and financial capability; management

participation looked at influence, time and communication. The planning tools were operational standards, innovative processes and quality controls. For performance we considered both financial and non-financial measures. All these are well supported in the literature.

RESULTS AND DISCUSSION

Descriptive statistics supported a significant influence of resources on performance in EPZ firms we proceeded to test the hypothesis to confirm the results.

H1: Resources have a significant influence on performance

Testing H1 was done through regression of resource items against the composite variable of market performance and internal business process performance. The change statistics results are presented in Table 1. The results showed resources led to a variation of 30.1% in EPZ firms. The remaining 69.9% was due to other factors not revealed in this model and accounted for by the error term. Therefore the model had a very strong fit. We then used the p-value to test the hypothesis. Significance level: 0.05% (95%). Decision Rule: Reject the H_0 if the p-value is less than 0.05. P value is 0.016, less than 0.05. Therefore we fail to reject the statistical hypothesis, H1 and conclude that there is evidence that resources significantly affect performance.

TABLE 1
Resources and Performance

Model Summary

Model	R	R Square	F Change	df1	df2	Sig. F Change
1	.549[a]	.301	3.557	4	33	.016

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	3.699	4	.925	3.557	.016[b]
	Residual	8.581	33	.260		
	Total	12.281	37			

a. Dependent Variable: performance

b. Predictors: Resource components

The results of the study were significant therefore support extant literature. Helfat and Petaraf (2003) posited that firms which configure resources according to the dictates of the context achieve better performance. Ramanujam, Venkatraman and Camillus (1986) emphasized the role of planning resources in the achievement of better performance. Resource based view scholars settled for a strong relationship between resources and firm performance (Barney, 2001; Newbert, 2007). Studies on organizational resources have a long history in strategic management in terms of determining competitive advantage. This basic concern has surfaced in the resource based view of the firm which has directed attention to important resource endowments of firms within industries (Wernerfelt, 1984; Barney, 1991).

Having confirmed that there was evidence of resources were significant in performance we proceeded to examine the relationship between management participation and performance. H2 tested for this relationship using coefficient of determination and p-value. The results are found in Table 2.

H2: Management participation has a significant influence on performance.

Testing H2 was done through regression of management participation items against composite variable of market performance and internal business process performance. The change statistics results are presented in Table 2. The results showed management participation led to a variation of 33.7% in EPZ firms. The remaining 66.7% is accounted for by the error term. Therefore the model had a moderate fit. We then used the p-value to test the hypothesis. Significance level: 0.05% (95%). P value is 0.007, less than 0.05. Therefore we fail to reject the statistical hypothesis, H2 and conclude that management participation significantly affect performance.

Curries and Procter (2005) argued that performance is influenced by what happens at middle level management. On the contrary, Lines (2004) and Elbanna (2008) reported no significant relationships between management participation and firm performance. This study reported significant relationship between management participation and none financial performance. These findings are in line with prior studies that focused on management participation. Dayson and Foster (1982) study done in UK established a direct relationship between management participation and effectiveness.

H3: Planning tools have a significant influence on performance

Testing H3 was done through regression of planning tools items against composite variable of market performance and internal business process performance. The change statistics results are presented in Table 3. The results showed resources led to a variation of 26.5% in EPZ firms. The remaining 74.5% was due to other factors not revealed in this model. Therefore the model had a very strong fit. We then used the p-value to test the hypothesis. Significance level: 0.05% (95%). P value is 0.043, less than 0.05. Therefore we fail to reject the statistical hypothesis, H3 and conclude that management participation significantly affect performance.

TABLE 2
Management Participation and Performance

Model Summary

Model	R	R Square	F Change	df1	df2	Sig. F Change
1	.581[a]	.337	4.199	4	33	.007

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	S ig.
1	Regression	4.142	4	1.036	4.199	.007[b]
	Residual	8.139	33	.247		
	Total	12.281	37			

a. Dependent Variable: performance

b. Predictors: (Constant), Management participation

This study established significant relationships with non-financial performance measures. Ramanujam and Venkatraman (1987) in a study focusing on fortune 500 manufacturing and service companies established that, planning techniques do influence organizational effectiveness. Elbanna (2008) established that planning practice which was defined in terms of use of planning techniques was significantly associated with effectiveness. A consensus arising from the studies is that planning techniques benefit organizations by enabling them to discern changes and establish market trends. Ghamdi (2005) investigated Saudi Arabian organizations and highlighted the importance of planning

techniques. He posited that the most commonly and widely used techniques were analysis of critical success factors, followed by benchmarking.

TABLE 3
Planning Tools and Performance

Model Summary						
Model	R	R Square	F Change	df1	df2	Sig. F Change
1	.515[a]	.265	2.792	4	31	.043

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.129	4	.782	2.792	.043[b]
	Residual	8.685	31	.280		
	Total	11.814	35			
a. Dependent Variable: performance						
b. Predictors: planning tools						

Having tested all the individual planning systems and established a positive significant influence of each, we proceeded to test the influence of the aggregate factor namely strategic planning systems on performance.

H4: Strategic planning systems as an aggregate factor has a greater influence on performance than its domains.

Testing H4 was done through regressing the composite variable of strategic planning systems against aggregate performance. The change statistics results are presented in Table 4. The results showed a coefficient of determination of .447 which means that the factor accounts for 47.4% variation in the performance of EPZ firms. The remaining 52.6% was due to other factors not revealed in this model. At a significance level of 95% (0.05), the p-value was 0.000 which was less than 0.05. We thus failed to reject H4 and conclude that there was evidence that strategic planning systems as an aggregate variable accounts for performance with a higher coefficient that its domains.

TABLE 4
Planning Systems and Performance

Model Summary						
Model	R	R Square	F Change	df1	df2	Sig. F Change
1	.688[a]	.474	9.596	3	32	.000

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.595	3	1.865	9.596	.000[b]
	Residual	6.219	32	.194		
	Total	11.814	35			
a. Dependent Variable: performance						
b. Predictors: (Constant), planning systems						

Planning systems must be viewed as a configuration. The domains provide a less influence on their own but will determine performance more when they are considered together as a system. These results are in partial agreement with past findings. Ramanujam and Venkatraman (1987) study indicated that organizational context of planning had dominant impact on planning system effectiveness. In this case we need to view the system in its entirelity. Accordingly the context comprised of the tools and techniques of planning. Elbanna (2008) established that both strategic planning practice and management participation jointly enhanced the effectiveness of strategic planning in Egyptian firms. The results of the study indicated the overriding importance of considering the influence of strategic planning systems on performance rather than considering isolated variables. This study established significant relationship between strategic planning systems and internal business processes on the one side and market performance on the other. In theoretical perspective, the planning systems were resource bundles which firms acquire for growth. Jennings and Disney (2006) posited that a firm's planning systems need to achieve a balance between adaptation and integration.

CONCLUSION AND IMPLICATIONS

This study makes a contribution to strategic management literature by proving results from a developing country context on strategic planning systems, a hitherto widely explored concept in industrialized countries. We established that strategic planning systems are valuable resource bundles in confirmation of previous studies. From the study, financial resources, business contacts and networks, economies of scale and product differentiation were singled out as scarce, rare, inimitable and valuable resources that facilitated competitive advantage in EPZ firms in the Kenyan setting. It is thus a contribution to current knowledge on the resource based view of the firm. Another theoretical underpinning is the dynamic capability theory. We note that in the EPZ firms, transformation of firm resources is achieved through dynamic capabilities inherent in learning, integration and configuration.

The results of this study shows evidence of equifinality as posited by the open systems theory. Through the moderation role of strategy implementation, this study demonstrates that sustained performance is a function of successful embedded management processes.

This study contributes to business and public policy by providing evidence of the correlation between planning systems and the performance. The EPZs have become instruments of economic policy development in developing countries seeking to gain advantages from the growing integration of the global economy. In essence, policy makers need to consider the alignment of policy recommendations and important firm attributes to enhance the achievement of better performance. In Kenya, the policy makers will utilize the findings of the study to advice firms operating within EPZs on appropriate configuration of planning systems to facilitate better performance.

Despite the plethora of writings on strategic issues, managers still appear unaware of the use of specific frameworks in strategic planning. The findings of this study raise two conclusions which have practical implications. The study supports the fact that strategic planning techniques are important to the achievement of performance. Managers within an organization matter in determining firm success. An effective planning system requires an infusion of adequate resources to the planning efforts as well as knowledge of relevant planning techniques. The research findings indicate that participatory management approaches are important as they enhance strategy implementation success and performance.

The results of this study should be interpreted in light of some methodological limitations. The mix of our firm respondents from different sectors although within the EPZ could affect the environmental context in which data was collected and results interpreted. The operationalization of the variables may also not have been homogenously understood by the various respondents. We also

lacked local literature to underpin the constructs. We however contend that overall, the results make a significant contribution to current knowledge in strategic management.

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Part 4: General Management and Public Policy

THE VIEWS OF SME MANAGERS AND WORKERS ON CSR PRACTICES: CONTRASTING THE TEXTILES/GARMENT/FOOTWEAR INDUSTRY TO THE AND AGRO PROCESSING INDUSTRY IN VIETNAM

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ABSTRACT

The paper looks at institutional influences on CSR practices in the views of SME owners/managers and workers. From fieldwork in Vietnam, SMEs in two industries—textile/garment/footwear (TGF) and Agro processing (AP)—were interviewed. We address how the industry type—manufacturing and agro processing— and issues concerning regulation, cognitive and normative factors affect CSR practices in SMEs in Vietnam through Richard Scott's three-pillar institutional theoretical framework in the industries investigated. We discuss differences and similarities in the views of SME managers and workers, before we conclude with considerations in terms of the contributions to the literature and the learnings for an African context.

INTRODUCTION

CSR can be viewed as the societal expectations of businesses at a given time (Frynas, 2009). More specifically, we adopt Blowfield and Frynas' understanding of CSR as companies having a responsibility: (a) for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) for the behavior of others with whom they do business (e.g. within the supply chains); (c) to manage their relationship with the wider society, whether for reasons of commercial viability or to add value to society (Blowfield & Frynas, 2005). To exemplify this approach, we focus on labor–management relations along 3 dimensions (physical environment, working environment, and labour conditions and standards, bringing in the voices of managers and workers in SMEs in the context of their formal and informal CSR practices in the Vietnamese textiles, garment and footwear TGF manufacturing and the agro processing (AP) industries.

In Vietnam, the concept of CSR has been introduced from the top down by western governments and both national and global institutions (Hamm, 2012; Tran, 2011). The World Bank, the US, the ILO and MNCs have pressured the Vietnamese government to participate in CSR initiatives since 2002, and with increasing urgency between 2004 and 2006. In this context, the Vietnamese Chamber of Commerce and Industry (VCCI) has been appointed to be the key organization to manage, oversee and train CSR consultants to mainstream CSR as a "business case" in Vietnam (Tran & Jeppesen, 2015).

Small and medium-size enterprises (SMEs) often account for up to 90% of all registered firms in an economy, and even more if the informal industry is included. Moreover, SMEs provide employment and produce a large share of total industrial output in developing countries (Luetkenhorst, 2004; Spence et al., 2003; UNEP, 2003). Still, we have limited knowledge of corporate social responsibility (CSR) in SMEs compared to that of large firms from developed countries (Jenkins, 2004; Laudal, 2010; Morsing & Perrini, 2009). There is even less knowledge of what SMEs actually do in terms of CSR activities, why they chose specific types of activities, or about the implications of their actions (Jamali et al., 2009; Jeppesen, 2004; Murillo & Lozano, 2006; Skadegaard Thorsen & Jeppesen, 2010; Vives, 2006). Moreover, there is a dearth of studies on CSR in SMEs in developing countries (Blackman, 2006; Jamali & Mirshak, 2007; Jamali et al., 2015; Khan & Lund-Thomsen, 2011; Prieto-Carron, Lund-Thomsen, Chan, Muro & Bushan, 2006). In most studies, the voices of SME managers and workers were not presented (Jeppesen, Kothuis & Tran, 2012; Tran & Jeppesen, 2015). Thus, this study showcases the voices of SME managers and workers in two important wage-labor industries—textile/garment/footwear and agro processing—in socialist Vietnam in order to fill the gap in these literatures. We address how the industry type—TGF manufacturing and agro processing—and issues concerning regulation, cognitive and normative factors affect CSR practices in SMEs in Vietnam.

The TGF and the AP industries are major and important industries in Vietnam. They employ a high number of persons and they entail/consist of a large number of SMEs. The estimated statistics on the number of workers employed in the AP industry in 2007 was 4.64 million people (VCCI, 2009). However, there were no recent statistics in the 2010 Statistical Yearbook of Vietnam. The TGF industry employed over 2 million workers in 2010 (Statistical Yearbook of Vietnam, 2011, p. 100). They each have their particular environments in a competitive sense, where the TGF industry is more export-oriented and has a larger influence of foreign firms compared to the AP industry. They also each have their particular CSR issues, though some are similar (for further information on the industries, see the methodology and empirical findings sections below).

CONCEPTUAL FRAMEWORK

Institutional theory has lately gained prominence in the field of SMEs and CSR in developing countries (Jamali et al., 2007; Jamali et al., 2015). Scott (2001) provides a three-pillar structure to analyze the key aspects of social institutions, defined as ‘social structures that have gained a high degree of resilience’, and how they affect firms and their practices. The three pillars are: 1) 'regulatory' (laws, regulations and government policies); 2) 'normative' (‘normative rules’ that introduce a prescriptive, evaluative, and obligatory dimension into social life’); and 3) 'cognitive' (‘the shared conceptions that constitute the nature of social reality and the frames through which meaning is made’) (Amine & Staub, 2009; Scott, 2001). This multi-level structure embraces history, which is important to the analysis of socialist Vietnam transitioning from a command economy to a market system fully integrated into the global capitalist economy.

We find 3 limitations to this framework and suggest ways to overcome them. First, Scott’s discussion of the ‘normative system,’ presupposes a western political economic system, which is different from the case of Vietnam. Secondly, his perception of ‘societal views’ is complex and broad, which ideally means that we should include views of many different actors. Instead, we choose to focus on the views that are rarely heard: SMEs’ owners/managers and workers. Thirdly, Scott does not discuss difference in power among the actors studied.

Next, we shortly outline the key methodological aspects of the study, before we present the findings for the three institutional theory levels (regulatory, cognitive and normative)—in relation to the CSR practices that the SME managers and workers experience in the two industries. Then we provide a discussion of the findings and how our study contributes to the literature, because we shortly conclude the chapter.

METHODS

Given the limited knowledge in the field, we have chosen a combined exploratory and explanatory approach to our study of CSR practices in SMEs in Vietnam. This approach assists us in seeking to fill the above mentioned gaps in the literature in terms of a) lacking views from SME managers and workers on CSR practices in developing countries, and b) lacking industry specific studies.

This paper analyses a section of the data collected for a 2011-2012 study, focusing on the wage-labor manufacturing TGF and AP industries. The industries have been selected because they are of key importance to the Vietnamese economy, they employ a substantial number of workers and entail a high number of SMEs. The industries also differ with regard to market orientation, where the TGF is a more export-oriented industry and the AP industry is more domestically oriented (see above and below). Features which often are highlighted as important or even determining factors when assessing differences in CSR practices among (small) firms in developing countries.

We collected a convenience sample—including those who were willing and able to meet with us—thus we do not generalize our findings. The lack of availability of statistical information on the thousands of SMEs in Vietnam prevented us from conducting a rigorous randomly selected sampling. We paid attention to size (small versus medium-size), markets (domestic versus international markets), and location (metropolitan versus non-metropolitan).

From June to December 2011, our team interviewed managers and workers from twenty SMEs in the TGF industry and 20 SMEs in AP industry in Ho Chi Minh City (HCMC) and surrounding rural districts. We conducted three rounds of data collection among these forty SMEs, resulting in a total of 40 interviews with management, and 218 with workers: 125 in TGF factories (94 females and 31 males) and 93 in AP enterprises (48 females and 45 males). Most TGF factories produce for export (75% of all TGF interviewed) while most agro-processing for domestic markets (75% of all AP interviewed). This has important implication for all three institutional pillars: regulation, cognitive and normative understanding of CSR practices. 65% of TGF firms are medium sized while AP businesses are split evenly. Most TGF workers are female (74%) while AP interviewees split evenly.

For the analysis, we triangulated both qualitative and quantitative data generated in interviews with management and workers. We used SPSS for quantitative analysis, NVivo and content analysis for qualitative analysis (including importing, organizing, coding and querying interview notes, which were translated from Vietnamese to English).

RESULTS/FINDINGS

We start by briefly ‘contextualizing’ the two selected industries, before we shed light on two important CSR dimensions (wages levels and job stability) and then move to our findings in terms of views among managers and workers in the two industries with regard to the regulative, normative and cognitive factors behind the CSR practices.

The Industry Contexts for Agro-Processing and Textiles, Garment and Footwear in Vietnam.

The AP industry is a large, growing and highly diverse industry which includes many types of food and drink products. The sub-industries range from agricultural processing (including vegetables, noodles, pasta), to meat (such as beef jerky) and cultivated aqua products (including seafood, fish sauce), to beverages (including water, juices, alcohol-based drinks, coffee, tea, milk products), to sugar-based products (including candies, dried fruits), and finally to baked goods (including cakes, bakery, pizza). The seafood processing industry plays an important role in Vietnam's total exports: seafood product exports ranked fourth in 2005 behind oil/gas, textiles/garments, and footwear. In 2000, over 700,000 people worked in cultivating aqua products, with about 80% of the processing factories located in southern Vietnam. The Mekong River Delta is claimed to be the largest fish pond

in Vietnam (Dinh Duc Truong, 2006). Large Vietnamese firms control the dairy and confectionary (sugar and sugar-based products) factories, employing an estimated 1 million workers in the sugar factories alone. But in other areas, such as processing of fruits, vegetables, seafood and meats, beverage plants, and noodle production, micro, small and medium-sized enterprises dominate (VCCI, 2009). Still, there are very few statistical estimates for employment in the AP sub-industries. The estimated statistics on the number of workers employed in the AP industry in 2007 was 4.64 million people (VCCI, 2009). However, there were no recent statistics in the 2010 Statistical Yearbook of Vietnam.

The TGF industry is similar important in terms of employment and even more so in terms of exports. Since joining the WTO in January 2007, Vietnam has become a major world exporter of textile/garment products, and was ranked 7th in world garment exporters in 2011 with exports reaching US$13.5 billion. Among its export markets, the United States ranked first at over US$6 billion, the EU came second at US$1.8 billion followed by Japan at US$1.2 billion in 2010 (Laborer Newspaper, October 11, 2007; Vneconomy, August 28, 2011). A major reason for the rapid expansion of the TGF industry is its integration into the global economy to a large extent through participation in global value chains. This integration path has created at least three tiers. Tier 1 includes foreign corporate buyers and brand name holders who place orders with contract suppliers (tier 2). Most tier 2 suppliers are from East Asian countries (with Taiwan ranked at the top, followed by Korea, Hong Kong and Japan) that both produce and subcontract work to tier 3 firms. Most Vietnamese-owned factories operate in tier 3, where most medium-sized and small subcontractors are found. Accordingly, while textile and garment export values have risen over time and surpassed crude oil export and footwear, the value added accumulated in Vietnam has remained small because 70% of the inputs are provided by foreign corporate buyers and their suppliers (M. Ha, Laborer Newspaper, January 20, 2010; Statistical Yearbook, 2010, p. 459). The industry employed over 2 million workers in 2010 (Statistical Yearbook of Vietnam, 2011, p. 100).

While agro processing can have a positive effect on the Vietnamese economy in terms of value added exports (and arguably employment), labor and environmental concerns are growing. These include: the use of child labor in hazardous working conditions and excessive overtime for all workers, as well as the use of chemicals and workers' exposure to these chemicals. These are risks not only for workers but also for consumers' food safety, both domestically and globally. Enforcement of health and safety laws is spotty at best, making certification processes suspect (VCCI, 2009).

In the TGF industry, the relationship between tier 2 and tier 3 producers is not always transparent, which prevents adequate monitoring of compliance with certified management systems/codes of conduct. Consequently, one would expect rampant violations of labor and environmental standards in SMEs. Moreover, due to this lack of transparency, the tier-1 brand-name holders and their tier-2 suppliers are not held accountable for their promises in sourcing programs. Even when non-compliant factories (including tier 2 suppliers) are publicly identified, brands are unwilling to take disciplinary action, and most brands refuse to share the costs with their suppliers of monitoring and remedying violations to their codes of conduct (Tran, 2011, p. 146).

CSR Related Issues in the Selected Industries: Wage Levels and Job Stability

On labor standards, wages continue to be one of the biggest issues in labor standards in Vietnam. In 2011, the monthly median wage for AP workers was VND 2.7 million, or US$130; it was higher for TGF workers: VND 3 million (US$144). But, this was most likely inflated by overtime work.27

[27] Most TGF workers earn very low, not livable wages: on average, a little over US$100 per month (2.2 million VND), inclusive of bonuses for attendance and productivity (based on upward-adjusted production quotas). Workers have complained that the attendance bonus requires that they work all 26 days a month *plus* overtime. Even a day's absence due to illness will cost workers their attendance bonus (Ho Chi Minh City Labor Federation Survey, 2010; Vinh Tung, *Laborer* Newspaper, May 4, 2011). Therefore, strikes in textile and garment firms in Vietnam were largely a consequence of dissatisfaction arising from low wages, excessive working hours, inadequate overtime compensation, high productivity

In the TGF industry, MNCs or foreign buyers negotiate the subcontracting price with the suppliers who then set the piece rate for each particular task in the assembly line. Given the unequal power relations between MNCs and the suppliers, most piece rates are very low and result in non-livable wages for workers. A worker in a medium garment/leather factory said: "*I asked: there is a clause in the contract saying that working overtime is voluntary. Pay by regular hourly pay x 1.5.*" Another worker in a medium garment factory said: "*Pay based on piece rate. For overtime work: piece rate x 1.5.*"

In both industries, there was no significant difference in median monthly wages for female and male workers.28 While these median levels were higher than the government-sanctioned minimum wage,29 statistical evidence shows that their monthly wages were not livable: not sufficient to pay for their basic necessities. A range for monthly "livable wage" was from 4.4 million (average for AP workers) to 4.7 million (average for TGF workers). Overall, about 47% responded that they barely earned enough for basic necessities and had no savings; 42% said that they did not make enough and had to save and/or borrow to pay for necessities. Only 11% said that they earned more than enough for necessities and had some savings.

Non-livable wages have led to overtime work to make ends meet. The median working hours per week for both men and women in both industries was 48 hours per week. On average, they worked about nine overtime hours per week.30 Overall, workers' wages are very low: most originate from very low piece rates based on a non-livable minimum wage. Moreover, many workers need to borrow money from their owners/managers to pay for basic expenses. This worker need was consistent with the common management practice of advancing small amounts of money to workers so they can pay for basic necessities, illness, or trips home to take care of family members: 60% of the AP provided loans, while 50% of the TGF did. However, one needs to be cautious about the contradictory effects of the oft-cited "small loans."31 While these small advances are essential so workers can pay for their basic necessities, medical expenses, or trips home for family matters, this common practice reinforces the paternal relationships, perpetuates the cycle of indebtedness and precarious hand-to-mouth existence of many workers, and does not solve the root cause of this problem: non-livable wages.

Job Stability

Here we found a difference between the two industries. Our findings show that the AP industry (mostly for domestic market) fared better than the TGF industry (mostly for export) in terms of employment stability. On the one hand, the interviewed TGF factories had been exposed to the global economic/financial fluctuations. The Vietnamese TGF SMEs, in the bottom rung, subcontract for the 'East Asian intermediaries' (mostly large firms, primarily from Taiwan and South Korea) or directly to "end buyers/MNCs." The onset of the worldwide financial crisis at the end of 2008 had impacted Vietnam in 2009, especially the export-oriented TGF factories, due to the lower demand from Europe, the US and East Asian countries. This led to a reduction in employment in 2010-2011. On the other hand, in the AP SMEs, the number of employees had been stable in 45% of the interviewed AP enterprises, with less than a third of the agro-processing factories employed more people, and only a quarter had laid off workers (Jeppesen, Kothuis & Tran, 2012). Thus, while these data do not suggest an increase in efficiency over time, they do suggest some stability in the employment of AP workers.

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targets, fines, and inadequate benefits such as health and unemployment insurance, paid leave and meals (Tran, 2007; Kerkvliet, 2010).

[28] Female and males workers in both sectors responded that it would be around VND 4 million, compared to what they make (only VND 2.5 to 3 million).

[29] Worker-led strike waves in 2005 and 2006 led to annual minimum wage increases since 2006 (Tran, 2007). At the time of writing in 2011, the government stipulated monthly minimum wage was VND 2 million in Ho Chi Minh City, and VND 1.78 million in non-metro areas.

[30] Overtime work was not always available: "Work overtime when more orders are available. Got paid by the hour x 1.5 times. Overtime only when extra orders are available" (a garment worker in a small garment factory).

[31] Please note that these oft-cited "short-term loans" are very short and within one pay cycle in which management immediately deducts from workers' next pay checks, so the latter receive a lesser amount on pay days.

Stable employment is a win-win outcome for both labor and management. From the interviews, we found that many managers wanted to keep good employees once they were trained to maintain efficient operations, and workers do not have to move around looking for work. Secondly, there is a long-term structural problem of labor fluctuations: migrant workers search around the city for jobs with perceived higher wages and/or better benefits (such as social, health and unemployment insurance). According to workers' interviews, the main reason for them to move around in search of higher wages is the lack of a living wage (exacerbated by crippling inflation) and the lack of social, health or unemployment benefits. They thought that higher wages could be found elsewhere, but interviews with managers revealed this to be a pipe dream because of the existence of a regional equilibrium average wage for low-skilled workers; workers are therefore not likely to get higher wages by moving around the city. This has led to the labor fluctuations lamented by many managers, and it provided an important context for understanding labor–management relations at the cognitive and normative levels.

First, what types of regulatory regimes exist within the two industries in Vietnam in relation to CSR according to SME managers and workers?

Regulatory Systems and CSR in SMEs in Vietnam

The regulatory system relates to laws, regulations and government policies. It revolves around compliance, legitimacy, coercive mechanisms and indicators (Scott, 1995; 2001). Factors in the regulatory system can either encourage or discourage CSR practices through incentives or disincentives. In Vietnam, the regulation of corporate buyers (MNCs or brands), their first and lower tier suppliers is considered to be private, and the Vietnamese state's mandatory regulation as public. Stringent enforcement can promulgate healthy and safety practices and certain standards in the working environment in SMEs. Beyond the mentioned forms of private and public regulation, we found that 'company/SME regulation' takes place (see the section on 'Cognitive systems' below).

Private regulation

With 75% of the (interviewed) 20 TGF factories manufacturing for export, they are conscious of required private regulation. Most managers in TGF factories comply with private regulation in order to export their products. One manager in a medium-size garment firm lamented: "*we are required to implement CSR. If we do not, we would have to close our business.*' But since many 1st tier suppliers do not list these subcontractors on their supplier list, these SMEs are invisible to the general public.

For those SMEs which are listed, they face a phenomenon called "code mania" (Skadegaard Thorsen & Jeppesen, 2010). Many subcontracting SMEs have to compete for work orders from many 1st tier suppliers to have full-time jobs for workers. Thus, they had to comply with many different codes of conduct, demanded by the top 2 tiers (the brands and many 1st tier suppliers), which make this situation untenable.

Transnational regulation can be very costly for SMEs to comply with and can lead to their exclusion from the value chains (Baden et al., 2009; Skadegaard Thorsen & Jeppesen, 2010). Often, 1st tier suppliers only paid some of those costs, with the brands turning a blind eye to manufacturing conditions in the 'invisible' subcontractors at the lower tiers of the global supply chains. Consequently, these SME factories have to pay for certification (and sometimes also inspection) costs themselves to be able to export their assembled products. Management at a medium-size factory making leather purses and gloves explained: '*Funds are needed to carry out these [CSR] responsibilities. Due to the fact that this is our company's responsibility, we cannot ignore this CSR cost, but have to include it in the final price of our products*.' By absorbing this cost, they lose their price competitiveness compared to other factories that spend nothing on CSR.

Though 75% of the AP enterprises interviewed produce for domestic markets and only 25% for export, all exporting AP enterprises are certified in global management systems such as HACCP, GMP and ISO, as well as in standards set by the Vietnamese Food Administration. There were frequent local government on-site inspections to monitor compliance with food/drink safety

guidelines. So, management in the 25% of food and beverage-processing firms that produced for export was very aware of and complied with state and international, private food safety standards. The importance of the private regulation was indicated by one manager from a seafood company: '*At the moment the company is encountering some difficulties with their export (because antibiotics are detected in our products, so the export shipment was canceled). The containers content was returned to us.'*

Transnational private monitoring—such as third-party global monitors or auditors—tends to focus on the consistent quality of the products, not necessarily the well-being of workers. And, it is important to point out that also strict government standards tend to aim to protect potential consumers (mostly in developed importing countries). A manager of a medium-size seafood company explained: *'(We have) ISO22000, (but) even ISO does not put any pressure on us. They only require us to meet their quality and sanitation standards. In order to produce quality products, work conditions have to be good which means that we have to make adjustment on our water treatment and energy systems. They do not demand us to do anything but in the long run, we still need to pay attention to these issues.'*

18% (17/93) of the interviewed AP workers (both females and males) mentioned that regulation and inspection was aimed to ensure product quality and food safety/standards for consumers' health, and only 5% (5/93) mentioned that it was for labor standards and safe working conditions.

This finding resonates with O'Rourke's critical look at the potentials and perils of nongovernmental regulation and monitoring, in that a shift to private regulation can focus attention on consumers, rather than on behalf of workers (O'Rourke, 2003). Here are some workers' voices: "*Thanks to the (state) inspection teams who check work safety and environmental sanitation, the company products will be better and ensured*" (a worker in a water company). "*Inspectors come to check food safety in bakery. I feel comfortable; no problems*" (male, small bread enterprise). "*Inspection by an external unit (according to ISO 22000). I don't yet understand the whole process of inspection based on this ISO*" (a worker in a vegetable processing export company). "*I think inspection in the company is good. We have HACCP code of conduct*" (a worker in a seafood enterprise).

Similarly, TGF managers/owners also found that private regulation aimed to ensure product quality, safety and performance standards for the *end consumers*, not the labor standards of the workers who manufactured those very products. Sometimes, the buyers pay for and send in third-party global monitors or auditors (such as Intertek, SGS or Fair Labor Association FLA with branches in Vietnam) to carry out factory inspections.[32] For instance, in one medium-size garments factory, the final products must meet the Eco Tex standards, otherwise it cannot export to the EU. At another medium shoe factory, one management representative said that '*we must follow what our buyers regulate; otherwise, we cannot export our shoes*'. In this case, SGS was the transnational auditor. On their website[33], *SGS in Vietnam* advertises its services (inspection, testing, certification and verification) to 'reduce risk and improve productivity' for its customers (the corporate buyers), but it never once mentions labor or workers. One representative at another medium-size garment factory said: '*Foreign buyers from Hong Kong often come to the factory to assess the quality of the working environment. Otherwise, foreign buyers hired global auditing companies based in Vietnam with mainly Vietnamese employees. For instance, Intertek did come to audit our factory*.' A look at Intertek website shows that its main focus is to 'evaluate the quality and qualifications of products' and 'suppliers' capability.' Nowhere on their website were the words 'workers, working conditions' or 'labor standards' mentioned. Similar priority requirements existed for the AP exporting firms, as expressed by a manager from a seafood company: *'Ensuring customers' standards on food safety. Guaranteeing food safety and sanitation, as well as environmental protection. (We are) HACCP (certified).'*

[32] Sometimes the buyers themselves come down to the factories to inspect. We found that some Japanese buyers did factory inspection.

33 See http://www.sgs.vn/en/Our-Company/About-SGS/SGS-in-Brief.aspx

State regulation

State regulation exists in a mixed structure, encompassing both state and quasi-state agencies, and it focuses primarily on environmental standards and the working environment, not on working conditions. This combined structure charges two types of fees: state management fees (from the Department Of Natural Resources and Environment, DONRE), and service fees (from a quasi-state agency: Institute of Water, Resources, Environment, Technology, IWRETE). DONRE is a government environmental entity which has jurisdiction over both city/province and district levels; it manages natural resources (including land, water, minerals and marine resources) and the environment of the administrative location in which it resides.[34] DONRE charges management fees to monitor SME compliance with state environmental laws by visiting factories and filing reports. On the other hand, IWRETE, an environmental consultancy, charges service fees as stipulated on the contracts signed with foreign buyers (MNCs who place orders with SMEs), with SMEs directly, and even in contracts signed with government entities. As such, IWRETE service fees vary and depend on the scope, scale and complexities of what it needs to monitor at the SME premises (such as toxic materials, waste water, dust, or noise).

The proliferation of state and quasi-state regulations can also be a cost to SMEs and the enforcement of the public regulation can have ambiguous results. Most AP management interviewed abides by government regulations, but there were concerns about the lack of technical sophistication among government environmental officials and their overly high quality: "*Many issues since the environmental issue is dependent on awareness of people living in society and those who are in charge of environmental laws. For example, the Environmental Office mandates that we treat waste water until it becomes type A (or equivalent to potable water), but I have a different opinion. POD and COD [technical names for different types of water] water must have micro-organisms to survive. Change in perspective depends on the law makers and educated managers. So, due to the [high quality] requirements of 6-month water inspection, and the difficulty in treating water to type A, we were fined occasionally*" (medium AP firm).

30% of interviewed TGF factories reported obstacles that are related to state regulations. These problems range from unclear state instructions to time-consuming paperwork requirements to inconsistent state regulation. For instance, an owner of a medium-size garment factory complained about inconsistent state instructions: '*We are building an environmental project according to the request of Ho Chi Minh City DONRE. The monitoring report is done once every six months. This is a costly endeavor because we do not completely understand the instructions and have to hire other [consultancy] services (at about eight million VND).*' Other managers complained about inconsistent government enforcement, leading to compliant companies being at a disadvantage compared to those which did not comply: '*At the moment, our company spends an annual amount of four billion VND on chemicals used for processing [or treating] waste, while many other companies do not do this. If that four billion VND is not spent on waste treatment chemicals, then it can be used for other things such as expanding production. At the same time, we have to keep our product prices the same as those of other companies*" (a manager of a medium-size garment factory).

Most TGF SMEs have to add regulation costs of CSR to their product prices to receive the garment or footwear contracts, in addition to the costs of treating waste materials themselves. For instance, the owner of CT garment, a medium-size garment factory, lamented: '*The waste water treatment system is expensive. It costs about 300 million VND (about US $15,000), and it is installed once and for all... During inspection, the government can impose a fine of up to 500 million VND.*' A manager from another medium-size garment factory concurred: '*Funds are required to carry out these responsibilities.*'

Moreover, state regulations on labor standards have many shortcomings. Few labor inspectors go to factories to monitor labor standards as stipulated in the Labor Code, consistent with a finding by Kim (2012). When they did, the major concerns occurred in factories subcontracting for export such

[34] The city people's committees govern DONRE administratively, and the Ministry of Natural Resources and Environment directs and supervises DONRE technically.

as stable wages, a proper working environment and social and unemployment insurance, and housing concerns (residence permits, housing subsidy) for migrant workers.

Among the AP firms, state regulation tends to focus on pollution control and occupational safety and health. One manager explained: *'... waste water goes through sedimentation tank, with filtering net, and aerated process to treat waste water. Afterwards, we have a contract with a waste treatment agency to process the waste water and the odor from waste water. .... We contract with District 8 sanitary department to collect regular trash.' (a manager from a medium-size seafood company).* Moreover, a manager from a vegetable company expressed concerns about changing state policies especially with regards to the tax laws: *'If the government changes and is unstable, things will be difficult. Changing laws will also create difficulties. Tax has a lot of influences on our business.*'

Private regulation played a major role in the TGF industry and had some importance in the AP industry too, state regulation continued to play a vital role, though more in the AP industry compared to the TGF industry. State regulation was targeted different areas in the two industries, however, the least attention in both industry was given to labour standards and working conditions. Both private regulation AND state regulation can disadvantage SMEs by increasing inspection costs and requiring them to produce time-consuming reports. Workers (especially in TGF) correctly pointed out that labor inspections have been more lax compared to environmental inspections. AP workers stated that food and drink safety regulation was higher prioritized than labor regulation. This indicates the prioritized attention going to the quality of the products, not to the workers' welfare.

Normative Levels and CSR in SMEs in Vietnam

The normative level introduces a prescriptive, evaluative, and obligatory dimension into social life (Scott, 2001). CSR is broadly viewed as societal expectations of businesses as having responsibility for their impact on society, natural environment, and for others within the supply chains, not only for commercial viability but also adding value to society (Blowfield & Frynas, 2005; Frynas, 2009). We argue that norms can come from not only industry, but also history, and culture, including traditions and values. Normative system reflects societal belief systems which bring in worker perspectives that one should have decent working conditions, job security and benefits, and a clean environment.[35]

Industry norms – standards

Overall, most interviewed SME managers expressed knowledge about CSR but stated that they cannot afford to be certified in codes of conduct, to remedy the 'code violations', or to produce time-consuming 'sustainability/responsibility reports.' SME management perspectives point to the MNC's failure to share the costs of implementing and monitoring CSR practices.

In particular, these two industries differ in terms of norms coming from industry, such as certified management systems, codes of conduct and production of CSR reports. About 60% of TGF managers stated that they were aware of the CSR concept/term, compared to 80% of the AP firms. 30% of the interviewed AP SMEs had a global certified management system (such as HACCP, ISO, OHSAS, GMP systems) as well as Vietnamese Food Administration standard, compared to only 5% of the TGF firms that reported adhering to certified management systems.

While 75% of the TGF SMEs joining the global value chains, only 35% of them complied with codes of conduct, while 30% of the AP firms stated so. Similarly, almost one third (30%) of TGF SMEs prepared CSR reports, while slightly less of the AP SMEs (25%) stated to do so (Jeppesen, Kothuis & Tran, 2012). There are two possible explanations for these low figures: 1. MNC buyers and their tier 1 suppliers may choose to turn a blind eye to these subcontracting SMEs (their second or third tier suppliers) so the MNCs do not have to enforce compliance if these SMEs are not visible to

[35] We note that 'societal views' should include the views of consumers, local communities, unions, NGOs, etc., but given the limited scope of this chapter, we chose to focus on the views of owners/managers and workers only in these two sectors as mentioned above.

public scrutiny; 2. Most SMEs have very small profit margin, thus cannot afford to comply even if they are aware of CSR.

Throughout the fieldwork for this study, we found that the relevant MNC buyers refused to share the list(s) of their second and third-tier suppliers with us. The TGF linkages to the global market do not mean that those SME managers receive support from their foreign suppliers or MNCs to pursue formal CSR practices. The main concerns of the top 2 tiers are prompt assembly of imported fabrics and accessories, consistent quality standards and on-time delivery (critical conditions for profit maximization), not necessarily codes of conduct compliance. Many Vietnamese SME managers complained that these top tiers put pressure on them to keep subcontracting prices stable, even when input costs go up, at the expense of the workers who wages were reduced: "*If the raw material prices increase, our customers [the MNCs] will pay for it, but they do not raise subcontract price for our workers. The reason is that they provide the raw materials, so they are willing to raise prices for their own products, but not for workers' wages*" (a manager from a medium-size garment firm).

On the other hand, most interviewed AP companies, for both domestic and export markets, were aware of and complied with state and international, private food safety standards. As the quality of products is important as it has a direct impact on the well-being of the consumers this was an area of particular emphasis to the AP SMEs. In the words of a manager from a water-bottle producer: *"(We face) stricter regulations on our business, work environment and labour. The business must try to catch up with these changes.*"

Industry Norms - Working and Physical Environment

While some SME managers, 40% of the TGF managers and 15% of the AP managers, were unaware of the formal concept of CSR, almost all recognized the broad responsibilities of CSR. All interviewed managers/owners felt responsible for labor standards, working conditions and working environment and 90% for the physical environment.

On industry norms with respect to physical environment and working environment, we find that the environmental consciousness among AP and TGF managers differs to some degree. On occupational health and safety and treatment of waste, 85% of AP SMEs monitored waste, water and energy compared to only 60% of the TGF SMEs. On company procedures for handling OHS issues, the AP SMEs reported higher percentages: 60% (registering accidents) and 85% (health checks) compared to 50% and 60% among the TGF SMEs respectively.

This difference may be due to more stringent government regulation in the AP industry, thus heightening management awareness on this aspect. Around 50% of the AP firms stated that they had improved the working environment/conditions while only 40% reported improvements in the physical environment (such as polluted water and air) which can be very costly for many small and medium-sized AP enterprises. A few managers in the AP industry expressed a heightened awareness of cleanliness and sanitation on behalf of their customers/consumers, such as: "*Because our business is in the food processing industry, we are required to guarantee consumers' heath*" (a seafood company). This, however, did not translate into the health and well-being of workers. On the hand, more savvy managers had deployed ways to protect the environment and workers: "*We have to be responsible for the environment once we deploy industrial production of a commodity. We have to grow plants, and treat waste water*" (a distillery company).

For AP workers, 76% expressed concerns with work safety and safe working environment. Many appreciated having protective gears (such as working outfits, boots, hats & helmets, masks, shoes & socks, aprons, etc.[36] On the other hand, most TGF workers had to deal with lint, dust, heat, odor, humidity and lack of ventilation. In a medium-size garment factory making leather purses and gloves, a worker complained: "*In the process of leather treatment, the odor is very strong and unpleasant*." Fewer TGF SMEs had improved the working environment and practices regarding the physical environment (25% and 35% respectively) compared to the AP SMEs.

[36] More research is needed on this topic, but in general, younger workers tended to have more awareness of preserving a clean environment than older workers.

Some AP managers recognized their environmental responsibility and significance of history and culture, but still prioritized economic development need: "*We rally support for flooded area. Each country has its own history, and that will influence its culture. Since we are not as developed (economically) as other countries, we must prioritize the basic necessities (food, clothing); while we know about a collective need to save the environment, we don't yet have money to support this cause. When our country is richer (economically), we will take care of this issue*" (a vegetable processing manager).

Though the two industries seemed to be similarly influenced by various elements of the normative system, some differences were also found. Our findings indicate that the AP SMEs are more influenced than the TGF SMEs, for example expressed by the number of managers being aware of the CSR concept and the higher levels of compliance with OHS practices. This seems to be a reflection of the (strict) state regulation due to the nature of the industry (the perishable products for human consumption. In contrast, the TGF SMEs are less influenced, in spite of the amount of private regulation as state above.

Cognitive Levels and CSR in SMEs in Vietnam

The cognitive level includes people's shared conceptions that constitute social reality and the frames through which meaning is made. Normative/belief systems and regulatory factors influence individuals' understanding and reasoning (Amine & Staub, 2009; Scott, 2001). This argument explains the case of Vietnam where cultural norms, beliefs and values, much more than industry norms, shape both management and labor understanding of social responsibility of companies, not necessarily in formal CSR language. In both industries, when asked for the meaning of "company responsibility", 72% of managers responded as "being a good corporate citizen", and only 38% stating that it was "to make profit" (Jeppesen, Kothuis & Tran, 2012).

Understanding of factory-level regulations

At the operational level, most SME factories we interviewed have their own regulations, regardless of the existence of either state or global private regulation. In both industries, there is a divergence in the understanding of management and workers on the meaning of CSR, or codes of conduct in particular. In particular, almost 70% of the workers in TGF factories reported seeing company or factory regulations posted in the factory premises. Most TGF workers believed that CSR is a set of regulations that tells them what to do and what to avoid on the factory floor. Only a handful of workers understood that it is about the responsibility of employers, not of themselves, to improve labor standards and their working conditions. Similar misunderstanding happened to AP workers: over 56% interpreted company regulations and inspections as codes of conduct. On the one hand, this misunderstanding could be interpreted as workers' intuition to comply with safe working environment for their own benefits. On the other hand, it should not release corporations of their accountability and responsibilities to workers (at the lowest level of the supply chains) such as decent wages and benefits.

History and Culture-based CSR Norms and Practices

We found that many managers mentioned "culture" and "history" together: around 50% of the firms seeing "history" as having an impact (Jeppesen, Kothuis & Tran, 2012). For example, a few TGF managers expressed awareness of the damages done to the people and the environment in Vietnam due to the US-Vietnam war: "*Businesses must also contribute to help victims of Agent Orange [a toxic herbicide/chemical] used during the US-Vietnam war as well as injured and disabled veterans*" (a medium garment factory). These activities can be considered cultural-based CSR practices, Vietnamese style. In another case, a medium-size water company expressed the influences of history and culture on these cultural-based CSR practices: "*The Vietnamese people have a culture of solidarity, mutual sharing, being compassionate toward other people, loving other people as loving oneself. When we make money, we need to assist and share with less fortunate people and our own workers. Manager and workers should relate to each other as family members*."

Moreover, there are religious beliefs and cultural practices that influence managers to give contributions to the local community and religious celebrations. Most SMEs interviewed—irrespective of location, size, and industry—upheld cultural practices dating back to the socialist era (prior to the market-reform policy started in the late 1980s). These social practices include the additional 13th month pay (the 'Tet bonus') to celebrate the Vietnamese Lunar New Year and to support the families of migrant workers.

Most companies often advanced small amounts of money to workers and deducted them from worker monthly paychecks. This practice meets urgent needs of workers so they can pay for basic necessities, illness, or trips home to take care of family members: 60% of the AP provided loans, while 50% of the TGF did. Most medium-sized managers provided some forms of entertainment such as newspapers, sporting events, musical entertainment, cable TV and access to Internet to enhance workers' cultural life and entertainment.

In TGF industry, having time flexibility is one of the most often-cited reasons by both female and male workers for them to remain with a company. Considering the prevalent low wages, this has become an important "labor condition" for which many workers bargain with management. Many interviewed managers gave workers days-off for personal leave (sick leaves, weddings and funerals), family events (funerals, weddings) cultural events and traditional Vietnamese holidays. In return, many migrant workers expressed appreciation for such flexible work schedule. A manager said: "*Whenever migrant workers from the South have funerals, weddings, or death anniversaries, we have to allow them to go back to their home towns/villages*" (a garment factory). Since most workers are young and many are migrants, they have family obligations and need more education, so it is important to have: **"***Permission to take time off for family matters*" (a worker in a small garment company); "*Flexible hours; Good relationship between owner and workers*" (a worker in a small shoe company); "*Permission to take time off is the most important factor because I am a student and am doing part-time job*" (a worker in a medium-size garment company). In the AP industry, the issue is not so much flexibility, still the practices are similar: "*Those who are in difficult circumstances can borrow several million VND… Workers can take day-offs to attend their family business, we still pay them for their sick leaves.*" (A manager of a beef producing company).

In the export-oriented TGF industry, on-time delivery is vital for subcontracting work, thus most managers placed a high value on stable employment and connections between skills and product quality for their enterprises' commercial viability. Over 90% of all SME management interviewed considered both "workers" and "customers" (or buyers) to be the most influential stakeholders. For instance, an owner of a small leather factory said: '*Because they [the workers] determine the quality of our products.*' Another garment-factory owner said: '*If workers are careful and produce good-quality products that receive no complaints from our partners [customers/buyers], the company will not be negatively affected.'*

We observed more 'family-like' type of management-workers relations in the more domestic-oriented AP industry, compared to the exported-oriented TGF. Treating workers like family members tends to happen in small enterprises and has both positive and negative outcomes. In the positive side, many owners/managers exhibited tolerant, compassionate and flexible cultural practices that cared for workers and treated them like family. Interviews with the AP factories showed that stable employment, mutually respectful communications and harmonious labor-management relations were the key labor conditions expected on the factory floor. Forty-five percent of all AP workers expressed their appreciation for management concerns, equal treatment and harmonious relations with the bosses. Workers expressed appreciation when being treated kindly: "*Owner treats workers as family, not as master and servants. The owner and his wife are very nice to the workers*" (a small noodle shop). A worker in a small water company praised, "*Free meals. Treated like family members. No pressure on workers. Generous offers and treat workers with drinks and meals*." A group of workers in a medium-sized pasta factory said: *"There is bonus for good work performance.* Uncle Ba *is very concerned about workers."* Another worker in a medium-sized garment factory said, "*Co-workers are like brothers in a family. Concerned about each other*."

However, family structure can exhibit hierarchical and patriarchal relations in Vietnam. Some workers lamented about being reprimanded and treated like "children" or "younger siblings." A worker in a medium-size garment factory said: "*Manager creates convenient situations for workers to deal with family matters, but reprimands them in case of errors.*" Another worker in a small bottled water factory said: "*The owner is concerned and friendly. But when workers made mistakes, they were scolded* [like children]."

DISCUSSION

While using Scott three-tiered framework can bring out some insights, it is vital to situate these two industries in their global and national context in order to understand the impacts of the western CSR concept on workers and managers in these 40 SMEs. Here, we found that focusing on the industry dimension can shed light on how industry differences and similarities affect CSR practices and worker expectations among the SMEs.

There are *two similarities*. First, workers are paid equally low, across genders: there is no statistically difference on salaries between the two industries and no significant gender differences either. Second, regulation and inspection (private as state) in both industries are aimed at ensuring product quality and food safety and standards for consumers—mostly in Vietnam for the domestic-oriented AP industry, and the export markets for the TGF industry—not labor standards and safe working conditions. This finding is consistent with O'Rourke's critical look at the potentials and perils of private regulation and monitoring. Moreover, our study found a convergence of state and private regulations; both tend to focus more on the quality and safety of products for consumer interests, not necessarily for worker interests.

Three differences emerge. The first difference relates to different levels of linkage to the global economy. In terms of job stability, the domestic-oriented AP industry tended to fare better than TGF industry, producing mostly for export and thus exposed to the global economic fluctuations. Most workers were able to keep their jobs longer in these AP SMEs, compared to job loss in the export-oriented TGF factories in 2010-2011. While TGF workers bargain for flexible work schedule in down time (in exchange for stressful work schedule in high seasons, producing for the global economy), AP workers stressed the importance of job stability, respectful communications and harmonious relations with management in smaller factories.

The second difference relates to different levels of linkages to the domestic economy. While the five AP factories that produce for export suffer similar fluctuations and vulnerabilities as did the exported-oriented TGF factories, the five AP factories have independence to source their raw materials, all came from Vietnam (such as seafood, vegetables and aloe vera plants). As such, these AP factories have more control, and potential influence, over the suppliers of their inputs, unlike the 15 TGF which are dependent on imported fabrics and accessories. Future research is needed to look into this interesting industry difference.

The third difference relates to the nature of their respective industries: the perishability of food and beverage products compared to the non-perishable apparel products. Perhaps more stringent and rigorous government regulation in the AP industry has heightened more awareness from the AP management than that of the TGF management on certified management systems (80% compared to 7% respectively) and on handling OHS issues (such as registering accidents and health checks).

What are the managements and workers views which enlighten the literature? While CSR policies often argue to promote livable wages and benefits, safe and clean working conditions and a sustainable environment, implementation of CSR practices tends to show differently. Not only do the benefits often turn out to be limited (Barrientos & Smith, 2007), but our findings highlight that implementation of CSR practices comes with a cost. The findings show that, ultimately, the managers and the workers in these SMEs absorb the costs of implementing CSR requirements, as other studies also have shown (Baden et al., 2009; Fassin, 2008; Skadegaard Thorsen & Jeppesen, 2010). Earlier studies have shown that private regulation such as codes of conduct and certified management systems leads to increased costs on the part of the SMEs in developing countries. This study

showcases how the brands (and their first-tier suppliers) use CSR to appease consumers but placing the burden of practice and proof onto their TGF SME suppliers. This increases the costs of doing business for these SMEs and in turn leaves less for workers' wages. At the same time, most interviewed SME managers cannot afford to be certified in codes of conduct, and point to the MNC's failure to share the costs of implementing and monitoring CSR practices. However, the situation to the AP SMEs is not much better as the state regulation places similar burdens – with similar consequences – on the firms. Furthermore, workers' compliance depends on management's compliance (with CSR) in providing them with decent working conditions in the first place. Many workers—especially in TGF factories—did not comply with some crude measures of protection—such as wearing protective masks—on the shop floor. When the temperatures in TGF factories are high and workspaces lack proper ventilation, even when workers recognize the health benefits of wearing masks, they may choose not to wear them (when provided by management) simply because it is unbearable to work in such conditions.

CONCLUSION AND IMPLICATIONS

Returning to the research question in the beginning (how the industry type—manufacturing and agro processing— and issues concerning regulation, cognitive and normative factors affect CSR practices in SMEs in Vietnam?), we can summarize the answer as the following.

Our study shows that, adoption of both private and state regulations present a cost to the SMEs. The 'add-on' effect of these costs is that workers' wages are put under pressure especially in the export-oriented factories in both industries constitute one of the few cost items that SME managers can adjust to deal with tough price competition. To make the situation even worse to the workers, ironically, the socialist Vietnamese state, in spite of having more capacity to enforce public regulation than many developing countries, has been placing less priority on enforcing labor standards compared to the physical and working environment, especially in the AP industry.

Moreover, this study, showcasing the voices of SME managers and workers to fill the gap in the literature on CSR in SMEs in socialist Vietnam, found that cultural norms/belief systems have shaped their cognition (understanding) and practices that preceded the arrival of CSR as a western concept. In spite of the spread of global capitalism, reflected in the integration of Vietnam into the global economy since the late 1990s, shared understanding, norms and socialist values do not become homogenized; they sustain.

We are conscious of the mixed results of some culturally-based CSR practices that might perpetuate differential power relations between labor and management, as well as the double-edge sword of workers being treated like family members in small enterprises. There is one caution about the "small advances/loans": while being essential to workers for basic necessities, this common practice reinforces the paternal relationships, perpetuates the cycle of indebtedness and precarious hand-to-mouth existence of many workers, and does not solve the root cause of this problem: non-livable wages in both industries.

We found it useful to apply Scott's institutional framework for our study and found interconnections among the three levels—regulative, normative, cognitive, normative and regulatory. However, to fill in the gap in the Scott framework which fails to address the unequal relations in the global supply chains, we addressed these issues. Furthermore, this framework does not help us distinguish the overlapping between *regulation and cognition* (how managers and workers *understand* company regulations), nor does it help us analyze cultural-based norms and values that inform the practices of managers and workers. Therefore, further theoretical work is needed to analyze *'industry norms versus cultural norms'*.

In terms of learnings for an African context, we find it interesting that state regulation seems to play an important role. The literature on SMEs and CSR in Africa has tended to term state regulation, and in particular enforcement, as more or less absent with South Africa to some extent as an exception and hence focused on private regulation as the 'only option'. Our study shows that state

regulation has a role, if in place, and according that the interplay between state and private regulation seems to ensure a broader spread of CSR practices, at least at the management level. Though there might be a limited number of countries where such investigations, at the moment, are relevant, the findings indicate that CSR can be developed further, if the state also takes part. However, the findings also show that how the state regulates needs to be carefully designed and implemented in order to for example not just place another burden of costs on the shoulders of the SMEs.

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ANALYSIS OF BANK PERFORMANCE IN THE POST LIBERALIZATION AND PRIVATIZATION ERA USING CAMELS INDICATORS (CASE OF ZAMBIA)

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ABSTRACT

Since the introduction of the Structural Adjustment Program (SAP) in Zambia, its effect on banks performance is not clear. The purpose of the research was to analyse the effect of privatization and liberalization on bank performance between 1999 and 2009 using CAMELS methodology. The CAMELS indicators were all above level three (3) meaning that banks in Zambia were performing well by both local and international standards except during the global economic crunch. In line with International Monetary Fund (IMF) predictions, the findings have clearly indicated that privatization and liberalization have had a positive effect on the Zambian banking sector.

INTRODUCTION

The Zambian government change in regime in 1991 brought about fundamental economic reforms, from state control to an economy led by private sector development. The reforms included liberalization, decentralization and privatization of the financial sector. In general, liberalization refers to a relaxation of previous government restrictions, usually in areas of social or economic policy. The liberalization of the Zambian economy was born out of the Structural Adjustment Programme (SAP) in 1992. It was believed that with Liberalization, a competitive environment for Zambian industries would be set to ensure efficiency and effectiveness. The Banking sector was not left out in the process. The liberalization process in the financial sector was considered as an ideal policy for increasing mobilization of the savings and efficient credit allocation which would induce investments for increased production in the economy. There was open entry for new domestic and joint venture banks and more relaxation of branching requirements for both domestic and venture banks. More importantly the reduction of the reserve requirement ratio by the Central Bank was effected.

The lower reserve requirement ratio was targeted at encouraging both local and international banks to easily join the sector and reinforce competition. It was believed that by allowing Banks to compete, the market forces of demand and supply would naturally increase efficiency through the pursuit to survive. The expected effect was reduced interest rates, higher profits, increased lending and expansion of the financial sector which would trickle down to availability of capital for industries thereby bringing about national development. Through natural selection in accordance with efficiency and other strategies, only the best performing banks survived the competition with the less efficient ones closing down some branches or entirely. Some of the banks that have closed down since 1992 include Meridian, Union, Credit Africa, Commerce and Prudence .On the other hand, the Zambian Banking Industry has seen an introduction of many national and international banks such as Stanbic, ECO, FNB, African Banking Corporation and Access. This research attempted to measure overall annual bank performance for 10 years beginning 1999.This in turn showed the effect that Liberalization and Privatization had on the Banking Industry in Zambia.

LITERATURE REVIEW

Different countries have different objectives in their attempt to privatize state owned enterprises. Hence, the objectives of privatization of each country have to be clearly defined so that the success or failure of privatization is properly measured. In certain instances, privatization is necessitated to increase competition in the country; while in other countries, the objective could be pure denationalization. Most free market economies attempt to create efficiency in the market by allowing more competition. The case of 'New Zealand' clearly fits this objective. Other objectives of privatization could be revenue generation for the government. Some heavily indebted countries, with unsustainable balance of payment problems, engaged in privatization exercise to generate revenues with which they could reduce their budget deficits (Berg, 1993). Bank returns are affected by macroeconomic variables, suggesting that macroeconomic policies that promote low inflation and stable output growth work to boost credit expansion (Flamini, McDonald, and Schumacher, 2009)

Sayuri Shirai (2007) concluded that financial reforms have a moderately positive impact on reducing the concentration of the banking sector (at the lower end) and improving performance. The Economic Commission for Latin America and the Caribbean reviewed that privatization must not be singularly assessed but must always be assessed alongside other liberalization measures, such as interest rate liberalization, capital account liberalization, prudential regulation and competition policy (Economic Commission for Latin America and the Caribbean, 2001).Over time, privatization yields significant improvements in economic efficiency and credit risk exposure (Omrane Guedhami, 2010).It was also found that newly privatized banks that were controlled by local industrial groups became more exposed to credit risk and interest rate risk after privatization (Elsevier B.V, 2005). Moreover, a study reviewed that the partially privatized banks showed a significant positive difference in financial performance and efficiency when compared to the fully public sector banks. Interestingly, the financial performance of banks already in the private sector was not significantly different from those that were partially privatized (Vikalpa, 2005). A research study by Amir Hussain Shar et al., (2010) concluded that overall, analyses of soundness of the banking sector particularly show a positive impact of reforms and revealed an overall improvement in that banking sector.

A paper by Eno L. Inanga et al., (2002) titled 'African Financial Systems and Financial Liberalization' reviewed that Financial systems in Africa are noted for their marked variations. Some systems, such as those in Mozambique, Angola, Tanzania, and Guinea are dominantly government-owned, consisting mostly of the central bank and very few commercial banks. Other systems have mixed ownership comprising central banks, public, domestic, private and foreign private financial institutions (Soyibo 1994).African governments have, over the years, adopted the policy of financial sector intervention in the hope of promoting economic development (Interest rate controls, directed credit to priority sectors, and securing bank loans at below market interest rates to finance their activities, later turned out to undermine the financial system instead of promoting economic growth. Generally, the blanket financial reforms were packaged by the World Bank and handed down to African countries. (World Bank 1989; Elbadawi et al. 1992).

Financial liberalization in many African countries was carried out without explicit study of the initial conditions of the economy. This was so because the blanket financial reform package handed down to them gave them hardly any opportunity for such analysis. The experience of Southern Cone countries of Latin America, namely, Argentina, Uruguay, and Chile, with financial liberalization, particularly in relation to high real interest rates and inflation, emphasizes the need to ensure macroeconomic stability before embarking on financial liberalization. Financial liberalization in an inflationary economy will send inappropriate signals, resulting in adverse consequences for the economy. This is illustrated by Adam (1994) in his study of financial liberalization in Zambia under dynamics of inflation between 1992 and 1993. He showed how financial liberalization measures during the period not only had direct fiscal costs in their own right, but by removing the controls which supported the real monetary base, also served to reduce the demand for real domestic currency balances and the seignorage revenue capacity of the economy. Political, administrative, and policy

credibility issues might also have led to the dismal performance of financial liberalization in Africa (K. Kosmidou and C. Zopounidis, 2008).

A Critique of the Review and Lessons Learnt from Reviews

The literature review shows that privatization and liberalization both have a positive influence on improving performance and efficiency in the financial sector. The positive effects have been clearly exposed in the majority of the countries that undertook the reforms. There is no wonder why the International Monetary Fund (IMF) has been encouraging countries to embrace the tenets of liberalization and privatization. The studies reviewed also indicated that partial privatization as well as gradual privatization also give birth to positive results.

Emphasis must be made that financial liberalization must not be done in isolation but it must be done alongside other macroeconomic variables. Efficiency in only one sector is as good as having no efficiency at all because all systems are interlinked. An HIV infected person cant not be put on Anti Retroviral Drugs until tests are done to assess the immunity, blood count, condition of the liver etc., the results of these tests indicate whether a person should immediately be put on ARVs or not. In much the same way, liberalization and privatization should be implemented in an economy that has certain important systems already running in place. Privatization and liberalization should not be done before assessing the condition of the economy. Sadly most developing countries have had to swallow this bitter pill as the IMF used a blanket reform strategy for all the countries. Moreover, in most cases reviewed, a proper economic diagnosis was not carried out hence either the wrong prescription was made or the right prescription was made but with the wrong dosages leading to prolonged recovery and a less than efficient impact of the medication on the economic infection. Financial liberalization in Southern Cone countries of Latin America, namely, Argentina, Uruguay, and Chile, emphasizes the need to ensure macroeconomic stability before embarking on financial liberalization particularly in relation to high real interest rates and inflation. Financial liberalization in an inflationary economy will send inappropriate signals, resulting in adverse consequences for the economy. This is illustrated by Adam (1994) in his study of financial liberalization in Zambia under dynamics of inflation between 1992 and 1993. He showed how financial liberalization measures during the period not only had direct fiscal costs in their own right, but by removing the controls which supported the real monetary base, also served to reduce the demand for real domestic currency balances and the seignorage revenue capacity of the economy. Political, administrative, and policy credibility issues might also have led to the dismal performance of financial liberalization in Africa (K. Kosmidou and C. Zopounidis, 2008).

The literature review clearly shows that privatization and liberalization have positive effects on the performance of the financial sector of the economy. This is however underpinned by the presence of macroeconomic stability in relation to inflation and interest rates. The central bank policies also play an important role in enhancing the effects. Moreover, just as different kinds of problems need different kinds of solution, financial sector reforms should not be uniform but specific to each country and that a proper economic condition study should be conducted before implementation of reforms. Decisions as to the type or gravity of privatization is dependent on the reigning economic conditions of a country. Lastly, the objectives of privatization must clearly be set and defined so that the success or failure of privatization is properly measured. This also aids in proper monitoring and evaluation of the process.

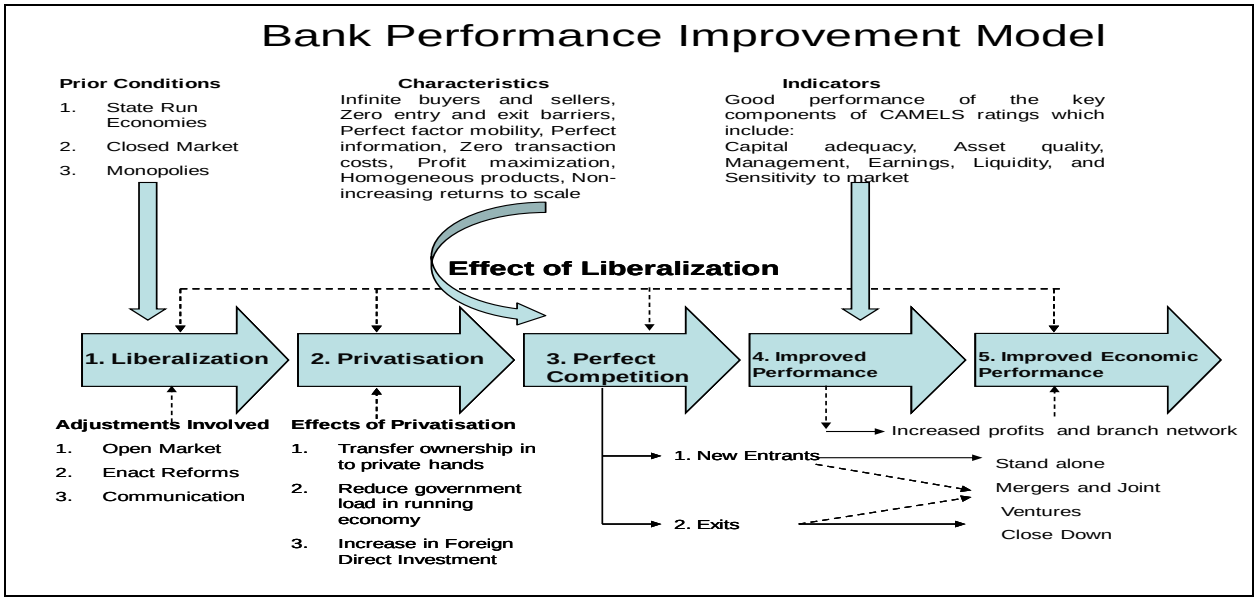
METHODOLOGY

Research Design

The accounting and financial ratios were used to measure the parameters and variables in the study. The parameters that were measured included capital adequacy, asset quality, management soundness, earnings and profitability, liquidity, and sensitivity to market risk.

This framework involves the analyses of six groups of indicators relating to the soundness of any financial institution.
These six measures of financial health include:
• Capital adequacy
• Asset quality
• Management soundness
• Earnings and profitability
• Liquidity
• Sensitivity to market risk

FIGURE 1
Conceptual Framework



H. Chanda 2011

Study Design

The study was designed in such a way as to capture the true picture in relation to bank performance.

Target Population and Coverage

All the banks in the country (Zambia) that existed in the period under review were included in the study.

Data Collection Tools

The Central Bank of Zambia website provided the audited financial reports for all the banks. Other information that could not be accessed directly from the website was obtained from the Bank of Zambia offices.

Measurement of Bank Performance

The parameters that were used to measure bank performance included capital adequacy, asset quality, management soundness, earnings and profitability, liquidity, and sensitivity to market risk.

Data Analysis

The detailed analysis of the information in this paper was based on each of the six groups of CAMELS indicators. The CAMELS ratios, from the period 1999-2009 were discussed according to various categories which included, Joint Venture Banks, Local Indigenous Banks and Foreign Banks, while the results for the entire banking sector were discussed subsequently. The analytical framework in this study is based on the **CAMELS** rating system, a device created by federal banking regulators to assess the overall performance of commercial banks (Rose, 2010). The **CAMELS** acronym stands for **C**apital adequacy, **A**sset quality, **M**anagement, **E**arnings and **L**iquidity. Regulators created an additional measure, **S**ensitivity, to evaluate market risk associated with changing interest rates and other factors. The CAMELS rating system was developed by federal banking regulators as a composite measure of overall commercial bank performance. Bank management and the board of directors receive an aggregate performance score on a scale of 1-5 where 1 is the highest rating and 5 is the lowest

Camel Rating System

The CAMEL rating system is based upon an evaluation of five critical elements of bank operations: Capital Adequacy, Asset Quality, Management, Earnings and Asset/Liability Management. This rating system is designed to take into account and reflect all significant financial and operational factors examiners assess in their evaluation of bank's performance.

Liberalization results in to privatization, a free market economy and perfect competition, which is characterized by many buyers, sellers, products that are similar in nature and many substitutes, results in improved efficiency. Based on this postulate the hypothesis for this paper will be as follows:

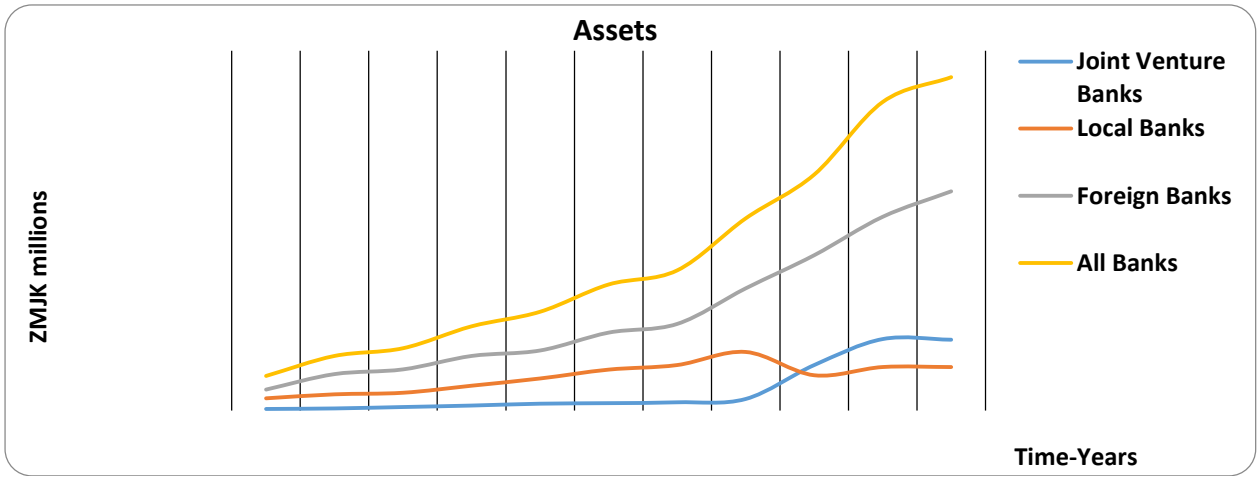
Ho: Overall commercial bank performance in Zambia has improved in the post liberalization and privatization era (1999 - 2009)

Ha: Overall commercial bank performance in Zambia has not improved in the post liberalization and privatization era (1999 - 2009)

FINDINGS

Data Presentation and Analysis

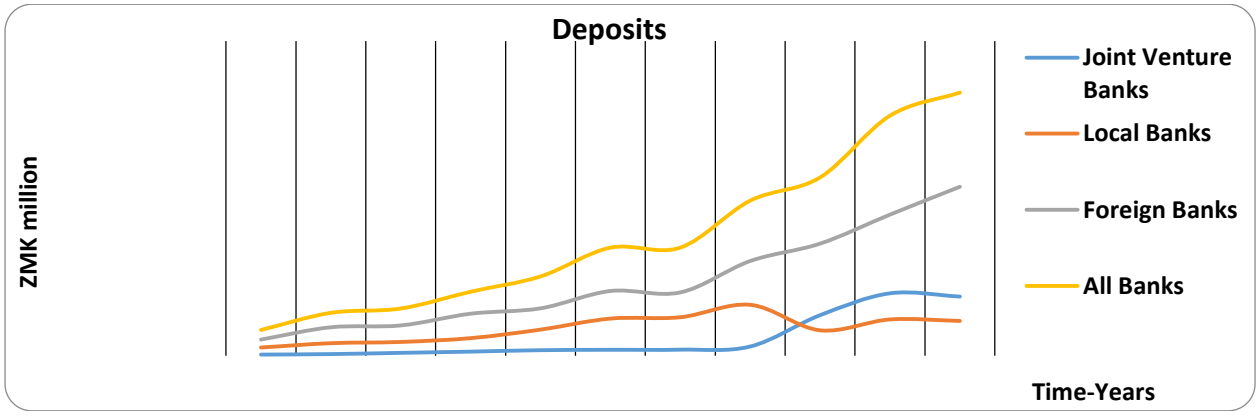
FIGURE 1
Banking Industry Assets



The above graph indicates that all the banks in the country are have enjoyed an upward trend in asset adequacy with foreign banks leading in the ten year period. For most part of the decade local banks were second till 2007 when joint venture banks took the second place. This was partly due to a huge local bank-Zambia National Commercial Bank (ZANACO)-going in to a joint venture thereby strengthening and beefing up the assets of the joint banks over the local banks. This was however not enough to overtake or go anywhere near the assets of the foreign owned banks. Evidence above indicates that the banking industry in Zambia has adequate assets.

A high level of deposits increases mobilization of the savings which in turn is useful for efficient credit allocation thereby helping to induce investments for increased production in the economy. The findings indicate that foreign banks were leading in terms of deposits followed by local banks and joint venture banks came in third. The second place reign of local banks ended in 2007 when the Zambia National Commercial Bank went in to a joint venture. This weakened the local banks hence erosion of deposits for the period 2006 and 2007.The general bank deposits have continually been rising over the ten year period

FIGURE 2
Deposits



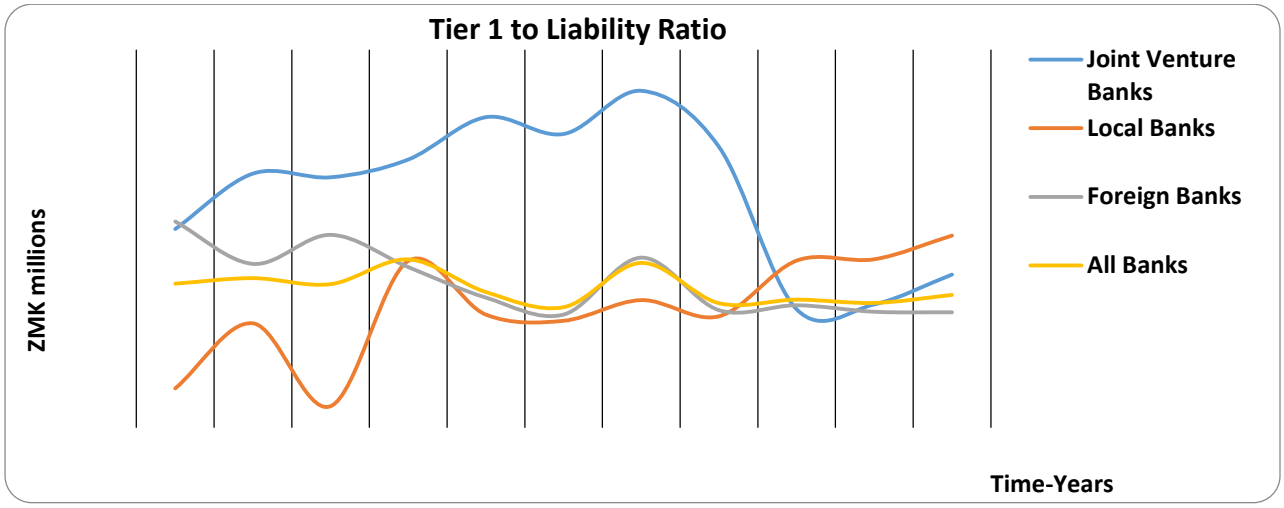
Capital Adequacy

The capital to liability ratio measures the capital adequacy in the study. It shows a bank's ability to cover its liabilities especially to its depositors.

Primary Capital to Liability Ratio (Figure 3)

Primary capital is the life blood of a bank. The findings show that the primary capital to debt ratio was dominated by joint venture banks from 1999 to 2007 with foreign banks maintaining the second place during the same period. The ratio for joint banks enjoyed an upward trend till 2005 when it dived down to third position below the industry average. The local banks on the other hand stayed below the industry average till 2006 when they went in to second position before taking the top position in 2007.This could have been caused by ZANACO leaving the local banks as a result of the joint venture move. From 2007, the ratio has remained stable which is a good indication.

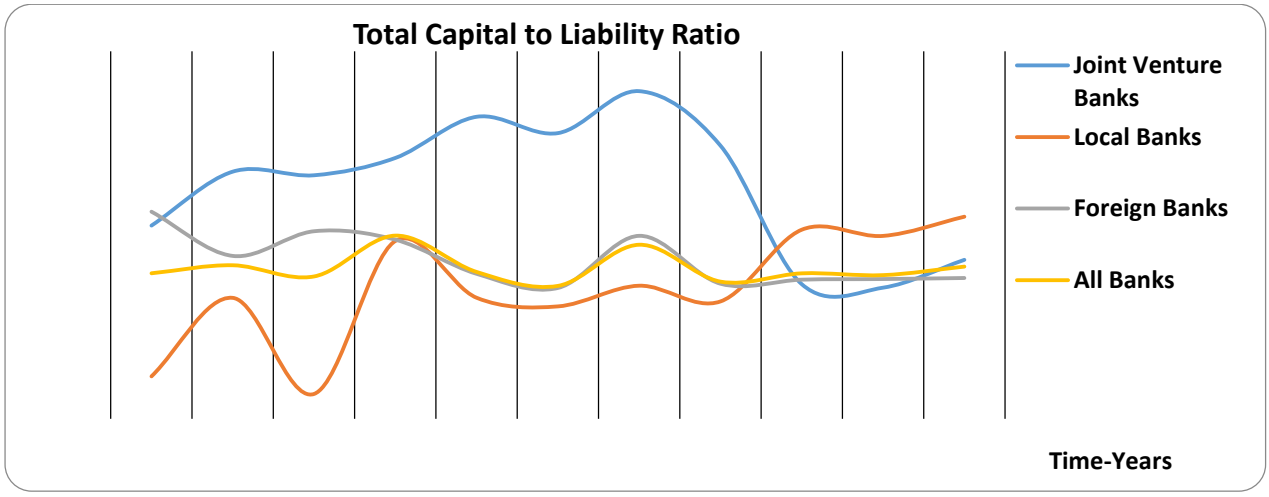
FIGURE 3
Primary Capital to Liability Ratio



Regulatory Capital to Liability Ratio (Figure 4)

A combination of Tier 1 and Tier 2 makes up the total capital for a bank. Higher total capital to liability ratio is better for the bank but this has to be balanced with credit allocation. The findings show that the total capital to debt ratio was dominated by joint venture banks from 1999 to 2007 with foreign owned banks maintaining the second place during the same period. The ratio for joint venture banks enjoyed an upward trend till 2005 when it dived down to third position below the industry average. The local banks stayed below the industry average till 2006 when they rose to second position before taking the top position in 2007.The local bank performance could have been caused by ZANACO leaving the local banks as a result of the joint venture move. From 2007, the ratio has remained stable.

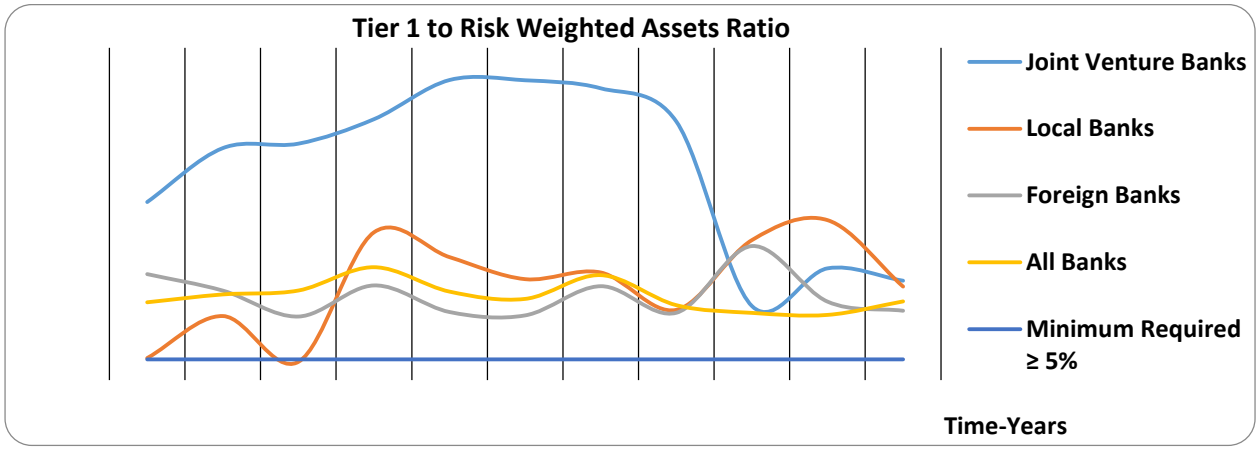
FIGURE 4
Total Capital to Liability Ratio



Primary Capital to Risk Weighted Assets (Figure 5)

The tier one ratio for the banking industry has kept afloat the minimum internationally and locally required level which is 5% of the risk weighted assets. The joint venture banks enjoyed a considerable huge lead and upward trend till mid 2004 when the decline set in. By 2007 they had fallen to almost the industry average but took a sharp but short rise before finally stabilizing. The local banks were below the industry average but above the minimum required 5% threshold. The local banks rose to second place on 2007 and took the lead in 2007.The foreign banks on the other hand stayed above the threshold but below the industry average for most of the decade under review.

FIGURE 5
Primary Capital to Risk Weighted Assets



Total Capital to Risk Weighted Assets (Figure 6)

The findings show that the regulatory capital ratio for the banking industry has kept afloat the minimum internationally and locally required level which is 10% of the risk weighted assets except in 1999, 2001 by local banks and 2008 by foreign banks. The joint venture banks enjoyed a health lead and upward trend till mid 2004 when the decline set in to bring them in second place which they maintained. The local banks were below the industry average but above the minimum required 10% threshold except in 1999 and 2001 when they failed to meet the 10% threshold. Local banks rose to second place on 2002 and took the lead in 2007 when ZANACO went in to a joint venture. The foreign banks on the other hand stayed above the threshold but below the industry average for most part of the decade even going way below the 10% threshold in 2008 possibly during the global economic meltdown. The trend forecast predicts a stable ratio for the banking industry during the coming years.

Asset Quality

The asset quality of a bank determines its ability to survive through generating earnings from some of its assets. A bank should maintain adequate earning assets. This is calculated by comparing its total assets to the earning assets.

Earning Assets to Total Assets (Figure 7)

The findings of the study show that the earning assets to total assets ratio for the entire banking industry has been increasing for the decade under study. The range was between 40% and 70% which indicates a good use of assets. The trend line forecast predicts a continued rise in the years

to come. The joint venture banks enjoyed a weak lead from 1999 to 2001 when local banks took over briefly up to 2003.The foreign banks were on top in 2003 and the local banks reclaimed the lead up to 2006.Lastly the foreign banks took over briefly in 2008 but gave way to local banks from then onwards.

FIGURE 6
Total Capital to Risk Weighted Assets

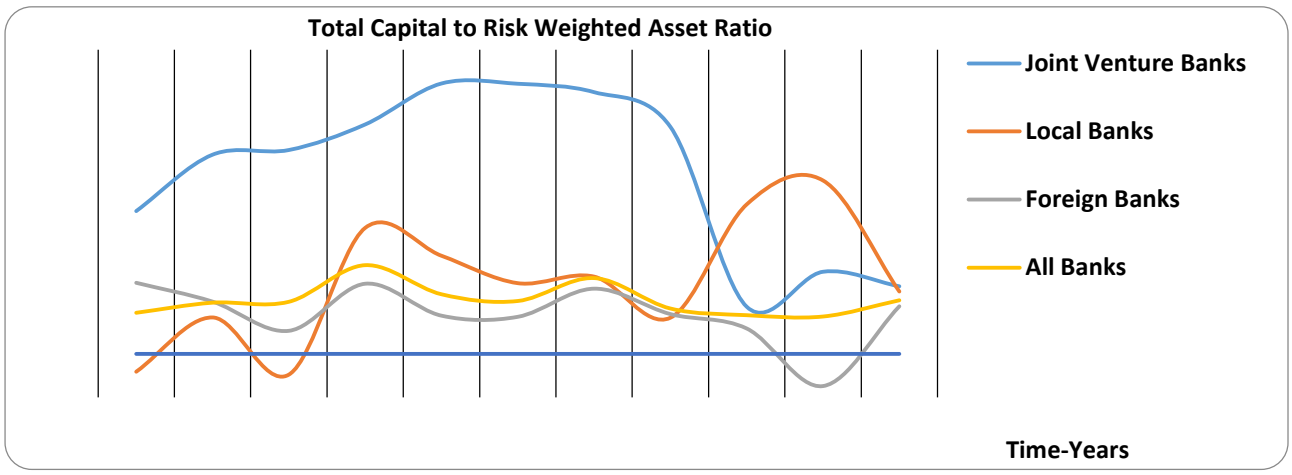
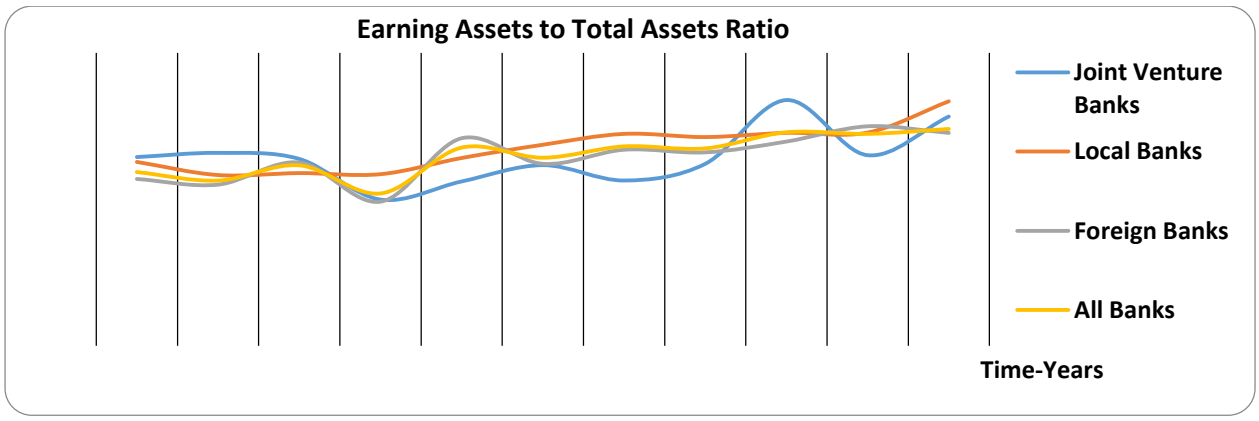


FIGURE 7
Earning Assets to Total Assets Ratio

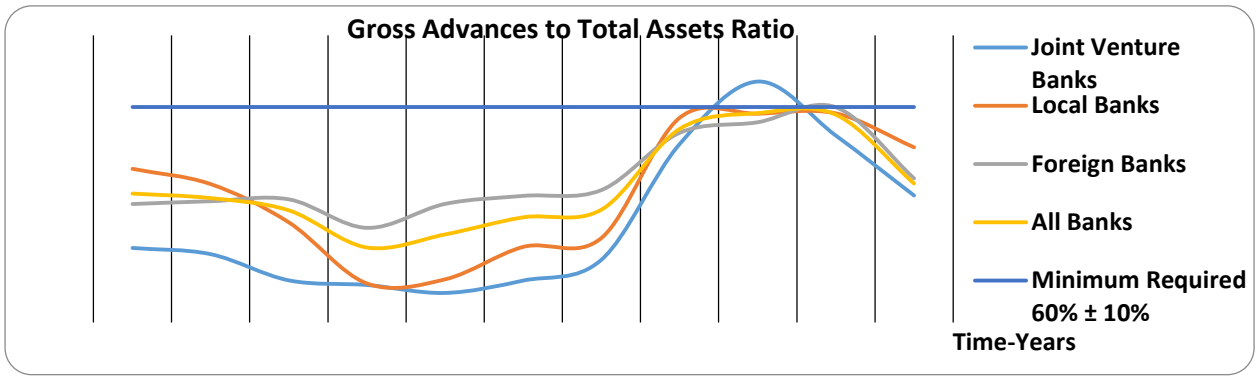


Gross Advances to Total Asset Ratio (Figure 8)

This ratio gives an indication of how much of the deposits are being advanced to customers. A lower figure indicates that a bank is not allocating credit i.e. holding on to deposits. The findings indicate that the gross advances to total asset ratio has been below the internationally set standard of 60% plus or minus 10% or less, except in 2007 when the joint venture banks went beyond the threshold briefly before sharply returning to normal. The findings also indicate that the ratio gradually

declined untill 2003 which saw a gradual ascension up to 2007 after which another decline phase set in.The foreign owned banks perfomed above average whilst the joint vebture banks performed poorly for most part of the decade.The locally owned banks maintained an average through out the period.

FIGURE 8
Gross Advances to Total Assets



Indicators of Management Soundness

The Human Resource is the most important of all resources and it has a huge bearing on the performance of a bank. A sound management team ensures growth of a bank. This is the hardest CAMELS tool to use as it is subjective.

Total Expenses to Total Income (Figure 9)

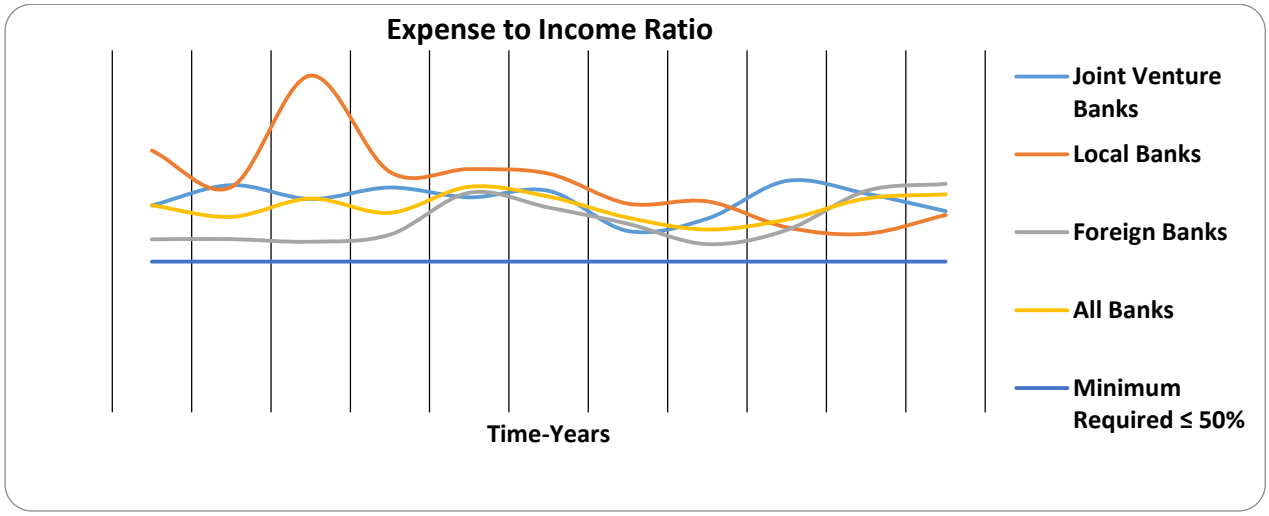
Efficiency improves as the ratio decreases, which is obtained by increasing income and/or reducing expenses. This is a measure of productivity of the bank, and is targeted at the middle to low 50% range. This means that for every one kwacha the bank is earning it gets to keep half of it and spend half to earn that kwacha. The findings show that the banking industry has generally performed below the internationally acceptable standard of 50%. The foreign banks maintained the best ratio till 2007 probably due to the global economic meltdown. The local banks had the worst ratio (hitting as high as 120%) for most part of the decade till 2006 when the ratio decreased and eventually became the best after 2007.The joint venture banks maintained an average ratio and only went to the top in 2007.

Indicators of Earnings and Profitability

Net Interest Income/ Interest Earning Assets (Figure 10)

This is net interest income expressed as a percentage earning assets. It indicates how well management employed the earning asset base. The lower the net interest margin, approximately 3.0% or lower, generally it is reflective of a bank with a large volume of non-earning or low-yielding assets and vice versa. The findings show that although there was a steady decrease over the years of the ratio, all the banks were way ahead of the minimum required ratio. The joint venture banks enjoyed the top position followed by foreign banks with local banks being under the industry average for most part of the period. The above findings show that there has been good management of earning assets by the banking sector.

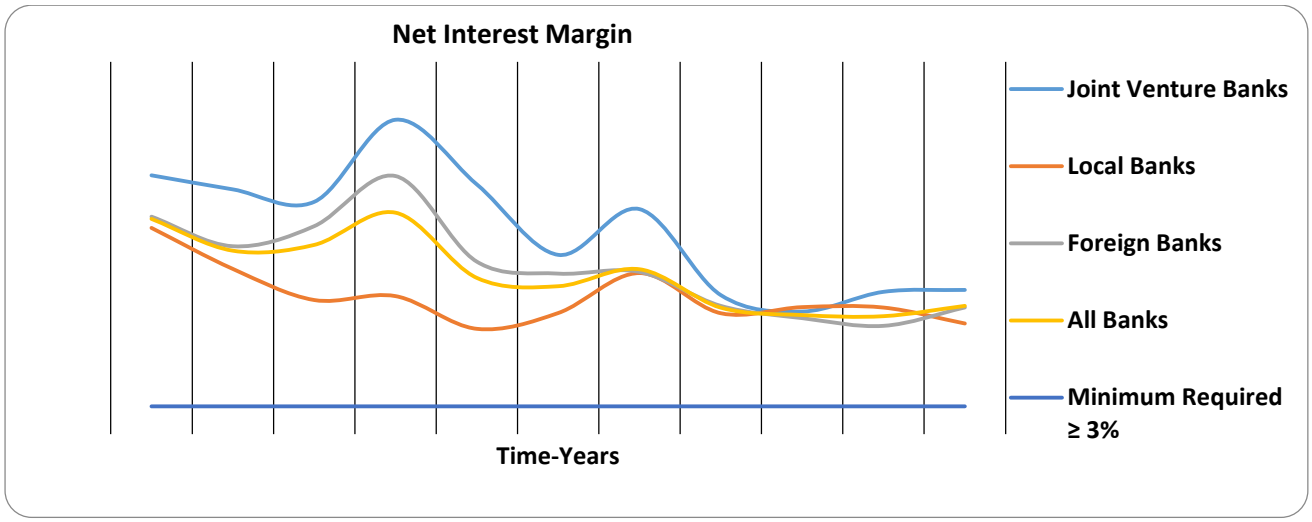
FIGURE 9
Total Expenses to Total Income



Total Non-Interest Expenses / Total Assets (Figure 11)

Non-interest expenses, which are the normal operating expense associated with the daily operation of a bank such as salaries and employee benefits plus occupancy / fixed asset costs plus depreciation and amortization. These costs tend to rise faster than income in a time of inflation or if the institution is expanding by the purchase or construction of a new branches. The ratio has generally been decreasing according to the findings implying that the banks have not drastically increased their branch network or that because the inflation rate has been stable. The foreign banks have had the best ratio for the most part except between 2002 and 2005 and after 2008.The local banks on the other hand generally performed poorly except in 2003 and after 2008. The trend line forecast predicts the general decline to continue for the entire banking in industry in the coming few years.

FIGURE 10
Net Interest Margin



Non-Interest Expense Efficiency Ratio (Figure 12)

Efficiency improves as the ratio decreases, which is obtained by increasing net interest income, increasing non-interest revenues and/or reducing operating expenses. Non-interest expenses (expenses other than interest expense and loan loss provisions, such as salaries and employee benefits plus occupancy plus depreciation and amortization) tend to rise faster than income in a time of inflation. This is a measure of productivity of the bank, and is targeted at the middle to low 50% range. The findings show that the banking industry has generally performed below the internationally acceptable standard of 50%. The foreign banks maintained the best ratio till 2007 probably due to the global economic meltdown. The local banks had the worst ratio (hitting as high as 120%) for most part of the decade till 2006 when the ratio decreased and eventually became the best after 2007.The joint venture banks maintained an average ratio and only went to the top in 2007.

FIGURE 11
Overhead Ratio

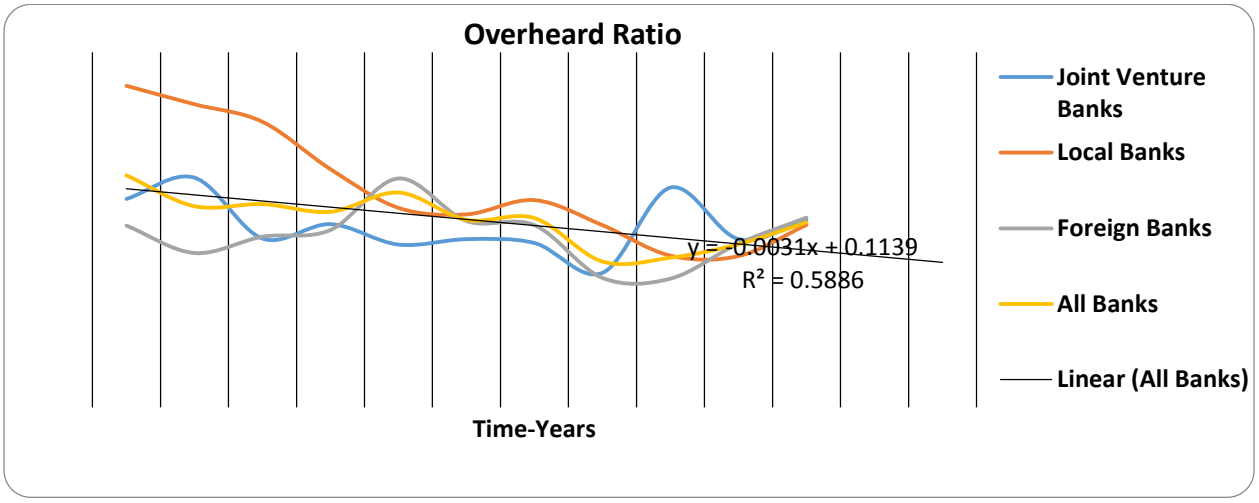
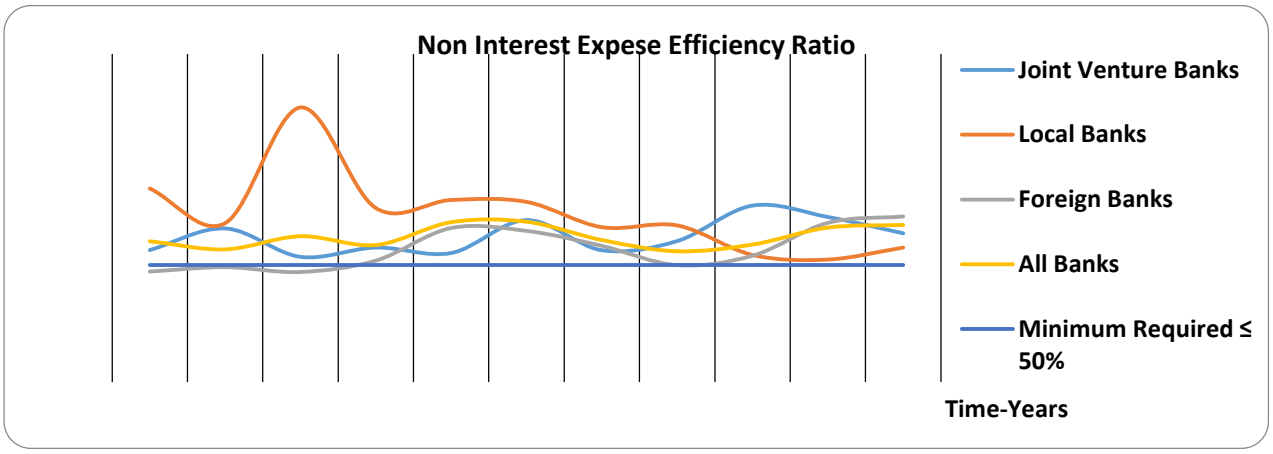


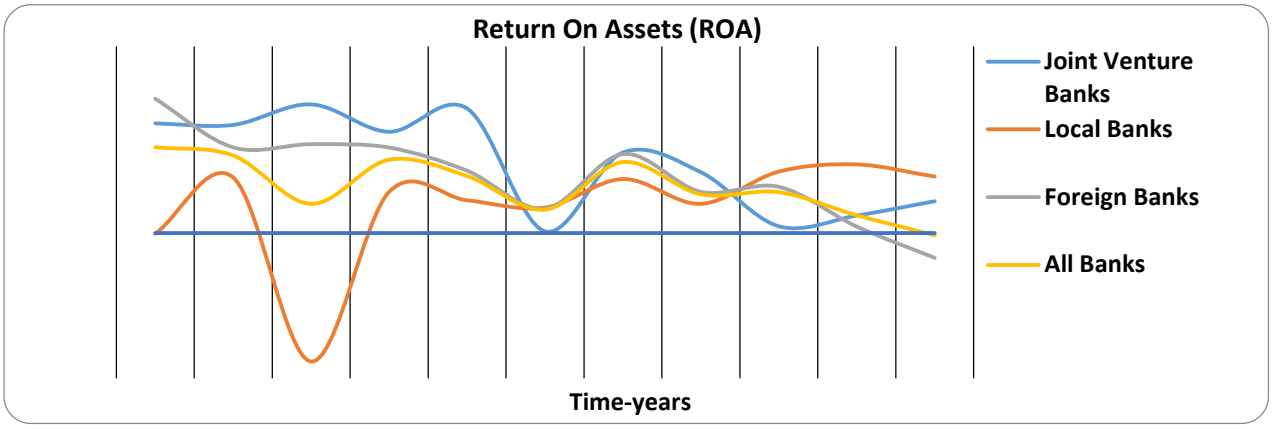
FIGURE 12
Non-Interest Expense Efficiency Ratio



Return on Assets (ROA) (Figure 13)

Net operating income after taxes (including realized gain or loss on investment securities) divided by Total Assets for a given fiscal year. This measures how the assets are utilized by indicating the profitability of the assets base or asset mix ranges from approximately 0.60% to under 2.0%. Historically in the benchmark was 1.0% or better for the bank to be considered to be doing well. The findings of the study show a generally good industry performance. Joint venture banks performed well on average except in 2004 when the ratio dropped to almost the minium acceptable internatiobnal standard of 1%.The local banks performed so poorly for most part of the decade with ratios as low as minus 5.5% in 2001(probably due to hthe genral elections elections).The local banks however picked up in the latter part okf the decade under review i.e. from 2007 onwards (after ZANACO went in to a joint venture). The performance of the foreing banks was mostly above average except after 2008.

FIGURE 13
Return on Assets



Return on Equity (ROE) (Figure 14)

Net operating income after taxes divided by total equity for a given fiscal year results in ROE. This ratio is affected by the level of capitalization of the financial institution. It measures the ability to augment capital internally and pay a dividend. It also measures the return on the stockholder's. In the long run, an international standard return of around 15% to 17% is regarded as necessary to provide a proper dividend to shareholders and maintain necessary capital strengths. The findings show that the ratio was generally stable over the decade under review for the entire banking sector.Foreing banks generally dominated until 2007 when local banks took over.Local banks faired poorly even going as low as minus 110% in 2001 after which they stabilised.The joint venture banks did not perform well except after 2008.

Indicators of Liquidity

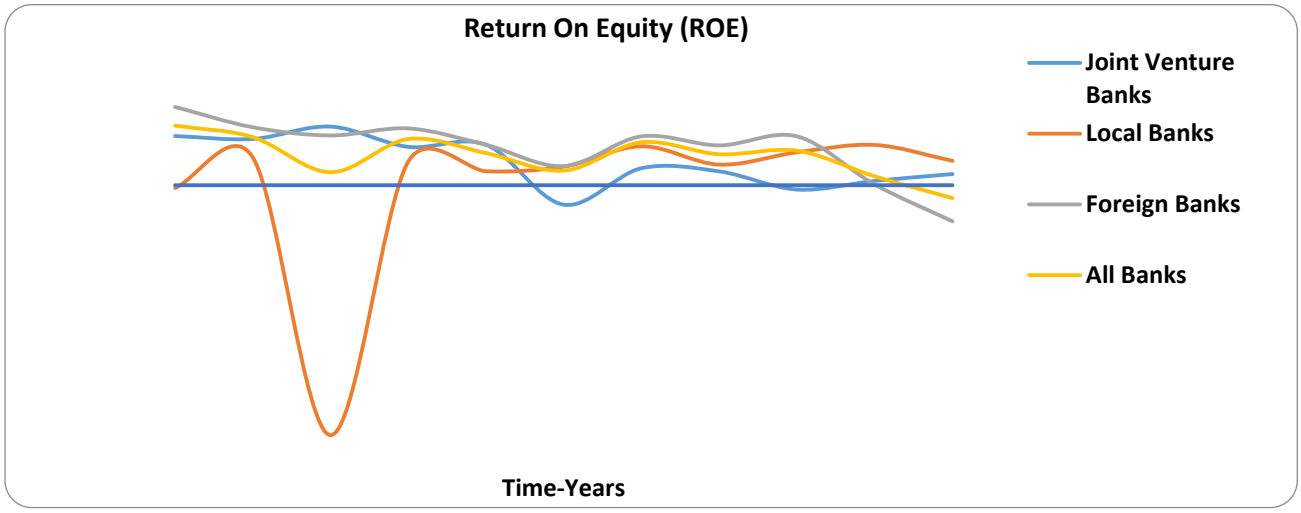
Liquidity is what a bank requires if Funding is interrupted and the bank must still be able to meet certain obligations. This is the bank's ability to repay depositors and other creditors without incurring excessive costs. A bank's least expensive means of funding loan growth is through deposit accounts.

Loans as a Percentage of Deposits (Figure 15)

This ratio measures funding by borrowing as opposed to equity. The higher the ratio the more the institution is relying on borrowed funds. Conversely, the ratio cannot also be too low as loans are

considered the highest and best use of bank funds as they indicates excess liquidity. Internationally acceptable ratios of between 70% and 80% indicate that a bank still has capacity to write new loans. A high loan-to-deposit ratio indicates that a bank has fewer funds invested in readily marketable assets, which provide a greater margin of liquidity to the bank. The findings of the study indicate that the general banking sector loan to deposit ratio has not been within the internationally accepted boundaries. This is the case for most part of the decade under review until mid 2006 which saw an improvement. Local banks performed very poorly throughout the period with foreign and joint venture banks being first and second respectively. The trend line forecast predicts an improvement in the coming years.

FIGURE 14
Return on Equity



Liquidity Gap Analysis (Figure 16)

This is an attempt to measure future funding needs of a bank by comparing the amount of assets and liabilities maturing over time. The overall goal of management in the asset/liability/capital structure of the institution is to maximize the return earned from the assets, with the lowest risk profile and default ratio, and also minimize the cost of funds as much as possible to widen the spread between earnings and expenses. Gap analysis is a measurement of interest rate sensitivity of assets and liabilities. If a company has a negative duration gap that means that its assets are paying off faster than its liabilities. Management's goal for liabilities is to manage sources of funds to meet liquidity requirements and to increase income potential. Management's goal for Capital is to provide the buffer to absorb losses and maintain adequate equity capital. The findings of the study indicate that the gap for the banking sector over the period under review has been negative and gradually increasing meaning that assets are paying off faster than liabilities. This also implies that the banking sector was exposed to the interest rate risk. Foreign, banks were the most exposed followed by local banks and then joint venture banks which have enjoyed a positive gap for most part of the period. After 2007, local banks and joint venture banks performed negatively whilst foreign and the banking sector recorded favorable performances.

FIGURE 15
Loans as a Percentage of Deposits

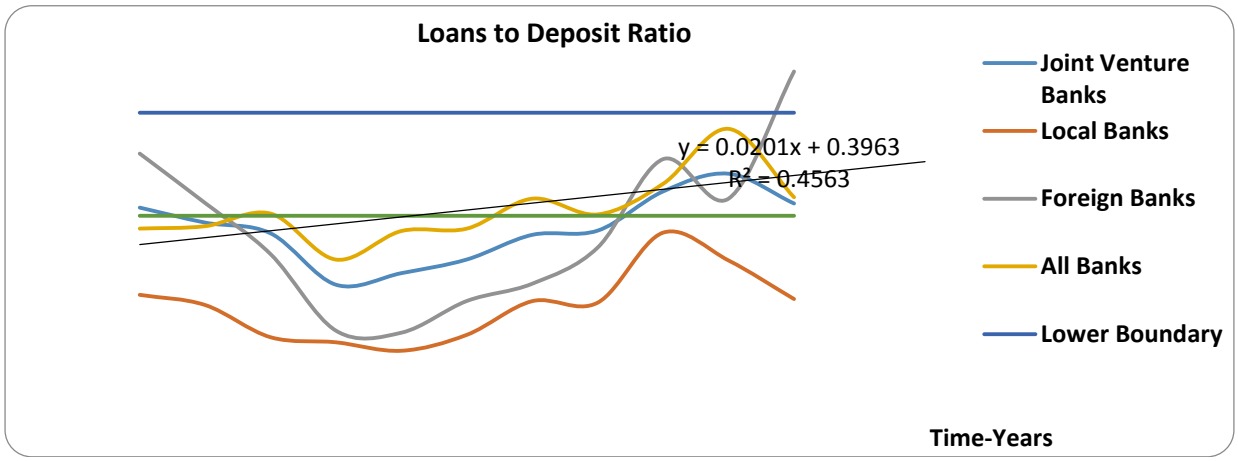
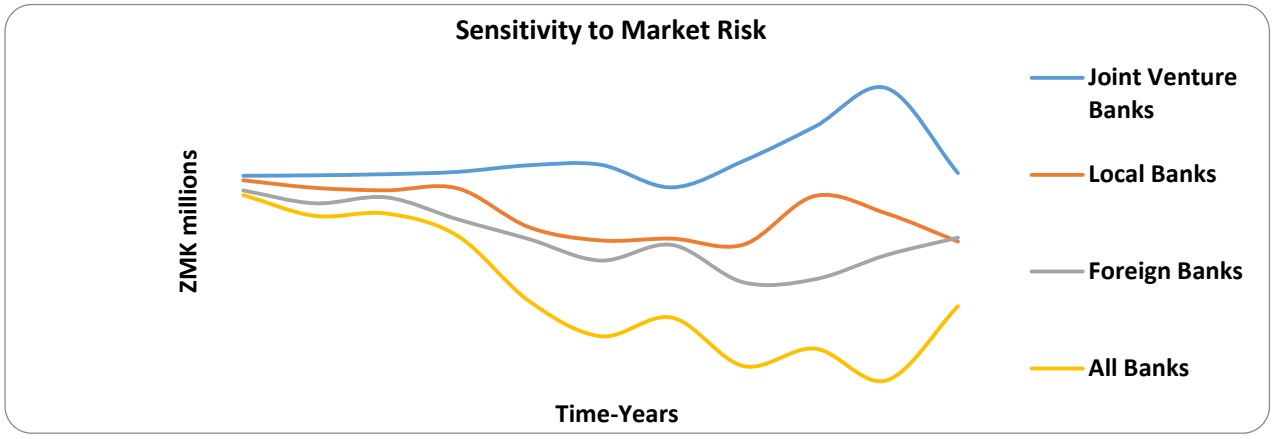


FIGURE 16
Indicators of Sensitivity to Market Risk



DISCUSSION/CONCLUSION AND IMPLICATIONS

The study was an attempt to assess bank performance in the post privatization and liberalization era in Zambia using the CAMELS framework of financial indicators for the period 1999 – 2009. The finds indicate that the banking sector has performed well in the period under review. The CAMELS indicators were all above level 3 meaning that Zambian banks are performing good by local and international standards. The seemingly poor performance years were 2001 and years during the economic meltdown which affected the entire world. The foreign banks performed the best overall followed by joint banks and then local banks. The liberalization of the Zambian economy has yielded positive results as can be proved by the performance of the banking sector in the period 1999-2009.Liberalization and privatization have worked to bring about improved performance in the banking sector in accordance with the recommendations of the International Monetary Fund (IMF).

The findings have clearly indicated that privatization and liberalization have had positive effect on the Zambian banking sector.

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MANAGING 'SELVES' AND 'OTHERS'- THE IDENTITY-SOCIAL NETWORK NEXUS CHALLENGE FOR SOCIAL NETWORK THEORY APPLICATION IN AFRICA

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ABSTRACT

Management interventions in the African context largely rely on groups as a channel for resource dissemination. How Africa's people identify themselves is intertwined with group formation in the workplace. In the African reality, identity and social networks inform one another. This unique phenomenon presents both challenges and opportunities for the scholarly and practitioner communities because these two concepts have largely been studied on the basis of mutual exclusivity. I present and analyse this nexus in the African context. I focus on the underlying assumptions of social network theory as it has been understood and applied in Western management perspectives. I conclude this paper with an analysis of African identity approaches to social networks and challenges for social network theory development. This paper is based on the results of extensive field work conducted in Zambia in the social networks of small and medium scale farmers.

INTRODUCTION

A study was developed to investigate the underlying reasons for the low success rate of knowledge transfer interventions in the small and medium scale agriculture sector of Zambia- less than 4% (Chomba, 2004). At the heart of these interventions are social networks through which interventions are channelled. It was imperative to understand the nature of these social networks in order to design and manage effective interventions. The key finding of the study was that farmer actors in the sector have complex identity formation processes which have resulted in network fragmentation.

LITERATURE REVIEW

Social Networks

Social networks comprise the structured relations between or among people (Aldrich, 2006). They arise when individuals or organisations form linkages to develop a system which facilitates information communication and content exchange.

Embeddedness in systems of social relationships is a core feature of the social network perspective (Granovetter, 1985) - minimising the perceived impact of isolated micro-level experiences of individuals, groups and units. Embeddedness implies that social network actors are interdependent. Embedded relationships exist where strong ties form close and dense network structures (Uzzi, 1997). Social network theory is therefore primarily concerned with examining the structures of social relationships (Dunn, 1983).

The literature on social networks can generally be classified in two streams: social capital research and network development research. Social capital research views social networks as contexts for action as can be seen in the works of Granovetter (1985) and Portes (1998). Social capital research

concludes with propositions on how interactions with social network structures yield certain outcomes in the manner of ties between individuals and groups and in determining who assumes central positions in the network. Social capital research seeks to understand how the social network behaves and the expected impact of this behaviour on actors. It exposes social network consequences (Brass, 2002).

Network development research is concerned with patterns and determinants of social network formation and change. The view of network development research is that social networks are a predicted effect of action (Provan, Fish, & Sydow, 2007). This stream of research answers questions about why social networks have the structures they do. The focus in this stream of research is not on the ties and central positions (as in social capital research) but on how and for whom these ties and central positions come about. Network development research describes the social network and its properties. It exposes network antecedents (Brass, 2002).

Both streams of social network research and theories have common underlying assumptions as stated by Borgatti and Halgin (2011) in the following areas:

- Structure and position play fundamental roles;
- Individual attributes are ignored;
- The function of the social network is the flow of content;
- In management science, actors are strategic players who maximise their self-interest;
- Social networks are conceptualised as lasting patterns of relations among actors;
- Actors and their actions are interdependent rather than independent.

For the purposes of this paper, I focus on the assumption that individual attributes are to be ignored. Individual attributes are characteristics belonging to an actor by which the actor can be distinguished (Knoke & Kuklinski, 1982). These characteristics can be genetically (e.g. gender and age) or socially (e.g. socio-economic status) derived. Social network theory is disposed to the examination of individuals at the relational level. This tends to be only at the level of the number of other actors in the network and the extent of their connections. The relationship becomes the subject of interest and the individual 'disappears'. In upholding the assumption that individual attributes are ignored, the individual does not influence their success or failure but the social network structure and their social network position do. Organisation attributes have been given some consideration in the literature (Brass, Butterfield, & Skaggs, 1998; Breiger & Melamed, 2014; G. Walker, Kogut, & Weijian, 1997) but individual attributes have largely gone underappreciated. A few notable exceptions have been in the studies of homophily in networks (Brass, 1985; Ibarra, 1992; McPherson, Smith-Lovin, & Cook, 2001; Mehra, Kilduff, & Brass, 1998) and in studies of personality in networks (Klein, Lim, Saltz, & Mayer, 2004; Mehra, Kilduff, & Brass, 2001). The argument that has been upheld against studying attributes is that the connection between attributes and social structure changes across populations over time (Burt, 1992). Burt (1992) argues that although attributes are a useful guide for discovering structural processes they cannot provide explanations. The tradition of ignoring individual attributes dates as far back as Barton's 1968 statement, cited by Freeman (2004). Barton argued that removing social actors from social contexts, and assuming that actors do not interact with anyone else, is a shortfall in sociological studies. Barton further argued that this is a shortfall that social network theory addresses. However, social network theorists seem to have fallen into a similar trap by separating attributes from actors and assuming that attributes have no impact.

Social network theory applications have had minimal success in the African context. In order to understand why this is so, I provide a brief background of the contexts used for social network theory development as summarised in Table 1.

There are at least two distinct contexts for social networks and this paper argues that social network theory accounts for the features of only one of these contexts- the developed/market economy context. Freeman's (2004) analysis demonstrates that social network theory as understood today has largely developed on the basis of studies in the developed/market economy context. This is despite the fact that principle insights on social networks emerged from the ethnographic studies by

Warner (1937) of kinship patterns and rules of descent among the Murngin of Australia- a developing context. Warner's (1937) findings were used to explore market communities in studies concerning:
- Industrial productivity among engineers and personnel managers (Warner & Lunt, 1941)

- Consumer behaviour, unemployment and communication (Lazarsfeld, Berelson, & Gaudet, 1944)

- Friendship among physicians and the dissemination of drug information (Lazarsfeld & Merton, 1954)

TABLE 1
Contexts for Social Network Theory Development

Author	Developed/Market Context Social Network Distinction	Developing/Agrarian Context Social Network Distinction
Sir Henry Maine (1861/1931)	Contract- Negotiated agreement in large modern society	Status- Small, traditional, family-oriented societies
Ferdinand Tönnies (1855/1936)	Gesellschaft- Formal, impersonal and instrumental links	Gemeinschaft- Personal and direct social ties of individuals that share beliefs and values
Emile Durkheim (1893/1964)	Solidarité Organique- Modern society in which division of labour leads individuals to form cooperative links	Solidarité Mechanique- Traditional society with similar individuals under repressive regulation
Sir Herbert Spencer (1897) and Charles Horton Cooley (1909/1962)	Secondary relations- Modern large scale societies in which individuals are linked impersonally	Primary relations- Traditional small scale societies in which individuals are linked intimately

These studies were influential but had a large bias to the structural features of networks whilst the relational aspects were taken as a given entity. The emphasis on structure was particularly upheld in economics, network science and organisation science whilst the emphasis on relations was captured in psychology, sociology and geography. The mathematical turn in social network studies of the 1950s (Freeman, 2004) laid the foundation for theoretical framing of social network theory which focussed on structure, particularly that linked to the market/developed economy.

Social Identity

The examination of the individual and their attributes has been lost in traditional social network studies. The literature on social identity gives us an insight on what may be missing in social network theory. Identity processes, because they constitute an important motivating factor in people's behaviour in groups, are relevant to organisational problems (Haslam, 2004). It is fair to say then, that identity processes have an impact on social network processes. To present knowledge, the manner of the impact of actor identity in network studies has not been explicated, only observed. This is a theoretical gap this study addresses. In this examination of identity, I discuss the nexus that exists between identity processes and network formation.

In the study of identity, the most influential theories have been social identity theory and self-categorisation theory. Social identity theory purports that membership in prestigious social groups can satisfy a person's need for positive self-identity (Tajfel & Turner, 1979). This need encourages social

comparisons that favourably differentiate in-group from out-group members. Self-categorisation theory distinguishes personal and collective identities. It argues that the individual's perceptions and responses to situations and to others is critically shaped by whichever identity is more salient (Turner, Hogg, Oakes, Reicher, & Wetherell, 1987).

Individuals that strongly identify with a group use strict criteria to determine who has legitimacy to membership of the group. Those who do not meet the strict criteria are excluded (Ellemers & Rink, 2005).

Individuals can simultaneously belong to multiple in-groups because multiple potential identities exist (Degenne & Forsé, 1999). Individuals subjectively represent the relationships among their multiple in-group memberships in a manner referred to as social identity complexity (Degenne & Forsé, 1999). Social identity complexity captures the importance of how different identities are subjectively combined to determine the overall inclusiveness of the individual's in-group memberships (Roccas & Brewer, 2002).

Where individuals have a low social identity complexity, they see their in-groups as the intersection of all their group memberships. This results in a single highly exclusive identity category that excludes others who do not belong to all groups that intersect to create that identity (Degenne & Forsé, 1999). Low social identity complexity means that multiple identities are subjectively embedded in a single in-group representation.

In contrast, individuals with a high social identity complexity recognise their distinct membership of different groups. They thereby form more inclusive identity categories by summing up their identities (Degenne & Forsé, 1999). High social identity complexity acknowledges differentiation and difference between in-group categories (Degenne & Forsé, 1999).

Identity composition is broadly determined by whether the individual displays allocentric or idiocentric properties. Allocentrism is the individual level orientation reflecting a collectivist culture; where typical preferences and values include looking to the in-group as an extension of self and source of identity (Triandis, Bontempo, & Villareal, 1988). Idiocentrism on the other hand is the individual level orientation reflecting an individualistic culture and typical preferences include detachment from the in-group, self-reliance and a competitive nature (Triandis, et al., 1988). It is anticipated that allocentric individuals will rely on the group whilst idiocentric individuals will be self-propelled in seeking out and accessing new resources.

Identity processes differ from one context to another. This paper proceeds with an illustration of how the identity processes in an African context were investigated and what was discovered about the relationship between identity and social networks in this context.

METHODS

Research Approach

I employed an inductive qualitative approach to gain fresh insights and comprehensive understanding of the identity-based nature of social networks in Zambia. The social networks discipline is relatively young, having only gained attention in research from as recently as the mid-1980s (J. Hill, McGowan, & Drummond, 1999). This supports the need to employ methods that allow more exploration rather than empirical testing. The methods also need to capture the complexity of the Zambian context. This will enable further development of existing explanations- all consistent with the promises of qualitative research (Creswell, 2007).

The benefits of qualitative research design are that qualitative approaches enable depth and breadth of focus (Dumka, Gonzales, Wood, & Formoso, 1998). For an under-researched study context such as Zambia, achieving depth and breadth will lay the foundation for future studies. Qualitative and less structured approaches to data collection have been a recognisable feature of social network studies from social network theory inception (Hollstein, 2011).

Ontology and Epistemology

I hold the view that knowledge is socially constructed and that different social groups develop ways of thinking and types of knowledge to solve their own problems (Gold, 2012). I further adopt the subtle realist stance which acknowledges that human practice shapes world realities and the world in turn has its own realities that impact on human practice (Seale, 1999). Society is therefore both subjective and objective (Andrews, 2012; Berger & Luckmann, 1991).

Sampling

I use a purposive homogeneous sampling technique so that the research participants share important characteristics (Patton, 1990). The goal of purposive sampling in this research is to have a group of core participants meeting the following observable criteria:

- Female farmer participant in the small and medium scale farming sector in Zambia;

- Operating in the rural-urban fringes of Lusaka Province of Zambia;

- Self-identification of agricultural activity as making an important contribution to the participant's income.

The specifications on gender and location of operation are made in order to increase the comparability of research findings. They also reflect the important features of the Zambian context. The contribution of agricultural activity to income is specified to increase the probability of sampling farmers that farm for a livelihood rather than for recreation.

I further employ the snowball method to determining the nature of participant connections to others in the social network. It is a network based technique (Goel & Salganik, 2010). The sample for this study was made up of the participants as shown in Table 2.

TABLE 2
Study Participants

Primary Participants	#	Farmer-based Organisations	#	Sector Service Providers	#	Total
Small to medium scale farmers	9	Women's associations	2	Mobile technology solution providers	2	
Market traders	4	Farmer cooperatives	2	Farmer magazine	1	
		Farmer's union	1	Farmer's market	1	
				Agricultural knowledge transfer expert	1	
				Micro-lending institution	1	
				Government ministry	1	
				Agribusiness institution	1	
TOTAL	**13**		**5**		**8**	
						26

Trust Building

It was necessary to build trust with individual farmers before data collection commenced. Consent was ongoing and renegotiated to maintain and build further the developed trust even after data collection commenced. The trust issues arising were a result of the following:

- The farmers had never interacted with academic researchers before and questioned my motives as a researcher;

- The farmers needed confidence in my ability to adequately represent their experiences;

- The election of a new government in Zambia during the research period made farmers reluctant to talk to any 'outsiders' (read non-farmers). They feared that their access to government farming subsidies and inputs may be compromised if their political allegiance became known;

- The political climate also affected feedback from organisation participants such as the Ministry of Agriculture and Livestock as well as the Food Reserve Agency. Appointments and reshuffles in these organisations were ongoing. This resulted in frequent changes of authorised informants with whom relationships needed to be forged.

Trust building activities with the farmers involved me assisting farmers with their daily work and living in their communities. To build trust with organisations and farmer associations, I attended and contributed to their meetings, participated in their field work and performed some administrative duties.

Interviews

Multiple data sources were drawn on but the principle means of data collection was the interview. I asked broad and general exploratory questions in order to address the limitations of existing explanations (Weick, 2007; Yin, 1994). The focus was on the specific context in order to understand the historical and cultural settings of the participants that give new dimensions to knowledge.

Twenty-six participants were interviewed over a series of interactions with the participants rather than single instances. Interviews with farmers were conducted face-to-face in the field. Interviews occurred during farm stays with farmers and through meetings arranged with institutional participants. Farm stays lasted between 1 and 2 weeks whereas meetings with institutional participants lasted between 30 and 45 minutes. Most interviews with farmers were conducted informally in the course of the performance of farm tasks which I participated in. Data collection in the field occurred over 6 months, whilst confirmation or, otherwise and, disconfirmation of data continuously occurred over 12 months.

The majority of interviews were conducted in English while a few others were conducted in Zambian local languages, Bemba and Nyanja. It was observed that participants tended to use English in the first contact interview but preferred the use of either (and in some cases both) Bemba or Nyanja in subsequent interviews. This has been interpreted as a demonstration of increased familiarity and comfortability with my research. This is because English language use in Zambian society is considered very official and appropriate for use with strangers but not so among friends.

In an effort to maintain the meaning of questions asked across the languages used, simplicity was strived for. However, in some instances it was helpful to use culturally relevant metaphors to aid in description or elicit emphasis on some points of interest. For example, in a few cases, farmers were not aware of how much land they possessed in terms of acres or hectares. It is culturally known however, what the minimum amount of land required to farm is. This minimum is called a 'lima garden' in many parts of Zambia, approximately 2 hectares. This cultural knowledge was used as a reference point in asking a question regarding farm size i.e. rather than asking, "What size is your farm?" the question asked was, "If you had to divide your farm land into lima gardens how many lima gardens would you have?"

Because participants were interviewed on more than one occasion, there were several opportunities to probe the responses given to questions in order to be as close to the intended meanings as possible. All participants spoke at least more than one language and so in some instances a single interview may have been conducted in up to 2 languages. Decentering (Brislin, 1970) was

used in these cases to ensure that the language used did not contain content requiring further modification.

The interviews were recorded and transcribed. Local language interviews were translated to English. English translations were approved by a certified linguist, translator and interpreter with the Institute of Economic and Social Research at the University of Zambia. Follow-up face-to-face and telephone interviews and were used to verify the correctness of transcribed data.

Supporting Data Collection Techniques

Data was also collected through feedback reports on my interpretations. Memos of observations were created and documents obtained from identified actors were drawn on. Field observations captured the essence of what was left unsaid. Documents were used as a means of contrasting what was believed to be happening by the actors to what was observed happening by me. I also kept a reflective diary of the research experience. The diary was used to document decisions on which actors to access, how to access them and reasons for doing so. This was to ensure continuous reflection on ethical and methodological considerations.

Data Coding

Categories were developed from the raw data. I constructed the key themes. My coding strategy was based on the coding methods of Strauss and Corbin (1998). The coding method of the data produced 6 themes, 30 categories and 114 codes within them. Coding was done by manually working through interview transcripts several times until no new codes emerged.

Open coding occurs by segmentation of data through identified properties that give data dimensions. The data was segmented into 4 levels by network level as follows:

- The ego-level of the network i.e. the farmer;

- The meso level 1 of the network i.e. farmer groups;

- The meso level 2 of the network i.e. farmer service providers;

- The macro level i.e. agricultural system coordinators and regulators.

Axial coding presents the central phenomenon as it emerges from the data. It also presents the causal conditions influencing the phenomenon and the resulting actions and interactions. Axial coding brings to the fore the centrality of the context as an intervening condition of delineated outcomes (Strauss & Corbin, 1998). The initial central phenomenon that emerged from the open codes through this method was that of embeddedness. However, on further examination of the codes it emerged that the notion of embeddedness was rooted in questions of identity. This has resulted in identity being placed as the central phenomenon in this study. The causal conditions appear to be occupation, time commitments, up-bringing and the extent of formalisation of the farmer's activities. Resulting strategies involve deciding whether to join a farmer based organisation, whether to seek codified or tacit knowledge and strategies for utilising knowledge opportunities. The contextual markers appear to be the location of actors in relation to the core and periphery of the network. Intervening conditions include levels of education, extent of needs for finance and gender issues.

Selective coding is the development of a storyline to connect the categories in order to specify propositions that state the predicted relationships. The storyline developed uses codes associated with relational perspectives of social identity and embeddedness. These are used to specify propositions on how the network enables and disables interactions between parties.

Data Analysis

Data analysis involves establishing clear links between the research objectives and the findings derived from the raw data (Thomas, 2006). Analysis is carried out by reading and interpreting the raw data multiple times. The findings arise directly from the analysis of the raw data.

Part of the analysis occurs during coding. An example is provided in Table 3 of how the data is analysed from raw text, to thematic code, to category.

TABLE 3
Example of Data Analysis Procedure

Raw Text	Thematic Code	Category	Data Level
I am a real farmer- a full time farmer; I don't do anything else to make a living besides farming- *Farmer AN*	Self-identity	Individual attributes influencing the network	1- Farmers
For certain areas, it is important to have a female only cooperative especially because of cultural sensitivities- *Farmer MN*	Gender issues	Social influences on network composition	2- Farmer groups
In instances where we found a viable group, we would ask them to register to become formalised because it is better to deal with a group in addressing transaction costs administratively- *Agri-Business Forum*	Network coordination	Strategies for knowledge transfer	3- Sector service providers
We look at farmer organisations, databases of national registration of persons, the electoral commission- these are the state guidelines on farmer identification- *Cellulant*	Attached identity	Influences of the state on network composition	4- Sector regulators

In addition to the analysis by coding techniques, this study incorporated fundamental techniques specific to qualitative social network analysis. These are the name generator and walking interview which were used in the interview phase of data collection. The name generator technique is concerned with eliciting responses from individual participants about whom they are connected to. It has become the standard in research concerned with the individual rather than the whole network (Marin & Hampton, 2007). Questions asked can be extended to get responses on why and how they are connected. In this way the individual's connections can be mapped. By analysing these responses in concert, a researcher can identify the channels through which content flows from one actor to another and the potential for a corresponding influence of one over the other (Schultz-Jones, 2009).

Walking interviews are interviews conducted on the move (Emmel & Clark, 2009). By being mobile in the farming environments where farmers experienced network activity and knowledge transfer, farmer recollection on specific events may be enhanced. Placing events and stories in the actual context is useful in helping participants articulate their thoughts. For me, this technique enhanced my understanding and insight and provided the additional content necessary for an in-depth analysis of participant responses. This technique also allows for the verification of connections determined from the name generator method.

KEY FINDINGS

The Identity-Network Nexus

The context of the networks of small and medium scale farmers in Zambia is characterised by informality which creates a distance between this context and the contexts in which social network knowledge has been created. Complementing the knowledge from the social networks discipline with knowledge from other disciplines may help overcome these contextual complexities.

Multidisciplinary approaches address the challenge of complexity (Szostak, 2012) that comes with under-researched study contexts such as Zambia. In under-researched study contexts, the applications of theory in any one discipline may be limiting. It is for this reason, among others earlier stated, that the discipline of social networks was considered in concert with that of identity.

The farmer actors in the network do not experience the same patterns of ties to others. The differences in tie patterns emerge from the two different social identities held by farmer actors. The two different social identities are the identity as a traditional farmer and the identity as an entrepreneurial farmer.

The traditional farmer identity is based on upbringing related to farming, the number of years spent in farming and the attached identity as a farmer from others. Farming is viewed as a lifestyle in the traditional farmer identity. The entrepreneurial farmer identity is largely determined by late entry into the sector, farming in areas not formally recognised by the state as farming blocs and employment of others to perform farm work. Farming is viewed as a business in the entrepreneurial farmer identity. Traditional farmers have more network ties than entrepreneurial farmers. The majority of ties held by traditional farmers are to other traditional farmers. Entrepreneurial farmers have fewer but more diverse ties. Ties held by entrepreneurial farmers are to a few other entrepreneurial farmers and various institutional actors.

The social network is fragmented as a consequence of the two different social identities of farmers. The prevalence of farmer-to-farmer ties among traditional famers result in the emergence of cliques within the network that reinforce the shared identity of traditional farmers as the yardstick of legitimacy as a farmer. These cliques take the form of both formal and informal farmer groups.

The distinct levels of actor operation facilitate a hierarchical transfer of knowledge. In the hierarchical arrangement, transfer is often unidirectional from the higher levels of sector coordinators and sector service providers to farmer groups and farmers.

Two knowledge transfer streams are identifiable from institutional actors; public extension systems and private extension systems. The public extension systems tend to work through outreach to identified farmers (often identified through national farmer registers or membership of farmer groups). Both these mechanisms reach more traditional farmers than they do entrepreneurial farmers. The private extension system works through farmers that approach the institutions. By and large, the farmers that approach the private sector for knowledge are entrepreneurial farmers.

The transfer of knowledge from one farmer to another occurs on the basis of shared identity. This is because shared identities encourage trust. As a consequence of differences in identity, the two types of farmers rarely have knowledge exchanges between themselves and tend to hold different types of knowledge.

The invisibility of entrepreneurial farmers in the sectors has contributed to inefficiencies in sector coordination. This has had the impact of hindering knowledge transfer on process improvement. The majority of knowledge recipients are traditional farmers but they are less likely to participate in applying the knowledge for process improvement than their entrepreneurial farmer counterparts. The poor utilisation of knowledge on process improvement, particularly by traditional farmers, has seen the sector become dominated by knowledge transfer on market information which both traditional and entrepreneurial farmers tap into.

Challenges of the Nexus for Social Network Theory Development

In our examination of social network ties, we must keep afore the extent to which embeddedness greatly influences the outcomes of otherwise predictable phenomena. This means, the

social, political, cultural and economic accounts of the individual must be recognised and incorporated in our explanations of social networks. Although this has not been the position in Western approaches to social networks it is relevant in the developing context of Africa based on a number of principle distinctions between Africa and the West.

The West is dominated by the market economy in which Social Network Theory was developed whilst much of Africa, including Zambia is largely agrarian. The market economy is characterised by highly formalised network arrangements. Structure and position are easily determined because all actor decisions are based on basic supply and demand (Gregory & Stuart, 2003). There is minimal, if any, state intervention. The agrarian economy, on the other hand, is characterised by informal and personal network arrangements where social identity matters. Structure and position are difficult to determine because the actions of agrarian actors are embedded in a planned economy which may feature state interventions such as subsidies and price fixing (Shah, 2013).

Individuals have multiple identities that are attached to multiple roles which are embedded in social networks. According to Walker and Lynn (2013), individuals have self-held identities formulated by themselves and identities that are attached to them by their social contacts. When there is congruence between self-held and attached identities, identity confirmation (Milton & Westphal, 2005) is achieved and individuals are expected to adequately fulfil the roles they are expected to perform. However if there is a mismatch in the identities, identity imbalance exists (M. H. Walker & Lynn, 2013). This can be detrimental to social network performance because actors perform roles not expected of them by others in the social network. It is important to consider this for knowledge transfer in social networks. This is because knowledge transfer requires actors to perform certain roles in acquiring knowledge and disseminating it to others. If it is unknown or disagreed on who should perform what function, knowledge transfer may be hindered. Identity influences the behaviour of an actor in the social network as identity leads to the assumption of roles (Cross & Parker, 2003). These different roles assumed by actors' impact on the efficacy with which knowledge can be transferred in social networks.

Ignoring actor attributes has been convenient in using social network theory to explicate how structure leads to outcomes. However, ignoring individual attributes has the consequence of hindering our ability to predict where and how networks may emerge. This additionally limits the utility of social network studies in providing relevant information on how to channel resources to groups of individuals.

The number of attributes individuals can possess is vast. Establishing which attributes are relevant for any given outcome is a daunting and complex task which heavily depends on the context. However, it is the position of this paper that the challenges presented by taking individual attributes into account are not sufficient reasons for dismissing them altogether. Our explanations of social networks are only as relevant as the contexts in which the networks are situated. It is therefore a worthwhile consideration that individual attributes may be contextually relevant in some instances.

The next step in developing this argument is to propose in what instances individual attributes are important in providing network explanations. This is achieved by discussing the reasons why the individual attribute of social identity is important in the Zambian small and medium scale farmer networks.

How the rural-urban fringe contributes to the importance of identity in the Zambian small and medium scale farmer network. Zambia has a rapidly growing urban population. The urban areas of the capital city of Lusaka are projected to accommodate 25 percent of the national population by the year 2030, compared to the present 17 percent (Cheelo, 2011). Urban farming is popular particularly on a commercial scale. Rural farming is more wide spread but occurs commonly on a small to medium scale. As individuals migrate from the rural to urban areas, they carry with them their agricultural activities and practice farming in the urban space. As land for farming rapidly becomes unavailable in the urban areas, farmers inhabit areas that lie in between the rural and urban spaces. Additionally, urban dwellers seeking investment opportunities in farming are moving away

from the urban centres towards the fringe areas for the opportunities to purchase land and establish a farming business.

The fringe areas, on the rural-urban boundary of Lusaka, are increasingly becoming an important zone for consideration as they receive both migrating rural dwellers and migrating urban dwellers. These fringe areas are generally unplanned living spaces. The lack of planning in these spaces has resulted in a lagged development of institutions in the zones.

There is a complex system of dual land tenure systems in Zambia. The forms of land tenure in Lusaka are state-owned land acquired by lease-hold purchase and tribal-owned land acquired by customary traditions of inheritance (Chileshe, 2005). In general, the urban city of Lusaka falls under the jurisdiction of state-ownership whereas the rural districts fall under customary law. A complex land ownership system recognising both state-ownership and customary law is found in the rural-urban fringe which is located in between the rural and urban zones of Lusaka. The challenge of the dual land tenure system in Lusaka's rural-urban fringe is that neither the state, nor traditional leaders have 'ownership' of agricultural concerns. This means that neither the state nor chiefs and elders are seen to be in charge of the zones. This means that no one is responsible for spearheading any efforts towards agricultural improvement. This makes the rural-urban fringe of Lusaka in many ways 'no man's land'. The 'no man's land' effect has resulted in most knowledge transfer interventions by-passing the rural-urban fringe. This is because, from the government point of view, there are no recognisable farmers in the fringe. Rural-urban fringe farmers are invisible to the government. Farmers in this zone therefore have to make very deliberate efforts to attain the identity that makes them recognisable. This is achieved by membership of farmer based organisations.

The conclusion that can be drawn on this point is that in contexts characterised by the absence of adequate institutions, networks emerge in a fragmented fashion. Networks are self-creating and self-sustaining but this occurs within a structuring institutional context. Where fragmented networks occur, the social identity of individual actors may be an indicator of the possible network outcomes.

How the agricultural sector differs from other industries and contributes to the importance of identity in the Zambian small and medium scale farmer network. The agricultural sector differs from other industries on many dimensions. These include the large contribution the sector makes to national income, the large number of participants the sector has and the impact of natural phenomena. It differs in an additional important way that affects network development and emphasises the importance of the social identity of farmers. This difference is in the relationship that exists between production and consumption. The key actors in the sector, the farmers, make joint production and consumption decisions. This is especially the case for farmers that are of the small and medium scale category. The variation in the way these joint decisions are made has implications for the extent to which farmers engage with the networks. This variation stems from the social identity of a farmer as either a traditional farmer or entrepreneurial farmer.

Traditional farmers tend to limit their cycle of production to their consumption needs. Their reasons for tapping into the agricultural networks therefore have very little to do with knowledge for process improvement purposes. Rather the network exists to meet other social needs of the farmer. Traditional farmers seek out and become embedded in social ties that reinforce their perspectives of farming- that it is a way of life they have inherited from ancestral owners of the land and a duty to be performed by women in their role as wives and mothers. They engage with the market to a very minimal extent for the purposes of selling a small portion of their produce in order to pay for their needs not met by their produce. Market engagement is limited to low value monetary transactions. The engagement of traditional farmers with others in the social space tends to be with intent to fulfil the aforementioned perspectives by maintaining the ties of social relations they are embedded in.

Entrepreneurial farmers, on the other hand, because of their interest in producing beyond their consumption needs, engage with the network for market purposes. Seeking out knowledge is a priority for these farmers. This influences the range of network connections they make.

What both traditional and entrepreneurial farmers have in common is that they primarily identify themselves as women. This gendered identification has implications for with whom farmers interact and the nature of content carried in knowledge transfer activities. The complexity of gender

role performance in conjunction with farm work impacts on farmer performance and farmer identity outcomes. Specifically, the identity as a woman attracts negative perceptions about their capabilities as farmers because of their performance of several other roles (as mother, wife etc.). Gender matters for women farmers, whether they are traditional or entrepreneurial.

The conclusion that can be drawn from this discussion is that because the agricultural sector differs remarkably from other industries, its actors are unique. The actors are both producers and consumers of their output and this places importance on decisions that actors make towards networks either in favour of greater production or greater consumption. These decisions emerge from the social identity of the individuals as either traditional or entrepreneurial farmers and additionally, their identity as women.

Challenges of the Nexus for Management Practice

Managers are concerned with employee behaviour in workplace groups and what this study tells us is that managing the identities of employees may be important in influencing desired workplace outcomes. Salience varies across one's multiple identities. Higher order identities, those at the organisational level of the network, are more inclusive and abstract such that their impact is indirect and delayed (Ashforth & Johnson, 2001). Lower level identities, those at the ego level of the network, tend to be more subjectively important and situationally relevant (Ashforth & Johnson, 2001). What Ashforth and Johnson (2001) argue is that although higher order identities tend to be less salient, they are important. This is because if the salience of higher order identities is enhanced, individuals will think, feel and act in ways more consistent with those identities.

When higher order identification occurs, actors adopt the central and distinctive characteristics of the higher order organisation as defining characteristics of themselves (Haslam, 2004). Such characteristics may include goals, values and beliefs. When higher order identification is strong, other identities recede (Johnson & Ashforth, 2008). Such identification aligns an actor's interests with those of the overall network, thereby facilitating motivation and task performance (Haslam, 2004). Even with this said, identities are not always neatly stacked up as high and low order because they may be in conflict with one another.

CONCLUSION

Research in the African context requires approaches that are multidisciplinary in order to understand the unique contrasts, contradictions and conflicts across the continent (Kiggundu, 1988). Kiggundu (2013) in his reflections on management studies of Africa questions the extent to which Western and Eastern models and theories apply. He (Kiggundu, 2013) argues that there may be a need to reconsider, adjust, relax and in a few extreme cases, discard what is inapplicable. This is best achieved through the multidisciplinary approach advocated in this paper.

This paper proposes steering network thought towards the consideration of identity attributes. This appears to be necessary given that the more common network considerations like tie directness are not good predictors of network behaviour in the Zambian context of small and medium scale farmers.

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AN INQUIRY INTO THE RISE OF COLLABORATIVE ECONOMY

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ABSTRACT

The collaborative economy is an emerging phenomenon that shapes cultural, economic and social landscape of a modern world. Despite being in the nascent stage, it is hard to imagine a future where a person or an industry would remain unaffected by the collaborative economy. Yet the academic community only starts exploring different aspects of sharing economy. This paper takes an inductive approach and attempts to understand the dynamics of sharing economy emergence and the intrinsic motivations of collaborative economy participants.
Keywords: collaborative economy, sharing economy, emotional engagement, calculative engagement

INTRODUCTION

We live in a fascinating time on our history. In most Western countries, the material dream has been fulfilled for a lot of people. Right now, many ask themselves what next. Jensen and Aaltonen (2013) suggest the modern Western world is between dreams, the material one and anything that comes next. One possibility of the future development is the second Renaissance, a setting free of ideas and innovation, just as first Renaissance freed individuals from the tight grip of authority and enabled them to explore arts and sciences. The new Renaissance will stem from individual people who inspire the many, and will produce a flatter society with less on authority (Jensen & Aaltonen, 2013).

Collaborative economy, also called sharing economy, peer economy or collaborative consumption, carries many features that potentially make it a quintessential part of the new Renaissance society. Sharing economy is an emerging phenomenon that shapes cultural, economic and social landscape of a modern world. Despite being in the nascent stage, it is hard to imagine the industry that would remain unaffected by the rise of sharing economy. Examples of companies disrupting traditional space are abundant and range from hospitality industry (Airbnb), to automobile industry (Zipcar, Relayrides), to finance (Zopa, Kickstarter) and education (Coursera). Rachel Botsman (2010) has calculated the value of the peer-to-peer rental market to be $26 billion, and Forbes anticipates that the market will grow 25 percent more in the coming year (Bradley, 2014). Several practitioner reports were published in the recent years (Bauwens et al, 2012; Latitude, 2010). However the academic community, with few exceptions (e.g. Keymolen, 2013; Hamari et al, 2013) is just starting to discover the topic. This study is an empirical investigation into an emergence of sharing economy. I have interviewed users and providers within sharing economy, and experts in the field. In addition to that I have reviewed a substantial amount of archival documents, media reports, press releases, interviews, videos and other available materials on the topic of collaborative economy. This paper takes an inductive approach and attempts to understand the dynamics of sharing economy emergence and the intrinsic motivations of collaborative economy participants.

The paper is structured as follows. First, I provide definitions of sharing economy and related concepts and look into the foundations of the phenomenon. Then I outline the broader theoretical context and provide some examples of sharing economy practices. Further, I provide details about methodology and data collection. Finally, I frame the preliminary findings. I find that current user base is not coherent in their motivations to be participants of collaborative economy, and that trust and

emotional engagement are important mechanisms regulating the participation.

DEFINITION OF SHARING ECONOMY

Different terms are being used to describe the growing space that includes individuals, communities and companies involved, namely the "sharing economy", "peer economy", "collaborative consumption" and the "collaborative economy" (Botsman & Rogers, 2010; Botsman, 2013).

Collaborative economy is an economy built on distributed networks of connected individuals and communities as opposed to centralized institutions, transforming the ways of producing, consuming, financing and learning. In the area of production, it refers to design, production and distribution of goods through collaborative networks. Companies like TechShop, a vibrant, creative community that provides access to tools, software and space, and Quirky, that makes invention accessible by bringing real people's product ideas to life, are examples of collaborative economy in production space. In consumption, it means maximum utilization of assets through efficient models of redistribution and shared access. Companies like Zipcar in car-sharing, Airbnb in lodging and Lyft in peer-to-peer ride-sharing are typical examples of collaborative economy in this area.

In finance, collaborative economy means person-to-person banking and crowd-driven investment models that decentralize finance. Zopa, peer-to-peer lending service, and Kickstarter, the world's largest crowdfunding platform for creative projects are examples of collaborative economy in the field of finance.

In education, collaborative economy implies open education and person-to-person learning models that democratize education, with companies like Coursera, for-profit educational technology company, and Skillshare, an online learning community where the world's best experts teach real-world skills.

Collaborative consumption is an economic model based on sharing, swapping, trading or renting products and services enabling access over ownership. It is reinventing what and how we consume in three distinctive ways. First, through collaborative lifestyles, when non-product assets such as space, skills and money are exchanged in new ways. Second, via redistribution markets, where unwanted or underutilized goods are redistributed. Third, via product service systems, where users pay for access to the product without needing to own it.

Within collaborative consumption, three distinct transaction models can be applied: Business–to-consumer, whereby business owns inventory and facilitates transactions amongst users; peer-to-peer, whereby assets are owned and exchanged directly person-to-person; and business-to-business representing solutions that enable businesses to unlock and monetize the idling capacity of their existing assets.

Sharing economy is an economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits. It is largely focused on peer-to-peer marketplaces.

Peer economy comprises person-to-person marketplaces that facilitate the sharing and direct trade of products and services built on peer trust.

One of the main characteristics of collaborative economy is the redistribution of power, whereas power is shifting form big, centralized institutions to distributed networks of individuals and communities. Redistribution of power changes the role consumers can play in the economy and society, giving a more active role to consumers who become providers and producers within collaborative economy.

THEORETICAL UNDERPINNINGS

Nobel-winning economist Eleonor Olstrom suggested that the society could be ruled not by authority, but by the self-governing power of "commons" (Ostrom 1990, 2010). She and Murrya

Bookchin (2007), who advocate decentralized self-governing beyond the state and the capitalist market, could be seen as laying conceptual foundation for the sharing economy.
Based on Benkler's (2006) analysis of digital open source production, in the form of 'commons-based peer production", and on his assertion that such production is spreading to the physical world, Karin Bradley in her new book uses examples illustrating that this is indeed happening. Bradley suggests that "we are witnessing the coming-together of hackers, pirates, green consumers, corporate critics, and ordinary citizens in peer-to-peer practices that can incrementally transform the economy (2014: 185). However this coming-together is not occurring primarily in formal organizations or through political programs, but through making and everyday practices that can potentially change the economy from below.

Benkler (2006) has argued that open source digital production that returns innovation to a common pool can be understood in terms of common-based production. He describes peer production or peer economies as a) based on contributions rather than equivalent exchange, b) motivated by a desire to meet needs or work together, rather than to profit, c) conducted in peer-to-peer networks, i.e. without a middle layer of state or large corporations, and d) based on an ethic of sharing and common ownership rather than land, livestock, and other sources of subsistence. However, it is known that common resources tend to become depleted. Hardin (1968) theorized this "tragedy of commons" and outlined two responses to the problem: privatization or state control of the resources.

Ostrom (1990) turned the question around and asked what characterizes societies that have managed to sustain their common resources. From her worldwide case studies she concluded that it was neither private nor state control, but rather local, self-organized forms of governing, or small units nested in multiple layers, that preserved these resources. Drawing on these case studies, she outlined a set of institutional design principles that fosters the long-enduring governing of commons. These include clearly defined resources and users, rules regarding the appropriation and provision of common resources that are congruent with local conditions, collective and local decision-making processes and recognition of self-determined units by higher-level authorities, one form of monitoring to maintain trust and reciprocity, and simple systems for conflict resolution (Ostrom, 1990, 2010).
Sharing of goods and services is an old phenomenon continuously practiced in various regions in the world. Botsman and Rogers (2011) argue, however, that new digital technology and social media have enabled the reinvention of sharing: originally being practiced mostly among acquaintances, sharing is now practiced among strangers. A recent study of the sharing economy (Latitude, 2010: 2) claims that "online connectivity facilitates offline sharing". Thus the daily practices of sharing digital information on Twitter, Facebook, Flickr, and Wikipedia might facilitate the step to swapping and sharing offline goods as well (Botsman, 2012).

In the case of peer-to-peer sharing, transparent and reliable information systems about the participant's reputation are therefore important. As Botsman (2012) argues, for a person to benefit from peer-to-peer sharing, she needs to have a documented trust rate. In the case of for example RelayRides, where cars are being shared and money exchanged, it is important to have reliable payment systems as well as insurance covering shared cars (Kutz, 2010).

It is difficult to assess the significance or influence of peer-to-peer economy. Its significance is perhaps not best measured in monetary terms but rather through measures such as user gain. One study, however, estimates that the open source economy constitutes one sixth of the US gross domestic product (Bauwens, Mendoza & Iacomella, 2012). In April 2013, NBC reported that the sharing economy in the United States has a turnover of USD 26 billion per year. This includes non-profit as well as for-profit sharing services such as RelayRides, though including the value of the non-monetary sharing via platforms would add to the total. Gibson-Graham (2006) argues that the capitalist economy measured in GDP is only the tip of the iceberg of an economy that consists of noncapitalist relationships such as bartering, gifting, swapping, and other forms of reciprocal and nonreciprocal work and exchange.

Recently, Henri Mintzberg, a prominent management scholar who revolutionized our understanding of strategy with his seminal works on middle managers (Mintzberg: 1973), raised his voice in reflecting the need to anticipate the power of community. Mintzberg (2014) calls for

exploring "our resourcefulness — individually and collectively." He further suggests: "We human beings are in no small measure explorers—by which I mean for creative ideas, not crude oil—and in the process appreciate ourselves and our world that much more profoundly. Exploring can also render us more productive, because while exploitation exhausts our resources, exploration energizes our resourcefulness" (2014: 27). He argues for the role of social media that by facilitating the connections among people, can help those with common cause to find each other, even in the same urban area.

Furthermore these media make it possible for community groups to connect with each other globally, and so carry their initiatives into worldwide movements.

Henri Mintzberg (2014) argues for radical renewal. Radical renewal can proceed in three phases. First comes immediate reversal: using social movements and other forms of challenge to stop what can no longer be tolerated. Next is widespread regeneration: the engagement of many groups of concerned citizens in social initiatives that develop better ways of doing things. And then, third, with these kinds of fundamental changes can come consequential reforms: where responsive governments and responsible businesses introduce major reframing, regulating, and restructuring, as well as helping to extend the reach of those social initiatives that have proven their worth.

METHODOLOGY

Given the limited extent of my pre-study understanding towards the intrinsic nature of sharing economy, I chose to pursue the investigation inductively, relying on the interpretive approach using qualitative data. Interpretive research focuses on building an emergent theory from a perspective that gives voice to those living an experience. Qualitative data provides the opportunity to gain a rich understanding of the context and focus the efforts on questions of "how" and "why", namely how does collaborative economy function and why the participants choose to be involved.

Research context

With a variety of companies currently engaged in sharing economy, I chose to investigate the users of the two types of services – a car-sharing services where people rent cars for short periods of time often by the hour, and lodging services (users list the excessive lodging capacity on an online platform and subsequently rent the capacity to other users). Previous personal engagement with both services led to an increased interest in understanding the mechanisms of car-sharing in a broader context of sharing economy, as well as intrinsic and extrinsic motivations of sharing economy users. The car-sharing company was established in Helsinki in 2000 and at the time period of research had over 5000 user members. The lodging company was established in 2008 and by the time of data collection had operations in multiple countries.

Data collection

The data for this study were collected during the period of three years from 2011 to 2013. I started by identifying the experts in the field and collecting in-depth data via interviews with them and additional data from the relevant context. All in all, the data consist of

- 22 interviews in 2012
- 16 interviews during winter-spring 2013
- 11 interviews during summer-fall 2013
- Tens of informal discussions during 2012-2013
- Observation in various events during 2012-2013
- Over 300 documents

The core of the data consists of 52 semi-structured interviews with consumers, producers and experts in the field. The majority of the data was collected from March 2012 to August 2013. The secondary data was collected during the period of March 2012 to May 2014, to ensure the continuous support for the ideas development.

PRELIMINARY FINDINGS

The ongoing analysis of the data showed the emergence of several key concepts that participants were referring to. In the following, I provide examples of the following concepts: trust, emotional engagement, calculative engagement, and calculative non-engagement.

Trust as mediating mechanism

Trust was shown to be an important factor in formation of relationship between organizational participants (McKnight et al, 1998). With the new collborative forms of organizing, preliminary findings show that trust is an important mediating mechanism within sharing economy.

> 'Obviously if you are letting strangers sleep in your apartment or coming to assemble your Ikea furniture or if you are going to rent them your car and expect them to bring it back or power drill or whatever, you have to have some level of trust. Obviously we trust our friends, but now this sharing economy is about widening that circle of the people you trust, even total strangers' (Expert)

Trust was created via previous usage of social media and other Internet resources.

> 'I think that's also one key component that has made it significantly easier. Obviously we have review systems like from the days of eBay have had them for like 15 years, where people can rate each other. Then this Facebook, this huge amount of stuff, information about us online, who we are but also who our friends are and so on. We can tap in to the network and we can see, I don't know this person but we seem to have 2 common friends. Suddenly it's much more easier for me' (Host)

Building of trust is done with help of various tools.

> 'I definitely think that building trust and creating new tools for that has been one thing that has made this possible. If you look for instance at the success of Airbnb, they have lots and lots and lots of stuff, different kinds of tools' (User)

The trust within the sharing economy system is created via extensive review system that users and hosts. As Rachel Botsman (2012) puts it: "Trust is the new currency of sharing economy".

Emotional Engagement

Emotional engagement appears to be an important component of sharing economy participation**.**

> 'I read also that come from the future that it would be that people won't own their apartments anymore but they would like to move freely, stay one month here or half a year there and then just move around. It's a very bold picture of the future, of course. It's very interesting' (User)

Participants of sharing economy connect their usage of the sharing economy services with overall positive feeling.

> 'We are so happy here. Not having a car is maybe one part of the adventure. You're actually able to move around freely to just walk or to take your bike. It's really gorgeous' (User)
> 'It was actually very nice to not be depending on a car anymore' (User)

> 'I think, it's really a good ... It's also the first time in my life that I don't own a car and it's a good feeling' (User)

> 'When you start thinking about it feels like a win-win situation. It's good for society, good for the environment, and it's good for the people themselves'. (Expert)

Calculative Engagement

Another element of participation was based on calculative engagement. The participants have calculated that it made economical sense for them to participate in the sharing schemes.

> 'No, I really look at it as a service. It doesn't change anything in my life except making it easier. It's not a major change because I'm not depending on it so much. It's just like a taxi system, but more friendly than a taxi and cheaper and I am the one driving and deciding where I'm going. That's exactly how I'm using it actually, as a taxi system' (User)

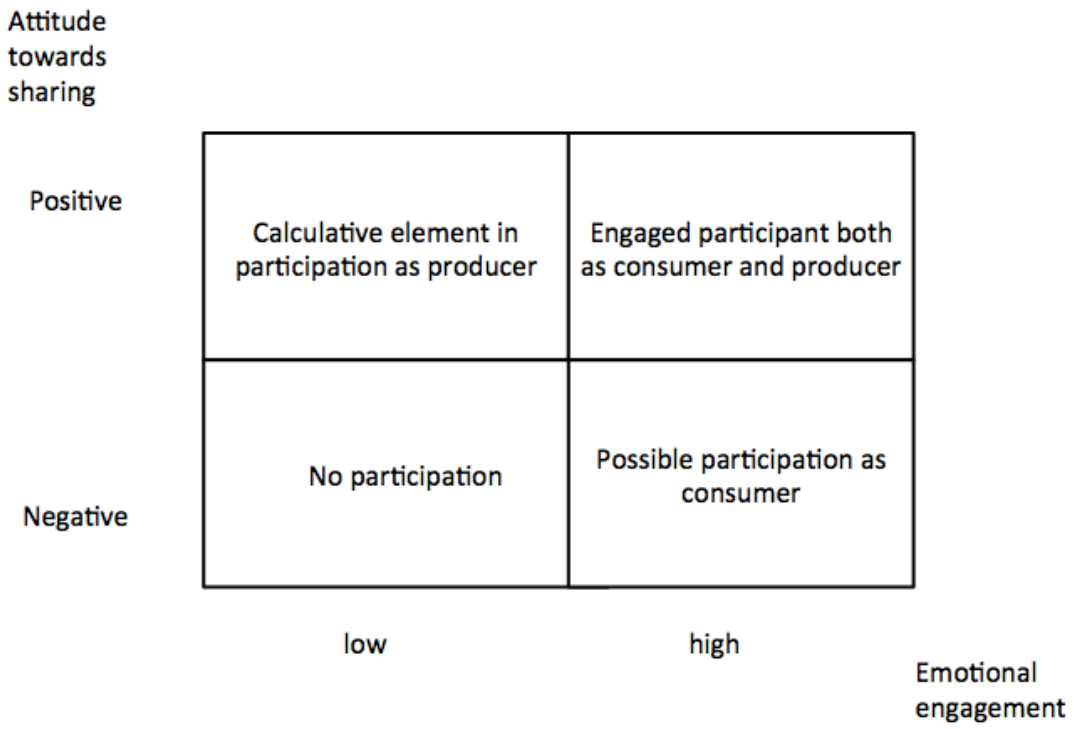
> 'I made a calculation and saw that it does not make any sense for us to pay for the car that is parked most of the time' (User)

Calculative Non-engagement

One of the interesting results emerged as a calculative non-engagement from experts in the field who actually propagate the usage of sharing services. Further detailed data analyses should explain the mechanism of calculative versus emotional engagement.

> 'I would love to join, because I kind of feel bad for having a car in a capital city. I would love to share it, but I have really good bonuses in the insurance. I have like 70% bonus, and basically if I now take the insurance, all my bonus doesn't affect anymore, so I have to at least 500 euros more a year, maybe more. I would have to make that back just to crack my own, and then obviously the ... So it's just too expensive' (Expert)

FIGURE 1
Sharing Economy Participants Typology



The emergent findings show that there are several types of participants within collaborative economy. The data has shown split between emotionally involved customers and those with purely calculative motives of using the sharing economy. Also the data has shown an interesting divide in attitudes among current participants grounded on their attitude towards sharing. Based on the preliminary analysis, I was able to construct a typology of users at the current stage. This typology is aligned with the assertion of Jensen & Aaltonen (2013), that consumers in the mature economies are standing with one foot in the rational mindset, and with the other in the emotional mindset, but gradually they will start shifting from materialistic mindset towards an emotional one.

DISCUSSION AND CONCLUSION

The world is changing. This change is slow, but we can see it in many dimensions. The rise of awareness about global issues around the planet leads to creation and growth of new form of enterprises. It does not mean that the model will change entirely, but the fact is that only those businesses that follow the logic of consciousness and sustainable will be able to survive in the long run (Makey & Sisodia, 2013).

Sharing economy proposes a new form of an enterprise built on distributed networks of connected individuals and communities as opposed to centralized institutions, transforming the ways of producing, consuming, financing and learning. This paper takes an inductive approach and attempts to understand the dynamics of sharing economy emergence and the intrinsic motivations of collaborative economy participants.

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CUSTOMER SATISFACTION IN RETAIL BANKS: DOES SERVICE QUALITY AND ELECTRONIC BANKING ADOPTION MATTER? EVIDENCE FROM A DEVELOPING COUNTRY

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ABSTRACT

This study examines the relationship between electronic banking adoption and customer satisfaction being mediated by service quality; thus establishing the extent to which electronic banking adoption and service quality predict customer satisfaction. A cross sectional quantitative research design was adopted, using a stratified random sampling approach. A sample of 384 respondents was used obtained from 14 commercial banks operating in Mbarara District located in south western Uganda. Results indicate a positive relationship among Electronic banking adoption, Service Quality and Customer Satisfaction. Electronic banking adoption and Service Quality where found to predict Customer Satisfaction with an adjusted R-square of 29.7%.

INTRODUCTION

The competitiveness of banks lies in the degree of customer satisfaction; a reason why banks in most developing economies have not been left behind when it comes to adopting modern forms of technology (Khisa, 2011; Titko and Lace, 2010). In developing economies and contextually in Uganda, Banks have come to value the importance of electronic banking in improving profitability and overall efficiency of the business (Abaasa, 2007). For example; Standard Chartered bank introduced the first Automated Teller Machine (ATM) in 1997 and many banks followed suite thereafter (Manjang, 2012) while Stanbic Bank Uganda launched its internet banking facility in 2007(Kaujju, 2007) thus influencing other banks to adopt the same services. The number of ATMs in Uganda had grown from 598 by the end of 2010 to 637 by 31st Dec 2011. Within the same period banks increasingly grew their electronic banking products (BOU Annual supervision report, 2011).

The massive adoption of electronic banking in the different forms such as ATMs, Personal Computer (PC) banking, Telephone based banking, Mobile banking, Internet banking by Ugandan banks haven't yielded high levels of customer satisfaction (Ashaba 2013). Ndiwalana (2008) indicates

that the rate of adoption of internet banking among bank customers in Uganda still remains low at about 23% - 31%. Kimathi (2013) further contends that people still line up in banks to transact as scepticism and questions about security remains high. Liao et al. (2008) argues that in order for customers to switch to electronic banking; banks should offer a quality service with attributes such as perceived usefulness, ease of use, reliability, security and continuous improvement. Wilson et al. (2008) argued that technology enables customers to be more effective in getting services, they add that through self-service technologies, customers can serve themselves more effectively thus resulting into customer satisfaction which in turn results into customer loyalty and retention.

Electronic banking is a modern fully automated service which delivers traditional banking products to customers with the help of information technology platforms and interactive communication channels (Daniela, Simona, Dragos, 2013). The platforms referred to include a variety of the following; ATMs, internet banking (online banking), pc banking (offline banking), mobile phone banking, telephone banking, TV based banking; scholars seem to use electronic banking and internet banking interchangeably but Internet banking is used to describe the case were bank customers conduct banking transactions on the internet (Sayar and Wofe, 2007) and electronic banking is an assortment of what we have discussed above. Internet banking services include electronic payments of bills or loan, funds transfer, applying for a credit card or loan, checking loan or deposit balances and performing electronic Initial Public Offers share applications anytime and anywhere without going to the bank.

Service quality is defined as the subjective comparison that customers make of the quality of the service they wish to receive (expect) and what they actually get (Gefens, 2002). Parasuraman an early researcher in service quality in 1985 developed a scale for measuring the variable which he categorized into 5 dimensions including reliability, responsiveness, assurance, empathy and tangibles. Gupta and Bansal (2012) have also come up with an almost similar scale of measuring internet service quality in their study done in Indian banks namely; Security/privacy, Reliability, Efficiency, Responsiveness and Site Aesthetics.

Customer satisfaction is defined as the post purchase evaluation of a product or service taking into consideration the expectations (Kotler and Armstrong, 2012). Hazlina et al (2011) suggest service quality as an important tool to measure customer satisfaction. Customer satisfaction is difficult to be built in an online environment because the technology-oriented environment lacks the face to face interaction between customers and bankers, a satisfied customer may be considered as an unpaid brand ambassador for the organisation (Jasveen and Baljit; 2013). Uganda has over 25 banks that employ various forms of electronic banking platforms covering all regions countrywide, it is therefore important to analyse how adoption of these electronic banking services influences service quality and customer satisfaction and thus make relevant recommendations.

Research Problem

A dissatisfied customer will tell seven to twenty people about their negative experience leading to customer loss and a satisfied customer will only tell three to five people about their positive experience (Olu, 2010). Despite the fact that many banks in Uganda have employed electronic banking platforms, levels of customer dissatisfaction remain high (Ashaba, 2013). Customers report inconveniences due to ATM breakdowns and continued system failures leading to frustration, this forces customers to make queues in banking halls and are charged for off counter withdrawals (Wanyama, 2013). Kimathi (2013) and Ndiwalana (2008) report that the level of electronic banking adoption in Uganda still remains low, Vijay (2011) says that increased customer satisfaction is as a result of higher levels of perceived service quality but customers need to first adopt the service. Electronic banking adoption and its factors have an influence on customer satisfaction (Ahmad and Al-Zu'bi, 2011). Johnson and Weinston (2008) assert that it is essential for banks to understand the criteria that consumers use to evaluate the quality of electronic banking services and how this affects customer satisfaction.

LITERATURE REVIEW

Electronic Banking Adoption

Electronic banking adoption refers here to the acceptance and continued use (Baraghani, 2008) of electronic banking services such as ATMs, internet, mobile devices etc. among bank customers to obtain banking services and is studied using the Technology Acceptance model. This model was developed from the theory of reasoned action by Davis in 1989. The model put across three main predictors affecting individuals' attitudes towards new technology, these are; Perceived Usefulness, Perceived Ease of Use and Perceived cost (Pikkarainen, Pikkarainen, Karjalouto and Pahnila, 2004). Perceived Usefulness refers to the degree to which an individual believes that using a particular piece of technology will enhance his or her job performance (Yang and Fan, 2004). Usefulness is a significant factor that affects user acceptance in information systems research and scholars such as (Wang et. al, 2003), Suddaraj and Wu (2005), Pikkarainen, Karjalouto and Pahnila, 2005) agree to it. Thus in order for customers to adopt electronic banking platforms they should find it useful to do so.

Perceived Ease of Use is the degree a particular system would be free of effort and therefore convenient to an individual (Wang et. al, 2003). Customers who feel that using internet banking is not easy will tend to have rejection attitude towards it, while customers who feel that internet banking is easy to use tend to have a positive attitude towards it. (Reid, Michael and Yair, 2008). Chong et al. (2010) and scholars such as Gounaris and Koritos (2008) found that ease of use is essential for customers to adopt internet banking because if the concept is hassle free then there are greater chances for customers to use the service and thus derive satisfaction.

Perceived cost is the degree to which a customer believes he/she is getting value for their money and is derived from the theory of equity basing on the consumers' evaluation of what is fair, right and deserved (Bolton and Lemon, 1999). They further state that perceived cost includes monetary payments, non-monetary sacrifices such as time consumption and energy consumption.

Karjaluoto et al. (2002) in their study of the theory of reasoned action and the technology acceptance model found out that prior computer experience, prior technology experience, personal banking experience and reference groups, attitudes such as perceived usefulness and ease of use strongly affect behavior towards online banking.

Electronic Banking Service Quality

Gefens (2002) defined service quality as the subjective comparison that customers make of the quality of the service they wish to receive and what they actually get. Asubonteng et al (1996) defines service quality as the difference between customer's expectations for service performance prior to the service encounter and their perceptions of the service received. Parasuraman et al (1988) define service quality as the difference between consumer's perceived performance and expectation. Therefore from the definitions of Gefens (2002); Asuboteng et al (1996) and Parasuraman et al (1988) service quality is expressed mathematically by Hazlina, Nassim and Reza (2011) as; SQ = Perceived – Expected; hence [the difference between what is expected by the client and what is actually perceived (obtained)]

Dimensions of Service Quality in Electronic Banking

Assurance refers to the knowledge and courtesy of employees and their ability to convey trust and confidence (Hongxiu, Yong and Reima, 2009). Assurance includes concerns for customers, staff attitude, security for transactions etc (Naik, Gantasala and Prabhakar, 2010). Kuo et al (2009) mention that customers worry about privacy and security when conducting online businesses such as banking; personal information given on websites can be abused by using certain algorithms to decode the entry.

Khan (2010) point out that security, reliability of transaction and privacy are important issues regarding internet banking adoption in Pakistani's firms. Security is the main problem in online banking because there are chances of being hacked by cyber thieves and therefore this negatively affects the privacy required by customers. In the study done by Michel et al (2009) on internet

banking, the dimension of assurance was dropped because online banking customers heavily rely on non-human interface of banking services. Thus, their evaluations of service quality are mainly influenced by non-human features and security of the website however, Telephone banking has more to do with human interface.

Aesthetics factor has to be addressed in order to make the whole experience of visiting the website memorable. An effective way to do this is by making the website visually stimulating and adding innovative features such as games, lucky and others (Saeed, 2012). Cyr (2008) in his model of information design says that visual and navigation design are important aspects of website design because they enable the user access the web site easily. Sherish and Nadia (2012) regarding information content say that; customers prefer useful and relevant information and this requires websites to be maintained and updated regularly. Information that is easily understood provides higher customer satisfaction thus construction of easily navigable websites should be included in the strategies of electronic banking. The most important way for banks to design their websites or e-banking platforms such as the ATM would be for them to enhance operatability and usability and thus improving navigability for the website, this would bring about customer loyalty (Hernandez et al, 2007). The researchers further suggest that a customer may never use the e-banking channel again if it is badly designed and thus making it hard for him/her to finalize with their transaction.

Reliability is the ability to perform the promised service dependably and accurately (Naik, Gantasala and Prabhakar, 2010). Within electronic service quality research, reliability has emerged as one of the major determinants of service quality. This dimension is critical because it embeds the dynamic capability to perform the promised service accurately (Bedman, 2013). Saeed (2012) says that customers are often not satisfied with the reliability of services offered online; with unreliable information systems there can be many problems that could arise just like conventional services that include wrong orders being processed and other related issues. Chang et al (2011) in their study on the dimensions of e-service quality found that reliability and responsiveness are core in order for customers to achieve satisfaction using this medium.

Khan (2010) asserts that reliability and responsiveness among other dimensions are core dimensions for ATM service quality. Within the ATM environment technical reliability refers to design and installation of the ATM while functional reliability may denote the performance of an ATM in terms of providing error free services. Cyr's (2008) model points out information accuracy as one of the most important aspects of information design. Collier and Bienstock (2006) found information accuracy and order accuracy as critical dimensions of online retailer's service quality thus making the service reliable. Information should also be timely and provide specific explanations in order to uphold informational fairness (Carr, 2007).

Responsiveness is the willingness to help customers and to provide prompt service (Lewlyn et. al, 2011). Parasuraman (2005) suggested that lack of responsiveness to enquiries and other issues are one of the main complaints customers have regarding online businesses. Shamdasani et al (2008) found that perceived speed of delivery (responsiveness), reliability and enjoyment (aesthetics) also have a significant impact of service quality perceptions. Sherish and Nadia (2012) have found that clients feel more comfortable to interact with a human because electronic interfaces do not advice you in case of challenges met when using the medium.

Efficiency and convenience is what sets a difference between traditional banking and Electronic banking; therefore efficiency is an integral part of internet banking because in internet banking customers are able to pay their bills, deposit or withdraw money to another account (Sherish and Nadia, 2012). According to Bedman (2013) efficiency and fulfilment are important dimensions for achieving service quality in ATMs and websites. Efficiency and cost effectiveness seem to be related to each other, remember that customers always prefer services that give them value for their money.

Empathy is to a given extent important in customer's perception of e-service quality; providing individualized attention shows empathy to customers, though there is no direct human interaction in the virtual e-service environment, some human contacts are involved such as e-mail communication (Li et. al, 2009). Empathy is the provision of caring and individualized attention to

customers provided by call centres or web administrators, the scholar found empathy has the strongest influence on satisfaction followed by responsiveness (Khalil, 2011). Empathy, reliability and responsiveness are important to customers in the absence of face to face interactions; these dimensions directly affect customer's perceptions of internet banking service quality which influences overall customer satisfaction with the bank (Michel et. al 2009)

Tangibles refers to the physical facilities, equipment and appearance of personnel (Rahaman, Addullah and Rahaman, 2011). In a study done by Katono (2011) in Uganda it was established that tangibles, card issues, reliability and location are the most important dimensions in as regard to ATM service quality. Without direct interaction with bank staff ease of use, accuracy, security, timeliness, contents and aesthetics are critical in improving customer perceptions of overall internet banking service quality (Michel et al, 2009).

Customer Satisfaction

Kotler and Armstrong (2012) define customer satisfaction as the post purchase evaluation of products or services taking into consideration the expectations; where customer expectations are defined as partial beliefs or assumptions about products or services that serve as a standard or reference point against which products' or services' performance is judged (Keralapura; 2009). Olu (2010) defines customer satisfaction as a result of cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance; if the perceived performance is less than expected the customer will be dissatisfied and if perceived performance exceeds expectations the customer will be satisfied. Vijay (2011) refers to Customer satisfaction as an ambiguous and abstract concept because the actual manifestation of satisfaction vary from person to person, product to product and service to service, the state of satisfaction depends on a number of factors that include economical, psychological and physical factors.

Relationship between Electronic Banking Adoption and Service Quality

Online banking should have easy navigation because it will make electronic banking more convenient because one can use electronic banking for tracking money without going to the bank (Sherish and Nadia, 2012). Ease of use is critical in building private internet based systems that are secure and trustworthy (Kassim and Abdullah, 2006). Ease of use also termed as usability is found to be closely linked to individual perceptions of complexity, web site design and intergratability (Lichtenstein and Williamson, 2006); in the same study it was found that factors such as complexity and design discourage consumers from pursuing internet banking channels. Yang and Fang (2004) assert that ease of use and usefulness are important factors in assessing online service quality and researchers such Rod, Ashill, Shao and Carruthers (2009) agree with this. Continued usage of internet banking channels is dependent on perceived usefulness (Ericksson and Nilsson, 2007).

Electronic banking is in position to offer a competitive advantage to banks because it offers high quality services that can satisfy customers at a lower cost; this is because e-banking channels tremendously reduce administrative and operating costs (Siriluck and Speece, 2003). Customers will rate a service as one providing value for their money after they have found that the cost is really worth the service they expected. Kumbahar (2011) says that cost effectiveness of ATM services is a core driver of ATM service quality and thus customer satisfaction. Banks should not compete merely on cost but should have a strategy of incorporating better service quality (Alsudairi, 2012). Lam et al. (2004) say that banks should aim at perceived value rather than cost alone because perceived value aims at a rise in quality even if price falls.

Relationship between Service Quality and Customer Satisfaction

Chang et al (2011) describes the relationship between service quality and customer satisfaction as being divided into two main areas namely overall satisfaction and transaction satisfaction. Transaction satisfaction is known as service encounter satisfaction and is explained as the cognitive or emotional reaction by customers to their latest experience with a company. This

occurs right after the point of purchase after having gone through the process of making choice and buying a product.

Overall satisfaction is defined as the entire process from buying of a product or services to the other associated aspects of the company, many researchers agree that overall satisfaction is a direct result of the service quality rendered by a company (Heim and Field, 2007). Mensah (2010) defines customer satisfaction as being directly or indirectly related to delivery of a service. A number scholars agree that service quality is an important antecedent to customer satisfaction (Faschnacht and Koese, 2006; Khan, 2010; Partricio et. al, 2003; Yang and Fang, 2004).

Relationship between Electronic banking adoption and Customer Satisfaction

Scholars contend that ease of use (Jun et. al, 2004), usefulness (Yang and Fang, 2004) and cost (Dilijonas et. al, 2009) are important elements that affect both customers perceived service quality in electronic banking and satisfaction. Empirical evidence by Capece and Campisi (2013) shows that service quality and attributes of electronic banking adoption; such as perceived ease of use have significant effect in online banking. Electronic banking adoption and its attributes such as usefulness and ease of use have an impact on service quality (Yang and Fang, 2004) and service quality has an impact on customer satisfaction.

When customers adopt e-banking channels, they start weighing the quality of the service they are getting from what they expected prior to the adoption of the service; this is what Gefens (2002) terms as service quality. Servron and Kaestner (2008) say that for consumers to continue using online banking services, they should experience a certain level of comfort with the technology. Adoption being the acceptance and continuous use has a relationship with customer satisfaction, thus factors such as ease of use and usefulness play a pivotal role to foster customer satisfaction with online services (Yang and Peterson, 2004; Devaraj et al. 2002).

Electronic Banking Adoption, Service Quality and Customer Satisfaction

Capece and Campisi (2013) assert that service quality and attributes of electronic banking adoption such as perceived ease of use have significant effect in online banking. Electronic banking adoption and its attributes such as usefulness and ease of use have an impact on service quality (Yang and Fang, 2004) and service quality has an impact on customer satisfaction. Scholars such as Jun et al. (2004); Yang and Fang (2004) and Dilijonas et al, (2009) agree that ease of use, usefulness and perceived cost as measures of electronic banking adoption impact on both customers perceived service quality and satisfaction. Thus before customer satisfaction is attained; service quality has to be achieved and this can only be done by the adoption of the service by customers.

Many scholars agree that service quality is an important antecedent to customer satisfaction (Faschnacht and Koese, 2006; Khan, 2010; Partricio et. al, 2003; Yang and Fang, 2004). It is therefore important for a bank to achieve service quality before it can hope to achieve customer satisfaction. Mensah (2010) defines customer satisfaction as being directly or indirectly related to delivery of a service; this means that electronic banking platform used to deliver the service to the customer is of the essence in achieving customer satisfaction. Many scholars of electronic banking service quality tend to use ease of use and perceived usefulness as dimensions of service quality; but on the other hand these dimensions can rightly be called attributes of measuring acceptance of technology in a given organisation or industry (Davis, 1989).

METHODS

The study was a cross sectional and quantitative design; descriptive and analytical designs were used to examine whether changes in the independent variables affect the dependent variables. Correlation is used in order to establish the relationship between electronic banking adoption, service quality and customer satisfaction. Regression analysis will be used to determine the extent to which Electronic banking adoption and Service Quality predict Customer satisfaction. It was estimated that

there about 1,502,210 account holders in the 15 Commercial banks operating in Mbarara (south west region of Uganda). The sample size of 384 determined was according Krejcie and Morgan (1970), Stratified random sampling was used to select respondents from 14 commercial banks. For purposes of control the researcher divided the total number of respondents obtained from the sample by the number of banks being analysed; and obtained 28 customers per bank to be inquired from. Convenience sampling was then used in the process of obtaining data from the customers.

Primary data was collected from retail customers of banks through the use of self-administered questionnaires. Data was collected using well formulated questionnaires; the questionnaires were pretested, validated and self-administered. Bakkabulindi (2004) says that it is quicker to get data from respondents through the use of self-administered questionnaires as a tool for data collection. Questionnaires anchored on a 5 point linkert scale were issued to bank customers at the bank's premise where they were filled in and returned at their convenience.

Electronic banking adoption was measured by a scale developed by Davis (1989), Wang, Lin and Tang (2003), Suh and Han (2002), Pikkarainen, Karjaluoto and Pahnila(2004).Joseph and Stone (2003), Chong et al. (2010) and Levesque and McDougall (1996).

Service Quality was measured as by a scale developed by Bedman (2013), Jun and Cai (2001), Michel, Nicholas, Ashill, Jinyi and Janet (2009). Naik, Gantasala and Prabhakar (2010), Al Hawari et al. (2005) and Khan (2010).

Customer satisfaction was measured by a scale developed by Mosavi and Ghaedi (2012), Darhmesh and Devendra (2012); Yang et al (2004).

RESULTS

TABLE 1
Pearson's correlations

	1	2	3
1. Electronic Banking Adoption	1.000		
2. Service Quality	.658**	1.000	
3. Customer Satisfaction	.455**	.534**	1.000

** Correlation is significant at the 0.01 level (2-tailed)
Source: Primary data

Results from the table show that Electronic banking adoption and Service quality are positively correlated (r = .658**, P > .01). This indicates that as customers adopt more of electronic banking channels, customer's cognition of service quality is seen to improve. This therefore implies that as banks improve Electronic banking attributes such as ease of use, usefulness and costs of electronic there will be an improvement in Service Quality.

The results show that Service quality is positively correlated to customer satisfaction (r =.534**, p > .01) and this therefore implies that as bank's improve service quality in electronic banking facilities, customer satisfaction is consequently bound to improve. This therefore indicates that banks have to improve service quality in the areas of service quality attributes such as security, aesthetics, reliability, responsiveness and efficiency in order to effect greater customer satisfaction.

The results also indicate that Electronic banking adoption has a positive relation with customer satisfaction (r = .455**, p > .01) implying that Electronic banking adoption among bank customers is bound to increase customer satisfaction. When a bank puts more emphasis on getting customers to adopt electronic banking services by improving ease of use, usefulness and perceived cost, there will be more satisfaction achieved among the banks customers.

The regression model above revealed an acceptable fit of adjusted R squared (.297), it shows that Electronic banking adoption and Service Quality can predict customer satisfaction by an (adjusted R squared .297), thus indicating that changes in customer satisfaction can be attributed to changes in Electronic banking adoption and Service Quality by 29.7%. The model also reveals that Service Quality is a better predictor of Customer satisfaction than Electronic banking adoption and that is why service quality has a higher beta of .413 compared to Electronic banking adoption with .183. This therefore implies that Service Quality Attributes such as reliability, responsiveness, Efficiency, Security, Aesthetics in the Electronic banking arena have a greater impact on customer satisfaction than Electronic banking adoption attributes such as perceived ease of use, perceived usefulness and cost.

TABLE 2
Multiple Regression Model

Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
Constant	1.573	.281		4.838	.000
Electronic B Adoption	.194	.080	.183	2.427	.016
Service Quality	.499	.091	.413	5.495	.000
D.V.: Customer Satisfaction					
R2	.304				
Adjusted R2	.297				
F. Statistic	47.320				
Sig	.000				

Source: Primary data

DISCUSSION

The Relationship between Electronic Banking Adoption and Service Quality

Pearsons correlation coefficient shows that there is a significant positive relationship between Electronic banking adoption and service quality. This implies that when customers adopt Electronic banking services their perception of service quality will improve. That is to say, when customers adopt electronic banking channels such as the ATM, internet banking and the other platforms; they will consequently perceive an improvement in service quality once the service quality dimensions of electronic banking such as greater security, aesthetics, reliability, responsiveness, efficiency are in place. These findings are in line with those of scholars such as Sherish and Nadia (2012), Lichtenstein and Williamson (2006), Yang and Fang (2004) who assert that attributes of Electronic banking adoption such as ease of use, usefulness, and cost have a positive impact of service quality.

Service Quality and Customer Satisfaction

The findings showed that there is a significant positive relationship between Service quality and Customer satisfaction. This means that when banks incorporate greater security, aesthetics, reliability, responsiveness and efficiency, in their electronic banking channels such as the ATM, Internet banking etc thereby improving service quality, Customers will consequently experience greater satisfaction. These findings are in line with those of Khalil (2011) who says that service quality is an antecedent to customer satisfaction in the electronic banking arena.

Electronic Banking Adoption and Customer Satisfaction

The findings show a significant positive relationship between Electronic banking adoption and customer satisfaction. This means that an increase in Electronic banking adoption will bring about an increase in Customer satisfaction. Electronic banking attributes such as perceived ease of use, usefulness and cost can have a direct impact of customer satisfaction.

The Extent to which Electronic Banking Adoption and Service Quality Prediction of Customer Satisfaction:

Changes in Customer Satisfaction can be attributed to Electronic banking adoption and Service Quality but to a lesser extent compared to other factors not looked at by the researcher; however Service Quality is a better predictor of Customer Satisfaction as compared to Electronic banking adoption.

CONCLUSION

It was established from the study that there is a significant positive relationship between Electronic banking adoption and Service Quality, a significant positive relationship between Service Quality and Customer Satisfaction and a significant positive relationship between Electronic banking adoption and Customer Satisfaction. Finally, Electronic banking adoption and Service Quality are fairly significant predictors of Customer Satisfaction. Therefore banks should emphasise putting in place attributes of customer's adoption of electronic banking services, this will further enable customers experience better Service Quality. Dimensions of service quality such as security, aesthetics, reliability, responsiveness and efficiency should not be ignored in an attempt to obtain better satisfied customers who use electronic banking channels.

Electronic banking adoption has a direct relationship with customer satisfaction and therefore attributes such as ease of use, usefulness and cost directly influence customer satisfaction. This means that banks should consider going electronic in their service delivery in order to better satisfy their clients. Since Electronic banking adoption and Service Quality are fairly significant predictors of Customer Satisfaction, an effort has to be made by banks to put in mind these variables when considering better satisfaction of their customers.

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