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Forward

On behalf of the Africa Academy of Management, I am delighted to share with you the proceedings of some of the best papers of our 4th Biennial Conference. The theme of the 2018 Biennial Conference is *Building High-Performing Organizations in Africa*. 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 prospects have 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). In 2015, the African Union launched Agenda 2063: The Africa We Want. One of the aspirations of the Agenda is "*A prosperous Africa based on inclusive growth and sustainable development*." Making this aspiration a reality calls for high performing organizations and institutions throughout the continent. It also presents an opportunity for management scholars to be creative in identifying and developing management theory that results in practices aligned with the context and realities of the continent. Never more so pressing is the call for actionable indigenous management knowledge to assist leaders and managers in building high performing, exceptional organizations and institutions that contribute to the economic and social well-being of Africa. Indeed, this is why AFAM exists, and we remained committed to our vision of building theoretical and empirical knowledge that will ultimately enable social change and transform the continent to reach its potential.

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 Taylor & Francis in producing our journal, *Africa Journal of Management*.

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 five (5) AFD Workshops for doctoral students and junior faculty from African Businesses Schools in Ghana (at Ghana Institute of Management and Public Administration (GIMPA); and Kwame Nkrumah University of Science and Technology (KUNUST)), Rwanda (at University of Rwanda), and South Africa (at Gordon Institute of Business Science (GIBS); and the Faculty of Economic and Management Sciences, both at the University of Pretoria). The recent AFD workshop that was held at KNUST in Ghana was partly sponsored by the ECOWAS Bank for Investment and Development (EBID). The organization works closely with other academic associations and our sponsors in executing our mission. With a membership base of about 400 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.africaacademyofmanagement.org to learn more about the organization's current activities.

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Introduction

Africa is a continent with countries experiencing differing levels of economic development. Recent reports indicate that Africa is one of the fastest growing regions of the world, second to East Asia. In fact, of the ten fastest growing economies in the world, six are in Africa (Walsh, 2015; World Bank, 2015). However, according to the World Bank (2017), sub-Saharan Africa's economic growth would be modest, increasing from 1.3% in 2016 to 2.4%, in 2017. The World Bank (2017), has embarked on a strategy to support the structural transformation of African economies. They include:

(a) Supporting activities to boost agricultural productivity and agribusiness investment;
(b) Increasing access to affordable, reliable and sustainable sources of energy;
(c) Encouraging investment in technologies that allow for climate adaptation and disaster risk management;
(d) Regional integration;
(e) Integrated urban planning and development;
(f) Development of high quality human capital; and
(g) Enhanced knowledge acquisition.

To sustain the transformation of African economies, it is imperative that African organizations, develop the capabilities to compete not only in Africa, but also globally. Thus, management research has to be relevant and impactful, by suggesting principles and practices that would allow African organizations to achieve high performance, and become high-performing organizations.

To some extent, organizations operating in Africa can be divided into three main categories, 1) subsidiaries of multinational corporations, 2) organizations owned by foreign nationals, and 3) organizations owned and operated by Africans themselves. How well these organizations perform is significant not only for industrial growth but also for national development. The theme of the conference, Building High-Performing Organizations in Africa, is therefore intended to generate insights that advance that objective.

According to de Waal (2012), a high-performing organization is an organization that achieves financial and non-financial results that are exceedingly better than those of its peer group over a period of five years or more by focusing in a disciplined way on that which really matters to the organization. There are five success factors of high-performance organizations identified in the literature: (1) quality of management, (2) openness and action orientation, (3) long-term orientation, (4) continuous improvement, and (5) quality of employees. To compete with their counterparts from the West and other parts of the world, African companies and organizations must perform well on these indicators.

The papers in this proceeding are some of the best papers from the 4th Biennial Conference of the Africa Academy of Management (AFAM) on the theme "Building High-Performing Organizations in Africa." The primary objective of the present conference is to emphasize the importance of organizations to the future development of Africa. Thus, Africa needs to develop the capabilities required for building organizations that are managed effectively and efficiently to engender growth on the continent. In response for the call for papers for the conference, a total of

169 papers, symposia, and professional development workshop (PDW) proposals were received, of which 151 were full paper submissions. Each of the papers went through a double-blind review process and 70% of the papers were accepted for the best paper proceedings. However, not all the authors submitted their papers for the best paper proceedings. There are 29 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; strategy and international management; and social issues in management. Although, all the papers did not explicitly focus on the theme of high-performing organizations in Africa, most of the papers discuss theoretical, empirical and practical issues about organizations and management in Africa that has the potential to influence how Africa's organizations perform and the resources of Africa are managed. We hope that the papers in this proceeding, which would also be presented during the conference, would prove to be a source of encouragement and enlightenment for developing and creating high-performing organizations in Africa.

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Professors Karel Stanz and Moses Acquaah
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Part 1
Entrepreneurship and Small Business

ENTERPRISES INNOVATION IN DEVELOPING COUNTRIES: AN EVIDENCE FROM ETHIOPIA

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ABSTRACT

This study comprehensively analysis the drivers of enterprises innovation in developing countries. The study uses survey data to analyze the determinants of enterprise innovation in Ethiopia using a multivariate probit model (MVP). For this study, enterprises were grouped in to four categories: all sized, large sized, medium sized, and micro and small sized enterprises. It appears that engagement in R & D, on-job training, and website ownership significantly determine enterprises innovation. This study unlike previous studies comprehensively analysis drivers of innovation by considering enterprises in different sizes and all at same time. This is helps identify factors most relevant for enterprises innovation at all stage which help policy makers get focused in strategy development. Based on the findings, further emphasis on engagement in R & D would help enterprises to become innovative for all categories of enterprises. Furthermore, strengthening the available formal training and diversifying the type of the training that is related to skills, knowledge and techniques that help achieve the long-term objective of the enterprises are worth considering. Enterprises also need to subscribe in different sites that help learn more and access information.
Keywords: enterprise; innovation; determinants; multivariate probit; Africa; Ethiopia

INTRODUCTION

Innovation is the degree to which an individual, compared to others in the social system, is relatively early in adopting something new (Hurt et al., 1977; Hurt & Teigen 1977). It is an openness to new ideas as an aspect of enterprise's culture (Hurley & Hult 1998). Hurt, Joseph and Cook (1977) understand innovation as the rate of adoption of innovations by the enterprise and organization's willingness to change. More recently, many see innovation as the only technological in nature, resulting in shiny new products. Still others think innovation as only research and development (R&D) activity occurring at universities, national laboratories, and corporations (Atkinson, 2013). The Organization for Economic Cooperation and Development (OECD) defines innovation more broadly as the implementation of a new or significantly

improved product (that is, a physical good or service), process, a new marketing method, or a new organizational method in business practices, workplace organization, or external relations (OECD, 2010). Moreover, enterprises innovations can arise at different points in the development process, including conception, R&D, transfer of the technology to the production organization, production, and marketplace usage (Atkinson, 2013). In this study, the definition of the enterprises innovation that is provided by the (OECD, 2010) is adopted. This is because the World Bank data set we used for this study on Ethiopia Enterprise Survey (ES) is based on this definition.

Governments and donors in the developing countries have shown increasing interest in promoting enterprises innovations and entrepreneurship to encourage enterprises. This is due to the potential role enterprises innovation play in the enterprises development for the industrial and economic development. Enterprises create ample of the job opportunities and income particularly for the youth and poor in developing country. The impression is that innovation is important for enterprises to become and remain competitive, move to higher return activities, and to grow and graduate to larger enterprise status. Hence, creating new employment and income opportunities. The effectiveness of such interventions, however, depends on recognizing key factors that nurture or hinder enterprises innovation.

Enterprises innovation is determined by enterprise's characteristics, external market target, capacity building, facilitative support to enterprises, entrepreneur's characteristics. Enterprises' characteristics such as size of the enterprises (Hadhri, Arvaniti, & M'Henni, 2016; Stojčić & Hashi, 2014; Zemplinerová & Hromádková, 2012; Gebreeyesus, 2011; de Mel, McKenzie, & Woodruff, 2009), enterprise's maturity (Zakić, Jovanović & Stamatović, 2008) determine innovation of the enterprises. By implication, larger and matured enterprises are more innovative than the smaller and less matured enterprises.

Studies indicate that enterprises external market target and strategic relation formation directly related to the enterprises' innovation. Foreign market access for the enterprises would help benefit from large market size for their goods and services, help earn foreign currency which will have multiplier effect on their activities. Strategic behavior of the enterprises would help them with whom to make collaboration in international and national entities. This would help enterprises advance their business steadily and productively. In this regard, enterprises that use foreign inputs, and that has collaboration with foreign are interrelated (Avermaete, et al., 2004). Forieng market orientation enterprizes also determins enterprizes innovation (Stojčić & Hashi, 2014; Zemplinerová & Hromádková, 2012; de Mel et al., 2009; Zakić et al., 2008). This indicates that firms that are foreign market oriented, have experience and strategic relation with foreign sectors are more innovative than their counter parts.

Enterprises capacity level which is related to investment in human capital of the enterprises determines the enterprises innovation. Investment in human capital directly affects the ability, skills, knowledge of the workforce of the enterprises. This investment in turn directly affect the innovation of the enterprises. Several studies proliferate this issue. Firms' extent of investment in the research and development (R&D), skills of the firms' workforce, the firm's investment in know-how (Dotun, 2015; Raymond & St-Pierre, 2009; Avermaete et al., 2004; Romijn & Albaladejo, 2002), the use of known technology transfer mechanisms (Hadhri et al., 2016) determines firm's innovation. This indicates that capacity of the firms explains their innovation.
Studies also witness that owners and entrepreneur's specific characteristics significantly determine enterprises innovation. Owner's characteristics such as educational background of owner, prior experience of owner-manager (Avermaete et al., 2004), owner ability personality traits (De Mel et al., 2009), age of the entrepreneurs and gender of the entrepreneurs (Gebreeyesus, 2011) explains

firms' innovatveness. In this case the higher educational level, the younger, and the male the owners are, the more firms are innovative.

Factors that are exogeneous to the enterprises are also found important ant determinants of the enterprises. These factors are less controllable by the enterprises by themselves. It seems that enterprises that are more active in utilizing available external resources and supports are more likely to be innovative. Few studies showed that facilitative supports such as government support, availability of patent and copyright innovation (Dotun, 2015), better institutional quality at the local, access to finance (Mahendra et al., 2015), the use of external sources of information (Avermaete et al. 2004) determine firms' innovation. These studies focus that external support to the firms determines the firms' innovation. In general, there are factors which positively and negatively affects enterprises innovations. For instances, foreign ownership of the enterprises (Zemplinerová & Hromádková, 2012) and competition (de Mel et al., 2009) negatively affect enterprise's innovation. Even, there are also factors that do not affect the firms' innovative activities. Characteristics of the entrepreneur (Avermaete et al., 2004), regional networks, close customer relations (Romijn & Albaladejo, 2002) do not determine enterprises' innovation.

Enterprise innovative researches conducted so far suffer from several limitations. First, they focus only on product innovation, and process innovation in studying the determinants of enterprises' innovation activities. The conclusions and policy recommendations derived from these studies cannot be applied for other innovation types as what fosters innovation in process innovations may inhibit/not affect organizational innovations at all. For instance, Stojčić and Hashi (2014) found that cost factors negatively affect product innovations but it does not affect process innovations. Moreover, the study reveals that firm size fosters new process innovations while it hinders new product innovations. The implication is that some determinants of innovations are specific to type of innovtion the enterprises engaged in. Second, enterprizes are almost not homogeneous in size, capability, socioeconomic background and sector (manufacturing, service, trade, etc). Under this circumstance, it is hardly possible to expect the same factors determining innovation of enterprise as the study conducted by Gebreeyesus (2011) shows. This study reveals that large sized firms and firms in manufacturing sector are more likely to engage in innovative activities. Similarly (Hashi & Stojcic, 2013) noted that under different circumstances firm size could be positively or negatively related to innovation. This proves that the "one-size-fits-all" principle does not work. Third, most of studies of the enterprizes innovation are conducted in the developed countries which may challenge generalization to the devolping countries. As developing countries deviate from the developed counturies in institutional structures and development infrustructures, it needs due empahasis. This is due to the fact that business environmnet in which enterprises prtactice may mask the effect of the differet factors on he innovation of the enterprises. Other studies have emphasized on the importance of the innovation for survival in a volatile environment (Johnson et al., 1997). Some studies that have dealt with enterprises' innovation even did not conduct their study by unravelling firms into different respective sizes. However, distinguishing enterprises in terms of their size help to identify more relevant factors affecting enterprises innovation. Factor that is more important for small enterprise may not be important for the large or medium enterprise and vice versa. Identifying factors important in all cases is also worth dealing as it helps policy makers to get focused in devising enterprise innovation and industrial development strategies.

Generally, there is no comprehensive empirical evidence on determinants of enterprise innovation in developing countries including Ethiopia. The existing few studies in Africa mainly examined the determinants of innovative activity and attributes of innovation (Gebreeyesus, 2011).

Given the above research gap, this paper uniquely contributes to the narrow literature on innovations of enterprises in Ethiopian the following ways. Firstly, it analyses not only the determinants of product and/or process innovations but also the determinants of four types of innovations (that is new product innovation, new method of production innovation, new marketing innovation, and new organizational structure. Distinguishing enterprises into different size help to identify important factors with respect to firms' size. Secondly, to address the bias that might arise from pooling a heterogeneous group of firms this study tries to investigate the determinants of innovation by classifying enterprises into all sized, large sized, medium sized, and micro and small sized enterprises. Third, contrasting to most of the earlier studies this study covers not only manufacturing but also retail services and non-retail services.

The rest of the paper is organized as follows. The next section presents brief literature review. In the third section data and method of data analysis is presented. Results and discussions are discussed in section four. Lastly, the conclusions and policy implications are discussed.

LITERATURE REVIEW

Literatures that deal with the determinants of enterprises innovation activities are wide. Literatures link enterprises innovation with varies topics and contextualize it in different activities. In this case literatures group determinants of the innovation activity into micro level activity, micro level characteristics, meso- macro level characteristics, and other specific topics (Aralica, Račić & Radić 2008). Some of the differences in innovation performance are due to differences in enterprise's environment which may include micro, meso and macro level characteristics, while others are attributable to differences in characteristics and innovation behavior of firms.

The literatures that deal with the characteristics of enterprises innovation activities and connects innovation and other enterprise activities are concerned with the context and content of innovation- processes. The focus of the literature in this case is whether enterprises innovation activities are related to the existence of research and development (R&D) activities. The R&D activity is indispensable part of enterprises innovation activities. A significant amount of innovation and improvements originates from design improvements like "learning by doing" and "learning by using" (Mowery & Rosenberg, 1989; Rosenberg, 1982; Arrow 1962) and such informal efforts are generally embodied in people and organizations (Pavitt 1986; Teece 1977a 1986b). These literatures accentuate the importance of experience of the enterprises probably emanates from the on the job-trainings.

Other literatures point out the link between innovation and enterprises level determinants of innovation characteristics such as firm size (Aralica, Račić, & Radić, 2008). Following the work by (Schumpeter, 1942), there has been a wide-ranging debate on the differences and complimentary qualities of small and large firms in the face of innovation and technological change. As per Schumpeter, large firms have advantages in comparison with small ones when taking part in innovation activities and what is more, these advantages increase according to firm size. In addition, size emerges as a primary internal force driving technological innovation (Alsharkas, 2014) and its relevance is motivated by several intertwined arguments. This hypothesis has been reviewed in various empirical studies without any definite conclusion being reached that there is a positive relationship between the propensity to innovate firm size for Sri Lanka (de Mel, McKenzie, & Woodruff, 2009), for Lebanose (Hadhri, Arvaniti, & M'Henni, 2016) and for Ethiopia (Gebreeyesus, 2011). Some studies found innovation to be negatively related to frm size for Crotia (Aralica, Račić and Radić 2008). Some of the authors

found an inverted-U relationship between firm size and R&D intensity, *i.e.* the ratio of R&D expenditure or personnel to size, or between firm size and the ratio of patents to size (for example, for Tunisia (Gabsi, Mhenni, & Koouba, 2010). Others found a positive relationship up to a certain threshold, and no significant effect for larger firms.

The inconclusive results regarding effect of firm size on innovative capacity of the firms justify the inclusion of many control variables to obtain robust results (Hadhri, Arvaniti, & M'Henni, 2016). For instance, a systematic review by Becheikh, Landry & Amara (2006) shows that there are about forty determinants concerning the characteristics of innovating firms. According to Becheikh, Landry and Amara (2006) these driving forces of innovation are categorized into internal determinants of innovation and contextual determinants of innovation. Internal determinants of innovation include firms' general characteristics (age of the firm, ownership structure, past performance), firms' global startegies (export/internalization, external/internal growth), firms' structure (formalization, centralization and interaction), management team (leadership variables and manager related variables), functional assets and strategies (R&D, human resources, finance, etc). Contextual determinants of innovation are firms' indusrty related variables (sector, demand growth, industry concentration), firm's regional variables (geographic location and proximity advantage), networking, knowledge/technology acquisition, government and public policies, and surrounding culture.The impact of these internal and contectual determinants of firm's innovation activities has been studied in developing countries frequently showing largely varying, inconclusive and contradictory results (Becheikh, Landry & Amara 2006, Hadhri, Arvaniti & M'Henni 2016).

Several empirical evidences show that the most important factor of innovation is R&D activity though the findings are mixed. El Elj (2012) argued that value of the R&D activity is directly related to the core competencies of the firm as well as to its efficient innovative processes in Tunisia. However, Aralica, Račić and Radić (2008) found that continuous engagement in R&D and R&D cooperation have turned out to be insignificant in relation to the share of sales of innovative products in Crotia.

METHODOLOGY

Data Source and Analytical Methods

This study used the 2015 Ethiopia Enterprise Surveys (ES) data collected by the World Bank (World Bank, 2015) from June 2015 to February 2016. The ES are a panel data which are an ongoing World Bank project in collecting both objective data based on enterprises' experiences and enterprises' perception of the environment in which they operate. The sample for the 2015 Ethiopia's Enterprise Survey was selected using stratified sampling, following the standard methodology. Three levels of stratification were used in the country: industry, establishment size, and region. Industry stratification was designed in the way that follows: the universe was stratified into four manufacturing industries (Food and Beverages), Textile and Garments including leather, Non-metallic mineral products, and other manufacturing and three services sectors (Transportation, Retail) and Other Services. Size stratification was defined as follows: small (5 to 19 employees), medium (20 to 99 employees), and large (more than 99 employees). Regional stratification for the 2015 Ethiopia ES was done across six geographic regions: Addis Ababa and Dire Dawa city administrations, and Amhara, Oromia, SNNPR and Tigray regional states. For this study, the data was pooled together.

Both descriptive analysis and econometric analysis were used for the analysis of data. In descriptive analysis percentages, mean value, minimum, maximum, and standard deviations are used. In econometrics, multivariate probit model is used.

Stating the Multivariate Probit Model

Behavioural response models with more than two possible outcomes are either multinomial or multivariate. Multinomial models are suitable when respondents can choose only one outcome among the set of mutually exclusive and collectively exhaustive choices. However, in this study the innovation variables are not mutually exclusive; considering the possibility of the simultaneous involvement of innovation types and the potential correlations between them. Specifically, we examine factors related to different innovations with the following enterprise innovations: new product innovation, new method of production innovation, new organizational structure innovation and new organizational innovation. The first innovation dependent variable, new product innovation (h1), takes value one if the enterprise has introduced new or significantly improved products or services during the last three years, otherwise zero. The second innovation dependent variable, new method of production innovation (h3), variable takes value one if the enterprise has introduced any new or significantly improved methods of manufacturing products or offering services during the last three years, otherwise zero. The third innovation dependent variable, new organizational structure innovation (h5), takes value one if the enterprise has introduced any new or significantly improved organizational structures or management practices during the last three years, otherwise. The fourth innovation dependent variable, new marketing method innovation (h6), takes value one if the enterprise has introduced new or significantly improved marketing methods during the last three years, otherwise zero.

We apply Multivariate Probit (MVP) to estimate the jointly dependent variables that exploites a system of simultaneous equations. It is a special case of seemingly unrelated regression (SUR) when the dependent variable is of categorical type. In circumstances where cross equation error terms are correlated and explanatory variables are same across equations, the MVP model can generate more efficient parameter estimates than a single equation estimation approaches.
The description of a regression model is given as:

$$Y_{ij} = X_{ij}^{'} B_j + \varepsilon_{ij} \qquad (1)$$

Where Yij (j =1,...,m) represents the enterprises innovation (in our case m = 4) taken up by the ith entereprize (i =1,..., n), X_{ij} is a 1×k vector of observed variables that are expected to correlate with the enterprises innovation, B_j is a k ×1 vector of unknown parameters (to be estimated), and ε_{ij} is the random error term. In this specification, each Y_j is a binary variable and, thus, equation (1) is a system of m equations (m = 4, in this case) to be estimated:

$$\begin{cases} Y_1^* = \alpha_1 + XB_1 + \varepsilon_1 \\ Y_2^* = \alpha_2 + XB_2 + \varepsilon_2 \\ Y_3^* = \alpha_3 + XB_3 + \varepsilon_3 \\ Y_4^* = \alpha_4 + XB_4 + \varepsilon_4 \end{cases} \qquad (2)$$

With $Y_1^*, Y_2^*, Y_3^*, Y_4^*$ a set of four latent variables underlying each of the enterprise's innovation such that $Y_j = 1 \; if \; Y_j^* > 0$; 0 otherwise.

RESULT AND DISCUSSION

Descriptive Statistics Results

The descriptive result indicates that, during the last three years, 40 % of enterprises introduced new product innovation; 34 % of them introduced new method of production innovation; 30 % of them introduced new organizational structure innovation; and 34 % of them introduced new marketing methods.

From the descriptive result, it is indicated that 1.74 % enterprises were micro categories; 46.38 % of them were small; 30.63 % of them were medium; and 21.25 % of them were large categories. The result also showed that majority of the enterprise (62 %) are in the capital city of the country (Addis Ababa). About 10 % enterprises had female top manager. There were 38 % enterprises that had and own website. During the last three years, about 22 % of the enterprises conducted formal training programs for their permanent fulltime employees, while only 14 % of them spend on formal Research and Development (R & D) activities. Average age of the enterprises is 14 years. The mean top manager's experience is 14 years. On average enterprises share of the direct export is about 5 %. Out of the of full time permanent workers of the enterprises 68 % of them have above secondary school education level. The values for minimum, maximum, and standard deviations are presented in the Table 1.

TABLE 1
Summary of Descriptive Statistics Results

Variable	Description and Measurement
h1(New product innovation)	Dummy variable that takes value one (1) if the enterprise has introduced new product, 0 otherwise.
h3(New method of production innovation)	Dummy variable that takes value one (1) if the enterprise has introduced new method of production, 0 otherwise.
h5(New organizational structure innovation)	Dummy variable that takes value one (1) if the enterprise has introduced new organizational structure, 0 otherwise.
h6 (New marketing methods innovation)	Dummy variable that takes value one (1) if the enterprise has introduced new marketing methods, 0 otherwise.
a6b (Size)	It is categorical variable that take value 0, 1, 2, and 3 if enterprise is micro, small, medium, and large respectively. It measures the size of the enterprise.
a3b (Location of the enterprise)	It a dummy variable that takes value one (1) if the enterprise is in the capital city, 0 otherwise.
Fage (age)	It is the age of the enterprise measured in years.
Fagesqr (Age square of the enterprise)	It is age square of the enterprise
b7 (Experience of top manager)	It is years of experience of top manager measured in years.

b7a (Gender of top manager)	It a dummy variable that takes value one (1) if female, otherwise 0.
c22b (Website ownership)	It a dummy variable that takes value one (1)1 if enterprise owns website, 0 otherwise.
d3c (Share of direct export)	It continuous variable that measures enterprises' share of export measured in percentage.
l9b (Education)	It is continuous variable that measures the percentage of full time permanent workers who completed secondary school.
l10 (Formal training)	It a dummy variable that takes value one (1) if there is availability of formal training programs for permanent, fulltime employees, otherwise 0.
l1(Permanent workers)	It is continuous variable that measures number permanent, full-time workers in the enterprise.
h7 (Formal R & D)	It a dummy variable that takes value one (1) if enterprise has spent on formal R & D activities last three years, otherwise 0.

Source: Own computation, 2017

TABLE 1
Summary of Descriptive Statistics Results (Continued)

Variable	Obs	Mean	Std. Dev.	Min	Max
h1(New product innovation)	1487	0.40	0.49	0	1
h3(New method of production innovation)	1488	0.34	0.47	0	1
h5(New organizational structure innovation)	1485	0.30	0.46	0	1
h6 (New marketing methods innovation)	1488	0.34	0.47	0	1
a6b (Size)	1492	1.71	0.82	0	3
a3b (Location of the enterprise)	1492	0.62	0.49	0	1
Fage (age)	1476	13.67	12.02	0	89
Fagesqr (Age square of the enterprise)	1476	331.21	753.31	0	7921
b7 (Experience of top manager)	1466	14.02	9.95	0	60
b7a (Gender of top manager)	1491	0.10	0.30	0	1
c22b (Website ownership)	1485	0.38	0.49	0	1
d3c (Share of direct export)	1484	4.95	19.10	0	100
l9b (Education)	1457	68.03	29.73	0	100
l10 (Formal training)	1486	0.22	0.41	0	1
l1(Permanent workers)	1467	96.31	361.73	1	7600
h7 (Formal R & D)	1488	0.14	0.34	0	1

Source: Own computation, 2017

Econometrics Analysis

In this section, the result of multivariate probit is presented. We organized the multivariate probit result for different size of the enterprises. That is, we regressed for all sized enterprises, for large enterprises, for medium enterprises, for micro and small enterprises (see Table 2). Segregating into different size helps to identify factors important to affect innovation in respective

size of the enterprises. It also helps to uncover which factors are important simultaneously in all size of the enterprises. In what follows we present and discuss the determinants of enterprises innovation. Then we conclude and recommend.

a) Innovation in All-Sized Enterprises

In all sized enterprises regression, variables that simultaneously and significantly affect the four enterprises innovations are website ownership, the percentage of full time permanent workers who completed secondary school, the availability of formal training programs for permanent fulltime employees, and the engagement of the enterprises in R & D activities. The implication of these findings is that enterprises that have access to information, have more educated permanent fulltime workers, that have regular on-job training program for the workers, and that conduct research and development are more innovative than their counterparts.

Website ownership explains enterprise's innovations through access to information to new techniques from around the world via internet use. Having website may help enterprises to use all possible available resources in the world via internet. These resources may be related to new technologies (production), knowledge, and techniques that are helpful in upgrading the method of production, management of resources, marketing of the products, and so on. They may also use internet to easily identify areas of more demanded products so that they focus on. Enterprises may conduct a sort of assessment on their product, method of production, management through online survey using their website. Thus, website ownership may determine enterprises innovation through provision of important information, resources, online survey services.

The fact that percentage of employee of the enterprises that completed secondary school related to enterprises innovation may be because high number of workers who completed secondary school generate high level of knowledge and techniques, and induce enterprises to develop innovate new practices. The employee of the enterprises with high school education level may learn from each another, and this may have spillover effect. The spillover effect of these education even may spread to the enterprises employee with lower level education. In this way, even employees with lower level of education may gain experience and this would stimulate the whole activities of the enterprise. The enterprises employee with more than high school education may also have different technical education and experience. Thus, level of education, practical, and technical experience of the enterprise employee stimulates innovation of the enterprises.

On-job training, on the other hand, is important to build employees working capacity, which might have an impact on the enterprises innovations. Enterprises may engage in either shirt term or long-term training program for their employee in expectation of higher productivity and profitability. These on job trainings may be on specific or general skills that would build the capacity of the employee. In doing so, the innovation of the individual employee because of the trainings sum up to the innovation of the enterprises. Enterprises for the individual employee is the workshop for both livelihood and experience gain for further specialization and excellence. This study corroborates the empirical studies that views human capital as the primary source of innovation that increasing individuals' capacity both to produce technical change and to adapt to it (Aghion & Howitt, 1998; Redding, 1996; Romer, 1990; Nelson & Phelps, 1966). Recent studies also support that more training of the firm's employee leads to more product and process innovation, with on-the-job training (Dostie, 2014). Study in developing country indicated that offering formal training are conducive for innovative output (van Uden, Knoben, & Vermeulen, 2014). Thus, on job training of the employee have significant relationship with the enterprises innovation.

Enterprise's involvement in research and development would help the enterprise to search new things, to adopt, to develop, and to use them to achieve the enterprise's objectives. As research and development is concerned with searching new mechanisms that solve problems, enterprises also use research and development to advance to their predetermined goals. Research and development may help enterprises to use the available internal and external resources effectively and efficiently. Research and development added to the on-job training would enhance the absorption capacity and stock of knowledge of the enterprises that would induce innovation of the enterprises. Indeed, this finding can be corroborated by the study of (Rehman, 2016) conducted on small and medium-sized enterprises in India and Pakistan. The study support that R & D has positive impact on the product and process innovation. Other study also indicates that enterprises that received grant for research and development increase the probability that a firm introduces new goods and services to the world (Jaffe & Le, 2015). Additionally, study by (Yuan, Guo, & Fang, 2014) indicates that R&D investment intensity positively determines firm innovation, though the relation is weak. However, this study indicated that the effects of R&D on process innovation and any product innovation are relatively much weaker.

The top manager's experience in years determines new method of marketing innovation. As longer time stay of the manager in the enterprises enriches the experience of the manager in every aspect of the enterprise's, it might also provide an opportunity for the manager to deal with the innovation of the enterprise. Manager of the enterprise knows areas where need improves and probably it is the top manger that exactly keen for the accomplishment of strategic objective of the enterprise's. In this case the longer the stay of the top manager in the enterprise the more experience about the enterprise is the manager. It is argued that managers are likely to have better insights into future business opportunities, threats, niche markets, products, technologies, and market development in this case top managerial experience is expected to be positively related to innovative activity and its performance. Managerial experience enhances both the propensity to innovate and the innovative firm performance, as measured by the share of sales accounted for by new products (Balsmeier & Czarnitzki, 2014). Thus, the experience of the top manager would help peruse marking innovation that help achieve the objective. However, study by (Yuan, Guo, & Fang, 2014) indicated that top management team tenure and firm innovation are negatively related.

On the other hand, enterprise's size determines innovation in all cases except the new market innovation. Size of the firm goes with the capital and human capital. The higher the size of the enterprises, the more they can afford training, R &D, and education and the more the enterprises are innovative. The assertion that size of the enterprise determines the innovation of the enterprise's is also bolstered by (Gebreeyesus, 2011). Other study also indicated that there is strong relationship between firm size and firm innovation (Yuan, Guo, & Fang, 2014). Study by (Fitjar & Rodrguez-Pose, 2011) indicated that company size has a significant positive impact on all forms of innovation. However, (Hashi & Stojcic, 2013) argued that positive or negative effect of the firm size on the innovations of the enterprises is circumstance specific.

Location of the enterprise significantly determines new product innovation. The fact that enterprises being in the capital city of the country are more innovative than other can be explained by the compounding effect of the city and the localization (urbanization) economies of the enterprise's. The compounding effect of the city is related to the government emphasis on all sectors in the city including the enterprises development. The localization (urbanization) economies effect is related to that enterprises densely populated in the city may easily learn from each other either in the formal or informal or in both ways. This may thus help enterprises located in the capital city to be more innovative than others. The assertion here I that in the capital cities

information's, capital (human and physical) easily and freely move from one enterprise to another. This finding is supported may corroborated by the case of Silicon Valley which is well known for being a learning region and where a successful innovation system has been implemented (Doloreux, 2003). (Porter & Stern, 2001) also argue that location matters for innovation particularly most attractive location enhance the environment for innovation.

b) Innovation in large size enterprises

In large sized enterprises regression, only the availability of formal training programs for permanent fulltime employees, and the engagement in formal R & D activities significantly determine the four types of enterprises innovations. This finding suggests that large sized enterprises emphasize on on-job training of the employee, and research and development would bring more enterprise innovations. This finding convinces that enterprises innovations whether it is new product or new process or new management or new market innovation human capital accumulation through training, research and development is indispensable. In this study, it is also indicated that in the all sized enterprises training, and R & D enhance the innovation of the enterprises.

c) Innovation in medium size enterprises

Regarding medium size regression, availability of formal training programs for permanent fulltime employees, and engagement in formal R & D activities significantly determine new product innovation. Engagement in formal R & D activities significantly determines new method of the of production innovation. The new organizational structure innovation is determined by website ownership, the availability of formal training programs for permanent fulltime employees, the number of permanent full-time workers, and the engagement in formal R & D activities. Here, as number of the permanent full-time worker increase innovations of the enterprises in new organizational structure increase. The possible explanation for this is that to effectively utilize and benefit from increased number of the full time permanent worker enterprise may need to be innovative. The new method of marketing innovation is determined by website ownership and the engagement in formal R & D activities. In the medium size enterprises, the only variables that simultaneously and significantly affects the four enterprises innovations is engagement in formal R & D.

d) Innovation in micro and small size enterprises

In micro and small size regression, new product innovation is significantly determined by website ownership, percentage of full time permanent workers who completed secondary school, the availability of formal training programs for permanent, fulltime employees, and engagement in on formal R & D activities. The new method of production innovation is determined by sex of top manager, website ownership, availability of formal training programs for permanent, fulltime employees, and engagement in R & D activities. Here, micro, and small enterprises, which have female as top manager are more innovative in new method of production innovation. Some empirical studies also contend that female representation in top management improves firm performance that focuses on innovation (Dezső & Ross, 2012). In contrary, hiring more female managers, companies can be more innovative but having top female at top position has negative effect on the innovation if the number of the female is lower in the top management team (Lyngsie & Foss, 2017).

The new organizational structure innovation is determined by website ownership, percentage of full time permanent workers who completed secondary school, availability of formal training programs for permanent, fulltime employees, and engagement in R & D activities. The new method of marketing innovation is determined by years of experience of top manager, website ownership, percentage of full time permanent workers who completed secondary school, availability of formal training programs for permanent fulltime employees, and engagement in R & D activities. Top manger's experience determines the new method of marketing innovation in micro and small enterprises. This is explained that as the top manager works more in the sector he/she will be experienced with dealing with selling the product and services.

In the micro and small enterprises, the variables that simultaneously and significantly affect the four enterprises innovations are website ownership, availability of formal training programs for permanent fulltime employees and engagement in R & D activities. Generally, the innovation of the enterprises in new product, method of production, organizational structure, and new market are determined by engagement in R & D activities, the availability of formal training programs for permanent fulltime employees, and website ownership determine innovation.

The study finding indicates that research and development is indispensable in enterprises innovation regardless of their category (that is size). This suggests that for enterprises development and industrialization due emphasis should be given for the research and development. The availability of formal training programs for permanent fulltime employees determines all enterprise innovations except in medium sized enterprises. This indicates that human capital accumulation is crucial for the innovation of the enterprises. This finding suggests that on the job training for all categories of the enterprises is an important input for the innovation of the new product, new method of production, new organizational structure, and new marketing method.

Though, it is for the two categories, website ownership determines innovation of the enterprises. That is the effect of the website ownership is more pronounced in in all sized, and micro and small enterprises. Enterprises that have access to the worldwide information and contact are more innovative than the other enterprises. This finding might be due the fact that in addition to the internal source of knowledge and resources external knowledge and resources can be adopted via the use of the website (internet service). This may imply that enterprise that have global attitude are more innovative than other enterprises.

CONCLUSION AND POLICY IMPLICATIONS

Enterprise's innovation is vital to economic development across the world. Innovation is identified as the potential causes of economic growth in different countries having different economic growth history. Enterprises development is essential for the industrial and economic development of the countries. Enterprises innovation has gained interest of development policy makers and scholars as the bases for the industrial development. To bring about industrial and economic development different economics undergo different policy and strategy option. In this case, due attention is given for the enterprises. Enterprises may take differ form like micro, small, medium, and large. These forms of the enterprises might require different treatment for them develop and contribute their role the industrial and economic development. One of the policy and strategy through which nations influence enterprises development is via enterprises innovation. But, there is dearth of studies that clearly and comprehensively studied determinants of enterprises innovation that considers the different forms of the enterprises. In this case, knowing determinants of enterprises innovation would guide policy development and implementation that build bases and further

strengthens the industrial development and economic development from which every member of the nation benefit.

TABLE 2
Multivariate Probit Results of Parameter Estimates

Variable	All sized				Large size			
	H1	**H3**	**H5**	**H6**	**H1**	**H3**	**H5**	**H6**
a6b	0.161	0.216	0.215	0.062				
	(2.97)**	(4.04)**	(3.81)**	-1.08				
a3b	0.155	0.103	-0.02	0.025	0.153	0.125	0.232	0.194
	(2.02)*	-1.33	-0.24	-0.3	-0.85	-0.67	-1.21	-1
Fage	-0.004	-0.004	-0.002	0.004	-0.004	-0.012	-0.002	0.007
	-0.44	-0.43	-0.21	-0.43	-0.24	-0.76	-0.15	-0.4
Fagesqr	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	-0.63	-0.78	-0.08	-0.03	-0.34	-1.04	-0.31	-0.13
b7	0.007	-0.001	-0.003	-0.009	0.003	-0.004	-0.009	0.002
	-1.8	-0.28	-0.72	(2.22)*	-0.34	-0.5	-1.07	-0.25
b7a	0.086	0.109	0.014	-0.09	-0.438	-0.126	-0.327	-0.452
	-0.74	-0.96	-0.11	-0.69	-1.35	-0.4	-0.96	-1.3
c22b	0.283	0.455	0.498	0.561	0.333	0.115	0.248	0.175
	(3.44)**	(5.41)**	(5.71)**	(6.43)**	-1.94	-0.66	-1.35	-0.91
d3c	-0.001	0	-0.001	0	0	0.001	-0.004	-0.003
	-0.72	-0.08	-0.28	-0.1	-0.07	-0.29	-1.09	-0.78
l9b	0.004	0.003	0.005	0.003	0.001	0.001	0.004	0.003
	(3.41)**	(2.36)*	(3.22)**	(2.46)*	-0.24	-0.41	-1.2	-0.85
l10	0.475	0.426	0.645	0.499	0.388	0.453	0.537	0.674
	(5.20)**	(4.57)**	(6.97)**	(5.24)**	(2.35)*	(2.67)**	(3.17)**	(3.85)**
l1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	-0.49	-1.53	-1.26	-1.27	-0.85	-1.38	-0.82	-1.05
h7	0.574	0.5	0.731	1.164	0.336	0.482	0.953	1.458
	(5.13)**	(4.51)**	(6.59)**	(9.59)**	-1.8	(2.46)*	(5.00)**	(6.48)**
_cons	-1.408	-1.468	-1.615	-1.21	-0.484	-0.327	-1.004	-1.212
	(7.22)**	(7.37)**	(7.45)**	(5.54)**	-1.09	-0.75	(2.16)*	(2.40)*
N	1376				280			

* p<0.05; ** p<0.01
Source: own computation 2017 (from World Bank data)

TABLE 2
Multivariate Probit Innovation Determinants Result (Continued)

Variable	Medium sized				Micro and Small sized			
	H1	H3	H5	H6	H1	H3	H5	H6
a6b	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
a3b	0.194	0.099	0.055	0.139	0.147	0.149	-0.147	-0.062
	-1.35	-0.7	-0.36	-0.92	-1.3	-1.28	-1.11	-0.49
Fage	-0.014	0.015	0.013	0.01	-0.001	-0.029	-0.029	-0.007
	-0.69	-0.75	-0.75	-0.48	-0.05	-1.46	-1.64	-0.38
fagesqr	0.0	0.0	0.0	0.0	0.0	0.0	0.001	0.0
	-0.31	-0.86	-1.55	-0.51	-0.64	-1.08	-1.66	-0.46
b7	0.006	-0.001	0.009	-0.002	0.01	0.009	-0.004	-0.017
	-0.83	-0.15	-1.15	-0.28	-1.64	-1.23	-0.56	(2.22)*
b7a	0.156	0.102	0.01	0.12	0.156	0.325	0.12	-0.119
	-0.81	-0.47	-0.05	-0.52	-0.97	(2.10)*	-0.63	-0.62
c22b	0.264	0.113	0.364	0.463	0.313	1.027	0.792	0.828
				(3.20)**		(7.55)**	(5.57)**	(6.02)**
	-1.93	-0.81	(2.49)*		(2.36)*			
d3c	0.001	-0.002	-0.005	-0.003	-0.005	0	0.004	0.003
	-0.19	-0.68	-1.45	-0.95	-1.51	-0.12	-1.26	-0.85
l9b	0.002	0.003	0.004	0	0.007	0.003	0.005	0.005
					(3.71)**			
	-0.88	-1.24	-1.71	-0.07		-1.66	(2.36)*	(2.24)*
l10	0.329	0.276	0.452	0.251	0.675	0.494	0.813	0.564
			(2.90)**		(3.80)**	(2.61)**	(4.41)**	(3.10)**
	(2.20)*	-1.82		-1.64				
l1	0.002	0.002	0.008	0.003	-0.008	0.015	0.007	0.003
			(3.00)**					
	-0.79	-0.61		-1.16	-0.79	-1.39	-0.61	-0.27
h7	0.709	0.626	0.781	1.164	0.866	0.76	0.654	1.242
	(3.91)**	(3.50)**	(4.21)**	(6.28)**	(3.68)**	(3.15)**	(2.87)**	(5.18)**
_cons	-0.934	-1.068	-1.655	-1.214	-1.49	-1.562	-1.266	-1.028
	(2.71)**	(2.92)**	(4.47)**	(3.16)**	(4.99)**	(5.14)**	(3.71)**	(2.93)**
N	425				671			

* p<0.05; ** p<0.01
Source: Own computation 2017

Therefore, this study comprehensively examined the main determinants of enterprise's innovation in Ethiopia using a secondary data collected by World Bank using MVP model. This study categorized the enterprises into four categories unlike other studies which focuses on the on

one of the forms of the enterprise. Our findings indicate that in all sized enterprises, website ownership, percentage of full time permanent workers whose education is above secondary school, availability of on-job training, and engagement in R & D activities are variables that simultaneously and significantly affect enterprises innovations. In large sized enterprises regression, only the availability of formal training programs for permanent fulltime employees, and the engagement in R & D activities significantly determine the four enterprises innovations (that are new product innovation, new method of production innovation, new organizational structure innovation, and new marketing method innovation). In the medium size enterprises, the variables that simultaneously and significantly affect the four enterprises innovations are the engagement in R & D. In the micro and small enterprises, the variables that simultaneously and significantly affect the four enterprises innovations are website ownership, the availability of formal training programs for permanent fulltime employees and engagement in R&D activities.

These findings suggest that development partners, policy makers, and enterprises should emphasize on R & D activities, regular on the job training, development of website (information access via internet). On the other hand, conducting on-job training on regular basis to upgrade employee's skill and efficiency, and developing enterprise's web site for acquiring reliable information are salient strategies that can promote enterprises' innovations and achieve their objectives. The R&D activities can be strengthened by allocating reasonable amount of budget for R & D, by encouraging their workers to conduct R & D, and by making some sort of linkages with institutions that have ample experience in R & D activities. Specially, concerned bodies may incentivize their worker to conduct R&D that result in important enterprises innovations that would have long-lasting impact on the productivity and profitability of the enterprises.

Conducting on-job training on regular basis to upgrade employee's skill and efficiency would boast the capacity of the employee of the enterprises. This can be conducted based on the identified areas on which employee need training. In this case careful human power planning that considers the needs of the enterprises and employees is vital. Trainings that can be pursued can be specific to the enterprises innovations or general. Indeed, it should also be conducted in a regular, sustainable, and variety manner that ensures the sustainability of the enterprises operation.

Website ownership of the enterprises is indispensable to get information worldwide particularly in this globalization era. In this case enterprise's need to develop their own website for acquiring reliable information that boast their innovation. Only, developing website does not suffice for the promotion of the enterprises innovation, enterprise also need to subscribe in the international institutions that encourage their betterment.

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ENTREPRENEURIAL BRICOLAGE: HOW SMALL FAMILY BUSINESSES IN NIGERIA 'MAKE DO' WITH LIMITED RESOURCES

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ABSTRACT

Small businesses in Nigeria and indeed Africa have to thrive in conditions of severe resource constraint and high economic uncertainty. With high failure rates of small businesses in the region, 'making do' or showing resourcefulness with scarce and limited resources in order to survive ought to be a major characteristic of high performing organisations. The most important theoretical development in this regard is the emerging behavioural theory of entrepreneurial bricolage. So far, our understanding of how small businesses in Africa show resourcefulness in navigating very difficult economic and institutional terrains has been understudied. Yet, this understanding should inform the types of intervention introduced across all levels of our polity. The purpose of this paper therefore was to begin the process of filling this void in understanding. A sample of ten well established small family businesses in Nigeria with an average age of seventeen years were understudied using in-depth, structured interviews. We found that Lévi-Strauss's concept of bricolage—making do with what is at hand—explained many of the behaviours we observed in the small family businesses. Four major resources were often leveraged in doing this: financial, social, physical as well as knowledge and skills, with knowledge being the crucial underpinning resource in how the other resources were used in the businesses. Our findings uncovered the critical role knowledge and skills played in the successful harnessing of existing resources and proposes that knowledge-driven bricolage behaviour is the way forward in building high-performing small businesses in Africa.

INTRODUCTION

The proliferation of small businesses in Africa and the role they play in the continent's development is well documented. For instance, evidence of new business registrations in Nigeria alone is about 40,000 quarterly since 2012 (Corporate Affairs Commission, 2015) and even a meagre survival rate of 10-20% still indicates a lot of small businesses are at least thriving and possibly growing. In Ghana, small businesses account for 85% of employment and contribute 70% of Ghana's GDP whilst accounting for 92% of businesses in the country (Abor and Quartey, 2010). Studies on South Africa also suggest small business make up 91% of formal businesses, contribute more than half of the country's GDP whilst also making up 61% of employment (Mbonyane & Ladzani, 2011). In spite of the seeming burgeoning influence of small businesses on the continent's economy, it is also a known fact that most entrepreneurship in Africa is characterized by severe resource constraints, weak institutions, lack of personal or family wealth, unwillingness to borrow,

poor credit facilities amongst other well discussed challenges in literature (Abor & Quartey, 2010; Mbonyane & Ladzani, 2011; Davidsson, Baker & Senyard, 2017). As Powell and Baker, (2014, p.1406) also posit, "Resource-constrained founder-run firms are the most common form of businesses globally". In the United States for example, the majority of new firms begin with very limited resources, generally less than $5,000 (U.S. Department of Commerce, 1992) and either no employees or only a family member to share the work (Ruef, Aldrich, and Carter, 2003). In Africa, new businesses are generally known to begin with much less and only few are able to attract investor or foreign funding, with a slight increase in chances in high growth sectors (Davidsson, Baker & Senyard, 2017). Even in high growth sectors such as in technology, indigenous firms still do not easily attract the resources they need (Vanevenhoven et al, 2011).

These trends therefore suggest that the increasing influence of thriving small businesses in most African countries in spite of the resource- constrained context in which they exist, is attributable to some form of 'resilience'. We argue in this paper that resourcefulness is the key form of resilience small businesses employ in thriving in an otherwise unstable institutional climate for business enterprises. An important, emerging research theme investigating how firms show entrepreneurial resourcefulness broadly constituting ways that entrepreneurs deal with the challenges of inadequate resources is called 'entrepreneurial bricolage' (Baker and Nelson, 2005; Powell and Baker, 2014). Entrepreneurial bricolage is primarily about 'making do' with available limited resources. In resource starved contexts such as Africa, this paper argues that the capacity of small firms to make do with limited resources available has to be one of the features of thriving, high performing businesses in the region. Therefore, this preliminary exploratory study investigates well established, thriving small businesses that can be labelled prototype high performing small businesses in Nigeria. It intends understudying how these small businesses have managed to construct resources from nothing or make do with limited resources available. It argues that bricolage makes entrepreneurship viable by providing individuals with the techniques to leverage resources to construe, to re-conceptualize, to appropriate and to assemble resources and to rework them in a way that presents a different narrative from the prevailing economic reality in which they exist (Vanevenhoven, et al, 2011). Therefore, entrepreneurial bricolage behaviour can be argued to be a key driver for the strategies these businesses implement to strive in their local markets. This behaviour can also attract further contribution of resources that can sustain and advance the venture and could also hold the key to their prosperity in the competitive global environment (Loundsbury and Glynn 2001; O'Connor, 2004; Zott & Huy, 2007).

To this end, this paper will attempt to answer the research question: How do African businesses 'make do' with limited resources? It is intended that findings from this paper will contribute to the ongoing discourse on what happens in African organisations particularly by showing how small businesses in Africa practice resourcefulness. It will also form the foundations of further studies on how small business practice resourcefulness to contribute to the global literature on entrepreneurial bricolage and also as a way of advancing research in entrepreneurship in Africa. This paper continues by providing a succinct review of the entrepreneurial bricolage literature from which a working definition is drawn. Research design and methodology follow, after which findings from our analysis of collected primary data are presented and thereafter critically discussed. From these, conclusions and implications are put forward.

LITERATURE REVIEW

The concept of bricolage was introduced by structural anthropologist Claude Levi-Strauss, (1966) as a part of his attempt to explain how societies borrow elements of other cultures and recombine them to suit their own purposes (Baker and Nelson, 2005). He explained that such borrowing often ended up putting borrowed elements into entirely different uses compared to their original uses (Davidsson, Baker & Senyard, 2017). Building on this, Levi-Strauss (1966) also described a more material form of bricolage in which the 'bricoleur' is a jack-of-all-trades making do with the skills, materials and tools at hand in any venture. This is in contrast to the notion of an 'engineer' for instance who measures and deploys exactly the right inputs for every task (Stinchfield et al., 2013). Early adoptions of bricolage in the field of entrepreneurship was encouraged by Garud and Karnoe (2003, p. 278) who used the term to connote improvisation and resourcefulness by involved actors. A subsequent study by Baker and Nelson, (2005) drew on cross-disciplinary connotations of the concept as well as their own field work to create an integrated definition of entrepreneurial bricolage as "making do by applying combinations of the resources at hand to new problems and opportunities". This has since become the widely accepted definition of entrepreneurial bricolage (Ronkko et al.,2013; Senyard, 2015). However, DiDomenico, Haugh and Tracey (2010) in drawing from the aforementioned definition describe bricolage as "making do with available resources, a refusal to be constrained by limitations, and improvisation". Therefore, combining both definitions, entrepreneurial bricolage can be defined as "the refusal to be constrained by limitations by making do through improvisations that is, applying combinations of available resources to challenges and opportunities". This emergent definition of entrepreneurial bricolage will be the working definition adopted in this study.

In reviewing the literature on bricolage, Baker and Nelson (2005) dealt particularly with conditions of extreme environmental constraint and argued that bricolage enables entrepreneurial activity under conditions where the start-up, growth or survival of a venture might not otherwise be possible akin to the African context. For instance, Baker et al. (2003, p.269) defined what they called "network bricolage" as "the dependence on pre-existing contact networks as the means at hand", and this in contrast to the entrepreneur going out of their way to build an entirely new network in their venture creation journey. They went ahead to characterize bricolage as a concept having three core elements: making do with what's at hand, combining resources for new purpose, and accumulating and using diverse skills based on resources at hand.

Making Do

The behaviour of a bricoleur in any given venture according to Levi-Strauss (1967) is to always make do with whatever is at hand. Making do could take on a variety of meanings depending on the resources involved and the decisions entrepreneurs make. For instance, Garud and Karnoe, (2003) reported how participants in the Danish turbine industry who relied on bricolage prevailed competitively over their American counterparts who sought "breakthrough" solutions that did not rely on prior approaches and artefacts. In South Africa, young entrepreneur Ludwick Marishane lived in a suburb without water where trachoma was prevalent. With his small Nokia phone, text only limited internet, his knowledge of chemistry from school, he wrote a simple formula that resulted in the first dry bath solution in the world. Hull, (1990) reported how American legal scholars never developed new theories but carry out 'jurisprudential bricolage' by borrowing ideas from different legal principles and theories to create unique ones. A common tendency amongst these examples of bricolage is the skilful act of improvisations in contexts of obvious

limitations where making do implies a bias towards "action and active engagement with problems or opportunities rather than lingering over questions of whether a workable outcome can be created from what is at hand" (Baker and Nelson, 2005). Whilst these types of improvisations may not always result in brilliant unforeseen results, they could also result in mundane and highly imperfect solutions. These examples further show the wilful tendency of the entrepreneurs to disregard limitations of commonly accepted definitions of material inputs, standard definitions, and practices in trying out solutions and dealing with the outcomes. Therefore "making do" comprises testing received limitations over and beyond the social construction of resource environment which could be as influential as objective limitations of the environments in determining behaviour.

Combination of Resources for New Purposes

A second theme often reported in the literature of entrepreneurial bricolage is the combination and reuse of resources for different applications than those for which they were originally intended. This type of bricolage often involves creative logic that defies common assumptions of how resources can be combined and reused (Garud and Karnoe, 2003). This creative process of combining available resources in creating new profitable products and services is what distinguishes entrepreneurs from small business owners (Carland, 1984) in line with Schumpeter's (1984) argument that a vital function of entrepreneurs is to carry out combinations of different means of production. An example of this logic in action within Africa emerged with the story of the teenage Sierra-Leonean entrepreneur, Kevin Doe who built generators from materials he found in trash bins. By combining the materials with his limited technical knowledge, he succeeded in building a FM transmitter with which he broadcast to his own radio audience to cheer up a whole nation in its darkest hours (Huffington Post, 2012). The materials he used in his design project were typically parts from different electronics creatively put into entirely new uses resulting in his FM transmitter. As Baker and Nelson, (2005) therefore opined, the process of combining for new purposes sometimes serves as a mechanism driving the discovery of innovations in the form of new services from existing ones. Having the ability to combine different factors of production is therefore crucial for the sustained competitive advantage and ultimately the survival of small businesses in the region.

The Resources at-Hand

A bricoleur often possesses a set of resources which could include skills, physical assets, or even ideas accumulated over time through numerous experiences often thought to be handy in future. This is in contrast to for instance seeking resources outside of the entrepreneur's means to suit a well-defined project objective as the case may be in the 'engineering model' (Lanzara, 1998). The latter is similar to the entrepreneurial logic of causation in which means are sought only after well-defined goals are established as different from starting out with available means and allowing the combination of these available resources determine the lines of action to follow (Sarasvathy, 2008). Many studies, for example Hargadon and Sutton, (1997) and Mandviwalla et al., (1998) have focused on organisations leveraging existing resources such as organisational memory or pre-existing ideological appeals in creating new ventures. This was claimed to positively influence the development trajectories of businesses that engage in such focus on available resources (Rao, 1998). Therefore, resources at hand is simply defined as resources that are available cheaply or for free and that which others may judge useless or substandard. In other words, this concept demands that entrepreneurs not only know what they have at hand but should also have unique perception capacities that help them see these resources in different lights beyond environmental constraints.

In resource constraint contexts, reliance on the resources at hand captures the role of external resource constraints in forcing entrepreneurs to see their means in an entirely different light. Therefore, as Tsai and Ghosal, (1998) opined, value creation in those contexts should begin with taking stock and understanding resources at hand. These then form the foundations of subsequent combinations that can result in unique profit-making ideas.

Baker and Nelson's (2005) three elements of bricolage as discussed above are not inconsistent with the work of Sarasvathy (2001, 2008) who argued that successful entrepreneurs more skilfully or completely exploit established means of 'who I am, what I know and who I know' to reduce the risk of investment loss in a new venture. Scholars have since applied bricolage to address various facets of both entrepreneurship and organizational improvisation (Baker et al., 2003; Baker & Nelson, 2005; Ciborra, 1996; Engelen, et al., 2014; Garud & Karnøe, 2003; Hendry and Harborne, 2011; Miner et al., 2001; Spicer and Sewell,2010; Weick,1993) and found that bricolage allowed firms to exploit inputs ignored by other firms to render unique services. This is often achieved by recombining elements at hand for new purposes that challenge institutional definitions and limits.

The significance of entrepreneurial bricolage within the African context in understanding how small businesses make do with limited resources is further amplified by more recent studies on entrepreneurial bricolage and its role in firm growth (Desa and Basu, 2013), business performance (Hmieleski et al. 2013), choice of growth strategy (Senyard et al., 2009; Salunke et al., 2013; Desa and Basu, 2013) and its role in driving female entrepreneurship in the Middle-East to much success (Elmuti et al., 2011; Strier and Abdeen, 2009). For instance, a recent study by Bojica et al., (2014) on entrepreneurial bricolage in an emerging economy context similar to Africa found bricolage to have a strong positive impact on firm growth in spite of very weak institutional support and environmental munificence. Also, giving the fact that the small and medium scale sector accounts for up to 80% of Africa employment (World Economic Forum, 2017), the need to understand resourcefulness and how African firms practice bricolage will inform how best to help small businesses thrive in the region.

METHODOLOGY

This study is a preliminary exploratory investigation of resourcefulness in small businesses in Africa, with a focus on Nigeria. It focuses on small businesses because of the resource challenges, opportunities, and threats to survival and growth they face (Aldrich,1999). Furthermore, they provide a particularly good context in which to explore bricolage.

A qualitative research design was adopted as way of exploring the bricolage behaviours of understudied small businesses in detail. More specifically, indepth interview was used as the main data collection method. Interviews are the most common method of data collection in qualitative analysis (Bell and Bryman, 2007). They usually offer one-on-one question and answer sessions where the researcher is expected to employ a variety of techniques to uncover real information about the phenomena being studied. Interviews help uncover the world from the view of a particular individual or individuals in the case of group interviews. Among the different options (Bell and Bryman, 2007), this study adopted the structured interview format. Structured interviews provide questions that are asked in the same way to respondents and responses can be easily analysed and understood. Also patterns in the responses of interviewees to different questions in structured interviews can be easily monitored.

A sample size of ten well established, thriving small businesses in Nigeria were selected using purposive sampling method. Selection criteria employed included the age of the businesses

and their levels of growth. Hence, the average age of businesses understudied was 7-8 years and with all of them classifying themselves as established. Our choice of businesses that have been in existence for an average of 7-8 years was predicated first on the fact that only 10% of businesses are theorised to survive beyond their fifth year thereby implying the understudied businesses have overcome considerable odds to still be in existence. And also because they have experienced a considerable portion of the business lifecycle including the turbulence early growth stages. These businesses therefore had the requisite background for an adequate exploration of their bricolage behaviours over the years. Another criterion employed was that the ownership of the businesses must have remained the same since inception allowing for richer consistent exploration of the resourcefulness practices of the selected businesses from their inception till date. Analysis will be conducted using thematic analysis to identify patterns in data using the three elements of entrepreneurial bricolage by Baker and Nelson's, (2005) discussed in the previous section as the conceptual framework. The table below summarised the profile of the ten businesses studied in this paper

All the businesses surveyed in this exploratory study were family businesses with at least three members of the family working in them and the founders' families also having outright ownership of the businesses. The average age of businesses in this sample is 17 years implying a majority of these businesses have overcome initial growth stages challenges and are either transiting to becoming established or are already mature and established. Using the Lewis and Churchill, (1983) typology of business growth stages, half of the surveyed businesses considered themselves as 'transiting' businesses (that is evolving to a new phase of growth) and the other half 'established' (that is, at a desired stage of growth). This even spread of firms should offer interesting insights into the bricolage behaviours of these firms in their different stages of growth. Also, 30% of the small family businesses were second generation family businesses started by a parent of the current chief executive with other members of the family working in different capacities within them. The importance of having transgenerational businesses in the sample offers the possibility of exploring unique resource advantages these businesses may have over their first-generation counterparts.

TABLE 1
Summary of Small Businesses Investigated

	Age of Business	Industry	Lifecycle Stage	Generation
SB 1	2 years	Automobile	Transiting	First
SB 2	19 years	Education	Established	First
SB 3	27 years	Health	Established	Second
SB 4	7 years	Fashion	Transiting	First
SB 5	10 years	Education	Transiting	First
SB 6	22 years	Health	Established	First
SB 7	10 years	Health	Transiting	First
SB 8	23 years	Manufacturing	Established	First
SB 9	41 years	Legal	Established	Second
SB 10	12 years	Education	Transiting	Second

Source: Fieldwork

FINDINGS

General Findings

On a general note, it was discovered that in all cases of the small businesses surveyed, all family members now working in the businesses had some form of prior work experience in well-established public and private institutions before taking charge of their family businesses. This may be explained to imply that financial security for subsistence and raising the necessary capital to start their businesses was first a priority for most individuals earlier on in life given the economic conditions within the context. 90% of surveyed businesses started off with the founder's personal savings and salary input with only one borrowing funds from a financial institution. But also, as many of the participants alluded, prior work experience has had strong ramifications on their management capacities on the businesses and their survival in the long term. As will be discussed subsequently, the exposure and experiences gathered on these jobs have proved vital to the disposition of the current management to how resources at the disposal of the businesses are understood and utilised.

A second general finding was the consensus all the participants had about the Nigerian business environment. On a positive note, participants describe the Nigerian business environment as dynamic and one with huge potentials. As one of the participants opined, "*The Nigerian business environment is hostile but with huge positive potentials*" (SB1). The potentials according to the participants lie in the fact that abounding problems present opportunities to passionate entrepreneurs and that in sectors such as education and health for instance, there will always be demand due to Nigeria's huge population. As one of the participants explained, "*The market is there due to high population*" (SB10). However, the prevalent negative description of the Nigerian context centred on its hostility towards small businesses in general. More specifically, participants identified the dearth of infrastructure, inability to access funding, unfriendly government business policies, poor incentives for small businesses and inadequate skilled labour as key environmental constraints to small businesses as the following quotes show:

> *"The business sphere is evolving with unstable policies, and all these have huge effects on the small businesses. The monetary and fiscal policies of the government are not very favourable for SMEs, thus making it very difficult for locally-made products to compete favourably with imported ones" (SB01)*
>
> *"The Nigeria environment is quite tough, there's no government incentive to aid medical practice in Nigeria" (SB04)*
>
> *"The Nigeria environment is very harsh, unfriendly to start up (in terms of raising capital, tax exemptions/moratorium etc.), lack of basic infrastructure, Lack of support from the government, unskilled and unemployable labour force and so many more." (SB07)*

It was interesting to find that none of the participants mentioned corruption in their contextual description of Nigeria's business landscape. One reason for this could be because most of the surveyed businesses hardly interface with government officials who are often the most accused of corrupt practices. The industries in which the sampled businesses operate could be another reason. Following from these, it was interesting to explore the reasons participants gave as the secret for their survival in a context described as unstable and limited in the availability of resources.

> *"Navigating through was only due to passion for the business (which I developed after we started)" (SB03)*
>
> *"The Nigeria business environment has its challenges but we are strong believers in God and we have been able to navigate with persistency, consistency and daily improving on what to do. I will say we are making progress." (SB05)*

"The Nigeria business environment is tough, but we are navigating through with perseverance and good financial management." (SB06)

Three reasons represented in the responses of participants include: Passion for the business, Faith in God and Good financial management. Passion according to most respondents has been vital to their sustenance of the business. Extant studies in the entrepreneurship literature have studied entrepreneurial passion and behaviour (Cardon et al., 2009; Breugst et al, 2012; Cardon, et al. 2013; Cardon and Kirk, 2015) and have found very strong positive relationship between entrepreneurial passion and the persistence of founders and employees in different ventures. They also found this to be strongly correlated with the entrepreneur's commitment to the business. The role of faith and spirituality in family businesses has also began to attract mainstream management scholars. Many recent studies in the business ethics literature (Hilary & Hui, 2009; Discua Cruz, 2013; Madison & Kellermanns, 2013) explore the role faith plays in the business values and sustainability of ventures and have found that moral values have profound effects on organisational behaviour, decision making and performance. Thus, in Africa, where religion plays a major role in the functioning of our polity, it becomes important also to begin to investigate how religion affects the disposition of entrepreneurs to their businesses and how religion works in building high performing organisations. Finally, the role of financial management in the success of any business venture is a well-known and documented conventional wisdom. As many of the participants in this study explained, the Nigerian context is unfriendly to wastage if businesses will survive, therefore, being financially prudent is strongly correlated to the ultimate survival of small businesses. The following section presents our initial findings on how the businesses in our sample practice resourcefulness. We explore their bricolage behaviour using the Baker and Nelson, (2005) conceptual framework earlier explained in the literature review section.

Bricolage Behaviour of Small Family Businesses

Resources at Hand

All ten businesses understudied relied on the four major types of resources: Financial (Personal finance, revenue and Loan), Social (human resource within the organisation, family and friends), Physical (Assets, Equipment) Knowledge and Skill (management experience, new knowledge). For each of these resources, it was discovered that the businesses further relied on different forms of each resource which we argue have interesting ramifications for our perceived entrepreneurial resourcefulness behaviours of these firms. For instance, with financial resources, all ten businesses mentioned two major forms of finances they rely upon – first being personal savings and revenues from the businesses which is an on-going concern for most of the businesses excepting one that relies on loan capital each time it seeks to undertake any form of expansion. It is also worthy to note that only one of the understudied businesses uses a form of cooperatives (informal credit clubs) and microfinance funds which often make bulk capital available at no extra costs to the borrower because of how such schemes are set up. This immediately indicates as expected, that most of the businesses rely primarily on bootstrapping and personal finances in building their businesses. Whilst this could affect the anticipated growth rate of the businesses, it also implies most businesses might be unable to access formal loans from banks due to the constraints and bureaucracies involved. As one of the business owners opined, "*We don't look for new resources in this country because it's almost not possible, the last time we tried the bank, Certificate of Occupancy (for a registered owned piece of property) was required and getting the Certificate of Occupancy from the government is almost impossible"* (SB9). Whilst this constraint is well known in several studies across Africa, it may also be indicative of the ignorance or

unwillingness of small businesses owners to explore other informal and semi-formal means of finances available such as cooperatives and micro finance institutions. A further study may be required to understand the disposition of small business owners to these alternative sources of finance within the understudied context. For informal forms of loan to work, businesses have to cooperate with others within their industry to build strong cooperatives as they are historically known to thrive on trust and social accountability which may be a difficult barrier for the businesses interviewed in this study to scale since most seem to work in isolation. The prevalence of this and reasons for it cannot be deduced from the data we have however inter-business cooperation and its associated dynamics presents a potential point of focus for future studies. A way around this could be encouraging such funding collaborations through professional associations

A study by Fidler & Webster (1996) had investigated informal sources of funding in the informal sectors of West Africa and concluded that credit clubs played a significant role in the financing of small businesses in the region. Several other studies in other parts of Africa have reported similar credit clubs and other forms of cooperatives in mitigating prevailing macroeconomic constraints particularly finance. All of these perhaps suggest the need to revise the 'one-man business' approach to business for more collaborative methods across different industries. This trend of individuality was also observed in how social capital is leveraged. For instance, most of the businesses that mentioned the use of human resources focused only on internal members of the organisation or family members and friends. Whilst this form of network bricolage has its obvious advantages particularly in the spirit of 'making do' with what's available, the outcome ought to be an expansion into social networks which were hitherto out of reach. Only one of the understudied business made reference to this form of network bricolage. The importance of network bricolage in expanding networks into newer social circles is what Sarasvathy, (2001) called the 'crazy quilt' whereby collaboration makes new means accessible to businesses at different stages.

In terms of physical assets, the businesses only made reference to them in terms of business expansion which seems logical since most of the understudied businesses require purchasing new equipment for example. It also seems in some cases that many may not consider their assets as valuable enough, yet in entrepreneurship, the perception of available means is important in the process of being entrepreneurial (Sarasvathy, 2001). Another study may explore the disposition and perception of small business owners to their assets and how these can be leveraged in different ways or combined with other means in getting more value out of them. Finally, it was interesting and encouraging to discover that over 60% of the businesses interviewed place good value on knowledge acquisition, training, research and leveraging existing knowledge within the organisations. In this information age, constant exposure to new forms of knowledge is known to have a strong positive impact on the how businesses gain competitive advantage in their respective industries. For businesses thriving in difficult contexts, new information is crucial to shaping how businesses approach their contexts particularly in building creative avenues that circumvent the failure of governments in their duties towards small businesses.

Making Do

In showing behaviours akin to 'making do' as defined by Baker and Nelson, (2005), the understudied businesses leveraged knowledge and skill as the key resource employed in making do with other resources. Forty percent of the businesses claimed to invest in some form of knowledge and skill training for their themselves and their employees. Investments in knowledge

and skill typically ranged from research, to training. With the knowledge and exposure acquired from these ventures, the thrust of 'making do' is particularly manifested in minimising waste. As with all other businesses that showed clear tendencies of 'making do' with available resources, particular emphasis was made on cutting down on expenses or focusing on new knowledge to better utilise what's available which both offer rather interesting insights into the attitude of entrepreneurs in a resource-constraint environment as the quotes below show:

> *"We utilises the resources at hand to proffer solutions to some of the challenges and also raise resources internally. We tend to maximise our internally recourses. Cut down on personal expenses when necessary."(SB1)*
>
> *"We have discovered that knowledge in important in the medical practice. HR from the labour market. Some have the requisite experience and some we had to train them on our own." (SB4)*
>
> *"…But we tend to depend on existing resources more. I see in my husband, tenacity, resilience and ability to use what we have to get what we more, most times" (SB5)*
>
> *"We carry out new researches with our existing resources from time to time. We don't look for new resources in this country because it's almost not possible…" (SB9)*

In the quotes above, the role of knowledge and experience seemed evident in the disposition of the respondents to available resources. And the impact of this on their businesses was that most look inward to draw resources which is an important trait to have within the context in which these small businesses thrive. It also seemed evident that the behaviour of the entrepreneurs in question implied they believed they had sufficient resources to keep their businesses afloat and that they could achieve this by handling their existing resources differently or seeing them in entirely new light through exposure to new knowledge. Moreover, in this regard, it was thought-provoking to discover that the small businesses that showed the behaviours of making do were those whose founders had a wealth of managerial experience in other organisations before starting their own businesses. It was also stimulating to discover that the age of the businesses had nothing to do with the bricolage behaviour of the businesses as the businesses represented in the above quotes ranged from 2 years to 41 years in age. Rather the capacity to make do with limited resources is more of a personal capacity of the founders and managers of the businesses than it is influenced by the stage of business growth as implied above. Although, age could then affect the quantity and quality of resources available to the businesses and this could be the focus of a new study as well. This finding also indicates the shifting landscape of our polity to knowledge driven economy and particularly for African businesses, exposure to new knowledge can drive creative processes that can disruptively alter how things are done in different industries. As widely reported across Africa, the most interesting sector-based revolutions are being driven by people with unique insights underpinned by the right knowledge infrastructure. This implies therefore that in building and managing high performing small business in Africa, the role of capacity and competence building is crucial.

Combination of Resources for New Purposes

The bricolage behaviour of 'combination' requires entrepreneurs to combine existing resources for new purposes (Baker and Nelson, 2005). They explained that it is a creative process that begins with perceiving how existing resources can be combined to achieve new goals. In this

preliminary study of the ten small family businesses, the use of combination seems was observed in two forms: to revolve around leveraging knowledge with other resources for instance finance in navigating through a difficult terrain and the combination of human and physical assets in the case of business expansion. Whilst we can argue that these can be called combinations, we are unable to assess from the available evidence how 'creative' the processes were and these as well as other creative combinations can be further explored in future studies. The evidence of the two-fold approach to creative combination of resources obtained from data could be indicative of other potential forms of creative combinations but also starts a new discourse on opportunities for small businesses to learn the art of creativity in their daily engagement with available resources. We imply this from our evidence that 40% of the understudied small business are inclined to seek 'new resources' in exploring new opportunities or on combination with old resources as the following quotes suggest:

> *"We had to bring fresh funding to the business to be able to take it to the class of customers that we desire…We look for new resources as the occasion demands and they are sourced for among colleagues…" (SB 5)*
>
> *"…When there is a new department, we engage fresh human resources and equipment for that purpose" (SB 3)*
>
> *"We look for new resources by improving our clientele base, aggressive networking" (SB 8)*
>
> *"For example, if we need to purchase a very expensive equipment, we might take a loan and use our own resources as collateral with the bank" (SB 7)*

It was interesting to note that the age of the businesses that highlights engaging in creative combinations ranged between 10 and 24 years and were all established businesses. Thus, it may be that as businesses grow within the context, they have a wider spread of resources to leverage which encourages their propensity to engage in creative combinations. Whilst this may be the case, the tendency to also seek for 'new resources' could also imply limited creativity in leveraging existing resources but instead shows these businesses are now established enough to afford new opportunity seeking behaviour (in terms of human and financial resources available). Also, since this particular creative process begins with identifying how existing resources can use uniquely leveraged in pursuing new goals, it can be argued that this in itself requires insight which can be acquired by exposure to relevant knowledge as highlighted in the previous section. Whilst we are unable to ascertain from this study how creative our small businesses are in combining resources for new purposes, it seems evident that it is a necessary requirement for any high performing business organisation within the African context to master the art of creative combinations in exploiting new opportunities and in consolidating existing ones.

CONCLUSION

This study has attempted to contribute to the ongoing discourse of small businesses doing business in resource constrained and at times largely unstable African context. In responding to this contextual difficulty, this study proposed the need to study resourcefulness in African businesses and how this entrepreneurial behaviour trait can potentially help build high performing small business within the region. Using the three concepts of entrepreneurial bricolage suggested by Baker and Nelson, (2005), we explored the practices of resourcefulness amongst ten small family businesses in Nigeria. Our findings suggest all three forms of bricolage identified by Baker

and Nelson, (2005) namely: Resources at hand, making do and combination of resources for new purposes were found in the small businesses understudied in the Nigerian context.

First, we found that small family businesses in Nigeria rely on four primary resources: Financial (Personal finance, revenue and Loan), Social (human resource within the organisation, family and friends), Physical (Assets, Equipment) Knowledge and Skill (management experience, new knowledge). In harnessing these resources, 'making do' and 'combinations' forms of bricolage were identified in different forms, with further rooms for improvement earlier discussed in the previous section. The most intriguing finding from this study however was the disposition of the businesses to new knowledge. A high percentage of the small family businesses leverage knowledge and skill as a vital resource in the management of other resources involved in the business. This is suggestive of the fact that knowledge will be the key driver in building high performing small businesses and organisations in Africa. We also submit that the finding points at the potentially huge demand for relevant management education that can help build upon experiences entrepreneurs may have gathered from their various work experiences in other well established organisations. This study submits this position to be further collaborated by the fact that a limited practice of creative combination of existing resources was identified amongst understudied businesses and while this could be traceable to the extent of knowledge managers have, it is also indicative of potential opportunities for small businesses to master the art of creativity. Unlocking this creative potential in small business can be achieved through exposure to new and relevant knowledge to which as our evidences show a lot of small businesses are quite open to. In this regard, we conclude that in spite of the contextual challenges posed by the African context, a lot of small businesses are thriving by practicing knowledge-driven entrepreneurial bricolage.

Whilst we wait for our governments to create the enabling environment, we believe that the dearth of resources is actually a good opportunity for small businesses to exercise their creative potentials. The ultimate strategy and goal should therefore be for management educators and scholars to find creative ways of exposing entrepreneurs to relevant information that can unlock their creative potentials. This would call for a radical change in our approaches to entrepreneurial and management education from the didactic approach to more action and reflective learning pedagogic styles. For policy makers, this finding also indicates that businesses are not merely interested in getting capital in starting their businesses but that they will be open to educational sponsorships that help them acquire useful knowledge in building their businesses.

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TAKING STOCK OF NEW FIRM PROCESSES AND SURVIVAL IN DEVELOPING ECONOMIES AND FUTURE RESEARCH AGENDA

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ABSTRACT

This paper reviews existing literature on new firm survival in developing economies and highlight the critical future research needs in this area. The paper paves a way for future research agenda by systematically reviewing relevant literature and offering suggestions for studying new firm survival in developing economies. A systematic literature review was conducted on main management and entrepreneurship journals. The paper finds that few articles published in top management and entrepreneurship journals study new firm survival in developing economies. Majority of the 69 articles reviewed, basically, studied firm performance in China and India and applied theories that were developed and tested in the developed world. The paper calls for exploring the dynamics of context in developing economies and their influence on entrepreneurial activities. Generally, the paper argues for context specific research of new firm survival in developing economies for knowledge development and a paradigm shift in entrepreneurship scholarship.
Keywords: New Firm, Survival, Growth, and Developing Economy

INTRODUCTION

There has been a tendency to present developing economies as mainly characterized by low levels of economic development poverty, civil wars and conflicts, and lawlessness (Wainaina, 2005; Walsh, 2015). However, the trend today shows a shift towards political stability, liberalized market economies and a growing economic base implying that these economies are increasingly becoming economic beacons in the world (Bruton et al. 2008). Abdesselam, Bonnet, and Le Pape (2004) indicate that since the 1980s, the restructuring of the economies increased the importance of entrepreneurial activities – creation of new firms and their significance in terms of job creation. This revitalization of the economy which has been characterized by an increased uncertainty, has been more favorable to new firms' due to their flexibility and adaptability.

The increase in the number of start-ups (new firms) in developing economies results from both the greater possibilities to start up a firm and a greater supply of entrepreneurs (Naudé et al, 2008). On one hand, this could be partly explained by the liberalization of the economies whereby new opportunities for the creation of new firms have appeared specially in the tertiary and the industrial sectors, a high level of unemployment and a strong culture of entrepreneurship in some regions/countries which have led to a growing supply of entrepreneurs (Abdesselam et al., 2004). This partly explains the surge in the number of start-ups (new firms) in developing economies.

Besides, the soaring levels of unemployment, imply an increasing number of unemployed people choosing to start their own firms sometimes as the last resort their survival (Coad and Tamvada, 2008).

However, recent trends show that despite being nimble and agile, new firms are dying at faster rates than ever before (Josefy, Harrison, Sirmon, and Carnes, 2017; Govindarajan and Srivastava, 2016). Given the rapid institutional changes, hostile business environment, and high uncertainty in developing economies, the survival rates of new firms are even likely to be more worrying with approximately 80 per cent of new firms folding during their infancy. This makes it particularly important to review and examine the empirical contribution of the literature on survival of new firms in the perspective of developing economies.

Studies on new firm survival mainly consider firm characteristics, the industry in which the firm operates and the life cycle of the firm and are exclusively focused on the western world (Bruton et al., 2008 and Abdesselam et al., 2004). Exploration of new firm survival outside the developed world: North America and Europe, remains exceptionally limited. Specifically, little is known about the survival and/or success of these start-ups in developing economies which are progressively becoming market oriented and rapidly advancing economically (Bruton et al., 2008). The purpose of this paper is to review extant literature on new firm survival in the context of developing economies and discusses the critical future research needs in this area.

RESEARCH CONTEXT: NEW FIRM PROCESSES AND SURVIVAL

Entrepreneurial activities—new ventures are key contributors to economic growth and development in developing economies. New firms vary in different perspectives and thus, have different processes and paths to survival. Some are novel start-ups, while others just change names to become new firms, and some a subsidiaries or spinoffs of established companies. New firms can have positive effects on employment and could create demand for products in other industries, however, new firms have a limited survival rate and their days are numbered. Extant literature indicates that start-ups are usually inhibited by a myriad of challenges which influence their survival. These challenges include but are not limited to financial restraints, human and social capital challenges, industrial dynamics, legitimacy issues, location and size (Song et al., 2008).

Moreover, most economic activities in developing economies are informal – not regulated by law but administered by traditions, custom and personal ties (Chironga, Leke, Lund, Van Wamelen, 2011; Bruton, Ireland, and Ketchen, 2012). More than a half of the total production in developing economies is derived from the informal sector (Godfrey, 2011; Chironga et al., 2011). I argue that this unique context and enigmatic business environment explains the limited survival rate of new firms in developing economies. Given the high failure rate of new firms in developing economies, it is imperative to explore the influence of the context of developing economies on new firm processes and survival. Present academic literature, however, offer less insight. Several studies focus on success factors for new firms, but the empirical results remain fragmented, controversial and acontextual. These inconsistent and acontextual findings result from lack of context, methodological issues, varied study designs (Bruton et al., 2008). For example, several studies on new firm survival in top tier journals focus on mature and developed economies in Europe and North America, and such studies tend to use stochastic and deterministic methods.

To disentangle this problem, this paper argues for the examination of the influence of context of developing economies on new firm processes and survival. This conforms to the recommendation by Zahra and Wright (2011) that for entrepreneurship to influence managerial

practice and public policy, there needs to be a substantive shift in the focus, content, and methods of entrepreneurship research. Context helps to illuminate the phenomena under study which are typically factors associated with units of analysis above those expressly under investigation (Bamberger, 2008), it facilitates in exploring occurrence and meaning of organizational behaviour as well as functional relationships between variables (Johns, 2006), and assists in formulating relevant research questions, sound theoretical arguments, and establishment of causal relationships (Van de Ven, 2007).

METHODOLOGY

Although systematic literature review (SLR) methodology has been widely used in the medical profession, extant literature indicates that it has been extensively applied to management research as well (for example, Thorpe et al., 2005; Cafferata, et al., 2009; Wang & Chugh, 2014; and Omar et al., 2015). The methodology used in this study basically conforms to those used in other review articles especially in the fields of strategic management and entrepreneurship (Newbert, 2007; David and Han, 2004; Cafferata et al., 2009).

Thorpe, Holt, Macpherson, and Pittway (2005) argue that there are eight basic principles upon which the method of systematic literature review is based. These include: transparency, clarity, focus, unifying research and practitioner communities, equality, accessibility, broad coverage, and synthesis. The authors argue that abiding by these principles, the researcher is able to produce 'a sense of collective endeavor', relevance and openness among the researchers so as to prevent expensive and fruitless repetition of effort, to assist in linking future research to the questions and concerns that have been posed by past research…, and finally to improve the methods used to collect and synthesize previous empirical evidence' (Thorpe et al. 2005:258). Thus, drawing on this knowledge, in this section, I briefly explain the keywords (delineation of conceptual boundaries) and/or concepts, the methods and the steps used in this study.

Delineation of Conceptual Boundaries

The systematic review process started by a broad definition of the research objectives and keywords and/or concepts. These concepts included: new firm, survival, and developing economy.

New firms

There are numerous definitions of firms. For example, Shane and Khurana (2003) define new firms as newly established legal entities while Katz and Gartner (1988) specify that whilst most definitions of firms mainly emphasize the features of firms either from a process or structural perspective and/or both, others adopt definitions which embrace functional definitions and categorization of firms such as manufacturing and retailing firms. Gartner and Katz indicate that the most preferred definitions are ones that embrace multiple perspectives of organizations. In this paper, firms are defined as entities that are "myopically purposeful (boundary-maintaining) activity system containing one or more conditionally autonomous myopically purposeful subsystems having input-output ratios fostering survival in environments imposing particular constraints" (Katz and Gartner, 1988:430). The choice of this definition is motivated by the fact that it embraces several perspectives, mainly structural and process perspectives of the firm, and organizational dynamism. Having, defined a firm, then, new firms can be defined as formal entities (Scott and Davis, 2007) categorized based on their age (Honjo, 2000; Zahra, 1996; and Neubaum et al., 2004). They are firms within a few years of inception that have more informal structures and

generally are pursuing higher rates of growth than more mature and established organizations (Josefy et al., 2017).

New firms in developing economies are usually defined basing on the World Bank criterion, whereby firms are classified depending on their capital investments, annual turnover and number of employees (World Bank, 2016). Moreover, a firm must meet at least two of the above criteria to be classified as either Micro, Small and Medium, or large firm. For clarity, in this paper the term new firms is taken to include new or young small and medium and large firms. Specifically, in conformity to the definition of new firms, age is the main criterion used in defining new firms (Wiklund, 1998; Neubaum et al., 2004 and Zahra, 1996). This is because it enables the comparison of results of the study with other studies, "controls extraneous variation and helps to define the limits for generalizing the findings" (Eisenhardt, 1989:537).

Extant literature shows that firm age is classified in two categories – continuous and categorical. The former measures firm age in years while the latter classifies firms as either new or established. The concept of new firms denotes firms that have been in existence for a period not exceeding at least 8 years and established firms as those firms that have been in existence for more than 8 years (Zahra, 1996; Neubaum et al., 2004). This paper adopts both continuous and categorical classifications of firm age so as to enable the reader to fully grasp the operationalization of firm age and/or new firms. In other words, this study focuses on firms that are not more than eight (8) years old regardless of their size.

New firm survival

Several dimensions of new firm performance indicators have been extensively explored including survival. Survival is defined as the probability or chance of a firm to continue operating to unforeseen future (Gartner et al., 1999; Audretsch, 1991; Cooper, 1993). Extant research on new ventures shows that continuity of operations is the primary conceptualization of firm survival (Josefy et al., 2017). Thus, new firm survival is the probability of a new firm to continue existing or operating up to a period of at least eight years beyond which it will classified as an established or mature firm (Gartner et al., 1999; Zahra, 1996; and Neubaum et al., 2004).

The basis for studying the survival of new firms in developing economies is twofold. First, as argued by Stinchcombe (1965), survival of new firms is usually threatened by the liability of newness—legitimacy issues, lack of networks and other resources. Hannan and Freeman (1984) highlighted that that even though established organizations are likely to suffer disruption due to change, young firms usually lack the resources for acquiring information about the market and or changing the course of the firm. Basically, the liability of newness is concerned with the critical early stages of organizational lifecycles – a basic characteristic of new firms (Freeman et al., 1983). Second, survival signifies the performance benchmark for new firms' basis to decide whether to continue or halt their operations (Gimeno et al., 1997).

Developing Economies

World Bank categorizes economies and it uses different measures. According to the World Bank 2011 rankings, developing economies were those countries whose Gross National Income (GNI) was less than the $1,035. However, this criterion is not static, the measure is adjusted every year. For example, in 2015, developing or low-income economies were defined as those with a GNI per capita equivalent or less than $ 1,045 or less. The bank uses country and economy interchangeably or synonymously. This does not imply political independence but denotes any territory or region for which distinct social and/or economic statistics may be reported. GNI is

implies the total of value added by all resident producers plus any product taxes (excluding subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad (World Bank, 2013).

Further, a developing economy is defined as a country that satisfies at least two criteria: fast rate of economic development, government policies favoring economic liberalization and the adoption of a free-market system (Hoskisson et al., 2000). Therefore, in this article, developing economies are defined as "low-income, rapid-growth countries using economic liberalization as their primary engine of growth. The term developing economy is used in a broad sense to denote developing countries in Africa especially the sub-Saharan Africa, Asia, Latin America, and the Middle East (Hoskisson et al., 2000; Diao, McMillan and Rodrik, 2017).

Methods: Systematic Literature Review

Drawing on Cafferata et al. (2009), the following set of steps were used to conduct the systematic literature review:

1. To heighten quality control, only peer reviewed journal articles and reviews were examined. On the other hand, books, book chapters, conference proceedings, working papers and other unpublished works were not considered.
2. Scopus was chosen as the research database and only articles and reviews published in English were taken into account. This is because Scopus is considered to be the largest database for abstract and citation of research literature. It covers both an extensive peer-reviewed research literature and quality web sources covering almost 18,000 titles from more than 5,000 publishers, from quality indexes and acknowledged niche journals (Falagas et al., 2008).
3. The substantive relevance of the articles and reviews was ensured by requiring that selected articles contained one of the following keywords 'survival', 'performance', 'success', 'growth', 'continuity', 'exit', and 'failure' as the primary keywords in their abstract. Performance, success, growth, continuity, and exit are sometimes used as synonyms for survival
4. In addition to the main key words, substantive relevance was also guaranteed by making sure that the selected articles also contained at least one of the additional set of sub-keywords in their abstract or title[1]. The asterisk at the end of a search word allowed for different suffixes, for example, compan* for company or companies, start-up* for startup or start-ups, and countr* for country or countries. These keywords were chosen since they seemed particularly appropriate for describing new firms and developing economies. This process resulted in 262 articles.
5. Also, related to relevance of the articles and reviews, the search was only restricted to leading and/or high impact journals in the fields of management, entrepreneurship, and strategy. Focus was on 21 high impact journals[3], however, only 12 journals[2] seemed to have published research related to the survival of new firms in developing economies as shown in the table 1 below.
6. The selected articles in the previous step were further scrutinized by reading all their abstracts to ensure substantive context and their connection with the research topic was controlled. This scrutiny resulted in 92 journal articles and reviews.
7. Substantive relevance was finally ensured by reading all papers selected through the previous screening of abstracts: this enforced alignment between chosen articles and/or

reviews and research goals. This phase resulted in 69 peer reviewed journal articles and reviews.

TABLE 1
Journals Meeting the Review Criteria and Their Quality Rankings

No.	Journal	SSCI Impact Factor 2015
1	Journal of Management	6.071
2	Journal of Management Studies	3.763
3	Journal of Business Venturing	3.678
4	Journal of International Business Studies	3.563
5	Strategic Management Journal	3.341
6	Entrepreneurship Theory and Practice	3.144
7	Strategic Entrepreneurship Journal	2.000
8	International Small Business Journal	1.800
9	Small Business Economics	1.795
10	Journal of Product Innovation Management	1.696
11	Entrepreneurship and Regional Development	1.519
12	Journal of Small Business Management	1.353

Source: Author

FINDINGS AND DISCUSSION

This section presents the study findings. It presents the extant literature on new firm processes and survival in developing economies and then highlights the gaps in the extant literature.

Extant Literature on New Firm Survival in Developing Economies

Judge, Cable, Colbert, and Rynes (2007) indicate that despite the characteristics of both the article and the author, the core factor influencing citations to an article is the reputation of the journal in which the article was published. However, to Bruton et al (2008) the reputation or quality of a journal depends on the evaluation criteria used to rank the journal. According to Social Science Citation Index (SSCI), the twelve journals that seemed to have published research on new firm survival in the context of developing economies all have high impact factors. Thus, these journals formed the basis for the systematic literature review in this paper. As earlier indicated in the methodology section, all the twelve journals were reviewed for literature on new firm survival in developing economies. Each selected article was examined for its relevance to new firm survival in developing economies. Attention was paid to whether the studied phenomena and sample of each article was drawn from a developing economy and if the topic was related to developing economies in case of conceptual or theoretical articles and reviews.

In examining the selected journal articles and reviews, a number of concerns are important to note. There are several examples of research carried out in different countries including china, India, South Korea, Russia, South Africa, Ghana, Kenya, Uganda, Tanzania, and Colombia. However, majority (45) of the 69 articles reviewed were conducted in China and India. The other developing countries such as Ghana, Uganda, Tanzania, Colombia and Kenya have a single study.

Even though China and India have large economies compared to the rest of the developing world, it is uneven in terms of research to focus on those two countries at the expense of other developing economies. There is scanty research on the survival of new firms in sub-Saharan Africa, Latin America and Middle East. Even those investigations that have focused for example, on countries in sub-Saharan Africa, they tend to replicate theories and methods that have been established and tested in developed economies (North America and Europe). Some of those articles involved samples from across regions or countries. It should be note that even though such cross-country studies are commendable and enhance the validity of such studies, countries are heterogeneous and thus, have different contextual differences (Zahra and Wight, 2010; Welter, 2011). Hence, controlling for such differences leaves a lot of research gaps and unanswered questions.

From the articles reviewed, it is important to note that the mostly used approaches in studying the survival of new firms in developing economies are stochastic and deterministic managerial models. The stochastic model assumes that there are several factors explaining a given dependent variable (Dobbs and Hamilton, 2007). For example, from the articles reviewed, there are several factors (e.g., finances, legitimacy, networks, human and social capital, locations and so on) which influence the survival of new firms. This explains the absence of any dominant theory as regards the survival of new firms in the context of developing economies. The deterministic approach focuses on identifying "a stable set of explanatory variables, relating to the people, the firm, and its industry environment…" (Dobbs and Hamilton, 2007:299). In other words, this approach aims at establishing what explains new firm survival rather than how the survival of new firms evolves or emerges over time.

In terms of theories and methods used, it is evident that the mostly applied theories are resource-based theories for example; Human Capital, Social Capital, resource-based view; transaction cost theory; and institutional theory. Quantitative methods are also widely used compared to qualitative methods. Thorough scrutiny of the articles revealed that most authors replicated these theories from the context of developed economies and applied them with little consideration of the contexts in which they applied them. Drawing on context oriented research, it is argued that contexts are different and thus, studying such contexts needs not only more attention but also developing specific theories to explain such unique phenomena (Bruton et al., 2008).

Gaps in the Extant Literature

Despite the growth and importance of developing economies (Collier, 2007; Bruton et al., 2008), and the significant contribution of entrepreneurship to these economies, it is quite surprising that very limited research (69 articles) has been carried out on the new firm processes and survival in the context of developing countries. Even, the little research on developing economies is mostly focused on very few countries: China and India yet, the developing world is composed of different countries with different contextual dimensions. According to Collier (2007), the developing economies constitute at least one billion people of the total world population— 'the bottom billion' mostly languishing in poverty. Bruton et al. (2008:5) indicate that entrepreneurship and its related activities is the engine that will push the emerging economies forward as the states of the developing world quickly grow to be major economic forces. However, it is astonishing that there is basically limited research on the dynamics of entrepreneurial activities in the developing world.

Further analysis of the 69 articles indicate that these studies mainly apply stochastic, descriptive and resource-based or deterministic managerial models or approaches where by the main focus is on answering what or variance oriented questions. These studies mainly test established theories using samples drawn from developing economies. There are limited studies

that embrace the 'how and why questions for theory development especially in the context of developing economies. I suggest the recognition and integration of the context of developing economies so that more insights are provided to enhance theory development. This would alleviate the shortcomings of applying mature theories developed and tested in developed economies to study firm dynamics in developing economies.

There has been a tendency to lump developing economies as homogeneous and with same contexts (Walsh, 2015). For example, there has been a lot of misconceptions or misrepresentation of the African continent as a single nation characterized by corruption, war, famine and disease, yet, it's a continent of 54 independent countries with different languages, culture, histories, and economics (Hassan, 2015). In other words, there is a lack of the recognition of the dynamic characteristics and the context of each developing economy. It should be noted that every developing economy has a unique context and thus overlooking such uniqueness amounts to omitting the real phenomena that should be used to provide more insights for theory development and/or extension. For instance, extant research on the survival of new firms mostly focus on the relationship between financial, human capital, and social capital resources on the survival of new firms in developing economies. Those articles that use institutional theory, have focused on very few aspects and/or dimensions of the institutional context like culture leaving out other dimensions of the institutional context such as the rapid regulatory changes and its influence on the performance of new firms, corruption and lawlessness, high levels of informality which enable and/or inhibit entrepreneurial activities, political instabilities and uncertainty, history or path dependent nature of the developing world.

Therefore, I suggest the recognition and use of context in studying the survival dynamics of new firms in developing economies. As Bruton et al. (2008) recognized, despite the fact that several recent studies on the survival of new firms, have applied good theory extensions of existing theory, such studies have been based on theories developed and tested in the developed world (Europe and North America). For example, the mostly utilized theories in studying the survival of new firms in developing countries such as the resource based theories and institutional theory miss the recognition of the specific context of each developing economy which would help in developing new theories and thus, enhance the paradigm shift in management and entrepreneurship research.

Future Research Agenda

The dynamic context of developing economies provides a basis for theory testing, development, and extension (Bruton et al., 2008, Peng, 2003; Hiatt and Sine, 2014). Even though developing economies have been deliberately misrepresented or misconstrued as characterized by war, famine, disease, and corruption, or as an identical bloc (Hassan, 2015), these economies are heterogeneous in different aspects: histories, institutions, economic development paths, size and location. Such differences and their influences should be recognized, explored and understood.

Developing economies have different institutional dynamics, different economic paths, different cultures and different political orientations (Bruton et al., 2008; Zoogah et al., 2015; Walsh, 2015). These differences have varied influences or impact on entrepreneurial activities including starting firms, their survival, and growth. Extant research on new firm survival has been mainly centered on china and India. However, to date, as per the World Bank rankings, China and India also belong to different categories in terms of economic classifications with China in the category of upper-middle-income economies while India in the category of lower-middle-income

economies. I suggest that there are several other developing economies especially in the category of lower-income economies especially in the sub-Saharan Africa that need more research attention.

Given that developing economies differ in several perspectives, understanding entrepreneurial and economic activities in those economies require taking into consideration those perspectives and contexts (Zahra et al., 2014; Welter, 2011). This would help entrepreneurship researchers to develop theories based on real life phenomena rather than frequently borrowing and/or applying theories developed in other disciplines meant to study different phenomena (Whetten, Felin, and King, 2009). This because such theories are always grounded in assumptions that reflect the nature of a different phenomenon, actors and sites (Zahra, 2007; Heath and Sitkin, 2001). The following subsection presents the suggested contextual dimensions which depend on the context of developing economies and collectively influence the effectiveness and efficiency of entrepreneurial and economic activities.

Towards a Dynamic Institutional Perspective

The institution-based view of the firm empathizes the "rules of the game" that enable or inhibit firm performance (North, 1990; Peng, Sun, Pinkham, and Chen, 2009; Chari and David, 2012). Analysis of the extant literature indicates that institution- and resource-based theories are the widely-applied theories in studying entrepreneurial firm performance (Peng, 2003; Zoogah et al., 2015). Indeed, institutional theory has gained legitimacy and has become a main theoretical perspective in management and entrepreneurship studies (Scott, 2008). The theory has materialized as a prominent movement in management and entrepreneurship research (Bruton et al., 2010). Bruton, Ahlstrom and Li (2010) contend that the main reason for the increased use of the institutional perspective in entrepreneurship research is due to the dissatisfaction arising from theories that worship efficiency and downplay social forces as motives of organizational and economic action.

Institutional theory emphasizes on the rules, norms, and beliefs that influence organizations and their members, which vary broadly across countries and cultures (Scott, 2008). In developing economies, the institutional environment is characterized by rapid institutional transitions and/or reforms (Ahlstrom and Bruton, 2010; Banalieva, Eddleston, and Zellweger, 2015) and voids—economic conditions which inhibit free market competition and encourage circumvention or bending of law (Hoskisson et al., 2000). There also are fundamental differences in institutional frameworks across economies, countries and continents (Kamoche and Harvey, 2006) in terms of the speed and scope of the institutional or pro-market reforms (Banalieva et al., 2015). Thus, there is need to explore the influence of the rapid institutional changes on entrepreneurial and economic activities, how entrepreneurs participate in reshaping the institutions, the role of government policy in enabling or inhibiting entrepreneurial activity, and how entrepreneurs develop strategies to cope with institutional reforms.

The dominance of the informal sector in developing economies, makes it imperative to use institutional theory to study the survival of new firms in such economies. Zoogah et al. (2015) indicate that formal and informal dimensions arise from the macro-level aspects of the society, including the political entity, the judicial system, cultural norms, and kinship patterns. Formal economic institutions for example, labour markets, banking institutions regulate transactions, investments, and exchanges. Although institutions in developing economies are weak, they nevertheless influence economic activities (Collier, 2007).

Despite the fact that political institutions in developing economies encourage bureaucratic corruption, create tenacious market incentives, and consequently distort the allocation of resources

(Mbaku, 2004), they on the other hand provide regulative mechanisms such as legislation and democratic systems. Political institutions are interrelated with democratic systems which emphasize the rule of law. Such democratic systems help in establishing for example, property rights through which firms acquire, use, and dispose of property (Zoogah, et al., 2015). The sociocultural institutions comprising of social and cultural norms, values, and beliefs, regulate the social activities at individuals and group levels (Rivera-Santos, et al., 2015). Formal sociocultural institutions such as churches entrench beliefs in their followers and to some extent this affects days of work and non-work (i.e., holidays and festivals). These institutions also affect organizational productivity in form of absenteeism and turnover (due to non-compliance with their religious beliefs) (Ugwuegbu, 2001).

Hyden (2006) notes that institutions may operate informally. With informal institutions, economic activities are informal as well. Investors start and run firms but never register them and such firms always evade taxes (Williams and Vorley, 2014; Castells and Portes, 1989). These informal economic activities are usually associated with illegitimate practices and exchanges such as bribery and circumvention of laws (Aidis and Adachi, 2007). However, Bruton et al. (2012) indicate that informal economic institutions play a significant role in developing economies. For example, informal firms help in raising or providing extra income to founders and their families (Coad and Tamvada, 2008). Such kind of institutions influence business activities. It is through such informal institutions that firms are able to win hefty contracts, acquire resources, and thus accomplish their goals (Chironga et al., 2011).

Zoogah (2008) contend that even though research on firm resources and capabilities in developing economies has been scanty, to date, it is emerging and holds a great potential. Developing economies are characterized by both formal and informal economies, this makes it imperative to highlight how resources differ in such economies and their impacts. In the formal economy, resources may include human capital, management capabilities, and finances. Moss (2007) argues that the abundance of moderately low-cost labor in developing countries especially in sub-Saharan Africa implies that manufacturing, service, and agricultural firms are able to achieve their objectives efficiently. However, given the high illiteracy levels and low levels of education, resources associated with advanced human capital are somewhat missing.

Extant literature indicates that an effective, functioning and well developed financial system leads to a country's economic growth. Tsoukas (2011) found out that financial development plays a significant role in the survival of firms. He argues that this is mostly dependent on the liquidity of the stock markets whereby the probability of firm survival improves with an increase in the size of the stock markets. Although developing economies are establishing mechanisms (e.g., stock exchanges) that enable firms raise and develop capitalization and financial resources, such initiatives are still at low levels and even missing in some developing economies (Ofori-Dankwa and Julian, 2013). Guiso et al. (2004) indicates that financial development favors the chances of starting new ventures, entry, and competition and thus, stimulates survival and growth of such firms.

Given the fact the most developing economies are dominated by the informal sector and a less developed financial sector, entrepreneurial firms (SMEs) tend to be constrained by lack of financial resources. Dia (1996) indicates that due to the frustrations especially from the formal financial institutions, firms tend to use their local networks and opt for informal sources of finances through friends, relatives and family members, group mutual savings and credit initiatives (tontine in French) and sometimes from transfers or remittances from relatives and friends abroad.

Therefore, there is need to explore how this dynamism of context manifests through the interaction of institutions and resources at various sites: national, industry and firm and individual level. North (1990) contend that firms are influenced by the institutional and socio-cultural forces of the environment in whey operate from. However, such kind of a study has to-date not been carried out on the phenomenon of new firm survival in the context of developing economies. Thus, entrepreneurs who recognize and understand institutional and socio-cultural aspects of their environment tend to get access to unique networks and thus have more chances of recognizing and exploiting more opportunities (Bruton and Ahlstrom, 2003).

The implication for policy and practice is that researchers and practioners should always consider the unique and dynamic context of developing economies and how these idiosyncratic structures impact entrepreneurial and economic activities. Attribution of survival challenges to resource constraints, lack of networks and institutional legitimacy should always be complemented by a thorough understanding of the entire context within which these firms operate.

CONCLUSION

In conclusion, I hope that this research appraises, extends, and inspires future work regarding new firms and their survival with a specific focus on the context of developing economies. However, I acknowledge that some arguments in this chapter are not backed by empirical evidence and thus, to further develop this chapter, an empirical study needs to be conducted in the context of developing economies. This should be aimed at exploring how the unique context of developing economies offers opportunities for extending, complementing, and building new theories with a view towards achieving a paradigm shift in management and entrepreneurship research.

ENDNOTES

[1] (New* AND Firm*), (New * AND Venture*), (New* AND Business*), (New* AND Organization*), (New* AND Compan*), (New* AND Enterprise*), (Young* AND Firm*), (Young* AND Venture*), (Young* AND Business*), (Young* AND Organization*), (Young* AND Compan*), (Young* AND Enterprise*), (Entrepreneurial* AND Firm*) OR (Entrepreneurial* AND Venture*), (Entrepreneurial* AND Business*), (Entrepreneurial* AND Organization*), (Entrepreneurial* AND Compan*), (Entrepreneurial* AND Enterprise*), (Start-up*), (Developing* AND Countr*), (Emerging* AND Countr*) OR (Emerging* AND Econom*), (Emerging* AND Market*), Africa*, Asia*, "Latin America"*, and "Middle East"*.

[2] Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly, Entrepreneurship and Regional Development, Entrepreneurship Theory and Practice, Industrial and corporate change, International Journal of Management Reviews, International small business journal, Journal of Business Venturing, Journal of international business studies, Journal of management, Journal of Management Studies, Journal of Product Innovation Management, Journal of Small Business Management, Management Science, Organization Science, R&D Management, Research Policy, Small Business Economics, Strategic Entrepreneurship Journal, and Strategic Management Journal.

[3] Academy of management journal, Academy of management review, Administrative science quarterly, Entrepreneurship and regional development, Entrepreneurship theory and practice, Industrial and corporate change, International Journal of Management Reviews, International small business journal, Journal of business venturing, Journal of international business studies, Journal of management, Journal of management studies, Journal of product innovation management, Journal of small business management, Management science, Organization science, R&D Management, Research policy, Small business economics, Strategic entrepreneurship journal, and Strategic management journal.

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MEASURING CONFLICT BETWEEN SOCIAL ROLE EXPECTATIONS AND ENTREPRENEURIAL ROLE DEMANDS AMONG WOMEN ENTREPRENEURS: A STUDY FROM SUB-SAHARAN AFRICA

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ABSTRACT

This paper presents a validated scale for measuring conflict between Social Role Expectations (SREs) and Entrepreneurial Role Demands (ERDs). Two scales for SRE and ERD conflict were developed based on its bi-directional nature. The scale items were constructed from the outcomes of a literature review on social role expectations in SSA countries and general entrepreneurial role demands and a case study among 20 women entrepreneurs in Ethiopia. Content adequacy was checked; then factor structure, reliability, and dimensionality of the scales were examined in data collected from 408 women entrepreneurs in Ethiopia. The results show that the scales adequately captured two dimensions of SRE and ERD conflict: SRE-to-ERD conflict and ERD-to-SRE conflict. The SRE-to-ERD-conflict scale demonstrated criterion validity in explaining entrepreneurial performance. By measuring and validating the conflict between SREs and ERDs, we have signaled that the standard scales for measuring work and family conflict in paid employment, which tend to focus solely on the work and family context, cannot adequately account for the experiences of role conflict among women entrepreneurs in SSA countries. Hence, on top of these standard scales, the literature on role conflict among women entrepreneurs in SSA needs to incorporate SRE-and-ERD-conflict scales. Our study also indicates that programs that aim to empower women through enterprise development in this region need to address the potential effects of SRE and ERD conflict.

Keywords: Women entrepreneurs, Role conflict, Social Role Expectations (SREs) and Entrepreneurial Role Demands (ERDs).

INTRODUCTION

The number of women entrepreneurs in Africa has grown at a higher rate than in any other part of the world (Welsh, Memili, Kaciak, & Ahmed, 2013; Global Entrepreneurship Monitor [GEM], 2016), but the region also records the highest rate of exit (GEM, 2016). In addition, businesses owned by men outperform those owned by women across the world (Kelley, Singer, &

Herrington, 2012; Jennings & Brush, 2013). For instance, in SSA countries such as Malawi, Ethiopia, and Nigeria, enterprises owned by women are less productive than those owned by men (Nagler & Naudé, 2017). This has been explained by a variety of factors, including access to finance, lack of an enabling environment, social norms, and personal characteristics (Minniti & Naude, 2010). A few scholars (e.g., Loscocco, Robinson, Hall, & Allen, 1991; Shelton, 2006; Jennings & McDougald, 2007) have also argued that the difference in performance between businesses owned by men and those owned by women could be explained by the role conflict experienced by the owner-managers. Role conflict is experienced when roles in two or more domains (e.g., work and family) are incompatible and it is difficult for an individual to meet all their role demands (e.g., Carlson, Kacmar, & Williams, 2000; Michel, Mitchelson, Kotrba, LeBreton, & Baltes, 2009; Nohe, Michel, & Sonntag, 2014). Previous analyses by scholars, however, have focused on family and work conflict in paid employment in the developed world.

There are certain roles and characteristics that are specific to entrepreneurship (e.g., Timmons, 1978; Dijkhuizen, Van Veldhoven, & Schalk, 2014;). For example, "while successful entrepreneurs may share several characteristics in common with successful persons in other careers, their preference for and tolerance of the combination requirements unique to the entrepreneurial role is a major distinguishing feature" (Timmons, 1978: 11). Some of the unique characteristics and roles of successful entrepreneurs are innovativeness, risk taking, self-confidence, tolerance for ambiguities, and commitment to venture (e.g., Schumpeter & Backhaus, 2003; Rauch, Wiklund, Lumpkin, & Frese, 2009; Dijkhuizen, et al., 2014). In this context, therefore, Entrepreneurial Role Demands (ERDs) refer to the characteristics and roles associated with successful entrepreneurs.

At the same time, women in Sub-Saharan Africa (SSA), whether they are entrepreneurs or not, are expected to assume various specific social roles and behave according to certain social norms (e.g., Chitsike, 2000; Gelb, 2001; Whitehead & Kotze, 2003; Skapa, 2005). These role expectations include selflessness, submissiveness, shyness, and a willingness to perform all household and nurturing chores (e.g., Cutura, 2006; Ozigbo & Ezeaku, 2009; Thobejane & Khoza, 2014). In the context of this study, therefore, Social Role Expectations (SREs) refer to the behaviors and roles that SSA societies believe are "appropriate" for women.

These SREs, which are socially constructed, would not seem such a good match with the characteristics and roles associated with successful entrepreneurs. Nevertheless, women entrepreneurs in SSA often fail to forgo these expectations in order to focus on their role as entrepreneurs. This is because being successful as an entrepreneur by violating gender stereotypes can be costly in terms of social approval (e.g., Heilman, Wallen, Fuchs, & Tamkins, 2004; Thobejane & Khoza, 2014). Therefore, women entrepreneurs in SSA countries can experience role conflict arising out of the interface between their SREs and ERDs, on the top of their regular work and family commitments. The previous literature has not considered the conflict between these two realms, however, and there are no measures for quantifying it. We therefore attempt in this study to develop scales for measuring the SRE and ERD conflict. These validated scales add to the work and family conflict measures designed by Carlson et al. (2000) and others and provide comprehensive measures of role conflict. In the process, they help us better understand the complexities of role conflict experiences among women entrepreneurs in SSA. This work, therefore, expands the work–family conflict literature and contributes to the literature on women entrepreneurship in an SSA context.

In developing the scales to measure SRE and ERD conflict, the following procedures were followed. First, a brief literature review was conducted of the social role expectations in the SSA

context and of entrepreneurial role demands in general. Second, a case study was performed among 20 women entrepreneurs in Ethiopia and combined with the literature review. Third, scales were developed for measuring both SRE-to-ERD conflict and ERD-to-SRE conflict. Fourth, we checked whether or not the SRE and ERD conflict scales related differentially to different dimensions of entrepreneurial performance.

The SRE and ERD conflict measures developed in this study were found to be reliable and valid in relation to entrepreneurial performance, proving that it is vital to include such measures, alongside the work-and-family-conflict measures, in studies of entrepreneurial performance among women in the SSA context. In addition, programs that aim to empower women through enterprise development in this region need to address the potential effects of SRE and ERD conflict.

The remainder of the paper is structured as follows. In Section 2, we describe the role conflict construct. In Section 3, we discuss the existing literature on ERDs in general and SREs among women in SSA, along with the possible role conflict from the incompatibility between the two. In addition, scale items are constructed for the ERD and SRE conflict. In Section 4, a measure for SRE→ERD conflict and ERD→SRE conflict is tested and the results presented. In Section 5, we present the analyses of the criterion validity for the SRE- and ERD-conflict scales in relation to entrepreneurial performance. The final section contains a discussion and conclusion.

THE ROLE CONFLICT CONSTRUCTS

Scholars have approached role conflict (work and family conflict) from different perspectives. Some of these involve boundary theory (e.g., Ashforth, Kreiner, & Fugate, 2000), enrichment theory (e.g., Greenhaus & Powell 2006), ecological systems (e.g., Grzywacz & Marks, 2000), and spillover theory (e.g., Ilies, Wilson, & Wagner, 2009). The general consensus, however, is that role theory provides the widest scope for studying role conflict (Michel, et al., 2009). "Role theory proposes that human behavior is guided by expectations held both by the individual and by other people. The expectations correspond to different roles individuals perform or enact in their daily lives" (Ashforth et al., 2000: 3). As a basis for argument, role conflict theory emphasizes that roles in different domains (e.g., work and family) derive from different norms and can thus be incompatible and create conflict (Michel, et al., 2009). In this study, the term "role conflict" refers to the inter-role conflict that arises from participation in different domains that are incompatible in some aspects (Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964).

Greenhaus and Beutell (1985) identified three dimensions of role conflict: (1) time-based, which involves competing time demands across different roles; (2) strain-based, which arises when pressures in one role weaken performance in the other role; and (3) behavior-based, which occurs when behavior required in one role is incompatible with behavior in the other role. Most of the existing research has focused on time-based and strain-based role conflict (Dierdorff & Ellington, 2008). Since SREs and ERDs guide a person's behavior, the three aforementioned dimensions of role conflict were used to construct SRE- and ERD-conflict scales.

Many scholars have argued that role conflict, such as between work and family demands, can be most fully understood by considering its bidirectional nature (e.g., Greenhaus & Beutell, 1985; Carlson et al., 2000; König & Cesinger, 2015). When family roles interfere with workplace roles, it creates family-to-work conflict (F→W conflict); when workplace roles interfere with family roles, it creates work-to-family conflict (W→F conflict). The bidirectional nature of role conflict was therefore considered in constructing the SRE and ERD conflict measures for this

study. In our particular case, then, we observed that when SREs interfere with ERDs, it creates SRE→ERD conflict; and when ERDs interfere with SREs, it creates ERD→SRE conflict.

SCOPE DETERMINATION

In order to determine the scope of the role conflict between SREs and ERDs, we first surveyed the literature on ERDs in general and the SREs experienced by women in SSA. In addition, we conducted in-depth interviews in a case study with 20 women entrepreneurs in Addis Ababa, Ethiopia. The information from the literature review and interviews was used to develop a questionnaire for measuring the conflict between SREs and ERDs.

Role Conflict between SREs for Women in SSA and ERDs

Behaving within the demarcations of attributes that a society considers appropriate simplify interaction within that society (Baughn, Chua, & Neupert, 2006; Shinnar, Giacomin, & Janssen, 2012). To be accepted in their society, women in SSA must be friendly, warm, caring, and relationship-oriented (Prentice & Carranza, 2002; Eisenchlas, 2013). Meanwhile, entrepreneurs also face role expectations within an organizational context (Wincent & Örtqvist, 2009). For instance, they are expected to possess enterprising characteristics that equip them with the capacities for overcoming resource constraints, influencing existing competencies, and exploiting business opportunities (Runyan, Huddleston, & Swinney, 2006; Roxas & Chadee, 2013). Hence, the opportunities and incentives that individuals experience in entrepreneurial activities can influence and/or be influenced by the extent to which they balance their expected roles as entrepreneurs and as members of their social group. Similarly, Jennings and Brush (2013: 183) state that "entrepreneurial activity occurs within (and contributes to) socially constructed systems of gendered beliefs and relations."

Scholars have identified certain patterns or attributes in successful entrepreneurs (e.g., Timmons, 1978; Covin & Slevin, 1989; Baumol, 1993; Frese, 2000; Schumpeter & Backhaus, 2003; Wiklund & Shepherd, 2005; Runyan et al., 2006; Jones & Wadhwani, 2006; Rauch et al., 2009). These mainly include innovativeness, risk taking, proactiveness, a capacity to lead, aggressive competitiveness, internal locus of control, self-confidence, tolerance for ambiguities, and a focus on the economic values of business. However, behaviors such as risk taking, aggressiveness, and leadership are considered undesirable qualities for women in SSA countries (Prentice & Carranza, 2002). For example, in Zimbabwe, women are not expected to start and run their own business (Skapa, 2005) and "good" women are those who care for and put the needs of others before theirs. In Gambia and Zimbabwe, women are socialized to associate money with immorality, avoid conflict, and detach themselves from the behaviors needed in business, such as assertiveness (Chitsike, 2000; Della-Giusta & Phillips, 2006).

The case study performed in Ethiopia also indicated that women are expected to exhibit feminine characteristics. Similarly, in Uganda, Dawa and Namatovu (2015) found that businesses owned by women are expected to have feminine features and loan providers are hesitant to fund women's businesses that fall outside of this pattern. During the case study in Ethiopia, we also established that women are expected to behave according to the norms in their society, which are incompatible with the behavior associated with the ideal businessperson. This implies that the attributes believed to be required for successes in business are incompatible with those women are thought to embody in the SSA context. This can create role conflict for women attempting to achieve success in business, since being successful as an entrepreneur by violating gender

stereotypes can be costly for them in terms of social acceptance. For instance, Heilman et al. (2004) found that women's success in areas traditionally reserved for men can give rise to social penalties, causing them to be disliked and negatively viewed. Similarly, in Zimbabwe there is a tendency to label successful women entrepreneurs as prostitutes (Chitsike, 2000).

The literature also shows that entrepreneurial work demands long hours and commitment (Timmons, 1978; Tetrick, Slack, Da Silva, & Sinclair, 2000; Drnovsek et al., 2010; Dijkhuizen et al., 2014). For instance, Timmons (1978) argues that "for entrepreneurs their businesses came first. That means that entrepreneurial role demands supersede family and social life. On the other hand, women are expected to be sensitive to the needs of others (Prentice & Carranza 2002), which includes spending time and attention on social roles. For example, in SSA, individuals are expected to be committed to their roles in their social network (Kuada, 2009). Although social networks can have both a positive and a negative effect on entrepreneurial activities, it is the positive outcomes that have been emphasized (Adler & Kwon, 2002; Khayesi & George, 2011). Social networks can enhance access to resources and information and build trust, but not without certain role expectations being met (Kiggundu, 2002; Adler & Kwon, 2002; Khayesi & George, 2011).

In line with this, the women entrepreneurs interviewed in the Ethiopian case study stated that they have benefited from being members of business associations but that the rules, roles, and obligations associated with the network required them to forgo some of their business schedules. Moreover, most of the respondents said that sharing their experiences with the members of the association resulted in others copying their business ideas. Njeru and Njoka (2001) encountered a similar situation in Kenya. Studies also show that social obligations in SSA, such as sharing income and participating in social functions, tend to outweigh the benefits from social networks for business owners (Kuada, 2009; Dawa & Namatovu, 2015). For example, in Uganda, as Kiggundu (2002) argues, a higher number of kin within a social network is associated with a higher level of social demands on an entrepreneur. The case study in Ethiopia also showed that women are expected to be part of informal social networks by being involved in social functions. Furthermore, some of the religious obligations in Ethiopia are incompatible with the expected behavior of successful entrepreneurs. Likewise, Della-Giusta and Phillips (2006) have indicated that women entrepreneurs in Gambia face difficulties arising primarily from their community and religious duties. For women entrepreneurs in SSA, therefore, the imperative of meeting SREs can interfere with the long work hours and commitments required to be a successful businessperson.

The literature review and case study for this work, therefore, show that women entrepreneurs in SSA are expected one way or another to meet the SREs attached to being female. This is because a violation of social expectations can lead to various forms of punishment and devaluation. At the same time, as entrepreneurs, they are required to possess the attributes believed to be essential for success in business. Some studies (e.g., Meyskens, Elaine Allen, & Brush, 2011; Hechavarria, Ingram, Justo, & Terjesen, 2012) also indicate that women strive to meet social and economic needs through their business, indicating the lack of a clear border between social and entrepreneurial roles. Therefore, as women entrepreneurs try to meet SREs as well as ERDs, conflicts can arise between the two sets of demands.

Further comparisons between the SREs and ERDs of women in SSA are presented in Table 1. The right-hand column contains SREs associated with women in the SSA context; while the left-hand column contains a corresponding incompatible role from the ERDs. Taken together, the rows indicate the role conflict arising from the interface between women's social and business demands in this region. Finally, we also identified two dimensions of the inherent role conflict

between SREs and ERDs based on the literature review and the case study in Ethiopia: SRE→ERD conflict and ERD→SRE conflict.

Scale Construction

A total of 27 items – 15 items for the dimensions of SRE→ERD conflict and 12 items for ERD→SRE conflict – were formulated based on the literature review and the case study. A five-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5) was employed, following the standard scales for work-and-family-conflict measures (e.g., Carlson et al., 2000). The items were then compiled into a sample questionnaire for the purposes of performing a content adequacy test.

Accordingly, first the items were critically reviewed by four experts from Haramaya University of Ethiopia – two sociologists and two experts on entrepreneurship. The expert opinions from the four professionals were used to determine the degree to which each item represented the interfacing of SRE and ERD definitions; the items were thus tested for face validity. Then 10 women entrepreneurs who had not been part of the case study filled out a questionnaire containing the 23 items: two women entrepreneurs from Ghana, one from Nigeria, one from Kenya, and six from Ethiopia, who had been contacted through social media and asked to complete the survey. According to Schriesheim, Powers, Scandura, Gardiner, and Lankau (1993: 407), a content adequacy test requires that the reviewers possess the "intellectual ability to perform the item rating task and that they be relatively free of serious potential bias." In light of this, the use of scholars from related fields (sociology and entrepreneurship) in the current study is suitable for the content adequacy test. This is because the individuals have the capacity to judge the content domain: the representativeness of individual items as an aspect of each construct and the collective representativeness of all items for each construct. The outcome of the content adequacy judgments resulted in adjustments to some of the items and nine items were deleted.

SCALE MEASUREMENT: SRE AND ERD CONFLICT SCALES

A measure for SRE→ERD conflict and ERD→SRE conflict was tested on a sample of 408 women entrepreneurs in Ethiopia. The aim of the study was to test whether the factors for SRE→ERD conflict and ERD→SRE conflict that had been identified in the literature review and case study could be established from the 18 items ultimately developed in Study 1. A survey was initially administered to 500 formally registered women entrepreneurs in Addis Ababa, Ethiopia, consisting of the 18 items left after the content adequacy test. The women entrepreneurs rated the degree to which they felt that they experienced the role conflict indicated in each of these items. Their responses were measured on a five-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5).

The sample included female owner-managers of companies located in Addis Ababa, Ethiopia. That city was selected because it contains the largest population of women entrepreneurs in the country (around 60%) and has a high level of economic activity. Information on women entrepreneurs in the city was obtained from multiple archival data sources. These included the websites of women-owned business enterprises, women's business associations, the Micro and Small-Scale Enterprise Agency, and the Chamber of Commerce. Then, key informants were interviewed to validate the archival data.

TABLE 1
Comparison of SREs in SSA Countries and General ERDs

Social Role Expectation[1] (SRE) in SSA Context	Entrepreneurial Role Demand (ERD)
Women are expected to adopt conservative strategies in life (Ozigbo & Ezeaku, 2009; Della-Giusta & Phillips, 2006). For instance, in Nigeria and Ethiopia, women tend to copy one another (Ozigbo & Ezeaku, 2009); in Gambia, women tend to tend to only enter businesses where many women are congregated (Della-Giusta & Phillips, 2006).	Entrepreneurship demands risk taking, innovativeness[2], and proactiveness in achieving better performance (e.g., Wiklund & Shepherd, 2005; Rauch et al., 2009).
Women are expected to make family role demands their top priority (case study).	Successful entrepreneurs prioritize their business (Timmons, 1978).
Women are expected to socialize with those around them (neighbors, extended family, friends). Example: Because of underlying customs, practices, and beliefs, female business owners in Gambia only take their business commitments half seriously (Della-Giusta & Phillips, 2006).	Entrepreneurship demands long work hours and full commitment (e.g., Dijkhuizen et al., 2014).
Religious obligations and mores often require women to close their businesses on religious holidays and to generally put others first, rather than being competitive (e.g., case study from Ethiopia; Della-Giusta & Phillips, 2006). Specifically, women are characterized as being selfless and concerned for others and thus tend to put the needs of the other party above their own in the negotiation process (e.g., Ubuntu[3]).	Entrepreneurship demands aggressive competitiveness. Example: Junior (2015) has found that aggressive competitiveness had a positive and significant impact on retailer performance.
Women are not expected to talk about their skills and successes. Women are also expected to be around the house. For instance, Muslim women in Nigeria are not expected to work outside the home or own their own business (Amine & Staub, 2009).	Entrepreneurship requires an alertness to opportunities and ability to inspire others. Example: Matsuno et al., (2002) found that entrepreneurial proclivities such as the tendency to act in proactive ways positively and significantly influence performance.
A married woman is not expected to be the head of the household in most African countries (Gemini, 1993; Skapa, 2005; Cutura, 2006; Gelb, 2001). For example, in Ethiopia, there is a dominant belief that women are inferior or subordinate to men.	Entrepreneurs (owner-managers of a company) lead teams and manage business networks and other resources.
Women in Africa tend to work primarily in the informal sectors and in small-scale enterprises (Ozigbo & Ezeaku, 2009); they are not expected to become businesspeople in many cases. For example, businesses owned by women are expected to have feminine features in order to get loans. In Kenya, women entrepreneurs are only acceptable in some sectors (Njeru & Njoka, 2001).	1 Successful entrepreneurs are achievement-oriented (Timmons, 1978).

In most African countries, social obligations require women to share their income with their extended family and community (Kiggundu, 2002; Della-Giusta & Phillips, 2006; Amine & Staub, 2009; Kuada, 2009; Dawa & Namatovu, 2015).	Entrepreneurship requires investment to develop and expand the business.
In Kenya, women are not expected to outshine their husbands (Njeru & Njoka, 2001). Amine and Staub (2009) have also indicated that there is a tendency to regard successful businesswomen as illegitimate in most SSA countries.	Entrepreneurship demands self-confidence, motivation, and a focus on achievement.
In Zimbabwe, women are socialized to associate making money with immorality (Chitsike, 2000).	Entrepreneurs focus on economic value (Timmons, 1978).

[1] This pertains to the perception of women and their role in society at large (where factors of culture, class, race, and age all contribute in determining the actual positioning of a woman) (Della-Giusta & Phillips, 2006).
[2] "Entrenched negative norms about legitimacy pose enormous barriers for individual women who want to break away from tradition, break out of the social mould, and become innovators as entrepreneurs" (Amine & Staub, 2009: 20).
[3] This refers to "humaneness – a pervasive spirit of caring, harmony and hospitality, respect and responsiveness – that individuals and groups display for one another" (Mangaliso, 2001: 24).

The survey was conducted between September and November 2016. Most of the questionnaires were filled out by the respondents in the presence of trained enumerators, who were on hand to clarify the survey items. To increase the response rate, researchers established a network with various women entrepreneurs' associations (e.g., Organization for Women in Self Employment [WISE] and the Ethiopian Chapter of the African Women Entrepreneurship Program [AWEP]). Members of these associations are women owner-managers of private companies in various sectors all over Ethiopia. The consent of women entrepreneurs to participate in the study was also generated through support letters from government institutions (e.g., Addis Ababa Chamber of Commerce) that partner with Haramaya University, where one of the principal researchers is employed. The network was particularly beneficial in terms of enabling that researcher to participate in trainings, meetings, workshops, and tradeshows and meet women entrepreneurs and to collect data from a large number of respondents within a short period of time.

It took each respondent about 35 to 50 minutes to complete the entire questionnaire. Since most of the survey was conducted face-to-face, a response rate of 77% was attained. Before the data was entered into the SPSS software (version 20), each completed questionnaire was checked for thoroughness, and consequently 50 questionnaires had to be excluded because most of the scale items on SRE and ERD conflict had not been answered. In addition to that, a missing value analysis (MVA) was performed to avoid Type I and Type II errors and increase statistical precision, eliminating another 42 questionnaires. This left 408 completed questionnaires for analysis.

Respondents were 35 years old on average (SD=10.5), which is comparable to the average age of the population of women entrepreneurs in SSA. For instance, the average age in West Africa is 39 (Otoo, Fulton, Ibro, & Lowenberg-DeBoer, 2011); in Tanzania, it is 31-40 (World Bank, 2008); in Uganda, it is 25-34 (Dawa & Namatovu, 2015); and in Ethiopia, it is 36 (Solomon, 2010).

About 35% of the respondents were college graduates and 27% of them had a high school diploma. Similarly, a 2008 World Bank report covering three African countries (Zambia, Tanzania, and Ethiopia) showed that most women entrepreneurs had an above-average level of

education (e.g., completed at least high school). The majority of women entrepreneurs in Sudan have at least a high school degree (Welsh et al., 2013). Most of them, 42%, operate in the service sector, yet 22% work in the retail sector, about 13% in textile and fabric, 10.5% in handicrafts, and only 3% in construction. This is representative of women entrepreneurs in SSA countries, as well, where more than 80% of women entrepreneurs work in the retail sector (GEM, 2015) and service sector (Kuada, 2009). For instance, in the Amhara region of Ethiopia, 38% of women's businesses are in the service sector (Solomon, 2010). In Nigeria, women in business are concentrated in the service and retail sectors (Ozigbo & Ezeaku, 2009). In the Democratic Republic of Congo, Madagascar, and South Africa, businesswomen are most common in the textile sector, while in Gambia, Mauritania, Namibia, and Uganda they operate predominantly in the service sector (Bardasi, Blackden, & Guzman, 2007; McDade & Spring, 2005).

The average number of working hours per week was about 65 (SD=19). This is higher than the average number of hours worked in paid employment in Ethiopia, which is 40 hours per week. The number of working hours they put in also confirms the respondents' overall representativeness (e.g., Parasuraman & Simmers, 2001; Jennings & McDougald, 2007; Wincent & Örtqvist, 2009; Dijkhuizen et al., 2014). Therefore, we can conclude that the respondents are representative of the population of women entrepreneurs in SSA countries.

Factor Analysis

The factor structure was examined using principal component factor analysis with varimax rotation. Two factors with eigenvalues greater than 1 appeared, as expected based on the results of Study 1. All ERD→SRE conflict items except the second one had loading > .60. In addition, the first three ERD→SRE conflict items were highly cross-loaded on more than one factor and thus rejected; this produced 15 items representing the SRE→ERD and ERD→SRE conflicts. Cronbach's alpha for the SRE→ERD factor was .91 and for the ERD→SRE factor, .87. The two factors together explain 59.2% of the variance in the 15 items. The Kaiser-Meyer-Olkin value for the 15 items combined was .893. The first factor, SRE→ERD conflict, with an eigenvalue of 5.3, explains 34.5% of the variance, with the second factor, ERD→SRE conflict, with an eigenvalue of 3.5, explaining another 23.7%.

Researchers then performed a confirmatory factor analysis (CFA) to examine the extent to which the data fit the theorized constructs and of dimensionality and discriminant validity. The final scale items were determined based on highest factor loading from the best fit model (see Table 2). Although the model fit analysis showed significant chi-square [$\chi 2\ (83) = 168.213$, $p<.01$), other fit indices indicated that the items had good fit [CFI= 0.973, GFI= 0.949, NFI= 0.948, AGFI= 0.926, RMSEA= 0.05]. The estimated correlation between SRE→ERD conflict and ERD→SRE conflict is .15, indicating discriminant validity. Kline (2015), for instance, suggests that a correlation between two constructs that is higher than 0.90 represents a lack of discriminant validity; the lower the correlation value, therefore, the better the discriminant validity (Henseler, Ringle, & Sarstedt, 2015).

After the initial CFA model was found to fit the data well, a series of additional CFAs were conducted to compare the hypothesized model fit to alternative competing models. Four models were examined, comprising: (1) the hypothesized model consisting of two factors (SRE→ERD conflict and ERD→SRE conflict); (2) a second-order model in which one factor affects these two factors (SRE→ERD conflict and ERD→SRE conflict); (3) a unidimensional model in which all the SRE→ERD-conflict and ERD→SRE-conflict items are loaded on a single factor; and (4) a bifactor model in which two sets of latent factors (a general factor and specific types of role

conflict) affect each SRE→ERD-conflict and ERD→SRE-conflict item. After comparing all the fit indices (see Table 3), it was determined that the two factors model (SRE→ERD conflict and ERD→SRE conflicts) used in the hypothesized model fit the data best.

TABLE 2
Scale Items and factor Loading

Final Scale Items	**Factor Loading**	**α**
SRE→ERD Conflict		0.91
You cancel your business schedules to socialize.	0.79	
You're afraid to talk about your business and yourself.	0.66	
You can't expand the business because of your social obligations.	0.63	
As a woman in business, you're afraid of being labeled a "bad woman."	0.66	
You feel guilty doing business because you can't visit with people (extended family).	0.70	
You can't behave like a businessperson because of religious obligations.	0.76	
You're afraid to compete in matters important to your business.	0.77	
You can't expand your business because you have to share the income with relatives.	0.79	
You're not proud of doing business because people do not value women in business.	0.66	
ERD→ SRE Conflict		0.87
You can't fulfill religious obligations because of your business obligations.	0.45	
You can't live up to the expected behavior because you are on the lookout for opportunities.	0.60	
You can't enjoy social events because you think too much about business.	0.68	
You can't share your income with relatives because you want to expand the business.	0.83	
You don't have time to socialize because your business keeps you busy.	0.79	
You can't abide by the norms because you like to do things differently.	0.77	

TABLE 3
Fit Indices: Model Comparison

	Models	χ^2	**df**	**GFI**	**AGFI**	**CFI**	**NFI**	**RMSEA**	**AIC**
1	Hypothesized model	168.213	83	0.949	0.926	0.97	0.95	0.05	242
2	Second-order model	472.058	117	0.9	0.854	0.907	0.881	0.086	580
3	Unidimensional model	380.5	75	0.9	0.84	0.9	0.88	0.1	471
4	Bifactor model	286.59	75	0.903	0.844	0.932	0.911	0.083	377

MEASUREMENT VALIDATION: SCALES' CRITERION VALIDITY

In this section, the aim was to assess the criterion validity of the SRE and ERD conflict scales in relation to entrepreneurial performance, while controlling for work and family conflict. Studies to date have produced mixed results on the relationship between work and family conflict and job performance in paid employment. Some (e.g., Frone, Yardley, & Markel, 1997; Butler & Skattebo, 2004; Netemeyer, Maxham, & Pullig, 2005; Harrison, Newman, & Roth, 2006; Karatepe & Sokmen, 2006; Witt & Carlson, 2006; Ahmad, 2008; Anwar & Shahzad, 2011; Nohe et al., 2014; Wang & Tsai, 2014) have found a significant negative relationship, while others (e.g., Netemeyer, Boles, & McMurrian, 1996; Bhuian, Menguc, & Borsboom, 2005; Patel, Govender, Paruk, & Ramgoon, 2006; Mete, Űnal, & Bilen, 2014) have found a non-significant relationship. For self-employment, Jennings and McDougald (2007) have found that work and family conflict can directly affect business performance. In addition, Shelton (2006) has argued that work and family conflict affects venture performance indirectly. Shelton, Danes, and Eisenman (2008) found that a difficulty in managing work–family conflict negatively influences business performance. Since the majority of studies tends to support a relationship between work and family conflict and performance, the following hypotheses were made:

Hypothesis 1: W→F conflict is negatively related to entrepreneurial performance.
Hypothesis 2: F→W conflict is negatively related to entrepreneurial performance.

In the work-and-family-conflict literature, the notion is that incompatible roles result in role conflict. This role conflict negatively affects performance. In Study 2, it was suggested that women entrepreneurs in SSA experience conflict between their SREs and ERDs as they try to meet business role demands and live up to the standard expectations in society. Hence, it could be expected that in addition to the effect of work and family conflict on entrepreneurial performance, SRE and ERD conflict affects entrepreneurial performance. This led to the following hypotheses:

Hypothesis 3: SRE→ERD conflict is negatively related to entrepreneurial performance.
Hypothesis 4: ERD→SRE conflict is negatively related to entrepreneurial performance.
Hypothesis 5: SRE→ERD and ERD→SRE conflicts contribute to variances in entrepreneurial performance on top of F→W and W→F conflicts.

METHODS

Procedure and Participants

To minimize common method bias, it was decided to collect data at two points in time (see Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The first questionnaire, collected as part of the first step, addressed variables of SRE and ERD conflict, variables of work and family conflict, and demographic variables. During the first stage of data collection, participants were asked about their willingness to participate in a second survey. Out of the 500 initial participants, 390 agreed to participate and provided their detailed contact information. Those 390 participants were contacted about the second survey (first week of December 2016) to fill in the questionnaire that addressed variables of entrepreneurial performance. By the middle of January 2017, data on entrepreneurial performance had been collected from 350 of the participants who had completed the first survey. The same procedure for managing the data was followed as in Study 1. Ultimately, 307 completed questionnaires were used for the criterion validity analysis.

Measures

Except for the variables that represent the SRE-and-ERD-conflict scale items, all variables in this study were assessed by measures drawn from previous research.

Entrepreneurial Performance

Previous research specifically that grounded in rational economic theory has emphasized financial indicators of performance. However, the economic indicators of performance do not fully capture the entrepreneurial outcomes that entrepreneurs themselves consider signs of success (Wach, Stephan, & Gorgievski, 2016). For example, most women entrepreneurs are attracted to entrepreneurship for the independence, self-actualization, family security, and better opportunities for advancement it affords (e.g., Lituchy & Reavley, 2004; Srivastava, 2012). The literature on entrepreneurial motivation also suggests that for women entrepreneurs, success is linked to motivation (e.g., Morris, Miyasaki, Watters, & Coombes, 2006; Lee & Stearns, 2012; Zahra, 2013). In addition, entrepreneurs may keep alive a financially underperforming company because the business is fulfilling a non-financial expectation (DeTienne, Shepherd, & De Castro, 2008) or conversely forgo a profitable business because the firm does not enable them to achieve personal goals (Wach et al., 2016). For instance, studies by Parasuraman, Purohit, Godshalk, and Beutell (1996) and Kim and Ling (2001) have examined the subjective success associated with entrepreneurs' experiences of work and family conflict. In addition, Jennings and McDougald (2007) have encouraged researchers to also use non-economic indicators of business performance when examining the outcomes of the work and family interface.

In the current research, therefore, entrepreneurial performance was defined as a subjective level of success and measured by the five dimensions of success outlined in Dej (2011), Fisher, Maritz, and Lobo (2014), and Wach et al., (2016). These are: "firm performance" (e.g., profitability); "workplace relationships" (e.g., strong customer relationships); "personal fulfillment" (e.g., work-life balance); "social impact" (e.g., social recognition); and "personal financial rewards" (e.g., capacity to buy). For each of these five factors, respondents were asked to indicate the extent to which they had reached the stated criteria. Each answer was measured on a five-point Likert scale ranging from "totally not achieved" (1) to "totally achieved" (5).

The final items for this study were selected based on the factor loadings in the CFA. The CFA covered 24 entrepreneurial performance measures and comprised five factors. The fit of the items per factor was confirmed through CFA. Although the chi-square result was significant [χ^2 (241) = 473.666, p<.01), other fit indices indicated that the items had good fit [CFI= .931, GFI= .886, NFI= .869, AGFI= .858, RMSEA= .056]. The final factor loadings and Cronbach's alphas are presented in Table 5(see appendices). As indicated in Table 4(see appendices), there are no validity concerns. According to Hair, Anderson, Babin, & Black (2010), the threshold for reliability is achieved when composite reliability (CR) > 0.7; average variance extracted (AVE) values for convergent validity > 0.5; maximum shared variance (MSV) for discriminant validity < AVE; average shared variance (ASV) < AVE; and the square root of AVE is greater than inter-construct correlations.

Work and Family Role Conflict

Work and family role conflict was measured using the Work–Family Conflict Scale developed by Carlson et al. (2000). This scale measures six dimensions of work–family conflict using three items for each. The dimensions are: (1) time-based work interference with family, (2)

time-based family interference with work, (3) strain-based work interference with family, (4) strain-based family interference with work, (5) behavior-based work interference with family, and (6) behavior-based family interference with work. Some items were re-worded to fit the entrepreneurs' context. For example, "my business keeps me from my family activities more than I would like." The items were measured on a five-point Likert-direction scale ranging from "strongly disagree" (1) to "strongly agree" (5). The Cronbach's alpha in this case was .90 for the nine items representing W→F conflict and .91 for the nine items representing F→W conflict.

TABLE 4
Convergent and Discriminant Validity Test

	CR	AVE	MSV	MaxR(H)	SI	FP	WR	PF	PFR
SI	0.856	0.500	0.170	0.866	**0.707**				
FP	0.881	0.515	0.170	0.934	0.412	**0.718**			
WR	0.760	0.514	0.449	0.946	0.355	0.350	**0.717**		
PF	0.829	0.554	0.121	0.959	0.187	0.325	0.348	**0.744**	
PFR	0.857	0.602	0.449	0.968	0.405	0.200	0.670	0.250	**0.776**

Control Variables

Business age and size and education variables were controlled for. Younger firms are less profitable, less competitive, and more likely to fail than older firms (Robb & Watson, 2012). In addition, studies have indicated that human capital, such as education and experience, positively and significantly influence business performance (Robb & Watson, 2012). Business age was measured by the number of years since the firm was established; size was measured by the number of employees; and education was measured by the level of education attained by the respondents.

Data Analysis

The general relationship among the study variables was computed using Pearson correlations coefficients. Hierarchical multiple regression analysis was conducted to test Hypothesis 5. Control variables were entered in the first step for all of the regressions; W→F conflict and F→W conflict variables were entered in the second step; and finally, SRE→ERD conflict and ERD→SRE conflict variables were entered in the third step.

RESULTS

Table 6 presents the descriptive statistics for the variables used in the analysis. These show that the means are fairly centered on the five-point Likert scales. W→F conflict and F→W conflict were found to be significantly negatively correlated with the five dimensions of entrepreneurial performance used in this study, with values ranging between -.22 (between F→W and Personal Financial Rewards) and -.57 (between F→W and Workplace Relationships) (see Table 6). Hypotheses 1 and 2 are therefore confirmed. SRE→ERD conflict was significantly negatively correlated with all the dimensions of entrepreneurial performance except social impact, with values ranging between -.11 (SRE→ERD conflict and Firm Performance) and -.15 (SRE→ERD conflict and Personal Fulfillment), whereas ERD→SRE conflict only negatively correlated with

Workplace Relationships, with a value of -.15. Therefore, Hypotheses 3 and 4 are partially confirmed.

TABLE 5
Standardized Factor Loadings for Final Scale Items

Final Scale Items	Factor Loading	α
Firm Performance (FP)		0.88
Firm profitability (e.g., high returns)	0.77	
Turnover/Sales	0.71	
Increased market share (e.g., firm expansion)	0.75	
Innovation; introduction of new products, services, or methods	0.78	
Good quality of products and services	0.68	
Good solvency (e.g., business can be sold at a profit)	0.65	
Growth in number of employees	0.68	
Workplace Relationships (WR)		0.75
Strong customer relationships	0.778	
Employee satisfaction	0.73	
Supportive firm culture (e.g., strong firm values & positive attitudes)	0.65	
Personal Fulfillment (PF)		0.82
Work-life balance (e.g., free time, time for yourself, etc.)	0.53	
Own decision-making	0.80	
Personal development	0.80	
Personal relationships and network-building	0.82	
Social Impact (SI)		0.85
Social responsibility towards employees (e.g., safe working environment)	0.65	
Social contribution (e.g., jobs for women or people with disabilities)	0.76	
Participation in public activities (e.g., sponsor of social events)	0.81	
Contribution to the environment (e.g., recycling program)	0.65	
Creating jobs	0.66	
Social recognition (e.g., prestige, reputation)	0.71	
Personal Financial Rewards (PFR)		0.866
Personal income growth	0.74	
Personal financial security	0.84	
Ability to afford a lot	0.83	
High income for your family	0.69	

Hierarchical multiple linear regressions were conducted to investigate the unique contribution of SRE and ERD conflict (see Table 7 appendices). Adding F→W conflict and W→F conflict variables to the first model significantly increased the variance in Firm Performance, Workplace Relationships, Personal Fulfillment, and Social Impact. In the second model, F→W conflict contributes significantly to the explanation of variance in Firm Performance, Workplace Relationships, and Personal Fulfillment, while W→F contributes significantly to the explanation of variance in Workplace Relationships and Social Impact. This result is consistent with the findings of previous studies on such conflict in paid employment (Frone et al., 1997; Zhang, Griffeth, & Fried, 2012; Wang & Tsai, 2014).

Adding both the SRE→ERD and ERD→SRE conflict variables in Model 3 significantly increased the variance in Workplace Relationships, Personal Fulfillment, and Personal Financial Rewards. In the third model, SRE→ERD conflict significantly negatively influenced Workplace Relationships, Personal Fulfillment, and Personal Financial Rewards. However, the effect of ERD→SRE conflict was not significant for any of the five dimensions of entrepreneurial performance used in this study.

DISCUSSION

The present study constructed and validated a scale to capture and measure bidirectional conflict between SREs and ERDs. The scale was composed of new items developed specifically for this study from a literature review of social role expectations (SREs) in the SSA context, entrepreneurial role demands (ERDs) in general, and a case study. Content adequacy and confirmatory factor analyses were subsequently also performed on the items. This yielded 15 items with two subscales that measured two different dimensions of SRE and ERD conflict: SRE→ERD conflict (9 items) and ERD→SRE (6 items) conflict. Each scale showed discriminant validity and internal consistency, thus confirming the bidirectional nature of the role conflict (see Greenhaus & Beutell, 1985; Carlson, et al., 2000; König & Cesinger, 2015).

The criterion validity of the ERD→SRE conflict and SRE→ERD conflict scales was investigated in relation to five dimensions of entrepreneurial performance. The scale for SRE→ERD conflict was significantly negatively correlated with four of the five dimensions of entrepreneurial performance; the scale for ERD→SRE conflict was significantly negatively correlated with one of the dimensions: Workplace Relationships. This is in line with most of the previous studies (e.g., Ahmad, 2008; Anwar & Shahzad, 2011; Wang & Tsai, 2014) on the relationship between role conflict and job performance. The hierarchical multiple linear regression analyses also confirmed the unique contribution of SRE-to-ERD and ERD-to-SRE conflict in the variance of three of the entrepreneurial performance dimensions (see Table 7) as compared to age and size of firm, level of education, and work and family conflict. More specifically, SRE→ERD conflict provides additional leverage for predicting Workplace Relationships, Personal Fulfillment, and Personal Financial Rewards. This may imply that women entrepreneurs in SSA prioritize SREs over ERDs, which negatively affects entrepreneurial performance. For instance, Jennings and McDougald (2007) indicate that women entrepreneurs tend to be more responsive to their family roles than their business roles, which negatively affects venture performance.

Our findings show the importance for explaining entrepreneurial performance of developing scales to measure SRE and ERD conflict, on top of the work-and-family-conflict scales. The literature on role conflict among women entrepreneurs in SSA should therefore incorporate SRE and ERD conflict in its variables, along with the standard items for measuring work and family conflict in paid employment. The SRE and ERD conflict scales developed for the

current study can also be used in programs that aim to address women's economic empowerment through enterprise development in developing countries to trace the potential challenges of role conflict. Our findings show a significant relationship between SRE→ERD conflict and entrepreneurial performance. Hence, if women entrepreneurs are enabled to address social role expectations, they have a better chance of surviving and growing their business.

One of the limitations of this study is that a subsample of the respondents used to measure SRE and ERD conflict was also used for the criterion validity measures, whereas a different sample would have been a better choice for validity. To minimize the limitations associated with this, different SSA countries were considered in determining the scope and constructing the scales. But the scales were tested in a single country, Ethiopia, mainly among formally registered women entrepreneurs in major cities. Hence, in order to examine the generalizability of our findings with regard to the reliability and validity of the scale and its cross-cultural stability, future research is needed to test and analyze the SRE and ERD conflict scale in other countries and among women entrepreneurs in different settings. Despite these limitations, the work has contributed to the knowledge of role conflict for women entrepreneurs by adding the concept of SRE and ERD conflict to the existing work-and-family-conflict literature.

SUMMARY AND CONCLUSION

In the current study, two dimensions of role conflict between SREs and ERDs were constructed, which proved to be reliable and valid in relation to five dimensions of entrepreneurial performance. The results indicate that on top of the standard work and family conflict in paid employment, women entrepreneurs in SSA countries experience role conflict between SREs and ERDs, which could influence their entrepreneurial performance. Our findings thus signal that the standard work-and-family-conflict measures for paid employment, which tend to focus solely on the work and family contexts, cannot adequately account for the experiences of role conflict among women entrepreneurs in SSA countries. The literature on role conflict among women entrepreneurs in SSA should therefore incorporate SRE and ERD conflict measures in addition to these standard work-and-family-conflict scale items. Our study also indicates that programs that aim to empower women through enterprise development in this region need to address the potential effect of conflicts between SREs and ERDs.

TABLE 6
Mean (M), Standard Deviation (SD), and Correlations among the Study Variables (N=307)

	M	SD	FP	WR	PF	SI	PFR	SREs	ERDs	WIF	FIW	Level of Education	Business Age
FP	3.3	0.82											
WR	3.8	0.69	.292**										
PF	3.4	0.75	.214**	.322**									
SI	3.6	0.63	.371**	.345**	.161**								
PFR	3.8	0.74	.214**	.445**	.179**	.349**							
SRE→ERD conflict	2.8	0.64	-.117*	-.146*	-.159**	-0.0094	-.170**						
ERD→SRE conflict	2.4	0.6	.060	-.135*	-.034	-.054	-.070	-.055					
W→F conflict	2.6	0.65	-.308**	-.566**	-.294**	-.353**	-.257**	.038	.163**				
F→W conflict	2.7	0.72	-.412**	-.572**	-.388**	-.356**	-.224**	.033	.095	.647**			
Level of education	2.5	0.91	.221**	.221**	.264**	.123*	.142*	-.042	-.061	-.222**	-.281**		
Business age	7	4.3	.426**	.376**	.301**	.302**	.430**	-.122*	.048	-.355**	-.425**	.304**	
Business size	13	12	.354**	.418**	.264**	.314**	.191**	.062	-.023	-.474**	-.547**	.302**	.338**

TABLE 7
Linear Regression Analysis of the Five Dimensions of Entrepreneurial Performance

	R2	ΔR2	Business Age	Size	Education	F→W Conflict	W→F Conflict	ERD→SRE Conflict	SRE→ERD Conflict
Firm Performance									
Model 1	.210	.210***	.234***	.152**	.072				
Model 2	.251	.041**	.286***	.034	.051	-.243**	-.021		
Model 3	.262	.011	.266***	.039	.055	-.245**	-.067	.079	-.067
Workplace Relationships									
Model 1	.202	.202***	.261***	.243***	.071				
Model 2	.408	.206***	.129*	-.028	.029	-.316***	.-323***		
Model 3	.442	.016**	.124*	-.027	.024	-.318***	-.308***	-.068	-.113*
Personal Fulfillment									
Model 1	.159	.159***	.175**	.209***	.151**				
Model 2	.198	.038***	.117*	.094	.130*	-.231**	-.029		
Model 3	.214	.017*	.010	.097***	.128*	-.234**	-.026	-.003	-.130*
Social Impact									
Model 1	.133	.133***	.219***	.244***	-.008				
Model 2	.181	.047***	.157**	.095	-.028	-0.133	-.171*		
Model 3	.181	0.001	.162**	.094	-.028*	-0.132	-.169*	-.014	.021
Personal Financial Rewards									
Model 1	.195	.195***	.390***	.110	-.008				
Model 2	.203	0.008	.382***	.091	-.009	0.065	-.121		
Model 3	.223	0.020*	.377***	.091	-.015	0.062	-.105	-.077	-.125*

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IMPACT OF LEADERSHIP STYLES AND MARKET ORIENTATION BEHAVIOUR ON SMALL FIRMS PERFORMANCE IN BOTSWANA

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ABSTRACT

This study primarily investigated leadership and market orientation behaviours which influence Botswana's small firm's performance. Snowball sampling was used to select 262 owner managers of small firms in Gaborone and Francistown. In addition, factor analysis, correlation coefficient, and regression analysis were used to examine the data collected. It was found that there is a positive relationship between laissez fair, transformational, democratic leadership behaviour and market orientation. Inter-functional coordination and competitor orientation were found to be positively related to business performance and customer orientation, as well as competitor orientation on employee commitment and customer consequences for small firms in Botswana. This paper contributes to the extant literature by extending the strategic research direction, which provides small firms' managers and policy makers with a more understandable guide to leadership behaviour and market oriented activities in the context of small firm's performance in Botswana.

Keywords: Leadership behaviour, Market orientation, Small firms' performance, Botswana

INTRODUCTION

Leadership styles and expected leadership behaviour as well as market orientation culture and owner manager characteristics vary across countries (Cheng and Li, 2013). Therefore, in order to improve employee commitment, customer satisfaction and business performance of small firms in today's global and dynamic work environment, managers need to understand the preferred leadership style(s) in different contexts or countries. Eisenberger et al (2010) thus contend that in today's competitive and dynamic landscape, leadership metric is one of the key contributing antecedents that influence economic and non-economic performance and market orientation (MO) culture amongst firms. Consequently, Piccolo et al (2012) posit that most studies in extant literature have looked into the nomological web between leadership behaviour and performance of large firms in developed economies. However, literature pertaining to the nexus among leadership styles, MO behaviour and performance among small firms in an emerging economy such as Botswana is acutely scarce.

This study thus intends to (1) examine the relationship between leadership styles and MO on one hand and leadership styles and performance on the other; and subsequently (2) generate literature that deepens an understanding of this relationship. These will be tested using two hypotheses.

The necessity of a study of this nature in an emerging economy such as Botswana cannot be overemphasized. For instance, Pansiri and Temtime (2010) argue that over 80% of small firms fail or collapse in the first five years of operation owing to several managerial and entrepreneurial problems. Also, considering the structure of small firms, which is mostly informal, it is justified to try to understand the fundamental indicators of effective leadership and MO culture such as motivation, team spirit, inter-functional coordination, satisfaction and performance. Previous studies (such as the ones by Jaiyeoba, Kealesitse and Marandu, 2015, and Zebal and Goodwin, 2011) bear evidence of the significance of understanding MO and small firm performance in emerging economies.

Two other studies provide additional evidence of a link between top management behavior and market orientation. First, in a major study of the antecedents and consequences, Jaworski and Kohli (1993) hypothesize that the more emphasis is placed on top management with regard to market orientation and the lower the risk aversion of top managers, the greater the level of market orientation. Ogbonna and Harris (2001) noted a strong statistical association between top management emphasis and all aspects of market orientation. However, the study of Harris and Piercy (1999) reveals a rather interesting position with respect to the link between management behavior and market orientation. Their findings indicate that management behavior which is formalized, conflictual or politically motivated is negatively associated with the extent of market orientation. Much of Harris and Piercy's (1999) thesis is that the recurring theme in most literature on leadership and MO point in the direction of management behavior holding the key to market orientation in small firms. However, while some advances have been made in this area, a key limitation of extant research is that existing studies overlook or ignore the potential impact of leadership style on market orientation with implications on firm's performance most especially in an emerging economy such as Botswana. Hence, this study seeks to unravel the extent of the nomological web among market orientation, leadership styles and performance of small firms in Botswana.

The population of Botswana is about 2 million. The most common parameters used to categorise small firms in Botswana are annual turnover and number of workers. Despite the nearly impressive performance of small firms in Botswana, they face severe challenges as stated by the Local Enterprise Authority (LEA) (2009). The constraints are more pronounced on two fronts namely (1) a lack of clear understanding of how to implement a marketing concept, and (2) the inability to apply appropriate leadership style(s) or behavior needed to realize improved performance.

MO is described as a mixture of three activities namely intelligence generation, dissemination and responsiveness (Kohli and Jaworski 1990). Narver and Slater (1990) view MO as the organizational culture that best motivates the necessary behaviours in the context of customer orientation, competitor orientation and inter-functional coordination for the creation of superior value for customers in a dynamic environment that requires managerial leadership, competencies and processes for small firm's management. Perhaps taking a cue from Narver and Slater (1990), Dauda (2010) notes that effective leadership capability is influenced by globalization, privatization, deregulation of markets, aggressive competition and ever-increasing expectations of customers. Hence, to promote understanding and conceptual developments of leadership styles or behaviour, MO behaviour and how it manifests itself, the underlying factors that engender leadership and MO perceptions and behaviour in small firms are important first steps. This study thus makes an important contribution by unraveling factors that drive or inhibit small firm's performance. The study may also benefit policy makers,

academicians, and small firms' owner managers in understanding leadership MO culture in Botswana.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

According to Gil et al (2005), traditionally, leadership research was primarily based on classic bifactorial models such as task and relation oriented leadership until the last three decades when leadership metrics such as charismatic, transactional, transformational, visionary and new leadership began to gain traction. But, Hussain, Ismail and Akhtar (2015) noted that recent studies have begun to link leadership and MO behaviour most especially among small firms making it a research priority. The contention of Herath and Mahmoud (2013) is that MO is characterized by an organisation's disposition to continuously deliver superior value to its customers that in turn results in superior performance. This assertion resonates with Chao and Spillan's (2010) position which contends that to effectively create and deliver superior customer value, market-oriented organizations need to continuously make structural and system changes that give off a befitting culture. Literature is replete with several prescriptions of leadership styles that deliver customer value. For instance, McMurray, Islam and Pirola-Merlo (2012) suggest both transactional and transformational leadership styles owing to their different attributes and capacities to impact different circumstances. In fact, both Avolio et al (2003) and Bodlaj (2010) argue that transformational leaders are more apt to orienting employees towards excellent customer value. Kivipold and Vadi (2010) thus contend that collective ability of leadership to detect and cope with changes in the external environment comes from systems theory, where organisations could be understood and analysesd using basic principles of their behavior, which is centred on cognitive, social and sensor domains of organizational leadership.

Cheung and Wong (2011) thus conclude that transformational leadership exhibits support for the subordinate and is positively related to employee creativity. Consequently, Dubhilela (2013) and Vieira (2010) are of the view that MO is influenced by internal factors (such as top management emphasis, centralization, formalization, political behaviour, interpersonal connectedness and interpersonal conflict) and external factors (such as competitive intensity, technological orientation, market turbulence and general economy). Yang and Islam (2013) provide parallel support by stating that effective leadership in general impacts on intrinsic and extrinsic as well as overall job satisfaction of the follower. We thus hypothesize that:

H1: Effective leadership behaviour is significantly and positively related to MO behaviour of small firms in Botswana.

Aziz and Yassin (2010) contend that market oriented managers seek information from customers, competition and regulatory or liberalized environment in order to ensure superior business performance. After all, Mesu, Riemsdijk and Sanders (2013) postulate that the survival of small firms depends on their ability to respond swiftly to competition, customer needs and the need for a proactive leader who inspires and motivates people to perform beyond expectations. This study thus seeks to investigate how MO behaviour influences performance of small firms. Two theoretical perspectives are implicitly linked to this objective and they are those of Narver and Slater (1990) and Kohli and Jaworski (1990). In fact, Bodlaj (2010) is of the view that the two conceptualizations of MO (Kohli and Jaworski, 1990) and the perspectives of Narver and Slater (1990) demonstrate strong similarities in that customers feature significantly in their definitions. Sanjaya, Vasudevan and Gaur (2011) affirm therefore that for small firms to achieve competitive advantage, there is a need for leadership and MO behaviour that resonates with market sensing and customer as well as employee linking capabilities for improved small firms' performance. And recently, Mahmoud and Hinson

(2012) added that a market oriented approach may remain elusive unless the firm manages to effectively communicate the values of leadership and MO behaviours towards customers and employees. We thus hypothesize that:

H2: MO behaviour is significantly and positively related to performance of small firms in Botswana.

METHODS

The study employed a snowball sample of managers and business owners in Gaborone and Francistown. 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 the impact of leadership behaviour and MO behaviour in Botswana context. The final pool of small firms to whom questionnaires were sent totaled 350. Eventually, only 262 (constituting over 75% response rate) usable questionnaires were returned by the respondents.

The questionnaire was pretested 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 respondents were managers, accounting for about 50% of the total. This suggests that the respondents were sufficiently experienced to provide meaningful response to broader policy issues relating to leadership and MO metrics. After comparing the responses of the early and late respondents, on a number of characteristics, no significant difference was found suggesting that the sample was free from response bias. The sample size and the response rate are consistent with related studies (Zebal and Goodwin, 2011; Mahmoud and Hinson 2012)

The questionnaire and scale measures were adopted from Kreitner and Kinicki (2010) as well as Narver and Slater's (1990) constructs. The items in the questionnaire were measured with the aid of a five point Likert type scale. Reliability analysis was conducted on all the multi-item scales to check the internal consistency of the scales. This study adopted a cut off score of 0.7 for Cronbach's Coefficient following Nunnally (1988). The coefficient alpha values for customer orientation, and inter-functional coordination were 0.73, 0.70, and 0.69. The factor loading values ranged from 0.50 to 0.85, while the KMO and Bartlett's test were satisfactory. Also, the Eigen values were greater than 1 thus explicating competence of the factor structure.

RESULTS AND DISCUSSION

As shown in Table 1, MO behaviour of small firms is significantly and positively related to participative leadership ($r= 0.275$, $p< 0.01$), democratic leadership ($r=0255$, $p<0.01$), transformational leadership ($r= 0.381$, $p<0.01$) and transactional leadership ($r=0.195$, $p<0.01$). However, MO behaviour of small firms is negatively associated with laissez-fair ($r= -0.204$, $p<0.01$) leadership behaviour. Autocratic leadership is not associated with MO behaviour for small firms.

As shown in Table 2, transformational leadership ($\beta= 0.252$, $t= 3.255$) and democratic leadership ($\beta= 0.110$, $t=0.1480$) behaviour are significantly and positively related to MO behaviour of small firms while laissez-fair ($\beta= -0.206$, $t= -2.500$) is negatively associated with MO behaviour of small firms in Botswana. However, participative leadership, autocratic leadership, and transactional leadership are not significantly and positively associated with MO. The leadership behaviour of small firms also accounted for 18.7 % variation in MO behaviour of small firms in Botswana.

TABLE 1
Correlation Showing Association Between Leadership Styles and MO

		MO	Participative	Autocratic	Democratic	Laissez - Fair	Transformation	Transactional
MO	Pearson Correlation	1	.275**	-.088	.255**	-.204**	.381**	.195**
	Sig. (2-tailed)		.000	.196	.000	.003	.000	.004
	N	217	217	217	217	217	217	217
Participative	Pearson Correlation	.275**	1	-.153*	.372**	-.231**	.461**	.344**
	Sig. (2-tailed)	.000		.021	.000	.000	.000	.000
	N	217	229	229	229	229	229	229
Autocratic	Pearson Correlation	-.088	-.153*	1	-.053	.577**	-.124	.058
	Sig. (2-tailed)	.196	.021		.420	.000	.061	.379
	N	217	229	229	229	229	229	229
Democratic	Pearson Correlation	.255**	.372**	-.053	1	.057	.442**	.383**
	Sig. (2-tailed)	.000	.000	.420		.392	.000	.000
	N	217	229	229	229	229	229	229
Laissez - Fair	Pearson Correlation	-.204**	-.231**	.577**	.057	1	-.173**	.179**
	Sig. (2-tailed)	.003	.000	.000	.392		.009	.007
	N	217	229	229	229	229	229	229
Transformation	Pearson Correlation	.381**	.461**	-.124	.442**	-.173**	1	.392**
	Sig. (2-tailed)	.000	.000	.061	.000	.009		.000
	N	217	229	229	229	229	229	229
Transactional	Pearson Correlation	.195**	.344**	.058	.383**	.179**	.392**	1
	Sig. (2-tailed)	.004	.000	.379	.000	.007	.000	
	N	217	229	229	229	229	229	229

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

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

The collinearity statistics shows that the leadership metrics fulfill the assumption of lack of multicollinearity in this study. Hypothesis H1 is thus partially supported in this study. We reiterate Mesu, Riemsdijk and Sanders (2013) argument that the survival of small firms depends largely on a proactive leader who inspires employees to urgently meet customers' needs as well as the competitive practices in the market. In short, proactive leaders rely on information from various sources – customers, competition and regulatory environment - in order to make business decisions. Basically, being market-oriented means maintaining close relations with customers and employees (Mahmoud and Hinson, 2012).

Also, as shown in Table 3, with respect to the impact of MO behaviour on business performance, competitor orientation (β= 0.211, t= 3.021) is significantly and positively related to business performance of small firms in Botswana while inter-functional coordination (β=-0.142, t= -2.157) is significantly and negatively associated with business performance. Customer orientation is however not significantly associated with business performance. The tolerance levels and variance inflation factor levels also fulfill lack of multicollinearity assumptions in this study. The MO behaviour metrics account for 10 % variation in business performance. Hypothesis H2 is thus partially supported in this study. Hence, Eisenberger et al

(2010) contend that leadership metric is one of the key contributing antecedents that influence economic and non-economic performance and MO culture amongst firms in today's competitive and dynamic landscape.

TABLE 2
Regression Coefficients Showing the Impact of Leadership Behaviour on MO

Model		Unstandardized Coefficients		Standardized Coefficients			95% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	8.369	.847		9.881	.000	6.699	10.039		
	Participative	.132	.180	.055	.731	.465	-.223	.486	.678	1.474
	Autocratic	.106	.110	.074	.962	.337	-.111	.324	.655	1.526
	Democratic	.247	.167	.110	1.480	.140	-.082	.577	.700	1.428
	Laissez - Fair	-.311	.125	-.206	-2.500	.013	-.557	-.066	.568	1.760
	Transformation	.580	.180	.252	3.225	.001	.226	.935	.633	1.580
	Transactional	.147	.172	.064	.854	.394	-.192	.487	.698	1.433
a. Dependent Variable: MO										

In Table 4, customer orientation, ($\beta = 0.123$, $t = 1.731$) and competitor orientation ($\beta = 0.158$, $t = 2.239$) are significantly and positively related to employee commitment while the inter-functional coordination ($\beta = -0.093$, $t = -1.400$) is significantly and negatively associated with employee commitment of small firms in Botswana. The MO metrics also account for 9 % variation in the employee commitment for small firms in Botswana. Hypothesis H2 is also supported in this empirical study. This confirms Piccolo et al's (2012) assertion that there is a nomological relationship between leadership and the performance of large firms in developed economies. Interestingly, this study has identified the role of leadership in meeting the needs of its various constituencies even in small firms. Essentially, to deliver high level customer service relies on leadership effectiveness in coordinating organizational systems to meet customer needs and expectations.

Finally, in Table 5, customer orientation ($\beta = 0.249$, $t = 3.640$) and competitor orientation ($\beta = 0.167$, $t = 2.448$) are significantly and positively related to customer satisfaction for small firms in Botswana, while inter-functional coordination metric is not significantly related to customer satisfaction of small firms. The MO metrics account for 12 % variation in the customer satisfaction propensity of small firms in Botswana. Hypothesis H2 is again supported in this study. This particular finding affirms that keeping an eye on competitor activities and also addressing customer issues lead to an understanding of how best to improve firm performance. Therefore, providing appropriate leadership by engaging employees will strengthen organizational commitment to the needs of customers. Thus, a market-oriented approach utilizing effective communication of organizational values translates to effective MO behaviours in favour of small firms (Mahmoud and Hinson, 2012).

TABLE 3
Regression Coefficients Showing the Impact of MO on Business Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	16.040	1.732		9.259	.000	12.625	19.454		
	Customer orientation	.387	.311	.087	1.244	.215	-.226	.999	.878	1.139
	Inter-functional coordination	-.568	.263	-.142	-2.157	.032	-1.087	-.049	.991	1.009
	Competitor orientation	.843	.279	.211	3.021	.003	.293	1.393	.881	1.135
a. Dependent Variable: BP										

LIMITATIONS AND FURTHER RESEARCH DIRECTION

Although this study provides relevant and interesting insights into the understanding of the role of leadership styles and MO on business performance among small firms in Botswana, it is important to recognise the limitations associated with the study. When investigating the relationship among leadership styles and MO and firm performance, future studies should also consider different performance measures, such as market share, return on investment, with data collected from multiple informants. In spite of the claims of other researchers that no significant differences exist whether single or multiple respondents from one organization is utilized, it would be interesting if future studies employ multiple respondents within 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 leadership and MO studies in Botswana, it is suggested that alternative data from documentary sources such as trade and other publications be used in addition to subjective or perceived data. Another research direction is to probe into the difference between large companies and small and medium sized firms. This could be a very insightful and interesting theme in future research. 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 MO is practiced, especially in a developing country. This may assist in demonstrating the robustness of leadership behaviour and MO constructs in different environments (developed and developing countries).

CONCLUSION AND RECOMMENDATION

The study examined the relationship among leadership behaviour, MO behaviour and small firm performance in Botswana. Findings indicate that democratic, transformational and laissez-fair leadership behaviour are significantly and positively related to small firm's MO

behaviour in Botswana. Furthermore, competitor orientation, customer orientation and inter-functional coordination metrics of MO behaviour were found to be significantly and positively related to small firms' economic and non-economic performance in Botswana. The findings thus create a platform for scholarly theory and small firms' workplace practice with respect to enabling context for delivery of leadership and MO behaviour in Botswana. The findings may thus assist leaders and managers to better understand the importance of MO and leadership impact in the organizational context for focusing on the achievement of collective performance goals. Market orientation and leadership metrics therefore provide small firms with ways to connect with the market, customers, and employees in order to improve organizational growth and profitability which are required for their competitiveness and survival.

TABLE 4
Regression Coefficients Showing the Impact of MO on Employee Commitment

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	9.442	1.138		8.299	.000	7.199	11.685		
	Customer orientation	.353	.204	.123	1.731	.085	-.049	.756	.878	1.139
	Inter-functional coordination	-.242	.173	-.093	-1.400	.163	-.583	.099	.991	1.009
	Competitor orientation	.410	.183	.158	2.239	.026	.049	.771	.881	1.135
a. Dependent Variable: EMPLC										

Based on the aforementioned, an examination of studies of the process of market orientation development finds repeated references to the importance of management behavior in the implementation of marketing concept (Kivipold and Vadi, 2013). However, a limitation of current theory is the lack of research into the relationship among leadership style, market orientation and firm performance. This gap in theory is surprising given a broader body of literature in organizational theory as argued by Kivipold and Vadi (2013). The findings of the study, thus, contribute to empirical verification that leadership and market orientation are significantly related to small firms' performance in Botswana.

The concentration on the tangible impediments to market orientation and leadership behavior has been to the detriment of the study of less intangible metrics as acknowledged by Bass and Avolio (1993) and Kivipold and Vadi (2013). It could thus be concluded that the identification of systems and structures provides a platform for managers in the understanding of how and why certain leaders are able to transform their organizations and inculcate implementation of marketing concept in an era of environmental munificence and market turbulence.

This is consistent with the findings of leadership theorists including Howell and Avolio (1993) and Kivipold and Vadi (2013) who suggest that the presence of certain leadership styles may significantly influence employee motivation and business performance.

TABLE 5
Regression Coefficient Showing the Impact of MO on Customer Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	12.218	1.205		10.142	.000	9.843	14.592		
	Customer orientation	.787	.216	.249	3.640	.000	.361	1.213	.878	1.139
	Inter-functional coordination	-.212	.183	-.075	-1.159	.248	-.573	.149	.991	1.009
	Competitor orientation	.475	.194	.167	2.448	.015	.093	.857	.881	1.135
a. Dependent Variable: CSL										

Based on the aforementioned, management including marketers, entrepreneurs as well as aspiring business managers should focus on encouraging a conducive leadership behaviour that facilitates the implementation of marketing concept bearing in mind that competitiveness, market turbulence and managerial orientation are crucial for small firms' performance in Botswana. This study thus suggests the need for training and development of managers in order to improve efficiencies and effectiveness of small firms in Botswana.

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MODERATING ROLE OF INCLUSION OF DISABLED STUDENTS IN ENTREPRENEURIAL ACTION

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ABSTRACT

The ability of entrepreneurs take action in order to successfully launch their businesses is crucial. Debates by scholars have emerged arguing that individuals who act entrepreneurially possess a more accurate picture of reality than those individuals who have not acted. Some research, however, suggested that entrepreneurial action is something all would engage in if they had entrepreneurship education which also depends on inclusion. Using data from 265 disabled students, the study revealed that entrepreneurship education is positively related with entrepreneurial action. Further, it was found that inclusion positively moderated entrepreneurship education-entrepreneurial action relationship among the disabled students.

INTRODUCTION

The study of entrepreneurship is a multidimensional process that calls for continuing research studies. In this light, the current study extends entrepreneurial action studies to persons with disabilities in Nigeria, a developing country. Precisely, we explore the moderating effect of inclusion on the relationship between entrepreneurship education and entrepreneurial action. There is a worldwide acceptance of the relevance of entrepreneurship activities on job creation as well as the nations' economic growth (Fitzsimons & O'Gorman, 2014; Kritikos, 2014; Wong, Ho & Low, 2011). Recently, the debate on how entrepreneurs take action to successfully launch their businesses has emerged. Different scholars report that individuals who act entrepreneurially possess a more accurate picture of reality than those individuals who have not acted (Dakung, Orobia, Munene & Balunywa, 2017; Kessler & Frank, 2009; McMullen & Shepherd, 2006). Thus, entrepreneurial action is seen as something all would engage in if they experienced inclusion (support and acceptance) and knew what to do. For instance, most people with disabilities make natural entrepreneurs since their inclusion in the socio-economic affairs enable them develop initiative to start business. This is seen in developed world like the UK and USA where persons with disabilities have higher rates of launching their own businesses than people without disabilities (Kitching, 2014; Pagan, 2009; Cooney, 2008; Harper & Momm, 1989). The argument then follows that inclusion is important because it triggers disabled peoples' initiative to start enterprise. Also, inclusion enhances their capacity to attain entrepreneurial success. Nevertheless, the situation is different in Nigeria where the decisions to start businesses are at low ebb among persons with disabilities. This is supported by findings of Dakung et al., (2017) and Dakung and Munene (2016) indicating that because persons with disabilities in Nigeria are stigmatized, discriminated and marginalized in every facet of life, their entrepreneurial action is seen to be low. Also, there are insufficient findings on the value

of disabled entrepreneurs in the economic policy or studies in Nigeria suggesting that many are unemployed or at best underemployed (Dakung & Munene, 2016). Hence, entrepreneurial action ought to be utilized more frequently to help persons with disabilities (PWDs) move from unemployment, underemployment and welfare-based income to gainful employment and self-sufficiency (Dakung et al., 2017; Viriri & Makurumidze, 2014; Thurik & Wennekers, 2005). An important factor in this respect is entrepreneurship education.

The value of entrepreneurship education source is broadly supported by studies of intentions and behaviours of students in the institutions of learning. Well-known experiments in the fields of entrepreneurship and education have demonstrated that entrepreneurship education substantially affects an individual's behavior (Rauch & Hulsnik, 2015; Karimi et al., 2012; Zhou et al., 2012). Likewise, theoretical and empirical studies in these fields reinforce teaching and learning of entrepreneurship where learners are meaningfully engaged in learning activities through interaction with others to risk into life events like business (Mwasalwiba, 2010; Volery & Mueller, 2006). In the current study, focus is drawn on the entrepreneurship education model relating entrepreneurial action. This in view of the recognition of entrepreneurship education as a driver for the development and sustainability of economies around the world (Neck, Greene & Brush, 2014).

Yet, as well researched as the entrepreneurship action model has been, there is still much work to be done. For example, previous researches have investigated factors such as personal initiative (Frese, 2015; Koop, de Reu and Frese, 2000; Kautonen, van Gelderen & Fink, 2013; Newbert, 2005), resilience (Cope, 2011; Branzei & Abdelnour, 2010; Hayward, Forster, Sarasvathy & Fredrickson, 2010; Tedeschi & Calhoun, 2004), action mechanisms (Rauch & Hulsink, 2015; Gielnik et al., 2015; Kolvereid & Isaksen, 2006; Baum & Locke, 2004), entrepreneurship education (Zhou et al., 2012; Gelard & Saleh, 2010) on entrepreneurial action. However, these studies have used these factors separately to explain entrepreneurial action, thus paying less attention to the combined influence of entrepreneurship education and inclusion on entrepreneurial action. Going further, the idea is that learning about entrepreneurship during education may result to entrepreneurial action. For instance, one may become well aware of the specific processes required for setting up a business, but that may not be enough. Following up on this idea, in this study the moderating role of inclusion on such relationship is considered to be important. Similarly, even though the entrepreneurship education model theoretically recognizes the potential moderating influence of inclusion on entrepreneurial action (Shastri & Sinha, 2010; Carter & Shaw, 2006; Kuzilwa, 2005; Allen, 2000), few studies have actually tested for such moderating effects (e.g., Ekpe & Mat, 2012; Enkhbold-Chuluunbaatar & Kung, 2011). This then suggests that there is still insufficient knowledge (empirical evidence) on the moderating effect of inclusion. From the aforementioned gaps in literature, this study revisits the question of whether inclusion (support and acceptance) moderates the relationship between entrepreneurship education and entrepreneurial action.

The rest of the paper is structured as follows: The next section discusses the overview of entrepreneurship in Nigeria followed by literature review, hypotheses formulation and theoretical background. This is followed by a description of the approach employed to collect and analyze the data. Thereafter the results are presented. In the last section, conclusions and implications for academics, practitioners and policy makers are presented.

OVERVIEW OF ENTREPRENEURSHIP IN NIGERIA

Entrepreneurship began in Nigeria when people started producing more products than they needed, as such, they had to exchange these surpluses. Through this, Nigerians in the olden days were engaged in entrepreneurship. Early entrepreneurship was characterized

with production where the producer started with a small capital, most of it from his own little savings. This was strictly on trade by barter even before the advent of any form of money (Thaddeus, 2012).

Subsequently, modern entrepreneurship began in Nigeria with the arrival of the colonial masters, who brought in their goods and made Nigerians their middle men. With this, modern entrepreneurship was birthed where most of the modern entrepreneurs started engaging in retail trade or sole proprietorship. Majorly, the factor that discouraged this flow of entrepreneurship development in Nigeria is the value system brought about by formal education. For many decades, formal education has been the preserve of the privilege. With formal education people had the opportunity of being employed in the civil service, because in those days the economy was large enough to absorb all Nigerians into the prestigious occupation. As such, the system made Nigerians to be dependent on the colonial masters.

Additionally, the contrast between Nigerian and foreign entrepreneurs during the colonial era was very detrimental and the competitive business strategy of the foreign entrepreneurs was against moral standards established by society. For instance, the United African Company (UAC) that was responsible for a substantial percentage of the import and export trade of Nigeria, had the policy of dealing directly with producers and refused to make use of the services of Nigerian entrepreneurs. The resistance of the expatriates to use the services of local businessmen prevented their expansion and acquisition of necessary skills and attitude. As a result, the flourishing of entrepreneurship in the country was slowed down. Nevertheless, as more people gained education and the fact that government could no longer employ most school leavers, economic programs were initiated by the Nigerian government to encourage individuals go into private business to be self-reliant (Dakung et al., 2017; Nwachukwu, 2012; Thaddeus, 2012).

The role of government in entrepreneurship development in Nigeria became vital only after the Nigeria civil war (1967-70). Around the mid-1980s there has been an increased commitment of government to entrepreneurship development especially after the introduction of the Structural Adjustment Program (SAP) in 1986. Similarly, agencies like National Directorate of Employment (NDE), National Open Apprenticeship Scheme (NOAS) and the Small and Medium Enterprise Development Association of Nigeria (SMEDAN) were established (Dakung et al. 2017; Thaddeus, 2012). Basically, the Nigerian government promotes entrepreneurial culture through initiatives that build business confidence, positive attitude, pride in success, support/encouragement of new ideas, social responsibility, encouraging inter-firm linkages and promotion of research and development. Between 2005 and 2007, entrepreneurship studies was introduced into the Nigerian educational system especially in higher institutions as a mandatory course. The Centre for Entrepreneurship Development (CED), which has the objective of teaching and encouraging students of higher institutions to acquire entrepreneurial skills was established. The Centre's goal is to make the graduates self-employed, create job opportunities for others and generate wealth (Nwachukwu, 2012; Thaddeus, 2012).

However, the case is different for persons with disabilities since these programmes in the area of igniting their entrepreneurial action is still lacking for not being tailored to their specific needs. Although entrepreneurship has already been developed by some individuals with disabilities, yet still in a very small scale. In general, they face disempowerment and economic exclusion and so their decision to venture into business is seen to be low. This assertion is confirmed by scholars who documented that just few persons with disabilities in Nigeria are self-employed and many of them (about 60%) are seen to be unemployed because of discrimination and exclusion (Dakung & Munene, 2016; Onwe, 2015). Persons with disabilities, in this regard are referred to as socially discriminated entrepreneurs (Pagan, 2009; Mishra, 2005; Schur, 2003; Blank et al., 2000).

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Concept of Entrepreneurial Action

Entrepreneurial action could mean set activities and tasks entrepreneurs engage in when establishing a business (Trevelyan, 2009; Carter, Gartner & Reynolds, 1996; Begley & Boyd, 1987). It is also a set of decisions about which opportunity to pursue, how to raise funds, what legal organizational form to take, where to obtain further information and support, who to employ on the start-up team, and so on. In that regard, entrepreneurial action implies that entrepreneurs have the courage to embrace risks in the face of uncertainty. This is consequently described as a form of design activity that creatively bridges the bounded capacities of the entrepreneur and the complexities of the surrounding environment (Hébert & Link, 1988). Going further, entrepreneurial action therefore requires a focus on the cognitive processes whereby entrepreneurs use their highly personal resources to adapt to and enact the external environment (Sarasvathy, 2001). For instance, entrepreneurial action starts from three internal 'resources' or 'means' that are available to all entrepreneurs. They know *who* they are, *what* they know and *whom* they know. This translates into an awareness of what they are willing, able and happy to do, the know - how and competencies they possess, and what social networks they are part of. They are then guided by these three resources as they enact their uncertain future. The underlying logic is that the uncertainty of the future is never allowed to paralyze action since the future is created as a result of entrepreneurial actions. This is because such actions hinge on specific knowledge of what entrepreneurs need to do in order to attain their goals.

Concept of Entrepreneurial Education

Entrepreneurship education may be defined as being about the development of attitudes, behaviours and capacities that can be applied during an individual's career as an entrepreneur (Wilson, 2008). It could also mean a formal structured instruction that conveys entrepreneurial knowledge and develops in students, focused awareness relating to opportunity recognition and the creation of new ventures (Sexton & Smilor, 1997). To Martinez, et al. (2010) it has to do with the building of knowledge and skills for the purpose of entrepreneurship generally, as part of recognized education programmes at a primary, secondary or tertiary-level educational institution. Additionally, Jones and English (2004) viewed entrepreneurship education as the process of providing individuals with the concepts and skills to recognize opportunities that others have overlooked and to have the insight, self-esteem and knowledge to act where others have hesitated. Binks (2005) added that entrepreneurship education comprises of the pedagogical process involved in the encouragement of entrepreneurial activities behaviors and mind-set and seeks to provide students with the knowledge, skills and motivation to encourage entrepreneurial success in a variety of settings. It is then logical to state that entrepreneurship education aims at transforming ideas into reality and consists of three ingredients such as: creativity (creating all kinds of ideas), innovation (finding value in the selected ideas) and entrepreneurship (developing a business from the innovative idea). Hence, in order to achieve this deep learning, entrepreneurship education should be linked to practice that is useful to students so that they are encouraged to develop skills necessary for entrepreneurial success (Arvanites et al., 2006).

Concept of Inclusion

The concept of inclusion was conceived in 1948 with the declaration adopted by the UN General Assembly on the "International Bill of Rights" which recognizes that all human beings are born free and equal in dignity and rights. This declaration fundamentally seeks to

deal with the issue of discrimination at all levels in every facet of society. According to Norwich (2002b), inclusion has to do with the act or state of being part of something larger where every person has the possibility to participate fully and equally in all social processes - right from the beginning and regardless of individual skills, ethnic or social origin, sex or age. Inclusion also means accepting and appreciating people for who they are and their competences, rather than how they walk, talk or even behave. It allows people to value the differences in each other by appreciating that each person is unique in his/her own creativity. By valuing and respecting human diversity, the practice of inclusion fosters a sense of community and belonging, enabling all people to participate in every area of life (e.g. business, politics, sports, education). In this study, it is recognised that inclusion in education is one aspect of inclusion in society. Theoretically, inclusion is the creation of an enabling environment that provides for the acceptance of students with disabilities to play and interact well in class without any prejudices whatsoever. Therefore, making provision for instructional materials and recorded lectures (for the blind and partially blind students), providing sign language interpretation or information in accessible formats as well as involving them fully during entrepreneurship lectures will give them practical and clearer picture of business start-up. For such inclusion to succeed, it must be a passion that is shared by all the protagonists involved, including government, agencies, teachers, students, families, non-governmental organizations (NGOs) and the whole community (Booth & Ainscow, 2002).

Theoretical Underpinning

This study hinges on social capital theory whose central proposition in this study is inclusion of disabled students in the entrepreneurial action equation. The theory is based on the premise that provision of mutual trust, shared beliefs, cultural values, social networks and support are necessary in facilitating cooperation to both the individual and the community (Jackman & Miller, 1998; Putnam, 1993; Coleman, 1988). Most entrepreneurs connect themselves with certain networks to gain cooperative action and also obtain relevant information, skills and other resources needed for their businesses. Considering the current study, it can be said that when disabled students feel accepted by the institution environment, they are able to engage in business activities (Schoger, 2006; Shane & Cable, 2002; Sideridis & Chandler, 1997). Adding to that, when they receive support in the entrepreneurship class, they will develop ways of successfully registering and starting a business. This is consistent with Bettcher and Mihaylova (2015) who pointed out that inclusion is vital for stimulating entrepreneurial activity. Also, inclusive education will help strengthen disabled students' chances of economic independent living to do business. This enables them to be exposed to entrepreneurship as an academic subject to develop better understanding of business start-ups as well as making better decisions in choosing different paths of entrepreneurial career. In sum, it is obvious that individuals who receive support and are accepted within a particular setting gain important benefits of achieving goal successes. Arising from this understanding, it is evident that inclusion unlocks the potential of individuals to attain business goal. It also empowers them to improve their economic situation and status (Dakung, et al., 2017; Omede & Oguche, 2016; Ianchovichina & Lundstrom, 2009).

Entrepreneurship Education and Entrepreneurial Action

Entrepreneurship education has increased significantly in most industrialized countries by providing courses related to curricula. Basically, it is a process that provides entrepreneurial competencies and confidence to learners in order to venture into business (Dakung et al., 2017; Oosterbeek, van Praag & Ijddeltein, 2008). Empirical studies exploring the extent to which entrepreneurship education influences the decision to become an entrepreneur are steadily increasing. For instance, studies carried out by Dakung, Orobia, Munene and Balunywa (2017),

Dabale and Masese (2014), Muofhe and Du Toit (2011) revealed a positive impact of entrepreneurship education courses/programs at tertiary institutions of higher learning on perceived attractiveness and new venture start-up decision. Also, Vestergaard, Moberg and Jorgensen (2012) established that entrepreneurship education creates self-sufficient, motivated and enterprising individuals who leave the education system with skills to start their own business. In some cases the choices to become an entrepreneur and subsequent entrepreneurial careers have been positively correlated to entrepreneurship education (Fayolle, Gailly & Lassas-Clerc, 2006; Dickson, et al, 2008; Matlay, 2008; Stokes, et al, 2010). From the review of literature, it is obvious that in addition to the basic skills of starting and managing a business, entrepreneurship education creates a capacity for imagination, flexibility, creativity, willingness to think conceptually, and the art to see change as an opportunity (Timmons & Spinelli, 2004; Bygrave & Zacharakis, 2000; Drucker, 1994). Also, entrepreneurship education is recognised as one of the vital determinants that could influence students' career decisions (Peterman & Kennedy, 2003; Kolvereid & Moen, 1997).

Further, common pedagogies such as using success stories, engaging students in business plan, visitation tours to companies are seen to be effective in propelling students to start business (Dakung et al., 2017; McKeown et al, 2006). In the same vein, scholars (Garavan & O'Cinneide, 1994; Hytti & O'Gorman, 2004; Hegarty, 2006; Birdthistle et al, 2007) further argued that the best teaching methods for entrepreneurial learning should be learner-centred, using active-application and active experimentation approaches rather than teacher-centred approaches, so that students can acquire real-life experiences and develop techniques of reflective observation and abstract conceptualization during the enterprising learning process. These approaches not only emphasize the acquisition of knowledge, but to inspire students' thinking about entrepreneurial activities (Sarasvathy & Venkataraman, 2011; Bechard & Gregoire, 2005). From the foregone, it is clear that action learning is effective in enhancing entrepreneurial skills, knowledge and attitude of learners. The outcomes of the portfolio of the various teaching methods employed in learning entrepreneurship enhance students' entrepreneurial action (Dakung et al., 2017; Clarke, Thorpe, Anderson & Gold, 2006).

The purpose of developing entrepreneurial course content is to stimulate entrepreneurship awareness among students that increases their interest in entrepreneurship. Therefore, entrepreneurial course contents are key factors in developing and fostering their entrepreneurialism (Hannon 2005; Charney & Libecap 2003). Entrepreneurial course contents are developed differently across institutions of learning either as an optional module within business courses in order to influence students' capacity to deal with real entrepreneurial activity. This also raises awareness by providing opportunities for students to learn from real life practical experiences that makes them think of entrepreneurship as a career (Hynes, Costin & Birdthistle, 2011; Kirby, 2004). In a similar vein, Dakung et al., (2017) and Delmar and Davidson (2000) established that specialized courses in entrepreneurship motivate the students as well give them the confidence of starting new businesses. To further enhance the entrepreneurial action of the disabled students, the course content should be customized to fit their specific characteristics. Additionally, the core structure of teaching entrepreneurship courses should draw on critical thinking, reliance on experience, business-general knowledge, thinking about entrepreneurship as a career, opportunity-specific knowledge, using guest speakers who are experienced entrepreneurs (Vesper, 2004; Brown, 1999). This leads to the following hypotheses:

H1: There is a significant positive relationship between entrepreneurship education and entrepreneurial action of the disabled students.

H1(a): Pedagogy is positively related to entrepreneurial action of the disabled students

H1(b): Course content is positively related to entrepreneurial action of the disabled students

Inclusion, Entrepreneurship Education and Entrepreneurial Action

Although there is general agreement that social inclusion matters, it means many things to many people. Although it is true that the term is more political than analytical, it is also true that it has its roots in identifiable models of welfare and in principles of social justice and human dignity (Vrooman & Hoff, 2013; Oyen 1997). Individuals and groups are desirous to be included in three interrelated domains within the society such as: markets, services and spaces. Also, access to services like security, health and education are essential in improving human capital and social inclusion. In both the developed and developing societies like Nigeria, Uganda, Tanzania, South Africa, Brazil, Columbia, UK and Singapore, social protection services cushion vulnerable groups against the effects of discrimination, shocks and promote their well-being (International Bank for Reconstruction and Development/The World Bank, 2013).

This suggests that paying attention to the needs of the disabled students will motivate them to start business. This is consistent with Bettcher and Mihaylova (2015) who pointed out that inclusion is vital for stimulating entrepreneurial activity. Similarly, Deakins (2000) documented that the role of entrepreneurial behaviour will be determined by the support and acceptance received by an individual. Also, the findings of Omede, Oguche and Ogbadu (2016) established that inclusive education will help strengthen disabled students' chances of economic independent living to do business. The finding links well with Ianchovichina and Lundstrom (2009) who viewed inclusion as increasing access to opportunity for students, workers, entrepreneurs and consumers in ways that generate additional economic growth. In sum, this provides evidence that individuals who receive support and are accepted within a particular setting gain important benefits of achieving goal successes. Arising from this understanding, it is obvious that inclusion unlocks the potential of individuals and communities to attain business goal. It also empowers them to improve their economic situation and status. Linking to that, social support and acceptance offer its members a sense of belonging and mutual trust for the conduct of economic and social affairs such as venture creation (Nahapiet & Ghoshal 1998; Burt 1992; Bourdieu 1986). It is therefore imperative that entrepreneurship practice is connected closely to the support being received. This also reflects positive development for disabled students on account of their social connection with the environment. Implying that they are able to engage in business activities when they receive support from both the institution environment (Schoger, 2006; Shane & Cable, 2002; Sideridis & Chandler, 1997). Consequently, the experience obtained will trigger their confidence level to start business. Adding to that, if disabled students build their confidence through the support they receive in school, they will develop ways of successfully registering and starting a business. Hence, stemming from the social capital perspective developed by Coleman et al (1988) and the empirical studies, we set down our hypotheses as thus:

H2: Inclusion is positively related to entrepreneurial action of the disabled students.

H3: Inclusion moderates the relationship between entrepreneurship education and entrepreneurial action of the disabled students.

METHODOLOGY

Research Design

This study adopted a cross sectional mixed methods to examine the moderating role of inclusion on the relationship between entrepreneurship education and entrepreneurial action of disabled students in the Nigerian tertiary institutions. Specifically, given the conceptualization of this study, the quantitative method was predominant, and the qualitative data was employed

to complement the quantitative results. To test the research hypotheses generated in the literature review section, a comprehensive survey covering a random sample of disabled students from three (3) tertiary institutions (Universities, Polytechnics and Colleges of Education) was conducted. This was done at the end of session after taking entrepreneurship course in North-Central Nigeria. The institutions in this state were chosen because of the concentration of PWDs pursuing their studies.

Population, Sample Size and Sampling Procedure

The study population consisted of 850 disabled students drawn from three (3) categories of tertiary institutions, i.e. Universities (542), Polytechnics (192) and Colleges of Education (116). Using Krejcie and Morgan (1970) table of sample size determination, a sample size of 265 students was established. In selecting the participants for the main survey, the tertiary institutions formed the strata, and a simple random sampling was employed. Selection of the sample was conducted in the following stages: *Stage one – States in North-Central Nigeria.* The various states including Abuja, the Federal Capital Territory (Plateau, Nasarawa, Benue, Kogi, Niger, Kwara States and Abuja) were taken into consideration in order to ensure proper representation of the tertiary institutions in North-Central Nigeria. *Stage two – stratification by institution category:* The tertiary institutions were stratified into three main categories (Universities, Polytechnics and Colleges) across the states, to ensure proper representation. *Stage three – selection of the disabled students:* Systematic random sampling technique was employed to select the participants (disabled students) from each stratum. This approach was preferred given that the population of the respective institution category is logically homogenous. Under this method, respondents were drawn from a sampling frame by means of an interval *k* which is equal to *N/n*, where *N* is the number of units in the target population and *n* is the number of units of the sample. The first disabled student was selected using simple random technique, and the rest were selected using the respective intervals. They were then issued out with the questionnaires between September and November 2016 (3 months). This technique was employed to ensure that appropriate elements were drawn from all institutions of the population to reduce sampling error and simultaneously maximize representativeness (Field, 2009; Amin, 2005).

Out of the targeted sample size of 265, 253 co-operated and responded to the face to face administered questionnaire. The high response rate (95%) is attributed to fact that a personal approach was employed in collecting data. This approach was chosen to enable a face to face interaction between the researcher and the respondents, and to improve the quality and response rate. More so, useful contacts was maintained with the lecturers and class representatives, who were instrumental in identifying the relevant sampled respondents and maintaining good relationships with them, which yielded excellent response rates. The results from the field show that males were more (182) than females (71), with the majority belonging to the 21 – 26 age bracket (M=69.4%; F=30.6%). With regards to the disability category, majority (42.8%) of the respondents were crippled and 56.9% of them acquired their disabilities later in life. Finally, majority of the respondents (85.3%) were single.

Operationalization and Measurement of Variables

The independent variable for this study is entrepreneurial education, moderating variable is inclusion, while the dependent variable is entrepreneurial action. These variables were all measured using items developed by previous scholars drawn from existing literature. Some modifications were made where necessary to suit the study context (Nigeria). This is discussed as follows:

- ***Entrepreneurship education*** was conceptualized as the provision of knowledge, skills and motivation to students to encourage entrepreneurial success in them, and measured in terms of pedagogy and course content. Specifically,
- ***Pedagogy*** was measured by examining the method and practice of teaching, especially as an academic subject or theoretical concept relating to entrepreneurship. The Variable was measured using Keat, Selvarajah and Meyer (2011) and Lanero, Vázquez, Gutiérrez and García (2011) selected item. The items were modified and anchored on a 6 point likert scale ranging from 1 (Strongly Disagree) to 6 (Strongly Agree). We utilized such items as: "Lecturers used entrepreneurship stories as teaching material", "Lecturers made us write essays/make presentations about entrepreneurship", "Students drew business plans during entrepreneurship class", "Views of the lecturers inspire my entrepreneurial mind", "Lecturers facilitated projects (event, exhibition, newspaper, video etc.) when teaching entrepreneurship". The expectation on the respondents was to indicate their experience(s) with regards to the prescribed pedagogy.
- ***Course content*** was measured by looking at the choice of topics, description, the organization and sequencing of course curriculum. Here the emphasis is that the choice of topics and their organization should always support the learning objectives for the course (in our case entrepreneurship). We utilised and adapted measures based on those previously employed by Lanero, Vázquez, Gutiérrez and García (2011) to suit the setting in Nigeria. Example of the items are: "The syllabus emphasizes entrepreneurial actions in business start-up", "The course increases my understanding of the attitudes of entrepreneurs", "Entrepreneurship course enhances my ability to identify business opportunities", "The course places emphasis on how students can develop business plan", "The syllabus is about the best method to train entrepreneurial action", "The course places emphasis on how students can take business risk". Respondents were required to indicate their degree of agreement or disagreement, with prescribed items anchored on a 6 point likert scale ranging from 1(Strongly Disagree) to 6 (Strongly Agree).
- ***Inclusion*** was conceptualized to describe the idea that all disabled should be freely accommodated without restrictions (Jansen, Otten, Vanderzee & Jans, 2014*).* This avails the disabled students the opportunity to learn inclusive entrepreneurship alongside their non-disabled peers in the same classrooms (Omede, Oguche & Ogbadu, 2016). To achieve this, two dimensions are measured as follows:
- ***Support.*** The respondent's perception and actuality of being cared for, and the assistance available from the entrepreneurship education environment. Question items were generated and modified from previous instruments developed and used by Sideridis and Chandler (1997) and Irwin and Soukakou (2009). Responses such as: "Adequate instructional materials for teaching entrepreneurship are made available to me", "Adequate support services are readily available to me", "My lecturers remediate learning deficits of students with disabilities", "I can count on my friends, schoolmates & lecturers when things go wrong", "I receive support for social communication in my class", "There is a special person who is around when I am in need of business ideas", "I get the emotional help/support I need from my peers" were indicated on a 6-point scale ranging from 1 = Totally Disagree to 6 = Totally Agree.
- ***Acceptance*** was measured by looking at the respondent's perception of the ability to admit or tolerate differences and diversity in other people or groups of people to be included into a social network (Sideridis & Chandler, 1997; Irwin & Soukakou, 2009).The items utilised were, "My school environment copes with instructional needs of students with disabilities", "Lecturers easily accept the behavior of students with disabilities", "Students with disabilities are treated fairly in the entrepreneurship class

environment", "Students with disabilities are socially accepted by typical students" anchored on a 6 point scale ranging from 1 = Totally Disagree to 6 = Totally Agree. The expectation on the respondents was to indicate their experience(s) with regards to the prescribed acceptance.

- ***Entrepreneurial action*** was conceptualized as discrete activities involved by an individual to start-up a business. In this regard, it was measured using both the pre-start up and actual activities related to business (Gielnik et. al., 2015; Linan & Chan, 2009). Entrepreneurial action was measured by utilising a 6-point scale, ranging from 1 = Not at all effort to 6 = Very much effort and modified from Gielnik et., al., (2015) to suit the Nigerian context. The study used statements such as: I have put effort in "…mobilising the funds to create a business", "…looking for business premises", "…sourcing for employees", "…registering a company", "…developing a business plan", "…making the first sale", "… advertising my business", "… buying stock for my business", "… opening up my business to the public", "… analyzing the market", "… analyzing my competitors", "… evaluating business opportunities"

Data analysis

Quantitative data from the field was captured in SPSS v22, cleaned and averaged to yield composite scores of each scale and were used for statistical analysis. AMOS v22 was also used for structural equation modelling (SEM) to test the study variables. The various analyses performed included, reliability, validity and hypotheses tests. The qualitative data (typed notes and audio) were transcribed verbatim, imported into QSR NVivo 9 and analyzed using content analysis technique as recommended by Bazeley (2007), Creswell (2006) and Miles and Huberman (1994). The paragraphs (segments) in each transcript that dealt with management of the study variables constituted the units of analysis.

Reliability and Validity

The Composite Reliability indicates the reliability and internal consistency of a latent construct. A value of CR > 0.6 is required in order to achieve composite reliability for a construct. Composite reliability is often advocated as an alternative option due to the usual violation of the tau-equivalency assumption by Cronbach's Alpha. The reliability test was conducted in this study. All the constructs have an acceptable and high composite reliability of 0.70 and above which revealed internal consistency of items (De Vellis 2003; Hinkin, 1998; Nunnally, 1978). ***Construct validity*** using CFA; specifically, convergent and discriminant validity were employed as discussed below.

Convergent validity. In line with the guidelines of Hair et al., (2010), three facets were examined to test convergent validity. First, the final items should be statistically significant, with a factor loading of .50 or greater and highly loaded on one factor. Secondly, the average variance extracted (AVE) of a latent construct should be at a value of .50 or above suggesting adequate convergence. Thirdly, construct reliability should be .70 or above, although reliability between .60 and .70 is acceptable if other indicators in a model's construct validity are good. Modifications were made for cases where the guideline requirements were not met. This involved checking the factor loadings as well as the normalized residual (standardized residual) and modification indices. Care was taken against making changes solely based on data-driven grounds in an attempt to get a model that fits the data better as recommended by Orobia (2013) and Holmes-Smith et al., (2004). The convergent validity test and results are presented as follows.

CFA for Entrepreneurship Education. The measurement scale for entrepreneurship education after the EFA involves 9 items. The initial CFA results indicated that although the standardized parameter estimates were all significant ($p<.001$), the fit-indices were below the

acceptable level signifying a poor measurement model fit. This informed a re-specification by iteratively deleting items that did not meet the acceptable criteria. The modification indices (MIs) revealed misspecifications associated 'cc5'. Four out of twelve items in total were deleted in the final model prior to further analysis. The retained items were significant and had standardised factor loadings higher than the recommended level of .50 thus, preserving the meanings of the factors. The results of the initial estimation of the proposed model were acceptable for a well-fitting model. The measurement model is stated in Table 1, Figure 2.

TABLE 1
Goodness-of-fit results for Entrepreneurship Education

Model	χ2	Df	χ2/df	P	GFI	CFI	TLI	RMSEA	Items deleted
PDG	13.7	8	1.712	.000	.947	.978	.973	.056	-
CC	31.8	17	1.871	.034	.925	.953	.964	.045	1

CFA for Inclusion. The measurement scale for inclusion after the EFA involves 10 items. The initial CFA results indicated misspecifications associated with 'sup7' and 'acc1' below the acceptable level signifying a poor measurement model fit. These were deleted from the model. Concerning the fit of the model, the indicators are adequate. The GFI, TLI and the CFI are all higher than 0.9 (Table 2 and Figure 3). Additionally, the RMSEA satisfies the norms of Hu and Bentler (1999).

TABLE 2
Goodness-of-fit Results for Inclusion

Model	χ2	Df	χ2/df	P	GFI	CFI	TLI	RMSEA	Items deleted
SUP	17.2	11	1.563	.002	.967	.953	.963	.016	1
ACC	38.5	23	1.674	.054	.951	.958	.974	.025	1

CFA for Entrepreneurial Action. The measurement scale for entrepreneurial action after the EFA involves 6 items. The initial CFA results indicated misspecifications associated with 'ea7' below the acceptable level, signifying a poor measurement model fit. This was deleted from the model. Concerning the fit of the model, the indicators are adequate. The GFI, TLI and the CFI are all higher than 0.9 (Table 3 and Figure 5). Additionally, the RMSEA satisfies the norms of Hu and Bentler (1999).

TABLE 3
Goodness-of-fit Results for Entrepreneurial Action

Model	χ2	Df	χ2/df	p	GFI	CFI	TLI	RMSEA	Items deleted
EA	11.503	5	2.301	.042	.978	.970	.909	.072	1

***Discriminant validity*.** In examining discriminant validity, squared correlations among constructs were compared with the respective average variance extracted (AVE). The study utilised Fornell and Larcker (1981)'s criteria which suggests that if the squared correlation values among the latent variables are less than the AVE, it is an indication of discriminant

validity. The results in Table 4 show that all squared correlations were less than the AVE hence concepts studied are different.

Hypotheses testing

SEM was employed to assess the relationship between entrepreneurship education and entrepreneurial action; to also examine the association between inclusion and entrepreneurial action of the disabled students and to see whether inclusion moderates the relationship between entrepreneurship education and entrepreneurial action.

Procedure for moderation test

Moderated regression analysis was utilized in this study as the primary statistical procedure. AMOS model was run, the interaction was graphed using a procedure developed by Cohen and Cohen (1987), and then the slope of the graph was tested using a procedure developed by Aiken and West (1991). The significance of the graphed interaction slope was tested (see Figure 7). This test provides avenue to expand on both the importance and the significance of the interaction.

TABLE 4
Discriminant Validity

	Mean	Std. Dev.	EE	INC	EA
Entrepreneurship Education	4.56	.61	**(.598)**		
Inclusion	4.93	.59	.325*	**(.547)**	
Entrepreneurial Action	5.34	.47	.214**	.065**	**(.603)**

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

RESULTS

Correlation Results

The correlation results in Table 5 show a positive and significant relationship between entrepreneurship education and entrepreneurial action of disabled students *(r=.413, p< .01)*. This can be interpreted as a positive change in entrepreneurship education is associated with a positive change in entrepreneurial action. Inclusion is positively and significantly associated with entrepreneurial action *(r=.167, p<.01)*.

Evaluation of hypothesized model

The five (5) Hypotheses were tested to examine the relationship between entrepreneurship education (EE) and entrepreneurial action (EA), pedagogy (PDG) and entrepreneurial action (EA), course content (CC) and entrepreneurial action (EA), inclusion (INC) and entrepreneurial action (EA) and the moderating effect of inclusion on the relationship between entrepreneurship education and entrepreneurial action.

The work of Bartov et al. (2000) suggests that failure to control for confounding variables could lead to falsely rejecting the hypothesis when in fact it should be accepted. In this study, gender was controlled for because previous studies (Dakung et al., 2017; Orobia, 2013) have provided empirical evidence indicating that gender is consequential in determining

the decision of persons to venture into business. The effect of the variables is indicated in Table 6.

TABLE 5
Correlation Analysis

	1	2	3	4	5	6	7
Entrepreneurship Edu *(1)*	**1.000**						
Pedagogy (2)	.269*	**1.000**					
Course Content (3)	.211	417**	**1.000**				
Inclusion *(4)*	.152**	.349**	.111**	**1.000**			
Support (5)	.350**	.234**	.415**	.311*	**1.000**		
Acceptance (6)	.350**	.296**	.136**	.231*	.433**	**1.000**	
Entrepreneurial Action *(7)*	**.413****	.353**	.236*	**.167****	.471**	.398	**1.000**

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

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

TABLE 6
Results on Direction of Relationship Paths

				B	S.E.	β	t-Value	P	Decision
	EA	<---	Gender	.015	.032	.124	1.242	.173	-
H_1	EA	<---	EE	.373	.071	.376	5.130	***	Supported
$H_{1(a)}$	EA	<---	PDG	.207	.046	.251	4.508	***	Supported
$H_{1(b)}$	EA	<---	CC	.038	.036	.047	1.042	.297	Not Supported
H_2	EA	<---	INC	.259	.059	.262	4.378	**	Supported
H_3	EA	<---	EE*INC	.238	.036	.274	1.042	.002	Supported

Hypothesis **H_1** investigated the relationship between entrepreneurship education and entrepreneurial action. The results show that the relationship is positive and statistically significant (β=.376, t-value=5.130, p<.05), and thus the hypothesis was supported. This implies that positive changes in entrepreneurship education are associated with positive changes entrepreneurial action. Hypothesis **$H_{1(a)}$** tested the relationship between pedagogy and entrepreneurial action. The results show that pedagogy and entrepreneurial action are positively related, and the association is statistically significant (β=.251, t-value= 4.508, p<.05), thus the hypothesis was supported. This indicates that positive changes in pedagogy are associated with positive changes in entrepreneurial action. Hypothesis **$H_{1(b)}$** tested the relationship between course content and entrepreneurial action. Contrary to what was hypothesized, the results reveal a statistically insignificant association between course content and entrepreneurial action (β=.047, t-value= 1.042, p>.05). Therefore, hypothesis **$H_{1(b)}$** was rejected. This implies that the course content as it is insufficient in causing variations in entrepreneurial action of disabled students. Hypothesis **H_2** tested the relationship between inclusion and entrepreneurial action. The results show that inclusion and entrepreneurial action are positively related, and the association is statistically significant (β=.251, t-value= 4.516, p<.05), thus the hypothesis was supported. This indicates that positive changes in inclusion are associated with positive changes in entrepreneurial action.

***Hypothesis 3*:** To investigate moderation effect of inclusion between entrepreneurship education and entrepreneurial action, AMOS model was ran (Table 6, Figure 5) considering moderating effect with mean centered scale items. Goodness-of-fit measures of the model was found to be satisfactory (χ2 = .513; df=2; p=.774; χ2/df = .257, GFI = .999, AGFI=.995; NFI=.999; TLI = 1.007; CFI = 1.000, RMSEA = .000). The analysis of the results reveal that entrepreneurship education has a significant influence on entrepreneurial action (β=.376, t-value=5.240, p<.05), whereas the moderating effect of inclusion on the relationship between entrepreneurship education and entrepreneurial action was found to be supported (β=.274, t-value= 1.042, p<.05). To better illustrate the moderating effect of inclusion on entrepreneurial action, the interaction effect was graphed following procedures set forth by Cohen and Cohen (1987). The methods described by Aiken and West (1991) was then employed to test the simple slope of the graphed interaction to identify if they were significantly different from zero. The scholars argue it is not enough to simply assume that the interaction graph demonstrates that the change in entrepreneurial action is significantly different than zero without testing for the significance of the slope. This is as illustrated in Figure 6. Figure 6 reveals that significance of the interaction graph was found. The interaction between entrepreneurship education and inclusion was found to be significant when included in the regression model (β=.274, t-value= 1.042, p<.05). Specifically, the slope of significance test demonstrated that the influence of entrepreneurship education on entrepreneurial action depends on inclusion.

DISCUSSION

The study focused on investigating how inclusion moderates the relationship between entrepreneurship education and entrepreeurial action. By drawing on the social capital theory, the study offers insights into the potential moderating influence of inclusion, yet neglected area since only few studies (e.g., Ekpe & Mat, 2012; Enkhbold-Chuluunbaatar & Kung, 2011) have actually tested for such moderating effects. With this development, this study revisited the question of whether inclusion moderates the relationship between entrepreneurship education and entrepreneurial action.

First, the study indicated that entrepreneurship education was positively linked to entrepreneurial action. In recent years, researchers have highlighted the importance of entrepreneurship education in this regard, touting its various implications for improved entrepreneurial activities (Dakung et al., 2017; Volery & Mueller, 2006; Raichaudhuri, 2005); Kuratko, 2005). Consistent with this notion, this study suggests that when disabled students are exposed to course description and methods of teaching entrepreneurship about life applicable issues, it boosts their capacity to start their businesses. Therefore, tertiary institutions that place more emphasis on entrepreneurship syllabus and delivery mechanisms towards disabled students will equip them with the knowledge that results to launching of business. Building on prior studies (Gielnik et al., 2015; Rauch & Hulsink, 2015) who found that students who are exposed to certain teaching methods for entrepreneurial learning easily develop the decision of starting a venture, this study reasoned that entrepreneurship education variable would enhance entrepreneurial activities and allow persons with disabilities to achieve business successes. This is further supported by the summary of the qualitative analysis as thus:

Vignette 2
After their exposure to entrepreneurship education, a number of them have developed interests in coming up with business concepts, raising funds, searching for premises, analysing the markets and registering businesses. These invariably mean that the approach used in teaching the course makes them appreciate business start-ups and this propels them to start. For instance, when they listen to success stories, participate in quiz and debate

competitions and are taken to companies/businesses for study tours, they gain better understanding to practically start business.

The above summary from the responses demonstrate that the knowledge gained in entrepreneurship class is useful for entrepreneurial activities. This study therefore validates the argument that disabled students' entrepreneurial action is closely linked to entrepreneurship education. It is interesting to note, however, that the relationship between entrepreneurship education and entrepreneurial action was stronger before the inclusion of the interaction terms (see Table 7). Thus, in considering the full model, which included the interaction terms, some of the variance accounted for in the direct relationship was partially absorbed by the moderating effect of inclusion as reflected in the strength of the relationship. Thus, the relationship between entrepreneurship education and entrepreneurial action is indeed stronger in settings where inclusion (support and acceptance) is present.

Further, the results on hypothesis 3 revealing that inclusion is positively related to entrepreneurial action is consistent with our expectations. More important, perhaps, was the finding that the interaction of both variables (entrepreneurship education and inclusion) was positively associated with entrepreneurial action, supporting the theoretical predictions. It is not surprising giving the fact that provision of various support factors such as sign language interpretation and information in accessible formats when teaching entrepreneurship boosts entrepreneurial action among disabled students. Specifically, when they receive support, these students begin to think of generating business ideas, identify premises and mobilize funds to create business. Also, treating them fairly and appreciating their condition/needs encourages them make inquiries, analyze market, source for funds and identify employees to start business. Although this links well with Bettcher and Mihaylova (2015) and the social capital theory (Putnam, 1993; Coleman, 1988) who established that inclusion is vital in stimulating entrepreneurial activity, clearly this process is not as direct and straightforward as have been argued.

CONCLUSION AND IMPLICATIONS

In this paper, disabled students' entrepreneurial action is examined by considering the moderating role of inclusion on the relationship between entrepreneurship education and entrepreneurial action. The results of the analyses indicated that entrepreneurship education, pedagogy and inclusion variables were statistically significant. Also the moderating effect of inclusion was well established. However, course content variable was not statistically significant with entrepreneurial action. These results are anticipated to have certain implications to tertiary institutions, students and policy makers alike. It provides empirical evidence showing the strong predictors of entrepreneurial action through entrepreneurship education (pedagogy) and inclusion perspectives. The study also contributes to extant literature by underscoring the value of creating an environment of inclusion in entrepreneurship education. By helping (practically engaging) the disabled students in the entrepreneurship class, they can achieve entrepreneurial action. Thus, commitment by both the lecturers and students to interact will create a setting where ideas about how to monitor and respond to entrepreneurial changes in the environment can flourish. This, in turn, enables the disabled entrepreneurs to react to their environment. Also, policy makers should design and implement entrepreneurship education programme with the perspective of promoting entrepreneurial action of disabled students. For instance, in designing entrepreneurship education curriculum, the need assessment of students with disabilities should be given keen priority. This study found that it is not all about the course content but rather the approach to delivery. To improve entrepreneurial course content, there is need for the lecturers to employ unique teaching

approaches which requires involving the disabled students in the business processes so that they interface with reality and successful people. Also, as seen in the gender activities that are captured everywhere across the world (politics, business, education and sports), government should consider coming up with a policy on entrepreneurship education that include the disabled in Nigeria.

Future studies should consider other attributes such as disability category, program pursued and self-efficacy. Secondly, although the study provides a novel empirical evidence, further research where a comparative study between the disabled and non-disabled students be conducted to triangulate the results. Finally, the present study is cross-sectional and views held by individuals may change over the years. This suggests that future studies should employ a longitudinal approach to test the robustness of the model. In spite of its limitations, this study reliably makes remarkable contributions as discussed above. Future research may wish to replicate in different country contexts.

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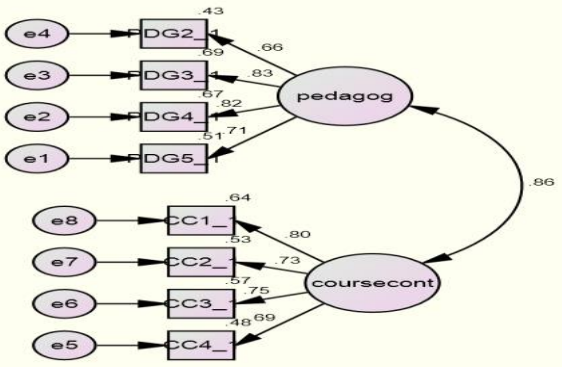
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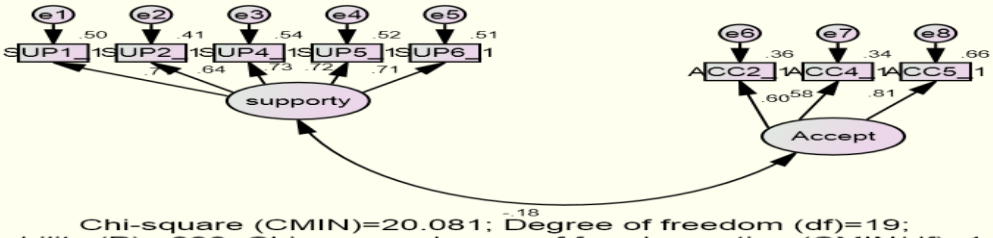
* Corresponding author -reueldakung@yahoo.com

Fig 2: Measurement Model for Entrepreneurship Education



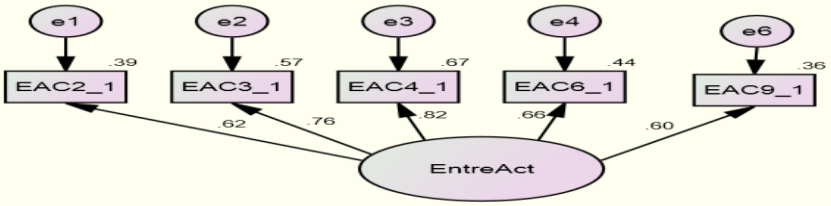
Chi-square (CMIN)=56.402; Degree of freedom (df)=34;
Propability (P)=.009; Chi-square-degree of freedom ratio (CMIN/df)=1.659;
Goodness of fit index (GFI)=.959; Tucker Lewis index (TLI)=.976;
Comparative fit index (CFI)=.982;
Root Mean Square Error of Approximation(RMSEA)=.054

Fig 3: Measurement Model for Inclusion



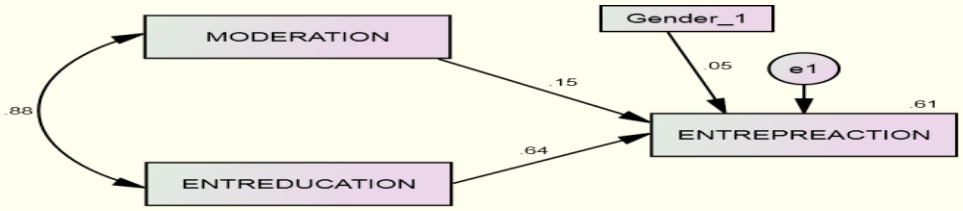
Chi-square (CMIN)=20.081; Degree of freedom (df)=19;
Probability (P)=.390; Chi-square-degree of freedom ration (CMIN/df)=1.057;
Goodness of fit index (GFI)=.982; Adjusted goodness of fit index (AGFI)=.966;
Normed fit index (NFI)=.967; Tucker Lewis index (TLI)=.997;
Comparative fit index (CFI)=.988;
Root Mean Square Error of Approximation (RMSEA)=.015

Fig 4: Measurement Model for Entrepreneurial Action



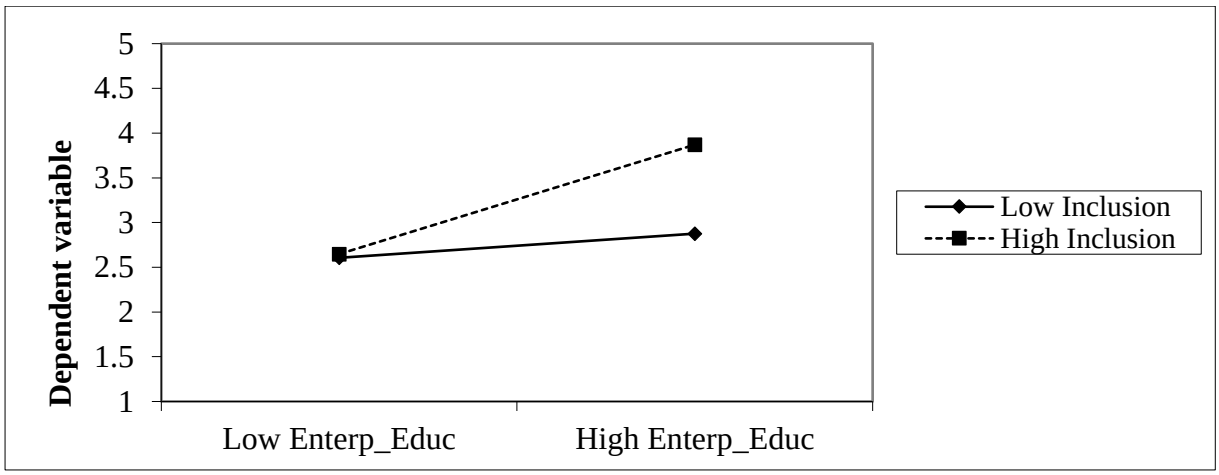
Chi-square (CMIN)=15.254; Degree of freedom (df)=7;
Probability (P)=.009; Goodness of fit index (GFI)=.977;
Adjusted goodness of fit index (AGFI)=.903;
Normed fit index (NFI)=.966; Tucker Lewis index(TLI)=.953;
Comparative fit index (CFI)=.976;
Root Mean Square Error of Approximation (RMSEA)=.078

Fig 5: Structural Model and Moderating effect of Inclusion



Chi-square (CMIN)=.513, Degree of freedom (df)=7;
Probability (P)=.774; Chi-square-degree of freedom ratio (CMIN/df)=.257;
Goodness of fit index (GFI)=.999;
Adjusted goodness of fit index (AGFI); Normed fit index (NFI)=.995;
Tucker Lewis index (TLI)=1.007;
Comparative fit index (CFI)=1.000;
Root Mean Square Error of Approximation (RMSEA)=.000

FIGURE 6
Interaction Graph



BUILDING HIGH PERFORMING MICROFINANCE INSTITUTIONS: A SYSTEMATIC REVIEW

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ABSTRACT

The present study reviews the literature on microfinance and draws on findings to propose future research avenues. It shows that although many studies have analysed the impact of microfinance on development levers, there are still research opportunities in understanding MFIs organisation and management for these institutions to achieve social and economic efficiency. Many issues related to the assessments of the impact of MFIs on beneficiaries are presented and while there is no consensus on how to measure these effects, many studies have claimed that microfinance positively affects the lives of the beneficiaries. There is however still need for more studies looking at the providers of microloans who are the main actors in the microfinance movement. We argue that management scholars can contribute to the understanding of the effects of microfinance by taking a different perspective from economists and providing a holistic view of the MFIs and their organisation.

INTRODUCTION

The rise of the microfinance phenomenon has created momentum around this new financial alternative (Khavul, 2010). Microfinance has expanded rapidly through international organisms' applause from its origins in the 1970s in Bangladesh (Daley-Harris & Laegreid, 2006). The movement comprises a diversity of programs, all of which focus on providing financial services to poor households (Morduch, 2000). MFIs supply financial services to low-income, poor households and individuals, generally in developing countries where these populations have so far been ignored by formal financial systems because of their lack of collaterals (Bornstein, 1996). The microfinance phenomenon has attracted the interest of researchers and practitioners as it promises to alleviate poverty, one of the main challenges of societies. Researches have analysed the microfinance phenomenon, looking at how it works and what it promises (Hollis & Sweetman, 2004; Jain & Mansuri, 2003). Academics have been interested in investigating the impacts of microfinance on various development dimensions, like the effect of microloans on entrepreneurship growth (Schreiner & Woller, 2003), on women empowerment (Kabeer, 2001), or the effect of microfinance on credit constraints and repayment (Townsend, 2003).

Since 2006, as Muhammad Yunus and his microfinance structure Grameen Bank received the Nobel Peace Prize, interest for microfinance has intensified, with more researches investigating ways to improve the positive impacts of microfinance on development (Copestake, 2007; Sievers & Vandenberg, 2007; Tedeschi, 2006). The fascination for the microcredit movement continues to increase after the financial crisis of 2008, which generated the collapse of the banking sector and presented microfinance as a financial alternative. Microcredit has been said to be the solution to help the poor have access to financing and come out of poverty (Khandker & Koolwal, 2016). We consider in this paper the terms microfinance

and microcredit interchangeably, even if, according to Bogan (2012), microfinance and microcredit are different, arguing that microfinance defines an array of financial services that include credit, savings, and insurance, while microcredit refers only to the provision of credit which in many cases is used as capital for small business creation and expansion. We think however that microfinance at its core is the supply of credit and might sometimes combine other services (Bruton et al., 2011; Galak et al., 2011).

Previous literature reviews have tried to provide a general picture of the microfinance phenomenon. Researchers in the fields of management and economics have taken the opportunity to question the impact of microfinance on macro-development levers (Buera et al., 2014) and micro-development indicators (Banerjee, 2013), evaluating the impact and the sustainability of microcredit projects in more challenging contexts (Chliova et al., 2015), particularly in sub-Saharan Africa (van Rooyen et al., 2012). Moreover, all the review studies done so far on microfinance present as common feature their economic focus. They all tend to emphasize the impact assessment, providing understanding on whether or not microfinance has kept its promise of alleviating poverty.

The current systematic review of the literature continues a tradition of management research, making a pause to overview the microfinance phenomenon. This review is however different from others done in the fields of economics as it takes a management-oriented perspective, looking at economic, social and institutional impacts of the microfinance phenomenon. We argue that over the last years (going from 2000 to 2016), the studies on microfinance have been mostly realised by economists, making a holistic appreciation of its impacts difficult. Furthermore, it appears that researchers still have to dedicate more studies to understanding the organisation and management of the main actors in microfinance, who are the MFIs. This review contributes to the literature on microfinance, taking a management perspective in offering insights on MFIs organisation and social and financial efficiency.

METHODOLOGY USED FOR THE SYSTEMATIC REVIEW

In order to perform our review, we follow the literature review process endorsed by many studies in management (Certo et al., 2009; Zott et al., 2011). In the present review, we use Business Source Complete database provided by EBSCO, which is one of the most complete business studies database, containing some 3,500 business journals and magazines, of which more than 2,000 are peer-reviewed journals and 1,000 are also indexed in Web of Science. We enlarged our set of targeted articles by including two other databases: Web of Science and Science Direct. Using these three databases, we ensure that all relevant literature on microfinance is accounted for in this review.

Our review process follows a systematic procedure by identifying first the relevant publication outlets and then defining the conceptual boundaries and the inclusion and exclusion criteria to come out with the relevant articles. We shortlisted 200 papers that were published or made available in press from January 2000 to December 2016 in 14 publication outlets.
The following section explains the whole selection process of the articles, going from the election of the publication outlets to the definition of the conceptual boundaries and inclusion/exclusion criteria. Figure 1 (See Appendix) summarizes synthetically the described process.

Definition of the Review Objectives

The main purpose of the review is to identify the present state of the literature on microfinance over the last decade and to draw some conclusions about future research avenues for managing microfinance institutions. As management scholars, our focus lies mostly on the organisation of the microfinance institution. In fact, MFIs are the principal actors, along the

borrowers, in making the microfinance phenomenon happen. As suppliers of microloans to needy borrowers, they present interesting features in terms of outreach and sustainability strategies, which can be investigated to better understand the efficiency of microfinance in reducing poverty.

The objective of the present review is to summarize and present synthetically all the relevant literature on MFIs organisation and how this organisation helps them be efficient. In order to achieve this objective, a first task is to understand the whole literature on microfinance, how it can be organised to give a better picture of the advances realised, appreciating the impacts of microfinance programs on the lives of the borrowers.

Selection of the Journals

As the aim of our review is to address the microfinance topic in such a way that appeals to a large part of the management community, we restrict our search to first quartile peer-reviewed journals in Web of Science the categories of business, economics, management and social issues. The inclusion of the category of economics in this review answers to our quest for completeness in analysing the microfinance phenomenon. In fact, as a development tool, microfinance has been largely and thoroughly discussed in economic journals, making it impossible for anyone willing to have a complete picture of the phenomenon to overlook those journals. Economic journals might be considered in the case of this review as specialised journals dealing with the microfinance phenomenon because these publication outlets (like World Development or Journal of Development Economics) deal extensively with microfinance. Our selection criteria leads to the consideration of 48 publication outlets in the categories of management, 30 in business, 10 in the social issues category and 86 in economics, making a total of 159 journals, with some journals falling in more than one category.

Definition of the Conceptual Boundaries

The aim of our review is to gather and scrutinize all articles on the microfinance phenomenon published in renowned management and economics journals. As such, searching for the word microfinance itself is a first step towards setting the conceptual boundaries of this review. We also consider the variants *microlending* and *microcredit,* which have been used in the management literature to describe the same phenomenon of microfinance (Allison et al., 2013; Bruton et al., 2011). In fact, it appears that, while the term microfinance was first introduced to describe institutions which are engaged towards providing financial inclusion to low-income households (Morduch, 1999), the word *microcredit* and to a lesser degree the term *microlending* are also used to describe the same phenomenon of microfinance, looking more at the nature of the operations performed by microfinance institutions (Allison et al., 2013; McKernan, 2002). MFIs are committed to the poor who, some years ago, were thought to be difficult to serve by the formal banking system, as they need less in terms of loans (microcredit), but demand a lot in terms of monitoring costs over the repayment of the microloans. Microcredit has been used in economic and management literature as an interchangeable term with microfinance (Brana, 2013; Chakravarty & Shahriar, 2015; Fauchart & Gruber, 2011). Recently, the term microlending has also been used to refer to the microfinance institutions' actions in lending small loans to borrowers (Allison et al., 2014; Allison et al., 2013; Sagamba et al., 2013). Therefore, using microfinance, microlending and microcredit as search terms in this review, we hope in nettening the fields of economics and management, taking into account all the relevant articles which have microfinance as a topic or the microfinance institutions and their activities as the field of analysis. We also consider all the papers citing the microfinance phenomenon as an example in building their theories, taking into account studies which mention microfinance even if only as an example when theorising about hybrid organisations (Battilana & Dorado, 2010; Mair et al., 2016).

Selection of the Articles

To conduct our review and build a comprehensive database of all the articles on microfinance in first quartile journals in the fields of management and economics, we used the following specific inclusion criteria, which allow us to select the relevant articles from an electronic database: (i) the articles have to be published in one of the selected journals and mention at least one of the terms microfinance, microcredit or microlending. (ii) The search terms have to be found in the fields of *title*, *topic*, *abstract* or *keywords* (or *author-supplied keywords*) in the electronic database. We think that most of the articles using microfinance as an empirical or theoretical setting will definitely mention it or its variants in the title or the abstract. (iii) We consider only articles published or made available online between January 2000 and December 2016. The choice of the search period is based on the need to access microfinance institutions over a significant timeframe. Finally, we restrict the results by excluding those articles published in any other language than English and by taking out non-academic papers (book reviews, conference reports, etc.).

Validation Process and Final List of Selected Articles

Using the inclusion and exclusion criteria in Business Source Ultimate database, we find 147 relevant academic papers (Search done on the 11th of March 2017). In a number of cases, inadequate abstracts make it difficult to identify the topic, methods and findings of the study. We therefore read the introduction in these specific cases to assess the inclusiveness of the article. Applying the inclusion and exclusion criteria to the Web of Science and Science Direct databases result in respectively 202 and 117 academic papers, making 205 distinct articles. After a first reading of the abstract and introduction, we exclude 5 which are not relevant to our review. We are left with a final set of 200 articles from different journals which are presented in Table 1 (See Appendix).

STATUS OF MICROFINANCE IN MANAGEMENT AND ECONOMIC RESEARCH

Overall, this review shows that microfinance is being researched and tested in a variety of contexts and disciplines, but with a strong presence of economics. Our sample included 7 articles in business journals, 18 in entrepreneurship journals, 46 in economics journals and 129 in development journals. In terms of methodology, our set of articles included 118 quantitative studies, 37 conceptual papers, 24 qualitative papers, 15 mixed method studies and 6 literature reviews, all theoretically conceptualising or empirically assessing microfinance mechanisms and impact.

Publication Distribution and Geographic Spread

Scholarly interest in microfinance research has varied over the years from 2000 to 2016, with an increasing number of papers since the financial crisis of 2008 as shown by Figure 2 (See Appendix). The key publication outlets are development journals like *World Development* (90 articles), *Journal of Development Economics* (39 articles) and economics journals like *American Economic Journal-Applied Economics* (10 articles) and *Journal of Banking and Finance* (9 articles).

Focusing on the quality of the publication outlets, it can be seen that approximately 12% of the articles are published in journals with an impact factor between 6 and 4; 9% in journals with impact factor between 4-3 and the remaining 79% in journals with impact factor lower than 3. Looking at the spread of the authors, they come from 39 countries. Authors from the USA dominate (n=114), followed by a substantial number coming from schools in the UK (n=23), Belgium (n=13) and France (n=12). 30% of the papers are written by individual authors

while 70% are written by teams of authors. More than half (56% of the 114 team written articles) are written by teams having at least one author from USA. Articles by teams involving at least one author from a developing country account for 20% of the selected team-written articles.

Geographic Setting of the Studies

Most of the studies in microfinance which are published in top economic and management journals use developing countries as their empirical setting. Bangladesh is used in 25 empirical studies, followed by India (n=22). Other countries like Indonesia, Ethiopia, and Kenya are also frequently used. Among studies performed in only one country (110 empirical studies), Table 2 (See Appendix) summarises the empirical settings favoured in microfinance studies.

Methods

The literature on microfinance used a wide range of research methods, going from empirical (quantitative 59%, qualitative 12%). to conceptual (19%). The rest are literature reviews and mixed methods studies. The predominance of quantitative studies can be explained by the focus of microfinance researchers on impact assessment. Many quantitative studies use data from the Mix Market platform (themix.org), a public institution founded in 2002 which provides publicly available financial and social performance information on more than 2,000 MFIs in 100 countries.

Of the 24 qualitative papers in our review, 5 are used to investigate the effects of microfinance on borrowers: interviews realised at borrowers' level or microcredit institution level serve to understand how loans take place and the functioning of MFIs. Furthermore, 15 studies, while predominantly using qualitative methods, also complement their understanding of the microcredit impact by using public databases like Mix Market. Mixed methods are used to assess the impact of female participation in microcredit on women bargaining power in the households, to appreciate the effect of microloans on borrowers' entrepreneurial activities, income seasonality, and the impact of government intervention in microcredit institutions.

Over the years of study, empirical papers have been increasing faster than conceptual ones and represent more than 75% of the papers (see Figure 3 in Appendix). Since 2006 and particularly after the financial crisis of 2008, the claims of microfinance as a tool for poverty alleviation have been contested and researchers have devoted their efforts towards designing performance indicators and measuring the impacts of the MFIs (Lønborg & Rasmussen, 2014; van Rooyen et al., 2012). Conceptual papers are mostly developed around economic models, many of them using the concepts of asymmetric information, adverse selection and game theory to support their arguments. Empirical papers on the other hand generally involve the use of extensive databases.

Unit of Analysis

We review the microfinance literature, looking at the different units of analysis studied in the papers. We come out with 3 levels of analysis in researches on microcredit: the borrowers (analysed individually or in groups), the village or community, and the MFIs. Some 60% of the articles on microfinance investigate the phenomenon at the borrower level. Of these, 12 articles deal with groups of borrowers while the rest are interested in individual borrowers. Studies on microcredit analysed the profile of clients, looking at the effects of microfinance on farmers, micro-entrepreneurs, women, etc. moreover, some studies on borrowers also investigate the effect of policy design on borrowing frequency, the size of the loans or the repayment.

Six (6) articles among the selected ones analyse microcredit impact at the village or community level. In those few studies, the effects of microfinance are appreciated on stakeholders other than the borrowers. These studies assess the indirect impacts of microloans on children health or schooling, on borrowers' spouse or household income, or on the country's development or management of natural disaster. Finally, studies focusing on MFIs represent 35% of the selected papers (n=70). It is interesting to note that almost half of the studies published in top management journals used in this review are looking at the microfinance phenomenon at the MFIs level. Involving MFIs under the broader label of hybrid organisations, these studies are interested in understanding the competing logics of outreach and sustainability existing in MFIs. Research questions on MFI involve topics like competition among MFIs, the effect of government intervention on MFIs performance, the effect of interest rate increase on MFIs client retention, the competition between MFIs and traditional moneylenders, etc. Also, some studies analyse the importance of bundling microloans with insurance services and/or training programs.

MICROFINANCE LITERATURE

The microfinance literature is dominated by impact evaluation studies without theoretical perspectives. In fact the predominance of development and economic studies in the literature of microfinance, and the very low number of business and entrepreneurship journals' papers might be a driver of this trend. When a theory is used, it generally falls under the institutional theory or the social capital theory umbrellas.

Theories Used in Literature

Overall, studies on microfinance rely on two theoretical perspectives to explain the impact and mechanisms involved in microfinance: institutional theory and social capital. Studies rely on institutional theory to explain the impact of microfinance on borrowers behaviours, consumption patterns, repayment dynamics and performance (Battilana & Dorado, 2010). Institutional theorists explain that institutions, particularly those with good policies, can promote asset growth, consumption smoothing and occupational mobility, and can decrease moneylender reliance (Kaboski & Townsend, 2005). Using institutional theory, researchers argue that institutional change in microfinance started with dominant development logic, shifted to market logic, and has got stuck in a conflict over regulatory logic (Khavul et al., 2013). Female participation seems to have a positive effect on MFI performance in terms of debt repayment under all institutional circumstances (Boehe & Barin Cruz, 2013).

Social capital is used to argue the benefits entrepreneurs derive from their networks may be particularly important and distinctive in enabling those entrepreneurs to raise the funding they need through new alternative financial tools (Bruton et al., 2015a). It is also used to explain the gap between men and women MFI creators (Brana, 2013). Individuals identified as "trustworthy" by experiment are less likely to default on their loans when loan repayment is extremely high and subjects excessively peek on their peers and punish defaulters (Czura, 2015). Social capital has a significant and positive influence on the rescheduling of loans (Dufhues et al., 2012).

Furthermore, other studies go through diverse economics and finance concepts (adverse selection, moral hazard, corporate finance, interest rate elasticity, etc.) to examine how less wealthy accountholders are more sensitive to interest rate increase than relatively wealthier borrowers and how MFIs shift from the poor when they increase the rate (Dehejia et al., 2005). Debt contracts that require early repayment are said to discourage illiquid risky investment and thereby limit the potential impact of microfinance on microenterprise growth and household poverty (Field et al., 2007).

Papers Orientation

Papers on microfinance can be classified into three groups of studies: impact evaluation studies, lending design studies and MFIs organisation studies. The different characteristics of each type of studies are presented in Tables 3, 4 and 5 (See Appendix).

Impact Evaluation Studies

These studies explore the outcomes of microfinance programs on different levers of development, looking at the impact of borrowing microloans on income or consumption (Liverpool & Winter-Nelson, 2010), on microenterprises (Rajbanshi et al., 2015), on women empowering (Kabeer, 2001), etc. The main research question of these studies is whether there is a positive measurable impact of microfinance on the beneficiaries and their dependents. The following table summarizes the studies involved in impact evaluation.

Papers on the impact of microfinance on income, consumption and savings analyse the role of microloans in reducing poverty by increasing the purchasing power of the poor (Kaboski & Townsend, 2012; McIntosh et al., 2011). Studies explore whether microfinance has an impact on the social and economic situation of the poor in developing nations (Islam & Maitra, 2012; Karlan et al., 2016). They claim that there is convincing evidence for a positive impact of microfinance on income, consumption and investment in housing and other durable assets (Hermes & Lensink, 2011; Mazumder & Lu, 2015). However, other studies act as a counterbalance to the general enthusiasm towards microfinance. They posit that there is no relationship between participation in microfinance programs and consumption growth among the poorest households (Banerjee, Duflo et al., 2015). Finally some studies argue that, even if there is no transformative impacts of microfinance, there are more positive than negative impacts (Angelucci et al., 2013).

Impact evaluation studies have also analysed the effect of microfinance on technology adoption and productivity increase. These studies argue that there is no relationship between the participation in microfinance programs and the use of technologies among the poorest households even though the use of certain technologies, like fertilizer, contributes to asset accumulation over time (Liverpool & Winter-Nelson, 2010). Some other studies, however, claim that access to institutional finance has significant positive impacts on both the adoption and extent of technology use (Abate et al., 2015) and the productivity of agricultural activities such as livestock rearing that require less land (Khandker & Koolwal, 2016).

Microfinance studies involving impact assessment also analyse the effect of microloans on women empowerment (Porter, 2016; Weber & Ahmad, 2014). There is some evidence that better household access to finance is associated with lower inequality (Ashraf et al., 2006). Income growth is said to be higher for women than men as a result of access to microfinance (Swamy, 2014). Microfinance strengthen women bargaining power in the household (Ngo & Wahhaj, 2012; Tassel, 2004). However, other studies found that some women are empowered as a result of their access to credit, while in some cases there is no impact of microfinance on empowerment (Ganle et al., 2015). The primary source of the conflict among the aforementioned studies seems to lie in the different understandings of intra-household power relations (Kabeer, 2001).

Other studies have been interested in evaluating the impact of lending on the borrowers' dependents: the spouses and the children. Impact studies of microloans on borrowers' spouses show that loans positively affects the spouse welfare (Rai & Ravi, 2011). However violence on female borrowers tend to reduce their ability to repay the loans contracted (Shahriar, 2016).

Moreover, the presence of microfinance institutions in communities is said to significantly improve the health of children (DeLoach & Lamanna, 2011). However, other studies claim that health practices do not improve automatically with greater wealth. Results show that health bank participation is associated with reduced child diarrhoea probability, but microfinance

participation has ambiguous effect on child health (Smith, 2002). Also some argue that household access to microcredit has a positive child demand effect (Maldonado & González-Vega, 2008) and raises the probability of child work in households depending on the household's land ownership and activity in the retail sector (Hazarika & Sarangi, 2008). Assessing the impact of microfinance on borrowers' credit constraints and reliance on informal credit sources, studies found that microfinance reduces the incidence of borrowing from informal moneylenders, therefore smoothing repayment difficulties and credit constraints (Kaboski & Townsend, 2005).

Microfinance has been said by development researchers to be a powerful tool to poverty alleviation (Imai et al., 2010; Patrick, 2007). They argue that the lending technology and the type of contract MFIs used may have important consequences for the way borrowers use the loans. Other studies however claim that microfinance impacts are overvalued (Banerjee, Karlan, et al., 2015). While there is no consensus at the borrower level on the transformative effect of microfinance, some papers argue that, at a macro level, there is a clear evidence of microfinance influence in reducing poverty (Goodspeed, 2016; Imai et al., 2012).

Finally, looking at the impact of microfinance on entrepreneurship, few studies evaluate the effect of lending to the poor on the creation of self-employment activities (Orazio Attanasio et al., 2015). Access to microcredits leads to a significant rise in investment in assets that are used for self-employment activities, and an increase in profit, but also to a reduction in income from casual labour, so that overall there is no gain in income or consumption (Crépon et al., 2015). There is also evidence that as long as the credit is reasonably priced, it leads to business creation and/or some amount of expansion (A. Banerjee, Duflo, et al., 2015). There are moreover many studies which, assuming the positive impact of microfinance on microenterprise creation, look at the impact of microloans on entrepreneurs' activities (Chliova et al., 2015). These studies find that entrepreneurs use loans to finance business inventory (Karlan et al., 2016), and to expand their existing business (Rajbanshi et al., 2015).

Lending Design Studies

Many studies in microfinance deal with the design of the mechanisms to ensure the efficiency and outreach of the MFIs. The table below present a summary of the studies involved in contract design. Individual versus group loans: many studies in lending contract design have been interested in understanding which option between lending to an individual or a group of borrowers reduce the default rate (Ahlin & Waters, 2016; Bhole & Ogden, 2010). Using theories of adverse selection and social capital, studies argue that group loans are better in achieving low default if sequential lending is used to overcome the problems of coordinated default which might arise in group loans (Chowdhury et al., 2014). However, other studies claim that the debate is not on whether to lend to individuals or groups but in the selection of the borrowers and the exogenous environmental characteristics (de Quidt et al., 2016; Townsend, 2003).

Joint-liability design: studies have looked at the impact of group versus individual borrower (Allen, 2012; Giné & Karlan, 2014). Group lending increases risk-taking, especially for risk-averse borrowers and creates implicit insurance against investment losses, but the costs are borne by other borrowers, especially the most risk averse ones (Giné et al., 2010). The ties in a group of entrepreneurs borrowing have an influence on the performance of their firms (Milanov et al., 2015). Group formation is not based on project status but on the fact that, borrowers, when required to make joint liability payments, tend to organise themselves: risky borrowers tend to offer side payments that are sufficiently large to attract safe borrowers, leading to the formation of heterogeneous risk-matched groups (Chakravarty & Shahriar, 2015).

Gender policy design studies analyse whether there is a gender bias in approval rate of MFIs or a glass ceiling effect hurting female applicants (Agier & Szafarz, 2013). According to the power held by women in their household, they might have different repayment behaviour (Shahriar, 2016). An MFI with a higher percentage of female clients is associated with lower portfolio risk, fewer write-offs, and fewer provisions (D'Espallier et al., 2009). Profit-oriented MFIs respond to supervision by maintaining profit rates but curtailing outreach to women and customers that are costly to reach (Cull et al., 2011).

Interest rate and repayment schemes studies: these studies look at how sensitive borrowers are to variations in the interest rate on loans and repayment options (Dehejia et al., 2005; Dufhues et al., 2012; Tedeschi, 2006). Regularly scheduled repayments might discourage borrowers and play against MFIs in environment where other sources of credit exist, while a big-size first loan is more able to make a difference in the life of the borrower (Jain & Mansuri, 2003; Mallick, 2013).

Microfinance alone is said not be so efficient when the borrowers have no financial or business knowledge (Smith, 2002; Verrest, 2013). Therefore studies have been investigating the impact of bundling microloans with trainings (Giné & Yang, 2009; Lepenies, 2004). Moreover, studies show that households using microcredit in combination with micro-insurance derive significant gains in terms of welfare improvement (Akotey & Adjasi, 2016; Biener et al., 2014). There is evidence that the lack of trust, liquidity constraints and limited salience are significant non-price frictions that constrain demand for microloans (Cole et al., 2010).

MFIs Organisation in Microfinance Literature

How microfinance is organised and managed has been an important question in the microfinance literature. The papers presented in the following table summarise the existing studies on MFIs. Studies on microfinance analyse the interaction between the different logics existing in MFIs (commercial and social logics) and the impact of this interaction on microfinance institutions performance (Cobb et al., 2016). Mission drift has been defined as ex post changes in stated preferences to fit unplanned performance outcomes (Copestake, 2007). Some researchers argue that commercial banking logic increasingly displaced the microfinance field's foundational poverty alleviation and development principles over time, creating a mission drift (Kent & Dacin, 2013). Others argue that there is no trade-off between the different logics and therefore no mission drift (Louis et al., 2013).

MFIs governance and board composition are also discussed in studies, explaining the differences in operational performance by the difference in ownership (Servin et al., 2012); how state intervention through subsidies affect MFI performance (Karlan & Zinman, 2008). The role of CEOs is also revealed, with entrepreneur-managed microfinance institutions featuring higher social performance, greater financial sustainability, and lower costs than other MFIs (Randøy et al., 2013).

Another topic uncovered by the studies is the indicators of MFIs performance. Many different indicators are advocated, going from outreach (Menkhoff & Rungruxsirivorn, 2011) to efficiency (Shapiro, 2015) and sustainability (Sievers & Vandenberg, 2007). In terms of outreach, some argue that MFIs are successful at reaching the poor, but less successful at reaching the vulnerable (Amin et al., 2003). Some argue that MFIs with a high depth of outreach are most efficient, resulting in higher levels of outreach and profits for the same input mix (Bos & Millone, 2015).

Finally, studies have been interested in the operations, competition and people in the MFIs (Anderson et al., 2002; Cull et al., 2011). The fact that MFIs have conflicting logics and pursue different performance objectives of outreach and financial sustainability make the operations difficult (Guha & Chowdhury, 2013; McIntosh & Wydick, 2005). Also the hiring

and socialization policies inside MFIs are influenced by the existing logics inside hybrid organisations (Battilana & Dorado, 2010). The following section details the issues inside MFIs, presenting the actual developments in the literature and offering avenues for future research.

BUILDING EFFICIENT MICROFINANCE INSTITUTIONS

Impact evaluation of MFIs has generally been a central question of researchers and practitioners, the former trying to evaluate microfinance comparing it to the public expectations while the latter look to legitimate microfinance (Kent & Dacin, 2013). An important question however is to understand how the main actors in the microfinance sector, MFIs, are organised. When it is well known that organisational structure defines the performance of institutions (Servin et al., 2012), it is surprising that so few studies have been interested in understanding the organisation and management of the MFIs. One of the objectives of the present review is therefore to remedy this oversight of management and economic researchers and provide some avenues for future research in the field of microfinance, emphasising the organisations of MFIs and how to build efficient microfinance organisations that answer the numerous expectations of development and poverty alleviation.

MFI Capital Structure and Governance

The foundational expectations of microfinance institutions were primarily to alleviate poverty and serve as a development tool (Kent & Dacin, 2013). It is interesting to notice how this foundational logic of helping eradicate poverty has shifted with time, going from a development to a more commercial logic. This drift can be seen in the different legal forms adopted by MFIs as the evolution of the underlying logics in MFIs has infused the way they organised themselves. Three main organisational structures can be seen in the MFIs sector: cooperatives, financial intermediaries and more recently banks.

In fact, initially MFIs were mostly organised as cooperatives serving the interest of their members by keeping their savings, negotiating with suppliers for long-term high-cost investment machineries and also granting loans to the members (Tsai, 2004). They therefore worked as savings pools and credit unions. Non-governmental organizations (NGOs) and governmental initiatives have now invaded the field, being independent entities which act in the interest of poor households or individuals which are not organised in cooperatives. NGOs, cooperatives and government initiatives still coexist today in many parts of the developing world, mostly in rural areas of India and China (Tsai, 2004). Studies have however shown that government-led MFIs do poorly in term of outreach and borrowers' repayment as compared to NGOs and cooperatives (Mazumder & Lu, 2015; Tsai, 2004).

MFI organisational structure has been evolving with time. As the development logic failed to gain legitimacy because of the difficulty in evaluating its impact, practitioners begin to assume a more commercial logic, organising MFIs as nonbank financial intermediaries which act as brokers of funds between commercial and development banks (and also wealthy international foundations) and the poor (Bogan, 2012). These recent years, as many commercial banks in developing countries have seen that, in fact, it is possible to lend to the poor and be reimbursed, they have started to target these clients and are organised as commercial microfinance banks (Tsai, 2004). Studies show that NGOs and cooperatives tend to have lower operational efficiencies than non-bank intermediaries and banks (Servin et al., 2012).

MFIs in general rely heavily on grants and subsidies, and more when they are organised as NGOs or government organisations (Bogan, 2012). The impact of subsidies on MFIs performance has been investigated, studies arguing that subsidies have a positive impact on performance, in the sense that MFIs that received subsidies are more efficient. However, a subsidization beyond a certain level has negative marginal effect on efficiency (Hudon &

Traca, 2011). Moreover, when comparing private donations and subsidies, it appears that subsidies lead to lower performance. Private funding (on the contrary) increases MFIs' abilities to screen borrowers and improves repayment rates (Chakravarty & Pylypiv, 2015). In terms of capital structure, a higher proportion of grants to public subsidies lead to higher performance as there are lower rates of portfolios at risk and fewer delinquent loans. Finally, studies demonstrate that MFIs reliance on grant should decrease as the MFI grow to avoid losing operational efficiency (Chakravarty & Pylypiv, 2015; Mersland & Strøm, 2007).

The governance structure adopted by MFIs is said to impact their performance with board diversity improving both outreach and sustainability while larger and less independent boards lower sustainability (Barry & Tacneng, 2014; Hartarska & Nadolnyak, 2008). The studies show that having a different person assuming the roles of CEO and chairman increase performance, while a female CEO reinforces loans to female borrowers (Øystein et al., 2014). Entrepreneur-managed MFIs feature higher social performance, greater financial sustainability, and lower costs (Randøy et al., 2013). Powerful CEOs of MFIs- NGOs have more decision-making freedom than powerful CEOs of other types of MFIs. This induces them to make more extreme decisions, increase portfolio risks, and to make worse decisions, lowering financial performance (Galema et al., 2011). Among external governance mechanisms, studies argue that auditing positively affects outreach, whereas regulation and rating do not have an effect on performance. Performance-based compensation is not effective in improving social and financial performance (Hartarska & Nadolnyak, 2008).

In sum, NGOs should be preferred to government-led MFIs, organised as cooperatives, financial intermediaries or commercial bank. In contexts of institutional voids with a high number of needy entrepreneurs and important cultural diversity, financial intermediaries are more efficient than cooperatives which are to be preferred to commercial banks in terms of outreach and financial performance (Barry & Tacneng, 2014).

MFI Operations Management

In order to be financially efficient, MFIs have been advised to structure their loans so that they cover the operational costs. This is said to be the receipt for success of the Grameen Bank and other similarly organised institutions in China (Tsai, 2004). This advice however is in favour of higher interest rates, increasing repayment defaults and reducing outreach. It is therefore not surprising that competition is fierce in the market of financial services to the poor as the curb finance market (moneylenders and other informal financial actors) in many countries like India and China is still prospering (McIntosh & Wydick, 2005), hampering the fight against poverty.

In opposition to the general idea of high interest rates, some studies have shown that MFIs with higher levels of outreach are more efficient as they benefit from scale economies, resulting in higher profits for the same input mix (Bos & Millone, 2015). MFIs activities, as any product and service, should be targeted towards a clearly defined population, which should manifest high commitment and be implicated in the MFIs decision making process (directly or through innovative ways like internet forums). In fact, Hilson & Ackah-Baidoo (2011) argue that in very fragmented and poor environments, high commitment of the targeted population and government implication are important for MFIs social and financial performance. Also a higher percentage of female clients in MFIs tends to be associated with lower portfolio risk and fewer defaults, all else being equal (D'Espallier et al., 2009).

MFIs are generally clustered and location decision seems not to be based on the number and commitment of the poor (Monne et al., 2016). Microcredit institutions choose to locate where they can put into practice the innovative lending technologies that allow them to lend to the poor without collateral: communication and transportation facilities, conglomerates of interrelated households are what MFIs look for (Maldonado & González-Vega, 2008).

In terms of financial performance, early repayment has been advocated as an operational tactics to guarantee against high defaulting costs (Jain & Mansuri, 2003). However, as one of the expected benefits of microfinance is to positively affect entrepreneurship (Bruton et al., 2015b), if the MFIs want to attract entrepreneurs, they have to build on the fact that immediate repayment slow down small business expansion and therefore is counterproductive for clients entrepreneurs. The lending contract with immediate payments which maximize MFIs financial profits also reduces business growth through underinvestment (Field et al., 2013).

An increasingly common practice among MFIs is the linkage of microfinance services to training and insurance. Insurance and business development services help MFIs educate their clients, improving repayment rates and development impact. It has been argued that insurance and training activities should be linked to microfinance on a demand basis, and not as a compulsory bundle that MFIs clients have to take or leave (Sievers & Vandenberg, 2007). These additional services have to be bundled to the financial services in a voluntary way with clients covering the costs. Accountability should be held separately through another institution or in the same MFI as a separate division so as to treat these services as sustainable activities in themselves. Clients could pay participation fees or these services should contribute to the marketing and sale of microfinance products.

In conclusion, MFIs should target their clients so that the borrowers are committed and participate in the MFIs decision making. High interest rates generally reduce outreach while immediate payments chase out the clients-entrepreneurs. Bundling strategies should take into account the demand for these services and strive for their financial sustainability.

MFI People Management

The very nature of MFIs as hybrid organisations with conflicting logics (Battilana & Dorado, 2010; Khavul et al., 2013) make hiring and incentives strategies difficult inside microcredit institutions. In fact, the foundational logics of poverty alleviation call for hiring people with a strong social interest, while the banking logics make aggressive-competitive people more interesting. Studies on MFIs argue that to be sustainable, hybrid organizations need to create a common organizational identity that strikes a balance between the logics they combine (Battilana & Dorado, 2010).

Successful hiring strategies in the context of MFIs involve the hiring of candidates who have worked in organizations with archetypes that embody each of the institutional logics they combine (Battilana & Dorado, 2010). As MFIs combine the social and the financial logics, they strive to make a social impact by improving the lives of the borrowers and alleviating poverty in developing countries generally. Moreover, and this is where MFIs are different from purely social organisations, they look for financial sustainability while "doing good". The success of MFIs therefore lies in recruiting people with affinity with one or both of the logics. This means that MFIs will gain in having among their employees some with a more social orientation who have worked in NGOs or humanitarian activities before; and other employees with experience in banking and financial services in general. Once hired, MFIs employees' socialization policies should take into account policies in which the MFI teaches and reinforces desired behaviours and values in hires (Van Maanen & Schein, 1979). Illegitimate corporate behaviours may be 'institutionalized' as they are continuously reproduced by the actors embedded in a polity (Ozen & Akkemik, 2012). Managers should therefore represent the dual logics of MFIs.

In sum, people management strategies in MFIs should take into account their combining logics of development and banking and hire employees with experience in each of those two different settings of social development and banking.

DISCUSSION

The analysis of the literature on microfinance over the last decade evidences that the articles mainly focus on the effects on borrowers, rather than on externalities. There are enormous difficulties reconciling the differences in impact: while practitioners sing the great benefits of microfinance, researchers advocate for prudence, showing that the positive effects of the microfinance phenomenon are mostly exaggerated. This discrepancy between practitioners and researchers might be explained by the differences in performance indicators and methodologies (Hulme, 2000). There seems to be at least three different paradigms which have been used in impact assessment in microfinance: the scientific method, advocated by economists, which used controlled-trials experiments and other field experiments to estimate the effects of MFIs (A. Banerjee, Duflo, et al., 2015; Crépon et al., 2015); the humanities tradition which has been used by development practitioners and which focused on MFIs outreach and social impact in individuals (Ngo & Wahhaj, 2012); finally, the participatory learning method which involves learning and engaging with communities to appreciate the effects of microfinance on their community (Hilson & Ackah-Baidoo, 2011; Lønborg & Rasmussen, 2014). It is however difficult to reconcile and combine these different methodological approaches so that a balance is achieved between impact assessment objectives, program context and the constraints of costs, human resources and timing (Kabeer, 2001; Louis et al., 2013).

Another important issue in microfinance studies is the time frame used in evaluating the impact of microfinance programs: long term versus short term (Kaboski & Townsend, 2012). While it is clear that time has an influence on the nature and the intensity of the effects observed on beneficiaries' lives, few studies mention time as a variable in studying the impacts. This might explain partly why there are so many conflicting results on the impacts of MFIs on beneficiaries.

Finally, the level of analysis has an influence in evaluating the results of MFIs actions, whether the study looks at effect at a micro level or a macro level (Imai et al., 2012). Of the studies selected, very few take a country perspective in assessing the effects which could be attributed to microfinance. While some researchers point out that microfinance has undeniably positive effect at macro level (Imai et al., 2012), some argue that country economy acts as a moderator on the effects of microfinance, with greater impacts observed in (relatively) stronger economies (Ahlin et al., 2011). Studies involving the microfinance main actors which are the MFIs are however very few, denoting the excessive focus which has been put on impact and forgetting that by building efficient MFIs, impact can be improved. The literature on microfinance will benefit from more studies on MFIs organisation and management.

CONCLUSION AND FUTURE RESEARCH AVENUES

The present review has revealed that researches done so far on microfinance have taken mostly an economic perspective. The finding that a very small portion of articles are written by authors from developing countries is surprising given the fact that the microfinance phenomenon is mostly a development tool used to foster social and economic growth in impoverished areas. This suggests significant opportunity for global research collaboration.
Also, Bangladesh's microfinance institutions BRAC and Grameen Bank are generally used by studies in this country. While this focus of many researchers on some unique entities allow for comparison and complementarity in building knowledge on MFIs organisation, we believe that these organisations lack generalizability of findings as they might not face the challenges encountered by other smaller MFIs in developing areas in terms of building borrowers trust and having government and international institutions support. We think that microfinance

literature will be enriched by researchers diversifying the empirical setting used. This diversification of the empirical setting that we advocate can be realised at two different levels: first, diversification by studying more developed countries. In fact, very few studies have investigated the microfinance phenomenon in developed countries, mostly because it has been shown to have few impacts in these contexts (Schreiner & Woller, 2003). However, we believe that a focus on organisational effectiveness instead of impact evaluation of MFIs would gain from the study of MFIs in more structured contexts like developed countries. Second, diversification by considering other developing countries not in South Asia. We believe that more studies should consider Latin American, African and East Asian countries, which have different colonial and cultural backgrounds. These studies will give the opportunity to understand the impact of colonial and cultural heritage on MFIs activities (Zhao & Wry, 2016). Moreover, future researches avenues might investigate an integral evaluation of the microfinance phenomenon, taking more than one approach and trying to combine economic, social and learning approaches. Moreover, many studies have rely heavily on experiments in trying to evaluate the impact of microfinance. We think that mixed methods using qualitative methods in addition to experiments will be more helpful in understanding how microloans affect the lives of the poor, helping management researchers (and not only economists) gain a clear view of the impact of microfinance on poverty alleviation.

Finally, researches have been mostly devoted to understanding and assessing the impacts of microfinance on the beneficiaries. We believe that the management community might create insightful contributions to all stakeholders in the microfinance sector by learning more on how MFIs should be organised and managed to have more impacts on populations

APPENDICES: TABLES AND FIGURES

FIGURE 1
Summary of the Review Process

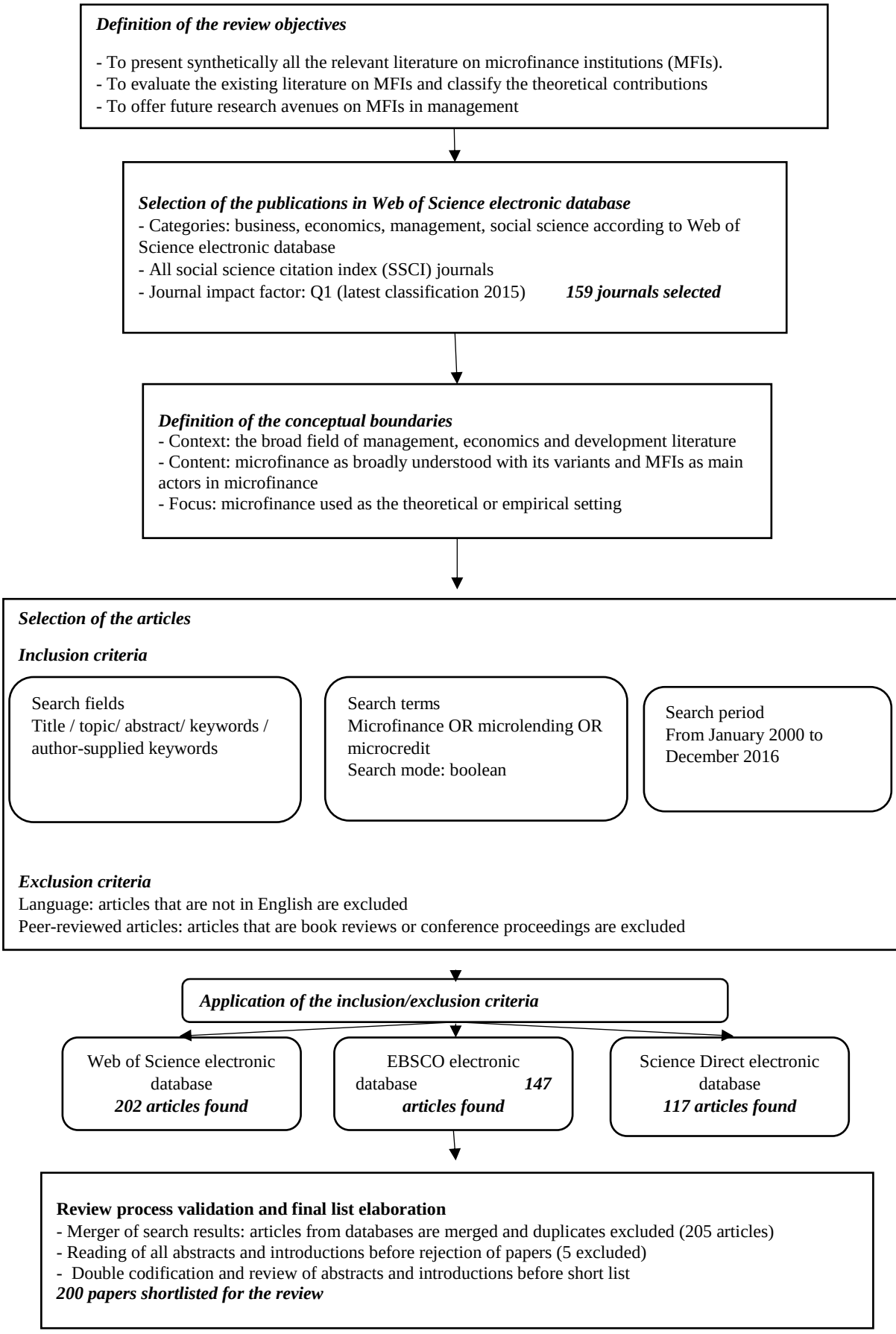


TABLE 1
Selected Papers Distribution by Journal

Journal Title	Number Of Articles	Percen-tage	Journal Impact Factor[2]
Business Journals			
Academy Of Management Journal	4	2%	6.233
Journal Of Management Studies	3	2%	4.131
Entrepreneurship Journals			
Entrepreneurship Theory And Practice	6	3%	3.414
Journal Of Business Venturing	7	4%	4.204
Small Business Economics	5	3%	1.795
Development Journals			
World Development	90	45%	2.438
Journal Of Development Economics	39	20%	1.837
Economics Journals			
Agricultural Economics	6	3%	1.739
American Economic Journal-Applied Economics	10	5%	4.038
American Economic Review	7	4%	3.833
Annual Review Of Economics	4	2%	2.036
Journal Of Banking & Finance	9	5%	1.485
Journal Of The European Economic Association	5	3%	3.461
Review Of Economics And Statistics	5	3%	2.979
Total	**200**	**100%**	

[1] Impact Factor according to Web of Science, as of 2015.

FIGURE 2
Distribution Of Selected Articles Per Year of Publication

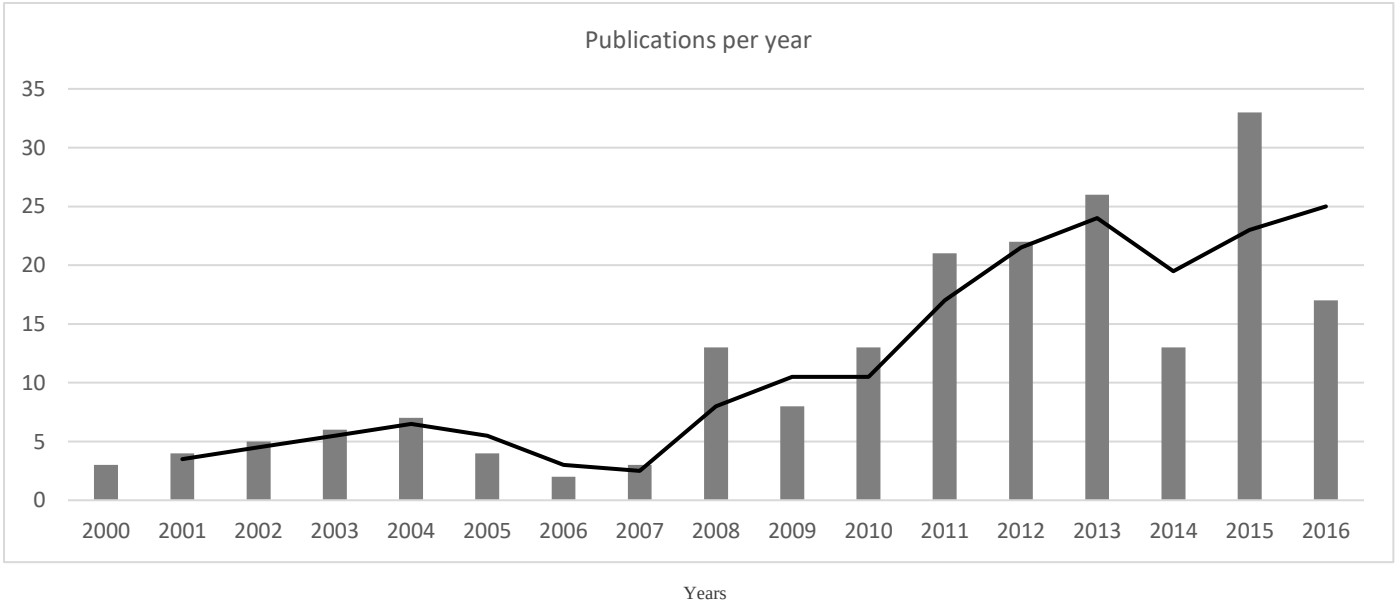


TABLE 2
Distribution of The Selected Papers by Empirical Setting

Empirical settings of the selected papers	Number of papers
South Asia	
Bangladesh	25
India	18
Sri Lanka	4
Thailand	4
Indonesia	3
Pakistan	3
Philippines	3
Others	2
Total	***62***
Sub-Saharan Africa	
Ethiopia	4
Ghana	4
Kenya	4
Malawi	3
Senegal	2
Tanzania	2
Uganda	2
Others	6
Total	***27***
Latin America	
Bolivia	4
Guatemala	4
Mexico	2
Peru	3
Brazil	2
Paraguay	1
Total	***16***
Europe	
Bosnia and Herzegovina	2
Ireland	2
Others	2
Total	***6***
Other regions	**7**

FIGURE 3
Distribution of Papers by Theoretical Perspectives

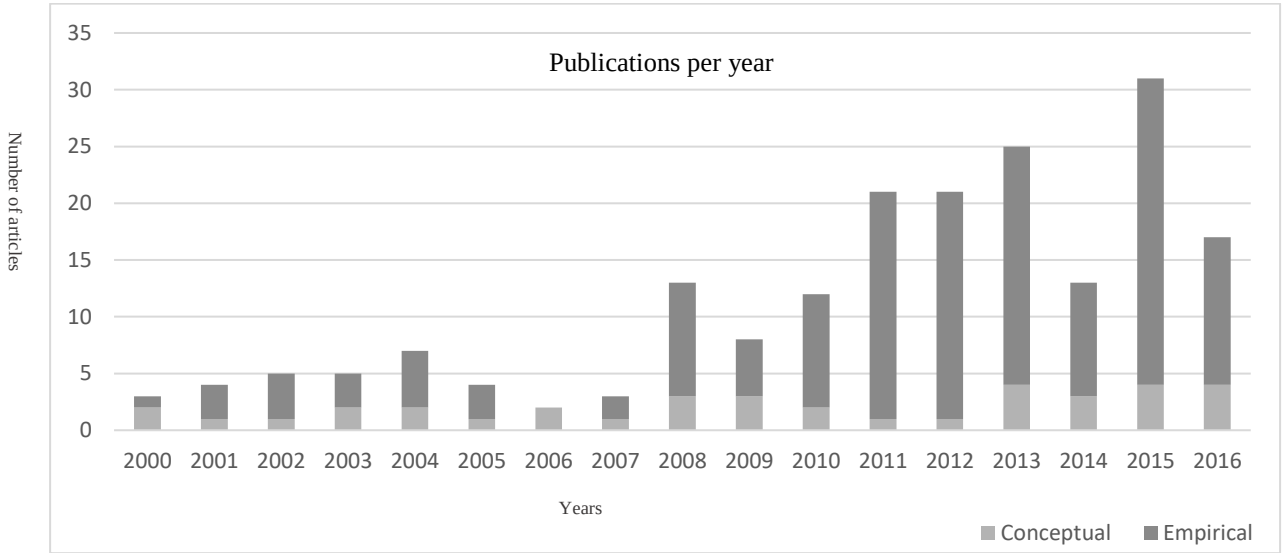


TABLE 3
Summary of Impact Evaluation Studies

IMPACT EVALUATION STUDIES	
Unit of analysis	The borrowers and their household
Primary research question	What are the effects of microloans on the lives of the beneficiaries?
Secondary questions	What are the effects on family members if one of their household receive a microloan? How loans received by a husband/wife affect the lives of the spouse? What are the impacts of microloans on child labour, health, and schooling?
Method	Experiments
Impacts on	**Papers**
Income, consumption, investment and savings Main assumptions: borrowers are credit constrained and take the loans because they need it;	Banerjee, Abhijit; Duflo, Esther; Glennerster, Rachel; Kinnan, Cynthia_2015 Islam, Asadul; Maitra, Pushkar_2012 Kaboski, Joseph P.; Townsend, Robert M._2012 Karlan, Dean; Osman, Adam; Zinman, Jonathan_2016 Khandker, Shahidur R._2012 McIntosh, Craig; Villaran, Gonzalo; Wydick, Bruce_2011 Vial, Virginie; Hanoteau, Julien_2015
Technology and productivity Main assumptions: farmers are input constrained; farmers will use the loans to invest in agricultural inputs;	Abate, Gashaw Tadesse; Rashid, Shahidur; Borzaga, Carlo; Getnet, Kindie_2016 Dalla Pellegrina, Lucia_2011 Khandker, Shahidur R.; Koolwal, Gayatri B._2016 Liverpool, Lenis Saweda O.; Winter-Nelson, Alex_2010 Tarozzi, Alessandro; Desai, Jaikishan; Johnson, Kristin_2015
Women empowerment Main assumptions: women borrow for their own uses; women are credit constrained to achieve their emancipation; Theories: empowerment, social capital.	Alam, Saad_2012 Ashraf, Nava; Karlan, Dean; Yin, Wesley_2010 Attanasio, Orazio; Augsburg, Britta; De Haas, Ralph; Fitzsimons, Emla; Harmgart, Heike_2015 Deininger, Klaus; Liu, Yanyan_2013 Ganle, John Kuumuori; Afriyie, Kwadwo; Segbefia, Alexander Yao_2015 Garikipati, Supriya_2008 Kabeer, N_2001 Porter, Maria_2016 Rao, Smriti_2008 Thi Minh-Phuong Ngo; Wahhaj, Zaki_2012 Van Tassel, E_2004 Weber, Olaf; Ahmad, Adnan_2014

Borrowers' dependent: spouse health insurance and gender violence Main assumptions: women have no other option except marriage; Theories: marital bargaining, male backlash, empowerment, institutional theory.	Chin, Yoo-Mi_2012 Rai, Ashok; Ravi, Shamika_2011 Shahriar, Abu Zafar M._2016
Borrowers' dependent: child schooling, health and labour Main assumptions: loans increase family self-employed activities; parents value family present income over children future welfare;	DeLoach, Stephen B.; Lamanna, Erika_2011 Hazarika, Gautam; Sarangi, Sudipta_2008 Maldonado, Jorge H.; Gonzalez-Vega, Claudio_2008 Todd, Petra E.; Wolpin, Kenneth I._2010
Credit constraints and use of informal credit Main assumptions: microfinance borrowers are better off than other borrowers; there is equal supply of microfinance credit and informal credit;	Islam, Asadul; Nguyen, Chau; Smyth, Russell_2015 Kaboski, JP; Townsend, RM_2005 Menkhoff, Lukas; Rungruxsirivorn, Ornsiri_2011
General welfare, poverty reduction Main assumptions: effects are measurable; effects can be seen in the short run;	Ahlin, Christian; Jiang, Neville_2008 Akotey, Joseph Oscar; Adjasi, Charles K. D._2016 Angelucci, Manuela; Karlan, Dean; Zinman, Jonathan_2015 Banerjee, Abhijit; Karlan, Dean; Zinman, Jonathan_2015 Hermes, Niels; Lensink, Robert_2011 Honohan, Patrick_2008 Imai, Katsushi S.; Arun, Thankom; Annim, Samuel Kobina_2010 Mazumder, Mohummed Shofi Ullah; Lu, Wencong_2015
Entrepreneurial ventures Main assumptions: entrepreneurship is constrained by credit; venture opportunities are available for all; Theories: venture creation, resource dependence.	Augsburg, Britta; De Haas, Ralph; Harmgart, Heike; Meghir, Costas_2015 Bauchet, Jonathan; Morduch, Jonathan_2013 Bradley, Steven W.; McMullen, Jeffery S.; Artz, Kendall; Simiyu, Edward M._2012 Bystroem, Hans N. E._2008 Crepon, Bruno; Devoto, Florencia; Duflo, Esther; Pariente, William_2015 Gras, David; Nason, Robert S._2015 Hartarska, Valentina; Nadolnyak, Denis_2008 Karlan, Dean S.; Zinman, Jonathan_2012 McKernan, SM_2002 Rajbanshi, Ram; Huang, Meng; Wydick, Bruce_2015 Shaw, J_2004 Sun, Sunny Li; Im, Junyon_2015 Swain, Ranjula Bali; Varghese, Adel_2009
Macro level effects Main assumptions: effects can be seen at country level; effects may be different at micro and macro level;	Goodspeed, Tyler Beck_2016 Imai, Katsushi S.; Gaiha, Raghav; Thapa, Ganesh; Annim, Samuel Kobina_2012

TABLE 4

Summary of Lending Design Studies

LENDING DESIGN STUDIES			
Unit of analysis	The loan and the lending process		
Primary research question	How should the lending contract be designed?		
Secondary research questions	How should interest rate be set? How should the contract parties be defined? As group or individual? Men or women? How should the lending contract be bundled? With insurance, with training?		
Lending design on	**Method**	**Theories**	**Papers**
Individual versus group loans	experiments	joint liability, social capital	Gine, Xavier; Karlan, Dean S._2014
	theoretical/modelling	dynamic adverse selection, joint liability, sequential lending, social capital, theory of incentives-contract	Ahlin, Christian; Waters, Brian_2016 Bhole, Bharat; Ogden, Sean_2010 Chowdhury, Shyamal; Chowdhury, Prabal Roy; Sengupta, Kunal_2014 de Quidt, Jonathan; Fetzer, Thiemo; Ghatak, Maitreesh_2016 Townsend, Robert M._2003
Joint-liability loans	theoretical/modelling	joint liability, moral hazard, adverse selection, assortative matching, dynamic incentives	Ahlin, Christian_2015 Allen, Treb_2016 Baland, Jean-Marie; Somanathan, Rohini; Wahhaj, Zaki_2013 Becchetti, Leonardo; Pisani, Fabio_2010 Bond, Philip; Rai, Ashok S._2008 Guttman, Joel M._2008
	empirical	social network, joint liability, expectation states theory, gender theory, venture creation theory, moral hazard, resource dependence, social capital, game theory	Al-Azzam, Moh'd; Hill, R. Carter; Sarangi, Sudipta_2012 Berhane, Guush; Gardebroek, Cornelis; Moll, Henk A. J._2009 Milanov, Hana; Justo, Rachida; Bradley, Steven W._2015 MkNelly, B; Kevane, M_2002 van Eijkel, Remco; Hermes, Niels; Lensink, Robert_2011 Chakravarty, Sugato; Shahriar, Abu Zafar M._2015 Czura, Kristina_2015 Gine, Xavier; Jakiela, Pamela; Karlan, Dean; Morduch, Jonathan_2010
Gender policies	empirical	institutional theory, adverse incorporation, joint liability, women empowerment, gender theory	Howson, Cynthia_2013 Agier, Isabelle; Szafarz, Ariane_2013 Brana, S._2013 D'Espallier, Bert; Guerin, Isabelle; Mersland, Roy_2011 Swamy, Vighneswara_2014 Johnson, S_2004

			Bauer, Michal; Chytilova, Julie; Morduch, Jonathan_2012 Boehe, Dirk Michael; Cruz, Luciano Barin_2013 Zhao, Eric Yanfei; Wry, Tyler_2016
Interest rates	empirical		Karlan, Dean S.; Zinman, Jonathan_2008 Dehejia, Rajeev; Montgomery, Heather; Morduch, Jonathan_2012
Repayment schemes: early repayment, frequency, size of loan repayment, default	empirical	social capital, trust, game theory, joint liability, agency theory	Bjorvatn, Kjetil; Tungodden, Bertil_2010 de Mel, Suresh; McIntosh, Craig; Woodruff, Christopher_2013 Dufhues, Thomas; Buchenrieder, Gertrud; Hoang Dinh Quoc_2012 Field, Erica; Pande, Rohini_2008 Godquin, M_2004 Jain, S; Mansuri, G_2003 Karlan_2005 Mallick, Debdulal_2013 Raghunathan, Uthra K.; Escalante, Cesar L.; Dorfman, Jeffrey H.; Ames, Glenn C. W.; Houston, Jack E._2011 Schicks, Jessica_2014 Vogelgesang, U_2003
	theoretical/modelling	game theory, adverse selection	Shapiro, D. A._2015 Bourles, Renaud; Cozarenco, Anastasia_2014 Tedeschi, GA_2006
Bundling services	theoretical/modelling		Sievers, Merten; Vandenberg, Paul_2007
	quantitative	adverse selection, technology adoption, joint liability, venture creation.	Gine, Xavier; Yang, Dean_2009 McIntosh, Craig_2008 Lepenies, PH_2004 Karlan, Dean; Valdivia, Martin_2011 Banerjee, Abhijit; Duflo, Esther; Hornbeck, Richard_2014 Nguimkeu, Pierre_2014 Hamid, Syed Abdul; Roberts, Jennifer; Mosley, Paul_2011 Verrest, Hebe_2013 Smith, SC_2002

TABLE 5
Summary of MFIs Organisation and Management Studies

MFIs ORGANISATION AND MANAGEMENT STUDIES			
Unit of analysis	MFIs: the suppliers of the loans		
Primary research question	Who are the suppliers of loans in the microfinance movement?		
Secondary questions	How are MFIs governed? What are the existing logics inside MFIs? How MFIs measure performance? Efficiency? Outreach?		
Management studies on	**Method**	**Theories**	**Papers**
MFIs conflicting logics	theoretical	agency theory, joint liability, institutional theory, venture creation theory	Aubert, Cecile; de Janvy, Alain; Sadoulet, Elisabeth_2009 Copestake, James_2007 Kent, Derin; Dacin, M. Tina_2013
	empirical	cognitive evaluation theory, social capital, institutional theory, signalling theory	Field, Erica; Pande, Rohini; Papp, John; Rigol, Natalia_2013 Hermes, Niels; Lensink, Robert; Meesters, Aljar_2011 Khavul, Susanna; Chavez, Helmuth; Bruton, Garry D._2013 Allison, Thomas H.; Davis, Blakley C.; Short, Jeremy C.; Webb, Justin W._2015 Allison, Thomas H.; McKenny, Aaron F.; Short, Jeremy C._2013 Briere, Marie; Szafarz, Ariane_2015 Cobb, J. Adam; Wry, Tyler; Zhao, Eric Yanfei_2016 Kabeer, Naila; Mahmud, Simeen; Isaza Castro, Jairo G._2012 Mersland, Roy; D'Espallier, Bert; Supphellen, Magne_2013 Mersland, Roy; Strom, R. Oystein_2010 Montgomery, Heather; Weiss, John_2011 Roberts, Peter W._2013 Sagamba, Moise; Shchetinin, Oleg; Yusupov, Nurmukhammad_2013 Wagner, Charlotte; Winkler, Adalbert_2013 Zhao, Eric Yanfei; Lounsbury, Michael_2016
MFIs governance	theoretical	ownership theory	Mersland, Roy_2009
	quantitative	life cycle theory, profit-incentive theory, gender theory, ownership theory	Barry, Thierno Amadou; Tacneng, Ruth_2014 Bogan, Vicki L._2012 Chakravarty, Sugato; Pylypiv, Mariya I._2015 Galema, Rients; Lensink, Robert; Mersland, Roy_2012 Hartarska, V_2005 Hollis, A; Sweetman, A_2004 Mersland, Roy; Strom, R. Oystein_2009 Perilleux, Anais; Szafarz, Ariane_2015 Randoy, Trond; Strom, R. Oystein; Mersland, Roy_2015

			Servin, Roselia; Lensink, Robert; van den Berg, Marrit_2012 Strom, Reidar Oystein; D'Espallier, Bert; Mersland, Roy_2014
MFIs operations	theoretical	asymmetric information	Ghosh, Suman; Van Tassel, Eric_2013
	empirical	agency theory, gender theory, venture creation theory, transaction costs, signalling theory, lending theory, game theory	Beck, Erin_2016 Mair, Johanna; Wolf, Miriam; Seelos, Christian_2016 Pretes, M_2002 Ahlin, Christian; Lin, Jocelyn; Maio, Michael_2011 Bos, Jaap W. B.; Millone, Matteo_2015 Cull, Robert; Demirguec-Kunt, Asli; Morduch, Jonathan_2011 Hudon, Marek; Traca, Daniel_2011 Mallick, Debdulal_2012 Monne, Jerome; Louche, Celine; Villa, Christophe_2016 Moss, Todd W.; Neubaum, Donald O.; Meyskens, Moriah_2015 Patten, RH; Rosengard, JK; Johnston, DE_2001 Salim, Mir M._2013
MFIs indicators	theoretical	joint liability, sustainability	Bond, Philip; Rai, Ashok S._2009
	empirical	sustainability theory	Navajas, S; Schreiner, M; Meyer, RL; Gonzalez-Vega, C; Rodriguez-Meza, J_2000 Amin, S; Rai, AS; Topa, G_2003 Cull, Robert; Navajas, Sergio; Nishida, Ippei; Zeiler, Renate_2015 Cull, Robert; Spreng, Connor P._2011 Hartarska, Valentina; Shen, Xuan; Mersland, Roy_2013 Lonborg, Jonas Helth; Rasmussen, Ole Dahl_2014 Louis, Philippe; Seret, Alex; Baesens, Bart_2013 Matin, I; Hulme, D_2003 Park, A; Ren, CQ_2001
MFIs competition	theoretical/modelling	adverse selection, game theory, Bertrand competition	Andersen, TB; Malchow-Moller, N_2006 Guha, Brishti; Chowdhury, Prabal Roy_2013 McIntosh, C; Wydick, B_2005 Mookherjee, D.; Motta, A._2016 Tsai, KS_2004
	quantitative	game theory	Ly, Pierre; Mason, Geri_2012
MFIs people management	qualitative	institutional theory, organisational identity	Battilana, Julie; Dorado, Silvia_2010 Ozen, Sukru; Akkemik, K. Ali_2012 Radhakrishnan, Smitha_2015 Agier, Isabelle; Szafarz, Ariane_2013

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SOCIAL NETWORK TIES AS DRIVERS OF ENTREPRENEURIAL VENTURES IN SUB-SAHARAN AFRICA: SUBSTITUTES OR COMPLEMENTS?

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ABSTRACT

While attempting to launch and sustain a new venture in general, can be risky and challenging, the obstacles of launching a business in Sub-Saharan Africa seem to be even more daunting. With weak political structures, poor infrastructure and lack of resources, entrepreneurs in this region often rely on social network ties to marshal the resources needed to launch and sustain a new business venture. This research delves deeper into these challenges by exploring the influence of gender, level of alignment with governmental policies, and degree of new venture novelty on the use of social network ties as substitutes and complements to formal institutional support. Both theoretical and practical implications are discussed as well as implications for future research.
Keywords: *Social Networks, Entrepreneurship, Africa, Institutional Barriers, Governmental Policies*

INTRODUCTION

The paper of entrepreneurship in the sub-Saharan Africa context is recently attracting a great deal of scholarly attention. While entrepreneurship as an academic discipline is by now well-established as a distinct scholarly domain, the overwhelming scholarly emphasis has been and continues to be the western and Asian context (Bruton, 2010; Zoogah & Nkomo, 2013). As the pace of economic growth and foreign direct investment in sub-Saharan Africa accelerates (IMF, 2016), scholars, practitioners and policy-makers have begun to explore the various opportunities and challenges associated with such economic growth. Entrepreneurship, as an important engine of economic growth (Audretsch, Keilbach & Lehmann, 2006; Schumpeter, 1934), in particular is gaining substantial attention (Vermeire & Bruton, 2016). Entrepreneurship researchers have begun to paper the profiles of African entrepreneurs, the process of new venture creation activities as well as the associated promise and multi-level constraints unique to this part of the world (Devine

& Kiggundu, 2016; Kiggundu, 2002; Takyi-Asiedu, 1993).

The challenges of launching and sustaining entrepreneurial ventures in sub-Saharan Africa are multi-faceted. Prospective entrepreneurs are often faced with lack of financial resources (capital), adequate business training and role models (Kiggundu, 2002; Rivera-Santos, Holt, Littlewood & Kolk, 2015). At the more macro-level, much of the economic environment in sub-Saharan Africa is fraught with poor infrastructure, informal local governance arrangements, and inefficient bureaucratic red tape. In addition, the absence of robust formal institutional support and a regulatory environment collectively pose a significant challenge in fostering entrepreneurship in sub-Saharan Africa (De Soto, 2000; Zoogah, Peng & Woldu, 2015). Given these formidable social and institutional barriers, much of the entrepreneurial activity in sub- Saharan Africa has increasingly relied on informal institutional modes of organizing. In particular, scholars have pointed out the critical role entrepreneur social networks play in sub-Saharan African context. While social networks have been shown to facilitate the entrepreneurial process in the mainstream entrepreneurship literature, there is a growing realization that entrepreneurs' social network ties could play an essential role in fostering entrepreneurship.

This paper contributes to the on-going scholarly work by exploring the important role entrepreneurs' social networks play in the absence of robust formal institutional support for entrepreneurship. We propose that given the social and institutional impediments to launching and sustaining entrepreneurial ventures, entrepreneurs in sub-Saharan Africa are more likely to use their social network ties as substitutes, instead of complements, in seeking formal institutional support. Specifically, this paper addresses the following two research questions: *(1) what role do social network ties play in fostering entrepreneurship in the absence of robust institutional support? (2) what are the conditions under which social network ties serve as substitutes or complements to formal institutional support for entrepreneurship?* In exploring these research questions, we seek to highlight the role social network ties play in facilitating all stages of the entrepreneurial process including opportunity identification, organizing and growth (expansion). We draw from social capital theory (Adler & Kwon, 2002) as well as insights from the literature on institutional predictors of entrepreneurship in developing our arguments.

The paper is organized as follows. We will first present a brief overview of the social and institutional barriers of new venture creation sub-Saharan Africa. The next section will discuss the role entrepreneurs' social networks play in fostering entrepreneurship in sub-Saharan Africa. We will then present our theoretical model identifying the conditions under which entrepreneur's social networks could serve as substitutes or complements along with specific propositions. We will conclude with discussing the theoretical and practical implications of our conceptual model.

SOCIAL AND INSTITUTIONAL BARRIERS OF NEW VENTURE CREATION IN SUB-SAHARAN AFRICA

Entrepreneurship contributes to more than half of the production of goods and services in the developing countries (Godfrey, 2011) where most entrepreneurial activities are considered to be informal sector. New venture creation failure rates are high in sub-Saharan Africa. New venture creation is a result of a concerted effort of entrepreneurs, institutions and procedures.

Studies show that many enterprises are started but only a few succeed due to internal and external factors. Internal factors include demographic characteristics such as the entrepreneur personality traits, competency, gender, behavioral patterns, race/ethnicity and prior experience (Kiggundu,

2002). External factors include social support mechanisms such as networks, role models, social status, social capital, institutional support which include laws, regulations, enforcement of laws and access to financial capital. While these challenges to new venture creation are universal they are however more pronounced in the case of developing countries; especially sub-Saharan Africa.

Entrepreneurship in sub-Saharan Africa faces peculiar challenges that are inherent in the political, cultural and institutional systems. Sub-Saharan African countries have four characteristics which, though not unique to Africa which are very important social contextual dimensions: poverty, informality, and the historical-political contextual dimensions, namely tribal and colonization (Kolk & Rivera-Santos, 2016). Most sub-Saharan countries were colonized by the British, Dutch, German, French, and Portuguese. Most of the countries got their independence in the 1960's, the latest in 1994 when South Africa's apartheid regime ended.

Thus, governance systems and institutions are a blend of the colonial systems with the indigenous systems that were in place before and during colonization. The way of life in the region is a mixture of formal and informal systems. In this region, informal systems are still acceptable practice in official business transactions (Hearn, Oxelheim & Randøy, 2016).

Many countries in the region underwent structural adjustment programs and decentralization of the economies in the 1980's and 1990's as a requirement from international organizations such as the International Monetary Fund (IMF) and the World Bank (Muuka, 1997) for qualification for international financial aid. As such, their economic systems are still developing. Governments were forced to lay off many employees who could not all be absorbed in the private sector. This led to high unemployment. Massive layoffs in the government sector led to an increase in the informal sector for example in Kenya it increased from 4% in the 1970s to 50% in 1994 (Sparks & Barnett, 2010). The informal sector accounts for 50-75% of employment in sub-Saharan Africa (Sparks & Barnett, 2010). Economic activity in sub-Saharan African occurs in the informal sector which is characterized by poor record keeping (Bardasi, Blackden & Guzman, 2007). Entrepreneurial activities are informal and considered as unemployment. People believe that true employment only exists when one is employed in the public sector, within a large corporation or within an industry.

Sub-Saharan African countries are characterized by institutional voids (Marano, Tashman & Kostova, 2016). Corporate governance laws and regulations are underdeveloped and there is weak enforcement where they exist. The countries are also highly bureaucratic and corruption levels are high, with most countries being ranked among the most corrupt in the world (Munisi, Hermes & Randøy, 2014). This has led to lack of trust in formal institutions. For example, research by Bratton and Gyimah-Boadi (2016) at Afrobarometer shows that Africans expressed more trust in informal institutions than in formal ones (72% in religious leaders, 61% in traditional leaders, and 54% in formal executive agencies). Informal institutional systems are intertwined with formal systems and acceptable in corporate business in sub-Saharan Africa.

This underscores the importance of informal systems in sub-Saharan Africa.

Poverty is another issue though not specific to sub-Saharan Africa alone it has major consequences on new venture creation. More than 70% of the population in the region lives in rural areas whose livelihood is based on agriculture and over 40% of the population lives in poverty (Amine & Staub, 2009). Over 350 million people live on less than US$1 per day (Kshetri, 2011). Micro and small enterprises (MSE) play critical roles in economic growth by providing employment, goods and services for this population (Vandenberg, 2009).

Microenterprises are described as businesses that employ one to three employees who are mainly

family members. Forty-eight percent of them are owned by women and only 2% of businesses in Africa have 10 or more employees (Spring, 2009). The region has also been affected by HIV/AIDS pandemic further exacerbating poverty. Many families have been affected by HIV/AIDS and many of the young people in the economic productive years have succumbed to the disease leaving orphans to be cared for by old parents and young siblings mostly women.
This has further contributed to poverty.

Formal institutions that support new venture creation are inadequate or inaccessible by many people. Institutions are an important part of market economy and effective corporate governance. They help reduce risk (Lewellyn & Bao, 2014), regulate market activities and offer market information to stakeholders, thus reducing information asymmetry and agency costs ((Meyer, Estrin, Bhaumik & Peng, 2009). Strong formal institutional systems enable free exchange of information, goods, and services in an economy. Weak systems fail to ensure free market flow and, in some cases, may undermine the free market (Meyer et al., 2009). Developing countries have weak institutions or institutional voids which create social, regulatory, and political uncertainty which limit the development and flow of information and resources (George, Corbishley, Khayesi, Haas & Tihanyi, 2016; Marano et al., 2016; Meyer et al., 2009;
Peng, Wang & Jiang, 2008). Education levels are low as compared to other regions leading to poor managerial skills in entrepreneurship. There is lack of capital for new venture creation and collateral for loans from formal financial institutions is lacking. There is absence of accurate market information on business. Thus, entrepreneurs use social networks to provide support and act as sources of information for new venture creation (George et al., 2016; Kuada, 2009; Rutashobya, Allan & Nilsson, 2009). Furthermore, use of information for communication technology is still lagging behind other regions (Amine & Staub, 2009; Kiggundu, 2002; Kshetri, 2011).

Sub-Saharan Africa has extreme intra-national diversity in terms of ethnicity and languages and members highly self-identify with their ethnic backgrounds. Most of the conflicts in the region arise from ethnicity and tribal contexts. Africa has over 2,000 spoken languages (George et al., 2016) accounting for twenty five percent of all languages spoken in the world.
Cultural aspects such as ethnicity and language diversity also have an effect on new venture creation. Many socio-cultural challenges to new venture creation in sub-Saharan Africa are related to property ownership and inheritance structures. Getting credit from formal financial institutions requires collateral to mitigate the risk associated with credit. Land title deeds are most accepted form of collateral. Therefore, many poor people, in rural areas, particularly women who do not own land, have no access to formal credit facilities. Also, the length of time it takes to apply for a license and other paper work to start a business is inhibiting. It has been shown that it can take up to 155 days to process the registration of a business (Amine & Staub, 2009; Kshetri, 2011). Finally, there is also gender discrimination in terms of land and property ownership and inheritance. Women in most communities do not own property (Aterido, Beck & Iacovone, 2013).

The social structures in this region are highly patriarchal. The formal institutions are male dominated which can be intimidating to women especially from rural communities. The gender roles are such that women bear most of the reproductive and productive roles (Amine & Staub, 2009; Ellis et al., 2007; Kiggundu, 2002; Klapper & Parker, 2011) giving less time to attend to entrepreneurship and other personal development such as education, etc. Access to education is also biased resulting in women receiving less formal education. For many years educating women was viewed as a liability and not a necessity because they would get married and transfer the

wealth to another community. Local beliefs that a woman's place is in the home has contributed to fewer women gaining formal education and seeking opportunities outside the home. Many female-owned MSEs are operated from home on part-time basis because women have to attend to the other family-related roles. Female owned businesses tend to be younger than male owned and fewer women are less likely to own a formal business is sub-Saharan Africa (Bardasi et al., 2007). Female owned MSEs are mainly in the service industry accounting for up to 75% compared to just 48% of male entrepreneurs (Bardasi et al., 2007). More women become involved in entrepreneurship as a survival mechanism than their male counterparts (Vossenberg, 2013). The successful African entrepreneurship sector is male dominated who tend to be more educated than women (Amine & Staub, 2009; Klapper & Starks, 2011). Female entrepreneurs contribute to growth of micro and small sized enterprises which have been reported to have high failure rates within the first five years (Kiggundu, 2002).

ROLE OF SOCIAL NETWORK TIES IN FOSTERING ENTREPRENEURSHIP-A STAGE APPROACH

Entrepreneurs often create and develop social networks in order to gain access to resources which facilitate venture creation activity. These social network connections provide an invaluable source of social capital in the form of information, support, creativity, funding, credentials and many other resources (Aldrich & Martinez, 2001; Aldrich & Zimmer, 1986; Lin, 2001; Shane & Venkataraman, 2000). The relationships contained within the network are vital to the exchange of information, services and goods (Batjargal et al., 2013; Bruggeman, 2008; Granovetter, 1985). Across the venture creation stages the entrepreneur continues to seek out network relationships which are valuable, continuously accessible, reliable and which supply a great variety of resources. According to Granovetter (1973) overlapping networks with other entrepreneurs, business people and organizations creates more opportunity and information sharing which in turn influence venture success.

We know from the extant literature that the entrepreneur's social network is dynamic in nature; ever changing based on the resources needed during different stages of the venture start-up process (Aldrich & Martinez, 2001; Kossinets & Watts, 2006; Levie & Lichtenstein, 2010; Ozgen & Baron, 2007). As such, during the opportunity identification stage an entrepreneur may rely heavily on social network connections which allow for introduction to new opportunities or which recognize the need for a novel product or service. At this stage in the venture creation process ideas are examined and developed through receiving feedback from network ties and solutions to market imperfections can be easily recognized and validated (Renzulli, Aldrich & Moody, 2000). Research has found that the opportunity identification stage is greatly influenced by potential social network relationships (Ozgen & Baron, 2007; Shane & Venkataraman, 2000). Furthermore, lacking network ties at this stage can be detrimental to opportunity identification as having too few ties may lead to information redundancy and lack of support for a viable entrepreneurial concept (Li, Wang, Huang & Bai, 2013; Light & Dana, 2013; Lin, 2001).

During the organizing stage, the entrepreneur begins to organize the resources necessary for venture launch. This stage of venture activity is extremely significant as the entrepreneur's idea makes a transition from recognized opportunity to action. The resources assembled can be tangible, in the form of property and financial capital (Katz & Gartner, 1988) or they can be intangible in the form of credit, information or knowledge, reputation and of course introduction

to more powerful network ties (Greve & Salaff, 2003). The entrepreneur's goal during this stage is to identify the means to acquire the needed resources for venture start-up. It is important at this stage for entrepreneurs to create network connections with established business individuals who may possess information, knowledge, skills and abilities from which entrepreneur may benefit (Bruni, Gherardi & Poggio, 2004; Greve & Salaff, 2003). Furthermore, networks spanning multiple domains of social life apparently provide entrepreneurs with greater access to many different types of resources (Renzulli et. al, 2000). The resources gathered from the social network at this stage are integral to fostering a foundation for venture start-up such as financial capital and business plan development.

Finally, in the growth and expansion stage, the entrepreneur begins to focus on long term viability, growth and expansion. By this point, the entrepreneur has used his network ties to assemble resources to maintain long term success and business sustainability (Murphy, Trailer & Hill, 1996; Renski, 2009). During this stage, the start-up is hoped to be economically stable with network ties now supplying resources for diversification of product lines and expansion of business scope. As the scope of venture activity begins to shift toward expansion, so does the need for network connections. Network connections which allow for introduction to long term labor markets and new distribution channels, for example, are particularly helpful during the growth and expansion stage. The entrepreneur will create and sever ties within the social network, just as in previous stages, in order to acquire and sustain the necessary resources that will allow the entrepreneur to achieve growth and expansion (Granovetter, 1985; Kossinets & Watts, 2006). For this reason, social network ties are a necessity in fostering entrepreneurial activity.

SOCIAL NETWORK TIES, FORMAL INSTITUTIONAL SUPPORT AND ENTREPRENEURSHIP IN SUB-SAHARAN AFRICA-SUBSTITUTES OR COMPLEMENTS?

The core argument of this paper revolves around the notion that entrepreneurs' social network ties serve primarily as substitutes to formal institutional support due to the absence of robust institutional infrastructure and support mechanisms for entrepreneurship. Specifically, we propose that entrepreneurs' social network ties either substitute or complement the rudimentary support from formal institutions (such as government agencies, training and financial institutions).

Figure 1 presents the research model of the paper. This model presents a contingency view on the role of entrepreneurial social network ties by proposing the conditions under which they might serve as substitutes and complements to formal institutional support. In particular, three contingencies (moderators) are proposed that determine whether entrepreneurs' social network ties serve as substitutes or complements: *entrepreneur's gender*, *degree of new venture novelty* and the *level of alignment of new venture with governmental policies*. We propose that entrepreneurial gender serves as an important moderator, as female entrepreneurs, both within and outside of Africa, are more likely to face more difficult challenges than male entrepreneurs in accessing formal institutional support.

In addition, we propose that the extent to which the new venture's business model is novel influences whether entrepreneurs' social network ties serve as substitutes or complements given that newer business models are less likely to attract the support of formal institutions.

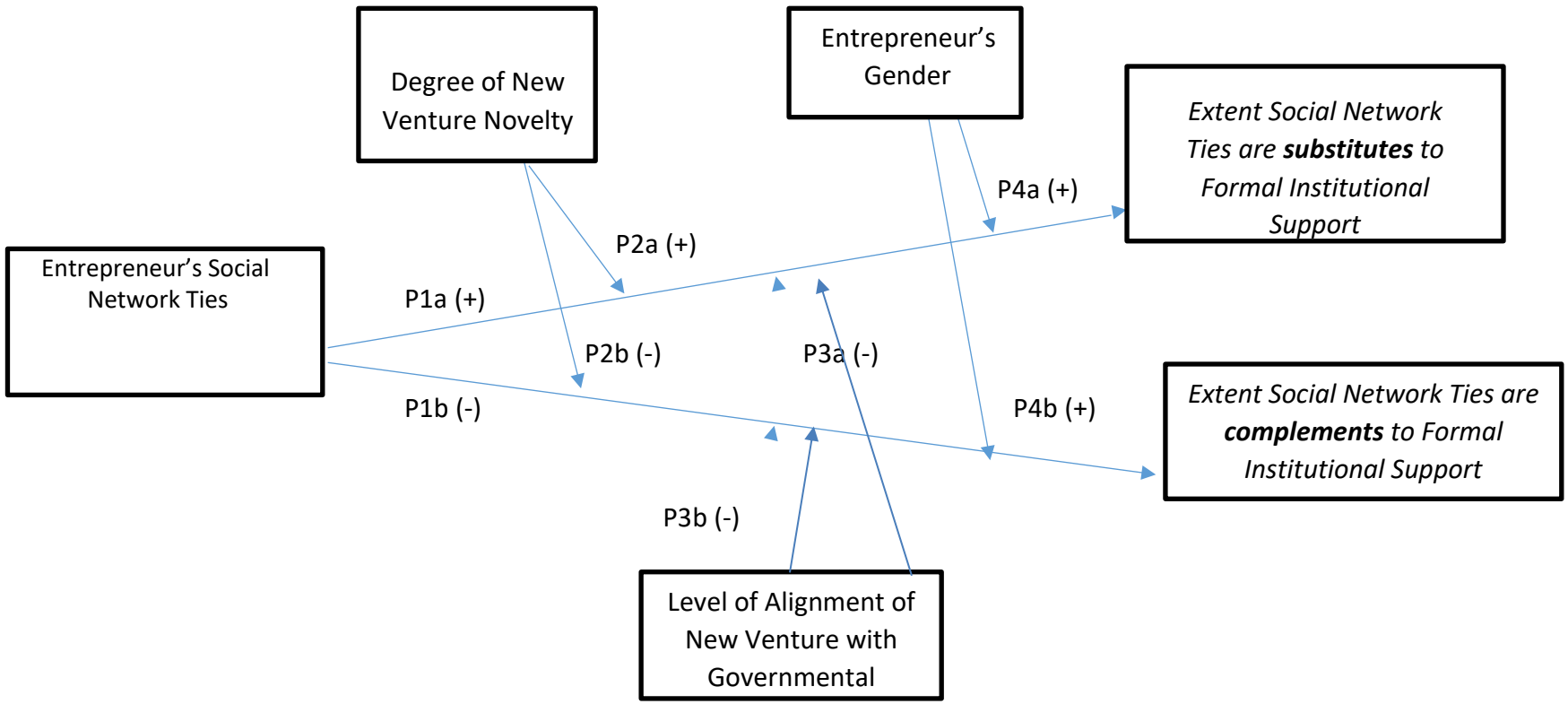
Finally, from a more macro perspective, we propose that the degree of alignment between the new venture's business model and existing governmental policies will to a large extent determine if

entrepreneurs' social network ties serve as substitutes or complements. In sum, the research model begins with the notion that entrepreneurs' social network ties serve as a substitute for formal institutional support in the African context. The model then further elaborates on the conditions under which these social network ties could serve as complements or substitutes. In the next section, we will present theoretically-driven propositions and the model's overall contribution to entrepreneurship research Africa.

TABLE 1
Role of Social Network Ties in Fostering Entrepreneurship in Sub-Saharan Africa

Entrepreneurship Stage	Description of Stage	Role of Entrepreneur's Social Network Ties
Opportunity Identification	This stage focuses on the process through which individuals identify and develop business opportunities using information gathered from their immediate business environment	**- Idea filtering/vetting** **- Idea validation** **- Informal channel for environmental scanning** **- Platforms for framing social and economic grievances as business opportunities** **- Mediums for economic activism**
Organizing	In this stage, nascent entrepreneurs take additional steps necessary to transform the promising entrepreneurial opportunity into a new venture start-up. Activities include securing initial funding, obtaining training and developing a business plan	**- Provision of resources** **- Help overcome institutional roadblocks** **- Bridge information asymmetry** **- Assist in social legitimacy**
Growth & Expansion	**This entrepreneurial stage involves the active pursuit of market expansion by the entrepreneur via serving additional customers and/or diversifying the scope of the firm by launching new products and services**	**- Mediums for the redefinition of business purpose and/or scope** **- means of social validation that attract formal institutional support**

FIGURE 1
A Contingency Model of Entrepreneurs' Social Network Ties as Substitutes and Complements



Social Network Ties as Substitutes and Complements of Formal Institutional Support

There is a strong body of empirical evidence suggesting that social network ties play a critical role in launching and growing new entrepreneurial ventures (Birley, 1985; De Carolis, Litzky & Eddleston, 2009; Hoang & Antoncic, 2003). Drawing from earlier sociological works (Burt, 1997; Granovetter, 1973), entrepreneurship scholars have shown that individuals use their personal network ties to identify and refine entrepreneurial opportunities (e.g. Arenius & Clercq, 2005; De Carolis & Saparito, 2006; Ma, Huang & Shenkar, 2011). In addition, studies have shown that entrepreneurs rely on their social network ties for emotional and resource support during the start-up process (Abebe, Gangadharan & Sutanonpaiboon, 2014; Sequeira, Mueller & McGee, 2007). Some studies have also shown that entrepreneurs' social network ties facilitate firm growth and expansion (Batjargal et al., 2013; Premaratne, 2001). Despite the burgeoning empirical evidence on the role of social networks, the underlying theme in much of the literature has been that social networks work in tandem with established formal institutions such as government agencies and financial institutions in providing assistance to entrepreneurs. This underlying theme, while reasonably appropriate for more developed economies, is inconsistent with the current realities in sub-Saharan Africa. Unlike much of the western world, and to some extent Asian contexts, entrepreneurship in the sub-Saharan African region has traditionally been characterized by a critical lack of support from formal political and economic institutions (Zoogah et al., 2015). Entrepreneurs seeking to launch a new venture often face a chronic lack of capital (Aterido et al., 2013), arcane bureaucratic red tape (Kshetri, 2011) as well as a meager opportunity for human and social capital development (Vermeire & Bruton, 2016).

The lack of robust political and economic institutions that can support entrepreneurial activity has been identified as a major impediment to economic growth in sub-Saharan Africa (George et al., 2016; Kiggundu, 2002; Mbaku, 2004; Rivera-Santos et al., 2015). Pervasive corruption and undue regulatory mandates often create significant barriers to aspiring entrepreneurs to start a business (Mbaku, 2004; Zoogah et al., 2015). Given the conspicuous lack of robust institutional support, we propose that African entrepreneurs rely more on their social network ties to foster their entrepreneurial ventures. Specifically, we argue that the lack of non- trivial instrumental support from formal political and economic institutions in Africa forces entrepreneurs to cultivate creative ways of utilizing their social network ties to raise the necessary capital, refine their business plans, obtain relevant information and reach out to key target market. Accordingly, we propose that, in the majority of instances, entrepreneurs in sub- Saharan Africa will use their social network ties to circumvent the lack of support from formal institutions. Based on the discussion above, we propose the following:

Proposition 1a: Entrepreneurs' Social Network Ties are more likely to serve as substitutes to formal institutional support for entrepreneurs in Sub-Saharan Africa.

Proposition 1b: Entrepreneurs' Social Network Ties are less likely to serve as complements to formal institutional support for entrepreneurs in Sub-Saharan Africa.

Degree of New Venture Novelty as a Moderator

During venture start-up, entrepreneurs often seek out assistance from formal institutional support such as financial institutions, small and medium scale industries development agencies, seed initiatives, business incubators, and small business development centers. Aspiring entrepreneurs turn to both their social network connections as well as these support services when they are in need of resources to which they currently do not have access. Formal institutional

support sources typically offer similar resources to those provided by the social network, in addition to resources such as funding, disaster recovery assistance, low-cost training, assistance with business plan development and market research (Ekeledo & Bewayo, 2009).

In Sub-Saharan Africa, social network connections may be the only access to resources, creating a challenge for entrepreneurs to find required resources by some other means. Formal institutional support systems can very successfully fill this void when properly designed and implemented (Greif, 2006; Khanna & Palepu, 1997). However, in Sub-Saharan Africa new venture novelty may influence a venture's ability to take advantage of these formal resources; particularly in cases where the proposed business model or business concept is unique or has never been seen before. Amongst the heap of challenges in creating or expanding a start-up in Sub-Saharan Africa is new venture novelty. Formal institutional supports are created as a mechanism for advancement of new venture creation, by providing assistance to local entrepreneurs. Small business development in this region remains a challenge due to lack of infrastructure, ineffective and inefficient business regulation, lack of financial resources and lack of entrepreneurial knowledge and skill (Legas, 2015). Furthermore, a more pertinent challenge is that in many cases non-traditional business models and innovative business approaches which are unique or never used before may be perceived by the formal institutional support systems as ambiguous and risky. When denied support from formal institutional supports because of new venture novelty, entrepreneurs in this region are left with no other options but to rely on social network ties and other informal support sources in order to continue venture activity. Even in cases where support is given by the formal institutional support source and the business model or concept has a lesser degree of novelty, the entrepreneurs may still look to their network ties for most needed resources as their new venture novelty may limit the resources provided by the formal support sources. Based on the discussion above, we propose the following:

Proposition 2a: Entrepreneurs' Social Network Ties are more likely to serve as substitutes to formal institutional support when there is high new venture novelty.

Proposition 2b: Entrepreneurs' Social Network Ties are less likely to serve as complements to formal institutional support when there is high new venture novelty.

Alignment of New Venture with Governmental Policies as a Moderator

Government policies influence entrepreneurial activity both by encouraging and discouraging new venture creation. Policies will discourage new venture creation if entrepreneurs have to spend so much time and money in the licensing and registration process and be accountable to multiple offices and too many rules and regulations (Gnyawali & Fogel, 1994). Enterprises can be created as a result of government policies while other new ventures will precede government policy. Enterprises started in response to a government policy are most likely to be aligned with formal institutions. Social network ties are less likely to be substitutes in cases where new ventures are aligned with government policy. Rather, social capital will act as complement.

The information and communication technology has provided an opportunity for many new ventures to be created in sub-Saharan Africa. Mobile technology has created a new market for mobile banking where formal banking and credit services aren't typically available for many people (George et al.,2016). With mobile phones, many people have access to "banking" and can transact business through their mobile phones – including paying bills, purchasing groceries, sending money to family and friends, etc. For example, the M-Pesa in Kenya, which was launched in 2007, has revolutionized the concept of micro-business and created opportunities for new

venture creation (Hughes & Lonie, 2007; Mbogo, 2010). There are many M-Pesa kiosks all over the country which sell pre-paid mobile phone cards and process M-Pesa transactions. Most people use the M-Pesa mobile banking services based on their trust of Safaricom system (mobile banking platform) and the president of Safaricom. However, there is mistrust of formal banks and politicians according to Morawczynski and Miscione (2008) in the same areas where M-Pesa kiosks were used.

MSEs that grow out of government policy include infrastructure development such as provision of electricity, sustainable and renewable energy, implementation of information and communication technology services. An example is the Kenya Rural Electrification Program that was started by the government to provide electricity to all parts of the country. Many new ventures have been created to meet this need of supplying energy not to mention new ventures created to use the electricity. As a result, these industries are likely to be aligned with governmental policies and will use social network ties as complements. Based on the discussion above, we propose the following:

Proposition 3a: Entrepreneurs' Social Network Ties are less likely to serve as substitutes to formal institutional support when there is high level of alignment of the entrepreneur's ventures with established government policies.

Proposition 3b: Entrepreneurs' Social Network Ties are more likely to serve as complements to formal institutional support when there is high level of alignment of the entrepreneur's ventures with established government policies.

Entrepreneur Gender as a Moderator

Generally accepted gender roles in Sub-Saharan Africa, like many other parts of the world, leave women responsible for productive and reproductive roles thus creating less time to engage in entrepreneurship (Kiggundu, 2002; Klapper & Parker, 2011). The amount of time required to process an application for starting a new business is very long and not without red tape, hindering women's participation in new venture creation. Considering the other roles women fill as homemakers and formal institutions being viewed as intimidating, low literacy levels make women less likely to pursue funding with formal financial institutions. These inhibiting factors lead women to use social network ties to get their new ventures started, thus social network ties will substitute for formal institutional support more so for women than men. Informal institutions such as social network ties become very important in circumstances where formal institutions are lacking or inaccessible (George et al., 2016)

Formal financial institutions are less likely to extend credit to women and they charge women higher interest rates (Aterido et al., 2013; Bardasi et al., 2007; Klapper & Parker, 2011). Studies have shown that women tend to have more challenges in securing credit from formal financial institutions than men and rely on capital supplied by social network relationships (Kuada, 2009). Women will also rely more on friendships and networks for emotional and moral support for their business especially at the start of new ventures (Kuada, 2009; Rutashobya et al., 2009). Women have more family and friends in their social networks while men have more outsiders - business people, colleagues and tribesmen (Greve & Salaff, 2003; Rutashobya et al., 2009). Outsiders are more likely to be connected to formal institutions. Therefore, men are likely to use their social networks as complements while women use their networks as substitutes.

Institutional constraints such as crime, corruption, access to finance and cost of finance negatively affect women more than men (Bardasi et al., 2008). Women participate in micro and

small enterprises and account for about 43% (Bardasi et al., 2008). Barriers to formalization such as the lengthy business application process and red tape hinder women from participating in formal enterprises. Women use social network ties as an alternative to formal institutional support (Kiggundu, 2002). Informal credit sources such as family/friends, rotating savings and credits organizations (ROSCAS), and indigenous savings are dependent on social network ties.

The success of the Grameen Bank is a similar example of microfinance for women's entrepreneurship initiatives based on social capital and social network ties. Informal credit also does not require collateral and charges little or no interest. In addition, less bureaucracy exists in the lending process allowing for more participation and offering of small or short-term loans.These conditions are particularly favorable for women and less educated (Hanedar, Altunbas & Bazzana, 2012; Nguyet, 2014). Young MSEs use non-collateral substitutes to finance their ventures (Hanedar, Broccardo & Bazzana, 2014; Nguyet, 2014) and other firms that have access to collateral and access to formal credit sources use non-collateral methods as complementary sources. Small, young enterprises located in rural areas are likely to use informal credit (Nguyet, 2014) which is based on social network ties as substitutes for the formal systems. Women have more strong ties compared to men (Rutashobya, et al., 2009; Redd, 2014) and therefore are more likely to use their social network ties as substitutes to formal institutions while men use their social networks as complements. Based on the discussion above, we propose the following:

Proposition 4a: Entrepreneurs' Social Network Ties are more likely to serve as substitutes to formal institutional support for female entrepreneurs.

Proposition 4b: Entrepreneurs' Social Network Ties are more likely to serve as complements to formal institutional support for male entrepreneurs.

DISCUSSION AND IMPLICATIONS

This paper makes a number of contributions to on-going scholarly research on entrepreneurship and social networks. Much of the theorizing and empirical evidence in this area has pointed out to the instrumental role of social networks in facilitating new venture creation and nascent behavior along with formal institutional support. In this paper, we advance the notion that social networks play an even more critical role for entrepreneurs in sub-Saharan Africa given the lack of robust support from formal institutions. By proposing that entrepreneurial networks primarily serve as substitutes to formal institutional support, we extend the scholarly understanding of the role social networks play in fostering entrepreneurship in emerging economies. Contrary to the taken-for-granted assumption in the mainstream entrepreneurship literature that entrepreneurs access social and institutional support with relative ease, our argument contends that this is not the case in emerging economies such as sub-Saharan Africa. This assertion is expected to advance research on social networks and entrepreneurship in this region. Our argument that social network ties fill the "entrepreneurial void" by allowing African entrepreneurs to perform important activities in the new venture creation process (such as financing, business plan preparation, resource and emotional support, reduction of information asymmetry) further extends the way we perceive the role of social networks in emerging economies. Essentially, this argument sheds additional light on the improvisational and unconventional ways social networks support entrepreneurial initiatives in sub-Saharan Africa.

In addition, our paper proposed a number of boundary conditions that dictate the conditions

under which social network ties serve as substitutes or complements among sub-Saharan African entrepreneurs. By identifying individual (i.e. entrepreneurial gender), organizational (i.e. degree of novelty of new venture) and institutional (i.e. degree of alignment between new venture and country's policies) contingencies, this paper contributes to the scholarly literature on network-based entrepreneurship (Hoang & Antoncic, 2003). Providing these boundary conditions will spur more empirical research, particularly in sub-Saharan Africa, on how the conditions under which entrepreneurs' social network ties facilitate the emergence and growth of new ventures. Our assertion that entrepreneurs' social networks tend to serve more as substitutes than complements for some entrepreneurs (e.g. women) and some ventures (more innovative new ventures) invites more scholarly inquiry as to whether the entrepreneur's demographic background and/or competitive context has something to do with their reliance on social network ties as alternative modes of organizing.

In addition to its scholarly contributions, the proposed theoretical model in this paper also has some practical implications to entrepreneurial activities in sub-Saharan Africa. Our thesis that entrepreneurs use their social network ties as substitutes to formal institutional support provides insight on the alternative mechanisms entrepreneurs use to launch and grow their new ventures in sub-Saharan Africa. One implication of our theoretical discussion is that individuals with active entrepreneurial intentions in sub-Saharan Africa not only need to bolster their social network ties but also the need to consider whether the composition of their network ties are heterogeneous enough to serve as versatile mediums for providing financial, informational and expertise-based resources. Furthermore, our theoretical discussion on the boundary conditions that determine the conditions under which social network ties serve as substitutes or complements raises the need for stronger institutional capacity-building and strengthening of governance reforms in many of Africa's formal institutions. As such, the discussions in this paper serve as a potential catalyst to engage policy makers on ways of improving formal institutional support for entrepreneurship in sub-Saharan Africa.

CONCLUSION

As we continue to expand the literature of the field involving the rise and fall of small business in developing countries, it is important that we continue to focus our research on areas such as Sub-Saharan Africa. Fostering entrepreneurial activity in areas which have weak political structures, challenges with infrastructure, and are plagued with social and medical deficiencies are the areas most in need of creativity and innovation to improve quality of life and well-being. Fostering entrepreneurship leads to innovative solutions and creates incentive to build more efficient institutional support systems both formally and informally as it seems the inefficiencies of one seems to create the need for the other. We hope our focus on Sub-Saharan Africa creates insight and direction into the entrepreneurial challenges faced in this particular region and that this may further spark interest in researching and developing entrepreneurial best practices in similar developing areas.

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DIVERSITY OF ENTREPRENEURIAL FUNDING FOR HIGH-IMPACT ENTREPRENEURSHIP IN SUB-SAHARAN AFRICA

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ABSTRACT

High-impact entrepreneurs tend to revolutionize the societies in which they operate and contribute to substantial job creation. The impact they have on the economy and society is disproportionately large compared to moderate or low-growth entrepreneurs. This paper presents a view of how high-impact entrepreneurship in the sub-Saharan African context is catalyzed through a range of emerging funding channels and complements the traditional micro-finance sector which supports low-growth entrepreneurs. The new avenues that are opening for high-impact entrepreneurs to finance their entrepreneurial endeavors across sub-Saharan Africa needs to be further studied and this paper proposes a framework to better understand the nexus connecting high-impact entrepreneurship, financing strategies, and policy and non-profit organizations in sub-Saharan Africa.

Keywords: High Impact Entrepreneurship; Sub-Saharan Africa; Alternative Finance; Financial Services Sector

INTRODUCTION

Investors give entrepreneurs more than merely money. Macht and Robinson (2009) have documented how entrepreneurs benefit from business angel investors beyond access to financing, including coaching and the introduction to social networks that are crucial to business development. In addition, every form of financing comes with benefits and limitations. Fairchild (2011) emphasized that entrepreneurs, in making their choice between business angel and more formal venture capital, trade off the venture capitalist's higher value-creating abilities versus the closer, more empathetic and trusting relationship with a business angel investor. Similarly, crowdfunding and impact investing each represent a unique solution to the financing needs of entrepreneurs in general and high-impact entrepreneurs in particular. These decisions are linked to a more elemental choice entrepreneurs have to make: that of their capital structure (Myers, 1984). For example, if entrepreneurs choose to close the funding gap through a bank loan, this step will load their balance sheets with liabilities, increasing the debt-to-equity ratio. Whether a capital structure tilted towards long-term debt is feasible depends on the particular situation of the company, and variables such as the bankruptcy cost of debt (Bradley et al., 1984). Occasionally, a company's situation is such that it can design an instrument to sell within a niche on the capital markets, allowing it to attract funds at a cost that is less than the required return on securities of comparable risk. (Cornell & Shapiro, 1988). Access to a wide range of financing possibilities is therefore important for

businesses. This paper explains why the range of choices is particularly important for high-impact entrepreneurship to grow. Furthermore, this paper presents a model of how the rise of a vibrant and diverse financial sector in sub-Saharan Africa as illustrated in Redford (2017a) with its many shapes and forms will facilitate high-impact entrepreneurship, especially if entrepreneurial funding choice is combined with financial literacy, which has long been recognized as a success factor for entrepreneurs (Wise, 2013). The role of policy and non-governmental organizations in promoting advanced financial literacy is highlighted, pointing to the effectiveness of entrepreneurial financing diversity in combination with interventions aimed at promoting financial literacy.

HIGH-IMPACT ENTREPRENEURSHIP – FINANCING GROWTH

The contribution of entrepreneurship to economic development has been widely recognized: as shown by Cumming, Johan and Zhang (2014), entrepreneurship increases GDP per capita by 38 percent and patents per capita by more than 50 percent. At the same time, entrepreneurship decreases unemployment by 20 percent. These positive effects of entrepreneurship are largely driven by high-impact entrepreneurs. The concept of high-impact entrepreneurship has its roots in what Birch (1987) referred to as "gazelles," entrepreneurial companies that are characterized by their substantial impact through significant job creation and rapid sales growth. Because of its recognized wider contribution to the economy in general, the term high-impact entrepreneurship has been popularized and scaled by projects such Endeavor (Rottenberg, 2012). While all entrepreneurship has the potential to make positive contributions to society (Carree & Thurik, 2005), the World Economic Forum (2014a) documented that high-impact entrepreneurs merit special attention because of their disproportionately high contribution to job creation and the transformation of society through their innovations (WEF, 2014a) High-impact entrepreneurs are rare but important among entrepreneurs. Research indicates that between 2% and 4% of entrepreneurs are within the high-impact dimension (Acs, 2008; WEFa, 2014), and these entrepreneurs are the driving force behind an estimated 40% of the total jobs created by entrepreneurs (WEFa, 2014, p.7).

There are several dimensions to the impact these entrepreneurs have (World Economic Forum 2014a), including job creation and wealth creation. However, a key characteristic of high-impact entrepreneurs is their ability to innovate, underscoring the role of high-impact entrepreneurs in creating value through the development of new products, processes and service, particularly through disruptive innovations (Tatum, 2007). While Christensen's (1997) original understanding of disruptive innovation focused on technological disruption, the concept's scope was later widened by Christensen and Raynor (2003) to products and business models.

Substantial funding may be needed to finance disruptive innovation, as their development can be resource-intensive (Lettice & Thomond, 2008). Assink (2006) identified several inhibitors of the disruptive innovation that is frequently driving high-impact entrepreneurship. These include risk-aversion, innovation process mismanagement, lack of adequate follow-through competencies and the inability to develop internal or external infrastructure. In practice, the costs for overcoming these inhibitors are high and may require significant cash reserves to allow for setbacks, effectively reducing risk and therefore addressing concerns about risk-aversion. If sufficient funds are raised, appropriate resources can be devoted to better innovation process management and the setup of adequate internal and external infrastructure. Beyond the innovation process itself, the costs can rise to include expenses as diverse as patent registration, trademark protection, and the maintenance of trade secrets (Garon, 2011). Going one step further, as pointed out by Sandberg (2002), it is not

enough that innovative firms are proactive in their product development; they must also be proactive about reaching out to, or even creating, markets for their disruptive products, significantly increasing the cash needed to stage a successful disruptive product launch. Larger, more established firms can finance innovation through incoming cash flows (Brown, Fazzari, & Petersen, 2009). Early-stage firms, however, typically do not yet have large inflows of cash from operations.

Another aspect of high-impact entrepreneurship is that of scaling up. The high rates of growth connected with scaling up a business require significant investment. The lack of necessary financing is a major growth constraint for smaller companies (Beck, & Demirguc-Kunt, 2006). Venture growth requires an appropriate internal infrastructure to drive that growth, including talented human resources. High growth can imply rapid expansion of staff size (Markman, & Gartner, 2002), leading to higher total staff costs, which as fixed costs raise the stakes for high-impact entrepreneurs. Even if the expansion eventually turns out to be successful, the positive effect on profitability may not be immediately felt, and the company might have long periods of time before sales and profitability rise as a result of spending cash to scale up the business, if they rise at all. The pursuit of opportunities in international markets is a further opportunity for companies to scale up, as African countries are working towards the promotion of common markets stretching over several countries. Although there is a debate on whether internationalization is beneficial for young companies (Sapienza et al., 2006), there is evidence that internationalization can be a catalyst for growth (Oviatt & McDougall, 1997; Zahra, et al., 2000).

A report by the World Economic Forum (2014b) identified the three pillars of the entrepreneurial ecosystem that entrepreneurs consider as the main contributors to their success in scaling their ventures: accessible markets, human capital, and funding. The latter is the key to facilitating the achievement of the former two: A venture with a comfortable funding cushion is able to attract talented human capital by paying competitive salaries, and sufficient funding will allow a venture to scale up fast enough to reach economies-of-scale and product or service quality high enough to make market entries easier, even if a particular target market happens to be more challenging, such as those with high barriers of entry. Brixiova (2010) pointed out that in the sub-Saharan African context, the main obstacles to entrepreneurship lie in frictions in product and labor markets as well as skill shortages, making these findings aligned with the assessment by the World Economic Forum. Sufficient funding is key for high-impact entrepreneurship to thrive in sub-Saharan Africa.

IMPROVING FINANCING STRATEGIES THROUGH PURSUING ALTERNATIVES

Schwienbacher (2007) compared two alternative financing strategies for entrepreneurs: they can either wait until they raise enough money to complete their project, which represents a more conservative strategy, or they can use the limited resources they already have available to achieve some intermediate milestone before approaching large outside investors such as venture capitalists, which is the more adventurous approach. These two alternatives roughly correspond with what research contrasts as the "bricolage" approach towards building an entrepreneurial venture versus the breakthrough approach (Garud & Karnøe, 2003). Commonly, entrepreneurs move through different stages of funding as their ventures progress through the various stages of development, even combining different sources of funding strategically. A technology entrepreneur might first revert to bootstrapping and angel investing to get the initial technological development and prototype production ready, to keep the company financially afloat until first sales pick up and some revenue flows in, which is a milestone demonstrating the feasibility of the

business model. At that point, additional rounds of funding might be needed whose dimensions overshadow that of previous rounds. Every business is unique and pursues its own growth path, and emergent companies tend to move through different stages (Van de Ven & Poole, 1995), each with its own opportunities and challenges, and correspondingly different demands for financing. Further magnifying the particularities of each venture are the individual characteristics of the founder, which is an insight rooted in effectuation theory of entrepreneurship (Fisher, 2012). Timing is an essential factor in choosing the optimal form of entrepreneurial financing. For these choices to be viable, the funding sources would have to be actually accessible to the entrepreneur rather than a merely theoretical choice.

At an early stage of a venture, the entrepreneur and the venture might lack the creditworthiness to obtain a bank loan, when in fact a business angel would be the most appropriate source of funding, especially as these investors also provide non-financial inputs such as coaching and access to business networks (Macht & Robinson, 2009), in what some observers call "smart capital" (Schäfer & Schilder, 2009). Later on the venture might need to acquire land for a business expansion, but in that case a bank loan might be the best financing source, as the property might be foreclosed by the bank and sold in an auction if the venture fails and is unable to re-pay the loan. The notion that the bank would have the option to turn the property to be financed with the loan into cash effectively reduces the bankruptcy cost of debt (Bradley et al., 1984), which should allow a bank to lend money to the entrepreneur at acceptable interest rates. The possibility of a large-scale bank loan, however, has not always been a viable option for African entrepreneurs, as banks had a limited prevalence in sub-Saharan Africa, a circumstance that has been starting to change in the last decade, as delimited in the bank case studies of Redford (2017a).

Research has recognized that a venture's situation may be so specific that it can approach a niche market, allowing it to attract funds at a cost that is less than the required return on securities of comparable risk. (Cornell & Shapiro, 1988). While financial return has traditionally been considered the main objective of investors, different paradigms have emerged more strongly in recent years. Emerson (2003) has analyzed a blended value proposition, which integrates social and financial returns, i.e. financial return co-exists with return in the form of positive social impact. In exchange for the assurance that their investment will be used to create outputs that improve society, investors are willing to accept lower financial returns. Having access to this form of funding, such as impact investing, widens the pool of potential funding choices for entrepreneurs, increasing the likelihood that they find the best fit in terms of funding.

INCREASING CHOICES FOR AFRICAN ENTREPRENEURS

Not long ago entrepreneurial funding in sub-Saharan Africa, with the exception of South Africa, had been limited to the personal resources of the potential entrepreneur, possibly extending to include the personal funds of the entrepreneur's family and friends, a notion which is frequently referred to as "family, friends, and fools" (Kotha & George, 2012). In addition, microfinance has established itself as a key source of funding for entrepreneurs across sub-Saharan Africa (Van Rooyen, Stewart, & De Wet, 2012). The positive impact of microfinance has been widely documented, particularly through its contribution towards poverty alleviation (Khandker, 2005).
As illustrated in Redford (2017a), the landscape of the financial sector in sub-Saharan Africa has diversified over the last decade, offering entrepreneurs more avenues to funding for their growth. While entrepreneurial funding is often thought of as equity-based, accessing funding through a loan might be the desirable choice for some ventures, particularly if the venture owns assets that

can be used as collateral, or if the financing needs are only intermediate until cash flows in from customers. The rise of formal banking institutions increasingly provides this possibility for entrepreneurs, especially as many emerging banks carry an entrepreneurial spirit in their corporate culture, such as Atlantico in Angola (Redford, 2017b), Fidelity Bank in Ghana (Appiah-Adu & Boachie, 2017), Banco Unico in Mozambique (Costa & Redford, 2017), and Equity Bank of Kenya (Zoogah & Wolf, 2017).

Common to all these entrepreneurial banks is a dedicated effort to build a trusted brand and to invest in a corporate culture that leads to success for the bank and its customers. As documented in Redford (2017b), Atlantico consciously chose a new symbol in the shape of the Greek letter phi to send the message that a new kind of bank was being born, for the people. The main goal of this image was to incorporate and celebrate value, relationship, global thinking, and knowledge, ultimately aiming at excelling in relationship banking. Similarly, Mozambique's Banco Unico (Costa & Redford, 2017) emphasizes the customer directly in its name, with "unico" being Portuguese word for "unique". This bank considers all of its customers to be "unique" and devotes individual attention to each customer rather than treating them as a number. Equity Bank of Kenya understands its mission as consisting primarily of offering "inclusive, customer-focused financial services that socially and economically empower clients and other stakeholders" (Zoogah & Wolf, 2017). Understanding and keeping in touch with each customer is important in this process. Fidelity Bank of Ghana, for example, continually reviews the demographics of customer segments to ensure that their offerings meet the banking and financial needs of existing and potential customers (Appiah-Adu & Boachie, 2017).

Entrepreneurs deal with a variety of issuing in making their companies grow. The case studies from the financial sector featured in Redford (2017a) feature banks that dedicate significant effort to understanding what their customers really need, and therefore entrepreneurs banking with these institutions can typically have reason to expect that their real-life concerns are being considered. Banking provides a financial lifeline to businesses not only in the form of loans but also through trade finance, which facilitates the trade of goods and services, both locally and internationally. As shown in Zoogah & Wolf (2017), Equity Bank provides letters of credit to entrepreneurs, undertaking to pay exporters/sellers on behalf of Equity's clients, i.e. the importers/buyers. This service is essential as it provides short-term financing for ventures expanding rapidly into foreign markets. A whole range of other trade-relevant financial products are also available, such as pre-shipment and post-import financing. These examples highlight the fact that Equity Banks offer both long-term and short-term financing to entrepreneurs. And having these options is important as it ensures entrepreneurs that they can find optimal solutions from among many possibilities. In addition, the partnership between Equity Bank and entrepreneurs goes beyond money, extending into training entrepreneurs to prepare them for success, challenging a more conventional understanding of formal banking.

While short and long-term bank financing can be a fitting solution for some entrepreneurs, others may prefer equity-based solutions. A small business angel community has been growing in some sub-Saharan African countries (Lingelbach, 2016). Business angels typically finance early-stage companies with high growth potential. Ramadani (2009) has shown that business angels tend to be wealthy people with extensive business experience who are offering their knowledge and advice in addition to cash investments. Frequently, they have been entrepreneurs themselves, so they are empathetic partners for entrepreneurs seeking funding. However, business angels can be selective (Mason & Harrison, 1996), and as a result the fact that an entrepreneur has secured investment from a business angel can function as a quality signal for future investors (Chahine,

Filatotchev & Wright, 2007), helping investors overcome the information asymmetries prevalent in financial markets (Spence, 2002). Particularly high-impact entrepreneurial ventures might grow so fast that soon after a business angel investment additional cash needs arise, and these may be filled by more formal venture capital firms. However, venture capital firms typically only stay invested in a given startup for a few years, with the goal of making a profitable exit. Taking a venture public is the ultimate aim, as research suggests a correlation between the availability of exit through IPO (proxied by the number of venture-capital-backed IPOs) and investor willingness to invest in venture capital funds (Black & Gilson, 1998). Most African IPOs tend to occur in South Africa, Kenya, Nigeria and Ghana (Hearn, Oxelheim & Randøy, 2016), which suggests that these countries are the most fertile ground for venture capital activity.

As documented in Wolf (2017), crowdfunding is emerging as a source of entrepreneurial funding in sub-Saharan Africa. Not only is crowdfunding widening the range of choices entrepreneurs have regarding funding sources, Colgreen (2014) has shown that crowdfunding creates new efficiencies in capital markets, which is especially important for transition economies, such as those in many sub-Saharan countries, which tend to have less efficient capital markets than more developed countries (Durnev et al. 2004). The increase of efficiencies through crowdfunding is partly rooted in the fact that new technologies can lower the barriers to financing for entrepreneurs. Especially when crowdfunding makes use of social networks to communicate with the funders (Kuo & Gerber, 2012; Quero, Ventura & Santoja, 2013), crowdfunding can be seen as what Schäfer and Schilder (2009) consider "smart capital," with "pronounced reciprocal information flows between the financier and the financed company". Crowdfunding comes in different formats, including rewards-based crowdfunding and equity-based crowdfunding (Belleflamme, Lambert, & Schwienbacher, 2014). While equity-based crowdfunding may have a longer time horizon, rewards-based crowdfunding frequently amounts to a short-term pre-financing of product development (Lehner, Grabmann & Ennsgraber, 2015), with the reward for the funders taking the form of the finished product.

Another emerging form of entrepreneurial funding in sub-Saharan Africa is impact investing, as illustrated in Kochinyan and Redford (2017). Impact investing is considered a subset of responsible investing, in which investors seek to achieve not only financial return but also ensure that the investment has a positive social and environmental impact (Hebb, 2013). Both impact and financial return are necessary components for the investment to be considered an impact investment. While impact investing in the sub-Saharan context is a niche area that is still evolving, it has the potential to unlock new and substantial pools of capital for entities that generate social and environmental solutions at scale (Monitor, 2009).

Sub-Saharan African entrepreneurs have seen an emerging range of choices in terms of entrepreneurial funding to finance their growth. Each venture's situation is different, and correspondingly different forms of entrepreneurial funding are appropriate for companies at different stages and different business models. Table 1 shows some key characteristics of the various forms of entrepreneurial funding that have been emerging in Africa as documented in Redford (2017a).

The various forms of entrepreneurial funding are classified by their time horizon, from short-term to intermediate and long-term, which is a key factor in financing considerations (Bergemann & Hege, 1998). The table further classifies the funding type according to its impact on the venture's capital structure (Myers, 1984). Theory on optimal capital structure has been widely addressed. The starting point is the classic Modigliani-Miller theorem, which holds that in an efficient market and in the absence of taxes, bankruptcy costs, agency costs, and asymmetric

information, the value of a firm is unaffected by its capital structure (Modigliani & Miller, 1958). However, taxes and bankruptcy costs will need to be factored into the consideration. Realizing the tax benefits of interest payments on debt, the tradeoff theory understands that financing through leverage (debt) is beneficial until the optimal capital structure is reached, at the point where bankruptcy costs weigh too much for further debt to be advantageous (Miller, 1977). Ultimately, the optimal capital structure depends on the nature of the assets that a firm owns, and how easily and for what price they can be sold in the case of bankruptcy to pay the firm's debtors. An entrepreneurial venture holding assets for which there is a liquid market may be able to support a more debt-laden capital structure with the tax benefits it brings in reducing the firm's taxable profit.

TABLE 1
Characteristics of Various Forms of Entrepreneurial Funding

	Bank Loans	Business Angels	Venture Capital	Crowdfunding	Impact Investing
Short-term	x			x	
Intermediate	x		x	x	
Long-term	x	x			x
Debt-based	x			x	
Equity-based		x	x	x	x
Smart capital		x	x	x	x

Finally, the table classifies whether a funding type may be considered "smart capital" (Schäfer & Schilder, 2009). The question to consider here is the extent to which a firm benefits from "smart capital" and the advice and more intangible resources it may provide beyond money. Through the availability of all funding types in many sub-Saharan African countries, evidence of which has been presented in the foregoing section, high-impact entrepreneurs in sub-Saharan Africa have choices at their disposal to choose an optimal funding strategy that matches their unique entrepreneurial situation.

However, there is also evidence that the funding diversity varies by country. For example, the evolution of funding diversity is greater in Ghana, Kenya, Nigeria, and South Africa while other countries, such as Burkina Faso, Niger or Gabon have benefitted less from these developments. These differences and divergences within sub-Saharan Africa have also been recognized in the wider context of economic development (African Development Bank, 2015). There is evidence that the financial sector remains shallow in French-speaking African countries within the CFA franc zone (Singh, Kpodar & Ghura, 2009). Furthermore, Alla and Beugré (2017) noted a lack of strong banks founded by banking entrepreneurs within French-speaking Africa. Other forms of entrepreneurial financial are also less pronounced within these countries.

THE ROLE OF PUBLIC POLICY AND NGOS

While the emergence of a range of entrepreneurial funding options represents a major milestone towards better funding for high-impact entrepreneurship in sub-Saharan Africa, there are two issues. First, the developments are not uniformly positive across the region, as explained at the end of the previous section. Second, having choices at their disposal is not sufficient for high-impact entrepreneurs. Entrepreneurs generally need to possess a high degree of financial literacy in order to understand more fully the advantages and disadvantages of the many and various funding types. This is particularly important for high-impact entrepreneurs as their companies are, by definition, high-growth ventures with a steep human resource growth curve over a relatively short time period.

Government actors at all levels hold the key to shaping policies that influence economic development in Africa (Helmsing, 2003), including the development of a vibrant entrepreneurial ecosystem and financial literacy. Governmental intervention through policy can also take the form of specific action on entrepreneurial success factors. In the African context, financial literacy is a specific entrepreneurial competence on which government can act (Finlayson, 2009). However, the importance of non-profit organizations and non-governmental organizations (NGOs) in Africa, particularly with respect to economic development, has long been recognized (Bratton, 1989). While NGOs may occasionally try to influence public policy by presenting their case to government decision-makers (Bratton, 1990), they also frequently intervene in society through projects at different levels, ranging from local or national to international. The self-perception of NGOs has increasingly solidified as non-political, non-partisan, non-ideological, non-academic, and non-theoretical (Shivji, 2007), which also implies a growing self-understanding of NGOs as entities implementing projects that directly lead to desired outcomes rather than working indirectly by lobbying government for policy changes.

NGOs can be particularly effective where state policies are not efficient enough in creating the economic conditions necessary for entrepreneurship to flourish. Nega and Schneider (2014) examined the impact of the rise of non-governmental organizations (NGOs) and social entrepreneurs on economic development, with one of their conclusions that a partnership between NGOs and the state can be particularly effective. That collaboration between NGOs and public policy actors in government could lay a foundation for future initiatives to improve the conditions in those countries in sub-Saharan Africa where the range of entrepreneurial funding choices is less developed or severely limited, effectively making the rise of high-impact entrepreneurs impossible.

Berry et. al (2015) compared two initiatives in Ghana to advance financial literacy, both of which are related to initiatives of the NGO Aflatoun, which includes financial education, social education, and a school savings club. While many initiatives are aimed at school students, others are aimed more at aspiring or active entrepreneurs. Financial literacy has also received the attention of sector-specific players, such as the coffee sector, as evidenced by the 5th African Coffee Sustainability Forum in 2015, at which access to finance for coffee farmers was a key topic (Café Africa, 2015). The size of the African coffee sector is significant, and is a major contributor to employment in sub-Saharan Africa (Boudreaux, 2007). These initiatives, among many others, serve as examples of how private, non-profit initiatives promote financial literacy to assist current and future entrepreneurs better understand how the financial choices they make affect their business.

Incubators and even more so entrepreneurial accelerator programs are a source of support and guidance for aspiring high-impact entrepreneurs in navigating through the entrepreneurial

funding landscape. Often established in close coordination with local or regional public entities, entrepreneurial accelerators are selective programs that actively accompany startups with high growth potential on their cumbersome path to growth. While not yet very numerous and widespread in Africa, incubators and acceleration programs do exist in Africa, although it is rare to find programs that operate without grants (The Economist, 2017), which implies the importance of public entities and their proactive support to nourish these entrepreneurial support structures. A wider entrepreneurial support infrastructure also tends to develop around science and technology parks. Through these concentrations of both experienced entrepreneurs and novice entrepreneurs, mentoring relationships may develop, effectively allowing novice entrepreneurs to draw from the advice and experience of their mentors. Research in entrepreneurial settings have long recognized the benefits mentors can bring to entrepreneurs (Ozgen & Baron, 2007).

While many NGOs and non-profit organizations are based in Africa, there are also some examples of organizations based in Europe and North America. Endeavor is a prominent example that can be highlighted here as a U.S.-based non-profit organization dedicated to promoting high-impact entrepreneurship in developing countries, including a growing presence in sub-Saharan Africa. Endeavor's approach is hands-on in that the organization "adopts" entrepreneurs in emerging economies. Through mentoring and active support, Endeavor turns its mentees into role models that are meant to encourage other aspiring entrepreneurs in the respective countries to follow similar paths of entrepreneurial success. The Endeavor model is highly effective, as demonstrated by the many recognitions received by the organization, including references in the Harvard Business Review (Isenberg, 2010). Meyer (1995) emphasized that Northern hemisphere contributors play a role in promoting developing countries' economic production, employment, institutional innovation, and technology transfer, with Endeavor a prominent example in providing entrepreneurial support structures, which includes assistance to participating entrepreneurs in understanding the wide range of entrepreneurial funding, among various other dimensions of entrepreneurial competence.

CONCLUSION

Civil society has acknowledged the importance of high-impact entrepreneurship as an alternative to aid programs in fostering economic growth (Rottenberg, 2012). This paper explored high-impact entrepreneurship in sub-Saharan Africa from the perspective of the significant entrepreneurial funding that high-impact entrepreneurship needs to thrive. High-impact entrepreneurship can be quite demanding in terms of the capital required, particularly for the innovative processes involved and the significant resources needed for scaling up the business. What matters to the entrepreneur is more than just money; it is also the terms on which the money is made available to them. Do they need to give a share of the company's equity to the investor? Or do they simply incur a liability because they receive a loan? What is the time horizon of the funding? And how hands-on are the investors with their advice and support? All of these dimensions are broad. While entrepreneurs in many sub-Saharan countries have recently benefitted from a diversified range of entrepreneurial financing possibilities, the breadth of this diversity alone may not be enough. Potential and current entrepreneurs should possess advanced financial skills to better understand these choices. This paper recognizes that non-profit and particularly non-governmental organizations have long played a role in advancing financial literacy in sub-Saharan Africa, and continue to contribute towards promoting financial literacy as a pre-condition for potential high-impact entrepreneurs to understand their entrepreneurial funding choices. In less

developed countries, NGOs may play a particularly important role in creating even more basic conditions for entrepreneurial funding choices to evolve in those countries where entrepreneurial funding possibilities are less developed. Microfinance has made significant contributions towards nurturing entrepreneurship in Africa (Khandker, 2005). The introduction of microfinance to Africa had revolutionized entrepreneurship on that continent. The question is whether the recent development as observed in this paper will have an effect as impactful as the introduction of microfinance once had. Entrepreneurial funding diversity became a reality for many entrepreneurs. If public policy lives up to its role, the impact may very well be as revolutionary as microfinance was and lead to a new generation of high-impact entrepreneurs in Africa.

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AWARENESS OF GOVERNMENT SUPPORT INITIATIVES: A SURVEY OF RETAIL AND SERVICE SMMES IN TSHWANE, SOUTH AFRICA

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ABSTRACT

The South African government has realised that the development and growth of small, medium and micro enterprises (SMMEs) is vital for the economy through the creation of suitable employment as well as promote innovative products and services. The primary purpose of this paper is to assess the awareness levels and utilisation of government support initiatives among SMMEs owners or managers in Tshwane, a municipality situated in the Gauteng Province. Furthermore, the paper determines the category of services used by SMMEs including the media that attracted them to the government support initiatives. This study adopted the cross-sectional survey methodology with self-administered survey questionnaires as data collection instruments. The findings revealed that the awareness and utilisation levels of government support initiatives for SMMEs in Tshwane is extremely low. This reveals that public policy makers need to formulate attainable and sustainable solutions to promote these support services to aspiring, start-up and established SMMEs.

Keywords: Entrepreneurship, small, medium and micro-enterprises (SMMEs), awareness, government support initiatives, survey, Tshwane, South Africa

INTRODUCTION

The South African government has been resolute to find solutions that are geared towards improving the levels of employment, economic growth and eradicating poverty (Bureau for Economic Research, 2016:5; Peters & Naicker, 2013:13). The establishment of agencies that provide adequate support for owners of small, medium and micro enterprises (SMMEs) has been on the increase since the inception of the democratically elected government in 1994. Government support initiatives for SMMEs are programmes and incentives from various agencies affiliated with provincial and national government structures which are designed to provide financial and non-financial support to SMMEs (National Credit Regulator, 2011:71; Phillips, Moos & Nieman, 2014:86). Owners of these type of businesses face many challenges which tend to impede the ultimate success and growth of the SMMEs, which include access to finance, regulatory issues and technology adoption (Dhurup & Makhitha, 2014:233-236). Furthermore, research would be valuable for agency managers who provide support to SMMEs to improve their services and increase the awareness of their initiatives.

Studies have been conducted internationally to compare the type of government programmes available for the development of small businesses (Ammetller, Rodríguez-Ardura & Lladós-Masllorens, 2014:11; Mole & Keogh, 2009:78). In South Africa, the current programmes focus primarily on financial and non-financial support from agencies such as the Small Enterprise Development Agency, National Empowerment Fund and National Youth Development Agency. Another study focused on the awareness of SMMEs and compared the role development plays in these enterprises within the South African and Ghanaian context (Abor & Quartey, 2010:224). A study by Phillips (2010:2) focused on the awareness of government support initiatives which provide services and information specifically for female entrepreneurs in the Tshwane area. This particular research study will assess both male and female entrepreneurs and SMME owners from all racial backgrounds and determine their levels of awareness of government support initiatives.

The government support initiatives for SMMEs in South Africa have been criticised because they do not fulfil their objectives in providing suitable services for SMMEs or the business owners are unfamiliar with the programmes. Studies have also focused on factors to encourage the growth of SMMEs. These factors include: industry-specific, effect on the macro-economic environment and the alleviation of socio-economic conditions (Döckel & Ligthelm, 2005:55; Peters & Naicker, 2013:14). The current gap is as the result of limited research on the awareness of government support initiatives, particularly in the retail and services industry. Another shortcoming is the lack to establish reasons why SMME owners and managers do not utilise or are not aware of government support initiatives. These programmes have been designed to assist them to create viable businesses which would promote economic growth and initiate sustainable employment opportunities.

The primary aim of the paper is to determine the overall awareness of government support initiatives among SMME owners or managers in Tshwane, a municipality situated in the Gauteng Province. This will be a cross-sectional study based on ten different suburbs within Pretoria East, an eastern area in Tshwane. The suburbs in Pretoria East were selected based on cost and time constraints. The surveys investigated whether programmes created by agencies are marketed effectively and utilised by SMMEs. These agencies include the following: Small Enterprise Development Agency (SEDA), National Youth Development Agency (NYDA), Small Enterprise Finance Agency (SEFA), Gauteng Enterprise Propeller (GEP) and National Empowerment Fund (NEF). Another purpose of this paper is to determine which type of services provided by government support agencies have been expended by SMME owners and managers in Tshwane.

The paper is guided by the following four research objectives:

To establish whether SMME owners and managers in Tshwane have been made aware of government support initiatives.

To assess whether SMME owners and managers in Tshwane have utilised the government support initiatives.

To determine which government support initiatives have been utilised by SMME owners and managers in Tshwane.

To establish which types of media government utilises to advertise its support services to SMME owners and managers in Tshwane.

This study made three significant contributions. Firstly, information was added to the existing body of knowledge in the fields of entrepreneurship and small business. The knowledge gained will assist academics to develop programmes that address some of the small business owners and entrepreneur's needs at an institutional level. Secondly, the study created awareness of 112 SMME owners and managers. Some of them enquired about the agencies and utilised the opportunity to

be more informed of the services offered by government agencies Lastly, the study contributed to the overall understanding of running a business from the owners' and managers' perspective.

The paper is structured as follows. The theoretical foundation commences with the South African business landscape and is followed by the definition of entrepreneurship and small business. Furthermore, the paper addresses the challenges faced by entrepreneurs and small business owners including the role of various government departments and support agencies for small, medium and micro enterprises (SMMEs) and the general awareness thereof. This section is followed by the types of media used by the different initiatives to market themselves, while the methodology section details the sampling design, data collection methods as well as the measures used. Thereafter, the paper details the results of the survey along with the discussion of the findings. Finally, it concludes with the limitations and recommendations for further research.

THEORETICAL FOUNDATION

South African Business Landscape

South Africa is plagued with a high rate of unemployment and underemployment. The level of unemployment, at 25.3%, is three times the average of Sub-Saharan Africa (Herrington, Kew & Kew, 2015:19). The Organisation for Economic Co-operation and Development (OECD) places this number at 25.1% (Organisation for Economic Co-operation and Development, 2015:7). Moreover, the youth unemployment rate is at a staggering 48.5% (males) and 58.4% (females) respectively (Kew, 2015:16). This is an indication for the immense need for job creation. Of greater significance is the urgency to create sustainable, growing businesses that go beyond meeting the survival needs of the owners, their employees and their families.

The ease of doing business places South Africa at 73rd place out of 189 countries. This ranking is measured across a number of factors such as the facility to start a business, acquire credit, register property and access electricity. Starting a business takes six procedures and 46 days (World Bank Group, 2016:234). However, accessing electricity takes five procedures and 226 days (Herrington et al., 2015:37; World Bank Group, 2016:234). This can be discouraging for intentional entrepreneurs because electricity is one of the major utilities required to manage a business.

The exact size of the SMME sector is not known because of the large number of businesses which operate in the informal sector (FinMark Trust, 2010:7). However, the Bureau for Economic Research reported that there are 2 251 821 SMMEs in South Africa of which 667 433 are formal and 1 497 860 informal (Bureau for Economic Research, 2016:1). Furthermore, approximately ninety-eight percent of SMMEs are micro and very small enterprises while only 2.4% are small and medium firms (Makina, Fanta, Mutsonziwa, Khumalo & Maposa, 2015:11). The geographic distribution reveals that Gauteng - the province of focus for this study - has the highest concentration of small business owners (22.9%). Retailers comprise 78.7% a while only 21.3% are service providers.

Entrepreneurship and Small Business

In the Global Entrepreneurship Monitor (GEM) Report, entrepreneurship is defined as "any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business" (Kew, 2015:24). The words 'entrepreneur' – from which "entrepreneurship" is derived - and 'small business owner' is utilised interchangeably in a lay

person's terms. Chapter 1(xv) of the National Small Business Act (102/1996) (hereafter referred to as the Act), *inter alia*, defines a small business as any "separate and distinct business entity, including cooperative enterprises and non-government organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy" (South Africa, 1996). A small business can be "any form of economic activity – registered or not – that provides its owner with an income but remains below the thresholds for a large enterprise" (Tustin, 2015:79). The next section addresses the challenges faced by entrepreneurs and small business owners.

Challenges Faced by Entrepreneurs and Small Business Owners

Jiyane, Ocholla, Mostert and Majanja (2012:723) established that women in the tourism sector in Kwa-Zulu Natal needed assistance in the following: products and required standards, marketing and promotion of products, infrastructure and security, finance, and education and training. Furthermore, Fatoki and Patswawairi (2012:138) revealed that inadequate finance, crime, weak market opportunities and high operational costs are major obstacles faced by immigrant entrepreneurs in South Africa. Kew (2015:18) identified access to finance; lack of management, technical and marketing skills; access to infrastructure and markets as the primary barriers that impede youth entrepreneurial development.

Furthermore, finance, severe shortage of skills, regulatory issues, lack of access to equipment and technology, and the weak economy were identified as barriers to business growth and success. Also included were: "uncertainty about the supply of services, the tumultuous political climate, crime and corruption and access to international markets" (Tustin, 2015:84-87). Herrington et al. (2015:28) revealed that the lack of profitability (42.5%) and problems to acquire finance (19.4%) as the first and third major reasons why businesses leave. The three primary challenges to business growth and success, as identified in the studies cited above, are discussed in the subsequent sub-sections.

Lack of Access to Finance

In 2014, 19.4% of South African businesses ceased to operate because they were unable to access funding (Herrington et al., 2015:28). The lack of collateral and credit history is an even greater impediment for young potential and intentional entrepreneurs to start their own businesses (Kew, 2015:10). Furthermore, the cost of finance is considered an obstacle to business growth (FinMark Trust, 2010:31). The study conducted by Tustin (2015:85) revealed that only 27.3% of formal SMMEs who apply for funding at formal financial institutions are successful.

Lack of Education and Training (Shortage of Skills)

Without adequate education and training, SMME owners operate blindly with poor management skills that lead to high rates of business failure. "The skills gap in the SMME sector as a whole emanates from the fact that entrepreneurs cannot afford the high cost of training and advisory services, while others do not see the need to upgrade their skills due to complacency" (Tustin, 2015:85).

Regulatory issues

Stringent and inflexible labour laws is a further constraint when hiring staff and business growth. South African Revenue Services (SARS) inefficiencies further exacerbate the problem and small businesses are affected the most by the red tape (Tustin, 2015:85). The following section

will discuss the services provided by government support initiatives as well as the objectives that they need to achieve to ensure yielding results to the SMMEs that require their support to address the afore-mentioned challenges.

Role of Various Government Support Initiatives for SMMEs

Government support agencies for SMMEs in South Africa are tasked with directives from the Department of Trade and Industry, Department of Small Business Development and the Department of Economic Development. These national departments were founded agencies to assist established SMMEs with financial and non-financial support (Phillips et al., 2014:86). These institutions are required to implement effective strategies and provide adequate services that would increase the development of sustainable small businesses (Bureau for Economic Research, 2016:6). This study will focus on the following agencies: Small Enterprise Development Agency (SEDA), National Youth Development Agency (NYDA), Small Enterprise Finance Agency (SEFA), Gauteng Enterprise Propeller (GEP) and National Empowerment Fund (NEF).

Small Enterprise Development Agency (SEDA)

This agency is located throughout all nine provinces to provide non-financial support to business owners. It was established in December 2004 with a fixed mandate to implement government strategies related to small businesses and to devise and execute an adequate "national delivery network for small enterprises" (Bureau for Economic Research, 2016:6). The following services are provided by SEDA (Small Enterprise Development Agency, 2014:13-14):

- provision of business-related information, advice, consultancy and mentoring services in all areas related to enterprise development;
- technology transfer, business and technology incubation services through the SEDA Technology Programme; and
- provision of incentives for the implementation of management systems, certification and product testing as well as machinery and equipment testing.

SEDA's objectives are stipulated in the National Small Business Amendment Act (as amended by Act No. 29 of 2004) and mandated to focus on (Small Enterprise Development Agency, 2014:16) the implementation of policy from national government for small business development as well as design and implement small business support programmes.

National Youth Development Agency (NYDA)

NYDA was established in 2009 and forms part of SEDA. It focuses on encouraging South African citizens between the ages of 14-35 to become small business owners (Herrington et al., 2015:39). This agency provides grants of R1 000 to R100 000, to assist new and existing small business owners to compile sound business plans, entrepreneurship development programmes and build network opportunities with mentors and prominent business owners. It also partners with other enterprise development agencies with business support services and co-funds arrangements (Department of Trade and Industry, 2013:38).

The agency is governed by the following strategic outcomes (National Youth Development Agency, 2015:11-12):

- enhanced and sustainable opportunities for the livelihood of South Africa's youth population through economic participation, education and skills development and health;

- improve the enabling environment which allows for the promotion of youth development in all sectors of the South African society through an integrated youth development approach; and
- encourage enhanced participation of young people in social cohesion aimed at nation building.

Small Enterprise Finance Agency (SEFA)

This agency is a collective of the former South African Micro-Finance Apex Fund and Khula Enterprise Finance Fund (Herrington et al., 2015:39). Its primary purpose is to provide funding for small business owners through term loans, bridging finance and access to capital for plants, equipment and machinery (Bureau for Economic Research, 2016:6). It acts as a wholly owned subsidiary of the Industrial Development Corporation with the objectives (Small Enterprise Finance Agency, 2015:7-8) to increase the access and provision of finance to SMMEs and cooperatives, thereby contributing to job creation; and build an effective, sustainable and performance driven SEFA.

Gauteng Enterprise Propeller (GEP)

GEP is a provincial public entity. Its funds are provided by the Department of Economic Development in Gauteng to support and build the SMME and co-operative sectors (Gauteng Department of Economic Development, 2014:34). Chapter 2 4(1)(a-h) of the Gauteng Enterprise Propeller Act (5/2005) states GEPs objectives as follows:

- encourage, foster and develop small businesses in the Gauteng Province;
- implement the policy on small business development provided by the Gauteng Provincial government;
- design and implement programmes for small business development within Gauteng Province;
- establish an adequate support network to increase the contributions of small businesses into the Gauteng economy;
- increase the promotion of economic growth, job creation and equity;
- ensure that all government-funded support agencies for small businesses in Gauteng are integrated;
- strengthen small businesses capacity so that they can compete successfully on the domestic and international spheres; and
- strengthen the capacity of service providers to provide better assistance to small businesses.

Furthermore, Chapter 2 4(2)(a-d) of the Gauteng Enterprise Propeller Act stipulates the following services of the GEP: provide financial and non-financial support to assist small business owners with regard to accounting and legal services; import and export advice and debt re-financing; improve the coordination of support measures provided by stakeholders and service providers; and provide one-stop support for small business owners.

National Empowerment Fund (NEF)

This agency was established to provide financial and non-financial support to facilitate black entrepreneur participation in the economy (National Empowerment Fund, 2014:3). It is governed by a board of directors who are required to assist companies in complying and implementing the

B-BBEE with respect to the BEE Codes of Good Practice (Department of Trade and Industry, 2015:52). The primary objectives of the NEF include (National Empowerment Fund, 2016:8):

- provide finance to established businesses and managed by black people;
- invest in black empowered businesses that can create high employment opportunities;
- facilitate the participation of black women in the South African economy;
- facilitate the investment across the nine provinces in South Africa;
- advance black economic empowerment through sustainable businesses that are also economically viable; and
- encourage meaningful economic participation of black people and promote savings and investment.

This agency assists applicants with business loans between R250 000 and R75 million for start-up enterprises, equity acquisitions and expansion purposes (Herrington et al., 2015:39). The relationship between government, business support services and the private sector is to create an 'enterprise culture'. Enterprise culture is defined as "a set of institutionally embedded relations of government, established during a particular historical period, which aim to influence and transform the mind set and conduct of a population" (Beaver, 2002:172). Through the enabling environment and enterprise culture, citizens from all walks of life are given the opportunity to shape their entrepreneurial intentions as long as the policies are geared towards addressing their specific business needs.

Awareness of Government Support Initiatives

The services provided by the agencies as described in the previous section must be accessible to SMME owners who are required to meet particular criteria to qualify for the different instruments designed to provide support for new and established businesses. Agencies such as SEDA need to be marketed effectively so that SMME owners can create awareness of their service (Olawale & Garwe, 2010:736). According to previous studies (Rogerson, 2008), (Moos, 2014), and (Tustin, 2015), there is a lack of awareness of government support programmes by SMMEs. Poor marketing efforts and an incongruence of the products and services offered by the support agencies/programmes to meet the needs of SMMEs (Tustin, 2015:86). This lack of awareness limits "youth enterprise development and self-employment promotion" (Department of Trade and Industry, 2013:23).

Types of Media Used to Promote Government Support Initiatives

The availability of information is crucial for SMMEs from the start-up and throughout the lifespan of the business. Access to information required by business owners greatly impacts the levels of quality job creation, a rise in economic growth and the alleviation of poverty (Chiware & Dick, 2008:24; Doh & Kim, 2014). The promotion of initiatives by government agencies must executed effectively for utilisation by those who need them. However, the dissemination of information produces results that are well below average (Herrington et al., 2015:40). The utilisation of traditional media - radio and television broadcasts, newspapers and brochures has proven ineffective in the past. Government agencies need to move from traditional media to the World Wide Web. The benefit of providing detailed information via the Internet and social media platforms provides robust dialogue and engagement between stakeholders and the general public (Bertot, Jaeger & Hansen, 2011:31).

RESEARCH METHODOLOGY

The target population comprised of formally registered retail and service SMME owners and managers in the Pretoria East suburbs. Familiarity of the areas and ease of access was the basis for selecting the suburbs. The units of analysis were SMME owners and managers. A disproportionate quota sampling method was used because a sampling frame could not be obtained. This non-probability sampling method required dividing the target population into two quota groups: firstly, businesses offering as a quota variable and secondly, into ten quota groups allocated to the ten suburbs (kotzé, n.d.:17). Table 1 illustrates the demarcation of the planned and actual target population.

TABLE 1
Quota Matrix

		Business offering				Total	
		Retail		Service			
		Planned	Actual	Planned	Actual	Planned	Actual
Suburbs	Brooklyn	10	10	10	10	20	20
	Faerie Glen	10	10	10	8	20	18
	Garsfontein	10	9	10	8	20	17
	Groenkloof	10	3	10	5	20	8
	Hatfield	10	12	10	12	20	24
	Lynnwood	10	10	10	10	20	20
	Menlo Park	10	8	10	12	20	20
	Pretoria CBD	10	13	10	10	20	23
	Sunnyside	10	10	10	10	20	20
	Waterkloof	10	10	10	10	20	20
	Total	100	95	100	95	200	190

In Gauteng, 78.7% of SMMEs are retailers while only 21.3% are service businesses (FinMark Trust, 2010:8). A disproportionate quota sampling method was appropriate; service providers could be represented adequately because they are a small population sub-group compared to their counterparts (Kotzé, n.d.:17).

There are shortcomings with this sampling method. Valid statistical inferences from the sampled SMMEs to the larger Pretoria East population could not be extracted. Consequently, the findings could not be generalised to the larger population. The respondents were recruited based on convenience; subsequently, selection bias could not be minimised. SMME owners' or managers' willingness to respond and accessibility affected the final results. Lastly, random sampling error cannot be estimated using quota sampling (Kotzé, n.d.:17).

The study aimed to achieve a sample size of 200 respondents, however, only 190 questionnaires were utilised in the analysis. This resulted in a response rate of 95%. Six questionnaires were unreturned. Four questionnaires could not be used in the final analysis for the study due to incorrect completion or numerous questions left unanswered.

Data was collected through self-administered questionnaires. A pilot study was conducted over two days with ten respondents in total. The businesses, located in Arcadia and Hillcrest, were not included in the final data collection phase. These suburbs are similar to the areas selected for the final data collection.

The pilot study was essential to establish the time it took participants to complete the questionnaire and effect changes in instances of ambiguity. The final questionnaire was administered personally over three weeks. No incentives were offered to encourage the respondents to participate in the study. The primary survey inaccuracy was encountered during the data collection process was non-response error. This arose when the owners or managers of the selected businesses were unavailable at the time at their premises. This error was alleviated by leaving the questionnaires with one of the employees and requesting them to hand the document to their superiors. Arrangements were made to collect the questionnaires at a later stage. One respondent returned a completed questionnaire via email.

TABLE 2
Cronbach's Alpha Values if Likert Scale Items were Deleted

Challenges	Cronbach's Alpha if item deleted
Lack of access to finance	.878
Lack of education and training	.873
Lack of access to equipment	.873
Lack of access to technology	.874
Lack of management skills	.871
Lack of technical skills	.871
Lack of marketing skills	.874
Lack of access to international markets	.879
Lack of marketing and promotion of products	.873
Unfavourable political climate	.877
High crime rate	.875
High level of corruption	.876
Regulatory issues	.878
Weak economy	.881
High operating costs	.883
Weak market opportunities	.878
Poor product standards	.878

Measures

The questions which assessed the respondent's awareness of the government support initiatives possessed no rating scales. The questions also measured whether assistance was received and utilisation of services. The respondents were required to select more than one item if they received services from the government agencies.

The influence of various factors which impede the overall success or growth of a small business was measured with a 17-item, five-point Likert scale. The scale points ranged from 1 ("Strongly disagree") to 5 ("Strongly agree"). Four scale items from this question originated from the study by Peters and Naicker (2013:21) in which the small business goals of SMMEs were measured against the awareness of government support initiatives. The first 14 items emerged from the study the awareness of female entrepreneurs of support initiatives which cater specifically to the needs of SMMEs managed by women (Phillips, 2010:82). The Cronbach's Alpha for this scale is 0.882 and the details are illustrated in Table 2.

According to Kotzé (2012), the "recommended cut-off" of the Cronbach's Alpha is 0.7. The Cronbach's Alpha for this scale is 0.882 which is much higher than 0.7 which reveals satisfactory internal consistency reliability. Table 2 also illustrates the Cronbach's Alpha values that would result if the different scale items were deleted. Of the 17 scale items, only "high operating costs", item 15 has a value (0.883) which is above the Cronbach's Alpha. This implies that if this item was deleted, the reliability of the scale would improve by 0.001 which is negligible. A high score for this question reveals that the respondent considers the challenges listed in the questions as having an extremely negative influence on the goals of the business.

The different types of media utilised by government agencies to advertise the services offered was measured on a multiple-response scale. This determined how the respondents obtained information about the government support initiatives. The demographic variables included age, gender, population group, highest educational qualification and business roles.

RESULTS

Respondents Demographic Profile

Table 3 illustrates the demographic profile of the respondents who participated in the study. The profile is based on five variables, namely: age, population group, highest academic qualification, gender and role in the business. Results in Table 3 reveals that 36.32% of respondents were between the ages 20 and 30. These participants were primarily white (54.74%) while 36.84% possessed a certificate or diploma. The males accounted for 52.63% of the respondents while females for 47.37%. Lastly, the ratio of owners to managers was 46.32% to 53.68%, respectively.

Business profiles

The information contained in Table 4 below pertains to the businesses whose owners or managers participated in the study. The profile is based on the following variables: age of the business, location of the business, type of business, an assessment of turnover and an assessment of profitability. Table 4 reveals that 67.37% of the businesses were established operating for more than 3½ years while only 3.16% have only been running for less than 3 months. Groenkloof and Hatfield had the lowest (4.21%) and highest (12.63%) number of respondents respectively. There

was a 50-50 split between retail and service businesses. An assessment of business turnover revealed that 60.53% of the respondents' businesses were growing while only 48.42% reported a moderate profit.

Awareness of Government Support Initiatives

Table 5 summarises the results of the first research objective which was to establish whether SMME owners in Tshwane were aware of government support initiatives. According to the data, the respondents were aware of SEDA (29.47%) and least aware of GEP (13.68%). The primary focus was to determine awareness of the agencies based on type of business but also measured using age, population group and gender. Figure 1 illustrates awareness of the government support initiatives based on the type of business. Service business owners or managers were more aware of these initiatives than their retail counterparts.

TABLE 3
Respondents Demographic Profile (*n*=190)

Demographic variable	*n*	%
Age		
20 - 30 years	69	36.32
31 - 40 years	59	31.05
41 - 50 years	31	16.32
51 - 60 years	19	10.00
Older than 60 years	12	6.32
Total	190	100.00
Population group		
African	51	26.84
Coloured	6	3.16
White	104	54.74
Asian	18	9.47
Do not want to disclose	11	5.79
Total	190	100.00
Highest academic qualification		
Primary	2	1.05
Secondary (Matric)	43	22.63
Diploma/Certificate	70	36.84
Graduate	51	26.84
Post graduate	24	12.63
Total	190	100.00
Gender		
Male	100	52.63
Female	90	47.37

Demographic variable	*n*	%
Total	190	100.00
Role in the business		
Owner	88	46.32
Manager	102	53.68
Total	190	100.00

Note: Response options with zero values were excluded in the table.

The exception was GEP because only 46.15% of the business owners or managers ran service businesses. Awareness by age groups reveal that there is limited awareness amongst the respondents older than 60 years of age. The 31-40 age group appears to be more aware of most of the agencies than the rest of the groups. Awareness by population group reveal that Africans have the highest awareness rates and they are aware of NYDA followed by SEDA, NEF, SEFA and lastly GEP. However, the "Coloured" population group is unaware of SEFA and GEP. Awareness of the government support initiatives by gender revealed that more males than females are aware of these agencies.

TABLE 4
Profile of Businesses Included in the Study (*N*=190)

Variable	*n*	%
Age of the business		
Less than 3 months	6	3.16
More than 3 months but less than 3½ years	56	29.47
More than 3½ years	128	67.37
Total	190	100
Business location		
Brooklyn	20	10.53
Faerie Glen	18	9.47
Garsfontein	17	8.95
Groenkloof	8	4.21
Hatfield	24	12.63
Lynnwood	20	10.53
Menlo Park	20	10.53
Pretoria CBD	23	12.11
Sunnyside	20	10.53
Waterkloof	20	10.53
Total	190	100.00

Type of business		
Retail	95	50
Service	95	50
Total	190	100
Assessment of turnover		
Growing	115	60.53
Declining	19	10.00
Remained the same	40	21.05
Do not want to disclose	16	8.42
Total	190	100.00
Assessment of profitability		
Very profitable	25	13.16
Moderately profitable	92	48.42
Break-even	36	18.95
Unprofitable	9	4.74
Do not want to disclose	28	14.74
Total	190	100.00

TABLE 5
Awareness of Government Support Initiatives (*N*=190)

	SEDA	NYDA	SEFA	NEF	GEP
Aware (%)	29,47	26,32	17,37	22,63	13,68
Not aware (%)	70,53	73,68	82,63	77,37	86,32

Use of Government Support Initiatives

Table 6 illustrates the responses to determine whether SMME owners in Tshwane had used the identified government support initiatives. According to Table 6, only 19.64% of the respondents who are aware of SEDA, utilised the services offered by the agency. Likewise, only 4.65% of those who are aware of the NEF had received assistance from the agency. The analysis also established whether the respondents had received assistance from these agencies by classifying them according to the type of business, age of the business and gender. Figure 2 illustrates the results according to the type of business.

A third (33.33%) of the businesses that have received assistance from NYDA were retail businesses. There was a 50-50 split between businesses that had received assistance from SEFA, NEF and GEP. The results further reveal that the businesses that have been operating for less than three months received no assistance from any of the five agencies. Regarding the percentages of male and female business owners or managers who received assistance from the mentioned government support agencies, it can be inferred that males received more assistance than females.

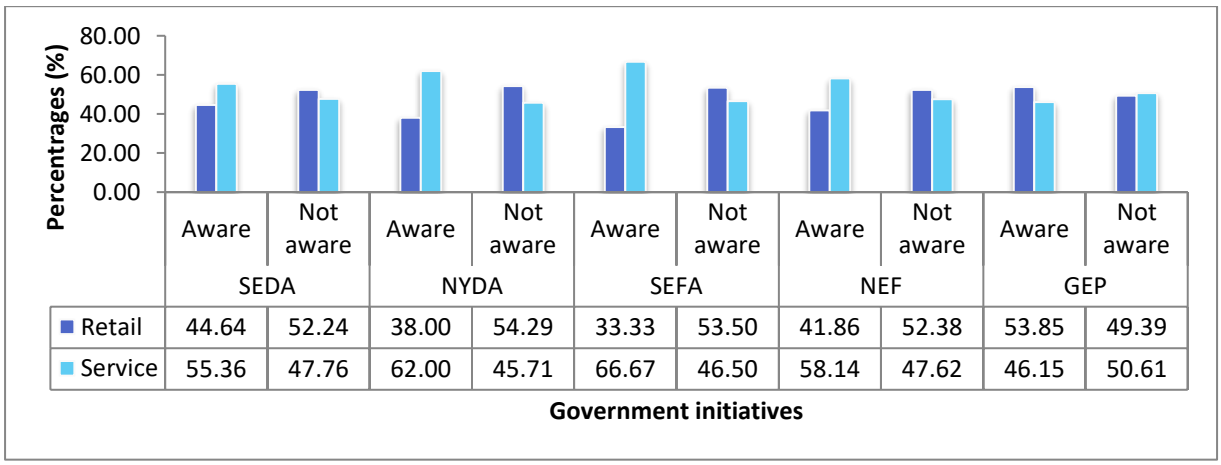
TABLE 6
Use of Services Provided by Government Support Initiatives (N=78)

	SEDA	NYDA	SEFA	NEF	GEP
Have used (%)	19,64	6,00	6,06	4,65	15,38
Have not used (%)	80,36	94,00	93,94	95,35	84,62

Types of Services Received from Government Support Initiatives

This sub-section provides information relating to the third research objective which was to determine the types of services provided by government support initiatives utilised by SMME owners. A combined list of 29 services offered by the government initiatives appears in Table 7. Table 7 is a compilation of the different services offered by the five government support initiatives on which the paper is based. Also included are the frequency values for each service. These values signify the number of respondents who stated that they had received a particular service from one or more of these agencies. Table 7 reveal that the services with the highest frequencies are business advice (6) and business-related information (5). Although 20 of the listed services were used, most were utilised by only 1 respondent.

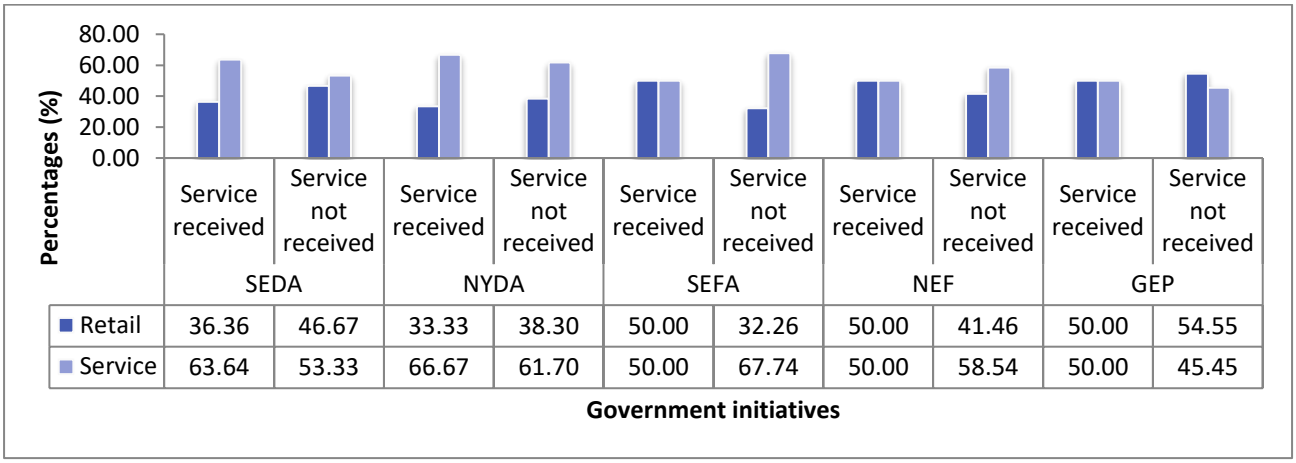
FIGURE 1
Awareness by Type of Business



Types of Media Used by Government Support Initiatives

The last research objective endeavoured to establish the types of media used by government support initiatives to advertise the services to SMME owners. Figure 3 reveals that the most popular option (29%) was the "other" option which included responses such as word-of-mouth and Internet searches. However, none of the respondents received documents or pamphlets from supermarkets.

FIGURE 2
Use of Services by Type of Business



Challenges Faced by Entrepreneurs and Small Business Owners

A list of challenges was compiled based on the findings from previous studies. The scores illustrated in Table 8 were based on a 5-point Likert scale with scale points labelled from 1 (Strongly disagree) to 5 (Strongly agree). The respondents were asked to indicate the extent to which they agreed or disagreed that these challenges impeded the success of their businesses.

FIGURE 3
Types of Media Used by Government Initiatives (*N*=78)

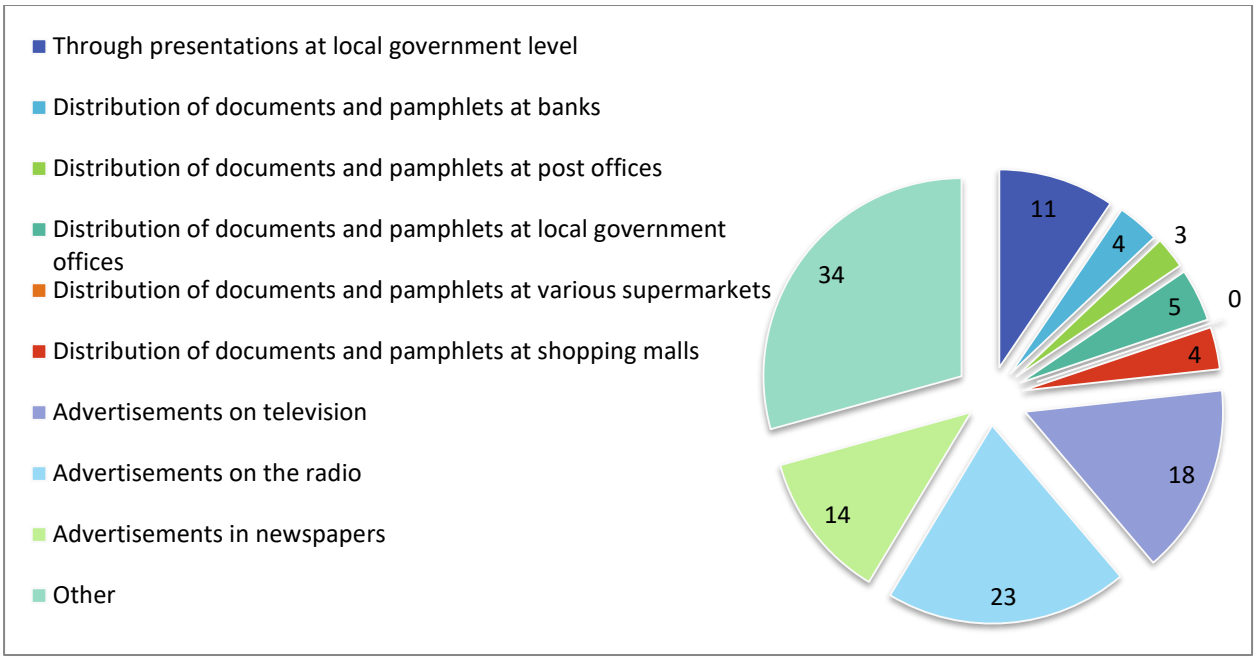


TABLE 7
Services Offered by Government Support Initiatives

Government initiative	Services offered	Frequency
SEDA	Business-related information	5
	Business advice	5
	Consultancy	1
	Mentoring	1
	Technology transfer	1
	Business incubation	1
	Technology incubation	1
	Incentives for implementation of management systems	0
	Product certification	1
	Product testing	1
	Machinery and equipment testing	2
	Other	0
NYDA	Access to grants	0
	Compiling a business plan	0
	Entrepreneurship development programmes	1
	Mentoring	0
	Networking	0
	Business support services	2
	Other	0
SEFA	Term loan	0
	Bridging finance	1
	Access to capital for plants, equipment and machinery	1
	Other (business advice*)	1
NEF	Start-up loan	2
	Equity acquisition loan	0
	Expansion loan	0
	Other	0
GEP	Accounting services	1
	Legal services	3
	Import advice	0
	Export advice	1
	Debt-refinancing	1
	Other	0

Note: The "Other" option is for services that are not listed in the questionnaire.

*One respondent received business advice from SEFA.

In Table 8 the "Mean" column illustrates the average score for each item while the "Standard deviation" column illustrates how the responses varied around the mean. "High operating costs" has a mean of 4.04 and a standard deviation of 0.890. This reveals that on average, most of the respondents selected the "Agree" option. The standard deviation for this scale item is the lowest of the 17 which implies that on average, the option "High operating costs" was the least variation in the responses provided.

DISCUSSION OF FINDINGS

The paper's primary focus was on the awareness of government initiatives and programmes that provide support to SMMEs. Through the evaluation of the types of services offered and levels of usage, this study conforms to determine the effectiveness of government agencies with the sole mandate to support SMMEs. The study aimed to contribute further on whether the agencies that provide financial and non-financial support to start-up and established businesses have been utilised by SMME owners and managers.

TABLE 8
Challenges Faced by Entrepreneurs and Small Business Owners: Scores (*N*=190)

Challenges	Mean	Standard deviation
Lack of access to finance	3.69	1.041
Lack of education and training	3.32	1.162
Lack of access to equipment	3.08	1.095
Lack of access to technology	2.99	1.127
Lack of management skills	3.16	1.229
Lack of technical skills	3.09	1.163
Lack of marketing skills	3.33	1.141
Lack of access to international markets	3.26	1.157
Lack of marketing and promotion of products	3.33	1.073
Unfavourable political climate	3.42	1.123
High crime rate	3.50	1.144
High level of corruption	3.70	1.173
Regulatory issues	3.44	.967
Weak economy	3.94	1.030
High operating costs	4.04	.890
Weak market opportunities	3.53	1.022
Poor product standards	2.83	1.171

The *first research objective* was based on establishing SMME owners and managers awareness of government support initiatives. The findings revealed limited levels of awareness for each of the government support initiatives. The services provided by the Small Enterprise Development Agency (SEDA) have the highest level of awareness. The results reflected positive awareness at 29.47%. The Gauteng Enterprise Propeller (GEP) had the lowest percentage in comparison to other agencies in the study. The reported awareness rate was 13.68%. The remaining agencies, namely: National Empowerment Fund (NEF), Small Enterprise Finance Agency (SEDA) and National Youth Development Agency (NYDA) had awareness rates of 22.63%, 17.37% and 26.32% respectively. Herrington et al. (2015:40) who also measured awareness and the utilisation of government initiatives in the Gauteng Province, reported much higher percentages for SEDA, 65.9% and NYDA at 48.5% (2015:40) respectively. SEFA and the NEF had significantly lower awareness levels of 4.0% and 20.4% respectively.

The *second research objective* highlighted the utilisation of government support initiatives for SMMEs. The low levels of awareness of the government support initiatives in the first objective contributed to a considerably lower percentage of respondents who received assistance from the above-mentioned agencies. SEDA had the highest awareness level, that is, 19.64% of the respondents had utilised their services. The NYDA only received 6.00% assistance while the NEF reported that the agency had provided their businesses a mere 4.65% of the relevant support mechanisms to manage effectively.

The *third research objective* focused on establishing the types of services offered by the government support initiatives expended by the SMME owners or managers. SEDA offers more than ten services; however, in this study, the respondents reported that they only needed the assistance of the agency for business-related information and advice. The Gauteng Enterprise Propeller reported that more than two services utilised by SMME owners and managers. Despite the incredibly limited level of awareness of 13.67%, the findings revealed that legal services, accounting services and export advice supported their business needs.

The *fourth research objective* established which types of media government utilises since the promotion of its programmes and services has to reach a wide audience to guarantee maximum results. Traditional print media such as regional newspapers and pamphlets produce better outcomes for the literate community. Broadcast media such as radio and television tend to be more expensive but can be understood by all who are exposed to the message. This study revealed that 58.9% of the respondents are unaware of any of the government support initiatives. This reveals a significant loss in advertising the programmes to business owners who could utilise the services provided by the agencies. Another finding from the section of the types of media revealed that 17.9% of the respondents that are aware of government support initiatives obtained their information through word of mouth and the Internet. Only 7.4% of the participants received the information via newspapers while 9.5% through television advertisements. The government and its affiliated agencies need to consider the significance of readily availing their content on their websites and through social media platforms such as Facebook and Twitter.

The study revealed that the respondents strongly agree that high operational costs is a severe challenge to the success of a business. Government agencies should be able to provide adequate advice and service to mitigate the effects of this factor. Other factors such as the lack of access to finance, weak economy and marketing and promotion of products is consistent with previous

studies which focused on the challenges faced by small business owners (Tustin, 2015:85; Herrington et al., 2015:28).

MANAGERIAL IMPLICATIONS

The study revealed the significance of government agencies to promote their services adequately in order to increase awareness to the relevant audience. The low levels of awareness among the respondents reveal that the government support initiatives are not reaching sufficient people. Furthermore, government officials who manage these initiatives need to implement effective solutions to improve awareness and utilisation of the support services. The findings also reveal that the methods currently utilised to promote initiatives for SMMEs are ineffective. Agencies need to incorporate enhanced campaigns and promotional activities to provide the audience with essential information. The Department of Small Business Development also needs to be more visible to assist the agencies on a nationwide level. Local government should play a role in formulating strategies that would actively encourage citizens to become SMME owners (Zeng, Xie & Tam, 2010:183).

LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

The study was limited significantly by the non-probability sampling method. The non-probability method of quota sampling was selected due to the lack of a sampling frame which would have provided adequate information for the ultimate selection of the target population. With disproportionate quota sampling, the size of the quota groups is not proportional to the actual ratio of retail- to service-based SMMEs in Pretoria East or to the number of such businesses in the various suburbs. Consistency had to be maintained throughout the targeted areas to enable a fair representation of both the retail and service businesses.

Another limitation was the geographical location within which the study was conducted. Pretoria East has a significant number of residential areas. However, several such areas had an inadequate number of businesses to suit the requirements for this study. Certain businesses operated from the owners' homes and if they were unavailable, a potential respondent could not participate in the study. Future work for this study can be implemented on a larger geographical platform. By comparing the awareness of government support initiatives between municipalities, cities or even provinces, more in-depth results can be provided which can further be translated to valid information for municipal managers and public policy makers. It is strongly recommended that these stakeholders consistently monitor whether these programmes and agencies provide the necessary assistance as mandated by legislation. Future studies can also be modified to determine the levels of satisfaction from the recipients of government support initiatives.

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CROWDFUNDING IN SUB-SAHARAN AFRICA: DIFFERENCES IN BORROWERS' PROFILES BASED ON ETHNICITY, COLONIAL HERITAGE AND ECONOMIC DEVELOPMENT

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ABSTRACT

In the last decade, online loan-based crowdfunding has been subject to attention by researchers as a promising way to fostering entrepreneurship and innovation. We describe in this paper the state of the loan-based crowdfunding phenomenon in Africa, with a particular focus on Sub-Saharan Africa (SSA), looking at data from the Kiva platform, which is the most important loan-based crowdfunding platform in SSA in terms of number of projects funded. Our analysis takes into account the contextual differences which exist in SSA in terms of ethnic diversity, colonial heritage and economic development. The data suggest that countries with more ethnic diversity will have less loan requests than countries with less diversity; that borrowers from English speaking countries borrow higher amounts than those from French speaking countries and, finally, that borrowers from more developed countries preferred to use crowdfunding to finance projects in retail and education while those in poorer countries use it for agriculture. This study draws on the existing literature on crowdfunding. Further research on Crowdfunding in Africa might be interested in exploring the antecedents of the use of loan-based crowdfunding in SSA.
Keywords: Crowdfunding, Africa, peer-to-peer lending, ethnic diversity, colonisation, socio-demographics, Kiva.

INTRODUCTION

That strategy is based on resource strengths is obvious. The more important question that remains to be answered is, "What if you don't have any resource strengths?" - Birger Wernerfelt

For the last decade, online crowdfunding has received a great deal of attention from researchers, looking at many facets of this nascent field (Bajde, 2013; Burtch et al., 2015; Ordanini et al., 2011). Crowdfunding has been explored as a new way of reducing the financial gap faced by entrepreneurs (Belleflamme et al., 2014). It is known that for any entrepreneur, gathering the initial resources is an exceptional and difficult experience (Brush et al., 2001). Sub-Saharan African countries moreover are characterised by the scarcity of resources (Rivera-Santos et al., 2015). All

of which make entrepreneurship in Africa in general, and particularly in Sub-Saharan Africa (SSA), challenging. Online crowdfunding therefore appears as a new alternative to bridge up the financial gap. Online crowdfunding has been defined by Agrawal et al. (2011) as a model enabling "users to make investments in various types of projects and ventures, often in small amounts, outside of a regulated exchange, using online social media platforms that facilitate direct interaction between investors as well as with the individual(s) raising funds". Crowdfunding allows for international microlenders to support projects and ventures' opportunities by giving small loans to millions of borrowers (Bruton et al., 2011). An important feature of online crowdfunding in Africa in general, and in SSA in particular, is that, unlike in many developed countries where rewards-based and equity-based crowdfunding are growing faster, sub-Saharan African countries are favouring donations and loan-based models, the latter representing more than 54% of all the crowdfunding activities in the area (World Bank 2015).

Loan-based crowdfunding models, also termed peer-to-peer lending, offer the reimbursements for the contributions the crowd makes. For every fund invested on the platforms using a loan-based model, the investors are reimbursed by the borrower once the project is realised. There is still the risk of non-reimbursement as the platforms don't guarantee the success of any venture to which the investor gives support (Lin et al., 2013). Online loan-based crowdfunding models are therefore attractive to a certain profile of entrepreneurs, willing to make their idea public while taking the risk of depending on the crowd and the fickleness related to its impersonality to fund their projects.

Many researches on online crowdfunding have focused on the nature of the phenomenon and its drivers, while few have investigated the profiles of the users of online crowdfunding platforms and even fewer in the sub-Saharan African context.

In this paper, we aim at expanding the literature on crowdfunding, providing empirical evidence on the profiles of borrowers attracted by online loan-based models. More specifically, we seek to answer the following research question: does online loan-based crowdfunding attract a particular profile of borrowers in SSA depending on contextual differences? We argue that many differences exist in the SSA region in terms of colonial heritage and actual economic development. Moreover, we share the view that even before colonisation, there were important ethnic differences (Rivera-Santos et al., 2015), and these differences might nowadays impact crowdfunders profiles in the SSA context.

SSA, with a population of 1.001 billion, has more than 3,000 distinct ethnic groups distributed into the 50 countries which constitute the region. By 1900, 7 colonial powers from Europe had gone through the area, leaving different institutions which still have at this time an impact on the development of the countries (Acemoglu et al., 2001, 2005, 2012). These are unique attributes which make the African countries different from other emerging economies. According to Michalopoulos & Papaioannou (2015), SSA is the most complex region in the world because of its ethnic diversity, plural colonial heritage and the strong differences existing in the economic development of the countries.

SSA is therefore a particularly interesting context to analyse the differences in profiles of loan-based crowdfunding users depending on the context in which they evolve. Basing our analysis on institutional theory, we point out three remarkable features of SSA, namely ethnic diversity, colonial heritage and economic development, and explore the differences in profiles of loan-based crowdfunders based on these contextual particularities. To do this, we describe 196,057 loan requests from the Kiva platform, the biggest platform for loan-based crowdfunding in Africa and

the world's largest peer-to-peer lending platform, having funded more than one million loans since its inception, for a total amount of more than $700 million (Burtch et al., 2014).

Our results suggest that countries with more ethnic diversity will have less loan requests than countries with less diversity; that borrowers from English speaking countries borrow higher amounts than those from French speaking countries and, finally, that borrowers from more developed countries preferred to use crowdfunding to finance projects in retail and education while those in poorer countries use it mainly for agriculture. We advance the literature on crowdfunding by filling the existing gap on the borrowers' profiles. We also make a contribution in stating the contextual component of the crowdfunding phenomenon.

The paper is organised in 3 parts: first we analyse the crowdfunding phenomenon in Africa and its boundaries. In a second part, we explore the particularities of Sub-Saharan Africa and its impact on loan-based crowdfunding. Finally, we describe the profiles of loan-based crowdfunders in SSA and discuss the differences across the variables of ethnic diversity, colonial heritage and economic development.

CROWDFUNDING PHENOMENON IN AFRICA

African entrepreneurs are now using the online loan-based crowdfunding emergence as a financial alternative, individually, or in combination with microfinance and/or bank loans, in order to finance the opportunities they have but for which more formal financing is not accessible (Bruton et al., 2015). More than half of the crowdfunding platforms existing in Africa are loan-based, showing the eagerness and the increase in number of African entrepreneurs who want to ripe this new funding opportunity to achieve their goals (World Bank 2015). While there are still very few data on the state of crowdfunding platforms, it is estimated that one third of the funding volume received by African projects is raised on platforms based on the continent (around 50 are said to be in activity), while the remaining is raised through foreign based platforms like Kiva[1]. South Africa, Kenya and Nigeria are the countries with a higher number of crowdfunding platforms.

Online crowdfunding is a phenomenon which is strongly correlated with internet, the social media and the online payment methods, making its rise difficult in contexts where internet and/or social media are underdeveloped or prohibited. In fact, crowdfunding platforms are hosted on internet webpages and projects are advertised through social media. While internet penetration in Africa remains low (28% compared to world 50%), it is expected to progressively enter into the habits of Africans: for the time being, 9% of all internet users in the world are to be found in Africa, where almost 16% of the world population is located. It has also been estimated that in Africa, there are still few users of social media (only 9% of the Facebook users are in Africa) (Internet World Stat, 2015; The Guardian, July 2016). Moreover, online crowdfunding uses online means of payment like PayPal or credit cards. Many African countries are however banned from internet commerce (Cameroon, South Sudan and Cote d'Ivoire, for example, don't have PayPal services).

These factors necessarily work against the penetration of online crowdfunding in SSA, but still the empirical evidence is clear on the growth of the phenomenon. It is therefore reasonable to argue that this growth, even with all the barriers mentioned, is a clear sign of its importance and uses in helping reduce the lending gap which exists in SSA. The existence of a lending gap in Africa has been documented in a report by the International Finance Corporation and McKinsey (Stein et al., 2010) which argues that the need for funds by African Small and Medium enterprises which is not covered by formal institutions like banks is around $140-160 billion. There is

consequently an existing and important gap in lending in SSA which is being addressed by the loan-based crowdfunding phenomenon in the region.

Finally, Bruton et al. (2014) have argued that new financial alternatives for funding entrepreneurial ventures like crowdfunding are adaptable in many different contexts. We take a step further, arguing that context matters in crowdfunding and that in SSA according to differences in context, loan-based crowdfunding attracts different profiles of entrepreneurs.

DIFFERENCES IN SSA CONTEXT

Our study aims at describing the landscapes of loan-based crowdfunding users in SSA, pointing out the characteristics of those projects' bearers using loan-based crowdfunding as a new financing alternative, solely or in conjunction with other financial mechanisms, to fund their needs. In our results, we explore the SSA region, acknowledging that there are particularities inside the region which might further enrich our analyses. In fact, colonial heritages might have increased dissimilarities among countries. However, it is argued that substantial differences already existed in the SSA region, even before colonisation (Michalopoulos & Papaioannou, 2015; Rivera-Santos et al., 2015).

Ethnic Diversity

Michalopoulos & Papaioannou (2015) present evidence of the ethnic diversity existing in many parts of the African continent. According to them: "Sub-Saharan Africa is by far the most ethnically and linguistically diverse region of the world, with African ethnicities characterized by distinct cultural norms and economic traits". This diversity helps explain some of the economic and political differences which exist within African countries and the important number of social issues faced by these countries. Opportunities born from the incessant social turmoil are met with stinging government failures and a lack of resources which create a particularly challenging environment for the projects' bearers. Additionally, the low levels of support from formal financial institutions force risk sharing within extended families, clans, and tribal groups. The differences among the ethnic groups appear at many levels: at an organisational level, differences exist in the government style. Centralised and hierarchical structures are preferred by the Shongai (ethnic group in Mali, north of Côte d'Ivoire, Burkina Faso and Niger), the Ankole and Buganda in East Africa, while Konkomba in Ghana and south-east of Côte d'Ivoire rely on decentralised organisations with the village chief responsible for the small community he has at his charge and only meeting with the tribal authorities once in a while at ceremonies (Michalopoulos & Papaioannou, 2013).

Centralised ethnic systems allow for a more community centred society, with the community as a whole involving in ventures led by one of its member when it has been decided that the venture will have an important impact on the community. That is generally the case when a member gets married and needs to buy some land for agriculture or when he has to travel to trade some commodities. Some ethnic groups in Kenya for example are known for what they call "Harambee", which is a pooling of resources by the whole community to meet one of its member's funding need (George et al., 2016). At a juridical level, ethnic groups differ in how they rule. The Ashanti groups of Ghana and Côte d'Ivoire for example were known to be matriarchal, the properties of a dead father going to his nephews, the sons of his sister instead of his own sons (Diop, 1987). Other ethnic groups like those in Sudan and Somalia were patriarchal societies.

Ethnic diversity is an important feature of the SSA region to understand differences inside and among countries. It has been suggested that, more in Africa than anywhere else, there is a clear distinction between the power held by the national authorities and the local power of tribal chiefs (Michalopoulos & Papaioannou, 2013). In many Sub-Saharan countries, there is evidence that policies endorsed by local chiefs have more effects and receive more interests from the local population than policies enforced by national authorities (Ekeh, 1975). The poor participation to health services in hospital has been partly attributed to its non-enforcement by the local chiefs, as some also attribute the lower rate of African population with a bank account to the same reason. In fact, less than a quarter of the adult population in Africa has an account with a formal financial institution (Triki & Faye, 2013).

The link between ethnic diversity and economic development has been investigated to explain the poor performance of many countries in SSA. Alesina & Ferrara (2005), for example, argue that ethnic diversity negatively affects economic growth. By being ethnically very diverse, a country faces more challenges reaching consensus in adopting policies in general, and in particular those related to creating an environment of trust and business ease (Collier, 1998; Easterly, 2001). We therefore expect countries which are more ethnically diverse to have less policies facilitating economic growth and accordingly to have less projects needing funding of any sort, as the population in this context doesn't feel encouraged to undertake the creation of ventures. These countries with more ethnic diversity are, as a result, less developed ones with slow economic growth and, that being the case, with a lower number of projects' bearers (and so of borrowers of loans) than less diverse countries. Hence, we argue that there is a negative relationship between ethnic diversity and the number of borrowers attracted to loan-based crowdfunding.

Ethnic diversity, as a particularity of the SSA region, is however complex enough to render its operationalization difficult. In their study, Michalopoulos & Papaioannou (2013) base their measure of ethnic diversity on the works of GP Murdock, using its ethnolinguistic map (1959) and ethnographic atlas (1967). Nevertheless, the most widely used measure of ethnic diversity remains the ELF index (Ethno-Linguistic Fractionalization index) which calculates the probability of two randomly drawn people inside a population being from different ethnic groups (Easterly & Levine, 1997, 1998; La Porta et al., 1999; Mauro, 1995; Miguel & Gugerty, 2005; Sturm & Haan, 2015). In this paper, we opt for the ELF measure in operationalizing ethnic diversity in SSA. We therefore posit the following hypothesis:

H1: countries with more ethnic diversity will have less loan requests than countries with less diversity.

Colonial Heritage

The history and the evolution of the political powers in SSA are an additional component of its complexity. In fact, its historico-political context is more complex than in many other emerging economies (Michalopoulos & Papaioannou, 2015). Africa was colonized between 1880 and 1960 by 7 European countries namely Portugal, Spain, Great Britain, France, Belgium, Germany and Italy. While it is unclear if colonisation has been a bad dream (with no further repercussion on actual states of countries) or a necessary shock in the history of humanity (with long-lasting effects), there is enough evidence to show that colonization has an impact on the structures existing in the colonies at that times. Whether these structures however are still influencing the economic and political development of ex-colonies is another unaddressed debate.

Looking at the encounters of the western countries with the rest of the world and the subsequent successes in some countries in East Asia, the mixed results in Latin America countries

and the extreme poverty in almost all the countries in Africa, Landes (1998) concludes that "colonization in itself (…) does not dictate failure". For Landes, colonialism postponed and reduced opportunities for development while introducing foreign economic and political structures incompatible with the existing society's norms and cultures. Taking a step further in the argument on the impact of colonization, Acemoglu et al. (2001, 2005) argue that European colonizers used a different set of institutions in the colonies according to whether they had planned to stay or not. They found that during colonisation, Europeans adopted very different institutional policies with long lasting effect on the income level of the colonialized countries. The study by Acemoglu et al. (2001) shows that European conquistadors settled in countries where the mortality risk was lower. In these countries, they put institutions which guarantied property rights and controls against governments' expropriation. "Extractive" institutions on the other hand were put in countries with higher mortality risks for the Europeans. These institutions were characterized by a very low level of property protection and a focus on exploitation and repatriation of the goods with the lowest level of investment from the colonizers. In their paper, Acemoglu et al. present the colonization of Australia, New Zealand and the United States as examples where the colonizers put strong institutions while the colonisation of Congo (and other African countries it suggests) was done with extractive institutions.

The nature of the institutions (strong or extractive) put during colonisation impacted the economic and political development of the colonialized countries with long-lasting effects on the state of the institutions in the ex-colonies still nowadays (Young, 1994). The colonial state persisted after independence and countries where institutions protecting property rights and checks against government abuses like Australia, US, Canada are now countries with high income levels. These countries with institutions protecting property rights and less distortionary policies tend to invest in infrastructures and human capital which in turn lead to higher income level (Acemoglu et al., 2001; Young, 1994). So, it appears that differences in colonial experience have led to differences in institutions which, according to the institutional strategy theories, are the major determinant of current income per capita, with little or no effect from the geography, the culture, or the number of European population of the countries.

According to Hayek (1960), British-led institutions were more efficient than their French counterparts in terms of property rights protection and financial mechanisms during the colonization period. Also an empirical study by La Porta et al. (1999) has shown that poor countries, close to the equator, and ethno-linguistically heterogeneous, tend to use French laws.
As we have made evident, many of the existing institutions and governing structures were inherited from the colonizers, suggesting that the use of official languages, laws and economic models come from the same heritage of colonization. Ex-British colonies like Kenya, Ghana, Nigeria and South Africa have English as official language, conserve strong relationship with Britain and have important commercial and political relations. French former colonies like Mali, Burkina Faso and Côte d'Ivoire display strong political and trade relations with the French government and many of the existing laws and education system are from the French colonies' heritage (AfDB/OECD/UNDP, 2015; World Bank 2015).

Moreover, as mentioned above, ex-British colonised countries inherit the strong infrastructures and functional financial mechanisms which preclude entrepreneurship successful development in an environment. We thus suggest in this paper that English speaking countries (which are all ex-British colonies) will be more entrepreneurship inclined than French speaking countries and therefore ask for higher amount of loans on crowdfunding platforms.

H2: English speaking countries will have higher average amount of loans requests than French speaking ones in SSA.

Economic development

Among the countries of SSA, huge economic disparities exist, with more than 30 of the 50 states which constitute this region ranked among the poorest of the world (World Bank 2015). The economies of the region are divided between the resources exporters like Nigeria, Gabon, and Angola which rely heavily on trading natural resources such as oil, diamond and gold, and the non-resource exporters, including Côte d'Ivoire, Ethiopia, Kenya, and Senegal, which depend on agriculture and industries. The largest economies in SSA (Nigeria, South Africa, Angola) are to be found among the resources exporters (International Monetary Fund, 2016).

Michalopoulos & Papaioannou (2012) show that economic differences across ethnic lines are highest in Africa compared to Europe, Asia, and the Americas. Inside the same country, inequalities among ethnic groups are important. Also, the infrastructures are at different development states across the region. In fact, according to Beck & Cull (2014): "there are enormous differences across the region, ranging from well-developed financial systems in middle-income countries, such as Mauritius and South Africa, to shallow banking systems offering only the most rudimentary financial services in impoverished countries like Central African Republic and South Sudan." Poor infrastructures render the creation and growth of business opportunities difficult, with some countries with more ease than others (Doing Business, 2016). Countries like Angola, Democratic Republic of Congo and South Sudan are known to be particularly challenging contexts for creating projects because of the weak infrastructures, the high level of informality and consequent corruption. There are vast infrastructural voids and inefficient institutional interfaces between entrepreneurs and governments. Using the GDP per capita as a proxy for economic development, we consequently argue that more developed countries will attract more users willing to use loan based crowdfunding than less developed ones.

H3: more developed countries attract more projects' bearers willing to use loan-based crowdfunding for retail and services than less developed countries.

Some of the differences above mentioned have been accentuated by colonisation while others have disappeared. We therefore think that an analysis of the entrepreneurs using loan-based crowdfunding by country inside SSA might shed some lights on the characteristics of those entrepreneurs and the differences in profiles.

DATA AND METHODS

Sample

The data used for this study have been extracted from the Kiva API (build.kiva.org) in May 2015. Kiva Microfunds (commonly named Kiva.org) is a non-profit, microfinance company founded in October 2005 by Matt and Jessica Flannery and based in San Francisco, California. The choice of Kiva.org for our analyses is based on the consideration that it is the world's largest online platform for peer-to-peer lending, having funded more than one million loans since its inception for a total amount of more than $700 million. Also Kiva gives a good example of allowing multicultural, prosocial, loan-based crowdfunding on a very wide scale - people from more than 190 countries intervene on the platform- (Burtch et al., 2014). Concretely, from 2005 to March 2015, there have been 196,057 loans requests from SSA users on the Kiva platform, representing

27.78% of all the requests received by Kiva since its launching. Kiva has been financing projects in SSA for a total amount of $152,740,150 for borrowers from 29 African countries (Moleskis & Canela, 2016). Table 1 briefly summarizes the different fields present in the database.

Methods

Some of the variables in the data set have missing values: 13,170 for *Rating*, 46,053 for *Profitability*, 40,606 for *Portfolio_Yield* and 5,731 for *Group*. However, as we aim at using descriptive statistics to better understand the profiles of the crowdfunding users without focusing excessively on the exhaustiveness of the transactions described, we choose to work with the whole data set.

Field Partners act as intermediaries between Kiva and the borrowers. The partners are important actors in Kiva in SSA, as they collect and process the loans requested. A borrower has to contact the field partner closer to his location in order to use Kiva platform to crowdfund. The partner will be in charge of reviewing the project and posting it on Kiva platform. Once the partner is satisfied with the details of the loan, it makes it visible for crowdfunding by posting it on the webpage. The funded amount is transferred to the partner's account who is responsible for making it available to the borrower. Repayments are collected by the partner to be transferred to the Kiva account of the lenders. Loans through partners are without interest on Kiva. The lenders on Kiva platform lend with 0% interest rate. However, it may happen that field partner charges an interest rate to the borrower to cover their functioning costs.

TABLE 1
Dataset Variables

Variables Name	Explanation	Value Type
➢ ***Variables related to the loan***		
id	The Id affected to each loan. The ids are all unique for each line in the dataset.	Number
year	The year in which the loan was posted on the Kiva platform in order to begin the funding process	Date
month	The month of the year in which the loan was posted. The values go from January to December.	String
label	The loans are labeled: Charity (some 3.5% of the loans have this label), or Venture (96%) or Either (0.5%)	Category
posted_date	The date the loan was posted on the Kiva platform for fundraising	Date
status	The status of the loan as of March 2015. The loan can be in Fundraising, Funded, Expired, Paid, in Repayment, defaulted or Refunded	Category
posted	Amount requested by the borrower.	Number
loan_amount	The total amount of loan funded by the crowdfunding process. Amount varies between $25 and $50,000 with a mean of $779.	Number
raised	Amount of each loan raised. This amount is often lower than the amount requested.	Number
lender_count	the number of lenders who funded the loan	Number
repayment_term	Number of months in which the loan is effectively repaid.	Number
delinq	Percentage of each loan funded which has not been repaid at the accorded repayment interval. Might be repaid afterwards based on new repayment installments. If not, the loan is said to be defaulted.	Percent.

default	Percentage of each loan funded which has not been repaid so far and will not be repaid as the borrower is unable to repay.	Percent.
profitability	Profitability of each loan in percentage. With a mean of - 0.2%	Number
portfolio_Yield	Cost of borrowing from a field partner. The mean is 42%	Number
charges	Dummy for a partner charging fees	Number
➢ ***Variables related to the borrower***		
gender	The gender of the borrower. In case of many borrowers, the gender of the principal borrower. In the dataset, there are loans requested by Male (30%) and Female (70%). The letters M and F are used.	Binary
country	The country from where the borrower is asking the loan. Also the country where the loan will be used. Normally these two are the same There are 29 African countries in the dataset. Full country names are used.	String
activity	The activity the loan will be used for. The data show 149 activities listed.	String
sector	The sector the loan relates to. This variable is also linked to the previous one. There are at least 2 activities per sector. 15 sectors are listed.	String
group	The borrower can request a loan individually (dummy 0) or in group (dummy 1). Loans in group represent 19% of total loans requests.	Binary
bonus_credit eligibility	Field partners rate the loans they posted. Bonus credit eligibility 1 means the borrowers is reliable. 0 means unreliable. 46% of the loans requested are said to be reliable by partners.	Binary
repayment_interval	The borrowers choose to repay the loans according to 3 options: At the end of the term, Irregularly or Monthly	String
➢ ***Variables related to the field partner***		
partner_id	the Id affected to each partner	Number
name	The partner's name	String
Partner_status	Partners can be: active, inactive, closed or paused. 76% are active	
rating	Partners are rated from 0 to 5. A 5-star rate is low risk partner.	Category
no_countries	Number of countries impacted by the loan requested.	Number
profitability	Profitability of each loan	Number
portfolio_Yield	Yield of each partner	Number
charges	Charges per loan by each partner	Binary

RESULTS AND DISCUSSION

In this section, we describe the borrowers, taking as the unit of analysis their country cluster based on geographic, ethnic, language or economic considerations.

Geographic clusters

The geographic analysis is the most natural one as it obeys to an intuitive way of looking at the borrowers in SSA. We regrouped the countries by regional bloc: northern, southern, central, eastern and western Africa. In the Northern African Region, the data on Kiva platform only comprise South Sudan. Therefore, the data for this bloc are really the data for this single country. For this reason, we will withdraw South Sudan from this analysis by geographic bloc. In fact, no

other northern Africa country participates on Kiva platform. This evidences the fact that Kiva deals only with Sub-Saharan African countries in Africa. A first glance at the data shows that loans have not been equally distributed in the SSA region: more than 40% of the loans have funded projects in Kenya, Uganda and Tanzania.

The unequal distribution of borrowers is corroborated by the geographic distribution of the partners who make loans possible on Kiva platform in SSA. The table 3 shows that the same countries with the highest number of borrowers are those with the highest number of field partners acting in the area. Eastern countries like Kenya and Uganda show a higher number of partners as compared with the other countries. However, this analysis failed to take into account the status of this partner to know whether there are still active or paused or not working with Kiva anymore.

TABLE 2
Evolution of Loan Requests Per Year Per Regional Bloc

Year	Central Africa	Eastern Africa	Southern Africa	Western Africa	Total
2005		38			**38**
2006		715		273	**988**
2007	203	2,362		2,329	**4,894**
2008	153	4,290		5,281	**9,834**
2009	230	4,558		10,575	**16,180**
2010	304	7,824	3	7,446	**16,462**
2011	436	14,149	60	5,410	**20,834**
2012	1,295	24,181	71	10,566	**37,438**
2013	1,151	24,606	76	14,055	**40,162**
2014	1,088	28,120	52	14,044	**43,353**
2015	187	4,704	20	936	**5,874**
Total	**5,047**	**115,547**	**282**	**70,915**	**196,057**

TABLE 3
Partners by Country

Country	Number of Partners	Average number of loans per partner	Loan_amount per partner	Average loan per partner
Kenya	40	1,589.28	33,271,025	831,776
Uganda	19	1,212.42	22,242,925	1,170,680
Ghana	12	1,150.08	8,305,925	692,160
Tanzania	10	331.10	11,332,500	1,133,250
Rwanda*	7	530.00	10,034,675	1,433,525
Zambia	6	76.17	818,075	136,346
Togo*	5	1,649.60	6,243,275	1,248,655
Nigeria	5	1,142.00	3,975,975	795,195
South Africa	5	52.60	453,225	90,645
Senegal*	4	1,963.75	10,397,050	2,599,263

Congo (Dem Rep)*	4	518.00	9,273,300	2,318,325
Mali*	4	2,102.75	8,226,525	2,056,631
Sierra Leone	4	1,695.75	7,317,375	1,829,344
Zimbabwe	4	473.25	2,849,375	712,344
Malawi	4	40.50	312,625	78,156
Benin*	3	1,580.33	3,231,325	1,077,108
Liberia	3	2,598.67	2,587,575	862,525
Mozambique*	3	970.33	1,890,875	630,292
South Sudan	3	1,422.00	1,728,450	576,150
Burkina Faso*	3	361.00	1,234,500	411,500
Cameroon*	2	1,083.50	976,825	488,413
Côte d'Ivoire*	2	98.50	210,425	105,213
Somalia*	2	72.50	145,375	72,688
Madagascar*	2	9.50	7,925	3,963
Burundi*	1	1,201.00	3,595,175	3,595,175
Congo(Rep)*	1	770.00	2,042,600	2,042,600
Mauritania*	1	1.00	15,000	15,000
Chad*	1	38.00	12,250	12,250
Botswana	1	1.00	8,000	8,000

The countries with * are not-English-speaking countries.

Ethnic Diversity

A seminal paper by Easterly & Levine (1997) uses a measure of ethnic diversity which takes into account the probability that in a country, two randomly selected persons will not belong to the same ethnic groups. The lowest probability they found is 1% in Haiti, while the highest are in SSA (93% in Tanzania). We use this measure for the countries for which it is provided. Countries where the probability of ethnic diversity is superior to 90% account for 18% of the loans requested in SSA.

Ethnicities and Community Loans

In central Africa countries, almost half of the loans are requested by groups. On the other hand, less than 15% of the loans in Eastern Africa are by groups. We can see that for all the regional blocs, the ratio of group over total loans is higher than 14% which is the global ratio on the platform (Moleskis & Canela, 2016). So, there is a higher proportion of group loans in SSA than in the other parts of the world where Kiva serves. Moreover, some regional blocs have a higher proportion of group loans than others in SSA, meaning that they prefer to use group loans than individual loans. An alternative explanation might be found in the local institutions' preferences of the different ethnic groups as mentioned earlier in the paper. Ethnic groups with centralised political system or a higher sense of the community will prefer group loans over individual ones. However, in this analysis, the effect of the partners' internal policies and their own preferences in selecting projects before they are submitted on Kiva platform is not accounted for.

Table 4
Ethnic Diversity and Loans Requests

Countries	Ethnic measure	Number of loans requests
Tanzania	93	8,120
Congo (Dem Rep)	90	2,072
Uganda	90	26,064
Cameroon	89	2,167
South Africa	88	281
Nigeria	87	8,813
Cote d'Ivoire	86	197
Liberia	83	7,796
Kenya	83	63,571
Zambia	82	466
Mali	78	8,456
Sierra Leone	77	9,861

Table 5:
Type of loans by regional bloc (Individual versus Groups loans)

	Central Africa	Eastern Africa	Southern Africa	Western Africa	SSA
Individual	53.91%	85.51%	78.72%	74.91%	81.13%
Group	46.09%	14.49%	21.28%	25.09%	18.87%

Colonial Heritage: Language and Entrepreneurial Mindset

Table 6 is divided in two blocks based on the country of destination of the loan: the first block contains the countries of destination of loans were English is one of the official languages. English speaking countries in this block are interestingly all former British colonies. The other block are all the other countries on the Kiva platform which don't have English as official language (or didn't have it until recently as first language as is the case of Cameroun). The percentages reported in the table are based on the total amount of loans collected by all African countries on the platform.

It can be seen from the table above that English speaking borrowers account for 62% of all the users of loan-based crowdfunding platform Kiva in SSA. This can be due to the fact that there are colonial ties between Kiva and British colonies like Kenya, Uganda and Tanzania. Because these African countries and US were former colonies of UK and Kiva is US-based, there are more commercial and political relationships between the countries, facilitating the use of the platform by partners and borrowers in English speaking countries. Also, as we argued before, infrastructures and financial mechanisms in English speaking countries lead to favourable environment for entrepreneurship. Many of the English speaking countries score higher than the other countries in terms of easiness to create a business (Doing Business, 2016). To further appreciate the link between ex-colonisers and colonies, we look at the nationalities of the lenders on Kiva platform.

Table 7 below from Moleskis & Canela (2016) shows that the main lenders are from English speaking countries.

TABLE 6
Loans Requests Distribution Per National Language

English speaking Countries			Other languages		
Countries	**Loan_Amount**	**Percentage**	**Countries**	**Loan_Amount**	**Percentage**
Kenya	33,271,025	21.78%	**Senegal**	10,397,050	6.81%
Uganda	22,242,925	14.56%	**Rwanda**	10,034,675	6.57%
Tanzania	11,332,500	7.42%	**Congo(DemRep)**	9,273,300	6.07%
Ghana	8,305,925	5.44%	**Mali**	8,226,525	5.39%
SierraLeone	7,317,375	4.79%	**Togo**	6,243,275	4.09%
Nigeria	3,975,975	2.60%	**Burundi**	3,595,175	2.35%
Zimbabwe	2,849,375	1.87%	**Benin**	3,231,325	2.12%
Liberia	2,587,575	1.69%	**Congo(Rep)**	2,042,600	1.34%
SouthSudan	1,728,450	1.13%	**Mozambique**	1,890,875	1.24%
Zambia	818,075	0.54%	**BurkinaFaso**	1,234,500	0.81%
SouthAfrica	453,225	0.30%	**Cameroon**	976,825	0.64%
Malawi	312,625	0.20%	**Côte d'Ivoire**	210,425	0.14%
Botswana	8,000	0.01%	**Somalia**	145,375	0.10%
			Mauritania	15,000	0.01%
			Chad	12,250	0.01%
			Madagascar	7,925	0.01%
TOTAL	**95,203,050**	**62%**	**TOTAL**	**57,537,100**	**38%**

TABLE 7
Lenders by Country

Countries	Number of loans requests	Countries	Number of loans requests
U.S.	455,088	**Netherlands**	10,051
Canada	65,736	**Sweden**	8,936
Australia	32,632	**Norway**	6,535
U.K.	26,137	**France**	5,272
Germany	14,142	**India**	4,812

Comparing the Table 6 with Tables 7 and 8, we can make some interesting propositions about lenders' behaviour: the tables suggest that there exists some relationship between the nationality of the lenders and the destinations of their loans. As mentioned above, more than 60% of the loans have been sent to finance projects of ex-British colonies, while according to the paper by Moleskis & Canela (2016) 87% of the main lenders (from US, Canada and Australia) are from developed countries which were ex-British colonies also. The Table 8 illustrates the fact that a

higher number of lenders invest in projects from eastern and western Africa than from the rest of SSA.

We might suppose that lenders in their investment decision try to evaluate the risk attached to projects and assimilate low risk with countries they are familiar to or have heard a lot about. So American and British lenders will for example be attracted by projects in Kenya, while French lenders will go for projects in Senegal. This lender bias argument was presented by Burtch (2014) and is supported by the data we have. We further expect that the colonial ties might help explain and predict the success of fundraising projects in SSA based on the nationalities of the main lenders and that of the borrower. However, deeper analysis will be required to explore this relationship between colonial ties and fundraising success in the context of SSA.

Table 8
Distribution of The Number of Lenders by Regional Bloc

	Central Africa	Eastern Africa	Southern Africa	Western Africa	SSA
Lender_count	301,866	2,594,063	15,885	1,571,133	4,540,341
Percentage %	*6.6%*	*57.1%*	*0.3%*	*34.6%*	*100.0%*

Economic Development

In terms of GDP per capita, the countries present in our dataset have their data reported by the World Bank for 2015 with the exception of Mauritania. The table 9 presents the GDP per capita of the countries and the average loan amount per loan request. The richest countries with GDP per capita of more than $1,000 tend to request loans between $500-1,500 on average.

Economies and Gender

The table below presents the distribution of the loans' requests from 2005 to 2015, by regional blocs and gender, showing an interesting finding: there are regional differences in the distribution by gender and these differences are aligned with the differences in wealth. The analysis of the gender of the borrowers by blocs shows that in southern African countries (average GDP per capita of $6,026), there are almost as many male as female borrowers, while in western Africa (average GDP per capita of $1,016), more than 80% of the loans were requested by women. The data suggests that the higher the GDP per capita in the region, more equally distributed are men and women borrowers.

Economies and Projects Preferences by Regional Bloc

In this part, we look at preferences of ventures by borrowers and by regional blocs. Looking at the different projects financed on Kiva, we can see that there are important differences among the projects preferences of borrowers by regional bloc: central and western Africa borrowers invest mainly in sectors related to Food and Retail. The countries in these blocs are mainly poorer than

the ones in other parts of SSA and French speakers. Because of the poverty state of these countries, it can be expected that the borrowers use the loans for basic needs like food and food related retail.

TABLE 9
GDP Per Capita and Average Loan Per Request

Countries	GDP per capita (current $) 2015	Average loan amount per loan request (in $)
Botswana	6,360.60	8,000
South Africa	5,691.70	1,613
Nigeria	2,640.30	451
Congo, Rep.	1,851.20	2,653
Cote d'Ivoire	1,398.70	1,068
Ghana	1,381.40	602
Kenya	1,376.70	523
Zambia	1,307.80	1,756
Cameroon	1,250.80	451
Senegal	910.8	1,324
Zimbabwe	890.4	980
Tanzania	864.9	1,396
Benin	779.1	682
Chad	775.7	322
Mali	744.3	973
South Sudan	730.6	405
Rwanda	697.3	1,027
Sierra Leone	693.4	742
Uganda	675.6	853
Burkina Faso	613	1,140
Somalia	551.9	803
Togo	548	751
Mozambique	525	614
Congo, Dem. Rep.	456.1	4,476
Liberia	455.9	332
Madagascar	411.8	417
Malawi	381.4	1,930
Burundi	276	2,993
Mauritania		15,000

Contrarily, southern Africa borrowers seem to be more interested in Education (70% of the loans requested). These countries which are in majority richer than the other countries of SSA will tend to have the basic needs of their population mostly covered. Therefore, borrowers will use loans for education and health. Finally, borrowers in eastern Africa have equal interests in

Agriculture, Food and Retail, tending to be in environments where infrastructures are poorer than in the south and economies depend highly on agriculture and farming.

TABLE 10
GDP Per Capita And Gender Distribution Per Regional Bloc

	Central Africa	Eastern Africa	Southern Africa	Western Africa	SSA
Average GDP per capita $	1,083	723	6,026	1,016	1,215
Female	75.01%	64.04%	54.61%	80.10%	70.73%
Male	24.99%	35.96%	45.39%	19.90%	29.27%

TABLE 11
Distribution of Loans' Requests by Projects Preference by Regional Bloc

Sector	Central Africa	Eastern Africa	Southern Africa	Western Africa	SSA
Agriculture	9%	25%	2%	10%	19%
Arts	1%	0%	2%	1%	1%
Clothing	12%	9%	5%	8%	9%
Construction	2%	2%	0%	1%	1%
Education	1%	2%	70%	1%	2%
Entertainment	0%	0%	0%	0%	0%
Food	38%	25%	5%	42%	32%
Health	1%	1%	1%	1%	1%
Housing	0%	2%	0%	0%	2%
Manufacturing	1%	1%	1%	1%	1%
Personal Use	0%	1%	0%	1%	1%
Retail	25%	20%	11%	28%	23%
Services	8%	8%	4%	5%	7%
Transportation	1%	3%	0%	1%	2%
Wholesale	0%	0%	0%	0%	0%
Total loans requests	**100%**	**100%**	**100%**	**100%**	**100%**

CONCLUSION

Crowdfunding platforms such as Kiva have increased the availability of capital for microenterprises (Moss et al., 2015). As a solution for financing needy entrepreneurs, charities and community projects, it has evolved into a $34.44 billion market in 2015 (Massolution 2015). From this growing market, the developing world accounts for some $317 million, about 1% of the total market (World Bank 2015) with SSA representing less than 1% of the total share (Massolution 2015). Even if it is true that the African continent is still lagging behind in this general move toward crowdfunding, there is a raising awareness among projects' bearers on the advantages of using crowdfunding along with other financing means. Crowdfunding has surged as a new opportunity for entrepreneurs to fill this funding gap. Therefore, it is not surprising that there is an increasing number of platforms developing on the continent, to make crowdfunding more accessible to African investors and entrepreneurs. Loan-based crowdfunding is clearly a promising financing alternative which has adapted to the contextual differences of Sub-Saharan African users.

LIMITATIONS

Our study points out the relationship between socio-economic context and borrowers' profiles on loan-based platform. Since our paper is mainly descriptive, this relationship does not imply any causation. Future research using stronger statistics will certainly help shed lights on the results observed, giving clear directions on the drivers of borrowing on loan-based platforms in the context of SSA.

ENDNOTE

[1] https://www.appsafrica.com/crowdfunding-in-africa-is-gaining-momentum/

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UNLOCKING CASH MANAGEMENT POTENTIALS OF SMALL STALL MARKET VENDORS: EMPIRICAL EVIDENCE FROM UGANDA

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ABSTRACT

This paper examines the role of financial literacy and cash management in improving financial performance of small stall market vendors. A cross-sectional survey was employed to study four main markets in Nakawa division located in eastern region of Kampala. Descriptive statistics, zero order correlation, and hierarchical regression analyses were performed using SPSS v21. The results show that financial literacy is not a significant predictor of financial performance. On the other hand, the results show that keeping appropriate financial records, use of well-designed budgets, bank accounts and ability to invest surplus cash are associated with better financial performance. The study employed a single research methodological approach, future research should be undertaken using a mixed approach to corroborate the current findings. This study was cross-sectional, a longitudinal approach should be considered. Limited literature on factors explaining financial performance of small stall market vendors deprived the opportunity to cross-validate the present findings.
Keywords: Financial literacy, cash management, financial performance and market vendors

INTRODUCTION

Survival rates of micro and small businesses have continued to be of great concern among academicians, researchers and policy makers across the globe. It is frequently reported that such businesses do not live to celebrate their first birthday (Waweru & Ngugi, 2014). Those that live up to their fifth year rarely post good financial performance. Nonetheless, despite their short-term survival rates, micro and small businesses play a significant role in the economic growth and development of a country, through their contribution to wealth creation, employment and income generation (Waweru & Ngugi, 2014). In this study, we investigate financial performance of small businesses located in market centres in a developing economy where literature is currently scarce. Specifically, we predominantly report on financial literacy and cash management and how these inter-plays to improve financial performance of small stall market vendors. Anecdotal evidence shows that small stall market vending businesses are easy to start, require less capital, do not have to go through the rigorous registration processes, are owner managed, and rarely keep adequate financial records. This implies that entry barriers are limited. However, there is evidence showing

that despite such entry requirements, such businesses rarely last. Several reasons have been fronted to explain performance of small businesses in general.

Basu (2005) argues that financial literacy is related to financial performance. Financial literacy is referred to as the understanding and knowledge of the financial principles needed to make informed financial decisions and products which impact one's financial wellbeing (Basu, 2005). It includes the ability to make informed judgments and to take effective decision regarding financial matters (Worthington, 2005). Management of micro and small businesses revolve around the owner manager, implying that every decision including financial decisions depend on him/her. By implication it means that an owner with a firm grip of finance concepts and principles is likely to make better financial decisions which in turn will have a positive effect on the business financial performance. In fact, Joo and Grable (2000) argue that micro and small business owners make inappropriate, inadequate and ineffective financial decisions are because of the lack of personal financial knowledge, lack of time to learn about personal financial management, complexities in financial transactions and the extensive variety of choices in financial products/services. Similarly, Atrill (2006) add that many small-scale enterprises are not very good at managing their working capital especially cash despite their high investments in current assets in proportion to their total assets and this has been a major cause of their high failure rates as compared to large businesses.

Extant literature also reports positive and significant relationship between cash management and financial performance of small businesses. For instance, Ross et al. (2011) established that efficient cash management is associated with improved profitability. They add that businesses with less time tied up in the operating cycle had a positive impact on the business's profitability and the entire business performance. Similar findings are reported by Abel (2008) who concluded that management of cash in every business is a crucial factor that enhances its survival and prosperity. Cash is to a business like oxygen to humans, without which a business cannot stand. This means that effective cash management should involve optimizing the benefit and cost associated with holding cash (Lantz, 2008). Every business should have adequate cash neither more or less; inadequate cash will lead to production interruptions while excessive cash remains idle and will impair profitability (Ross, 2008). Nevertheless, this is made possible when the personnel possess basic financial literacy.

Our study is motivated by a number of reasons and makes important contributions to small business literature. *First*, while the SME sector is identified with high-growth potential by the government of Uganda, this sector which is predominantly characterized by small firms is still stuck with rudimentary methodologies. And, given the recurring challenges of small businesses in Uganda which include lack of business records (Orobia et al., 2013), it has been hitherto unclear as to whether the extent of financial literacy and cash management has any bearing on financial performance of small stall market vendors. *Second*, emphasizing the importance of cash management will result to sustainability of such businesses. Thus, this paper adds to literature on the correlates of financial performance of small businesses in the perspective of African countries. Finally, while extant literature suggests that financial literacy and cash management affect financial performance of businesses, in this paper we show that when financial literacy is considered alongside cash management, cash management is the significant predictor of financial performance of small stall market vendors. The findings therefore, will stir further research on market vendors. The rest of this paper is structured as follows: the next section covers literature review. This is followed by the approach that was used in the study. The results, discussion, conclusion and implications follow respectively.

LITERATURE REVIEW

Definition of a micro and small business

On a global scale, micro and small sized enterprises are a very heterogeneous group. They cut across several sectors and activities, ranging from the organic tomato seller at the market, the childcare centre at work, the technology service firm who fixes computers when they crash, a neighbourhood restaurant, or an ice cream truck and, the internet café in a small town to a small sophisticated engineering or software firm selling in overseas markets. Such businesses operate in very different markets (urban, rural, local, national, regional and international); embody different levels of skills, capital, sophistication and growth orientation, and may be in the formal or the informal economy (UNIDO, 2004). In Uganda, the three bodies responsible for investment and trade (Ministry of Finance, Planning and Economic Development, Ministry of Trade, Industry and Cooperatives and Uganda Investment Authority) unanimously define a Micro Enterprise as an enterprise employing maximum 4 people; annual sales/revenue turnover of maximum Ugandan Shillings 12 million and total assets of maximum Ugandan Shillings 12 million. While, a Small Enterprise is an enterprise employing maximum 50 people; with annual turnover of a maximum Ugandan Shillings 360 million and total assets of maximum Ugandan Shillings 360 million.

Overview of Micro and Small Businesses in Uganda

According to the national Micro, Small and Medium Enterprises (MSME) Policy and Strategy of Uganda (MFPED, 2015), the MSME sector contributes 20 percent of the national GDP, provides employment to approximately 1.5 million people at an employment growth of 20 percent per annum in the sector. These MSMEs also contribute about 90% of the private sector production in the Ugandan economy. They are the prime source of new jobs and play a crucial role in income generation especially for the poor (UIA, 2011). They also play a crucial role in creating opportunities that make the attainment of equitable and sustainable growth and development possible. In Uganda, majority of these micro and small businesses are informal, small and highly concentrated in urban and semi-urban centres (Kula et al., 2006).

Given their size and informality, these entities face multi-dimensional challenges that lower their resilience to risk and prevent them from growing and attaining economies of scale. The challenges are not only in the areas of financing investment and working capital, but also include several barriers to trade such as formal registration, high technical standards qualifications, high taxes; poor transport bottlenecks especially the rural based, poor communication infrastructure and limited energy supply (Kula et al., 2006). These entities are also confronted with fierce local and international competition, limited access to information on market opportunities and sources of competitive technology. This has bred a number of constraints, which include the difficulty in employing competent people with techniques in financial management because of the salaries such people would demand, financial problems arising from late payments by debtors, and inability to raise own finance and access financial services from formal sources. These substantially limit their productive capacity and competitiveness within the context of globalization.

The other major challenge that cuts across a broad spectrum of these micro and small enterprises in Uganda is the inadequate innovation and product differentiation to match or better still avoid foreign competition. According to Darku (2001), 60% of these enterprises do not invest in human resource development, but rather employ semi-skilled labour with a wish to cut the wage

bill. From this background, it can be noted that these firms are characterized by; use of family and unpaid labour, flexibility, allowing people to enter and exit economic activities in response to market demand; simple and sometimes precarious facilities; ability to improvise products from scrap materials; a willingness to operate businesses at times and locations convenient to customers and a tendency to locate smaller markets, out of the reach of the larger enterprises (UIA, 2011)
To overcome some of the constraints, the government and other players such as the Bank of Uganda (BOU), have designed programmes and policies to support these micro and small businesses that are market driven and non-market distorting. The government has, for example, created stable macroeconomic conditions, liberalized the economy, and encouraged the growth of the micro-financing business (Kula et al., 2006).

Financial Literacy and Financial Performance

Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being (PACFL, 2008). Remund (2010) opined that financial literacy is the degree to which one understands important financial concepts in personal finance areas like real estate, insurance, investing, saving, tax planning and retirement. He adds that it involves possessing the capacity and confidence to handle personal funds of appropriate, brief period decision-making and solid long-term financial forethought. Financial performance is an area that requires knowledge, skill, attitude and experience with goals to deal with the survival of the firm; profit maximization; sales maximization; capturing a particular market share; minimizing staff turnovers and internal conflicts; and maximizing wealth (Jacobs, 2001).

Positive relationships between financial literacy and performance have been noted by a number of researchers (Hilgert et al., 2003; Huston, 2010; Kidwell & Turrisi, 2004; Lusardi, Mitchell, & Curto, 2010; Piprek & Coetzee, 2004). Lusardi and Michell (2006) suggested that financial literacy is needed to create a measure of financial competence, i.e., to stay knowledgeable about financial matters. This will lead to greater likelihood of performance as knowledge and skills are a major advantage for business owners in terms of recognising potential profitable opportunities. They noted that literate people are more participating in financial markets because they know financial matters. Kidwell and Turrisi (2004) indicated that firms with better financial knowledge keep detailed firm financial records and have a more competitive advantage in accessing external funding than their counterparts who keep not.

Since the performance of micro and small enterprises relies on the effective skills of the owners, it is apparent that these owners possess appropriate knowledge, skills and abilities to run the enterprise (Oketch, 2009). Yoong et al, (2009) pointed out that acquired additional financial information can lead to improved financial behaviour. In the similar spirit, Tamimi et al, (2009) add that a business owner needs to possess basic skills necessary to start, develop, finance and market own business. Several countries in the world are promoting financial education as a tool of fighting poverty (UN 2003), some of the countries involved are Egypt, Uganda, Ghana, South Africa, Tanzania, Kenya (African Development Bank, 2007).

Moore (2003) elucidated that literacy or knowledge is gained via practical experience and active integration of knowledge. In other words, people will become more sophisticated in terms of finance when they are more literate. Lusardi and Bassa (2013) examined the impact of financial literacy and high cost of the borrowers. The result indicated that most high-cost borrowers display very low levels of financial literacy, lack knowledge of basic financial concepts, which affect their performance level in a business. Likewise, another researcher, emphasized that an individual or organization who had financial literacy, knowledge and ability to put to use this knowledge, may

not show the assumed behavior or enhance his or her financial well-being as a result of other influences such as cognitive behavior that is biased, self-control problems, family, peers, economic and institutional conditions that may affect the financial habits and financial well-being (Huston, 2010). In a study to examine how financial literacy influences SMEs in Ghana, Nunoo and Andor (2012) found that financial literacy is crucial in stimulating the SME sectors. Financially literate SMEs may save more, and better manage risk, by purchasing insurance contracts. The results of the study proved that financial literacy has a positive effect on SMEs performance. Thus, we hypothesize:

H_1 Financial literacy and financial performance of small stall market vendors are positively related.

Cash Management and Financial Performance

Successful running of any kind of business requires effective management of resources which include all or some of the following: people, equipment, property, cash, brand, product(s), service(s) and inventory. Of all these resources cash is probably the most important. With sufficient cash a business has the ability to buy any other resources in which it may be deficient (Agbeja & Afolabi, 2016). This cash needs to be controlled and managed. As the medium of exchange and store of value, cash provides the linkage between all financial aspects of the firm (Chandra, 2008). More specifically it links short and long-term financing decisions with one another, with decision involving investment both in fixed assets and working capital. Clearly, Firms should evolve strategies regarding: cash planning, managing the cash flows, optimum cash level and investing surplus cash. Ideal cash management system will depend on the firm's product, organization structure, competition, culture, and options available (Raheman, 2008).

Cash management is the process of planning and controlling cash flows into and out of the business, cash flows within the business, and cash balances held by a business at a point in time (Pandey, 2004). Based on Mathuva (2009), cash management was seen as the process of planning and controlling cash flows. It consisted of three basic components: cash forecasting practices, cash surplus investment practices and cash-control practices. A study by Kwame (2007) established that the setting up of a cash balance policy ensures prudent cash budgeting and investment of surplus cash. This finding agrees with the findings by Kotut (2003) who established that cash budgeting is useful in planning for shortage and surplus of cash and has an effect on the financial performance of the firms. The assertion by Ross et al. (2008) that reducing the time cash is tied up in the operating cycle improves a business's profitability and market value furthers the significance of efficient cash management practices in improving business performance.

The existence of efficient cash management practices can make a substantial difference between the success and failure of an enterprise and it is of particular importance to the managers of small scale enterprises, because it is they who strive for finances and the opportunity cost of finances, for them is usually on the higher side (Kwame, 2007). As established by Padachi (2006), efficient management of cash is vital for the success and survival of the small-scale enterprises which needs to be embraced to enhance performance and contribution to economic growth. Further Bort (2004), alludes that effective cash management is the fundamental starting point to ensure that the company's finances are in strong position. Thus, we hypothesise that:

H_2 Cash management and financial performance of small stall market vendors are positively related.

Financial Literacy and Cash Management

To run a successful business requires effective management of resources which include all or some of the following: people, equipment, property, cash, brand, product(s), service(s) and inventory. Eniola and Entebang, (2015) note that for a firm to register high performance, the owners should be effective and efficient in making use of these available resources. Similarly, Gitman (2005) also added that these resources especially cash, have to be well managed and spent if the firm is to be successful. According to Appah (2011), management of cash was described as the art and the science of managing a company's short-term resources to sustain its ongoing activities, mobilize funds and optimize liquidity. In addition, Remund (2010) observed that for cash to be effectively managed, one needs to understand important financial concepts and possess the capacity and confidence to handle personal funds of appropriate, brief period decision-making and solid long-term financial forethought. This condition was referred to as being financially literate. PACFL (2008) says that, financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.

The business owners have to be able to generate sufficient cash to be able to meet its immediate obligations, continue trading therefore they have to have skills in identifying market opportunities and generating ideas that will enable them get customers to boast their business (Abor & Biekpe, 2006). According to Bort (2004) the key to successful cash management lies in tabulating realistic projections, monitoring collections and disbursements, establishing effective billing and collection measures, and adhering to budgetary parameters because cash flow can be a problem to the business organization. Basu (2005) asserts that this can only be done by a financially literate person with knowledge of the financial principles needed to make informed financial decisions which impact one's financial wellbeing. In a similar spirit, Bruhn and Schoar (2010) add that a business owner needs to possess basic skills to start, develop, finance and market own business. Gitman (2008) adds that these skills enable one to effectively estimate the firm's short term requirement with particular attention being paid to planning for surplus cash or for cash shortages. In addition, Kirkman (2006) arrived at the same idea by highlighting that as a component of implementing an effective cash management program, a cash flow statement called a cash budget should be prepared. Deloof (2009) asserts that budgets are the financial road map companies' use, when planning business expenses and tracking the cash flow throughout the business year. Drawing from the discussion above, we hypothesize that;

H_3 Financial literacy and cash management of small stall market vendors are positively related.

METHODOLOGY

Design, Population and Sample

This study employs a cross sectional survey design, and is confined to registered market vendors employing between 3–15 workers. A sample of 350 market vendors was drawn from market vendor association registers of Nakawa, Bugolobi, Kitintale and Luzira markets. These areas are located in eastern Kampala and have the highest population in the region. The participants were selected using systematic random sampling technique after which, data were collected through a personal approach and responses were obtained from all participants. The data collection approach was chosen because the limited availability and efficiency of postal and communication services in Uganda, could not allow questionnaires to be mailed, faxed or couriered to respondents without causing selection bias. The majority of the participants in this study were females (55%),

above 29years (63%), married (45%) and had O-Level as their highest education level *(Table 1A).* In addition, majority of the participants had capital worth between shs. 100,000 – 200,000/ (US$ 27.66 – 55.32), employed between 2 -5 workers and had own funds as the main source of finance *(Table 1B).*

Table 1A
Demographic Distribution of the Sample

Variables	Frequency	Percent
Gender		
Female	191	55
Male	159	45
Total	*350*	*100*
Age		
29 years & below	128	37
Above 29 years	222	63
Total	*350*	*100*
Marital		
Single	127	36
Married	158	45
Divorced	40	11
Widowed	25	07
Total	*350*	*100*
Education		
O Level	122	35
A level	99	28
Tertiary	52	15
University	35	10
Others	42	12
Total	*350*	*100*

Questionnaire and Measures of Variables

Data were collected using a closed ended questionnaire. In developing the questionnaire, we operationalized financial literacy as the 'knowledge of cash management activities'. References for the items on financial literacy included Lusardi and Bassa (2013), Rahmandoust et al., (2011), Sabri and MacDonald (2010). Cash management was operationalized as action involved in planning, implementing, monitoring and control of cash. Thus, the issues examined were in terms of cash forecasting practices, cash surplus investment practices and cash-control practices based on items tested by Mathura (2009), Howorth and Westhead (2003) and Padachi (2006). While financial performance was operationalized as the financial health of the business. Given the nature of the businesses run by the market vendors, clearly such businesses lack proper books of accounts to facilitate the use of objective measures. Thus, subjective measures of financial performance were

utilised. Specifically, issues examined were in terms of sales, profitability and profitability (Kelly & Nakosteen, 2005; McMahon, 2001; Vohra & Dhillon, 2014; Levasseur, 2002). All the main study variables were measured on a continuous scale using items anchored on a five-point likert scale.

TABLE 1B
Distribution of Business Characteristics

Variable	Frequency	Percent
Capital volume		
Less than 100,000	84	24
100,000 - 200,000	105	30
200,000 - 300,000	63	18
300,000 - 400,000	72	21
400,000+	26	7
Total	*350*	*100*
No. of employees		
2 – 5	258	74
5 – 15	92	26
Total	*350*	*100*
Source of finance		
Own Funds	210	60
Friends/Family	64	18
Loan	76	22
Total	*350*	*100*

Data quality control

Consistent with the suggestion by Churchill and Iaccobuci (2004) in developing a questionnaire, item analysis was performed to see whether the items in the instrument belong there and a pre-test was carried out to check validity and reliability to minimize the vagueness of the results generated. Reliability (internal consistency and stability) of the instruments was tested using Cronbach's α coefficient (Cronbach, 1951). Inter-item consistency reliability was tested to ensure that there was the consistency of respondent's answers to all items. The findings of the reliability test showed that all the variables were above the recommended α coefficient of 0.7. Financial literacy had an α coefficient of 0.701; cash management had an α coefficient of 0.827, while financial performance had an α coefficient of 0.805.

It is important to detect whether common methods variance (CMV) is present as it leads to a false internal consistency (Podsacoff, 2003). Several methods to control for CMV were employed in this study. *First*, different anchors were used for the different study variables to avoid the occurrence of response patterns affecting data accuracy. *Second,* items on the dependent variables were presented first followed by the independent variables to avoid social desirability in the responses. *Third,* dependent, independent and control variables in this study are not similar in

content. *Finally*, Harman's one-factor test was employed to assess whether a single latent factor could account for all the manifest variables. By performing principle component analysis we find that the largest factor explains only 26.98 percent of the variance.

Data Analysis

Three regression equations were generated to define the models used in investigating whether financial literacy and cash management, explain any variances in financial performance of small stall market vendors. The first regression equation for Model 1 related to the control variable (capital volume). Equations 2 related to the introduction of financial literacy whereas Model 3, the main model, relates to the introduction of cash management to all the variables in Model 2. Given below are the regression equations for the models specified (Table 4):

Model 1: $FS = b_0 + b_1C + \varepsilon$

Model 2: $FS = b_0 + b_1C + b_2FL + \varepsilon$

Model 3: $FS = b_0 + b_1C + b_2FL + b_3CM + \varepsilon$

TABLE 2
Operationalization and Measurement

Variables/issues to be examined	References	Measurement	Sample items
Financial literacy Knowledge of cash management activities	Lusardi and Bassa (2013), Rahmandoust et al., (2011), Sabri and MacDonald (2010).	Respondents' mean rank of the 8 items of Information included in the questionnaire on a five-point Likert scale	How much do you know about the following prescribed cash management items? "cash budgeting" "saving" "creditor analysis"
Cash management Actions involved in planning, implementing, monitoring and control of cash	Mathura (2009), Howorth and Westhead (2003) Padachi (2006).	Respondents' mean rank of the 13 items of Information included in the questionnaire on a five-point Likert scale	How often do you.. "make plans on how to spend business cash?" "write down details whenever a transaction occurs?" "bank business cash"
Financial performance Financial health – issues examined included growth in sales, profit and liquidity over the last three years	Kelly and Nakosteen (2005), McMahon (2001), Vohra and Dhillon, (2014), Levasseur (2002).	Respondents' mean rank of the 7 items of Information included in the questionnaire on a five-point Likert scale	Over the last years, the business… "sales volume has steadily increased by …." "profits have steadily increased by…."

EMPIRICAL RESULTS

Correlation Analysis

Zero-order correlation was used to establish whether or not there were associations between the study variables as hypothesized from the literature review. Table 3, provides the Pearson product-moment correlation matrix among the study variables. The results indicate that the relationship between financial literacy and financial performance of small stall market vendors is insignificant ($r = -.051$; $p > .05$). There is a positive significant relationship between financial literacy and cash management ($r = .135$; $p \leq .05$). There is also a positive significant relationship between cash management and financial performance ($r = .243$; $p \leq .05$). It is evident that the highest correlation is between cash management and financial performance. Given the low levels of correlation among the independent variables, multicollinearity is not likely to exist.

TABLE 3
Correlation Results

Variables	1	2	3	4
Capital Volume [1]	1			
Financial Literacy [2]	.125*	1		
Cash Management [3]	.118*	**.135***	1	
Financial performance [4]	.030	**-.051**	**.243****	1

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

Regression Analysis

A hierarchical regression analysis was conducted to evaluate the contributions of predictors above and beyond the previously entered predictors, as a means of statistical control, and for examining incremental validity. The results are presented in Table 4.

TABLE 4
Hierarchical Regression

Variables	Model 1			Model 2			Model 3		
	B	**SE**	**Beta**	**B**	**SE**	**Beta**	**B**	**SE**	**Beta**
Constant	*3.100*	*.096*		*3.458*	*.347*		*2.831*	*.362*	
Capital volume	.046	.084	.030	.057	.084	.037	.018	.082	.012
Financial Literacy				-.093	.086	**-.059**	-.140	.084	**-.089**
Cash Management							.243	.051	**.253****
R		.03			.065			.258	
R^2		.001			.002			.067	
Adj R^2		.002			.002			.058	
R^2 Change					**.002**			**.062**	
F-Change					.778			22.339	
Sig. F-Change					.378			.000	

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

Results of Model 1 in table 4 indicate that the control variable (capital volume) is an insignificant predictor of financial performance (β= .030; p>.05; R^2= .001). This shows that this study is not confounded by the control variable. Model 2 shows that the addition of financial literacy to the equation accounts for an extra 0.2% of the variance explained by the model (R^2= .005; fΔ= .778; p>.05). However, the model reveals a statistically non-significant relationship between financial literacy and financial performance (β= -.059; p>.05). The results provide no support for hypothesis 1 (H_1 Financial literacy and financial performance are positively related). The addition of cash management in Model 3, reveals an extra 6% of variability in financial sustainability (R^2= .067; fΔ= 22.339; p<.05). More so, there is a positive and significant relationship between cash management and financial performance of market vendors in Nakawa (β= .253; p<.05). This finding provides further support for hypothesis 2 (H_2) which states that "cash management and financial performance are positively related".

Lastly, the variables entered in the regression model explain an overall of 7% (R^2 = .067) of the variance in financial performance of small stall market vendors. The model F = 31.05 is significant or better and it is unlikely that the F, this large, could occur by chance. In terms of the relative importance, the results suggest that cash management is most important in explaining variances in financial performance by small stall market vendors in Nakawa.

DISCUSSION

This study provides empirical evidence on the factors that affect financial performance of small stall market vendors in a typical developing country like Uganda. Specifically, the study results reveal that the relationship between financial literacy and financial performance is inconsequential. In other words, improving financial performance of small stall market vendors is not all about financial literacy. In other words, even when these vendors try to improve their literacy level in terms of acquiring more knowledge and skills regarding financial matters, their financial performance may not necessarily improve. The descriptive statistics reveal that majority of the market vendors have only attained O-Level. This could provide partial explanation for the finding on the role of financial literacy. The current education system (primary school to university) in the country is general and not action oriented. As a result, the knowledge acquired in schools is considered to a great extent theoretic and less relevant for small-scale businesses. This means that despite the education background, the vendors find it irrelevant to translate their knowledge on sophisticated techniques in cash management to a small-scale business context. Orobia et al. (2013) in their study on actions involved in managing working capital in small businesses revealed that such businesses employ rudimentary methods and heavy dependence on 'memory records'. Such rudimentary methods are also adopted by those that possess the basic financial knowledge and skills because they consider such knowledge as irrelevant.

More still, anecdotal evidence indicates that most financial management training programmes in Uganda have equally been developed basing on large firm practices at the expense of small-scale business specifics. In this regard, it is not sufficient to say that the higher the level of education or financial management training, the greater the likelihood that the individual will undertake working capital management routines, more so frequently (Orobia, Padachi & Munene, 2015). These findings concur with Huston (2010) who emphasized that an individual who has financial literacy, knowledge and ability to put to use this knowledge, may not show the assumed

behavior or enhance his or her financial well-being due to other influences such as cognitive behavior that is biased, self-control problems, family, peers, economic and institutional conditions that may affect the financial habits and financial well-being.

This study also reveals that cash management is a very key aspect that market vendors cannot afford to ignore if they are to improve their financial performance. The vendors indicated that their activities involved in managing cash include preparing budgets detailing both sales and expenses, keeping records of all cash transactions, possessing safes, having a business bank account, and matching their cash receipts with cash payments at the end of the day. This means that any improvement in these activities improves their sales volume and value, profits are increased, costs are cut, some money is saved and at the end of it all, liquidity position is improved. These results are consistent with the findings by Kotut (2003) who established that cash budgeting is useful in planning for shortage and surplus of cash and has an effect on the financial performance of the firms. The results also suggest that efficient management of cash is vital for the success and survival of a micro business which needs to be embraced to enhance performance and contribution to economic growth as was established by Padachi (2006).

CONCLUSIONS AND IMPLICATIONS

The findings and discussion above lead to the conclusion that cash management is associated with financial performance. This implies that every effort put in improving cash management will as well lead to improved financial performance. Whenever these market vendors increase their discipline regarding preparing budgets detailing sales and expenses and faithfully following them, they stand a high chance of reducing unnecessary expenditure which will in turn boost their profits levels. These findings further suggest that if these vendors are to improve their financial performance, they should keep record of all their cash transactions as this will help them know when there is a shortage and be able to rectify it before hand. Knowing how much cash has been received and spent in a particular period will also help them keep track of their profits and thus be able to lay strategies of how to improve those profit levels. Another aspect that should be highly advocated for is maintaining bank accounts. This is also a measure of managing cash as it reducing chances of spontaneous spending that may not necessarily be called for. Money is very tempting and if not strictly tamed, can be spent just in a blink putting one's efforts all to waste. In conclusion, therefore it is highly recommended that a micro business and specifically market vendors should plan for their cash effectively, keep truck of the cash flows, and maintain an optimum amount in hand by banking or better still investing any surplus cash if their businesses are to flourish in terms of profitability and sales volumes.

The study limitations can be seen as fruitful avenues for future research under the same theme. Firstly, this study lacks cross-validation. The extant literature is replete with studies on factors explaining financial performance amongst market vendors. Consequently, the limited literature available, especially in a developing country context, deprived the study of the opportunity to cross-validate the present study findings. Future studies should be conducted to confirm these results. Secondly, a cross-sectional survey design was employed and thus, the study is limited to a particular occasion of measurement. Given that perceptions and beliefs change over time, there is need for a longitudinal study. In addition, the approach did not allow making clear causal attributions for the observed relationships. Therefore, the results must be interpreted with caution. Thirdly, the study concentrated on financial literacy and cash management as predictors of financial performance of market vendors. Future studies should

investigate the effect of other factors such as owner attitudes, business training and business culture. By incorporating such motivational factors, a comprehensive model may be developed to explain financial performance in market vending ventures. Lastly, the study focused on market vendors in eastern Kampala, therefore further studies should corroborate the current study findings with experiences in markets across the country.

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APPENDIX
Survey Items

Financial literacy

Here are some indicators of financial knowledge of cash management activities. Kindly tick the appropriate response that applies to you.

How much do you know about the following prescribed cash management activities?		**Not at all knowledgeable**				**Very knowledgeable**
1	Determining credit terms	1	2	3	4	5
2	Computing taxes	1	2	3	4	5
3	Financial record keeping	1	2	3	4	5
4	Saving	1	2	3	4	5
5	Cash budgeting	1	2	3	4	5
6	Stock planning	1	2	3	4	5
7	Debtor analysis	1	2	3	4	5
8	Creditor analysis	1	2	3	4	5

Cash management

Here are some indicators of cash management activities. Kindly tick the appropriate response that applies to you.

How often do you …		**Never**				**Always**
1	Make plans on how to spend money	1	2	3	4	5
2	Write down details whenever a money transaction occurs	1	2	3	4	5
3	Use a written budget	1	2	3	4	5
4	Have a safe for keeping money collections as they occur	1	2	3	4	5
5	Bank business money on the business account	1	2	3	4	5
6	Limit access to the cash safe	1	2	3	4	5
7	Control money spent	1	2	3	4	5
8	Give discounts as a way of speeding up money collections	1	2	3	4	5
9	Use cheques to make payments	1	2	3	4	5
10	Check the money balance in the records against the money in the safe at the end of the day	1	2	3	4	5
11	Check the money balance in the records against the bank statement every month	1	2	3	4	5
12	Save for the future	1	2	3	4	5
13	Borrow funds	1	2	3	4	5

Financial performance

Please choose (by ticking) only one option that suits your level of agreement or disagreement for each of the following items.

	Over the last years the business's	**Less than 2%**	**2 – 5%**	**5-8%**	**8-11%**	**Over 11%**
1	Sales volume have steadily increased by …	1	2	3	4	5
2	Sales revenue has increased by …	1	2	3	4	5
3	Liquidity (cash position) has improved by …	1	2	3	4	5
4	Profits have steadily increased by …	1	2	3	4	5
5	Return on sales has increased by …	1	2	3	4	5
6	Return on investment has increased by …	1	2	3	4	5
7	Total cost of operation has reduced by …	1	2	3	4	5

DREAMS AND REALITY: ROLE OF AUTONOMY SUPPORT IN ENTREPRENEURIAL ACTIVITY OF WOMEN IN ETHIOPIA

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ABSTRACT

In some societies entrepreneurship is an uncommon career for women to aspire. The supportive features of their social and cultural contexts determine whether a woman experiences autonomy in starting and fostering her own business. This study aims to integrate, from a theoretical perspective, the influence of socio-cultural contexts on satisfaction of basic psychological needs for autonomy, competence and relatedness. According to Self Determination Theory an autonomy-supportive socio-cultural context prompts or facilitates the satisfaction of basic psychological needs. Whereas, controlling socio-cultural context frustrates the satisfaction of those needs. Qualitative analysis of interviews with Nineteen women entrepreneurs in Addis Ababa (capital of Ethiopia) revealed that women entrepreneurs experienced autonomy support and control in power relations- gender role, in their parent -child relationship, husband-wife relationship, and in religious affiliation.

INTRODUCTION

Dreaming about being an entrepreneur is one thing, confronting your dream with reality requires personal initiative, adherence and persistence to overcome barriers. Women entrepreneurship in developing countries is promoted as a policy vehicle to promote wellbeing of families, to empower women, to achieve gender equality and to reduce poverty (De Vita, Mari, & Poggesi, 2014; Minniti & Naudé, 2010). However, policy-making which attempts to change the formal institutions of society without measures to adjust the informal institutions will have marginal success (Thornton, Ribeiro-Soriano, & Urbano, 2011). Specifically economic and socio - cultural patterns influence whether a woman aspires and has the opportunity to be an entrepreneur in her society (Holland, 2014). Therefore, the aim of this paper is to integrate, from a theoretical perspective, features of the socio-cultural contexts in entrepreneurial activity of women entrepreneurs in Ethiopia. This is especially important for women entrepreneurs in Ethiopia, since they face challenges and barriers arising from social and cultural contexts, many of which compromise their experience of autonomy in their entrepreneurial activity (Hailemariam, Brigitte, & Veldhoven, 2017).

Autonomy in Self-determination Theory (SDT) implies the need to act with a sense of choice and volition, even if doing so means complying with the wishes of others (Deci & Ryan, 2000). Moreover, if people are afforded opportunities for autonomy, they would more likely feel psychologically free and able to find or create to also get their needs for competence and relatedness satisfied (Deci & Ryan, 2014). Competence refers to the need to have a sense of confidence and efficacy in one's actions (Deci & Ryan, 2002). Relatedness means to feel personally accepted by and significant to others, and to feel cared for by others and caring of them (Deci and Ryan, 2000). According to SDT these basic psychological needs are innate and universal for all human beings and the satisfaction of the needs is an essential nutrient for optimal performance and well-being of individuals (see Deci & Ryan, 2000, for a review). The more satisfaction of these needs individuals feel when participating in economic activities, the more productive, innovative, and persistent those people will be (Ryan & Deci, 2017). Well-being is also indicated to be essential for proactive behavior which has been shown to be relevant for business success (Hahn, Frese, Binnewies, & Schmitt, 2012).

However, in their entrepreneurial activity women are confronted with power holders in the household, the local community and the society as a whole which are often hidden "gatekeepers "of resources (Brush, De Bruin, & Welter, 2009). Consequently, these social agents can either promote or hinder motivation, behavior and internalization process through the satisfaction or frustration of the individual's basic psychological needs for autonomy, competence, and relatedness (Deci & Ryan, 2000, 2008; Ryan & Deci, 2017). A previous study conducted on women entrepreneurs proposed that social agents that support the satisfactions of needs for autonomy, competence and relatedness facilitate autonomous motivation, and the internalization and integration of an extrinsic motivation (Hailemariam, et al., 2017). This study focuses not on consequence of satisfactions of those needs but the influence of socio-cultural contexts on satisfaction of those needs in entrepreneurial activity.

The study is built on the premise that autonomy supportive socio-cultural contexts facilitate women's satisfaction of needs for autonomy, competence and relatedness in their entrepreneurial activity. Thus, the study applies SDT to explore the features of the socio-cultural contexts that play a role in supporting or frustrating women entrepreneurs' satisfaction of basic psychological needs in their entrepreneurial activities. The paper contributes in filling the gap in the study of the influence of socio-cultural factors on enterprise (Thornton, et al., 2011) in general, and in particular on women entrepreneurial activities in developing countries (De Vita, et al., 2014). Both entrepreneurship practitioners and public policy-makers have shown a growing interest in contextual factors in which entrepreneurial activities take place (Thornton, et al., 2011). Thus, this study will also provide further insights in practical interventions that support women in developing countries who dream of having and running their own business but find resistance in their socio-cultural environments. In the following sections descriptions of basic psychological needs , the support of autonomy, and the socio-cultural context in Ethiopia within which women experience autonomy support in their entrepreneurial activity as a way to satisfy their basic psychological needs will be provided.

BASIC PSYCHOLOGICAL NEEDS

One of the sub theories of SDT -Basic Psychological Needs theory (BPNT: Deci and Ryan, 2002; Ryan and Deci 2000) states that human beings have three basic psychological needs: autonomy, competence and relatedness. Autonomy refers to the need to feel that one's behavior is

personally endorsed and self-initiated (Ryan & Deci, 2000); competence refers to the need to have a sense of confidence and efficacy in one's actions and the opportunity to express one's capacities (Deci & Ryan, 2002). Relatedness means to feel connected to others, to care for and be cared for by those others, and to experience a sense of belonging with other individuals.

Scholars have questioned the importance, even the existence, of autonomy in collectivistic cultures arguing that collectivistic societies seek to satisfy the need for relatedness and have no need for autonomy (Iyengar & DeVoe, 2003; Markus & Kitayama, 1991). However, autonomy in SDT is conceptualized in terms of choice and volition rather than separateness or individualism (Ryan & Deci, 2006). People thrive when they experience autonomy in their endeavors; when the behavior they do originates from within (Deci & Ryan, 2000). Hence autonomy is important for human flourishing or its role in fostering higher quality cultural and economic engagement (Ryan & Deci, 2017). We believe that this type of autonomy is essential for women entrepreneurs to be the causal agents of their own life and to act according to their own thoughts, emotions, and actions. If women are afforded opportunities for autonomy, they would more likely feel psychologically free and able to find or create opportunities to also get their needs for relatedness and competence satisfied (Deci & Ryan, 2014). Overall, the satisfactions of the needs for autonomy, competence and relatedness are said to be universally essential nutrients for optimal performance and well-being but they can be easily frustrated as well as easily supported by social environments (Ryan & Deci, 2000, 2008).

THE SUPPORT OF AUTONOMY

Self Determination Theory (SDT) proposes that social context is important to individual functioning and well-being because it influences the satisfaction of three basic psychological needs: autonomy, competence, and relatedness (Deci & Ryan, 2000, 2008; Ryan & Deci, 2000; Sheldon, Elliot, Kim, & Kasser, 2001). Socio-cultural contexts that prompt or facilitate the satisfaction of the basic needs for autonomy, competence and relatedness are referred as autonomy-supportive. Whereas, controlled context refer to environments that thwart or frustrate the satisfaction of those needs (Ryan & Deci, 2000, 2008).

Autonomy supportive events in people's lives encourage the process of choice, minimize pressure and avoid controlling behavior. SDT addresses this issue of autonomy supportive events primarily by focusing on authority-subordinate relationships, in which one person (i.e., a parent, teacher, boss, or husband) has power over another (i.e., a child, student, employee, or wife) (Deci & Ryan, 1985b) in either supporting or undermining the personal autonomy of those in their care. The fact of being subordinate to more powerful others in vertical systems means the autonomy need has a high likelihood of being thwarted by the controlling practices of powerful others, as does the relatedness need, because hierarchies often place limits on people with whom one can affiliate (Ryan & Deci 2017).

Moreover, according to SDT not only the supportive or undermining factors themselves but the ascribed psychological meaning of contextual factors determines how the setting impacts autonomy (Deci & Ryan, 1987). A sub theory of SDT, Causality Orientation Theory (COT) describes how individual differ in their tendency to orient towards certain environments, their interpretation of those environments as more or less supportive of basic need satisfaction and the various ways by which behaviors are regulated (Deci & Ryan 1985b; Deci & Ryan, 2000). People's early social experiences can influence the development of their causality orientation, thus making them vary in terms of orientation towards being autonomously self-

regulated or being regulated by the environment (i.e., controlled)(Gagné, 2003). Psychological meaning is vulnerable to individual dispositional tendencies; different individuals could interpret the same events as either autonomy supportive or controlling depending on their unique inclinations. Hence there are individual differences in the capacity for coping with need frustrating events (Vansteenkiste & Ryan, 2013).

Overall, as SDT proposes both events in power relations and enduring individual differences influence women entrepreneurs' basic psychological need satisfaction. For example, research in the work domain shows that employees' autonomous causality orientation and their perceptions of their managers' support of autonomy independently predicted the satisfaction of the employees' basic psychological needs (Baard, Deci, & Ryan, 2004).

SOCIO-CULTURAL CONTEXT IN ETHIOPIA

The socio-cultural context for women entrepreneurs in Ethiopia is slowly changing. After the fall of the socialist "Derg" regime the private sector gained more prominence since 1991. The government has developed a policy that aims to address six key challenges impeding the growth of micro enterprises and small establishments. This policy includes: skill development, technology transfer, market facilitation, access to finance, the reduction of entry barriers and improving the provision of information (WB 2013). Moreover, a National Policy on women was formulated in 1993 with the aim of creating equitable and gender-sensitive public policies including the enhancement of girls' education. However, Ethiopian women are economically, socially, culturally, and politically disadvantaged in the enjoyment of equal rights, in accessing opportunities, decision-making process and basic resources (Ogato, 2013). For example, some policy provisions aimed at creating enabling learning environments for female students in higher education institutions for female students are in place (MoE 2005, 2010). However, accounts of female students and academics in selected public universities highlight the fact that, a patriarchal gender culture in these institutions exposes women to sexual harassment, violence and to prejudice and low expectations from male peers (Molla, 2013). It was generally found that women's participation in education is still constrained by economic, socio-cultural, personal and school factors (FME, 2010). A lack of education is not only problematic for raising skill levels, but it also results in a lack of confidence and changes women's perceptions of themselves. Their self-perceptions are of a paramount importance, given that they have to go against the tides of cultural values and attitudes to become entrepreneurs (Kelley, 2013).

The socialization process, which determines gender roles (Eagly, Wood, & Diekman, 2000) is partly responsible for the subjugation of women in Ethiopia. Girls are socialized to be more obedient and dependent, and restrain their activities to household chores such as cooking, avail themselves for marriage and cater to the household needs in later year (Hirut, 2004) . This pattern is repeated in socialization mediums such as elementary textbooks and in the media which maintains and reinforces the existing traditional cultural, social and economic order in society (Gebregeorgis, 2016; Jemaneh, 2014).

In their marriage they are expected to show the utmost respect and submission to their husbands, a trend that has also found justification in religion and has been maintained for centuries (Biseswar, 2008). Moreover, local cultures in Ethiopia perpetuate violence (physical, sexual and emotional) such as wife beating to be an acceptable act which is also justified by some married women (Kedir & Admasachew, 2010; Semahegn & Mengistie, 2015; Wencheko & Tadesse, 2017). Thus, domestic violence is one way of maintaining power in a relationship to retain control over

financial resources, to restrict opportunities of women entrepreneurs to participate in social networking. In general, it impinges on women entrepreneur's decision-making autonomy and freedom of choice on-what, how, and when to operate their enterprises.

Hence despite growing number of initiatives aimed at promoting entrepreneurship and empowering women in the process, the socio-cultural environment is still not sufficiently encouraging in setting up and developing enterprises in Ethiopia. Figures tell that more than half of all women entrepreneurs in Ethiopia often face gender related challenges in establishing, operating or expanding their businesses (Amha & Ademassie, 2004). Women entrepreneurs with businesses in the formal urban sector who are more educated also face challenges. Compared to their male counterpart they especially face challenges, from vulnerability to crime and corruption and from lack of access to Finance (WB, 2009). However, this group of women entrepreneurs undergoes a more difficult selection process in the market to be successful in running their businesses than their male counterparts (WB, 2013).

Overall socio-cultural context has a significant impact on women carrier progress in Ethiopia (Mekonnen, Tadesse, & Worku, 2017). By zooming in on women entrepreneurs in the formal economy in Ethiopia, we aim to answer the research question -what features of the socio-cultural contexts play a role in supporting or frustrating women entrepreneurs' satisfaction of basic psychological needs for autonomy, competence and relatedness?

RESARCH METHDOLOGY

There is a broad consensus that qualitative studies are preferred when tackling social phenomena, in order to obtain rich details that are essential to the research process (Bansal & Corley, 2011). Especially in still exploratory phase of research on women entrepreneurship in developing countries and given the complexity of the topic, a well-structured qualitative research play a great role in understanding the peculiarities of this phenomenon (De Vita, et al., 2014). Hence, the research used semi-structured interviews with women entrepreneurs and applied thematic analysis (Boyatzis, 1998; Braun & Clarke, 2006) to analyze the data.

Sample and Procedure

The interviews were conducted in Addis Ababa, the capital city of Ethiopia, because this city is populated with people from different ethnic groups and it is a place where various kinds of female-run businesses are found. Nineteen women entrepreneurs who are owners of their current businesses in the formal sector of the economy were selected and interviewed, using a purposive and snowball sampling techniques (Patton, 2002). Purposive sampling is useful to identify participants from different backgrounds and different sectors. As a result, the sample resulted in diverse cases in different business sectors, with ages ranging from 28 to 55 and businesses ranging in age from 6 months to 21 years as presented in Table 1.

Data Collection

Semi-structured, face-to-face interviews were conducted and audio recorded at the places where the participants run their businesses by two researchers, the first author and another researcher on women entrepreneurs from the same institute doing research on work-life boundary management. One researcher conducted the interview and the other researcher took detailed notes without actively participating, because when interviewers separate the active listening and note-

taking roles, greater consistency across interviews is achieved (Bechhofer, Elliott, & McCrone, 1984).

TABLE 1
Participants' Background

Characteristics	Number
Total number of participants	19
Age	28-55
Marital status	
Divorced	1
Married	16
Single (not married)	2
Education	
Primary education	1
High school education	4
College diploma	6
University degree	8
Type of business [a]	
Manufacturing and construction	3
Designer (traditional cloth) & exporter	3
Beauty salon and training center	1
Elementary school	1
Service (consultancy, guest house, yoga)	5
Retail and wholesale stores	4
Food processing and catering	3
Small scale production (leather products and jam)	2
Age of business	
1 year or less	1
2 -5years	7
More than 5 years	11

[a] Three of the women entrepreneurs have two types of businesses

The first narrative question was "Please tell me the history in your life up to the point where you started your business." This question allowed the women entrepreneurs to tell their story from childhood to the starting of the business, describing their socialization and the events and learning

experiences they acquired in life prior to starting the business. Subsequent questions tapping into autonomy supportive and controlling events and regarding their social and family responsibilities were asked. At the end, they were asked to share their overall experiences in starting and running their business. The interviews lasted about 45 minutes to 1 hour and 15 minutes.

Data analysis

To facilitate data analysis, the audio recordings were transcribed verbatim, and then professionally translated from Amharic, the lingua franca of Ethiopia, into English. The analysis was then conducted using combination of both inductive and deductive thematic analysis procedure described by Braun and Clarke (2006). First, familiarization with the data involved reading the transcripts carefully to be familiar with the depth and breadth of the content. Identified and recorded, potentially interesting features of the data, relevant to the research question. Second, initial codes were generated based on the research question and literature review. Three of the transcripts were then coded independently by the first and second authors. On the completion of the coding, the two authors compared notes and, when coding differences existed, discussed until a consensus was attained. A new coding frame was then developed with more clearly and explicitly defined codes to apply the codes in a consistent way. Using the coding frame all transcripts were then coded manually. Third, the codes that were similar or connected to each other were organized together to form themes. The coded sections of the interviews were then collected and placed under appropriate themes. Fourth, the themes were revised to ensure each theme captures the most important features of the coded data relevant to the research question. Fifth, four themes in relation to women entrepreneurs' experiences of the socio- cultural context as autonomy supportive versus controlled were defined and named 1) Gender role, 2) Parent-daughter relationship, 3) Husband-wife relationship, and 4) Religious affiliation.

FINDINGS

The interviews with the women entrepreneurs revealed various descriptions of how the socio-cultural contexts play a role in supporting or frustrating of the satisfaction of basic psychological needs for autonomy, competence, relatedness. Analysis of the data revealed four features of the socio-cultural context where women entrepreneurs experienced autonomy support or control in power relations- in gender role, in their parent -child relationship, husband-wife relationship, and in their religious affiliation. Direct quotes from participants are included to illustrate autonomy support or control events identified as follows: "ID-Marital status-Education."

Gender Role

The Ethiopian socio-cultural context is visible in the gender role expectations that the interviewed women mention.

> *Tell me, who else is there other than the women for the house? Honestly. Men are very lucky.* [P07-Married-Diploma]

This participant also mentioned that her husband would be very happy if she quits her business and stayed at home. It seems this participant feels a lack of autonomy and control over her life due to socially determined gender norms, roles and responsibilities. In addition to their gender role in the household women entrepreneurs in Ethiopia have to fulfill their societal expected roles in their community such as attending funerals and participating in associated activities in comforting the bereaved.

On the other hand for some women entrepreneurs one way to separate the gender role of being a mother or wife with doing business is by relying on extended family members who live together, like mothers, sisters, sisters-in-law, elder children and maids , all contribute to taking care of children and household responsibilities. Moreover families can participate in the business by contributing financial resources, physical work, and moral support as the following quote illustrates.

> *All four of them are my brothers. One of them works as a driver and the other works as an assistant. There is also my cousin. In the new taxi I bought, he works as a driver and the other as an assistant. My dad collects the money. All of them get paid for their work. I pay them all for their hard work. They take care of my property as if it is their own.*
>
> [P12-Married-Elementary school]

This quote supports the view that women in developing countries rely on extended families (Brush, 1992; Greve & Salaff, 2003). Being part of an extended family satisfies the women's need for relatedness. People who get one of the needs well satisfied often also get the others need satisfied(Deci & Ryan, 2014).

Parent-Child Relationship

About 30 years ago, due to the Marxist economic policy of the government, Ethiopian society regarded entrepreneurship as an appropriate career choice only for people who were uneducated. This belief is still present in some parents who take an interest in the careers of their daughters. As a result, some parents direct their own wishes upon their daughters by altering, minimizing, or denying a daughter's wishing to become an entrepreneur. The most respected career choices were getting employed in governmental or non-governmental organizations (NGOs).

> *They told me to leave my training (technical school) and go for something professional like accounting and so on, those that will allow me to get employed.* [P01-Married-Diploma]

Daughters who perceive their parents as controlling would feel pressured to engage in a carrier or activities that do not reflect their true preference (low autonomy satisfaction) and would feel insecure about their ability to deal with challenges effectively (low competence satisfaction). However, daughters who are autonomously oriented consider the advice as a parent's dream of a good life for their daughter and act independently to start a business.

> *You see…I understood the concerns people had as them considering only what was best for me. People do not expect a Master's graduate being involved in business. Their expectation is to see graduates getting a job or being employed in big organizations like NGOs. This is what success in life means to a family.* [P06-Married-Master's]

Moreover, the type of business where most women usually engage due to their socialization experience such as processing and packing traditional spices and food is assumed to be only for those who are not educated.

> *At the beginning, I faced a lot of problems due to the societal assumption that only those people who did not attend schools do business... My husband and I used to argue about why I got interested in starting a business that involves preparing wot, having studied to get a Master's degree.* [P06-Married-Master's]

This type of feedback on women entrepreneurial activity in a judgmental way undermines the need for competence and autonomy, as people are autonomous when they do something they find interesting or personally important (Ryan, 1995). As a result, this prevailing stereotype affects feeling and interest of educated women to explore an opportunity such as a new market, as the following quotation from this participant P06 illustrates.

As you know, there is no traditional food being packaged and distributed in supermarkets. That is why I brought the idea of marketing packaged wot and baltena, specifically wot. I thought, 'If people can get and buy injera in the market, why shouldn't they be able to do the same with wot?' I was saying to myself, 'I should be the one who starts this industry in Ethiopia,' so I immediately entered into the business.

On the other hand, a participant whose parents are from an ethnic group 'Gurage', known for their business culture (Worku, 2000) mentioned that her parents encouraged entrepreneurial aspirations ever since childhood and as a result she is autonomously motivated to engage in a family business.

My parents and my brothers are all involved in business, and as a youngster I hated going to school. As soon as I graduated from high school I engaged in the family business. [P05-Single-High school]

This supports the view that parent-founders promote affective commitment in child-successors by supporting their psychological needs for competence, autonomy, and relatedness within the family business (McMullen & Warnick, 2015). Furthermore, participants with a family entrepreneurial role model mentioned that they were influenced by the environment in which they had grown up, as the following quote illustrates:

My grandmother, who was a successful businesswoman, used to tell us instead of getting hired and earning 100 Birr (about $50 at the time) a month, it is better to have your own business… [P10-Married-Bachelor's degree]

The above two examples support the view that people who have been socialized among entrepreneurs have a higher likelihood of starting a new business venture (Davidsson & Honig, 2003). The influence of role models on the women's decision in starting a business lies in their ability to create confidence and avoid fear of failure. The confidence in one's ability is congruent with satisfaction of the need for competence (McMullen and Warnick 2015).

However, all parents are not in the same position to educate their daughters and wish for future carrier of their daughters' due to low socioeconomic status.

If I had somebody who can buy me shoes and exercise books I wouldn't have quitted school. [P03-Marred-10th grade].

As a result, daughters may engage in informal sector businesses like participant P03 above or they may be pressured to get married by their parents.

Since my mother died I had to take care of my brothers, I quit school when I was young…. I'm only two years older than my brothers. Because my culture raised me to believe that a woman is supposed to be caring; I took on the responsibilities of taking care of my brothers and started to engage in a business. [P03-Marred-10th grade]

A train hit me when I was selling boiled potatoes. After that, my life went like… in 1994 (2002 in Gregorian calendar), because of my family, I got married to a man I didn't know and that didn't know me. [P12-Marriede-Elementary school]

These two participants P03 and P12 engaged in business with the support they got from an organization dedicated to serve economically disadvantaged women and girls. They have been able to grow their businesses from micro operating in the informal sector to small scale enterprises in the formal sector. They highly attribute their success to the support received from the organization (WISE 2016). The organization satisfies their needs for competence and relatedness as they mentioned that the life changing training and the familial/friendly approach of employees as key to their success. P12 who had problems with her marriage and a victim of gang violence mentioned

that the empathic relationship of the workers has helped her to share all her problems and get support not only on issues of her business but also about her personal issues.

Husband - Wife Relationship

In addition to the gender role for some women who were seeking approval from their husband, securing money was a problem. For example, one woman who is a professional accountant operating in the construction sector mentioned:

> *I was the one who was involved in managing the financial aspect of the enterprise of my husband before starting mine. But my husband is a bit difficult regarding how I invest money in my enterprise development. He puts pressure on me… Not only he, but other people also, put pressure on me by saying, 'Why do you have to spend his money unnecessarily?'* [P11-Married-Bachelor's degree]

Moreover, due to the traditional view of women as being subordinate to their husbands and of men as providers the provision of the family policy by the government that provides autonomy of property rights for women is often not applied in practice. This is because properties are registered in the male spouse's name, and major decisions including finance and property are mostly made by husbands. As one of the participants mentioned, these practices hinder some women from getting loans from banks. All banks in Ethiopia require businesses to offer assets as collateral for a loan.

> *When you go to banks they ask you for assets for a collateral loan. Your husband may have used the assets to get a collateral loan for starting another business. This means even if I need the money I cannot get it.* [P06-Married-Master's]

On the other hand, some participants in our study acknowledge their husband's financial and moral support in starting and developing their businesses. The following is an example of a participant who returned to Ethiopia after working in the United States:

> *By the way, he's (husband) very generous [Laughter], so my husband isn't that much concerned about money. It's mostly me who says, 'No, it's enough! We shouldn't buy this and that…' … You see, I say, 'We need to have security, money we can rely on in case of an emergency, so let's set some money aside and save it.* [P10-Married-Bachelor's degree]

Further, fearing a loss of control, personal honor, or social standing, many men refuse to allow their wives to start or develop their own businesses. For example, P03 has been beaten by her ex-husband several times for the reasons that are not clear to her such as when attending training on business skill development. Due to fear of such violence she was not able to participate in an event that was organized to award women entrepreneurs where she was one of the award winners. Thus, domestic violence is one way of maintaining power in a relationship to retain control over financial resources, to restrict and subordinates' women's participation in social net workings that have impact on relatedness and competence needs satisfaction in entrepreneurial activity. Moreover, women who perceive their husbands as controlling would face a dilemma between developing their business or retaining their marriage, as the following quotes illustrate:

> *If a man works and earns money nobody says a thing to him, but if a woman strives and earns money society raises issue like 'How could it be?' Sometimes, when a business opportunity has a negative effect on your marriage, there comes a tendency to drop it in order to protect your marriage.* [P13-Married-Master's]

I try very hard to make the marriage work. They say if you give birth, you have to be selfless for the sake of your kids. So keeping that in mind, I endure. [P12-Married-Elementary school]

However, not all women perceive their husbands as controlling. As the following quote illustrates autonomy supportive husbands encourage self initiatives, provide feedback and show their genuine affection and concerns.

I mean my husband supports very much… Very very much! Through ideas, finance…. The capital in starting the business was very high so he used to give me morale support and say "Be strong, Take heart… there will always be rise and falls but don't worry"

[P04-Married-Diploma]

This kind of support helps a women entrepreneur to build competence and satisfy her needs for relatedness. Relatedness is expressed by behaviors such as involvement, caring, helping, supporting, giving advice and by encouraging people (Ryan & Deci, 2000). In sum, due to the gender role and subordination of women in Ethiopia, parents, husbands, extended family members, society as a whole can play a role either by providing or denying financial autonomy, labor, moral support, genuine affection and concern. These are essential for women's' basic psychological needs satisfaction for autonomy, competence and relatedness in their entrepreneurial behavior.

Religious Affiliation

Religion plays a major role in the life of people in Ethiopia. The culture, traditions, and values of people are heavily influenced and shaped by their religious affiliation. The prominent religions in Ethiopia are Orthodox Christianity and Islam, at 43.5% and 33.9% respectively (CSA 2007 Census). Ethiopian languages are full of references to God. For example, the interviews in this study are sprinkled with comments such as "Thanks to God," "God's will," "with the help of God," and "God's gift."

As these quotes show, about 50 percent of the participants linked their achievement of goals and their skills to the calling or will of God. Some mentioned that they are more morally dedicated and motivated because of their religious affiliation, as the following quotes illustrate:

Well I have many strategies. First of all, I pray. I believe in God, I believe that God will help me so I give up my ideas and plans to him. That is the first thing. [P01-Married-Diploma]

But I already said earlier, God is the one that helps me. And one doesn't take rest because one earned a lot. If God blessed what I was given, that is great. If he gave me health and I worked, that is my goal. [P13-Married-Bachelor's degree]

Religious people can perceive the interpersonal style used by God as either relatively more autonomy-supportive or relatively more controlling (Soenens et al., 2012). Participant P13 seems to perceive God as being aware of human weaknesses and acknowledging individuals' perspectives (i.e., having empathy). For someone with that view, God is fulfilling the relatedness needs. In contrast, if one perceives God as controlling, one will likely feel pressured to adhere strictly to the principles imposed by God and religious leaders, leading one to interpret religious contents in a more literal way (Soenens, et al., 2012). It has been suggested that there is a significant positive correlation between religiosity and guilt (Francis & Jackson, 2003) as the following quote illustrates.

In all honesty, I am fed up of living a life of anxiety; that is why I want to change my business. If I keep running it as I am running it now, I am going to disappoint both God

and other people. The bible says 'Render onto Caesar the things that are Caesar's and unto God the things that are God's.' [P02-Married-High school]

Clearly, one's religious beliefs have an effect on the way one interprets their circumstances in life, and one's interpretation of their socio-cultural environment as being autonomy-supportive or controlling could understandably be affected by those beliefs as well.

In summary, the findings indicate that the women entrepreneurs in Ethiopia are not homogeneous groups. Their perception of the socio-cultural context depends upon their socialization experience, their family or husband's backgrounds, their level of education and their religious affiliation. As a consequence, social agents (family, husband, extended families, and institutions) play a key role in either facilitating or undermining their basic needs satisfaction for autonomy, competence and relatedness in their entrepreneurial activities.

DISSCUSSION

The purpose of this study was to explore features of socio cultural contexts that play a role in satisfaction or frustration of basic psychological needs for autonomy, competence and relatedness of women in their entrepreneurial activity. Autonomy supportive or controlling socio-cultural contexts were mainly featured in authority- subordinate relations where parent, husband and society as a whole, have power over women. As quotes from participants P04, P05, P10, P12 and P13 illustrates autonomy supportive parent, husband, extended family members, that provide choices, information, resources, and moral support give the woman entrepreneur the chance to perceive herself as competent and autonomous in her entrepreneurial activities. Autonomous motivation yields direct satisfaction of the autonomy need and provides people the psychological freedom to find satisfaction of the relatedness and competence needs for themselves (Deci & Ryan, 2014). When the need for competence is satisfied, women entrepreneurs feel effective and skillful in their entrepreneurial activity. This help for women entrepreneurs to acquire skills that can assist them in their endeavors, is a key goal in the field of entrepreneurship to convert their ideas and vision into reality-viable products or services (Baron, 2012).

On the other hand, as the case of participants P06, P11 and P13 illustrate controlling social agents that provide feedback on entrepreneurial activity in judgmental ways, make women entrepreneurs feel frustrated in their desire of autonomy competence and relatedness. When a woman entrepreneur gets frustrated, she feels incompetent and inadequate. Controlling social agents also make entrepreneurial career less desirable for a woman by denying her the autonomy to choose her career as an entrepreneur. Lack of legitimacy and low social recognition accorded to women entrepreneurship in developing countries (De Vita, et al., 2014) are among other factors that play a role in frustration of needs satisfaction of women in their entrepreneurial activity. The findings support the view that women are deterred from entrepreneurship not only because they do not see entrepreneurship as consistent with feminine characteristics, but also because resource providers (e.g., lenders, suppliers, customers) and men in their lives (their partner, husband, father, and/or sons) do not associate entrepreneurship with feminine characteristics (Gupta, Goktan, & Gunay, 2014; Gupta, Turban, & Pareek, 2013).

Overall, the people who exert power over other people's lives and choices are part of bigger systems themselves. Through their own education, norms and habits they will communicate socio-cultural expectations about appropriate behavior for those under their care. For example, normative institutions determine gender roles within a society and also prescribe what constitutes typically male or female behavior (Ahl, 2006; Baughn, Chua, & Neupert, 2006), ascribing housebound and

family-related roles to women(Welter, Brush, & De Bruin, 2014). Hence, a large number of men believe that if women are independent and successful, they will not be proficient in fulfilling their role as good mothers and wives (Singh, Mordi, Okafor, & Simpson, 2010). The socio-cultural environment can therefore limit the exercise of autonomy for women entrepreneurs through the norms and beliefs of those who take care of them (Brush, et al., 2009).

However, having a controlling socio-cultural environment that hinders the satisfaction of needs may not discourage all women from forming and developing ventures. But it will surely reduce those who try to overcome the challenges they face from their socio-cultural environment. Autonomously oriented individuals experience less pressure in situations, and are also more resilient to the pressures they do experience (Weinstein, Legate, Kumashiro, & Ryan, 2016). As participant P06 quotes illustrate a fundamental belief in independence can enable women to behave autonomously. She identified an opportunity even though the family frowned on her business initiative. The finding supports the view that the decision to exploit an entrepreneurial opportunity is influenced by individual differences (Shane, Locke, & Collins, 2003; Shane & Venkataraman, 2000) , which depend on their understanding of the environment and their interaction within it (Carsrud, Brännback, Elfving, & Brandt, 2009).

Moreover, a remarkable finding is that some participants intertwined their religious/spiritual beliefs into their business activities. Participants who perceived their relationship with God as autonomy supportive pronounced for images of relational God (God-as –provider and creator) than God- as-ruler (Nguyen & Zuckerman, 2016). Thus, the relationship with God satisfies their need for relatedness. When the need for relatedness is satisfied people feel connected to others who care for them. As a result, women who feel powerless against subordination at home and due to societal expectations may find their religious affiliation to be more resilient in coping with the stress they experience in their entrepreneurial activities. Further, people with religious affiliations often attend religious services, where they build intimate social networks that they can trust, providing them with social capital that satisfies their need for relatedness (Choi, 2010; Henley, 2016; Nwankwo, Gbadamosi, & Ojo, 2012).

In sum, autonomy supportive social and cultural contexts include social agents that encourage women to make their own choices in their lives, to have access to and decision making autonomy over their own and household economic resources, provide them with moral and informational feedback in non-judgmental ways to perceive themselves as competent in their entrepreneurial activities; provide them with an opportunity to participate in social and entrepreneurial networks to satisfy their needs for relatedness and competence; and where they fell free from the threats of violence and abuse. Although to our knowledge no research adopting SDT framework is available to investigate features of an autonomy supportive socio-cultural context in entrepreneurial activity of women , it seems theoretically reasonable to postulate that autonomy supportive socio-cultural context and individual's autonomous orientation play a role in the satisfaction of women entrepreneurs' basic psychological needs for autonomy, competence and relatedness in their entrepreneurial activity, but this remains to be validated.

Limitations and Future Research

The findings of this study are noteworthy and provide important practical implications that may support women entrepreneurship development. The fact remains; the sample is small and focused on women entrepreneurs in the formal sector with a good majority having completed college education. The in-depth semi structured interviews have helped us to deeply understand the socio-cultural context that affects the entrepreneurial activity of women in Ethiopia. SDT was

found essential in linking the socio-cultural environments to satisfaction of the basic physiological needs of competence, authority, and relatedness. However, further quantitative analysis including men entrepreneurs needs to be conducted to measure between-sex differences and within-sex differences on the role of socio-cultural context on entrepreneurship activity in Ethiopia by adapting Basic Psychological Need Satisfaction (BPNS) scales (Chen et al., 2015; Deci et al., 2001; Sheldon, Elliot, Kim, & Kasser, 2001). It is also important to assess the scale for autonomy support versus controlling environments (Black & Deci, 2000; Williams & Deci, 1996) in future research to examine the relation between social agents' authority support and entrepreneurs' need satisfaction.

CONCLUSION

This study offers an in-depth account of role of autonomy supportive socio-cultural influences on women entrepreneurs' satisfaction of basic physiological needs for autonomy, competence, and relatedness in their entrepreneurial activities. SDT asserts that the satisfaction of basic needs, facilitate by need supportive socio-cultural context, both fosters a sense of wellbeing and leads to the building of inner resource that underlie subsequent resilience (Vansteenkiste & Ryan, 2013). Well-being is essential for proactive behavior which has been shown to be relevant for business success (Hahn, et al., 2012). Resilience is essential for women entrepreneurs to overcome barriers in gendered socio-cultural context in Ethiopia

The current women's entrepreneurship promotion and gender-sensitive policies in Ethiopia, such as family policy, undoubtedly benefit women to have autonomy in education marriage and property rights. However, in the gender biased socio-cultural context in which women entrepreneurship is embedded, efforts may continue to be futile. Controlling environments, whether they are familial, institutional, cultural, economic, or political, interfere with wellness and happiness by undermining autonomous functioning (Ryan & Deci, 2011). Hence, governmental regulations and programs can be evaluated with respect to their effectiveness at supporting basic psychological need satisfactions. It is important to have more awareness and gender sensitization programs and advocacy at both the policy and grassroots levels. Suitable information, education and communication campaigns should be promoted by stakeholders to deal with the social structures and traditional practices challenging the enforcement of legal policy measures (Ogato, 2013). The media, the education system, informal institutions such as community associations, and religious institutions can play critical roles not only changing beliefs and attitudes in a community but also by making them act in an autonomy-supportive way. Moreover, women entrepreneurs' networks must be well organized. These organizations can deeply support satisfactions of the needs for autonomy and relatedness of their members by developing awareness of women's subordination, and building their capacity to challenge and negotiate socially and culturally constructed traditional gender ideologies.

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WOMEN'S ACCESS TO MICROFINANCE SERVICES IN SOUTHERN ETHIOPIA: ASSESSING THE PROMISES, IMPACTS, CHALLENGES AND GAPS

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ABSTRACT

This study has primarily focused on examining the participation of women in micro finance institutions and major determinants of membership in microfinance institutions (MFIs) based on data collected from 11,162 households selected from 43 districts. The data were also collected through Focus Group Discussions and Key Informant Interviews with village elders and microfinance staffs. The result indicated that women's participation in MFIs is fairly low (only 17%). Among the clients, 75% of them use the borrowed money for income generating activities. The logistic regression analysis indicated that some household and individual variables such as educational status, size of land holding, age, religion, job status, family size, type of crop and the use of informal credit sources are the main determinants of women's participation in MFIs, which was used as a proxy to the financial inclusion. The main challenges to their financial inclusion and sustenance includes high loan requirements, poor mobilization by the service providers and media, high withdrawal and dropouts, gender gap in the disbursement of loan and absence entrepreneurial trainings on skill development and financial outlay. The researchers recommended awareness creation in the community to avoid women's social seclusion, opening sub branches in different villages, empowering the existing MFIs, facilitating the service by removing institutional and regulatory red tapes, designing mechanisms to ensure women's control over loans and rewarding successful model women entrepreneurs as some of the measures that could enhance women's financial inclusion.

Keywords: Decision making, financial inclusion, microfinance, voluntary saving

INTRODUCTION

Microfinance is a small scale financial services-primarily credit and savings- provided to individual entrepreneurs and small businesses lacking access to banking and related services. After the establishment of modern banking system, even though credit and other services were available, they were exclusively used by the capable part of the society who can afford the heavy collateral. In order to overcome this challenge, particularly during the 1960s and 1970s, the governments of some developing countries adopted specialized subsidized credit institutions and programs with the principal intention of helping the poor. However, in 1980s, the subsidized program came under

heavy criticism because their performance was below expectations in several ways, including the failure to reach poor farmers and provide financial services in a sustainable manner; that is why microfinance service has come to existence as a remedy (Robinson, 2001).

Increasing women's access to microfinance services promises greater contribution to household income which in turn, will translate into improved standards of living. Moreover, because women have fewer resources available, they tend to be more vulnerable when economic challenges or unforeseen circumstances arise. By providing access to loans for income-generating activities, microfinance institutions can significantly increase a woman's resources, thereby reducing her overall vulnerability. Furthermore, it is well-documented that women are more likely than men to spend their income on household and family needs (Getaneh, 2005; Linda, 2009).

The modern finance history of Ethiopia dates back to the beginning of 20th century, 1906, by the establishment of Bank of Abyssinia (NBE, 2001). For long period of time, the major source of credit for the rural and urban poor has been the informal sector which includes friends and relatives, local money lenders, eqquib (Associations where friends, relatives or some community members summon and contribute a fixed amount of money per month or week and the collected money circles around every term) and, iddir (Communal associations where the people mainly gather to help each other in time of need(joy or sadness) and contribute in cash or kind for it as part of the service) and other similar social networks. However, the slow movement of the finance sector made a paradigm shift after the fall of the socialist government in 1991. Consequently, the Ethiopian financial system has passed through significant reform process since 1992 as a part of transition from a planned to a market economy: liberalizing and reforming the financial sector, relaxing foreign exchange controls, dismantling the administered interest rate regime, establishing a new framework for banks, insurance companies, microfinance institutions and cooperatives are some of them.

Following the issuance of Proclamation No. 40/1996 in July 1996, the first group of few Micro Finance Institutions (MFIs) was established in early 1997 among which Omo Microfinance Institution (OMFI) was one of them. Since then many MFIs flourished in different parts of the country (Getaneh, 2005) with different purposes among which empowering the poor women has been their principal intention. The proclamation has brought about a remarkable growth in terms of outreach and sustainability of the microfinance industry of Ethiopia (Dereje et al, 2013). In 2005, the government of Ethiopia National Action Plan has given due attention for the empowerment of women. Similarly, the revised Development and Transformation Package of Bureau of Women, Children and Youth Affairs (BoWCYA) also states enhancing the economic capacity of women and encouraging the saving their habit as the very important mission to undertake. Recently, women's access and control of microfinance services has been one of the priority agenda in almost all regions of Ethiopia.

Despite several efforts being made, women's access to and control over microfinance services in Ethiopia is still low. A study undertaken at industry level indicates that only 38.4 percent of women use microfinance services and at individual MFIs level, the share of women participation to credit access was below 50 percent except for very few of them (Befkadu, 2007). On the other hand, Emana et al. (2005) have documented that only 1% of the households in the study accessed credit from commercial banks. In the Southern Regional State of Ethiopia, out of the total beneficiaries of Omo MFI in 2010 only 28% were female (OMFI Annual Report, 2011). On top of this, about 72% of loans disbursed go to the male clients. *This is mainly due to the need for heavy collateral* and partly because commercial banks are mostly located in the urban centers, where less than 20% of the population resides. Therefore, the need for microfinance- financial services to low-

income individuals or to those who do not have access to typical banking services became indispensable.

With regards to the impacts of MFIs, previous studies had controversial conclusions ranging from enormous positive impacts to none. For example, a study conducted in Amhara and Oromiya (the two largest regions) regions of Ethiopia (Tarozzi et al, 2015) concluded that the program led to a substantial increase in both the probability of borrowing and the loan size, but there is limited evidence that it increased household income, improved school attendance or empowered women in household decision-making. A study conducted on OMFI beneficiaries in Southern Ethiopia (Tesfaye, 2012) reported that microcredit and micro saving services of OMFI has brought a positive impact on improving its client's income at household level. 77.4 percent of the total respondents indicated an increase in their annual income due to their access to microcredit programs, which enabled them either to expand the existing business or to start up new productive enterprising.

To the best of our knowledge, no comprehensive regional level study was conducted on MFIs since their establishment in the Region (late 1990's), and our knowledge has solely been based on the scantly available beneficiary specific case studies conducted by graduate students. Also, the findings of these available studies have based on small sample of households taken from a district or sub-districts who are beneficiaries of one particular MFI. This study, on the other hand, is a large scale/region level analysis based on data collected from all zones and all categories of beneficiaries and non-beneficiaries, and is aimed at examining women's participation in MFIs, impacts, opportunities, challenges and gaps in the sector. This study, thus, posed and addressed the following three questions: (1) what is the overall status of MFIs in terms of participation of women, and what are the barriers for membership? (2) What are the main impacts of MFIs on women and/or their households? 3) What are the prevailing opportunities, challenges and gaps in MFIs in the region?

DATA SOURCES AND METHODOLOGY

The Study Area

The Southern Nations, Nationalities and Peoples Region (SNNPR) is one of the nine states making the federal government of Ethiopia. Administratively, the region is divided in to 14 zones, one city administration and 4 special woredas/districts. These include Hadiya, Sidama, Gedio, Silte, Gurage, KambataTembaro, Gamogoffa, South Omo, Bench Maji, Kafa, Sheka, Dawro, Wolyta and Segen people's zones and Basketo, Yem, Konta, and Halaba special woredas. The region is multi ethnic with 56 nations and nationalities. The population of SNNPR for the year 2012/13 is 17,855,710 of which 8,885,204 are male and 8,970,506 are female. The region started to use the microfinance services in 1997. There are about seven micro financing institutions operating in the region; namely, Omo (OMFI), Sidama, Wisdom, Agar, Leta, Metemamen and Meklit. Sidama micro finance is operating in almost all urban and rural areas of Sidama zone. Wisdom is operating mainly in urban areas of Sidama, Gedeo, Wolayita, Hadiya, KambataTembaro, and GamoGofa zones. Metemamen is operating in Gurage Zone while Agar and Meklit are operating in urban areas of same zone. But OMFI has a wider geographical coverage, huge capital and largest number of clients (BoFED, 2013).

Data Source

The main data for this study were generated through both primary and secondary sources.

Larger proportion of the data were collected from households and key informants at four different levels (kebele, woreda, zones and Region), women entrepreneurs in urban and semi urban areas. The secondary data were collected from relevant authorities in the region which supplemented the household survey. Basically, the study is a cross sectional survey design with qualitative and quantitative methods. The quantitative aspect of the study has focused on description of key demographic profiles, measurement of selected socio economic variables, description of current scenarios and econometrics. The qualitative dimension of the study has mainly dealt with narration of contexts and further examination of attitudinal as well as perceptual issues on women and development packages.

Sampling Design

To determine the sample size of the current study, it is imperative to consider a wide range of women empowerment indicators in SNNPR taken from very recent studies, which includes but not limited to, women education/ participation rate (64.3 %, CSA 2011), autonomy and decision making index (69.1%), headship rate (26%, CSA, 2011), ownership of land/house (61%, CSA,2011) and employment status (40.7 %, CSA, 2011).

Once the key women empowerment indicators were known, it was assumed that these indicators did not vary much across all zones/ districts of the region. Then, the sample size for the study was determined by using the formula for a cross sectional household based survey by Cochran 1977.

$$n = \frac{\frac{Z^2 p(1-p)}{d^2}}{1 + \frac{1}{N}\left(\frac{Z^2 p(1-p)}{d^2} - 1\right)}$$

Where Z is the upper $\alpha/2$ points of standard normal distribution with α=0.05 significance level, which is Z =1.96, d is the degree of precisions (0.04), p is taken as 0.5.

The estimated sample size for each zone (i.14 zones, one city administration and 4 special woredas/districts) was 383 and was weighted by 1.5 (Cochrane 1977) to get a size of 575, then a 5 % contingency was added to get the final sample size of 604 households from each zone, giving a total sample size of 11,476 from the region. Then the individual households were selected using multistage sampling technique and the process of sampling for the household level survey was started with purposeful selection of two representative districts/woredas from each zone of the region, giving a total of 43 study woredas. At the third stage of sampling, 5-10 % kebeles (Sub-districts) from the total list of kebeles of each selected woreda (proportionally representing urban and rural kebeles) were considered. Based on the information from Central Statistics Authority, it was assumed that the kebeles within a district have more or less similar characteristics and size. Once households are identified, the information was collected from women respondents.

Data Collection and Analyses

A comprehensive questionnaire and key informant interview checklist was used to generate the required information. The field staffs, who mainly are the district level government employees and Hawassa University teaching staff, were recruited based on their prior experience. They received two days intensive trainings on research methods and filed management. Once the preparatory activities were completed, the filed data collected was launched for two months. The

data were analyzed using SPSS software version 20. The quantitative analysis employed both percentages and multivariate analysis. The key determinants of membership in MFIs were examined using binary logistic regression. Several household and individual level variables were regressed against the dependent variable (women's membership in MFIs).

RESULTS

The Survey tried to identify the demographic characteristics of the households, distribution of microfinance institutions and membership in the region, financial inclusion on income generating activities, the impact of the microfinance service enrollment on women's income, the opportunities and challenges in the financial inclusion and the determinants of women's financial inclusion in MFIs using binary logistic regression.

Background Characteristics

Table 1 presents the distribution of the respondents by selected background characteristics. It is indicated that female headed households consist of only 22.4% and the great majority (78.6%) are male headed households. More than 72% of respondents were in the age range of 18 and 39, which is the productive age group. With regards to the household size, nearly 50 percent had a size of 5 to 8 and 40 percent were 2-4 sized households. Considerable proportions of the respondents were not able to read and write (41.1%); and 33.9 percent of them completed only primary level of education. Moreover, further crosstab analysis (table not shown) depicted that 53% of the illiterate women's spouses were illiterate themselves. As expected, very small fraction of the respondents (5.9%) were reported to have either diploma or degree level of education.

Distribution of Microfinance Institutions and Membership in the Region

The disribution of clients is not evenly distributed across the zones of SNNPR. As can be seen from Table 2, zones such as Gurage, Sheka and Sidama zones have the highest concentration of microfince clients (33.1%, 31.3% and 28% respectively). On the other hand, zones such as Halaba, Hadiya and Basketo have the lowest clients (see Table 2 and Fig 1).

Table 3 further summarizes the distribution of membership by type of institutions. Only 17.1 percent of women were members of the saving and credit institution. Concerning the coverage in the region, OMFI alone covered 80.1%, Sidama Microfinance 1% and the rest 2.2% was covered by the remaining five institutions (Wisdom, Agar, Leta, Metemamen and Meklit Microfinance institutions). About 17 percent of the households live in districts not covered by MFI.

The Impact of Financial Inclusion on Income Generating Activities

Among the borrowers, 75% of the women participate in income generating activities. The rest use it to fulfill their basic needs and for related purposes. This is also manifested in the last money they borrowed. As can be seen from the crosstab analysis, the majority of the women participate in animal fattening and food crop production and the least of all is beekeeping.

Decision Makings on the Benefits

Regarding women's decision making to borrow the money, around 47.3% of the women reported that decisions are taken either by the woman herself or together with husband. Only in 12% of the households do the husbands have exclusive right in making the decision. The rest is

made either by the microfinance staffs or in consultation with member friends. On the other hand, concerning the administration of borrowed money, 60% of the administration was either under the wife or the joint consensus of husband and wife. The findings also assert that the influence of family members and siblings is also very high both in the decision to borrow and administration of the money which indicates the strong social ties among the society.

TABLE 1
Percentage Distribution of Respondents by Selected Background Characteristics, SNNPR (n=11,162)

Characterstics	Number	Percent
Sex of the respondents		
Female	2498	22.4
Male	8664	77.6
Total	11162	100.0
Household size		
Live alone	319	2.9
2-4	4464	40.0
5-8	5443	48.8
Above 8	936	8.4
Age of the respondents		
18-28	3873	34.7
29-39	4176	37.4
40-50	2243	20.1
Above 50	664	7.7
Education		
Illiterate	4587	41.1
Practical oriented adult education	695	6.2
1-4 grade	1709	15.3
grade 5-8	2072	18.6
grade 9-10	1139	10.2
Grade 11-12 (preparatory)	297	2.7
Above high school	653	6.0

Source: Household survey data, 2014

TABLE 2
Distribution of Membership in MFI by Zone, SNNPR (N=11,162)

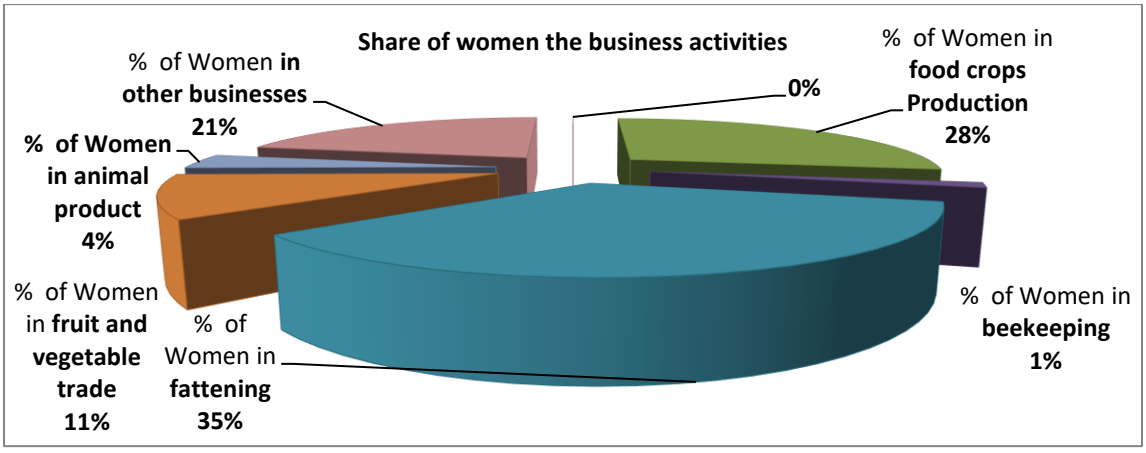
Name of the Zones	Membership in MFI		
	Yes	**No**	**Total**
BASKETO	42	561	603
BENCH MAJI	116	493	609
DAWURO	102	494	596
GAMOGOFA	46	564	610
GEDEO	73	414	487
GURAGHE	199	403	602
HADIYA	30	569	599
HALABA	24	480	504
HAWASSA	110	491	601
KAFFA	86	421	507
KANBATA	103	512	615
KONTA	90	511	601
SOUTH OMO	122	489	611
SEGENE	53	550	603
SHEKA	185	407	592
SIDAMA	169	435	604
SILTE	110	499	609
WOLAYITA	146	457	603
YEM	107	499	606
Total	**1913**	**9249**	**11162**

TABLE: 3
Percentage Distribution of Respondents by Participation in Saving and Credit Organizations, SNNPR (n=11,162)

Characteristics	Number	Percent
Name of credit institution available		
Omo microfinance	8937	80.1
Sidama microfinance	113	1.0
others	243	2.2
Not available in the districts surveyed	1869	16.7
Total	11162	100
Membership in saving and credit org.		
Yes	1913	17.1
No	9249	82.9

Source: Household survey data, 2014

FIGURE 1
The Percentage Share of Women's Income Generating Activities



Source: Own Household survey data, 2014

TABLE 4
The Percentage Distribution of Participation Rate in Income Generating Activities, SNNPR (n=11162)

Characteristics	Number	Percent
Overall Participation in income generating activities		
NA	9661	86.6
Yes	1125	10.1
No	376	3.4
Main reason for taking the last credit		
NA	9525	85.3
business expansion	1069	9.6
fulfill basic needs	415	3.7
others	153	1.4

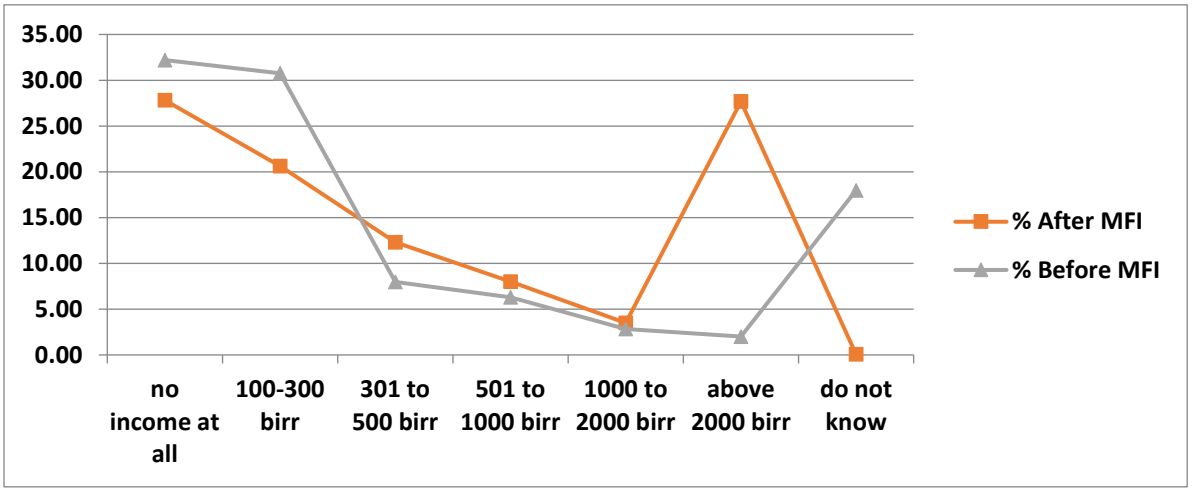
Source: Own Household survey data, 2014

TABLE 5
Percentage Distribution of Respondents by Reported Motivation, Decisions and Perceived Advantages of Receiving Credit, SNNPR (n=1913)

	Decision maker on money to be borrowed (%)	Decision maker on administering the money
self	16.3	26.2
husband	9.3	9.9
both husband and wife	31	33.8
micro finance staff	12.3	-
other member who is a friend	3	-
Others (like family members)	29.1	30

Source: Own Household survey data, 2014

FIGURE 2
Reported Changes in Household Income Before and After Borrowing Money, SNNPR (n=11,162)



Source: Household survey data, 2014

Many women borrow from the microfinance institutions because they believe that they can get a start-up capital for their business. However, only few assume the low interest rate and the simple repayment schedule as a motivating factor for borrowing. On the other hand, not every condition is conducive to get the service of microfinance. For instance, 10% of the borrowers reported that they face challenges and opposition from their husband.

Impacts of the MFI enrollment on Women's Income

As can be seen from the chart, there is a change in the monthly income of the households. Some of the households had uncertain income and they did not know how much they earned. This situation was changed after they start using the saving and credit facility. The percentage of households who earned between Birr 100-300 declined from 30% to 20% after the MFI services. On the other hand, the percentage of households who earn above Birr 2000 increased from 2% to 28% which indicates that the introduction of Microfinance service has in fact improved the living standard of the women significantly.

Opportunities and Challenges in the Financial Inclusion: Loan Disbursement, Saving, Repayment and Withdrawal

About 20% of the borrowers claimed that they faced the problem of repayment. The main reasons for the failure were low return rate or profit, the use the loan for subsistence, the extravagant characteristics of the husband and usage of the money for family health care and related issues. However, most of the women, around 75%, tried to repay their loan from the profit enterprise they run and the products they sell. Only 5% of the households sell their property or rent their land in order to repay their loan. The regional analysis of OMFI also indicated that even if there has been increasing trend in repaying the loan, the institution is still facing the repayment challenges. The loan disbursement reached birr 1.1 billion in 2013 which was birr 0.4 billion six years ago. Only 40% of the women were involved in the voluntary saving activities before they start to save in

MFIs. Among them, 36.5% were keeping their money at home and the other 18% by lending to others and 27% of the respondents in banks.

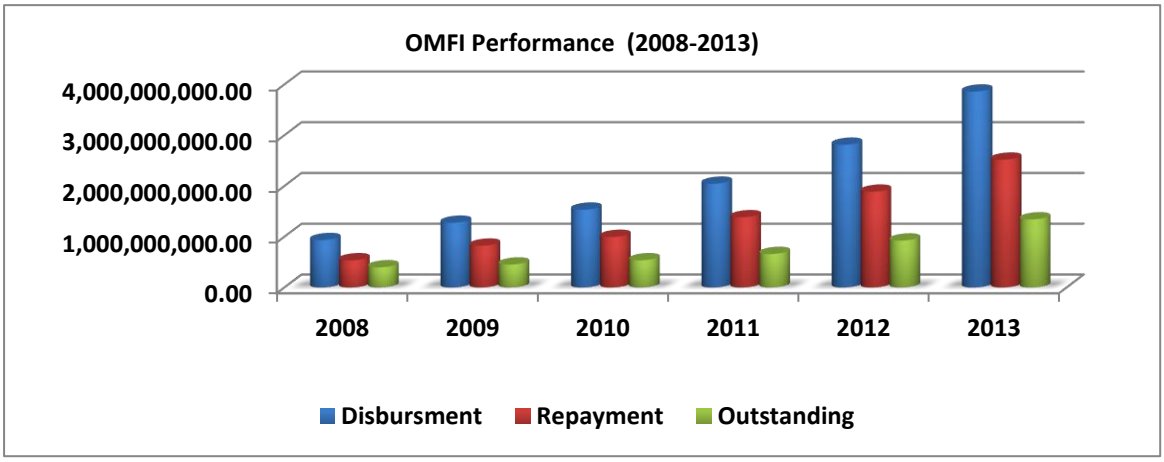
On the other hand, withdrawal rate was very high and follows trends of voluntary savings. Net saving, the value we get after we deduct withdrawals from total saving, steadily grew since 2004. For example, in 2013, out of cumulative total saving of birr 2.38 billion, birr 1.6 billion (67%) was withdrawn. Likewise, out of annual total savings of birr 1.4 billion, birr 0.84 billion (60%) was withdrawn. In addition to this, client dropout coupled with stakeholders' reluctance on savings mobilization has also been among major problems facing the institutions.

The cumulative performance of OMFI in terms of disbursement, repayment and outstanding balance shows increment throughout the years. Cumulative disbursement reached birr 3.8 billion in 2013 which was birr 0.9 billion in 2008. In the same fashion, repayment also grew from birr 0.5 billion to birr 2.5 billion. On the other hand, the loan disbursement between men and women shows no significant change over the four years period and the share of loan disbursement for women did not exceed 30 percent. All the loan disbursement, repayment and outstanding showed an increasing trend every year from 2008-2013. The next figure shows how the saving of women changed in the past years taking 2014 as a reference.

Ongoing savings refers to any mandatory deposits that must be paid with each loan repayments. OMFI requires each client to deposit ongoing savings of a minimum amount of birr 10 monthly individual savings with their loan repayment. However, for MSE clients the monthly minimum ongoing savings is ETB 20. Besides, all micro loan borrowers make minimum of 5 birr monthly group compulsory savings. However, the culture of savings is low when compared to the existing potential of the region. Of the total savings, 90% constitutes voluntary saving and the rest 10% is compulsory saving.

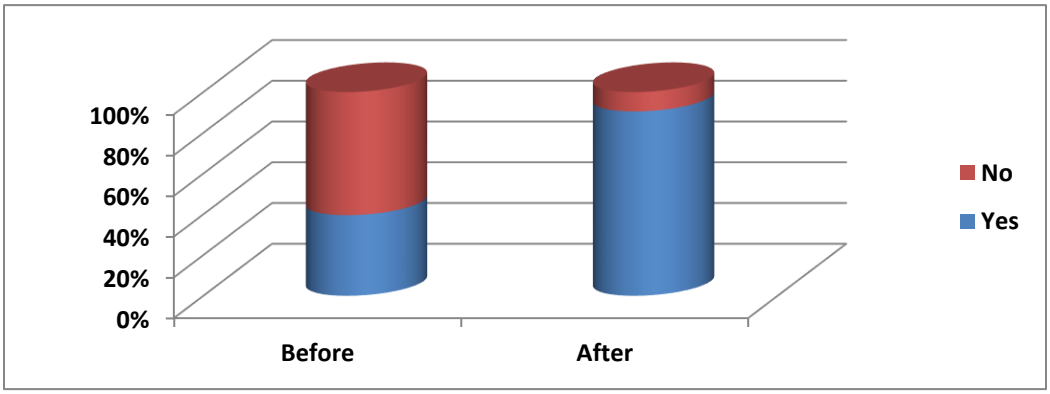
FIGURE 3

The Disbursement, Repayment and Outstanding Rate of OMFI for the Period 2008 to 2013.



Source OMFI, 2014

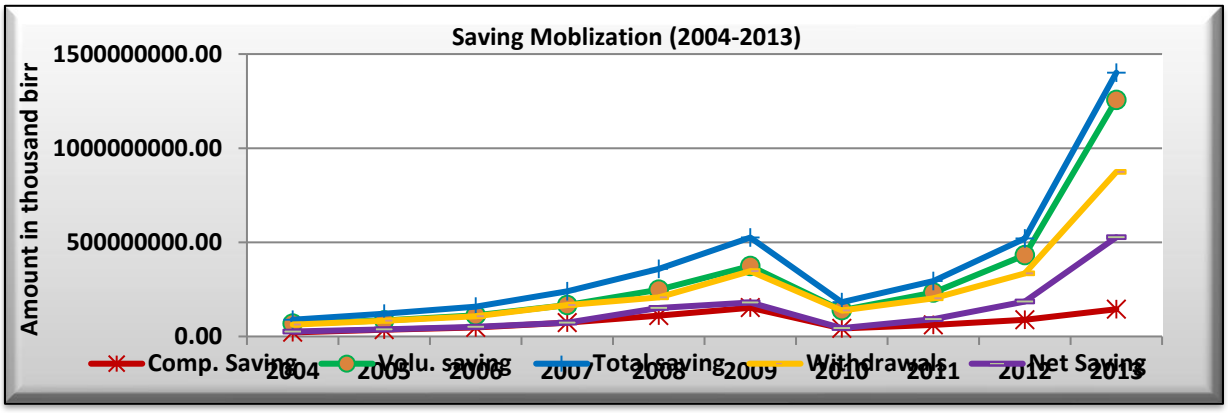
FIGURE 4
Voluntary Saving Before and After Membership in MFIs, SNNPR, Ethiopia.



Source: Household survey data, 2014

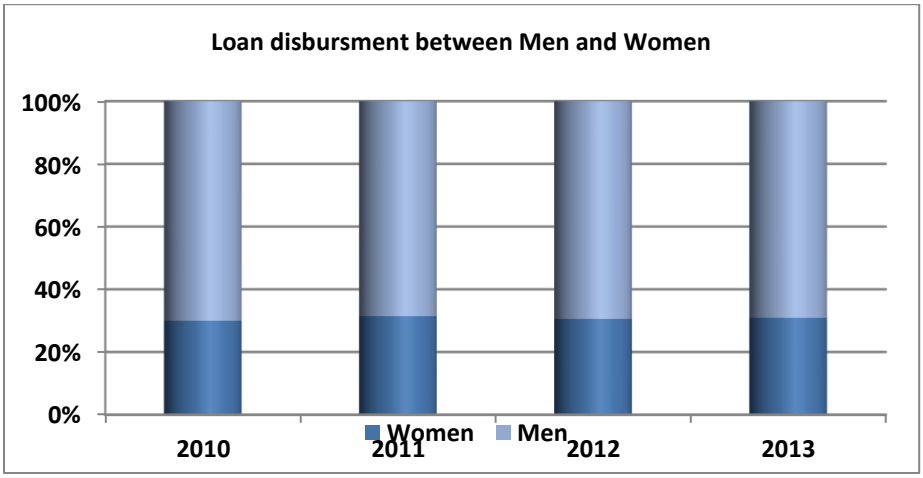
The cumulative performance of OMFI in terms of disbursement, repayment and outstanding balance shows increment throughout the years. Cumulative disbursement reached birr 3.8 billion in 2013 from where it was birr 0.9 billion in 2008. In the same fashion repayment also grew from birr 0.5 billion to birr 2.5 billion. Till now, the institution has mobilized cumulative total saving of birr 2.4 billion of which 1.9 billion (82%) is voluntary saving while 0.5 billion (18%) in compulsory saving. Figure 6 shows that loan disbursement between men and women had no significant change over the four-year period and the share of loan disbursement for women did not exceed 35 percent.

FIGURE 5
Saving Mobilization in SNNPR for the Period 2004 -2013



Source: OMFI, 2014

FIGURE 6
The Loan Disbursement between Men and Women in SNNPR, Ethiopia.



Source OMFI, 2013

Determinants of Women's Financial Inclusion in MFIs (Binary Logistic Regression)

In order to understand the factors affecting the membership in microfinance institution, a proxy for financial inclusion, a binary logistic regression analysis was used (Table 6). The model included a range of socio economic variables selected based on review of literature. These are, family headship, educational status, size of land holding, Land ownership certificate, age, religion, job status, husband's education level, family size, decision maker on families earning, type of crop they grow, right to cattle ownership, use of informal credit sources. The result indicates that, except family headship, land ownership right and cattle ownership right, the remaining of the variables were found to significantly determine the likelihood of membership in MFI (5% of confidence interval). Women who are involved in adult education are 0.506 times less likely to borrow from MFI than the illiterate ones. Generally, with a slight swing in pattern, as the education level increases, the likelihood to borrow from microfinance declines which indicates that the target of MFI is the economically lower class of the society.

Regarding the impact of age, younger women (18-25) are more likely to be member of MFI compared to other age groups. From job point of view, the result indicated that private company employees, housewives and farmers were 3, 2 and 1.6 times more likely to be in MFI than government employees. This is an encouraging message for both the government and the MFIs because MFIs are basically intended for the poor. As the size of the family increases, the likelihood of being a member declines.

In a similar fashion, the result indicated that women who were in informal credit service (Eqquib) considered the MFI as a substitute. The regression analysis indicates that, those women who were not members in informal credit sectors like "Eqquib" are almost seven times more likely to be in the formal MFI services. There is no much difference in the membership pattern because of the kind of crops the households produce. However, women who participate in other agricultural activities for instance such as animal fattening and bee hive were 1.5 times more likely to participate in MFI than cash crop producers.

DISCUSSION

This study has primarily aimed at examining the participation of women in saving and credit schemes, impacts, opportunities and challenges in Southern Nations Nationalities and Peoples Region. The analysis in the result section above were based on primary data collected from all zones in the region and secondary data made available by the concerned regional offices.

It is noted that women's participation in saving and credit through MFI is fairly low in all the zones considered, while the performance of some of the zones (such as Gurage, Sheka and Sidama zones) is encuraging. On top of this, the distribution of the MFIs is uneven. Though about seven institutions are operating in the region, there are still districts where no such scheme exists.

Over 16 percent of the respondents reported that they do not have access to the service which is a direct indicator of the challenge in financial inclusion. This left huge gap between the reality on the ground (17 percent participation rate) and the figures stipulated in the revised Development and Transformation Package of BoWCYA, which planned to attain women's share of 60 percent or more.

Though several human and non-human constraints were reported, the most commonly cited problems were more institutional limitations than beneficiary borne gaps. Among other factors, women's lack of capacity to meet the saving requirement, weak support from husbands and other stakeholders were reported by significant proportion of the clients. In nearly all the focus group discussions held, financial incapacity to save for six consecutive months before they borrow, which is the policy of MFIs, was mentioned as an outstanding reason for their inability to partake in the financial inclusion. This is partly due to the fact that most of them have no any source of income for meeting the continuous saving.

It was noted that 20% of the required loan by monthly depositing equal amount of money in six consecutive months prior to receiving loans for urban MSE clients; 10% of the required loan if they are first comers and borrow less than 50,000 ETB or 5% if they need more than 50,000 ETB for urban MSE business loans. Agricultural and micro business loan borrower should save 10% of the loan as a group savings for first cycle loans, 8% for second cycle and 5% for third cycle and above. The absence of a guarantee or a co-guarantee to borrow was another reason reported by clients. Despite this, the initiation of loan taking has steadily increased over the last few years. Previous studies in the two major regions of Ethiopia (Oromia and Amhara) documented that despite the lack of enforcement in targeting women, the proportion of loans initiated by women increased in villages where micro lending became available (Tarozzi et al, 2015). Additionally, the bureaucratic red tapes discouraged many from joining the group and lead to large dropouts from the service. Even if the regional development package stated to help the women in the production of market oriented products and to extend the market and network to reach these poor women, many still complain that after they got the money they use it for consumption purpose partly because of their lack of understanding on what to do with it.

The data from OMFI also substantiates the above discussion. Since 2006 client dropout showed sustainable growth over the periods with annual growth rate of -83%, 312%, 5% and 111% in the year 2006, 2007 2008, and 2009 respectively. The number of total dropouts was 3,873 clients in 2004 but has gone up to 27,324 in 2009. Within these six years dropout rate has grown by 605.50% which is too much and needs immediate attention. Despite the existence of the MFI facilities in many of the zones for longer time, the majority of the MFI clients started to involve in this activity very recently (75% of the users are members with in the past three years, of which 26.5% even joined just a year ago). This may partly inform us the very weak mass mobilization or

poor role of media/other partners or both.

About 55% of the respondents got their primary information about the microfinance services from these staffs. While clients may get access to comprehensive messages/ information from MFIs staff, one particular problem (which was not reported in this study) is that the staff may not be gender sensitive. A study in Amhara Region (Getaneh, 2005) reported that microfinance staffs are less gender sensitive, and yet only about 20 percent of field-level microfinance staffs in Ethiopia are female. This may limit an important secondary impact of the program wherein women clients view female loan officers as positive role models for their daughters. Sadly, the media has a very insignificant role in creating awareness and providing relevant information. Only 1% of the respondents claim the media as their prime source when in fact has a potential to reach 45% of the population. On the other hand, the cross-tab analysis indicates that women with educated husbands have three times more access to the information from their husbands about MFIs than the illiterate ones.

The poor level of education coupled with cultural pressures has considerably affected women's participation in saving and credit schemes, and hence, diminished the positive impacts such scheme might have brought about in the lives of their households. The FGDs undertaken in districts such as Konta, Segen-Konso and Basketo, indicated that the challenges from their spouses due to some wrong cultural thoughts has hindered them from moving forward and overtake their economic challenges.

The experience from these districts showed that women get acceptance and assistance from their husband and the community at large, only if they can practically justify the importance of microfinance service in their life by helping their family and repaying their loan without damaging the family reputation or selling the household's property. This problem was partly caused by the infamous experience of some borrowers using the money for their consumption and ending as a default. Adding an insult to injury, women in these areas are thought as incapable to undertake jobs other than being a housewife in addition to the limited market size that seized many businesses from expansion. However, it is important to note that some educated husbands were reported to have positive impacts on their wives' participation in the MFI.

For instance, 4.3% of the women whose husbands got degree and above were helped by their spouses to participate in MFI while only 1.3% of women with an illiterate spouse got assistance from them. Off course, household based limitations were also reportedly observed. Further analysis of the data through logistic regression model suggested the net effects of some individual and household variables (age, household size, husband's education, type of crops grown, etc.) on the participation of women in MFI. It is generally noted that those women who are young, with small family size and entrepreneurial mentality have a high likelihood to be in MFI than the rest.

On the other hand, measuring the actual impacts of financial inclusion in MFIs is somewhat controversial in this study because of three reasons. First, it is already noted that more than 75 percent of those reporting active membership are new members who joined their respective MFI during the last three years. This by itself limits their amount of saving and borrowing capacity. Second, those small segments of the clients who reported taking loan for business expansion and household use, were not able to report the visible or quantifiable changes such loan has brought about on household income, education, wealth and other parts of their livelihood mainly due to poor record of data. Thirdly, if any positive impacts exist, it would be very difficult to determine its sustainability as it is short lived. Thus, the impacts reported by about 17 percent of the clients should be cautiously interpreted in light of the reasons mentioned above.

Finally, this study is not without limitations. One of the limitations worth mentioning is that the study was based on cross sectional data which entails collection of information at a specific point in time in the lives of the respondents, and may also suffer from self-selection bias, omissions and commission errors. Further, the secondary data made available by the concerned authorities had little details to portray the impacts and sustainability issues. On the other hand, because the analyses are based on large scale data collected from all zones in the region, the comprehensiveness and policy relevance of the findings are greater. We suggest future researches to focus on collecting time series data to determine the changes, impacts and sustainability of membership in MFIs.

CONCLUSION AND POLICY IMPLICATIONS

The present study had documented women's low participation in saving and credit activities, which of course, is constrained by some institutional and household factors. It was noted that some institutional challenges (such as poor mobilization, high loan requirements) and household socio demographic variables (such as household size, husbands' education, type of crops grown) have appeared to be significant predictors of membership in MFIs. Further, the uneven distribution of MFIs coupled with bureaucratic red tapes discouraged many from joining the group and led to large dropouts from the service and heavily affected repayment rate. We also noted insufficient provision of entrepreneurial trainings on skill development and financial outlay that exposed them to a mismatch with the existing market demand and the wastage of the financial resource. However, there is some evidence suggesting that those active members (though small in number) have already seen some positive impacts of their membership in MFIs.

In view of the nature of the variables discussed above, we suggest addressing the unreached majority by expanding the service and creating awareness in the community at large to avoid social seclusion is the most important measure the regional government should undertake. Additionally, opening the sub branches in different villages/ districts, promoting the service via both formal and informal mechanisms, encouraging the existing microfinance institutions, facilitating the service by removing institutional and regulatory red tapes, designing mechanisms to ensure women's control over loans and rewarding successful model women entrepreneurs are some measures that can assist the expansion of microfinance services to the larger part of the society.

The development and transformation package should be backed by quantitatively expressed targets to help monitoring and evaluation process. Lastly, Bureau of Women, Children and Youth Affairs, Omo Microfinance, Bureau of Finance and Development, Agriculture and Rural Development Sector, Production Exchange and Unions, and other MFIs should work cooperatively not only to alleviate the aforementioned gaps but also to accomplish the newly designed development and transformation package.

Acknowledgment

We would like to express their heartfelt thanks to Bureau of Women Children and Youth Agency (BoWCYA) for the financial and technical support to conduct the study. We also recognize the contribution of Hawassa University in facilitating and coordinating the research activities.

Conflict of interest

The authors declare no conflict of interest.

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Part 2
Organizational Behavior and Human Resource Management

SOCIAL COMPARISONS, REGULATORY FOCUS, AND DEVELOPMENT BEHAVIORS: THE MODERATING ROLE OF SELF-IDENTITY

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ABSTRACT

In this study, we examined the extent to which employees regulate themselves to participate in development activities as a response to self-identity restoration based on social comparison processes. Development-related self-identity (DSI) is proposed as a moderator and regulatory focus mediates the relationship between development intentions and development behaviors. In a sample of 350 employees from a news media company in Ghana, moderated structural equation modeling and subgroup analysis results showed support for some of the hypotheses. Implications for employee development, development behavior research, and HRM are discussed.
Keywords: Development-related self-identity, social comparisons, development behaviors, regulatory focus.

INTRODUCTION

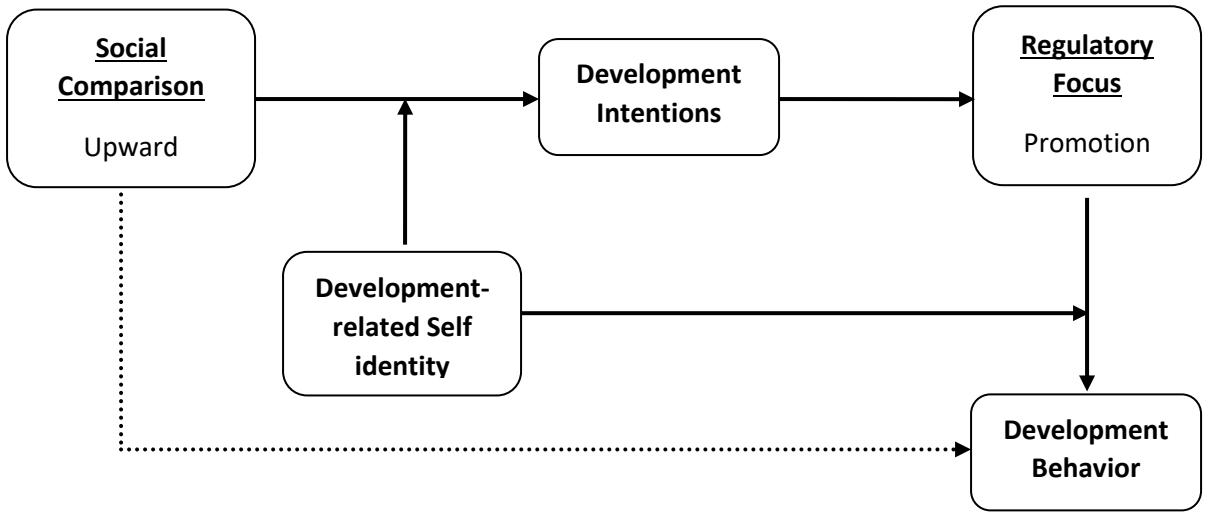
For the past thirty years organizations have increasingly been focusing on human capital to enable them gain competitive advantage. Organizations with higher human capital tend to achieve greater innovation, productivity, profitability, and increased market share leading to competitive advantage (Schultz, 1993) Human capital which refers to the intangible assets such as education, experience and skills of employees in an organization at any given time (Becker, 1993; Boxall & Steeneveld, 1999), is amassed through training and development which increases employees' proficiency and determine the outcomes of competitive advantage (Peteraf & Barney, 2003). Consequently, organizations sometimes establish policies to encourage employees particularly those with skill obsolescence to participate in development activities to enhance their knowledge, skills, and abilities (Hurtz & Williams, 2009; Zoogah, 2010). To the extent that the policies favor some employees (e.g., retentions, promotions, bonuses) and disfavor others (e.g. demotions and denial of benefits), they either enhance or diminish respectively self-identity of employees (Ellemers, 2002). The question that arises is do individuals with low ability/knowledge (relative to others) seek more development behaviors relative to their high ability/knowledge peers, especially if it is important for them? We investigate this question in this study.

Although studies have examined development behaviors (Birdi, Allan, & Warr, 1997; Colquitt, LePine, & Noe, 2000; Garofano & Salas, 2005; Hurtz & Williams, 2009; Maurer, Weiss, & Barbeite, 2003; Noe & Wilk, 1993; Zoogah, 2010), previous studies have not investigated this

important question. Maurer et al. (2003) examined beliefs about possessing learning qualities ("I possess the skills and abilities needed to develop, grow, and learn in my job/career" - p. 714) in their career development model, and Hurtz and Williams (2009) examined learning goal orientation ("I prefer to work on tasks that force me to learn new things" – p. 641). These items focus on the self-concept, of which identity is a part. Second, except Zoogah (2010) who focused on relative deprivation, the majority of studies examined absolute deprivation. Nevertheless, Zoogah's (2010) study focused on only relatively deprived employees. The self-identification processes and motivations for participation may differ between employees who are favored by organizational policies and those who are not. While disfavored employees may participate in development activities for self-promotion reasons, those who are favored may be motivated by self-protection.

Our study therefore fills the gap in the literature on who strives more in development behaviors. While those of low ability may participate to redress perceived disadvantages, those of high ability may participate in development behaviors to maintain future advantages. Figure 1 shows our conceptual model. Our study advances the employee development literature by showing the important role of not only self-regulation in development behaviors but also differential participation in development behaviors. Second, the social comparison relationship advances the disadvantage perspective which has recently been proposed (Zoogah, 2010) and responds to Greenberg, Ashton-James, & Ashkanasy's (2007) call for more extensive use of social comparison processes in the workplace.

FIGURE 1
Conceptual Model of Hypothesized Determinants of Development Behaviors
Revised Model of Determinants of Development Behaviors



THEORETICAL BACKGROUND

Three major theories—social comparison, identity, and regulatory focus—are integrated in this study. According to social comparison theory (Festinger, 1954), employees, as individuals,

have a drive to evaluate themselves in comparison to other employees. They tend to evaluate themselves using objective and nonsocial standards, but if such objective information is unavailable, then they compare themselves against other people. The comparisons which may be automatic or controlled have significant affective consequences, and fulfill important psychological functions by inducing effort to redress a deficiency (Wood, 1996). For example, an employee who compares his/her performance with another employee that has superior performance is likely to be motivated to improve his/her performance by either maximizing effort or enhancing competencies. That employee will seek to achieve greater abilities notwithstanding that there may be non-social restraints (Festinger, 1954). The theory also posits that if the comparison other is too divergent from the evaluator, there is a greater tendency for the latter to narrow the range of comparability. Social comparisons are either downward or upward. Upward social comparison occurs when individuals compare themselves to others who are deemed socially above them in some way. In this type of comparison, people aspire to see themselves to be part of the advantaged or favored. So, they make comparisons showing the similarities in themselves and the comparison group (Suls, Martin & Wheeler 2002). Downward social comparison acts in the opposite direction; it occurs when threatened people look to others who are less fortunate than themselves. It is a defensive tendency to evaluate oneself with a comparison group whose troubles are more serious than one's own. While there have been changes in Festinger's (1954) original concept, many fundamental aspects remain, including the similarity in the comparison groups, the tendency towards social comparison, and the general process that is social comparison (Kruglanski & Mayseless, 1990).

Identity refers to the representations of the self which include self-schemas or knowledge structures of the self, possible selves (the various ways in which the self is represented temporarily), and identities (the set of subjective knowledge about the self that is considered to mean "I am") (Ashmore & Jussim, 1997; Leary & Tangney, 2003; Markus & Kunda, 1986; Roberts & Dutton, 2009). Identity theory recognizes that individuals tend to possess multifaceted and dynamic identities, some of which are attribute-based and others social or role-based. For example, an employee may possess career (London, 1983), mentoring (Ragins, 2009), and leader (DeRue, Ashford, & Cotton, 2009) identities. In this study, the focus is on personal or attribute-based identity termed development-related self-identity (DSI). We define DSI as the sense of self that employees achieve from pursuing development either within or outside of the organization. Employees who have development identities may not only be committed to improving their capabilities, a function of identity commitment, but also define and regulate their behaviors consistent with self-advancement. For example, they may be more self-monitoring and self-controlling because they perceive their being as integrally linked to development. DSI therefore combines personal (e.g., self-study), social (e.g., professional societies), and relational (e.g., mentorship) identities. Further, such individuals are likely to participate in activities that advance their DSI while avoiding those that harm it. In other words, they behave to promote or protect DSI.

The ability to exert personal control over one's thoughts, feelings, behaviors, and environment in order to achieve one's goals (Voh & Baumeister, 2004). This is important for behaviors and attitudes during execution of development activities. Regulatory focus transforms development intentions to actual behaviors. A review of the literature shows a number of regulatory frameworks (Baumeister & Vohs, 2004). We adopted Higgins's (1998) regulatory focus framework which views a self-regulatory system as having either a desired or an undesired end-state functioning as the reference value. Regulated employees' attempt to move the current actual self-state as close as possible to a desired end-state and as far away as possible from an undesired

reference point. In other words, the individual strategically orients his/her behavior either promotively or preventively.

Individuals who adopt a promotion focus experience needs that relate to nurturance, accomplishment, and progress (Higgins, 1997, 1998). They form goals to pursue ideals and aspirations, striving to maximize future gains. In contrast, individuals who adopt prevention focus experience needs that relate to safety, security, and protection. They form goals to satisfy duties, obligations, and responsibilities, attempting to minimize imminent losses. Therefore, employees who want to maintain their extant advantages are likely to adopt prevention focus while those who seek to redress the perceived disadvantages are likely to adopt promotion focus.

In sum, these three theories suggest employees may compare their situations to other employees in reference to their self-identity and to regulate themselves either to promote or prevent harm to the self when organizations establish policies perceived as inequitable. Research shows that employees generally evaluate their status, performance, and rewards relative to other employees (Zoogah, 2010).

HYPOTHESES

Social Comparison, Intentions and Development Behaviors

Employees often evaluate their performance, career, and reward situations relative to other employees as part of performance management (Aguinis, 2009). These social comparisons are heightened during organizational changes especially when organizational policies disadvantage some employees. Zoogah (2010) found that locally-educated employees perceived disadvantages from organizational policies that favored foreign-educated employees. The relative deprivation motivated them to participate in development activities. It therefore seems that employees will compare themselves with other employees when organizations introduce policies that favor some and disfavor others. We expected social comparisons which have affective, motivational, and behavioral functions to influence employees' development behaviors (Suls et al., 2002). When employees compare themselves to other employees and the outcome is favorable to them, positive affective consequences accrue (Taylor & Lobel, 1989; Wood, 1996). Thus, employees who make downward comparisons are likely to approve organizational policies that favor them. Such comparisons drive them "to improve performance relative to others or to appear more capable" because of the ego-enhancing motive which is better served by downward comparisons (Taylor & Lobel, 1989: 570). On the other hand, upward comparisons in which employees compare themselves to others whose performance or abilities are slightly better can also improve performance especially when the employees think of the future. Improving themselves now would redress the situation in the future. Therefore, we expected employees who make social comparisons to express intention to participate before actually participating in development activities. Studies show that upward comparisons influence turnover intentions (Choi & Chen, 2007; Eddleston, 2009), and job search (Brown, Ferris, Heller, & Keeping, 2007) and affective (Greenberg, Ashton-James, & Ashkanasy, 2007) behaviors. We therefore expected that upward comparisons will influence development behaviors positively. Second, we expected downward comparisons to negatively relate to intentions. As indicated above, studies show that downward comparisons influence job search (Brown et al., 2007) and affective (Greenberg, et al., 2007) behaviors. In sum, employees who feel worse off (upward comparison) and better off (downward comparison) are likely to express positive and negative intentions, respectively. Those who feel better off may report

fewer developmental intentions and behaviors because of the lack of desire while those who feel worst off may express greater intentions and behaviors. Thus, we hypothesized that:

Hypothesis 1a: *Downward social comparisons will relate negatively to development behaviors through intentions.*

Hypothesis 1b: *Upward social comparisons will relate positively to development behaviors through intentions.*

Mediation of Regulatory Focus

We proposed that intentions will be transformed to development behaviors through self-regulation (see Figure 1), a view that is consistent with the social psychological literature and studies that have examined self-regulation (Baumeister & Vohs, 2007; Boekaerts, Pintrich, & Zeidner, 2005). For example, Miller, Shoda, and Hurley (1996) proposed that self-regulatory processes transform women's intentions to perform breast self-exams into actual breast-screening behaviors. The transformation of intentions is recognized in the theory of reasoned action (Fishbein & Ajzen, 1975) by the inclusion of implementation intentions (Gollwitzer, 1993), a post decisional phase in which an individual's plans when, where, and how to act in accordance with his/her intentions. Employees who decide to achieve their development goals will focus on the desired end-states such that they will be motivated to approach development activities from the current state (worst off or better off) if doing so seems pleasurable or beneficial. However, if the participation in development activities is not enjoyable, the employees will avoid development behaviors. Employees who adopt a promotion-focus will be concerned more about higher level gains such as advancement and accomplishments. On the other hand, employees who adopt prevention-focus are concerned about safety and responsibilities particularly in the future. Therefore, we hypothesized that:

Hypothesis 2: *Regulatory focus mediates the relationship between development intentions and development behaviors.*

Hypothesis 2a: *For employees who make upward comparisons promotion focus but not prevention focus mediates intentions and development behaviors.*

Hypothesis 2b: *For employees who make downward comparisons prevention focus but not promotion focus mediates intentions and development behaviors.*

Moderation of Development-Related Self-identity

Self-identity is an important determinant of behavior (Leary & Tangney, 2003; Markus & Nurius, 1986). Employees who view development as a significant part of their working self-concept are therefore likely to desire and participate in development activities consistent with that identity. DSI relates to participation behaviors (Ragins, 2009). In contrast to previous studies which are based on the advantage perspective of employee development and main effects (Birdi et al., 1997; Tharenou, 2001; Maurer et al., 2003; Hurtz & Williams, 2009), our study is based on the disadvantage perspective and focuses on moderating effects: DSI interacts with (1) social comparison (upward and downward), and (2) regulatory focus, in relating to development intentions and behaviors. When upward comparisons are high, employees with high DSI are likely to behave protectively by expressing development intentions and following through with actual

development behaviors. On the other hand, employees with low DSI may react less forcefully, because the desire to protect the self is not as strong. So, they may be less likely to express development intentions and to demonstrate actual participation behaviors. The positive effect of regulation on development behaviors will be higher for employees with high DSI than for those with low DSI. Upward comparison employees with high DSI will identify more with development activities, seeing such behavior as valuable to their selves. On the other hand, those will low DSI may identify less with development activities even though they are motivated by *promotion*. In other words, the positive effect of promotion regulation on development behaviors will be higher for high DSI employees than those with low DSI in the case of upward comparisons. In contrast, the positive effect of prevention regulation on development behaviors will be higher for employees with high DSI employees than those with low DSI in the case of downward comparisons. Employees with high DSI may identify more with development behaviors because they perceive such behaviors as likely to *prevent* a deterioration of their status, outcomes, and privileges in future. Present development behaviors will be a buffer against future deprivations (Zoogah, 2010). In contrast, employees with low DSI may identify less with development behaviors even though they may be motivated by prevention reasons. The value or significance of development behaviors to them seems low. Thus, we hypothesize that:

Hypothesis 3a: *The strength of DSI and upward comparisons interact in relating to development intentions such that the positive relationship between upward comparisons and development intentions increases as the strength of DSI increases.*

Hypothesis 3b: *The strength of DSI and downward comparisons interact in relating to development intentions such that the positive relationship between downward comparisons and development intentions decreases as the strength of DSI increases.*

Hypothesis 3c: *The strength of DSI and promotion focus interact in relating to development behaviors such that the positive relationship between promotion focus and development behaviors increases as the strength of DSI increases.*

Hypothesis 3d: *The strength of DSI and prevention focus interact in relating to development behaviors. The positive relationship between prevention focus and development behaviors increases as the strength of DSI increases.*

METHOD

Sample and Procedure

This study used data from a medium-size multi-media public company in Ghana, an emerging economy in Africa. Before 2000, competence development, performance, and growth were not emphasized primarily because of the legacy of colonialism and the monopoly position it enjoyed. Competition from private news media organizations due to privatization and economic restructuring compelled management to initiate several human resource policies (selection, promotion, and performance management) that disadvantaged some employees particularly those who (a) did not have college training, (b) were locally educated, and (c) were perceived as incapable of contributing substantially to organizational performance. Demographic characteristics of the sample of employees and supervisors are shown in Table 1.

TABLE 1
Characteristics and Demographics of Sample

	Employee's Social Comparison			Supervisor
Region	**Total**	**Upward**	**Downward**	
Greater Accra	60	35	25	25
Ashanti	57	31	26	22
Eastern	51	38	13	18
Central	35	30	10	20
Western	41	32	9	20
Brong-Ahafo	24	16	8	10
Northern	33	22	9	16
Upper West	28	21	7	15
Upper East	21	16	5	14
Total	350	241	112	160
Department				
Radio	85	60	25	42
TV	79	49	30	38
Engineer	24	8	16	8
HR	42	30	12	16
Finance	26	10	16	7
Marketing	68	38	30	36
Other	26	16	10	13
Total	350	211	139	160

Measures

Social comparison. We adapted Wilson and Ross' (2000) social comparison scale by changing the referents to be consistent with our sample. Instead of "compared to others" in Wilson and Ross' measure, we used "compared to foreign educated or locally educated" who were the referents consistent with the company's policy. For upward comparisons, we used "compared with foreign educated" and for downward comparisons, we used "compared with locally educated employees." The items were "*Compared to foreign educated employees," "I was deemed not worthy of promotion," "Compared to foreign educated employees I was deemed not worthy of a bonus," "Compared with foreign educated employees my competence was deemed low,"* and *"Compared with locally educated employees, I believe my training is better," "Compared with locally educated employees, I believe my performance is higher,"* and *"Compared with locally educated employees, I believe my rewards are higher."* The first and second sets of three items measured upward and downward comparisons respectively. Cronbach's alpha for the two subscales were .81 and .88. All items used 5-point rating scales ranging from 1 (strongly disagree) to 5 (strongly agree). Thus, higher scores indicate greater upward and downward comparisons. Conversely, lower scores indicate lower comparisons. The internal consistency estimate for the entire scale was .96.

TABLE 1 (CONT'D)
Characteristics and Demographics of Sample

Demographics	Employees	Supervisors
Age	< 25 years = 15%; 26 - 35 years = 45%; 36 - 45 years = 28%; 46+ years = 12%	< 25 years = 4%; 26 - 35 years = 21%; 36 - 45 years = 32%; 46+ years = 43%
Gender	Male = 63%; Female = 37%	Male = 74%; Female = 26%
Job tenure	< 3 years = 15%; 4 - 10 years = 39%; 11 - 20 years = 33%; 21+ years = 18%	< 3 years = 12%; 4 - 10 years = 41%; 11 - 20 years = 27%; 21+ years = 18%
Organizational tenure	< 5 years = 10%; 6 - 15 years = 42%; 16 - 25 years = 34%; 26+ years = 16%	< 5 years = 11%; 6 - 15 years = 28%; 16 - 25 years = 32%; 26+ years = 29%
Education	Secondary school = 46%; College = 34%; Tertiary = 13% Unspecified = 7%	Secondary school = 69%; College = 21%; Tertiary = 5% Unspecified = 5%

Measures

Social comparison. We adapted Wilson and Ross' (2000) social comparison scale by changing the referents to be consistent with our sample. Instead of "compared to others" in Wilson and Ross' measure, we used "compared to foreign educated or locally educated" who were the referents consistent with the company's policy. For upward comparisons, we used "compared with foreign educated" and for downward comparisons, we used "compared with locally educated employees." The items were "*Compared to foreign educated employees," "I was deemed not worthy of promotion," "Compared to foreign educated employees I was deemed not worthy of a bonus," "Compared with foreign educated employees my competence was deemed low,"* and *"Compared with locally educated employees, I believe my training is better," "Compared with locally educated employees, I believe my performance is higher,"* and *"Compared with locally educated employees, I believe my rewards are higher."* The first and second sets of three items measured upward and downward comparisons respectively. Cronbach's alpha for the two subscales were .81 and .88. All items used 5-point rating scales ranging from 1 (strongly disagree) to 5 (strongly agree). Thus, higher scores indicate greater upward and downward comparisons. Conversely, lower scores indicate lower comparisons. The internal consistency estimate for the entire scale was .96.

Development-related self-identity. Consistent with the procedures used by Terry, Hogg, and White (1999), we generated nine items to assess the extent to which employees perceived their

development-related self-identity. The items included *"Self-development is an important part of who I am," "I am a type of person oriented to engage in self-development," "Development activities enhance my self-esteem," "I have to develop myself," "My future depends on how I develop myself," and "I strive to protect who I am through development activities," "I only learn when I have to," "I do not often engage in activities that enable me learn new things," "Self-development is not important to my career,"* and *"I believe knowledge and skills enable me grow in my career."* The latter three items were reverse coded. All items were rated on a 5-point Likert scale (1= strongly disagree to 5 = strongly agree). The reliabilities of the ten items were .79, .82, .93, .84, .96, .85, .88, .80, .96, and .92. The internal consistency estimate (Cronbach's alpha - α) for the scale was .94**.** Consistent with previous research, the strength of DSI was determined by the degree of perceived identification with self-development (Strachan, Woodgate, Brawley, & Tse 2005; Kettle & Haubl, 2010).

Development Intentions. We adapted Zoogah's (2010) measure of employees' development *intentions*. A sample item was *"I intend to attend a training workshop for managers in the next six months."* The internal consistency estimate for the scale was .95. The internal consistency estimates for training, education, and developmental relationships were .92, .96, and.97 respectively.

Regulatory focus. We used the Regulatory Focus Questionnaire developed by Higgins et al. (2001). Examples of items include, *"I feel like I have made progress toward being successful in my life" (promotion focus)* and *"Not being careful enough has gotten me into trouble at times" (prevention focus)*. The items were measured on a 5-point scale, with higher scores indicating higher promotion or prevention focus, respectively. The promotion (α = .89) and prevention (α = .91) items were averaged separately to form indices of promotion and prevention focus.

Development Behaviors. Employees' participation in training workshops, education programs, and development relationships were obtained from the HR Director. Data on the types and number of courses and training employees had pursued within the period was obtained in addition to the number of formal relationships (departmental and organizational) each employee had established. High scores indicate more development behaviors and low scores indicate few development behaviors.

Control variables. Age, gender, education, job tenure, organizational tenure, fairness perception, and satisfaction with the policy change were included as control variables in the study because they can potentially affect the hypothesized relationships (Zoogah, 2010). Fairness perceptions was measured with *t*en items adapted from Donovan, Drasgow, and Munson's (1998) fair interpersonal treatment scale measured fairness perceptions. The items were rated on a 5-point Likert scale (1= strongly disagree to 5 = strongly agree). A sample item was "Employees who were hired before the privatization programs are not treated as fairly as those who were hired after the programs." The internal consistency estimate was 0.92. Satisfaction with the *policy change*, a 3-item scale, was measured on a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). A sample item was "I am not satisfied with the policy change." Cronbach's alpha was .87.

DATA ANALYSIS

A number of techniques were used to analyze the data. Because we could not find a scale consistent with our purpose, we piloted the DSI measure with a sample of one hundred and five MBA students. A polychoric correlations matrix of DSI and Comprehensive Exploratory Factor Analysis (CEFA) with an oblique rotation (Browne, Cudeck, Tateneni, & Mels, 1998) was used.

This particular approach was followed because there was no assumption that the distance between the points on each of the scales was equal. The results showed that the one factor model (χ^2 = 46.4, df = 28, χ^2 / df = 1.64; CFI = .97, TLI = .99, RMSEA = .04) fit the data better than the two (χ^2 = 71.6, df = 27, χ^2 / df = 2.66; CFI = .91, TLI = .94, RMSEA = .12.) and three (χ^2 = 94.5; df = 26; χ^2 / df = 3.63; CFI = .88, TLI = .90, RMSEA = .18) factor models. We therefore felt confident to use the measure in this study.

First, we used confirmatory factor analysis to test the psychometric properties and factor structure of social comparison, DSI, regulatory focus, and development behaviors in this study. Second, we used multigroup analysis to examine the differences in slope of upward and downward comparisons (i.e., effects of favor and disfavored employees) on development behaviors. Multigroup analysis involves looking for patterns in the favored (downward comparison) and disfavored (upward comparison) groups. Third, we used moderated structural equation modeling (MSEM) to examine the relationships. It facilitates examination of moderation and mediation simultaneously; assessment and correction of measurement error; and provides measures of fit of the models. We followed Mathieu, Tannenbaum, and Salas' (1992) procedure, as described by Cortina, Chen, and Dunlap (2001) which is easier to compute, yield results that are comparable to other procedures (Ping, 1995), and has been used by other studies (Bell & Kozlowski, 2008; Zoogah, 2010). To assess the fit of the models to the data, we also used conventional fit indices—chi-square statistic, the goodness of fit index (GFI – Joreskog & Sorbom, 1984), Tucker-Lewis index (TLI – 1973), and the root mean square error of approximation (RMSEA – Steiger & Lind, 1980). Finally, we used subgroup analysis to examine the relationships across the two groups (perceived favored and disfavored). Favored employees were those who scored high on the downward comparison scale while disfavored where those who scored high on the upward comparison scale. The opposite of these (low downward and upward comparison scores) were examined for correspondences with their alternates.

RESULTS

Descriptive statistics and correlations are presented in Table 2. The means, standard deviations, for most of the variables are above average. Second, DSI positively correlated with all the variables except for the controls. In addition, downward comparisons negatively correlated with intentions ($r = -.27$, $p < .01$), courses ($r = -.19$, $p < .05$), and upward comparisons ($r = -.23$, $p < .01$). Promotion focus also negatively related to prevention focus ($r = -.24$, $p < .01$). Lastly, the correlations ranged from small to moderate suggesting a lack of multicollinearity (Cohen, Cohen, West, & Aiken, 2002).

In addition to differences suggested by the descriptive statistics, analysis of variance (ANOVA) results showed differences in upward social comparison, $F(1, 349) = 5.95$, $p < .05$; $\eta = .16$, and downward comparison, $F(1, 349) = 6.22$, $p < .05$; $\eta = .26$, as well as development intentions, $F(1, 349) = 3.18$, $p < .05$; $\eta = .12$, promotion focus, $F(1, 349) = 13.12$, $p < .000$; $\eta = .24$, prevention focus, $F(1, 349) = 3.45$, $p < .05$; $\eta = .13$, DSI, $F(1, 349) = 12.19$, $p < .01$; $\eta = .19$, and development behaviors, $F(1, 349) = 5.54$, $p < .05$; $\eta = .16$.

TABLE 2
Descriptive Statistics and Inter-correlations of Variables in the Study

	Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Age	-														
2	Education	0.12	-													
3	Gender	0.1	.1	-												
4	Job Tenure	.36**	.04	.01	-											
5	Organizational Tenure	.32**	.01	-.03	.08	-										
6	Policy dissatisfaction	.13*	.02	.04	.18*	.16*	-									
7	DSI	-.18*	-.04	.09	.01	.02	-.03	-								
8	Downward comparisons	-.16*	-.13	-.1	-.1	-.05	-.19**	.37**	-							
9	Upward comparisons	.06	.02	.03	-.17	-.06	.08	.39**	-.23*	-						
10	Promotion focus	-.08	-.02	-.1	-.07	-.04	.07	.44**	.19*	.20**	-					
11	Prevention focus	.14	.02	-.13	.07	.09	.12	.52**	.24**	.18*	-.24**	-				
12	Development Intentions	-.03	-.11	-.09	.04	-.06	-.02	.55**	-.27**	.24**	.31**	.19**	-			
13	Training	-.05	-.06	.03	.15	.12	.15	.42**	0.14	.26**	.21**	.29*	.18*	-		
14	Courses	-.04	0.1	.09	.08	.08	.01	.35*	-.19*	.38**	.28**	-.17*	.21*	.41**	-	
15	Mentoring	-.07	0.01	-.07	-.12	-.06	.08	.41**	.37**	.22**	.36**	.28**	.31*	.29**	.18*	-
	Mean	3.24	2.19	1.28	1.29	1.37	3.97	3.25	2.6	2.7	4.4	3.1	3.6	3.4	3.02	2.46
	SD	0.76	0.74	0.45	0.62	0.73	0.97	1.12	1.1	0.95	0.7	0.8	0.9	0.93	0.89	0.88

* $p < .05$; ** $p < 0.01$; N = 350; DSI = Development-related self-identity; Diagonals are reliabilities

TABLE 3
Fit Indices (Maximum-Likelihood Estimates) of Hypothesized and Alternative Structural Equation Models for (A) Upward Comparison and (B) Downward Comparison

(A) Upward Comparison

Model	Description	χ^2	*df*	χ^2/df	GFI	TLI	CFI	RMSEA	RMSEA 90% CI	*p*
1	Null	1386.4	21	66.02	-	-	-	.07	(.02,.12)	
2	Original Model	79	43	1.8	.87	.98	.99	.02	(.01, .03)	.01
3	Alternative A	264.7	53	5.0	.79	.89	.86	.12	(-.07, .26)	.15
4	Alternative B	107.36	58	1.9	.94	.99	.99	.04	(.01, .07)	.03
A	χ^2 Diff. Test†	180.4; df = 6								.01
B	χ^2 Diff. Test	23.6; df = 11								.01

(B) Downward Comparison

Model	Description	χ^2	*df*	χ^2/df	GFI	TLI	CFI	RMSEA	RMSEA 90% CI	*p*
1	Null	1212	21	57.71	-	-	-	.07	(.02,.12)	
2	Original Model	77.3	47	1.6	.87	.99	.99	.04	(.02, .06)	.01
3	Alternative A	356	53	6.7	.79	.89	.86	.11	(-.03, .25)	.12
4	Alternative B	208	58	3.6	.88	.98	.96	.05	(.01, .15)	.04
A	χ^2 Diff. Test†	278.7; df = 6								.01
B	χ^2 Diff. Test	130.7; df = 11								.01

Note: CFI = Comparative fit index; TLI = Tucker-Lewis index; GFI = Goodness of fit index; RMSEA = root mean square error of approximation; df = degrees of freedom; N = 350; † Computed as Satorra-Bentler Chi-square difference Test: A = Model 2 – Model 3; B = Model 2 – Model 4.

Moderated Structural Equation Modeling (MSEM)

As discussed earlier (see data analysis), we tested several models to determine the one that fit the data well. Table 3 summarizes fit indices of the models. Consistent with accepted practice, chi-square, GFI; TLI, RMSEA were used to assess the fit of each model. The null model (without any predictors) showed poor fit as indicated by the goodness of fit index (GFI).

Preliminary findings

Results of Model 2 on upward comparison and Model 3 on downward comparison showed that the data fit the model well (χ^2 = 32.46 df = 26; TLI = .98; and CFI = .98; RMSEA = .03). The normed chi-square, for which a ratio of 2.0 or less indicates good fit (Arbuckle & Wothke, 1997) supports Model 2. Consequently, the hypothesized model was revised (see Figure 1) but consistent with a fully mediated model. Figure 2 shows the models.

Substantive findings

Hypotheses 1a proposed that upward comparison will relate positively to development behaviors through development intentions. The subgroup analysis showed a significant positive relationship between development intentions and upward comparison (β = .59, p < .05) (see Figure 2A). The relationship between intentions and development behavior was not significant (β = .17, ns) which would suggest that the hypothesis was not supported. However, development intentions related to promotion focus (β = .72, p < .01) at a significant level which in turn related to development behaviors (β = .81, p < .01). Collectively these relationships suggest that upward and downward comparisons relate to development behaviors through intentions. Further, sobel tests (Baron & Kenny, 1986) using the interactive tool (http://www.people.ku.edu/~preacher/sobel/sobel.htm) showed significant results for the indirect effect of upward social comparison on promotion focus (β = 3.09, p <.01), and intentions on development behaviors (B = 3.22, p < .01). Thus, hypotheses 1a was supported through double but not single mediation.

Hypothesis 1b proposed that downward comparison will relate negatively to development behaviors through development intentions. A similar effect was observed here: hypotheses 1b was supported through double but not single mediation. Hypotheses 2 proposed that regulatory focus mediates the relationship between development intentions and development behaviors. The results show that intentions relate to regulatory focus (B = 2.31, SE = .24; p < .01); and development behaviors (B = .91, SE = .04, p < .01). Regulatory focus also related to development behaviors (B = 3.02, SE = .48; p < .01). When we controlled for regulatory focus (step 3), the relationship between intention and development behavior was no longer significant (B = .02, SE = .34; p < .01) suggesting that regulatory focus fully mediated the relationship between intentions and development behaviors. The mediation seems to be supported by the non-significant direct relationship between intentions and development behaviors (see Figures 2a – 2d). Thus, the hypothesis was supported.

Hypothesis 2a proposed that for employees who make upward comparisons promotion focus but not prevention focus will mediate the relationship between intentions and development behaviors. As shown in Figure 2a, the relationship between intention and promotion focus was significant (β = .72, p < .01) as was that between promotion focus and development behaviors (β = .81, p < .01). Thus, hypothesis 2a was supported. Hypothesis 2b proposed that for employees who make downward comparisons prevention focus will mediate the relationship between intentions and development behaviors. As shown in Figure 2d, the relationship between intention and prevent focus was significant (β = .55, p < .01) as was that between prevention focus and development behaviors (β = .63, p < .01). Thus, hypothesis 2b was supported.

Hypotheses 3a proposed that DSI will interact with upward social comparison in relating to development intentions. The results support this relationship. The interaction was significant (β

= .68, p < .01). Further, hypothesis 3b suggested that DSI will interact with downward social comparison in relating to development intentions. The results showed significant interaction (β = .31, p < .05). Hypotheses 3c proposed that DSI will interact with promotion focus in relating to development behaviors. As shown in Figure 2a, the results support this relationship (β = .75, p < .01). The hypothesized interaction of DSI and prevention focus was also significant (β = .44, p < .01). Further, hypothesis 3d suggested that DSI will interact with downward social comparison in relating to development intentions. The results showed significant interaction (β = .31, p < .05).

DISCUSSION

This study examined the effects of social comparison, DSI, and regulatory focus on development behaviors. First, upward and downward comparisons related positively and negatively, respectively, to development intention. The combination of these two hypotheses suggest a V-curve where the effect of downward social comparisons on development intentions and behaviors is negative but positive for upward social comparisons. We suggest future research examine this effect. Second, social comparison related to development behaviors in the hypothesized models but not the alternative models. Third, DSI related to both development intentions and development behaviors. Fourth, promotion focus related to development behaviors for employees making upward comparisons, and prevention focus related to such behaviors for those making downward comparison. Another finding is that the significant effects of social comparisons on intentions and development behaviors suggest direct and indirect routes to development behaviors. While the former is consistent with social comparison studies (Gibbons & Buunk, 1999; Taylor & Lobel, 1989; Wood, 1996), the latter is consistent with studies in the employee development literature where employee characteristics relate indirectly through development intentions to development behaviors (Hurtz & Williams, 2009; Zoogah, 2010). The optimal route may have to be identified in future research.

Our study therefore contributes to the employee development literature in four ways. First, by examining social comparison processes of employees we respond to recent calls for such studies in organizations (Greenberg et al., 2007). We concur with Greenberg et al., (2007) on the importance of understanding social comparison processes and hope that our study stimulates future research on social comparisons employee development. Second, the study adds to our understanding of factors that influence participation behaviors. Self-identity theory complements several theories and frameworks that have not previously been examined in the employee development research. It also responds to the call by researchers for examination of additional theories (Zoogah, 2010). Furthermore, the interactive effect of DSI enhances our understanding. A review of the employee development literature shows a few studies of self-concept-development behavior relationship (Hurtz & Williams, 2009; Maurer et al., 2003; Maurer et al., 2008). Even though Maurer et al. (2008) examined the "development self-concept or beliefs about oneself as someone possessing the characteristics or qualities need to learn, improve, and grow" (p. 404), the items in their scale were closely related empirically and conceptually to self-efficacy. The fact that self-efficacy and self-identity are part of the working self-concept does not mean that they are the same. In fact, they differ conceptually and empirically (Ashforth, 2009; Leary & Tangney, 2003). Studies in feedback, mentoring, and work-family show that self-identity relates to development behaviors indirectly (London, Larsen, & Thisted, 1999). In this study, we examined the interactive effects of self-identity in development behaviors.

Third, regulatory focus transforms participation intentions to development behaviors. A review of the employee development literature shows a lack of studies on the implementation intentions of employees' development behaviors (Hurtz & Williams, 2009; Noe & Wilk, 1993; Maurer et al., 2008; Garofano & Salas, 2005). To the best of our knowledge, this study is the first to explicitly examine the role of regulatory focus in pre-training behaviors. It contributes significantly to the employee development literature. In addition, the development behavior regulatory focus scale can be used in future studies; it provides a means by which researchers can investigate regulation in development behaviors. Fourth, the theories used in this study: self-identity, social comparison and regulatory focus theories – complement social learning, expectancy, goal setting, reasoned action, and contract theories proposed by Noe et al., (1997) for the study of development behaviors Like relative deprivation, they seem useful in examining the disadvantage perspective of employee development behaviors (Zoogah, 2010).

Implications

The contributions suggest several important implications for researchers and practitioners of employee development. Theoretically, the effects of DSI seem to help address the question of the nature of the relationship between DSI and development behaviors. We found interactive effects. It is also possible that DSI may have indirect effects as suggested by previous studies (Hurtz & Williams, 2009; Maurer et al., 2003). We encourage in-depth studies of both effects.

The non-significant findings also have theoretical implications. First, development intentions did not directly relate to development behaviors in any of the models (see Figures 2a – 2d). This finding is contrary to previous research that found direct relationships (Noe & Wilk, 1993; Hurtz & Williams, 2009; Zoogah, 2010). The major factor for the difference may be the explicit examination of regulatory focus as a mediator. Previous studies did not examine mechanisms that transform intentions to development behaviors. The mediation of regulatory focus may have neutralized or substituted for the direct relationships. The indirect effect of intentions is suggested in the original conceptualization of reasoned action (Ajzen & Fishbein, 1977), self determination (Ryan & Deci, 2000), and cognitive affective processing model (Mischel & Shoda, 1995). Second, the alternative model showing the direct effect of social comparison and regulatory focus was not supported. This finding supports the view on the integral role of development intentions in development behaviors. We encourage future research on those relationships.

The study has practical implications for organizations. Even though organizations may institute policies that enable them to adapt to changes and improvement, an unintended consequence may be disfavor to some employees (Zoogah, 2010). Human resource managers may therefore have to consider the implications of their policies. Policies that create resentment may stir behavioral responses that inadvertently benefit organizations (if the employees continue to stay in the organization). However, it is possible that employees may quit or respond negatively through deviant behaviors (Zoogah, 2010). They may also shirk if they perceive the disfavor as impacting their self-image. The costs of deviant behaviors can severely undermine human capital initiatives within organizations.

Limitations and Future research

The study has a few limitations. First, we focused on one organization. In addition, we suggest experimental approaches to enhance our understanding of regulatory focus. Finally, we suggest future research examine the functional form of DSI in its relationship with development

behaviors. Furthermore, social comparison may relate negatively to DSI which in turn relates to intentions and development behaviors resulting in a V-form. The relative deprivation literature shows that relative deprivation and relative gratification combine in a V-form in their influence on attitudes (Dambrun et al., 2006).

CONCLUSION

The study contributes to the employee development literature by expanding our understanding of the relationship between social comparisons, DSI, regulatory focus, and development behaviors. In sum, the study highlights the significance of social comparison processes in organizations and extends the nomological network of development behaviors theoretically and contextually.

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THE ROLE OF FEMALE LEADERSHIP STYLES IN ENGAGING THEIR SUBORDINATES IN THE SUB-SAHARAN HEALTH SECTOR: A STUDY OF GHANA

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ABSTRACT

The study seeks to investigate the role of female leadership styles in engaging their subordinates in the Sub-Saharan Health Sector specifically Ghana. Quantitative approach and a cross-sectional research design are used to collect data from six health facilities in the Accra metropolis. Three hundred respondents are purposively sampled and structured questionnaire is the main primary data collection tool. Data from the field is analysed using descriptive statistics, correlation and multiple regression. Findings of the results show that transformational leadership styles of women have significant positive relationship with the physical, emotional and cognitive engagements of their subordinates, however; transactional leadership styles of women have insignificant relationship with their subordinates 'physical, emotional and cognitive engagements. Women in leadership positions should as a matter of urgency display more of the transformational behaviour style than the transaction style in order to engage their subordinates' fully.
Key words: Leadership Transactional leadership, Transformational leadership, engagement, Women, Health Sector, Ghana.

INTRODUCTION

A supervisor's leadership style is one of the most significant factors that affect the lives of subordinates in work organisations. This is because workers enjoy a mutually stimulating engagement between their supervisors and themselves at work and thus, the importance of leadership styles in motivating workers' expectations at work. Consequently, the vast majority of existing literature has identified leaders as pivots whose recognition of attributes, attitudes, and behaviours influence followers (Bass, 1990; Judge & Bono, 2002) to positive work outcomes and well beings.

Leadership has a role to play in enhancing employee engagement through subordinate support, direction and information given (Aryee et al., 2012; Hansen, Byrne & Kiersch, 2014, 2015; Xu and Thomas, 2011). Indeed, leadership is a fundamental factor that influences employee engagement (Anitha, 2014; Walumbwa at al., 2008). The leader or supervisor is the channel that can help to improve the organisational environment necessary for employees to be engaged (by giving them direction and instructions and providing them with information), and making it

possible for subordinates' positive work outcomes and well-beings. This is because engagement occurs naturally when leaders are inspired and can interact with employees by showing how meaningful their efforts are to the organisation's success (Wallace & Trinka, 2009). Furthermore, it is through effective engagement that leaders connect with the organisational overall goal of the employees. Through supervisor-subordinate engagement, employees can realise their individual roles and fit into the overall organisation (MacLeod & Clarke, 2009), leading to engaged workforce (Bindl & Parker, 2010). Therefore, leadership plays a major role in engaging employees at work. The leadership style, which is described as the relatively stable patterns of behaviour displayed by a supervisor can be a distinctive approach to management that a woman in a directorship position can use to influence subordinates' engagement at work.

Engagement has been associated with performance outcome like growth, profit and productivity (Harter et al, 2012; Rich et al., 2012), competitive outcome (Anitha, 2014), organisational citizenship behaviour and customer satisfaction (May, Gilson & Harter, 2004; Saks, 2006). These are the performance indicators every leader or manager would like to explore to leverage organisational productivity. Despite the significance of employee engagement to both the individual and organisational performance, scholarly research on the construct is inadequate (Wefald & Downey, 2009). Relatively, few studies address the gap between leadership styles and engagement (Aryee et al., 2012). While some studies have been done on leadership styles and other constructs like job performance, employee commitment, job satisfaction (Walumbwa et al., 2008; Anitha, 2014; Xu & Thomas, 2011), Very few of these studies looked at leadership styles and employee engagement with emphasis on the transformational leadership style (Aryee & Walumbwa, 2009; Salanova et al., 2011) than transactional leadership style (Zhang, Bergsteiner & More, 2014).The few studies that looked at leadership styles did not also handle the mechanisms of leadership behaviours in engaging their subordinates that translated into positive work behaviour of employees (Avolio et al., 2009). The aspect of leader styles which affect employee engagement levels is also not well developed at the organisational level (Zhang et al., 2014) and needs to be further researched especially in emerging economies like Ghana (Abugre, 2012; Sharma & Kamalanabhan, 2012), particularly the styles or behaviours of women supervisors.

Therefore, to increase our knowledge on how women function as leaders in the health sector, using their leadership styles to engage their subordinate, we analyse their (women) transactional and transformational skills in supervisory roles in relations to subordinate performance. Additionally, we examine the dimensions of women leadership styles as against their subordinates' physical, emotional and cognitive engagement at work.

THEORY AND HYPOTHESES

Burns (1978) identified two types of leadership based on the nature of leader-follower relations thus, transactional leadership and transformational leadership styles. Transactional leadership involves an exchange relationship between leaders and followers, while transformational leadership is based how leaders observe the values and needs of their followers. It is known to result in superior performance in organizations facing renewal and change.

As more women in less developed countries enter leadership roles in society, the possibility that these women might use these roles to effectively engage their subordinate in work organisations is proper. Female leadership styles and behaviour have recently been under investigation, because women are infrequent occupants of high-level leadership roles (Miller, Taylor, & Buck, 1991).

Hence, the rationale of this study is that, subordinates' effective engagement in work organisations is associated with their female supervisors' leadership styles.

Employee Engagement

It is a common knowledge to management that the contributions of an engaged employee to his or her organisation is very enormous. Engaged employees willingly make use of their full selves in their work roles in a positive way, have the better wellbeing and have lower turnover intentions (Kahn, 1990; Saks, 2006; Schaufeli & Bakker, 2004). Rich et al., (2010) suggest that the independent contribution of employee engagement to in-role and extra-role performance of employees outweighs that of their job involvement, job satisfaction and intrinsic motivation among fire fighters. The reason is that engagement reflects an energetic drive, rather than a feeling of satiation, which is typical of job satisfaction. Also, engagement is more strongly related to performance than the other job-related attitudes (job involvement, job satisfaction and intrinsic motivation). This means that the explanatory power of engagement goes beyond that of the three attitudes.

According to Kahn (1990, 694) employee engagement is "the harnessing of organisation members' selves to their work roles; where people employ and express themselves physically, cognitively, and emotionally during role performances". Kahn states further that, the employee must believe in the organisation and its leaders, and possibly have the best working conditions at hand for engagement to take place. This presupposes that leadership styles of supervisors can play a major role in engaging subordinates at work. This research thus draws its motivation from the definition of kahn (1990)'s engagement of employees to measure the three dimensions of engagement (Physical, emotional and cognitive) of how leadership styles of women enhances their subordinates work practices in a Sub-Saharan health sector. The consideration that transformational and transactional leadership requires establishing oneself as a role model by gaining the trust and confidence of subordinates is very much appropriate for examination in the health sector. The reason is that women constitute majority of the workforce in most hospitals in Sub-Saharan Africa. Thus, studying how women leaders engage their subordinates by facilitating subordinates' goals and work achievements is in the right direction.

Employee engagement describes the level of employees' commitment and involvement towards their organisation and its values (Anitha, 2014). An engaged employee, according to Anitha (2014), always know what is expected of him/her (i.e. his/her responsibilities) and in carrying out those responsibilities, he/she motivates his/her colleagues alongside for the success of the organisational goals. Additionally, engagement explains employees' commitment and connection to work as measured by the amount of effort employees are open and willing to disburse, and go beyond the call of duty to perform their role in excellence (Guest, 2014). Frank et al (2004) see employee engagement as the amount of discretionary effort exhibited by employees in their job. It is simply the passion for work and a positive work-related state of mind that is characterized by vigour, dedication, and absorption (Truss et al., 2006; Bakker & Demerouti, 2009; Schaufeli & Salanova, 2007). Where vigour is described as the situation where the employee shows energy and mental resilience while working. Dedication refers to being strongly involved in one's work and experiencing a sense of significance, enthusiasm and challenge. Absorption is manifested when the employee is fully concentrated and happily engrossed in his/her work, without paying much attention to the time (i.e. time to go for breaks or close).

Engagement is the energy that an individual put into his work, involving himself to improve performance (Maslach, 2003). More specifically, engagement is characterized by energy, involvement and efficacy, which are considered the direct opposites of the three burnout dimensions exhaustion, cynicism and lack of accomplishment respectively. How then does women leadership engage their subordinate for the realization of full employee engagement in hospitals in developing countries? Regarding the status quo of fewer women entering the leadership roles in modern organisations, do these roles of women leaders make a difference in engaging their subordinates in the health sector?

Physical engagement

The physical dimension of engagement is often described as vigour. Vigorous employees have been found to have greater influence over events that affect their lives during job adjustments. According to Schaufeli et al. (2002) individuals with this type of engagement are seen as being energetic, mentally resilient, and able to persist when difficulties arise at work. Physical engagement also entails a willingness to invest effort on the job. The activities displayed physically (i.e. what we see employees do) can also be termed behavioral engagement. Such engaged employees bring their full selves to work and allow "the full range of senses to inform their work" (Kahn, 2010, p. 21). Employees exhibit such behaviours through positive feedback in the form of appreciation, recognition, and success (Bakker & Demerouti, 2008). Physically engaged individuals have a high level of connectivity with their work tasks and are highly concerned with performance outcomes (Bakker & Demerouti, 2008; Christian et al., 2011; Britt et al., 2012). One factor that enhanced engaged employees to performance outcome is the recognition from colleagues in the form of high ratings on both in-role and extra-role performance (Bakker et al., 2004). Discretionary effort, which consists of an employee's willingness to go above minimal job responsibilities (Christian et al., 2011; Macey & Schneider, 2008; Maslach et al., 2001; Rich et al., 2010;) enhanced increased performance (Christian et al., 2011).

Emotional Engagement

Emotional engagement is most often labeled as dedication of employees. Dedicated employees often experience positive emotions, including happiness, joy, and enthusiasm (Bakker & Demerouti, 2008) and is characterized by a strong involvement in work, enthusiasm, and an outspoken sense of pride, significance, and inspiration. In other words, emotionally engaged individuals see their job as meaningful and important. The fact that they see their work to be meaningful can urge them to willingly invest themselves more fully (Bakker et al., 2012).

Emotional engagement rotates around the investment and the willingness of an employee to involve personal resources which are physical, social and psychological in nature. This stems from the emotional bond created when employees, on a very personal level, have made the decision to cognitively engage and are willing to give of themselves and thus identify emotionally with a task at that moment. Employees who are emotionally engaged with their organisation have "a sense of belonging and identification that increases their involvement in the organisation's activities" (Rhoades et al. 2001, p. 825). Emotionally engaged employees are better connected to any expectation that may arise in their environment in terms of job adjustment. Such employees are more willing to step outside the bounds of their normal routines and engage in new ways of working (Bakker et al., 2012). Emotional engaged employees also in addition, better and quickly adjust to the job context because they can create their own emotional resources such as optimism, self-efficacy, and organization-based self-esteem (Bakker & Demerouti, 2008; Schaufeli &

Bakker, 2004). Employees who become emotionally engaged become more productive, less physically absent, and less likely to turn over (Czarnowsky, 2008; Ketter, 2008; Wagner & Harter, 2006).

Cognitive Engagement

Cognitive engagement is often termed absorption. An employee becomes cognitively engaged when he/she finds his/her work to be meaningful, safe physically, emotionally and psychologically and whether they have adequate tangible and intangible resources to complete their work (Kahn, 1990; Rich et al., 2010). Such employees concentrate fully on their job and feel happily engrossed in his/her work role to the extent that they do not pay attention to what the time says. Expressing of oneself is very important with this type of engagement. For example, Kahn (2010) suggests that employees express themselves when they feel like they can "make a difference, change minds and directions, add value" or join with something larger than themselves (p. 22-23). However, when the expressions of the employee are not being recognized or considered, the employee chooses not to speak up which Kahn (2010) simply puts it "deaf ears make us mute" (p. 23). When employees decide not to speak up because they feel that they cannot add value, make a difference, change minds, or are simply ignored, it signalled non-engagement. This means cognitively, the engagement process never begun.

According to Kahn (1990), engaged workers are motivated to expend energy even in the face of difficulties which threats to their long-term wellbeing. This shows how engaged employees are very responsive to factors in the work environment. Due to their responsiveness, highly cognitively engaged employees can be very sensitive to features of the work environment that could also have the capacity to harm them. Thus, Hallsten (1993) argues that too much absorption can be threatening for the individual and may cause burnout. Employees become more absorbed in their work when they have high demands, especially if growth opportunities and organisational support in the form of job resource exist.

Leadership and Engagement

For the purpose of this study, a leader in this study will be an employee's direct supervisor who sees and monitors an employee's daily work (Pinsonneault & Kraemer, 1997). The supervisor's role, according to research drives employee engagement (Gibbons, 2006; Frank, Finnegan, & Taylor, 2004; Schneider, Macey, & Barbera, 2009) through communication, trust and integrity and involving work (Baumruk, Gorman, Gorman, & Ingham, 2006; Schneider et al., 2009). The supervisor in enhancing employee engagement is done by playing critical roles in shaping employee attitudes and behaviours (Bhatnagar, 2007; Joo, 2010; Rousseau & Greller,1994; Tymon, Stumpf, & Smith, 2011; Whitener,2001). In fact, a lack of support from supervisors has been found to be an important factor that links to employee burnout (Maslach, Schaufelli, & Leiter, 2001). In addition, first-line supervisors are important for building engagement and are noted to be the root of employee disengagement (Bates, 2004; Frank et al., 2004). Employee support also exists when they perceive their immediate supervisor as someone who leads by example, offers the support needed to do a job well, is personally effective, and is good at developing people.

Subordinates who get support from their immediate supervisor experience psychological safety, the belief that the environment is safe to take interpersonal risks (Spreitzer, 2007). Psychological safety is important for fostering work engagement because it reduces the depletion of vigour. An important aspect of safety stems from the amount of care and support employees

expect from their organisation as well as their direct supervisor. In fact, Kahn (1990) found that supportive and trusting interpersonal relationships as well as supportive management promoted psychological safety. Organisational members felt safe in work environments that are characterized by openness and supportiveness. Such environments allow members to experiment and try new things and when they fail, they do not fear the consequences of their failures (Kahn, 1990).

It has been noted that when employees receive any form of support from their supervisors it results into positive work behaviours especially in high-quality exchange relationships, where leaders mentor subordinates (Scandura & Schriesheim, 1994). Seijts and Crim (2006) argue that, if a leader can play his/her leadership role well, it can be expected that there will be a positive result from the employees in the form of engagement to the organisation where they work. Besides that, Lockwood (2007) also said that good communication between the employees and their leader may affect employee engagement. It is through communication that the employees become aware of what they expected to do, participate in decision making, and are provided with feedback on their performance and these help the employee to develop positive work behaviour which engagement is one of them. For example, Sacks (2006) specifically stated that social supports such as organisational support and support from the leader have a positive relationship with employee engagement. Furthermore, Vazirani (2005) said that employee engagement is a level of commitment and involvement of the employees which is affected by several factors with which leadership style is one.

The interpersonal aspect of relations between leaders and their subordinates is regarded as hugely important. Engaged employees obviously feel closer to their organisation and their sense of belongingness prompt some emotional bond to emerge. This affective reaction to their work is defined as commitment which is a step up from engagement.

Transformational Leadership Style and Employee Engagement

Studies have shown how transformational leadership style correlates to constructs like performance (Walumbwa et al., 2008; Yammarino, Spangler & Bass, 1993), innovative behavior (Basu & Green, 1997), organisational commitment (Bycio et al., 1995; Erkutlu,2008; Lee,2005), extra effort (Seltzer & Bass, 1990), turnover intention (Bycio et al., 19995), Organizational citizenship behaviour (Podsakoff, Mackenzie, Paine & Bachrach, 2000), job satisfaction and motivation (Judge & Piccolo, 2004).

Transformational leaders are executives who promote and motivate their followers by projecting and communicating attractive visions, common goals and shared values and setting examples for the requested behaviour (Bass & Avolio, 1990; Bass & Riggio, 2006). Transformational leaders are supposed to challenge employees positively (Bass & Avolio, 1990) and to increase their employees' willingness to exert effort in their job leading to successful performance which in turn results in more performance satisfaction and fulfillment (Xanthopoulou, Bakker, Heuven, Demerouti, & Schaufeli, 2008). Promotion of their followers' process of learning and self-improvement, strong relations with each of their subordinates as well as direct communication are further characteristics of transformational leadership that improve employee health and work performance (Arnold et al., 2007). Furthermore, meaningful transformational leadership enhance mental health and affective well-being of the employee (Arnold et al., 2007; Nielsen, Randall, Yarker, & Brenner, 2008b). Therefore, we propose the following hypotheses:

Hypothesis 1a: *Transformational leadership styles of women will positively relate to employees' physical engagement.*

Hypothesis 1b: *Transformational leadership styles of women will positively relate to employees' cognitive engagement.*

Hypothesis 1c: *Transformational leadership styles of women will positively relate to employees' emotional engagement.*

Transactional Leadership Style and Employee Engagement

Transactional leadership style is an active form of strategic leadership which is an important ingredient for organisational effectiveness (Bass, 1990; Bass & Avolio, 1997, 2000; Waldman et al., 2001). Furthermore, transactional leadership style is more common than transformational leadership (Liu, Liu, & Zeng, 2011). Transactional leadership style tends to have low expectations of follower engagement within the organisation. According to Zhang et al (2014), employee engagement is lower under transactional leadership.

High need for clarity according to Zhang et al (2014) is associated with transactional leadership style than others (e.g. visionary and organic leadership styles) and the high need of clarity made the employee to be cognitively engaged. However, Bass (1990) believe that this leadership style lack certain characteristics which might result in employees engaged. The transactional leader lacks independent thinking and individualized consideration which aids in employee empowerment (Hetland & Sandal, 2003; Hater & Bass, 1988).

A study by van Vugt, Jepson, Hart, and de Cremer (2004), who randomly assigned three groups and made them take part in three investment task trials. The authors manipulated the content of the messages sent by the leader to the group members to simulate either a transactional, transformational or laissez-faire leadership styles. The finding from the study revealed that participants under transactional leadership style had limited amount of control in the decision-making processes. According to Tims, Bakker and Xanthopoulou (2011) transactional leadership style does not contribute significantly to employee work engagement.

Conversely, according to Zhang et al. (2014), transactional leaders interact with their followers to negotiate agreements. Therefore, by clarifying follower demands and the consequences for given behaviours, transactional leaders can inculcate self-confidence in followers, thereby getting them to disburse the necessary effort to reach specified performance levels. Consequently, we propose the following hypotheses:

Hypothesis 2a: *Transactional leadership styles of women will positively relate to employees' physical engagement.*

Hypothesis 2b: *Transactional leadership styles of women will positively relate to employees' cognitive engagement.*

Hypothesis 2c: *Transactional leadership styles of women will positively relate to employees' emotional engagement.*

METHOD

Research Design and Population

The study employed cross-sectional survey design in a quantitative research methodology. A cross sectional study is particularly suitable for estimating the prevalence of behavior such as

employee engagement in a population (Sedgwick, 2014) at a point in time. A quantitative research approach assisted in the investigation into causal relationship between employee engagement and leadership styles, based on testing a theory composed of variables, measured with numbers, and analysed with numerical procedures, to determine whether the predictive generalizations of the hypothesis hold true (Creswell, 2009). The respondents were health workers and other non- health workers who were under women supervisors is some selected hospitals and polyclinics in Ghana. The health workers were those who provide direct health services like the doctors and the nurses. On the other hand, the non-health workers were those who provide indirect service which include secretaries, executive officers, accountants, orderlies and security men. These categories of health workers were sampled for this study because Shantz, Alfes and Arevshatian (2016) asserted that they are the crucial occupational groups in healthcare delivery. The purposive sampling method was used to select three hundred and fifty (350) respondents. In all, three hundred (300) questionnaires were retrieved from the field representing 85.7% response rate. The respondents were purposively selected based on the following criterion. First, the institution has female(s) in leadership positions such as head of department, unit, among others. Second, the subordinate works under the supervision of a female. The respondents were made to rate their female supervisors on their leadership styles and is necessary the employee have worked under the female supervisor for at least three months in order to assess the leadership styles used by the supervisor.

Measures

All survey variables were measured on a five point Likert-type scale, while the biographical data was measured with Yes and No answers. The two main variables used for this study were employee engagement (physical, emotional and cognitive) and leadership style (transformational and transactional). The independent variable was leadership style and the outcome variable was employee engagement.

Leadership styles: Leadership style was adapted from the Multifactor Leadership Questionnaire (MLQ) 5X Short (Avolio & Bass, 2004). *Transformational leadership* style was measured by twenty items from (Avolio & Bass, 2004), on idealized behaviour, intellectual stimulation, individualized consideration and inspirational motivation, and rated on a five-point Likert scale with 1 – Not at all to 5- frequently, if not always. The aggregate Cronbach's alpha reliability is **.682**. *Transactional leadership* style was measured by twelve items and the questionnaire was also adapted from (Avolio & Bass, 2004). The twelve items measured on contingent rewards, active management by exception and passive management by exception. It was also measured on a five point Likert scale with 1 – Not at all to 5- frequently, if not always. The aggregate Cronbach's alpha reliability is **.683.**

Employee Engagement: Employee Engagement was measured by job engagement scale developed by Rich, LePine and Crawford (2010) based on Kahn's (1990) three dimensions of employee engagement: physical, cognitive, and emotional engagement. This scale was adopted because the research seeks to measure how leadership styles of female supervisors enhances the physical, emotional and cognitive engagement of their followers. All items were measured using a five point Likert scale with 1- strongly disagree to 5- strongly agree. *Physical engagement* was measured with six items, with the aggregate Cronbach's alpha reliability of **.887**. *Emotional employee* was measured with six items and the aggregate Cronbach's alpha reliability is **.887**. *Cognitive employee* engagement was also measured with six items with the aggregate Cronbach's alpha reliability of **.888**.

Control variables: We controlled for education, marital status, and tenure of employees. All these were measured using descriptive and nominal data.

Data Analysis

The data was analysed using the Statistical Package for Social Science (SPSS) software version 20.0. Descriptive statistics, correlation, and multiple regression analyses were used.

RESULTS AND FINDINGS

From the Table 1 above, a correlation matrix of the means, standard deviations and correlations found between the variables of the study are presented. As a preliminary test for strength of the work, an evaluation of normality, linearity and multicollinearity proved satisfactory. The presence of moderate figures of inter-correlations of the independent variables shows a good fit and an absence of multicollinearity.

The Tables 2, 3 and 4 all illustrate the regression analysis of the study with employee engagement as the Dependent variable, and leadership styles as the Independent variables. Thus, from Table 2, we predict both transformational and transactional leadership styles of women from employee physical engagement. The results show that only transformational leadership style of women showed a positive association with physical engagement of employee, while transactional leadership style of women was positively and not significantly related to employees' physical engagement. Thus, our hypothesis 1a which states that *Transformational leadership styles of women will positively relate to employees' physical engagement is accepted* ($\beta = 0.375$, $p < 0.001$), while our hypothesis 2a which states that *Transactional leadership styles of women will positively relate to employees' physical engagement is rejected* ($\beta = 0.152$, $p > 0.001$).

TABLE 1
Correlation Matrix

	Mean	Std. Dev.	TFL	TSL	PEE	EEE	CEE	Age	Tenure
TFL	3.64	.65	1						
TSL	3.30	.59	.51**	1					
PEE	4. 27	.63	.38**	.31**	1				
EEE	4.32	.63	.34**	.23**	.67**	1			
CEE	4.33	.62	.32**	.22**	.68**	.76**	1		
Age	2.36	1.07	.17**	.06	.14*	.16**	.13*	1	
Tenure	1.96	.78	-.02	-.07	-.04	.01	-.04	.39**	1

*Note: **significant at p-value<0.01, *p-value<0.05(2-tailed). TFL-Transformational leadership style, TSL-Transactional leadership style, PEE-Physical Employee Engagement, EEE-Emotional Employee Engagement, CEE-Cognitive Employee Engagement.*

Additionally, the regression results from Table 3 show that our hypothesis 1b which states that *Transformational leadership styles of women will positively relate to employees' cognitive engagement is accepted* ($\beta = 0.295$, $p < 0.001$), while our hypothesis 2b which states that *Transactional leadership styles of women will positively relate to employees' cognitive engagement is rejected* ($\beta = 0.082$, $p > 0.001$).

Also, the regression results from Table 4 show that our hypothesis 1c which states that *Transformational leadership styles of women will positively relate to employees' emotional engagement is accepted* ($\beta = 0.316$, $p < 0.001$), while our hypothesis 2c which states that *Transactional leadership styles of women will positively relate to employees' emotional engagement is rejected* ($\beta = 0.082$, $p > 0.001$). Our study models have all demonstrated strong and positive predictive analysis of our data with all F-test showing positive figures.

TABLE 2
Predicting PEE from TFL and TSL

Variables	**Model 1(β)**	**Model 2 (β)**	**Model 3 (β)**
Control			
Age	.189**	.112^{+}	.114^{+}
Tenure	-.116^{+}	-.078	-.070
Independent			
TFL	-	.357***	.280***
TSL	-	-	.152
R^2	.032	.155	.172*
Adjusted R^2	.026	.146	.161
F-test	4.932^{+}	18.063***	15.305***

*Note: + if p<0.10, *if p<0.05, **if<0.01, ***if p<0.001*
PEE-Physical Employee Engagement, TFL- Transformational Leadership Style, TSL-Transactional Leadership Style.

TABLE 3
Predicting CEE from TFL and TSL

Variables	**Model 1(β)**	**Model 2 (β)**	**Model 3 (β)**
Control			
Age	.169^{+}	.106^{+}	.106^{+}
Tenure	-.111^{+}	-.080	-.076
Independent			
TFL	-	.295***	.253***
TSL	-	-	.082
R^2	.026	.110	.115
Adjusted R^2	.020	.101	.103
F-test	4.012*	12.161***	9.5S06***

*Note: + if p<0.10, *if p<0.05, **if<0.01, ***if p<0.001*
CEE-Cognitive Employee Engagement, TFL- Transformational Leadership Style, TSL-Transactional Leadership Style.

DISCUSSION OF FINDINGS

The study seeks to investigate the role of female leadership styles in engaging their subordinates in the Sub-Saharan Health Sector specifically Ghana. The correlation results showed that transformational leadership has significant positive relationship with physical, emotional and cognitive employee engagements. This means that the more women leaders adopt transformational

leadership style, the higher their subordinates' physical, cognitive and emotional engagement. A further test using regression analysis reinforced the correlation results. The results from the regression showed that transformational leadership has significant positive effect on physical, emotional and cognitive engagements. These results mean that when an immediate female supervisors or leaders provide opportunities for employee development and give some form of autonomy, employees feel obliged to repay such leaders with higher levels of organisational commitment, citizenship behaviours (Bhal, 2006) and also with greater vigour, dedication and absorption (Saks, 2006). The results further implied that transformational female leaders pay adequate attention to improving the wellbeing of their subordinate (Bass, 1985), by altering their employees' morale, abilities and interest (Yukl, 2006). By targeting subordinates' interests and abilities, transformational women leaders can enhance their subordinate's commitment towards the organisation (Piccolo & Calqitt, 2006), and benefit from their vigour, dedication and positive emotions towards their assigned duties or roles.

TABLE 4
Predicting EEE from TFL and TSL

Variables	**Model 1(β)**	**Model 2 (β)**	**Model 3 (β)**
Control			
Age	.187*	.119*	.120*
Tenure	-.059	-.025	-.021
Independent			
TFL	-	.316***	.274***
TSL	-	-	.082
R^2	.030	.126	.132*
Adjusted R^2	.023	.117	.161
F-test	4.932+	18.063***	15.305***

*Note: + if p<0.10, *if p<0.05, **if<0.01, ***if p<0.001*
EEE-Emotional Employee Engagement, TFL- Transformational Leadership Style, TSL-Transactional Leadership Style.

The second hypothesis tries to determine if transactional leadership of female leaders has significant positive effect on physical, emotional and cognitive employee engagements. The correlation results showed that transactional leadership has significant positive association with physical, emotional and cognitive engagements but results from the regression analysis showed that these positive effects were statistically insignificant. Thus, this study found no effect of transactional leadership style on employees' physical, emotional and cognitive engagements. These results suggest that transactional female leaders in the health sector over relied on the use of bureaucratic authority with much focus on task completion, rewards and punishments (Bennett, 2009; Tracey & Hinkin, 1998) in leading their subordinates. This is because such practices of transactional leadership style have the tendency of not stimulating employee's cognitive or emotional engagements. These results could mean that transactional women leaders do not give adequate discretion to employees in the performance of their jobs which is in sharp contrast to Frank et al (2004)'s claim that employee engagement is discretionary effort exhibited by employees in their job. This insignificant effect of transactional leadership on employee

engagement confirmed Zhang et al (2014)'s views that transactional leadership style tends to have low expectations of follower engagement within the organisation as well as Tims, Bakker and Xanthopoulou (2011)'s results that transactional leadership style does not contribute significantly to employee work engagement. Women in supervisory roles should be more transformational in their leadership style so they can get the best from their subordinates in the form of engagement.

IMPLICATION OF THE STUDY

Engagement is often noted to be a multi-dimensional construct including physical, emotional and cognitive engagement (Kahn, 1990). However, few studies have found the varying effects of the three different dimensions of engagement (see Brit et al., 2001; Lauring & Selmer, 2014). This study therefore adds to the limited literature on the dimensions of employee engagement by examining how leadership style through enhances subordinates' engagement thus physical, emotional and cognitive engagement. Also, most studies on leadership styles and employee engagement focuses on the use of the transformational leadership style (Salanova et al., 2011; Tims et al., 2011; Zhu et al., 2009; Wefald et al., 2011) and how it influences employee engagement. The study contributes to literature by investigating how women transactional leadership style enhances the subordinate physical, emotional and cognitive engagements.

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UNRAVELLING THE FULL POTENTIAL OF WOMEN IN THE WORKPLACE: A CONTEXTUAL REVIEW OF POSSIBLE BARRIERS FACING PROFESSIONAL WOMEN IN NIGERIA

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ABSTRACT

Unravelling the full potential of women would reverse the order of assumptions and societal values as it occurs today across different cultures of the world. However, if these assumptions, values and mindsets are not addressed, women would continue to face greater barriers than men in their attempt to fully contribute to the economic development of their various countries. Today, evidences still abound in the literature that women are underrepresented at top levels in the corporate and political world irrespective of the country's development status. Hence, the primary purpose of this article is to provide a concise but comprehensive review of barriers holding women back from achieving their full potential in the banking industry in Nigeria. Is it tied to women's mind-set towards choosing easier roles in their workplaces or are there specific barriers possibly holding them back from aiming and/or getting to the top? This article conducted a critical review of the wider literature, highlighting different contexts possibly responsible for preventing women from reaching their full potentials relative to their male counterparts. Furthermore, this paper conducted a qualitative study to tease out the barriers facing women in one of the most active industries in Nigeria today. Thirty women working in the Banking Industry in Lagos were selected for this study and the findings showed some interesting themes which corroborated some of the contexts highlighted from the initial critical review conducted.
Keywords: Women, Potential, Barriers, Workplace, Mindset, Assumptions, Values

INTRODUCTION

Overcoming the unequal opportunity, the corporate world offers women is still a very contemporary issue facing today's professional women. Most studies investigating the state of women in the corporate world of developed countries such the USA reports that they are still underrepresented especially in leadership roles (McKinsey & Company, 2010). These are however more pronounced in developing countries where there are more cultural biases against the role of women outside the home (Kirai & Kobia, 2012). In the workplace, women are further prone to barriers which are entrenched in the tenets of organisations in different nations of the world (McKinsey & Company, 2010).

Organisational barriers refer to those organisation-level factors that reproduce enormous obstructions to women's attainment of top management positions in the world of work (Baker,

2003). The literature affirms that these barriers are intrinsically ingrained in organisation structures, culture, and behavioural factors that overtly or covertly impede women in their career advancement. Among major barriers reported by women executives in the world of work include; sex discrimination (Kirchmeyer, 2002; Mainiero & Sullivan, 2005), gender stereotyping (Powell et al., 2002; Schein, 2007), male-dominant organisational cultures (Maier, 1999; O'Neil & Bilimoria, 2005), and corporate practices that tend to favour recruitment, retention and promotion of men over women, as well as women's exclusion from training and development opportunities, and career enhancing networking relationships (Ragins, Townsend, & Mattis, 1998; Oakley, 2000). Therefore, based on the gaps identified in the wider literature and specifically in gender-based studies, this study attempts to provide a critical review of possible factors hindering women from attaining top management positions and also why they are under-represented in top hierarchies of professional organisations.

LITERATURE REVIEW

Organisational Structural Barriers

The major organisational structural barriers that women contend with in the work world stems from the pervasive gender regimes that give men unacknowledged and unearned advantages over women particularly in their contention for senior level roles (Burke & Major, 2014). This is specifically rehearsed in the gender segregation that dictates how jobs are structured as well as in what constitutes job contents. Gender regimes in the work place replicates in two main forms; horizontal segregation and vertical segregation.

In organisations that are horizontally segregated, it is men that occupy the higher status and powerful positions or management jobs, leaving the lower status and less powerful positions or jobs to be occupied by women (Blau, Ferber & Winkler, 2002). Even where women rise to executive positions, they are congregated in the feminised job areas that are considered less strategic to organisational goals, such as Human Resource, Public Relations, Accounts and Marketing (Guillaume & Pochic, 2009). However, these are mostly support functions that rarely lead to the powerful top management positions in organisations (Oakley 2000; Guillaume & Pochic, 2009; Jakobsh, 2012).

The prevalence of horizontal and vertical segregation in the banking industry has long been established with its negative stalling of women's career advancement in the industry (Acker 1994/2006; Burke & Major, 2014). Studies on the financial industry in the United Kingdom found evidence of horizontal segregation as women are highly concentrated in administrative and secretarial jobs, and are substantially under-represented in managerial jobs, including at the most senior levels (Metcalf & Rolfe, 2009).

Vertical sex segregation is also very much evident in the industry worldwide. Woodward and Ozbilgin (1999) in a study on "Sex equality in the financial services sector in Turkey and the United Kingdom, noted that organisational ideologies and cultures that seek to favour men have continued to perpetuate gender inequality in the sector. They posit that the most prestigious and lucrative positions in banks' senior and executive management positions as well as boardroom positions are still largely the preserve of men in the industry in these two countries.

In the Nigerian banking industry, too, both horizontal and vertical segregation are equally manifest. Women in the banking industry in Nigeria are congregated in entry and lower managerial positions, and most often are assigned jobs that reflect the traditional sex roles propagated in the gender division of labour. Aig-Imoukhuede (2005) noted that though a number of Nigerian women

are recruited into core banking functions such as credit and operations, their entry into management positions tend to be limited to support functions like Human Resource, Company Secretary/Legal, while there is little or no opportunity for them to enter into executive management positions. Corroborating this practice, Okpara (2006) in a study on the Nigerian banking industry found the prevalence of this culture, whereby female bank managers tend to be concentrated in supervisory positions and also averred that these women also find it acceptable. These further assents with studies on work structuring in developing cultures that indicates that this disposition stems from the erroneous conception steeped in patriarchal culture that alludes that men are more innately endowed with leadership abilities that women (Mordi, Simpson, Singh & Okafor, 2010). This makes such aberrations that assign top management positions to men to be societally normative in these cultures (Hannagan, 2005).

Organisational Culture

The culture of an organisation is believed to be the bedrock of all behaviour in the organisation (French & Bell, 1999). Organisational culture entails a collection of traditions, practices, tacit norms, values, beliefs, attitudes and assumptions that constitute the pervasive context for everything that the organisation believes and does (McLean & Marshall, 1993; van Vianen & Fisher, 2002). These invariably dictate employee relations and career outcomes for employees within the organisational setting (Mullins, 2010).

Organisations worldwide are mostly male dominated and reproduces beliefs, values, policies and attitudes that seek to entrench the perception of executive management as a male domain as predicated in the "think male, think manager" phenomenon, enforcing the strong allusion that being a manager equals being a male (Powell & Butterfield, 1994; Hoobler, Wayne & Lemmon, 2009). As argued by Antal and Izraeli (1996:63) this is ''probably the single most important hurdle for women in management in all industrialised countries.'' Woodward and Ozbilgin (1999:329) surmises that the Turkish financial services organisations typically portray a corporate image that uses such language as dynamic, hard-working, reckless, quick, and young. These are qualities associated with maleness, and thereby count against women's recruitment in the sector (ibid).

Gender Stereotyping

One key covert barrier emanating from a male dominated organisational culture which has proved inimical against women's attainment of leadership positions is the issue of gender stereotyping. Gender stereotyping is mostly instigated in the perception that upholds the incongruity between the attributes stereotypically considered to be essential for jobs that are gender-typed as male, and the attributes that are ascribed to men and women. The key danger of gender stereotyping is that executives may assign specific traits to aspiring leaders based on gender and underestimate a candidate's executive potential based on preconceptions rather than actual performance and leadership capability (Ruderman & Ohlott, 2002).

Furthermore, Heilman (2001) reiterates that gender stereotyping is averred as the root cause of the discriminatory treatment that limit women's ascent to senior executive ranks. In this direction too, ILO (2004) in a worldwide review of the status of women in management, reported that barriers are created by biased attitudes toward managerial women, and remains a significant factor in the prevailing subordinate status of women in top management hierarchies worldwide. Powell and Butterfield (1989) maintain that gender typing of executive management roles, particularly by the dominant male gender in work settings, is instrumental in impeding the entry of women into senior leadership positions.

Gender stereotyping has also been found to have an impact on the evaluation of women's performance even when they achieve executive management statuses. Lyness and Heilman (2006) opines that the perception of a lack of organisation fit between the requirements of line management roles and the stereotypical attributes ascribed to women has continued to negatively to influence the performance assessment of women carrying out line management roles. Women in such circumstances are rated lower than other women on staff roles or their male counterparts performing line management roles.

This gives a strong allusion that some specific management roles, such as line management, are more strongly associated with the characteristics attributed to males, rather than females (Wood, 2006). Incidentally line experience is considered as a traditional prerequisite for top management positions (Oakley, 2000). A catalyst study (1992, 1996) reports that front office and corporate banking/lending experience is regarded as essential to career advancement in the banking industry. Ogden, McTavish and McKean (2006) reiterated that staff deployments into certain functional and job areas of banks in the UK, like corporate/wholesale banking are predominantly dominated by men to the exclusion of women, who are mostly located in staff functions like human resource.

However, studies in the Nigerian banking industry suggest a reverse of this trend. These studies reveal a preference by banks in this setting to deploy females in marketing and sales and relationship management functions including corporate/wholesale banking, lending and deposit mobilisation, as well as investment banking. This is viewed as discriminatory practices against women in these settings. The suggestion is that it institutes a "culture of female subordination", whereby managements of banks in the Nigerian setting are engaged in exploitation of women's sexuality and physical attractiveness for their pecuniary institutional profitability. This is based on the suggestion that the client base of these banks are mostly rich males, who the women are expected to either serve and/or appeal to better for in order to obtain more investments into the banks from them (Woodward & Ozbilgin, 1999; Okpara, 2006; Olufayo, 2011, Adenugba & Ilupeju, 2012).

Societal Barriers

Barriers against women's attainment of top management positions in organisations equally emanates from socio-cultural norms, beliefs, values, and practices reproduced by hegemonic masculinity that govern social processes in largely patriarchal societies (Connell, 2006). The reasons adduced for this is not farfetched as organisational practices mirror societal norms which regulate women's activities along the contours of their gender roles (Wilson, 2005; Meyerson & Tompkins, 2007). Literature suggests that when these coalesce and spill over into organisational policies and practices, they invariably become entrenched as gender-biased organisational culture that entrench women's relegation to marginalised work roles and subordinate positions (Bobbitt-Zeher, 2011; Prescott & Bogg, 2011; Cha, 2013).

Traditional Gender Role Expectations

Researches on women's career development in the work world affirms that traditional gender division of labour and the expectations that emanate there from has transmuted into organisational settings and has continued to sustain the single sex structure concept of the public world of work being traditionally a male domain and the private world of childcare and homecare being mainly a female responsibility. The implication is that work roles and relationships continue to be structured along gender lines which perpetuate gender-role stereotypes and create an overall

framework that prevents the realisation of women's full rights in the workplace (Kirai & Kobia, 2012).

Literature on women's career in the less developed patriarchal societies like Nigeria suggests that the greatest barriers to women's ascension to Leadership positions in work world are the systematic devaluation of women's roles in the society and the cultural stereotypes of women. These have intermingled with organisational culture to subjugate women to the advantage of men. These are manifest in the social relations and activities of women and men ingrained in the socialisation and cultural practices that favour the interests of men above those of women (Mordi et al., 2010).

Patriarchal gender role socialisations inform of gender roles, gender identities and gender stereotypes that espouse the ideals of the dominant (hegemonic) masculinity. When this is transposed into the work world, it imbues relationships and structures that question women's right to leadership positions and interrogates their competence. It also subject women to a stricter scrutiny of their leadership capabilities, even when they attain such leadership positions. Patriarchal gender role socialisation also regulates and maintains job function assignation along gender role lines thus giving preference of leadership positions to men, while women take the subordinate positions.

Literature infers that the result of this is that women become overly submissive to men, defer to men even in the work setting, and are not prepared to face challenges and develop other skills outside the ones necessary for the performance of their traditional gender related activities (De-Leon, 1996). As reiterated by Ibru (2009) concerning women operating in the banking industry in Nigeria, these women have so internalised societal sexual ascriptions that make men the dominant gender in the Nigerian society, that they carry such deference into the workplace, most times giving men the prerogative of first choice.

Moreover, a reversal of these roles is not easily acceptable even to both genders. As suggested by Hannagan (2005) in many traditional hegemonic societies, top management activity is seen as the prerogative of men even as the collective societal mind has been programmed to accept the underrepresentation of women in executive management ranks as normative (Tai & Sims, 2005). However, it is important to note that difficult economic circumstances in Nigeria have been eroding these traditional gender boundaries regarding the role of women in the work setting (Mordi et al., 2010).

In the Nigerian setting therefore, women in addition to their responsibility of satisfying the cultural value for child and family care, are also participating in the public sphere of paid work, thereby contributing to the family income leading to the acceptance of the dual-income household (Okurame, 2003; Onyeonoru, 2005). Moreover, both men and women are also becoming relatively similar in their desire for successful careers in the formal sector (Eboiyehi et al., 2006), with a considerable acceptance of women assuming leadership positions in the Nigerian work milieu (Mordi et al., 2010).

Moreover, the gender roles as ascribed by society sometimes attribute negative stereotypes to women that dictate relationships and work dynamics that prove inimical to women's career growth in the workplace especially when they seek or hold executive management positions. For example, the gender roles that society assign to women that emphasises the superiority of men's roles as that of a "breadwinner" and inferiority of women's roles of child care and domestic chores advertently creates a hostile attitude to women's occupying of decision making positions in the work environment (Sadie, 2005). Such beliefs and practices have been found to favour men especially in male dominated professions (Mordi et al., 2010) and are equally found to affect

workplace relationships and networks, which prove disadvantageous to women's career aspirations (Ohemeng & Adusah-Karikari, 2015).

The Nigerian society, like other African patriarchal societies are still riddled with these traditional norms that negatively stereotype women in the work sphere. In the past, it was perceived as an aberration for women to participate in public affairs especially in male dominated professions. Such women are often "sanctioned and disliked" (Olojede, 1999) by their fellow women as well as men. Majanja and Wood (cited in Kirai & Kobia, 2012: 216) re-affirms that it violates social norms in many African societies for a woman to work outside the home and the exclusion of women based on gender remains widespread and entrenched in these societies. However, Schreuder and Theron (2004) notes that there has been a shift in the traditional responsibilities of men and women in several traditional societies and thus more women are moving into the paid labour force, and are also assuming leadership positions.

Family-Work Role Conflicts

Family responsibilities have been identified to impede women's career advancement (Ragins & Sundstrom, 1989). Carlson, Kacmar & Stepina (1995, cited in Mordi et al., 2010) in their study on work-family conflict, reported that the conflict between work and family responsibilities are seen to be repressive to the career growth and advancement of women to top management positions in organisations. Family responsibilities have been espoused to affect women's career advancement opportunities and how others perceive them in the banking industry (Liff & Ward, 2001; Still, 1997). This is because of women's continued shouldering of the primary responsibility for childcare and household chores, despite their increased participation in the workforce (Hochschild & Machung, 1989).

Most studies on women's career and their domestic life have bordered on the issue of employment policies and practices available to women in balancing work and family responsibilities. In a study on women managers in Eastern and Southern Africa, Dirasse (1991) found that women in the study reported that most of the conflicts that they contend with in the course of building their careers emanates from the challenge posed by the multiple roles that they shoulder in the family. This is in addition to such other conflicts emanating from male dominance, unsupportive husbands, and the inferiority complex of their husbands who feel threatened by their successes. These factors, as re-counted by Heilman (2001) accounts for the low level of commitment by women to their careers and their inability to attain top management levels in their organisations and in their fields of work.

Equally in this regard, literature posits that even as the modern work and economic conditions are changing, with women pursuing careers in the public world of work, African women are found to still be strongly acculturated to their prescribed socio-cultural roles and beliefs that prove inimical to women's professional career development. African women are known to generally "sacrementalise" marriage and "venerate motherhood "and are found to extol these over career demands (Kirai & Kobia, 2012).

Substantiating this position, Tadria (as cited in Knowles, 2012, Online) re-affirms African women's self- subjugation to men, stating, "For us, the fight is to dignify what the African woman does, not to try to get her to do what the African man does". She went on to insist that, "unlike many Western feminists who tout the "anything you can do, I can do better" mentality, African women do not attempt to rob the man of his value and worth. They simply want to be given value and worth." The implication is that African women are thus satisfied with giving men the first line of choice even in contention for executive management positions in the workplace. Literature

insists that this leads to women in these societies in not being able to maintain a career, to be overly submissive to males even in the work setting, and also not to be ambitious or strive to rule (Jacobs, 2013).

Equally, the African woman's affirming identities revolve around their designation as "mothers". As affirmed by Amadiume (1997, p. 146), African female power is "derived from the sacred and almost divine importance accorded to motherhood, …with the veneration of motherhood constituting the main difference between the historical experiences of African women and those of European women". For Oyewumi, "Mother" is the preferred and cherished self-identity of many an African woman" (2000). Children are considered the ultimate blessing to an African woman. Thus, the role of a "good mother" would never be subordinated under the role of a career woman. African women take their reproductive roles too seriously, celebrate their ability to give birth, and refuse to subordinate their biological roles to other roles within society as well as show a reluctance to interrogate the issue of sexual rights in their discourse (ibid). Ridgeway (2001) added that this sort of belief of a good mother who gives less priority to work demands over family responsibilities is likely to create barriers to women advancement to top management positions in the workplace in these societies.

Though women's multiple roles are great barriers to their career advancement in all cultures, it has however been interrogated in more egalitarian Western cultures. This is more especially in ways that it can be mitigated to enable women pursue sustainable careers in the world of work. Studies in Australia report that, the higher the income earned by women, the more likely it is that family responsibilities of childcare and household chores are shared between spouses or partners (Russell, 1983). However, Mbilini, (1992) surmises that many an African woman does not contemplate the sharing of household chores with their men and husbands. This is also affirmed by Makome and Geroy (2008), stating that African women subscribe to maintaining their cultural roles and insist that equality of rights should be confined to the workplace and not to the home sphere.

Literature equally asserts that the conflict between family and work creates pressures on women, especially in societies that tend to be judgmental about how women balance family and career demands (Madsen, 2008). In acquiescence, Korabik and Rosin (1995) found that women with children worked fewer hours than women without children. Studies have also denoted that career demands conflict with women's biological roles. Thus, women who have built careers up to management positions are said to be found to have fewer dependents, or are less likely to be married and have children than their male counterparts (Kirchmeyer, 1998; Lyness & Thompson, 1997; Tharenou, Latimer& Conroy, 1994). However, there are dissentions to this assertion, as some women in senior management positions are found to be married and have children (Griffith & MacBride-King, 1998; Wirth, 2001).

Further studies on women's career life experiences denote that women's acquiescence to the socio-cultural values and norms that impose the sole responsibility of child care and homemaker postures significant barriers to their career advancement (Rowe & Crafford, 2003; Mordi, Adedoyin & Ajonbadi, 2011; Kirai & Kobia, 2012).The argument is that executive management jobs are unpredictable, involves extended working hours, as well as extensive travels that are all required to gain recognition and eventual promotion. This makes executive jobs less family friendly and less attractive to many women. The contention is that women who seek work-life balance finds it difficult to attain top management positions in such professions like banking which harbours a more extensive work demands in this perspective (Hakim, 2006).

Literature reveals an andro-centric (male centred) culture that smacks of "think female manager, think childless superwoman" evident in the banking industry in the UK (Liff & Ward, 2001). A survey of middle managers in a UK bank found that 56 per cent of women bank managers had no children compared to 14 percent of male managers (Granleese, 2004). Hakim (2006) argues that for women to achieve top management ranks in professions like banking, it may have entailed that such women may have greatly reduced, or even eliminated, their work-life balance problems by remaining childless, or by lower fertility, as illustrated by the prevalence of one-child families in the developed Western world. Guy and Schumacher (2009) acquiesces that most working women who attained top management levels are single, divorced, or have fewer children or are even be childless.

However, this becomes an excruciating challenge for women in the Nigerian cultural setting in relation to their quests to achieve top management statuses in the banking industry in Nigeria. Nigerian women are pro-natal, with a strong belief that children are a blessing and no form of inconvenience parents go through because of bringing them up is worth being tagged as optional, neither will reproductive roles be subordinated to career aspirations (Aniekwu, 2006; Edewor, 2006; Wahab & Isiugo-Abanihe, 2008).

Individual Barriers

In addition to organisational and societal barriers that impede women's career advancement in the world of work, scholarly works posit that women are equally impeded by individual barriers which are directly or indirectly generated by the society and organisations alike (Okafor, Fagbemi & Hassan, 2010; Onyango et al., 2016) as well as internal personal attributes harboured by women in themselves.

Studies on women's career issues suggest that women's lack of advancement especially in attaining top management positions in the work world stems from women's lacking in self-confidence and self- esteem (Sandberg, 2013), the pressure to maintain a professional image (Luke, 1997; Lam, 2006), less emotional stability and less consistency (Owen & Todor, 1993), as well as lacking in confidence in their leadership abilities (Omar 1993; Setiadarma, 1993; Lam, 2006).

Also, constituting as individual barriers harboured by women are such personal factors based on psychosocial attributes, such as personality characteristics, attitudes and behavioural skills of women themselves that have been known to hinder women's career advancement. These include such personal factors bordering on are self-esteem and self-confidence, lack of motivation and ambition to accept challenges "to go up the ladder", women's low potential for leadership, less assertiveness, less emotional stability and lack of ability to handle a crisis (Bond, 1996).

As noted by Sandberg (2013) women's internalisation of the negative sexism, stereotypes, and double-binds that sexualise outspokenness, aggressiveness and the power dynamics that ordinarily act as drivers in career quests are the major reasons that women do not overcome their challenges and achieve leadership positions in the world of work. Meanwhile leadership attributes are couched on such personal factors as, assertiveness, confidence, resourceful creativeness, loyalty and trustworthiness and these are believed to be critical for women to ascend to executive management positions (Singh & Shahabudin, 2000).

Women's Lack of Confidence

Women in patriarchal societies like Nigeria are socialised along essentialised gender norms that ascribes dominance and confidence to men and passivity and submissiveness to women. Thus

from an early age, women are moulded to behave in ways that does not lend to their demonstrating self-confidence, and this can make them look incompetent as leaders, especially when dealing with the male folk (Applebaum, Audet & Miller, 2003). Research has shown that many women managers exhibits behavioural tendencies that result to lower visibility in terms of organisational commitment, which inevitably leads to adverse consequences in terms of career prospects and advancements (Singh & Vinnicombe, 2001).

Moreover, women's lack of confidence in themselves militates against their ability to put themselves forward for senior roles thereby poses as a more vicious barrier to their career success. The contention is that women would usually reject offers for leadership roles either overtly or subtly, and many do so unknowingly by the way they act or present themselves (Slaughter, 2012). Thus, women portend as their own worst enemies. They do not push up themselves for plum assignments or promotions or pay rises (Becks, 2011). Ogden et al., (2006) reports that women in the banking industry in the UK, often project a lack of self-confidence to go for the top jobs even when they are well qualified, while men apply for such roles even when they lack the defined specifications. This self-imposed de-selecting by women in securing increasing levels of responsibility and visibility in organisations have been adjudged to portend as career limiting indices for women (McKinsey and Company, 2010).

In addition, some women refrain from seeking top management level positions mostly because of their unwillingness to incur the costs associated with top management roles which inextricably interferes with women's family responsibilities (Cross, 2010). Sandberg (2013) iterates that when presented with an option that either favours family or work and not both, women tend to opt for family related options and would rather give up their careers. Equally, an Institute of Leadership and Management (2011), study found that many women at the outset of their careers lack clarity of direction and purpose. They therefore often have lower career ambitions and expectations especially in applying for promotions and more senior level roles.

Confidence to voice out career aspirations is another trait essential for career advancement that women are lacking in. Literature suggests that it is societal expectations and cultural values that ingrained this diffidence in women in early socialisation. This ends up in stifling women from stepping up to apply for career growth opportunities even when they are suitably qualified for that (ibid).

In the sense that confidence and visibility often go hand in hand, especially in the banking profession that requires intense internal and external networking relationships, this generally rob women of the opportunity to be visible to top management. The outcome is that women inevitably are most oftentimes not in focus for promotion considerations (Linge, Van Rensburg, & Sikalieh, 2010). As noted by Singh et al. (2002, p. 87) "managers may have the right ideas and skills, but unless their reputation, or others' perceptions of their abilities, is valued, purchased and used by those in power, their management capital is worthless for their career advancement."

However, some scholars have disputed the lack of confidence and low level aspirations assumptions concerning women's career advancement. To Kanter (1977) women make their career aspirations consistent with realistic expectations about promotion and advancement for women in the work setting. Similarly, Powell and Graves (2003) reported that, given that women have to surmount several barriers to hold managerial positions than men, they tend therefore to display more concern for their career in comparison with their family. Ragins and Sundstrom (1989) equally contested that women's expression of relative low aspirations, may not unrelated to the actual barriers that they face in respect to their advancement.

RESEARCH METHODOLOGY

In Nigerian context, old generation banks are those established prior to liberal economic reforms of the late 1980s when the government divested from the control of the banks, while the new generation banks are those established after the reforms, specifically as from late 1980s and 1990s. In structure and culture, old generation banks aligned with core traditional banking values that were largely male oriented while the new generation advanced the primacy of liberalism and profit, hence; primary preference rests with capability and efficiency irrespective of gender. Lately, old generation banks have also adopted liberal policies, and in steep competition with the new generation ones in service delivery. This study adopted a contextual design with the aim of providing insights on the barriers confronting women in the banking industry. It collected qualitative data through indepth interview (IDI) from female employees in Operations and Marketing; and Sales departments in old and new generation banks in Lagos, Nigeria. Eighteen IDIs were conducted with new generation banks' employees while 12 IDIs were done with those of old generation. The interview process took a period of three months and each one lasted between 30 to 40 minutes. The interviews were electronically recorded after which they were transcribed verbatim by the authors. The data collected were content analysed.

RESULTS

This section presents the study findings on the barriers encountered by women in the banking industry in Nigeria in the course of developing their careers. The findings are presented under the following themes, organisational barriers, societal barriers and Individual barriers. This coalesces to project how women's multi-faceted living existences interposed as barriers that impact their career aspirations in the banking industry. Although there are findings that run through all the views expressed by all the participants, some barriers however, seem to be peculiar to some participants carrying some specific job designations. Also, an effort has been made to maintain flexibility in data presentation to preserve the originality of the qualitative data.

Organisational Barriers

One striking organisational barrier unearthed from the study is the attestation by participants that the banking industry in Nigeria is male dominated, especially in the managerial and executive management levels. Two barriers emanated from this; the macho culture of work and the exposure of female employees to sexual harassment to their superior male bosses or external male clients. One of the participants noted that:

> *One thing though, I found this challenging. If you are working in the world of work in Nigeria, there are lots of males; there are more male mangers than females. And as an attractive fair woman, what you got a lot was people hitting on you. And you can get distracted with all that…*

This challenge applies more to the females in the marketing departments, who submit that there are more females designated in marketing jobs than male employees.

The participants also noted that the issue of sexual harassment is two pronged, from their male managers and their male clients whom they go to source for deposits in order to meet their set targets. Participants reiterate that though the banks' managements do not necessarily direct that

they give in to sexual propositioning from male clients to meet their deposit targets, but the insistence by management that they meet these untenable targets and the attendant sanctions of either loss of their jobs or a cut in their salaries imposes a lot of pressures on women in the industry such that some women who are not morally upright may compromise their integrity and give into these propositioning from men.

The second outcome of male domination is reflected in the work culture, implicating the macho culture of banking work and presenteeism associated with the banking profession. Participants emphasised that their work load is so strenuous and moreover, staff are rigidly structured to work according to set turn-around-time (TAT) in delivering excellent services to their customers. For example, the participants disclosed that while such services like processing and paying a customer's cheques is set within a 5-minute TAT, the paying staff is expected to confirm third party cheques issued by customers. This poses the challenge of ensuring that fraudulent transactions are not paid and this again presents the pressure of meeting TAT's and forestalling fraudulent transactions. Participants reiterate that that this reflects like being caught between the devil and deep blue sea, as on many occasions many staff have lost their jobs in this process.

Presenteeism signify real challenges to women that have child care responsibilities, especially as they report to work by 7.30am, open to customers by 8.00am, and on many occasions, do not close from work till as late as 9.00pm. These early and long hours affect their primary domestic roles and most banks do not have any family friendly arrangements like on-site childcare facilities for their female employees with childcare responsibilities. Most of the participants said that their minds are never at rest as they most times leave their young children in the care of house helps, many who pose security risks to their children. Many of the participants who are married related that their husbands have threatened to stop them from continuing their work if their children who are in the care of house helps continue to be exposed to risks.

Coupled with this is the issue of non-existence of work -life balance policies and arrangements to enable women balance their work-family roles in the banking industry in Nigeria. Participants reiterate that the banks deny them full maternity leaves and on occasions when they need short term excuses from work to attend to issues relating to their biological roles or sick relatives, they are accused of playing the woman card and many branch managers and Head of Operations would barely grant such requests. For example, the participants related that pregnant female employees that have antenatal appointments are usually mandated to come back to work rather than go home from the hospital. Participants submit that even female managers pose more difficult in granting such requests to other women. The women thus submit that they are always under immense pressures from the emotional traumas of balancing their work and family responsibilities. Most of the women bluntly stated that they have no work-life balance. One participant stated, "work-life balance? That's the day I leave this work."

Societal Barriers

The study findings implicate existence of horrendous barriers to women in the banking industry, because of the traditional gender role ascriptions which are typical of patriarchal societies like Nigeria. These are mostly inculcated through the socialisation and cultural practices which favour the interests of men above those of women, especially in ascribing childcare and domestic chores to women even where women are equally pursuing careers in the public sphere.

Participants assented that the challenge of managing their multiple roles as mothers, wives and career women has proven as one of the biggest barriers to their career development in the banking profession. This is because while they shoulder the responsibility of motherhood and

domestic chores, the demands of their jobs also make it difficult for them to experience work-life balance. This emanates from the lack of support structures that could have helped them in managing these roles. Most of the participants restate that at their level they cannot afford more than one domestic help, and it is not easy to come by reliable house helps these days.

Participants also intimated that their husbands do not share in domestic chores because it is considered a woman's responsibility, especially in our context. This is more especially for those participants, who take recourse to Crèches to take care of their babies while they are at work. These participants re-counted that on picking up their babies from the crèches after a hard day's work, they get home to face the "second shift" being again overloaded with the house work at home. These participants thus complain of living with high levels of stress because of shouldering their multiple roles with little or no support structures in this regard.

When asked if either they or their husbands can stay home while the other person go to work. The participants stated that their husbands will never stay home to mind the kids, neither do they also want to leave their jobs, because they want their financial independence. This reinforces the assertion of a prevalence of dual career couples in the Nigerian context. However, the participants related that what they need is some support to harmonise their multiple roles. Unfortunately, they maintain that neither the banks, nor their spouses are offering them these supports, so they are over stretched. But they reiterate that they are doing their best to manage their lives the best they can. This however affects their social life and time for networking, as they use their weekends to devote attention to their families and get the needed rest. One of the female managers narrated,

> *I had to drop everything in 2015, and announced to my friends that I am going out of circulation for a while, because I was preparing my son for some secondary schools that I wanted him to get admission into. So, I had to cut back on my social activities, I was out of parties, because I have to hold on to my job and do that for my son.*

To these women, their family is very important to them. So, for these women bank employees, something must suffer and now that most of them have young children, it is their social networking that is suffering as they set apart weekends to be with their kids and would hardly be involved in after work social activities. They also reiterated that they are doing their best to balance these multiple roles, but if for any reason, it becomes too difficult and threatens their family existence, especially their children, they will not think twice. They will give up the career and look for something more flexible to do. One of the Head of Operations stated,

> *Like I tell women all the time, you have got to know what is important to you. I can never, I mean you hear people say; at times you have got to let a few balls drop!! Eh! Eh! (No! No!). I don't want the balls to drop on my family side! It can drop on my career!!*

But one thing all the participants consented to is that they will not be full time house wives. They will either run a business or look for a more flexible job like teaching. However, for most of them, it is going entrepreneurial that is their most plausible option. We inferred from participants on why they kept re-stating that they would easily go entrepreneurial. One of the interesting inferences is that these women bankers are learning some business skills in the process of interacting with their customers. So, they believe that with the knowledge they are gathering both from the job and customers, that they can run their own business outfits successfully.

Internal Barriers

It has also been suggested that women are generally plagued by lack of self-confidence to aspire for assignments that will enhance their career development, and would most times de-select themselves, giving preference to men, or allowing men to out compete them. This mostly stems from women's pull back from assignments that will bring them visibility. The participants in the study said that they try to not draw too much attention to themselves because of the sensitivities bordering on their husbands' interpretation of such relationships and to forestall themselves from biting more than they can chew with some senior male managers.

Most of the women enthused that they are contented with what they have attained as being over ambitious for higher roles can bring up incidents that they may not be able to handle and might cause them to leave the job completely. For example, they stated that on many occasions when they close and are rushing back home, that is when their managers both male and female will be going to the Head Offices for one meeting or the other. This is a price many of the participants are reluctant to pay.

DISCUSSION

The reality of women's multiple living existence is that their career lives are intertwined with other aspects of their lives in the world of work and their social contexts. One of the inimical barriers women in the banking industry confront is the issue of sexual harassments. This accusation about sexual harassment of female employees in the banking industry in Nigeria is quite rife both in the public domain and in scholarly findings. Studies on the banking industry in Nigeria reveal a preference by banks in the country to deploy females in marketing and sales and relationship management functions as well as customer services desks.

This is however, viewed as discriminatory practices against women in the industry and is regarded as a "culture of female subordination", whereby managements of banks are engaged in exploitation of women's sexuality and physical attractiveness for their pecuniary institutional profitability. This is based on the suggestion that the client base of these banks are mostly rich males, whom the women are either expected to serve better and/or appeal to for investments into the banks in which they work. This is alleged to expose the women employees to incidents of sexual harassments (Okpara, 2006; Olufayo, 2011, Adenugba & Ilupeju, 2012).

However, managements of banks in Nigeria have always denied these accusations. But the experiences as expressed by the participants is an indication of its reality and thus poses as a real challenge to women in the quest of building careers in the industry. However, all the participants insist that they have not and would never compromise their integrity by yielding to such sexual pressures and would rather leave the profession. This however does not present a plausible option to many of the participants because of the current economic recession and high unemployment rates in the country.

Equally all the participants agreed that the banking industry in Nigeria is particularly harsh to women with regards to providing family friendly policies and arrangements that will enable women to manage their work-family responsibilities. Moreover, banks in Nigeria deny their female employees full term maternity leaves, or time off to care for children that are ill. There are very little opportunities for career breaks with an assurance of returning to work in the same bank. So, many women are already opting out to seek alternative careers or engage in entrepreneurial pursuits (Adewumi & Adenugba 2010).

Equally, studies on women's career life experiences denote that women's acquiescence to the socio-cultural values and norms that imposes the sole responsibility for child care and homemaker on them, poses significant barriers to their career advancement (Rowe & Crafford, 2003; Mordi et al., 2011; Kirai & Kobia, 2012). This is also implicative in this study's findings. Moreover, women are also plagued by internal barriers and shy away from jobs that bring them what they consider unnecessary exposures, which they might find difficult to handle. This aligns with Slaughter (2012) contention that women would usually reject offers for leadership roles either overtly or subtly and many do so unknowingly by the way they act or present themselves.

RESEARCH LIMITATIONS, IMPLICATIONS, AND CONCLUSIONS

This paper provides deep insights to specific barriers affecting women's ascension into top management positions within the banking industry. The themes that emanated from the IDIs provides clear support for the global classification of Banking as a hegemonic profession, dominated by a male culture that is typically expressed and designed to suit men. The examples by the interviewees suggest extreme pressure in the nature of work required from them such as untenable targets, monotonous tasks, and long hours work culture, presenteeism as against productivity. Our findings suggest a dominant "macho culture" existent in the banking industry; that which reflects a lack of family based support to working mothers, and also make it difficult for women to combine family and work. The obvious lack of female role models in senior positions among the interviewees is also very implicative in women's low-level representation in senior and executive management levels in Nigerian banks (Hakim, 2006; Metcalf & Rolfe, 2009). However, this study would benefit further from the use of another methodological approach which could accommodate a larger sample size with the aim of providing further validation to our findings.

In conclusion, the barriers impeding women's potentials in developing their careers in the banking industry in Nigeria are multifaceted, emanating from organisational, societal and individual barriers. Thus, for a woman to successfully develop a successful career in the banking industry in Nigeria, she must be able to develop strategies to navigate these barriers, especially as governmental initiatives and organisational policies are lacking in this direction in the Nigerian context.

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ABUSIVE SUPERVISION, SUBORDINATE INTERACTIONAL (IN) JUSTICE PERCEPTIONS, AND WORK PERFORMANCE: THE MODERATING ROLES OF PERSONALITY TRAIT, LEADER BEHAVIOR, AND POWER DISTANCE

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ABSTRACT

Given the pervasiveness of subordinate-reported abuse at workplace researchers, has been seen it as significant phenomena for today's organizations. Despite, an impressive amount of research in the area there is a limited study that acknowledges subordinate interactional perception and individual difference. Based on an extensive review of existing studies and a broad theoretical foundation, the paper presents a theoretical framework on how subordinate perceives the existence of abusive behavior determined by the way they evaluate it form in (justice) perspective which has a spillover effect on work performance. A personality trait, leadership, orientation and power distance value also accounted as moderated mediation between abusive supervision and perception of interactional in(justice). This paper also tentatively identifies issues in abusive behavior research that need attention for implication. For researchers, the study provides a comprehensive review of previous works and a roadmap for future research. For practitioners, managers and policy makers the study provides a systematic analytical framework in making decisions related to work performance and policy formulation respectively. Finally, by focusing on power distance implication to African context discussed.

INTRODUCTION

Organizations today are facing an enormous amount of pressure from the combined effects of rapid technological advancement, diverse customer demand, and ferocious global competition. A relief to such pressure is employees' initiative to anticipate their activities and promote workplace changes (Williams & Turner 2006). Studies show that employee proactive behavior is closely associated with positive individual and organizational consequences, such as work performance (Belschak & Den Hartog 2010). One key situational factor that has been found to substantially affect proactive behavior is positive supervisor behaviors (Parker & Griffin, 2011).

Research and theories of leadership have often been guided by the quest to predict positive leader and supervisor behaviors in the past decades. Popular concepts such as transformational leadership (Bass, 1985) and authentic leadership (Walumbwa et al, 2008) focus on positive leader behavior and its effects. However, a recent stream of research often under the label of 'supervision' or 'leadership' acknowledges that there is also a dark side of leadership (Conger, 1990). The Dark side of leadership has been seen as a significant social problem for today's organizations due to its negative consequences for subordinates, supervisors, and the organization's performance. Thus,

researchers have focused on the dark side of leader behavior that is characterized as abusive supervision. Abusive supervision has been defined by Tepper (2000) as a "subordinates' perceptions of the extent to which their leaders engage in the sustained display of hostile verbal and nonverbal behaviors, excluding physical contact."

With the increasing attention being given to abusive supervision and its documented negative effects, existing studies have found some factors that mediate the relationships between abusive supervision and subordinate work performance. Researchers have been more concerned with the mediating role of organizational justice between these relationships, that is, identifying the possible variables that could help to mediate the relationship. Organizational justice theory provides some insight into why abusive supervision leads to negative effects on work performance. One dimension of organizational justice, interpersonal justice, relates to the interpersonal dimension of fairness and is particularly important in understanding the consequences of supervisor abuse. Subordinate experience high levels of interpersonal justice when supervisors, treat them with respect, honesty, and are sensitive to their personal needs (Bies and Moag, 1986). Experiencing unfair treatment at the interpersonal level, such as supervisory abuse, is likely to translate into a dislike for one's work (Tepper, 2000).

Interestingly, to the best of the researcher knowledge, most of the previous literatures on abusive supervision were focusing, in a limited perspective, dealing with the interactional justice as the mediator of the relationship between abusive supervision and the outcome. Therefore, this paper determined by how they evaluate it form fairness perspective which has a spillover effect on work performance. The subordinate perceptions of interactional justice may be different and have a variation on work performance as they perceived the leader as task-oriented or relation oriented, their power distance orientation and also based on their personality trait. An examination of this effect is likely to advance current understanding of the consequences of abusive supervision in work performance.

Further, there is an extensive literature on abusive supervision in the developed economy context; very little empirical or theoretical work has addressed the dark side of leadership in developing context. Thus, Existing studies about abusive supervisor behavior suffer from a western bias. Jackson (2004) argued that Western approach to leadership focuses on the instrumental view of man (perceiving human beings as resources) the African perception focuses attention on human beings as having values in their own right. Mbigi, (2002) also argue that more Afro-centric paradigm of leadership requires reconnection with African "indigenous knowledge" with emphasis on solidarity and interdependence. From this perspective leadership practices in Africa may be described as predominantly humanistic with an emphasis on compassion, respect, human dignity, building relationships, personal interaction, and mutual respect (Browning, 2006). In line with this, Avolio et al. (2009) suggested that research in Africa should take a more holistic view of leadership where researchers examine all angles of leadership including studies the leader, the follower, the context, the levels, and their dynamic interaction. There is a need to take a more inclusive view of the challenges of managing people in Africa by not only looking at managerial practices but also the nature of leadership in the management of human resources. Therefore this study may help to contextualize the study of abusive supervision to African context by focusing on culture (power distance value).

The main purpose of this study is to present an interactional perception model of how subordinates perceive and respond to abusive behavior and to advance a framework that explains how—because of they perceived the leader as task-oriented or relation-oriented, their power distance orientation and also based on their personality trait— subordinates may exhibit different

work performance. Accordingly, the first objective of the present study was to extend previous research by highlighting how followers perceive abusive supervisory behavior as interactional (in) justice, influenced by their perception of leadership behavior (task-oriented or relations-oriented), their view about personality trait (Five Factor Model of Personality) and culture (power distance) and its spillover effect on individual performance. The second objective is critically examined how Africa context focusing on power distance orientation could influence the relationship between follower interactional justice perceptions of abusive supervisory behavior. Finally, this conceptual study outlines an overview of a number of perspectives on abusive supervision and discusses which personality character, leader behavior, and cultural value likely have an effect on the perception of interactional injustice because of abusive supervision and its spillover effect on work performance. It also provides a conceptual model for further research on the relationship between abusive supervision and work performance.

Understanding Abusive Supervision and Other Similar Constructs

Abusive supervision concept had been initiated by Tepper (2000) who says that "subordinates' perceptions of the extent to which their leaders engage in the sustained display of hostile verbal and nonverbal behaviors, excluding physical contact." Tepper (2000) further argues that subordinate's perception of a supervisor's hostile intentions is a necessary condition for abusive supervision. This conceptualization of abusive supervision is similar to the concept of emotional abuse which refers to hostile verbal and nonverbal behaviors, excluding physical contact, directed by one or more persons to another (Keashly, 1998).

According to Keashly and Harvey (2005), in the workplace, an individual may face continuously verbal and non-verbal abuse from certain supervisors. Although physical abuse intentionally performed by supervisors may be more acute and harmful than verbal assault (Robinson & Bennett, 1995), nonphysical abuse happens more often than physical violence, and employees who experience more nonphysical abuse have lower performance (Keashly et al., 1994). Therefore, it is appropriate to describe these negative behaviors with the word abuse because such a term can discriminate itself from other hostile behaviors that involve physical contact Tepper (2000). Besides, the word abuse can intensely describe the severity and long-term effects of the above negative behaviors.

Researchers have proposed a number of concepts that arguably similar to abusive supervision that is aimed at subordinates. Although there are obvious similarities among these construct, there is clear difference these include "petty tyranny" (Ashforth, 1997), examines behavior that may not necessarily be viewed as hostile at all times but can be regarded as being inconsiderate or unfriendly. This shows that the construct of petty tyranny seems more ambiguous in how subordinates perceive the level of hostility and supervisor wrongdoing at times. Comparing with abusive supervision "Toxic leader" (Lipman-Blumen, 2005), construct focuses on leaders' behaviors which are not always hostile toward subordinates. "Workplace aggression" (Neuman & Baron, 1998), does not exclude physical hostility between parties whereas abusive supervision excludes physical contact. The construct of "workplace bullying" (Namie & Namie, 2000), differs from abusive supervision as it does not only refer to destructive acts of a superior towards subordinates. Instead, bullying can be perpetrated by any organizational member (Hershcovis, 2011). The difference between "excessive use of control and power" (Robinson & Greenberg, 1998), and abusive supervision might be the duration of the supervisor's behavior; abusive supervision is a sustainable supervisor behavior toward a subordinate whereas power and control are silent about the time period the employee is exposed to these actions. Another difference is

that subordinate perceptions may be more ambiguous about the intent of power and control. Some individuals may think that supervisors who monitor them closely or use certain influence tactics do not intend to hostile behavior. Instead, the supervisors may want to achieve the best outcomes for all parties involved. Finally, the construct of destructive leadership differs from abusive supervision in that it includes both physical and verbal behaviors by the leader (Einarsen et al., 2007).

Abusive supervision behavior consists of a number of features among this; first, it should sustain or enduring displays of a leader's hostility. Occasional exposure to hierarchical mistreatment would not be considered abusive supervision. In other words, the hostile behaviors that characterize abusive supervision are common elements in the daily interactions between the supervisor and the subordinate. The continuity of Abusive supervision may be due to leaders' powerful standing in dyadic relationships, as well as subordinates' helpless tolerance. Second, Abusive supervision represents hostile behaviors that exclude physical contact. Thus, Abusive supervision will not be exhibited in the form of physical violence; rather, it reflects non-physical hostility, such as emotional indifference and verbal aggression. Third, abusive supervision is a subjective perception of employees may be accounted for individual differences among subordinates. As a result, different subordinates may have different perceptions of the same behaviors from the same supervisor, and one could see the supervisor's behavior as abusive, while another subordinate could view the same behavior as appropriate. Moreover, if individual differences do account for a significant proportion of variance in abusive supervision perceptions, it appears that to fully explain and comprehend the causes and consequences of perceptions of abusive supervision, it is also must to explore and understand how followers' leadership behavior orientation, personality trait, and culture (power distance) orientation are related to perceptions of abuse and its spillover effect on individual work performance.

THEORETICAL BACKGROUND

Extent studies conducted on abusive supervision in organizational settings has focused on its outcomes and suggests consistently that abusive supervision is negatively associated with individual work performance. The foundation for this study lies on three theoretical models to explain the negative relationship between abusive supervision and work performance; namely justice theory (Greenberg, 1987), reactance theory (Wright & Brehm, 1982) and Social exchange theory (Cropanzano & Mitchell, 2005). Researchers employing justice theory have argued that subordinates tend to perceive the negative interpersonal treatments from their abusive supervisor as lack of interactional justice (Cohen-Charash and Spector, 2001). Therefore, abused subordinates may reciprocate their supervisors by preserving their efforts at work and motivated to restore their sense of control (Harris, et al., 2007)

Justice theory is rooted in fairness theory (Folger & Cropanzano, 2001) and shares relational value with social exchange theory (Cropanzano & Mitchell, 2005). Fairness theory suggests subordinates make cognitive comparisons that often result in an aroused sense of injustice. Fairness theory argues that subordinates engage in counterfactual thinking to determine the fairness of a particular event and whether authorities should be blamed for that event (Folger & Cropanzano, 2001). According to the theory, subordinate typically reacts to abusive behavior by judging whether it is fair or not.

Perceptions of abusive supervision originate as perceptions of supervisory injustice that evolve to incorporate the social exchange processes shared by subordinates and supervisors over time Researchers in social-exchange theory focused on the relationship between the abusive supervisor and the subordinate. The premise of social-exchange theory suggests that in a dyadic relationship (i.e. supervisor and subordinate), something given begets an obligation to return an equivalent behavior (Perugini & Gallucci, 2001). In other words, apart from their formalized roles subordinates who have good relationships with the supervisor will try to reciprocate by offering a favorable return, whereas subordinates who feel they are not good in relationships with their supervisors will try to offer unfavorable returns.

Reactance theory, on the other hand, focused on abused subordinates by claiming that, individuals have a behavioral freedom that they believe they can engage in. The freedom helps define an individual's self-identity (Worchel, 2004) and helps establish his or her sense of control over the environment. Researchers have used reactance theory as a foundation in investigating employee reactions to abusive supervision (Zellars et al., 2002). Events that threaten or lead to loss of behavioral freedom generate reactance aimed at reinstating the freedom in question. The importance of the threatened or eliminated freedom and the degree of threat determine the degree of reactance. The attractiveness of a forbidden behavior and the motivation to display that behavior increase when there is a threat or exclusion of freedom. Based on this theory, it can be argued that subordinate experiencing abusive supervision usually feel that they have little or no control over the environment and to restore this personal control, they react negatively.

Model Development and Proposition

Studies show that most of the outcomes of abusive supervision are assessed from followers' point of view because abusive behavior carries out by supervisors may lead abused subordinates to temporarily withdraw psychologically from their work (Harvey et al. 2007). The main reason is that the perceptions of abusive supervision influence the outcomes (Tepper, 2007), the question is how the attribution subordinate make for this perceived abuse are associated with their work-related performance. Figure 1 (See Appendix) explains when individuals will perceive supervisor behavior as abusive and, on the basis of those perceptions, how to react towards their work performance will be discussed in greater detail in the following sections.

Abusive Supervision and Work Performance

Work performance refers to the performance directed toward formal tasks, duties, and responsibilities such as those included in a job description (Williams & Anderson, 1991). A handful of studies have shown that abusive supervision associated with a number of outcome like work performance (Aryee et al., 2007; Harris et al., 2007; Liu et al. 2010; Mitchell & Ambrose, 2007; Nandkeolyar et al., 2014; Tepper et al., 2009; Tepper et al., 2008; Thau, et al., 2009; Xu et al., 2012). Study about the relationship between abusive supervision and individual work performance tend to support the notion that abusive supervision is negatively related to work performance (Aryee, et al., 2007). Theoretically, there are different reasons to assume that abusive supervision is likely to have an impact on individual performance: First, followers may lower their efforts in the face of an abusive supervisor. Second, negative relationships between abusive supervisor and motivation or well-being could explain why the performance of followers of an abusive leader is low. In explaining the effects of abusive supervision on individual performance, cognitive resource allocation models (Kahneman, 1973) suggest that individuals have limited

attention resources and that abusive supervision affects performance by taking limited cognitive resources away from on task-performance and reduce these resources.

Although abusive supervision is a subjective assessment made by subordinates regarding their supervisors' behavior toward them (Hoobler & Brass, 2006), it has been described as a counterproductive behavior a study by (Schaubhut, et al. 2004; Thau & Mitchell, 2006), have also noted that abused subordinates tend to express their anger by engaging in acts of deviance against the supervisor and organization. According to Robinson & Bennett, (1995) when employees think that they are abused and not treated fairly, they respond to it by performing poorly. Eschleman, et al. (2014) also argue that whether a supervisor is involved in abusive supervision with the intention to harm his/her subordinate (hostile intent) or to motivate subordinate to have better performance (motivational intent) still has an effect on performance.

Abusive supervision was found more strongly related to organization-directed counterproductive work behavior among those who made organizational attributions for the abuse (Bowling & Michel, 2011). Liu, et al., (2012) found that abusive supervision negatively influenced follower performance in terms of creativity because it appears to be a function of negative aspects of the work environment. On the other hand, Ashforth (1997) found that abusive supervisory behavior was positively related to subordinate frustration, stress, reactance, helplessness, and work alienation, but negatively related to self-esteem, work unit cohesiveness, and leader endorsement which negatively affect work performance. Hershcovis and Barling's (2010) study showed that there is abusive behavior negative related to work performance. According to Richman, et al., (1992) abusive supervision was related to dissatisfaction and affects job satisfaction negatively which lowers work performance (Tepper, 2000). Generally, extant research has found that abusive supervision is positively associated with subordinate frustration and stress and negatively related to self-esteem and work performance (Ashforth, 1997). This leads to the following proposition:

> ***Proposition 1:*** *Abusive supervisor behavior is negatively related to work performance*

The Mediating Effect of Subordinate Perception of Interactional In(justice)

Researchers have identified that the relationship between abusive supervision and the negative outcome can be mediated by either individual or situational factors. Therefore, while there are good reasons to expect relationships between abusive supervision and the negative outcome it is also important to look beyond simple main effect relationships because negative effects of abusive supervision can be either intensified or minimized by mediating variables (Tepper et al., 2001). To provide a better understanding of the relationship between abusive supervision and work performance, researchers have suggested various intervening mechanisms including organizational justice (Tepper, 2000) and social exchange (Thau, et al., 2009).

There are three main components of organizational justice; distributive justice, procedural justice, and interactional justice. Distributive justice relates to people's perceptions of the fairness of the outcomes they receive relative to their contributions and to the outcomes and contributions of others. Procedural justice involves people's perceptions of the fairness of procedures used to determine those distributions (Folger & Greenberg, 1985). Interpersonal justice reflects the degree to which people are treated with politeness, dignity, and respect. In contrast, informational justice focuses on the accuracy and quality of explanations individuals receive. It is an extension of procedural justice pertains to the human side of organizational practices, that is, to the way fairness of the interpersonal treatment employees receive from organizational decision makers, such as

their supervisors. According to Wrigh et al., (2007) interactional justice consists of two distinct dimensions: interpersonal and informational justice.

The main focus of this study is interactional justice Tepper (2000) in his justice-based model work claims that interactional justice is an important concept. In essence, abusive supervision captures the interactional injustice by authority figures towards employees such that an abusive supervisor is rude and disrespectful toward a subordinate. This shows that both constructs are very similar because they deal with negative interpersonal treatment. However, one distinction between interactional justice and abusive supervision is that the notion of interpersonal justice can be experienced by employees as positive or negative. That is, people can perceive interactional injustice as fair or unfair treatment by others. In turn, the absence of abusive supervision may not trigger perceptions of fair treatment but create a neutral state instead. In addition, abusive supervision focuses on supervisors and their wrongdoing against subordinates only whereas interactional justice can also be present between coworkers or other parties besides supervisors and employees. Further, Tepper (2000) conveyed the associated importance of interactional justice, in mediating the relationship between abusive supervision and organizational outcome.

Employees seek justice when communicating with their supervisors. According to Masterson et al., (2000) interactional justice related to cognitive, affective, and behavioral reactions toward the direct supervisor or source of justice. Followers seek justice when communicating with their supervisor. Thus, perceptions of interactional justice (including interpersonal and informational justice) can foster communication and trust between followers and supervisors which resulted in work performance. It also has been linked to important outcome variables, for instance, job performance, task performance and contextual performance (Martin & Bennett, 1996). According to Cojuharenco and Patient (2013), followers are the focus on work performance when they consider justice in the workplace, and they are likely to focus on communication and reciprocal relationships within the organization when they consider injustice.

The perceived injustices resulting from abusive supervision are likely to translate into dislike for a job and to prompt a subordinate to seek out poor work performance (Ferris et al., 1994). These shows perceptions of interactional injustice are the mechanism in which explains abusive supervision's effect on individual work performance. When supervisors engage in abusive behaviors, followers' assessment of the degree to which this behavior violates the justice system should determine their response. Consequently, when a follower perceives interactional injustice, he/she is predicted to negatively react toward the organization as a whole or toward the specific outcome (i.e. work performance). Zapata-Phelan et al., (2009) claim that low interactional justice has been related to hostility and counterproductive work behavior. Interactional justice is the most important determinant of employee's task performance (Wang et al. 2010; Suliman & Kathairi, 2012)

Thus, to the extent work performance is influenced by the relationship between the employee and the organization, it should be related to procedural justice. To the extent work performance is influenced by the relationship between the employee and his/her supervisor, it should be related to interactional justice. Other researchers, however (Cropanzano & Prehar, 2002; Masterson et al., 2000), suggested that work performance is related to the leader-member relations and not to the organization-member relations. Perceived injustice is also a function of attributions of responsibility (Martinko et al., 2004).

The source of perceived interactional justice is the interpersonal treatment by one's supervisor or other management representatives; interactional justice is more personal in nature

than procedural justice. As such, it may be perceived as an outcome an employee receives, and hence, it should influence the outcome/input ratio of the employee (Greenberg, 1993). In this case, because managers treat employees fairly, employees reciprocate by better performance (Masterson et al., 2000). Alternatively, given that managers give performance appraisals to employees, positive performance appraisals may be the contribution of the leader to the employee in a social exchange relationship. In this case, positive correlation between interactional justice and performance are not necessarily due to the performance, but due to the appraisal (Wayne et al., 1997). A second mechanism by which interactional justice might be related to performance is through its relation to attitudes toward the supervisor.

When supervisors engage in abusive behaviors, the subordinates' assessment of the degree to which this behavior violates social norms, that is, interpersonal injustice should determine their response. Folger et al. (2005) propose that supervisor behavior will be perceived as abusive if the behavior is perceived to violate the subordinate's moral standards for how authorities should behave toward subordinates and the subordinate attributes responsibility for the violation to the supervisor (Mikula, 2003). When the subordinate perceives the supervisor's behavior as a violation of his or her moral standard (Mikula, 2003), this state of violation leads the subordinate to view the supervisor's behavior as unjust and abusive. However, if the supervisor's behavior does not violate the subordinate's moral standard, then the supervisor's behavior is simply observed but does not translate into a potential threat warranting a response. In general, I believe that the direct effects of abusive supervision on work performance may be explained via subordinate perceptions of interactional justice. Hence it is proposed that:

> ***Proposition 2:*** *Perceptions of interactional in(justice) will mediate the relationship between abusive supervision and followers work performance.*

Moderators of the Relationship between Abusive Supervision and Perception of Interactional In(justice)

The relationship between leader's abusive behavior and follower perception of injustice is moderated by individual and situational factors. Clearly, Abusive supervision is negatively related to subordinate's interactional justice. Although there is empirical evidence that demonstrates subordinates' perceptions of interactional justice is negatively associated with abusive supervision (Rafferty & Restubog, 2010), there is still uncertainty regarding the magnitudes of these associations. The subsequent section of this manuscript discusses how the subordinate personality trait, leadership orientation, and power distance value can moderate perception of interactional in (justice) and abusive supervision.

Subordinate Personality (FFM)

Personality traits refer to the characteristic, enduring patterns of thought, emotion, and behavior that are stable over time and explain people's behavior across different situations (McCrae & Costa, 1989; Funder, 2001). The five-factor model (FFM) of personality has achieved widespread acceptance as a meaningful description of the arrangement of the higher-order structure of personality traits (Saucier & Ostendorf, 1999). The five factors are generally labeled extraversion (sociable, gregarious, assertive, adventurous, ambitious, reward-seeking); Agreeableness (courteous, helpful, trusting, cooperative, sympathetic, friendly, good-natured, tolerant); Conscientiousness (dependable, hardworking, efficient, organized, thorough, responsible, persevering, achievement-striving); Emotional Stability (even-tempered, self-

confident, calm, resilient, tolerant of stress, well-adjusted); & Openness to Experience (perceptive, imaginative, cultured, curious, creative, broad-minded, intelligent).

FFM traits can be separated into two broad categories (Saucier & Goldberg, 2003). Agreeableness, conscientiousness, and neuroticism are associated with individuals' desire to be (pro) social, (Hogan & Holland, 2003) and concerned with impulse control and control of hostility and aggression, forming the so-called factor alpha (Digman, 1997). Moreover, all three traits are related to interpersonal workplace deviance (Berry et al., 2007). The remaining two dimensions Extraversion and Openness, the beta factor; (Digman, 1997) are associated with individuals' (pro) activity: dynamism or getting-ahead tendencies (Hogan & Holland, 2003); desire for agency, power, and seeking status (Paulhus & John, 1998); and inclination toward growth and actualization (Digman, 1997).

An individual could differ in the extent to which they perceive abusive supervision as (in)justice. Personality traits may offer useful insights into why some subordinate are more likely to perceive abusive supervision as interactional injustice than others. Attribution theory argues that individuals assign causal structure to important, negative, or surprising events (Weiner, 1986). Researchers show that individuals differ in their perceptual (Motowidlo, 1986), interpretative (Wood & Bandura, 1989), and causal reasoning abilities (Weiner, 1986) when experiencing similar behavior. Therefore, it can be argued that individual personality trait can play important roles in perception and interpretations of Supervisors' abusive behaviors.

A personality trait is theorized to affect subordinates' assessments about the fairness of abusive supervision, accordingly, the level of effort they put into task behavior to achieve required work performance. In view of some personality trait abusive supervision behaviors are acceptable and, therefore, perceived abusive supervision will be viewed as fair, these subordinates should exert more effort to achieve work performance when they perceive. On the other hand, abusive supervision behaviors are unacceptable and inappropriate and, therefore, perceived abusive supervision will be viewed as unfair, those subordinates should exert less effort to achieve work performance. Personality variables may affect how an individual reacts to unfavorable situational perceptions (Cullen & Sackett, 2003).

Agreeable people tend to be considerate, nurturing, forgiving, tolerant, cooperative, sociable, fair, and empathetic to others (Skarlicki et al., 1999) and are more likely to regulate their angry feelings (Jensen-Campbell et al., 2003). In contrast, disagreeable people are more likely to be argumentative, vengeful, inconsiderate temperamental and emotional (Judge et al., 2013). An agreeable subordinate who report perceptions of abusive supervision exhibit poor work performance than employees low in Agreeableness (Bamberger & Bacharach, 2006). Findings show that individual low in agreeableness reacts more negatively to injustice than do high in agreeableness. Indeed, a subordinate who are low in agreeableness relatively unconcerned about the interactional relation, therefore, be more likely to perceive abusive supervision as interactional injustice and may more likely react negatively to unfair treatment with work performance. Alternatively, to subordinates who are higher in agreeableness less likely to perceive abusive supervision as interactional injustice and less likely react negatively to unfair treatment with work performance

Extroverts are known for being sociable and assertive, as well as for their tendency to experience positive emotions (Costa and McCrae, 1992). Evidence also indicates that extroverts perceive workplace events and interpersonal relationships positively and likely to find interpersonal interactions more rewarding (Watson & Clark, 1997). Therefore, the subordinate who is extrovert less likely perceive abusive supervision as interactional injustice and less likely

react negatively to unfair treatment with work performance. Contrary, subordinate who are introvert more likely perceive abusive supervision as interactional injustice and more likely react negatively to unfair treatment with work performance.

Conscientiousness is characterized by being hard-working persistent, neat, well-organized and goal-oriented (Costa and McCrae, 1992). Reactance theory suggests that individuals high in conscientiousness have greater control over negative emotions, such as abusive supervision, and are less likely to react with aggression when they feel they have been treated unfairly. Indeed, highly conscientious less likely to perceive and process abusive behavior as interactional injustice and react positively to unfair treatment with work performance. Taken these considerations individual low in conscientiousness more likely to perceive abusive behavior as interactional injustice and may react negatively to unfair treatment with work performance.

Neuroticism captures one's tendency to experience a variety of disruptive emotions and thoughts. A subordinate who are high in neuroticism experience greater anger, frustration, and impulsiveness compared with their low-neuroticism counterparts (Costa and McCrae, 1992). Consequently, an individual high in neuroticism more likely to perceive abusive behavior as interactional injustice and may react negatively to unfair treatment and may score poorly in work performance. On the contrary, individual low in neuroticism less likely to perceive abusive behavior as interactional injustice and may react negatively to unfair treatment and may react negatively to unfair treatment with work performance

Openness to experience is characterized by a tendency to have an active imagination, an intellectual curiosity as well as the willingness to consider new ideas and try new things (Costa and McCrae, 1992). Openness to experience affects not only internal experience but also interpersonal interactions and social behavior" (McCrae, 1996). As a result, individuals high in openness are more receptive to input from others (McCrae and Sutin, 2009), in which less likely to perceive abusive behavior as interactional injustice and may less likely react negatively to unfair treatment and may react negatively to unfair treatment with work performance. On the contrary, individual low in openness are more likely to experience disagreements and conflict with their supervisors and more likely to perceive abusive behavior as interactional injustice and more likely react negatively to unfair treatment and may score poorly in work performance.

In general, it is fair to argue that, individual personality moderate subordinates' perceptions of interactional in (justice) and abusive supervision behavior which in effect has an impact on work performance. Therefore, it is proposed that:

> ***Proposition 3 :*** *The negative indirect effect of abusive supervision on subordinates' work performance (via interpersonal justice perceptions) will be moderated by FFP, such that the indirect effect will be (a) stronger for subordinates who are introvert and weaker for subordinates who are extroverts (**b**) stronger for subordinates who are low in agreeableness and weaker for subordinates who are high in agreeableness (**c**) stronger for subordinates who are low conscientiousness and weaker for subordinates who are high Conscientiousness; (**d**) stronger for subordinates who are high in neuroticism and weaker for subordinates who are low in neuroticism; (**e**) stronger for subordinates who are low on openness and weaker for subordinates who are high on openness.*

Leader's behavior

Leadership is a two-sided engagement between leaders and followers to achieve a common goal (Antelo, et al., 2010). Despite the fact that there could potentially be numerous leadership behaviors, Farris (1988) identified two specific kinds of leadership behaviors: task-oriented

behaviors and relations-oriented behaviors. Task-oriented leaders are primarily concerned with reaching goals. They make ensure that people, equipment, and other resources are efficiently used in order to accomplish objectives. Task-oriented behaviors include clarifying roles and objectives, monitoring individual performance and operations, and short-term planning (Yukl et al., 2009). Relations-oriented leaders, on the other hand, are more concerned with developing close, interpersonal relationships. According to Yukl and Becker (2006), relations-oriented leadership behaviors include supporting behaviors, developing behaviors, and recognizing behaviors. Relationship-related behaviors are used by leaders to enhance member skills, leader-member relationship, identification with team, unit, or organization, and commitment to the mission of the organization (Yukl et al., 2009.).

The behaviors of leaders are often perceived in terms of initiating structure (task orientation) and consideration (relationship-orientation) factors (Halpin and Winer, 1957; Fleishman, 1967). Multiple study support that this orientation has an impact on the perception of interactional injustice and the outcome resulting from subordinates' attribution out of that perception about the supervisor. Momeni (2009) found that Followers' perceptions of interaction justice are shaped directly by their leader's style of leadership and behavior.

Further, Momeni (2009) concluded that a leader's behavior has a great influence on followers' attitudes, behaviors, emotions, moral, and perceptions. This study argues also that subordinate's orientation of leader as the task or relational affects their perception of injustice about abused supervisory behavior.

The perception of interactional injustice will vary depending upon the orientation subordinate have about the supervisor (Dirks and Ferrin, 2002). There is a cognitive antecedent to explain the justice level relative to the task or relational oriented context. Subordinates' perceptions of abusive supervision as interactional injustice are likely to influence by the attribution they made about the leader behavior as relational or task oriented. Zellars, et al., (2002) suggested that subordinate who attribute the abusive supervision to relation oriented supervisor tend to experience greater injustice and reduce work performance than task orated supervisor. One reason can be, this kind of behavior is expected from the one they consider it as task-oriented supervisor but when it is from the relational oriented it affect their emotion beyond that of the work performed. Therefore, it is proposed:

> ***Proposition 4****: The negative indirect effect of abusive supervision on subordinates' work performance (via interpersonal justice perceptions) will be moderated by leader behavior, such that the indirect effect will be more negative when the leaders are relational task orientated and less negative when the leaders are task -orientated.*

Power Distance

Culture has different dimension including power distance, masculinity and feminism, individualism, uncertainty avoidance and long and short-term orientation (Hofstede, 1980). Among these dimensions, one of the important ones is power distance. Power distance has been conceptualized as the extent to which people accept that power in institutions and organizations is distributed unequally (Hofstede, 1980). Power distance varies from culture to culture and maybe from organization to organization. Power distance in developed countries or societies is low, whereas power distance is high in societies, countries or culture which is still developing.

It is well known that subordinate within the same organization may differ significantly in their perception of interactional injustice as a result of abusive supervisor behavior. Possibly, reactions to abusive supervision may be less intense in high power distance environment compared

with low power distance environment, where hierarchy in organizations is perceived to be exploitive. Further, studies have found that in the organizational culture where there is high power distance; the supervisor is usually respected by their subordinates, even if he/she is involved in abusive supervision (Kernan et al., 2011). That may be due to the reason that whenever power distance is a high element of respect comes in between supervisor and subordinates. This statement was also supported previously by Roozmand et al., (2011) when he suggested that power distance brings the element of respect between subordinates and supervisors. Kernan et al. (2011) point of view is been taken into account, then in the case of abusive supervision, the power distance is the element which brings respect for supervisor due to which subordinates obey their supervisor and fulfill instructions given to them.

Subordinates experiencing abuse in cultures high in power values are likely to attribute the behavior to the position occupied by the abuser, not to the disposition of the abusive supervisor him/herself. Because such behavior is to be expected by a supervisor holding a position of power, it is less likely to elicit a response from subordinates than it would in cultures that put less emphasis on power differentials. Indeed, employees may not perceive the actions to be unjust at all. In cultures lower in power values, the supervisor is not accorded the right to use their position of dominance merely because of the position they occupy. Thus, an abusive supervisory behavior is more likely to be attributed to the person perpetrating the abuse, not the position itself, which would elicit more of a reaction from the subordinate experiencing the abuse. Research has shown that individuals with high power distance values are less reactive to abuse supervision (Lian et al., 2012), possibly because they perceive less of it in the first place and they might expect supervisors are seen as more powerful and more distant. Thus, it is expected that the relationship between abusive supervision and subordinate perception of interactional injustice will be moderated by power distance orientation, such that the subordinate perceives the interaction as injustice strangely when power distance is lower than high. Because subordinate who value power differentials are accustomed to such differentials and the resulting unfair treatment that could arise from abusive supervision, they are more likely to accept this treatment, attributing it to the position, while subordinate who emphasize fewer power values will be less likely to accept this type of treatment.

Proposition 5: *The negative indirect effect of abusive supervision on subordinates' work performance (via interpersonal justice perceptions) will be moderated by power distance, such that the indirect effect will be more negative when the culture is low power distance and less negative when the culture is high power distance.*

DISCUSSION AND IMPLICATION

In general, this study replicates but also extends prior research on the relationships among subordinate perception of interactional in (justice) and work performance. It has substantive implications for abusive supervision literature. Abusive behavior has become an important and one of the popular research areas in the field of organizational behavior. Among the research questions related to abusive behavior, understanding why abusive supervision leads to negative effects on work performance and how subordinate perceives supervisor abusive behavior as interactional in(justice). Based on a review of proposed mediator and broad theoretical foundations, this paper has presented a simple research model for studying supervisor abusive behavior. The overriding notion is individual differences account for significant variance in their perceptions of abusive supervision. Based on this notion this study contributes a small but

expanding important stream to the existing literature on abusive leadership and organizational behavior research areas in three ways.

First, differing from the general literature review, this paper promotes a rigorous view and systematical summary of the current studies on abusive supervision and its effect on work performance with the personality differences, leadership orientation, and power distance as a mediator. Through summarizing the previous studies of abusive supervision and its effect on work performance, this paper identified areas where significant works have been accomplished, which can be helpful for researchers interested in abusive leadership in future studies. Among the major work, abusive supervision is associated with a wide range of negative outcomes, such as decreased work performance (Tepper, 2007) which highlights the importance of preventing the emergence of such devastating workplace behavior. Even though the previous literature on abusive supervision were focusing, in a limited perspective, dealing with the relationship between abusive supervision and the outcome the importance of the subordinate perceptions of interactional justice is very important. The present study complements this line of research as it explores whether subordinate personality, leader behavior ordination, and power distance value orientation moderate their perception of supervisory abuse or not.

Second, drawing upon conceptualization in the justice theory, reactance theory, and Social exchange theory, it sought to propose a model to explain is how subordinate perceive abusive supervision and how they associated with their work-related performance. The proposed model suggests that the negative indirect effect of abusive supervision on subordinates' work performance moderated by subordinate personality trait, leadership orientation, and power distance value. The model can provide researchers a roadmap for future study in a way that individual perception about interactional injustice and its effect on work performance may vary based on subordinate personality trait, leadership orientation, and cultural value. Thus, Future research should consider and include variables representing different categories, such as the personality trait, leadership orientation, and power distance value while they analyze the negative indirect effect of abusive supervision on subordinates' work performance, Substantive contributions to the understanding of abusive behavior could be derived from research like testing the propositions developed in this review in generically different industries.

Given that abusive supervision is associated with harmful consequences for both organizations and their subordinates minimizing the occurrence of such instance is essential. Therefore, the propositions contribute to the existing knowledge on how organizations can prevent abusive supervision by clarifying the role of subordinate characteristics, power value and leaders character in perceptions of abusive supervision. By helping to more fully understand the dynamics of these perceptions hopefully this study will enable researchers to test the proposition to support and identify negative consequences associated with perceptions of abusive supervision. Furthermore, this prepositions hints attribution processes in the perception of interactional injustice by the follower has a spillover effect on their work performance, it may help scholars to focus their efforts on these processes. A future researcher who is interested to test these propositions preferably advised to use longitudinal study designs. Because perceptual differences and its behavioral outcomes are a result of stable individual differences which is not considered in the model, like the mood they are in at they make the attribution, may differ over time. This proposition can be tested to specific workplace performance.

Thirdly, of the moderator considered in this study power distance arguably applicable to an African context. Based on Hofstede's (1980), cultural dimensions theory one of the typical characteristics of African culture is that it exhibits the extreme characteristics of a high-power

distance culture. The relationship between bosses and subordinates is one of dependence, rather than interdependence. So, if subordinate in a culture which tends to be more accepting of unequal power distribution in the workplace identify interactional injustice as a prominent form of abusive supervision, then it needs an attention by an organization to address this issue. This manuscript also has a practical implication for an organization in Africa when subordinate are exposed to superiors' abusive behavior it will affect their performance. Because in culture high power distance like Africa subordinates is more likely to accept abusive treatment by attributing it to the position, therefore, prolonged abusive actions by abusive leader behavior, toward followers should be more carefully monitored in order to help reduce the harm of followers' well-being and work performance. Therefore, African leadership paradigm has to deal things like abusive supervision behavior and follower perceptions of interactional justice, in an African context. Because there is an argument that African leadership is not working with western culture.

Limitation of the Model

This study has the limitation that should be taken into consideration. The logic behind this study framework is that supervisors who perceive abusive supervision as an interactional injustice (unfair treatment) will react negatively towards their work performance. However, the types of task also will matter. One way to deal with this matter in the future study is to identify subordinate who are working in a similar task. The other limitation the study did not consider individual work performance measurement criteria. Future researchers may see from the perspective of the task and contextual performance (Viswesvaran & Ones, 2000), creative performance (Ng & Feldman, 2008) and other possible criteria of performance. The theoretical framework developed in this study is not the only logical explanation for the theorization and observed relationships. It is plausible to claim that the link between interactional injustice perception and abusive supervision and its reaction on work performance is less cognitive than it was argued. A case could also be made that being high and low in the personality trait, whether the leader is task oriented or relationship oriented or high or low power distance value of subordinate may not make to perceive abusive supervision as interactional injustice and may not always act negatively toward their work performance. Because, maybe, the supervisor is unlikeable and difficult to work with at the first place. Finally, due to the scope, the research model proposed was not validated with data. Thus, I believe that the main concepts of the framework and the propositions proposed with regard to the relationships between the constructs have laid the foundation for future study. Future studies can prove the model by testing the model with empirical data.

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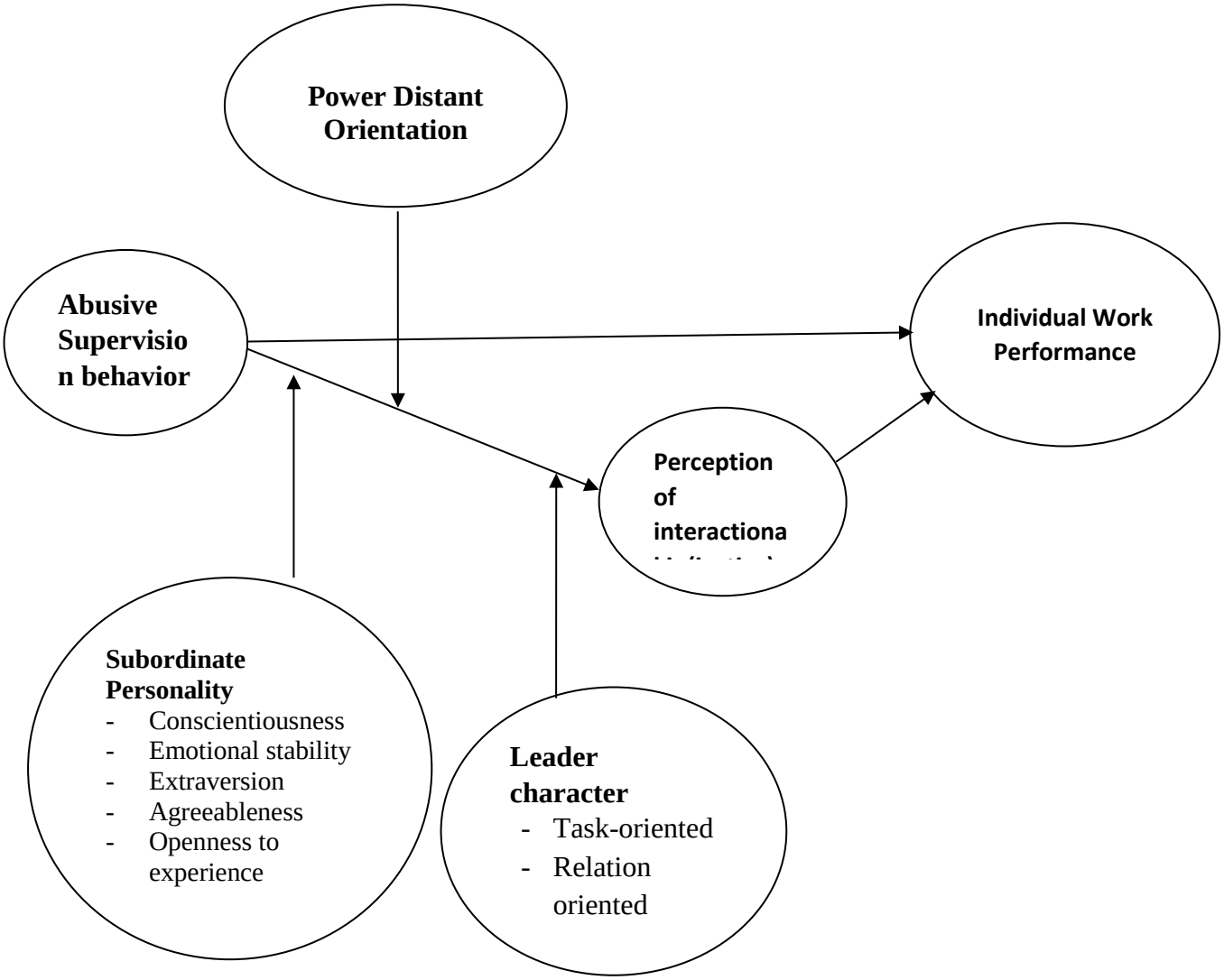
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APPENDIX

FIGURE 4

Conceptual model of suggested integration of Abusive Supervision, Subordinate



WORK-LIFE BALANCE AND JOB STRESS IN A HIGHER INSTITUTION OF LEARNING: IS THERE A LINK?

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ABSTRACT

The purpose of this study was to examine the nature of work, the spillover of work and personal life, and to determine the differences in the management of the work-life balance of male workers and female workers. The study was cross-sectional and employed the quantitative approach. Using a sample size of 108 respondents consisting of fulltime faculty and administrative staff, the study found that the fulltime faculty and administrative staff had an average or fair balance between their work and their non-work lives, with some traces of stress. Work-life balance of the employees positively and significantly influenced their stress at work, and that no statistically significant difference existed between male and female workers' work-life balance. The study recommends flexible working schedules and advocates for arrangements that effectively support staff in balancing their work and non-work lives. Also, recreational activities could serve to minimize the effect of the negative spillovers.
Keywords: Work-life balance, Job Stress, Higher Institution of Learning, Ghana.

INTRODUCTION

Background to the Study

The contemporary work environment is revealing significant trends that are rendering traditional personnel management practices obsolete. Major among these challenges are issues of workforce aging, increasingly competitive labour market, information technology and increasing unpredictability of geo-politics factors affecting business operations (Lowe, 2006). These contemporary trends have surged up job performance requirements since the 1990s (Lowe, 2006) and now, both employers and employees are under pressure to find ways to improve the quality of work life.

The changing streams of work coupled with increasing complexity of family live have therefore made the work-life balance an on-going quest. Most employees today have to constantly juggle their work and personal lives. In their struggle to balance both, what actually happens is that there is usually an influence or interference of one on another, that is, either work or personal life on the other, that leads to positive or negative 'spillover'. Mauno, Kinnunen and Ruokolainen (2006: 210) posit that "work-family conflict is unavoidable in modern…life". This assertion is undoubtedly so as a result of the pressure on both employers for improved and smart performance

and employees for complete improvement in their well-being. This has made the concept of work-life balance pivotal in today's work environment.

Work-life balance is the degree to which an individual can simultaneously balance the emotional, behavioural and time demands of both paid work, family and personal duties (Hill, Hawkins, Ferris & Weitzman, 2001). In contrast, work-life conflict occurs when involvement in one domain, for example work or personal life, interferes with involvement in the other domain (Hanson, Hammer, & Colton, 2006).

Bell, Rajendran and Theiler (2012) have argued that one possible explanation for increasing work-life problems for employees and organisations around the world is the ever-increasing job stress, which refers to the conflict between employee's demands of job and degree of control employee can exert to accomplish these demands which usually results in a harmful mental and physical response (Arandelović & Ilić, 2006). Stress could also result in outcomes that are considered to be both uncertain and important (Cooper, Dewe, & O'Driscoll, 2002). Job stress is therefore a major factor that could explain the adverse effect of work-life imbalance on the well-being and performance of employees. But to what extent has this relationship been explored empirically at the higher institution of learning level?

Although there are some studies that have examined the work-life balance and job stress nexus in the educational sector (Bell, Rajendran, & Theiler, 2012; Saeed & Farooqi, 2014) it appears they were based in non-African contexts. The study of Bell et al. (2012) was conducted among Australian academics while that of Saeed and Farooqi (2014) were based in Pakistan. This leaves a contextual gap in the study of the relationship between these two concepts in Africa, particularly Ghana. Ghana is among the few developing African countries that has moved into the lower-middle-income status. The economic impact of this is that there is growing investment in the country leading to competitions in various sectors including the educational sector. Again, could the extended family system practiced widely in Ghana be a cushion against the stress of juggling between work and family? This study will therefore be opportune to examine the relationship between these two concepts in a developing African economy such as Ghana, and more specifically, among employees in a higher institution of learning.

Research Objectives

The main objective of this study is to examine the relationship between the work-life balance of employees in a higher institution of learning its consequential effect on their stress at work. Specifically, this study will:

i. Examine the nature of work of employees of a higher institution of learning.
ii. Investigate how the spillover of the work and personal life of employees lead to stress at work.
iii. Determine the differences in the management of the work-life balance of male workers and female workers.

Significance of the Study

This study makes major empirical contributions to the relationship that exists between the work-life balance of employees and its impact on influencing their stress levels. In recent times, several management literatures have examined the concept of stress from its antecedents and impact on employee productivity. This is as a result of the ever-increasing dynamics of work in a globalized economy. At the heart of these complexities in the business world is also the influence of family pressure on the work activities of employees. This study therefore complements extant literature on the concept of job stress with the often-neglected antecedent of work-life balance.

Furthermore, the study provides the educational sector with information about challenges employees in the sector are facing with respect to how to manage their tight work schedules as a result of the high demand for academic training with the pressure laid on them by their families.

LITERATURE REVIEW

Work-Life Balance

Adame-Sánchez, González-Cruz and Martínez-Fuentes (2016) have argued that although the work-life balance literature is far-reaching, the focus of the research on the concept is constantly shifting; while early research on the construct focuses on the existence of two key areas in every adult's life, that is work and family, current research however focuses on the individual's personal life, adding a third dimension to the concept of work-life balance. This personal dimension relates to the leisure time of an individual which ensures holistic development of a person's life. Qu and Zhao (2012) assert that employees tend to transfer positive behaviours from the personal lives to their works when there is little imbalance between their works and their family lives.

As much as the demands of work and personal life are often perceived in practical terms as opposing each other, some researchers have found that these distinct constructs coexist and an individual can experience high levels of both concurrently (Balmforth & Gardner, 2006; Hanson et al., 2006). Gopinathana and Raman (2015) asserts that the current research on work-life balance raises three areas of concern, namely: the pressure and intensification of work, the focus on quality of home and community life, and the attitudes and values of people. The quality of home and community life is pivotal as far the Ghanaian social system is concerned. The extended family system still permeates majority of households such that even when a young couple decides to live in isolation, a time comes when a member of the extended family is called to assist, especially when there is a new-born baby. Nonetheless, Karkoulian, Srour and Sinan (2016) indicated that balancing the demands of work and family is difficult for every employee to deal with; and this has the potential of resulting in higher levels of stress relating to their jobs.

iv. Job Stress

The concept of job stress has raised considerable attentions and concern, because stress and its relationship with the business world is that if not handled well might lead to illness and also increase employees' excuse of their duties (CIPD, 2008). Stress at work is a relatively new phenomenon of modern lifestyles (Alam, Gouhar & Shafiq, 2015). According to Beheshtifar and Nazarian (2013), it is an unavoidable consequence of modern living. In most cases, job stress is attributable to negative situations such as a formal reprimand by one's superior for poor performance. Beheshtifar and Nazarian (2013) submit that stress is much more common in employees at lower levels of workplace hierarchies because they have less control over their work situation. However, pleasant circumstances could also bring about job stress, such as job promotion and transfer to another location. Job stress has attracted considerable attention in recent times especially within the context or organisational behaviour (Kazmi, Amjad & Khan, 2008; Nilufar, Abdullah, Fie, & Syed, 2009).

There have been many efforts to comprehend the concept of job stress using different theoretical perspectives. For this reason, many organisations seem to be incorporating and implementing effective stress management strategy to improve safety behaviour. The increased attention paid to job stress has therefore brought significant differences about what is job stress.

Literature has indicated that job stress is a critical indicator of organisational success globally (Ibem, Anosike, Azuh, & Mosaku, 2011; Leung, Chan & Yu, 2012).

According to Lazarus and Folkman (1984), work-related stress connotes the relationship between the person and his/her work environment; where the person measures it as exceeding his/her resources and as endangering well-being. Job related stress is a negative and unpleasant condition which may be experienced when a person perceives that they are unable to meet the demands and pressures that are placed upon them; and these may have physiological and psychological effects (Cox, 1993). Moreover, work related stress deals with the harmful emotional and physical reaction that comes about when there is a mismatch between the demands of a job on a worker and the level of control the worker has in dealing with it (Arandelovic & Illic, 2006). Contrarily, Ricardo, Amy and Rohit (2007) assert that the effects of job stress can be positive by allowing employees to fully exploit their capabilities, and elevate their vigilance.

v. Theoretical Framework

The theoretical underpinnings for this study are the Work-Life Spillover Theory, the Job Demand-Control Model and the Job Demand-Resource (JD-R) Model.

Work-life spillover theory. The Work-Life Spillover theory posits that no boundaries can be drawn between a person's work life and his/her non-work/family life (Lawson, Davis, Crouter, & O'Neill, 2013). The theory propounds that people often transfer behaviours, attitudes, emotions or skills from one domain to another, that is, from personal life to the workplace and vice versa (Balmforth & Gardner, 2006; Zedeck & Mosier, 1990). Thus, Mennino, Rubin and Brayfield (2005) advance that work-family spillover occurs when there is a transfer from the work domain to the family domain and vice versa, behaviors, attitudes, emotions, moods and stress.

In relation to this study, it can be said that a balance between work and family/personal life of an individual is achieved if work-family conflict is properly managed or minimized. As such, enough time should be made for both work and family/personal life. Once the time for one domain is sacrificed for the other, especially when work takes a lot of personal time, the transfer of behaviours, attitudes, moods and emotions occurs, and this can result in negative spillover outcomes such as stress and poor mental health. If an individual fails to satisfy one domain of his/her life, that itself can lead to conflict and cause stress at work. Thus, it can be theorized that a good balance between work and personal life can decrease conflict between the two domains and reduce stress. That notwithstanding, achieving a good balance between these two domains is a daunting and cumbersome task; as such, an endeavour to achieve work-life balance in itself could result in employees' experience and perception of stress at work.

Job demand-control model. Job demands are concerned with those aspects of the job – physical, social, or organisational, that make demands on a worker and requires constant input of effort, physically and psychologically (Schaufeli, Bakker, & Rhenen, 2009). These job demands are associated with costs that drain a worker of his/her physical and psychological energy. Thus, the higher the demands on a particular job, the more stress that worker is likely to experience which will deteriorate his/her well-being. Job demands have therefore been seen to predict stress and burnout very well, positively. Job demands include work pressure, workload and violence (Elst, Cavents, Daneels, Johannik, Baillien, Van den Broeck, & Godderis, 2016). Contrarily, job control relates to the decision latitude given to a person in his/her work; sometimes called job autonomy, it involves the level of freedom given to a worker to decide when, how and what to do on the job (Wu, 2016). This characteristic has been found to relate negatively with job stress, such that, workers who have a higher degree of freedom to make their own schedules on the job, dictate how

they carry out tasks and what task to carry out at what time are able to reduce their stress levels and improve their health and well-being.

In relation to this study, the demands on the job of an employee can increase his/her stress levels significantly, according to this theory. However, when employees are given a larger decision-making latitude over their jobs, such that they have more control and autonomy as to when, how and what tasks to undertake, it allows them to work in a schedule that is not too demanding and enables them to effectively balance their time between their work and other commitments of family and personal lives. Additionally, when employees receive adequate amount of social support from their supervisors and co-workers in their lines of duty, it equips them to offload some of the demands on the job and work with a schedule that makes time for other things aside their work. Therefore, by inference, the higher the control and support on the job of employees, the more flexible and less demanding the work schedule and thus a good balance between work and family or personal life, resulting in a reduction in levels of job-related stress. Conversely, the higher the demands on the job, the poorer the balance between work and life of the employee, resulting in higher levels of job-related stress.

Job demand-resource model. The Job Demand-Resource Model is considered as one of the most useful models in explaining work-related stress and well-being of a worker (Elst et al., 2016). This model assumes that certain characteristics impact on the stress, burnout and well-being of workers, and these characteristics can be categorized into two: job demands and job resources (Bakker & Demerouti, 2007).

Job demands comprise aspects of the job and the organisation such as work pressure, workload, violence, harassment, aggression, among others, which drain a worker's energy resulting in stress and burnout (Elst et al., 2016), and also undermine employee well-being and health (Urien, Osca, & García-Salmones, 2016). On the other hand, job resources are those physical, social and psychological characteristics of the job that help to reduce job demands, pursue and accomplish tasks and also reduce the costs associated with the job demands; they are associated with personal advancement, and development (Bakker & Demerouti, 2007). These job resources include work control and autonomy, organisational and social support skills, among others, that can reduce job stress and burnout and improve employee health (Elst et al., 2016).

Brauchli, Schaufeli, Jenny, Füllemann and Bauer (2013) assert that the job demand-resource model is an important basis for advancement of employee well-being and health in organisations across different fields, and it serves as a very good substitute to other theories and models of employee well-being and health. Elst et al. (2016) noted that job demands and job resources are very good predictors of organisational outcomes such as engagement, and burnout; with job resources strongly related to both engagement and burnout while job demands are strongly related to burnout.

In relation to this study, and similar to the job demand-control model, when the demands on the job of an employee are high with little resources such as control, autonomy, skills and support, the schedule of the individual becomes very demanding and difficult to balance the time between work and non-work demands, thus leading to higher levels of stress related to the job and burnout. However, when employees are given adequate job resources such as the control and autonomy over when, how and what tasks to undertake, support from supervisors and co-workers, skills to effectively undertake tasks, among others, they are able to effectively reduce the demands on the job by working within schedules that are flexible for them, thus making time for family and personal life, thereby reducing job-related stress and burnout.

Empirical Review

Work-life balance and job stress. Chiang, Birtch and Kwan (2010) have asserted that work-life balance has the ability to reduce job stress by moderating the impact of job demands on individuals, particularly in three ways: the first is that work-life balance serves as a mechanism for employees to cope or an organisational resource that helps employees to balance work and non-work demands; the second is that the presence of work-life balance practices demonstrates an organisation's concern for employees' well-being and this reduces the feeling of stress at work; and lastly, work-life balance practices are organisational interventions that enhance an individual's sense of control over his/her job and life, thereby reducing the experiences of stress at work. However, according to Karkoulian et al. (2016), balancing the demands of work and family is difficult for every employee to deal with; and this has the potential of resulting in higher levels of stress relating to their jobs. This positive relationship between work-life balance and stress is evident in a number of studies, including those done in higher institutions of learning (Chiang et al., 2010; Kinman & Jones, 2008).

In contrast, Kanwar, Singh and Kodwani (2009) conducted a study to examine the predicting influence of work-life balance and burnout on job satisfaction in Information Technology (IT) and IT Enabled Services (ITES) in New Delhi, India. Burnout, associated with prolonged stress, was measured using three sub-dimensions; meaningfulness, exhaustion, de-motivation. Correlation analyses revealed that negative significant relationships existed between work-life balance and the three dimensions of burnout. This means that an increase in work-life balance practices results in a decrease in prolonged cases of stress or burnout.

To add to the above, Krisor, Diebig and Rowold (2015) conducted a study to examine the interrelationships between stress, work-life balance work-family conflict and resilience among 35 German parents. Cortisol levels were used as indicator of stress. Correlation analyses revealed that no significant relationship existed between work-life balance and stress (measured as cortisol release) as well as between work-family conflict and stress.

In assessing the above studies, it is evident that although work-life balance is theoretically deemed as reducing the stress associated with the job of a person, empirical literature seems to confirm otherwise. The studies reviewed show greater support for a positive relationship between work-life balance and job stress, such that, as employees try to balance their time between their work and their personal lives, their stress levels associated with their jobs also increase. Furthermore, it is seen from the studies that when job resources such as job control and supervisory support are present and high, they complement work-life balance and reduce the demands on the job thereby reducing job stress. As such, it is mainly seen that job resources interact with work-life balance to reduce stress. Unfortunately, research on the relationship between work-life balance and job stress is little and thus, a conclusive understanding on the relationship between the two variables cannot be adequately ascertained. However, based on the studies reviewed, this study hypothesizes that:

Hypothesis 1. Work-life balance is significantly and positively associated with job stress.

Gender and work-life balance. Throughout the work-life balance literature, much attention has been given to gender. Higgins, Duxbury and Lee (1994, as cited in Karkoulian et al., 2016) maintain that gender has a significant effect on the ability of workers to balance their work and family/personal demands; it influences employees' conflict perceptions as well as ways of dealing with such conflicts. Rehman and Roomi (2012) asserted that although not surprising, females faced significant difficulties in their attempt to balance the work and family lives owing to factors such

as workplace gender biases, spousal non-involvement in house chores, insufficient time and societal and cultural norms and values. For males, Evans, Jamie and Morgan (2013) posit that the pressures of society on men to be providers for their families and to advance in their careers normally compel men to work for longer hours and since there is the need and desire to spend time with families, the attempt to balance work with family/personal lives becomes complicated and results in stress. However, it is noted that the presence of females in an organisation leads to the development of measures to cater for work-life balance. For instance, the Labour Act (Act 651) 2003 of Ghana allows for at least three months of maternity leave for women. Currently, attempts are being made to review the maternity leave period from three months to six months to allow mothers do the six months exclusive breastfeeding as recommended by health authorities.

The study by Hofacker and Konig (2013) revealed that flexibility at work tends to decrease work-family conflicts for women and increased work-family conflicts for men. In explaining this, Sav, Harris and Sebar (2013) maintained that men tend to view their work as an obligation in order to provide for their families financially, and this reduced the negative effect and perception of work-family conflicts. Conversely, Karkoulian et al. (2016) found in their study that males generally had a higher work-life balance with regard to reduced work interference with personal life and reduced personal life interference with work than their female counterparts. According to Watts (2009), the literature on work-life balance and work-family conflict still treats female workers as victims of societal and cultural norms to be more family-oriented and less work-oriented than their male counterparts. As such, women tend to experience more difficulties balancing their work and family/personal lives while men tend to demonstrate higher satisfaction with their work-life balance than females (Higgins & Duxbury, 1992). This is explained by the fact that men tend to enjoy more support actions from the organisation than women (Burke, 2002). Thus, from the literature reviewed, it is seen that gender plays a very important role in work-family balance and that literature generally views men to have better work-life balance that their female counterparts. Based on this, this study hypothesizes that:

> *Hypothesis 2: Male employees have higher levels of work-life balance than female employees.*

METHOD

Research Design

This study is an explanatory, cross-sectional one. Explanatory because the study seeks to examine the relationship between work-life balance and stress. Cross-sectional because data is gathered from a sample of a population once at a particular time (Boateng, 2016).

Population and Sample

The population for this study was the employees of a higher institution of learning in Ghana, comprising the full-time faculty and administrative staff in two of the four schools at the said institution, namely: the School of Public Service and Governance, and the Business School. The School of Public Service and Governance, and the Business School were chosen because these two Schools admit majority of students, and for that matter, workload is higher as compared to other Schools in the same institution. A breakdown of the full-time faculty as well as the administrative staff in the two schools chosen is given in Table 1.

TABLE 1
Population Distribution

	Business School	Public Service and Governance	Total
Full time Faculty	97	18	115
Administrative	20	16	36
Total	117	34	**151**

Source: Field Data (2017)

Based on Krejcie and Morgan's (1970) sample size determination table, the sample size for this study was 118 respondents. It was however scaled up to 135 respondents in order to coushion against the possibility of missing or no responses. The respondents were sampled conveniently. According to Zikmund (2003), convenience sampling is a non-probability sampling technique which involves sampling people or units that are most readily available. This technique was employed instead of the probability sampling techniques such as simple random because of the busy schedule of the respondents and thus, the researcher sampled the ones that were ready and willing to participate in the survey.

Data Collection Instrument

The instrument used in this study was a structured questionnaire. The questionnaire consisted of three (3) sections. Section A dealt with the demographic information of the respondents such as their age and gender. Section B comprised statements on work-life balance. To measure work-life balance, the study adopted the 15-item work-life balance scale by Hayman (2005). The scale had three dimensions: Work Interference with Personal Life (WIPL)-7 items, Personal Life Interference with Work (PLIW)-4 items, and Work/Personal Life Enhancement (WPLE)-4 items. Cronbach's alphas for the three dimensions were: WIPL (α=0.93), PLIW (α=0.85), and WPLE (α=0.69). Responses to the statements were measured on a 7-point time-related scale: from 1= Not at all to 7= All the time. The last section, Section C comprised statements that measured the respondents' experience of job stress. Parker and DeCotiis' (1983) scale on stress was used to measure job stress in this study. The scale contains 13 items measured on two dimensions; time stress and anxiety. The coefficient alphas range from 0.71 to 0.82 and the responses were measured on a 5-point Likert scale; from 1= strongly disagree to 5= strongly agree.

The respondents were given a period of 1 week to fill the questionnaire, after which they were retrieved for analysis. Out of the 135 questionnaires administered, 116 were successfully retrieved, and 108 were fully responded to, and therefore used for further analysis.

ANALYSIS AND DISCUSSION

Demographic Details of Respondents

A response rate (based on questionnaires actually used for analysis) of 80 percent was recorded. The demographics details recorded were gender, age, educational qualification and marital status.

TABLE 2
Gender Distribution

Gender	Frequency	Percent
Male	55	50.9
Female	53	49.1
Total	108	100

Field Data (2017)

From Table 2, it is seen that the difference in gender is not much. Fifty-five (55) respondents, representing 50.9% were male while 53 respondents, representing 49.1% were female. This shows a good gender balance within the chosen sample for the study.

Majority of the respondents were between the ages of 25 and 35 (63, representing 58.3%) followed by those between the ages of 35 and 45 (30, representing 27.8%), and lastly those between the ages of 45 and 55 (15, representing 13.9%). None of the respondents was below the age of 25 or above the age of 55. The age distribution indicates that majority of the respondents are in their youthful stage while a good number of them are also in their middle ages. Additionally, a handful of them are also close to retirement. This distribution provides rich information for the study since almost all the working age ranges are represented. Evidently all the respondents were literate and thus adequately capable of responding to the questions asked.

TABLE 3
Age Distribution

Variable	Frequency	Percent
25-34	63	58.3
35-44	30	27.8
45-55	15	13.9
Total	**108**	**100**

Field Data (2017)

TABLE 4
Educational Qualification

Variable	Frequency	Percent
Dploma/HND	5	4.6
Bachelor's	44	40.8
Masters	43	39.8
PhD	15	13.9
Other	1	0.9
Total	**108**	**100**

Field Data (2017)

TABLE 5
Marital Status

Variable	Frequency	Percent
Single	50	46.3
Married	57	52.8
Divorced	1	0.9
Total	**108**	**100**

Field Data (2017)

This distribution is not surprising as majority of the respondents were still in their youthful ages as indicated in the age distribution previously, and thus it was expected that while some of them would be married, a fair number of them would still be single. This distribution also provides rich information for the study as the experience and pressures associated with both married and unmarried life would also inform participants' responses to the questions on work-life balance and job stress.

Test of Normality using Skewness and Kurtosis

A test of normality was done to ensure that the data was normally distributed to facilitate the testing of hypotheses using the statistical tools such as regression and correlation. Thus, the values of skewness and kurtosis of the variables under study were computed. According to Tabachnick and Fidell (1996), a data set is said to be normal if the variables have skewness and kurtosis values between -2 and +2. Table 6 presents the skewness and kurtosis results of the variables.

TABLE 6
Test of Normality

Variable	Skewness	Kurtosis
1.Work-life Balance	-0.077	0.809
2. WIPL	0.298	0.116
3. PLIW	1.601	1.623
4. WPLE	-0.155	-0.244
5. Stress	-0.037	-0.767

Field Data (2017).
Note* *WIPL- Work Interference with Personal Life, PLIW- Personal Life Interference with Work, and WPLE- Work and Personal Life Enhancement*

The test of normality shows that the skewness and kurtosis values of work-life balance and its sub-dimensions, WIPL, PLIW and WPLE, as well as job stress all fall within the range of -2 and +2 (Tabachnick & Fidell, 1996); thus, the data can be said to be normal. This indicates that the data is evenly distributed and the differences between the individual responses are not significant.

Nature of Work of Respondents

The first objective of the study sought to examine the nature of work of the full-time faculty and administrative employees of a higher institution of learning. To do this, descriptive statistics

of work-life balance and job stress of the respondents were computed and analyzed. Table 7 presents the results of the descriptive statistics of the variables.

TABLE 7
Descriptive Statistics of Variables

Variable	Mean	SD	Minimum	Maximum
1.Work-life Balance	46.24	11.04	18.00	82.00
2. WIPL	24.22	7.86	7.00	49.00
3. PLIW	7.09	3.38	4.00	19.00
4. WPLE	14.92	5.59	4.00	28.00
5. Stress	35.73	10.76	13.00	57.00

Note* SD- Standard Deviation, N= 108 *Field Data (2017)*

From the Table 7, comparing the means with the maximum and minimum values, it is seen that the balance between the work and personal lives of the respondents was quite fair [mean= 46.24, SD= 11.04, maximum= 82.00, minimum= 18.00]. This means that respondents have achieved a fair balance between their work and non-work lives. Furthermore, the interference of their work in their personal lives (WIPL) is seen to be similarly fair [mean= 24.22, SD= 7.86, maximum= 49.00, minimum= 7.00]. However, the interference of their personal lives in their work (PLIW) was slightly low [mean= 7.09, SD= 3.38, maximum= 19.00, minimum= 4.00]. Additionally, the results indicate that workers' life enhancement in both work and non-work domains (WPLE) was also average [mean= 14.92, SD= 5.59, maximum= 28.00, minimum= 4.00]. With regard to stress, the results indicated that workers' experience of stress at work was quite high [mean= 35.73, SD= 10.76, maximum= 57.00, minimum= 13.00]. Thus, it can be concluded that the full-time faculty and administrative staff have an average or fair balance between their work and their non-work lives, and they experience high stress at work.

Testing of Hypotheses

The study sought to test two hypotheses. Hypothesis 1 was tested using simple linear regression. Correlation analysis was however performed prior to the testing of this hypothesis using Pearson's Moment Correlation analysis as a preliminary analysis to ensure linearity of work-life balance to job stress. Table 8 presents the results of the correlation analysis.

TABLE 8
Summary of Correlation Analysis

Variables	1	2	3	4	5
1. Work-life Balance		.77**	.60**	.53**	.34**
2. WIPL			.27**	-.05	.52**
3. PLIW				.19*	.08
4. WPLE					-.10
5. Stress					

Note: 0.01 (**), 0.05 (*) *Field Data (2017)*

From Table 8, it is seen that statistically significant correlations exist between work-life balance and stress (0.34) at the 0.01 significant level as well as between work interference with personal life (WIPL) and stress (0.52) also at the 0.01 significant level. However, no statistically significant correlation was found between the other two dimensions of work-life balance (PLIW and WPLE) and stress. Additionally, work-life balance correlated significantly, as expected, with all its three dimensions.

H1: Work-life balance is significantly and positively associated with job stress.

TABLE 9
Summary of Simple Linear Regression Analysis

Model	Unstandardized Coefficient		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
Constant	-	-	-	-	-
Work-life Balance	.33	.089	.34	3.76	0.00

Note* *Field Data (2017)*

Dependent Variable: Job Stress,

R^2 = .518; F= 14.20; df (1, 107); p < 0.05

The first hypothesis was tested using simple linear regression. It was stated that from Table 9, the R^2 of .518 (51%) indicates that the regression model is statistically fit and the p-value of .00 indicates that the model was statistically significant, thus showing a significant relationship between work-life balance and job stress of the respondents. Furthermore, the beta value of 0.34 shows that the relationship between work-life balance and job stress was positive. Additionally, this beta value also indicates that 34% of the variance among job stress of the respondents can be positively and significantly predicted or influenced by work-life balance. Hypothesis 1 was thus confirmed. This positive and significant relationship between work-life balance and job stress means that as employees make greater efforts to balance their work and non-work lives, it contributes to their experience of stress at work and hence their stress levels are also likely to increase at work. The second hypothesis was tested using independent samples t-test. It was stated that;

H2: Male employees have higher levels of work-life balance than female employees.

TABLE 10
Summary of Independent t-test of Gender on Work-Life Balance

Gender	N	Mean	SD	df	t	*p*
Male	55	47.50	10.99	106	1.218	0.226
Female	53	44.92	11.05			

P >0.05

Field Data (2017)

From Table 10, it is seen that a difference exists between male workers' levels of work-life balance [mean= 47.50, SD= 10.99] and female workers' levels of work-life balance [mean= 44.92,

SD= 11.05]. However, the p-value of .226 indicates that this difference is not statistically significant at the .05 significance level. Thus, it can be concluded that there is no difference between male workers' work-life balance and female workers' work-life balance levels. Therefore, hypothesis two was rejected.

DISCUSSION OF FINDINGS

The purpose of this study was to examine the relationship between work-life balance and job stress among employees (faculty and administrative staff) of a higher institution of learning. The first objective was to examine the nature of work of the workers at the institute. Analysis of data revealed that faculty and administrative staff have an average or fair balance between their work and their non-work lives, and they experience high stress at work. Furthermore, it was found that the interference of their work in the workers' personal lives was similarly fair. However, the interference of their personal lives in their work was slightly low. Additionally, the results indicated that workers' life enhancement in both work and non-work domains was also average. Thus, there was some level of conflict between their work and their personal/family lives. This finding supports Mauno et al.'s (2006) view that in the modern world, conflict between an employee's work and family/personal life is inevitable. Most employees today have to constantly juggle their work and personal lives and in their struggle to balance both, what actually happens is that there is usually an influence or interference of one on another, that is, either work or personal life on the other. Nonetheless, work-life balance is an ongoing quest due to contemporary workplace trends and the changing streams of work coupled with increasing complexity of family/personal lives of employees. This quest in itself can contribute to job stress as similarly indicated in the findings with regard to the high level of stress experienced by the respondents. This also supports Karkoulian et al.'s (2016) iteration that balancing the demands of work and family is difficult for every employee to deal with, and this has the potential of resulting in higher levels of stress relating to their jobs.

The study then sought to test two hypotheses. The first hypothesis was stated thus: *work-life balance will be significantly and positively associated with job stress*. The analysis of the data revealed that indeed work-life balance was positively and significantly related to job stress of respondents, thus confirming this hypothesis. This finding is in line with that of Karkoulian et al. (2016) who examined the gender perspective of work-life balance, perceived stress, and locus of control in the banking sector and found that positive relationships existed between dimensions of work-life balance and stress, that is, between work interference with personal life (WIPL) and perceived stress as well as between personal interference with work (PLIW). Also, Chiang et al. (2010) found that work-life balance practices were positively related to job stress in the Hong Kong hotel and catering industry. This finding is however in contrast to that of Kanwar et al.'s (2009) study conducted in New Delhi which showed that negative significant relationships existed between work-life balance and the three dimensions (meaningfulness, exhaustion, de-motivation) of burnout, closely associated with stress.

This finding is not unanticipated although work-life balance is theoretically deemed as reducing the stress at work. It has however been indicated that employees' attempts to balance the demands of work and non-work lives in itself can contribute to stress (Karkoulian et al., 2016). This finding may perhaps also be as a result of an absence of a comprehensive organisational support system in facilitating a good balance between work and family/personal lives of the respondents. In the study by Kinman and Jones (2008), it was revealed that the presence of job

resources such as control and support from supervisors aided work-life balance resulting in lower levels of stress at the workplace. Thus, when job resources are present and high, a negative relationship exists between work-life balance and job stress. So perhaps if there are adequate systems in place, assuming there are not any, there will be a high probability of employees being able to achieve a balanced work and personal life. To buttress this argument further, and drawing from the Job Demand-Control-Support model (Karasek & Theorell, 1990) and the Job Demand-Resource model (Bakker & Demerouti, 2007), job demands such as workload and pressure greatly contribute to stress at work. However, when job support and job resources such as organisational support are present, the effect of job demands on employees are reduced thus reducing their stress levels.

In analyzing Hypothesis 2, the data revealed a difference between male workers' levels of work-life balance and female workers' levels of work-life balance. This difference, however, was found not to be statistically significant. Thus, it was concluded that no difference exists between male workers' work-life balance and female workers' work-life balance levels. Therefore, hypothesis two was rejected. This finding contradicts the study of Hofacker and Konig (2013) which revealed that flexibility at work tended to decrease work-family conflicts for women and increased work-family conflicts for men. Also, this finding is in contrast to that of Karkoulian et al. (2016) who found that males generally had a higher work-life balance with regard to reduced work interference with personal life (WIPL) and reduced personal interference with work (PLIW) than their female counterparts. Higgins et al. (1994) maintain that gender has a significant effect on the ability of workers to balance their work and family/personal demands; it influences employees' conflict perceptions as well as ways of dealing with such conflicts. However, throughout the literature on gender and work-life balance, females tend to face significant difficulties in their attempt to balance the work and family lives owing to factors such as workplace gender biases, spousal non-involvement in house chores, insufficient time and societal and cultural norms and values (Rehman & Roomi, 2012). Thus, this finding is inconsistent with other studies in literature. Nonetheless, it is not too surprising. In recent times, household work and chores are no longer the sole responsibility of the females; men have gradually accepted the concept of a 'career woman' and the need to support the females at home. Also in many homes where women are deeply involved in formal work, there is usually someone (an extended family member or non-family member) who assists at home and takes off the burden of stress from the career woman. Additionally, the glass ceiling, which for a long time has been impenetrable is gradually becoming weaker, thus allowing many women to aspire for higher positions, making them rub shoulders with their male counterparts, thereby making them have relatively equal levels of experience at the work and family domains. The distribution of the study's respondents based on marital status saw a slightly higher frequency of married workers than single workers, thus there was a substantive number of single workers. Inferring from this, it is safe to say that the single workers may experience lesser difficulties in the attempt to balance their work and personal/family lives than the married workers, irrespective of the gender. Therefore, the marital status of the workers may be a possible contribution to the absence of difference between male and female work-life balance levels.

CONCLUSION

The interference between work and personal lives is an inevitable phenomenon especially in this modern age of globalisation and increased competition among businesses. Ideally, balancing

work and personal lives should improve positive organisational outcomes and reduce negative ones such as job stress. However, literature also indicates that employees' attempt to balance their work and personal lives in itself can lead to the experience of higher levels of stress. Kinman and Jones (2008) indicated that the presence of support from the organisation and supervisors can help employees balance their work and personal lives better and reduce stress significantly. Furthermore, the job demand-control model (Karasek & Theorell, 1990) and the job demand-resource model (Bakker & Demerouti, 2007) also theorize that when job support and job resources such as organisational support are present, the effect of job demands on employees are reduced thus reducing their stress levels. It is thus imperative for organisations to provide adequate support systems that can enhance work-life balance of employees and reduce their levels of stress at work substantially.

Limitations and Recommendations

This study was not devoid of limitations. Firstly, the quantitative survey approach employed limits the findings of this study to pre-determined (though validated) statements and responses, thereby not allowing for respondents' subjective or personal views on the issues. Also, since the participants involved were all from one institution of higher learning, generalizing the findings of this study to non-academic environments entirely may be a bit difficult. Nonetheless, the findings of this study are credible and provide adequate and reliable information on work-life balance and job stress.

Thus, in relation to the Conference theme: *Building High-Performing Organisations in Africa,* it is advocated that organisations pay attention to the personal lives of their employees. This is because employees are the most valuable assets with which organisational objectives can be attained. Although there are several other external factors (such as technology, competition, economic variables, legal environment, etc.) that determine the performance of organisations, the human factor is non-negligible. A sound mind as a result of a balanced life (while performing work and family demands) is a significant building block towards attaining high-performing organisations.

Future studies could extend the discussions by considering the following:

i. The academic load (measured in number of courses taught per semester, and number of students taught per semester) of faculty, and the extent to which this affects their stress levels in relation to work-life balance.
ii. A conscious comparison between administrative staff and faculty.

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Part 3
Strategy and International Management

MIXED DEVELOPMENT MESSAGES FROM AFRICA: MACRO-ECONOMIC PERFORMANCE VERSUS POVERTY MODELS' TEST RESULTS

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ABSTRACT

This research is an attempt to explore what appears to be a contradictory development message coming out of Africa. On the one hand, several African nations are facing structural difficulties such as predatory regimes, political violence, civil wars, numerous diseases, and extreme poverty. An example of such countries is the Democratic Republic of Congo where what the United Nations called 'Africa World War I' has caused the worst humanitarian disaster since World War II. On the other hand, the fastest growing economies are in Africa. An example is again the DR Congo, which, for the first fifteen years of the 21st century, has recorded growth rates higher than the average growth rates of all continents. The paper ends with one recommendation. With the exception of humanitarian aid, international institutions and Western governments should not provide financial assistance to African nations. Instead, a meaningful help should target institutional reforms in the political, legal and economic environments. Such reforms would give Africans a better chance to have legitimate, reliable and representative governments that formulate public policies that serve the interests of their people.

INTRODUCTION

A case made by a small but growing number of researchers sometimes called "Afro-optimist" (by contrast to "Afro-pessimists") suggests that positive signs of Africa's economic turnaround are pointing to the horizon (Taylor, 2012). For example, in his book titled "Africa Rising", Mahajan (2009) advanced the idea that Africa was on the verge of becoming the new Asia. The basis for this idea is the proposition historically proven in developed countries that the middle class is the driving force behind economic growth (Kharas, 2010; Mpoyi, 2017). As the continent's middle class is rapidly expanding, Mahajan sees promising economic future for Africa. On their part, Smith and Lamble (2011) also suggested that the bourgeoning middle class was turning Africa from the hopeless continent to the hopeful continent.

Afro-optimists offer an alternative explanation in support of to the likelihood of a bright future for Africa. Their argument lies in the relative comparative advantage views and the neo-liberal rule of moving investments from high labor-cost countries to low cost ones. African countries are well endowed in natural resources, younger populations, sizable diaspora remittances, spending on basic infrastructures, market saturation in other regions of the world. Using Africa's

comparative advantage, and the neo-liberal rule of moving investments from high labor-cost economies to cheap labor countries, Shrestha, McKinley-Floyd, and Mtwige (2008), and Bakare (2014) see African countries taking the lead in global growth in the twenty-first century. There are several other positive voices about the future of Africa. These include articles such as "Telling Africa's Untold Stories", "Africa Begins to Rise above Aid" (Gathigah, 2012). In its recent publication called "This is Africa", Financial Times magazine has been providing information that shows that the economic outlook for the continent is much brighter than was expected not long ago.

Africans themselves are changing their attitudes toward the economic development of their countries. They are now hailing the progress that is taking place on the continent. To underscore Africa's noticeable accomplishments during the first decade of the 21st century, Ibrahim Mayaki, the CEO of New Partnership for Africa's Development (NEPAD), said "… we cannot keep on offering a negative image of Africa …" (Essoungou, 2011). A survey conducted by both Gallup International and BVA (a French polling institution) revealed the optimism that Africans have about their economies (Agence Ecofin, 2011). In the survey, 51,000 respondents from 51 countries were asked to give their opinion about their country's economic prospects. Africans were the most optimistic (68%), compared to Asians (35%), North Americans (18%), and Western Europeans (7%).

Nonetheless, Africa is still largely viewed as a continent of political instability, uprisings and civil wars that are causing extreme poverty, refugee crises, widespread diseases and other humanitarian disasters (Muuka, Harrison, & McCoy, 1998; Mpoyi, Festervand, & Sokoya, 2006). The purpose of this research is to examine two conflicting messages coming from Africa. The negative message is the image that depicts Africa as an economically backward continent that has failed economic prosperity models' tests. The positive message is the rising optimism about Africa's future, largely supported by remarkable economic performance. The paper will in part use the case of the Democratic Republic of the Congo (where economic prosperity models were tested) to highlight and make sense of these apparent mixed economic signals from the African continent.

ECONOMIC DEVELOPMENT: CONCEPTUAL FRAMEWORK

Nations' economic progress has been extensively studied. This paper's intent is not to conduct an exhaustive literature review of economic development theories. To address their unique concern, the authors of this research have chosen two of these theories, for the following reason. Development is a multidimensional phenomenon whose content depends on political assumptions made in research (e.g. conservative versus liberal), the level of analysis (individuals versus institutions, or organizational versus societal), and the choice of the measurable indicators (such as growth versus quality of life) (Jaffee, 1988). As such, scholars have the latitude to organize their research around certain dimensions and leave out others, depending on their particular aim. The theories discussed below have identified key economic development factors subsequently integrated into four prosperity models specifically used to test Africa's ability (or lack thereof) to eradicate poverty and succeed in improving economic performance.

Theoretical Background

The two theories that this research focuses on are "Economic Convergence", and "Six Killer Applications". The economic convergence theory is well established and has a strong empirical support. The six killer applications theory is more recent, but it was included in this paper because

it makes a compelling case for why Western democracies achieved economic dominance in the world.

The Economic Convergence Theory

The economic convergence theory proposes that in any long period, the gap in economic growth across countries tends to close. This proposition is based on the catch-up hypothesis, which asserts that being backward carries a potential for rapid advance (Abramovitz, 1986). Rapid advance will occur because rich countries' superiority in technology provides poor countries with a target to emulate, and this should arguably result in higher growth rates (Nelson, 1991). Technological backwardness presents therefore an opportunity for faster modernization. Numerous studies have empirically supported the catch-up hypothesis (e.g. Richeto, 1988; Dowrick & Nguyen, 1989; Nelson, 1991; Capolupo, 1998; Lusigi, Piesse & Thirtle, 1998; Nahar & Inder, 2002).

The following is a summary of how economic convergence has taken place. For the century leading up to World War II, the United States achieved significantly high economic growth rates (Abramovitz, 1986; Richeto, 1988). A few decades after the war, technology, productivity and per capita incomes of Western Europe and Japan converged toward those of the United States (Dowrick & Nguyen, 1989). Then the economies of newly industrialized nations (e.g. some Eastern European and Eastern Asian countries) grew faster and their economies caught up. Currently, emerging economies of Asia (particularly China) and Latin America are recording unprecedented growth rates. Although Africa is still far behind in terms of GDP and per capita incomes, some have speculated that the continent's turn to catch up was on the horizon (Mahajan, 2009; Mpoyi, 2017). For Shrestha, McKinley-Floyd and Mtwige (2008), the idea that Africa is about to start to rise makes sense because with its vital resource potentials and its cheap labor, Africa will undoubtedly prove to be the final frontier of globalization and global economy.

To begin to rise however, certain conditions are met. Economic convergence scholars have noted that some backward countries tended to catch up while others did not (this is referred to as conditional convergence). This is because for convergence to occur, two key conditions must exist, namely large technological gap, and enlarged social capabilities (Abramovitz, 1986; Nelson, 1991). There is no doubt that there is a wide technological gap between African countries and advanced nations (Mpoyi, 2017). Therefore, to understand whether African economies can catch up in the next few decades, one needs to look at the second condition, enlarged social capabilities, and examine where African nations stand in regard to this condition.

Convergence theorists defined social capabilities as tenacious societal characteristics (e.g. Abramovitz, 1986). Societal characteristics include such factors as political, legal and economic institutions, and education system (Nelson, 1991; Mpoyi, 2017). Political institutions are enlarged when the political system is democracy. A democratic political system is legitimate because it leads to a government that is representative of the will of the citizens. In turn, as it is accountable to the people that it represents, the government is likely to be reliable in its approach to formulating sound public policies (Mpoyi, Festervand, & Sokoya, 2006).

Legal institutions are enlarged when independent courts (little to no government interference) protect citizens and their rights to own property. With the guarantee that they are free to organize and manage the property they possess the way they want, people with entrepreneurial capabilities will start and run business activities that create both jobs and wealth. Last, economic institutions are enlarged when the production of goods and services is organized according to market mechanisms. Free market economy constitutes the best system of resource allocation because of its characteristics. Market economy is characterized by less government intervention,

more investments, opening up of a nation to international trade, and emergence of a new class of managers trained in large-scale production, distribution and finance (Abramovitz, 1986; Dowrick & Nguyen, 1989; Morrison, 1993).

Besides institutions, social capabilities also include education system. Education system is enlarged when investments in schooling at all levels result in a nation's ability to both generate new knowledge domestically, and apply domestic knowledge as well as knowledge generated abroad (Lusigi, Piesse, & Thirtle, 1998). As the diffusion of knowledge is directly related to long-term economic growth, an effective education system is essential if a backward country is to converge by raising its levels of technology, productivity and per capita income toward those of developed economies (Mpoyi, 2017).

A technologically backward nation that has been able to advance (or enlarge) its political, legal and economic institutions, and its education system is in a position to progress faster and catch up. This is the main argument made by the economic convergence theory.

The "Six Killer Applications" Theory

The second theory presented in this research is still in its infancy, but it has made its way into this paper because of the explanatory power of the factors it uses to explain why Western nations dominate world economy. In his book entitled "Civilization: The West and the Rest", Niall Ferguson (2011) tackled the question of why Western democracies achieved economic preeminence in the world. In his theory, Ferguson identified what he calls the "six killer applications" that the rest of the world lacked, but that enabled the West to become an economic superpower. For him, over a half millennium, Western economies achieved an unstoppable economic expansion because they came to excel in the following six social developments: competition, science, private property rights, medicine, consumerism, and work ethic. Furthermore, Ferguson attributed the economic success of non-Western nations to their ability to master those social developments. The following presentation of the six killer apps (Ferguson prefers to refer to applications as apps) is mostly based on a "Summary and Study Guide" from BookRags.com.

The first killer app is competition. In the course of the period that began around 1500, the West, that is, Europe and later its colonies and settlements, forged ahead of the rest, primarily because of competition among several small and politically fragmented states. The competition to get trade routes and wrest them from the control of other countries resulted in the emergence of an age of exploration, navigation, commerce, conquest and colonization. Many small nations could compete with one another for wealth and influence. Within nations, various groups (cities, corporations) were also competing with each other for the same reason. Such competition did not happen in civilizations with a single ruling class that dominated a great and enormous landmass.

The second killer app is science. Because it exceeded in scientific knowledge, thus largely creating modern science, the West was able to gain military and economic dominance over the rest of the world. The third killer app is private property rights and the resulting rule of law and representative government. In some sense, this social development led to Western democracies with governments that were broadly responsive to the needs and interests of citizens and that protected their property so that individuals and groups could use what they earned or bought to create jobs and wealth.

The fourth killer app is medicine. Modern medicine significantly extended lifespans and cured a great many diseases. This allowed the West to expand its population, its workforce, and therefore its wealth. The fifth killer app is consumerism. Wealth, jobs, production and trade resulted in purchasing power for citizens to buy and consume enormous quantities of goods. The sixth killer

app is work ethic. Work ethic, which grew out of Protestant Christianity, was particularly powerful in motivating individuals in the West to work hard in order to achieve personal success.

Because they have identified key factors that explain why nations' progress occurs, both economic convergence and the six killer apps provide a framework that can contribute to the design of economic development models. Perhaps unknowingly, the authors of prosperity models for Africa presented below have integrated development factors addressed in either the economic convergence theory and/or the six killer apps theory.

Economic Prosperity Models for Africa

Efforts to alleviate poverty and improve living standards in low-income countries have resulted in a number of economic prosperity models specifically targeting poverty in Africa. This study will focus on the following four models: Sachs' model, Collier's model, Acemoglu and Robinson's model, and NEPAD's model. These models were tested in the Democratic Republic of the Congo, and the test results will be provided later in the paper.

Sachs' Model

As a researcher interested in African development, Sachs studied the determinants of chronic poverty in Africa. These determinants are extensively explained in his book, "The End of Poverty: Economic Possibilities for our Time" (Sachs, 2005). According to him, several factors impoverish African countries and impede their prosperity efforts. The main factors that contribute to poverty and lack of economic progress include corruption of leaders, harsh colonial legacy (economic dependence on commodities for export), burden of infectious diseases (e.g. malaria, HIV/AIDS, tuberculosis), and ecological and geographic crisis (e.g. rural isolation, lack of navigable rivers, and drought).

Collier's Model

Collier is an Oxford University professor that was also the Director of the Centre for the Study of African Economies. He wrote a book titled "The Bottom Billion: Why the Poorest Countries are Failing and What can be Done About it?" (2007). Collier argued that African countries are confronted with five factors that undermine their ability to progress and achieve satisfactory prosperity. These factors are conflicts within and between nations, reliance on natural resources, being landlocked between bad neighbors, bad governance, and marginalization of African nations in the global economy.

Acemoglu and Robinson's Model

Acemoglu and Robinson (2012) attempted to provide the reasons why nations succeed or fail to achieve economic prosperity. In their 2012 book, "Why Nations Fail: The Origins of Power, Prosperity, and Poverty", Acemoglu and Robinson asserted that economic prosperity of a nation was determined by three factors, economic institutions, political institutions, and the role of the state in enforcing law and order. Economic institutions determine the rules that affect how a nation's economy works. For them, inclusive economic institutions lead to prosperity because they encourage the participation by the great mass of people in economic activities and therefore motivate them to achieve success. To the contrary, extractive economic institutions impede prosperity as they are designed to extract incomes and wealth from one subset of society (the vast majority of people) to benefit a different subset (the ruling elite).

Political institutions are comprised of actors that either facilitate inclusive economic institutions that create jobs and wealth, or put in place extractive economic institutions that

constitute major obstacles to prosperity through predatory practices. Acemoglu and Robinson's third factor is the role of the state in enforcing law and order. According to them, a centralized state that enforces law and order encourages and regulates economic activity, whereas a state that fails in its centralizing role will lead to chaos. Acemoglu and Robinson's model suggests therefore that political institutions that facilitates inclusive economic institutions in a state that enforces law and order will create economic prosperity.

NEPAD's Model

NEPAD is an acronym for "New Partnership for Africa's Development". In an effort to put in place a development project made in Africa by Africans, NEPAD was designed and adopted in 2001 by several African Union (AU) heads of state. In their 2005 book entitled "NEPAD and the African Renaissance", Venter and Neuland offer a full and comprehensive presentation of the essence of the NEPAD project. Venter and Neuland argued that poverty in Africa could be explained by a number of structural problems. Specifically, the factors that hindered economic growth in Africa included conflicts, diseases, hunger, poor infrastructures, lack of regional integration, lack of democracy and good governance, dependency on foreign aid, and human capacity constraints. To reduce poverty, the project has targeted the millennial objectives previously identified by Sachs and, in addition, have insisted on the necessity of regional and global partnership.

The four economic prosperity models depict quite well the factors that explain why African nations are very poor. These models have identified structural impediments to prosperity discussed in the economic theories presented above. Both the economic convergence theory and the six killer apps theory offer appropriate conceptual foundations that African economists and decision makers can draw upon to formulate good public policies aimed at reducing poverty and start the economic catch up process.

AFRICA'S ECONOMIC STANDING IN THE WORLD

Africa is a continent plagued by persistent crises such as wars, civil unrests, refugees and internally displaced people, widespread diseases, rampant corruption and bad governance (i.e. kleptocracy or predatory system of governance whereby political leaders are looting their own country). The direct result of these problems is extreme poverty. This section will discuss the place of Africa in the world based on three economic metrics, gross domestic product (GDP), per capita income, and GDP growth rates.

Gross Domestic Product (GDP)

In 2015, the United Nations Conference on Trade and Development (www.unctad.org) estimated that Africa accounted for 16.12% of world population (1.19 out of 7.35 billion). However, for that year, the combined GDP of all African economies represented only 3.06% of global economic output (2.27 out of 74.18 trillion dollars). Interestingly, 40 years earlier (in 1975), Africa's share of world GDP was higher and represented 3.84% (Table 1).

As can be seen in Table 1, African economies were at the bottom of the developing world. Asia, which includes China, had the largest economy. Even though it has a little over half of Africa's population, developing economies of America (which include Brazil and Mexico) had a total GDP of more twice that of Africa in 2015. Oceania, whose population was less 1% of the world, is comprised of small islands located in South Pacific Ocean. For that reason, comparing Africa to Oceania would not be meaningful.

TABLE 1
Gross Domestic Product (US Dollars at current prices)

Groups of economies	1975		1995		2015	
	$ billions	%	$ billions	%	$ billions	%
Developed economies	4,603	69.42	24,434	78.74	43,189	58.22
Transition economies	722	10.89	544	1.75	1,944	2.62
Developing economies	1,306	19.69	6,055	19.51	29,044	39.16
Developing by region:						
- Asia	649	9.79	3,581	11.54	21,432	28.89
- America	397	5.99	1,880	6.06	5,300	7.15
- Africa	255	3.84	576	1.85	2,268	3.06
- Oceania	5	0.07	19	0.06	44	0.06
Total world	6,631	100.00	31,033	100.00	74,177	100.00

Source: Data compiled from UNCTAD online database.

Per Capita Income

When looking at how much income a person earned in 2015, the poverty level of Africans was shocking. At less than half of developing economies' per capita income, the average revenue that an African was making was by far the lowest in the world. For the period 1975-2015, the average per capita income of developing economies increased by a factor of close to ten (from US$ 442 to US$ 4,842), and developing Asia's income rose by more seventeen times (from US$ 293 to US$5,135). For the same period, African countries' per capita income was multiplied by only about three (Table 2). In 2015, Africans were making on average US$1,914, which represented less than half of per capita income of developing economies as a group. What is remarkable is the fact that forty years earlier (in 1975), African countries' per capita income was higher than the average per capita income of all developing economies, and more than twice that of developing Asia. In relative terms, this shows how poor and less developed the African continent has become.

GDP Growth Rates

For the forty-year period from 1976 to 2015, GDP growth rates of developed economies were lower than those of developing economies. This is not surprising because advanced economies are at the forefront of technological advances, they have already reached high levels of productivity and per capita incomes, and their population growth has stabilized. The situation is much different in developing economies. Their average growth rates were higher because some of their economies (particularly emerging markets) were catching up (Table 3).

TABLE 2
Gross Domestic Product Per Capita (in US Dollars at current prices)

Groups of economies	1975	1995	2015
Developed economies	5,554	25,771	41,285
Transition economies	2,604	1,799	6,389
Developing economies	442	1,350	4,842
Developing by region:			
- Asia	293	1,093	5,135
- America	1,231	3,895	8,421
- Africa	614	800	1,914
- Oceania	1,142	2,725	4,195
World Average	1,633	5,412	10,095

Source: Data compiled from UNCTAD online database.

As a group, emerging economies of Asia have been growing at higher rates, which explains why they have been converging. A study that focused on China concluded that with average annual rate of 10.09% rates during the period 1980-2010 (Mpoyi, 2016), this country's per capita income had risen from $205 in 1980 to $4,382 in 2010 (in 2015, it was $8,109).

A look at Africa's growth rates reveals two distinct periods, the last 25 years of the 20th century, and the first 15 years of the 21st. From 1976 to 2000, Africa's growth rates were mostly low, and more importantly they were consistently below developing economies' average rates. Since the beginning of the new century however, the continent's growth rates had reversed course. Since the beginning of this century, Africa was growing at a pace that is catching up with the rates of developing economies. Most notably, it is growing faster than developing economies of the Western Hemisphere (America). The paper will expand on this point in the next section.

IS AFRICA FAILING, RISING, OR BOTH?

Because of numerous structural problems, one can make the assertion that most African nations have been unable to enlarge their social capabilities. Therefore, a clear conclusion implied in the convergence theory is that the continent has not, or has only slowly started to catch up. Indeed, when economic prosperity models for Africa were tested in the Democratic Republic of Congo (DR Congo), the results were disappointing. Interestingly however, macroeconomic data point to a turnaround in the continent's economic performance. This apparent contradiction makes the question posed by the title of this section the more relevant. The following addresses this contradiction.

TABLE 3
Gross Domestic Product Growth Rates (5-year average in %)

Groups of economies	1976-1980	1981-1985	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010	2011-2015
Developed economies	3.53	2.66	3.48	2.04	3.20	2.10	0.83	1.55
Transition economies	5.08	4.04	4.09	(11.45)	1.95	6.52	4.16	1.62
Developing economies	5.23	2.52	4.34	5.08	4.58	5.36	6.18	4.75
Developing by region:								
- Asia	5.35	3.87	6.51	7.05	5.42	6.48	7.23	5.75
- America	5.70	1.10	1.88	2.99	3.26	2.69	3.74	2.11
- Africa	3.70	1.99	2.61	1.33	3.53	5.49	5.04	3.22
- Oceania	1.38	2.40	4.57	4.04	1.55	2.49	2.88	3.18
World Average	3.86	2.69	3.65	2.16	3.46	2.91	2.27	2.50

Source: Data compiled from UNCTAD online database.

Is Africa Failing? Disappointing Economic Prosperity Models' Tests in DR Congo

DR Congo is often mentioned in publications on economic prosperity models for Africa because its population is living in extreme poverty while the country is scandalously rich in minerals, arable land, wildlife, and forest. With a population estimated to approach 80 million, DR Congo is the second largest country in Africa (right behind Algeria). It has a land area of 2.3 million square km, about the size of Western Europe, or the United States East of the Mississippi River. It has important reserves of minerals such as diamond, gold, oil, cobalt, copper, silver, uranium, Colombo-tantalite (known as coltan used in mobile phones), to name a few (Turner, 2007; Eichstaedt, 2011). In fact, in 2004, the Fraser Institute ranked DR Congo number 15 in its Mineral Index (www.fraserinstitute.org).

In size, Congo River is second only to Amazon River. The river, its affluent streams, and its lakes cover a large portion of the country. With such amount of water, the country is plenty of arable land that is favorable to the cultivation of numerous subsistence and industrial produce, including among others corn, rice, cassava, coffee, tea, palm oil, cotton, peanuts, bananas, oranges, and several agricultural products (Katunga, 2004). Its extensive forests represents 74% of the country, and is also home to 415 species of mammals, 736 species of birds, and about 11,000 species of plants (Katunga, 2004; Mazalto, 2008).

It would be an understatement to say that DR Congo has failed to enlarge its social capabilities (i.e. reliable political, legal and economic institutions, and a good education system). Beginning in 2005, the Fund for Peace (www.fundforpeace.org) calculates an index that ranks 178

countries according to their level of fragility. Countries with higher scores are the most fragile and those with lower scores are the least fragile (www.fragilestatesindex.org). With a higher score in the 2014 ranking, the DR. Congo was ranked fourth, after South Sudan, Somalia, and Central African Republic and just before the Sudan. These five countries constitute the very high alert group. Over a period of ten years (2005-2014), the DR. Congo has been second four times, fourth two times, fifth two times, sixth one time, and seventh one time (Lawrence, 2015). Based on the index of fragility, the DR. Congo offers a good case of a state that has failed to enlarge its social capabilities.

Because the DR. Congo is highly fragile even though it has tremendous economic potentials, it is understandable why it is repeatedly used as an example to see how the political leadership is making efforts (or lack thereof) to reduce poverty. Since its independence in 1960, the country has witnessed a succession of predatory political regimes. Its leaders have used violent repression to control the country's vast natural resources (Lezhnev, 2016). The repression has been so brutal that it resulted in widespread unrests, civil wars, invasion by neighboring countries, mass displacements of populations, a breakdown of civil services, with the ensuing extreme poverty and humanitarian catastrophe.

For about twenty years now, things have worsened to the point where DR Congo has become an almost lawless state. From the late 1990s until the first few year of the 21st century, it experienced what the United Nations called "Africa World War I" (Prunier, 2009), a war that involved some twenty militia groups and armies from well over half a dozen African countries (Roberts, Ngoy, Mone, Mwezse, Zantop, & Despines, 2003; Mpoyi, Festervand, & Sokoya, 2006). Furthermore, the untold story is that, the country has witnessed the worst humanitarian disaster since World War II. According to the International Rescue Committee (IRC, 2007), and the Enough Project (Lezhnev, 2016), the death toll has surpassed 5 million, and millions more are internally displaced. The IRC also estimated that another 45,000 people continue to die every month. This is the reason why the country has the largest UN peacekeeping force to date. Despite a strong presence of UN forces, the Congolese people still live in insecurity.

Clearly, it is not surprising to find the DR. Congo among the highest failed states. As such, it has provided a perfect backdrop for testing economic development models, in part to formulate policy recommendations in order to reduce poverty and improve economic conditions. A summary of the results from economic prosperity models' tests is presented below.

Sachs' Model

This model was developed by Sachs (2005) to alleviate poverty in developing countries. Its adoption by the UNDP led to the statements of the Millennium Declaration adopted by the United Nations. Later, it came to be known as the Eight Millennium Development Goals of the United Nations Development Program (UNDP). The eight goals aimed, by 2015, to eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria, and other diseases, ensure environmental sustainability, and develop a global partnership for development. In 2015, the United Nations Economic Commission for Africa (UNECA) issued a report that evaluated the implementation of the program in DR Congo. The following are the main findings of the report (UNECA, 2015). The country's economy was heavily commodity dependent. Because of diseases, hunger and malnutrition, infant and maternal mortality rates were among the highest in the world. In particular, there were more than 100 deaths per 1,000 births. DR Congo accounted for 13.6% of Africans living below the poverty line ($1.2 per day), second only to Nigeria (25.89%). Malaria (a disease caused by mosquitoes) was the leading cause of death. Less than 50%

of Congolese had access to safe drinking water. Overall, DR Congo missed almost all Millennium Development Goals that were at the center of UN program based on Sachs' model.

Collier's Model

Following critics made to the Sachs's model, Collier (2007) proposed five additional traps that impede prosperity, namely (a) conflict trap, (b) natural resource trap, (c) being landlocked between bad neighbors, (d) bad governance, and (e) marginalization of the poorest countries in the global economy. To correct these traps and overcome poverty, Collier suggested reevaluating the role of four instruments, (a) aid, (b) security, (c) laws and charters, and (d) trade. According to him, so far the aid instrument is used "quite badly" and the other three "scarcely".

As can be seen, the Collier's model focused more on foreign aid, security, and laws. With regard to its application to the DR. Congo, Trefon (2011) concluded that aid initiatives implemented by DR Congo's international partners to reconstruct the country had been unsuccessful. Usually international partners misunderstood the complexities of the political culture in Africa. Capitalizing on that misunderstanding, the Congolese authorities skillfully devised deceptive tactics to hamper reforms, stay in power, and then misuse a substantial percentage of financial aid from international institutions and foreign governments.

Concerning security, DR Congo has the largest peacekeeping force in the world. At its creation in 1999, it had few thousand troops. As the security situation deteriorated, the United Nations gradually increased its military presence in the country. This shows that the UN military presence was largely failing to ensure the security of Congolese as millions were dying (Turner, 2007). By 2016, the force numbered some 22,016 uniformed personnel (MONUSCO, 2016). Acknowledging the inability of the peacekeeping force to protect people, numerous non-government organizations (NGOs) grouped under the label of "civil society" stepped in to alleviate the suffering of the population (Nzongola-Ntalaja, 2002). The NGOs have been helping in such areas as human rights and civic education, and humanitarian and relief services. Unfortunately, some of these NGOs came to adopt the "dirty-tricks mentality" of fraud, mismanagement and other bad behaviors that further undermined the security of the already extremely fragile population (Giovannoni et al., 2004).

The third important factor in Collier's model is laws. The government passed a new constitution in 2006. It also enacted several laws in the form of codes to improve governance. They included investment, forestry and mining codes, codes of ethics and good conduct, and other codes in the areas of customs and trade. According to Trefon (2011), these laws are "a masquerade", as they have been largely ignored by various actors, including political authorities interested only in amassing massive wealth (Nkongolo-Bakenda et al., 2016).

Acemoglu and Robinson's Model

Rejecting Sachs and Colliers's models, Acemoglu and Robinson's model emphasized the need for inclusiveness. It proposed the creation of pluralistic coalitions of power through civil society associations such as non-government organizations (NGOs) and community-based solidarity networks. These inclusive coalitions would design dynamic and multiform survival strategies related to various aspects of public life where the state has failed.

In the early 1990s, civil society associations exploded in DR Congo (Trefon, 2004). Although they provided some help for the basic survival of individuals and their families, civil society associations were unable to contribute to a sustainable political and economic development suggested in Acemoglu and Robinson's model. In particular, to satisfy their desire to achieve personal success, prestige and power, the leaders of these associations engaged in socially

irresponsible practices such as fraud, mismanagement, corruption, and even violence (Nzeza-Bilakila, 2004). In their analysis of the motivations and functioning of NGOs in DR Congo, Giovannoni et al. (2004) also found that the political leadership used them to recruit new members who were offered positions in the government or government agencies. So Acemoglu and Robinson's model of pluralistic inclusiveness at the grassroots level failed to play the intended role of counter-power to the corrupt and inefficient ruling class.

NEPAD's Model

In reaction to the previous models because they were developed outside the continent, African rulers, or at least some of them, proposed a model known as the New Partnership for Africa's Development (NEPAD) project (Venter and Neuland, 2005). This model adopted eight millennial goals with a particular emphasis on regional integration and economic diversification of African economies. After examining the results of these two objectives, Venter & Neuland (2007) found that the regional integration goal was achieved on structural grounds (the continent had nine regional blocs). However, these blocs did not achieve a meaningful regional economic integration, in part because there were overlapping membership among them. DR Congo for example was a member of four regional blocs. These were COMESA (Common Market for Eastern and Southern Africa), SADC (Southern African Development Community), ECCAS (Economic Community of Central African States), and CEPGL (French acronym for Economic Community of Great Lakes Countries). Such overlapping membership could only lead to unavoidable conflicting integration objectives and commitment.

The other major goal of NEPAD was to reduce dependence on commodities through economic diversification. A review of economic diversification in Africa found limited progress (OECD, 2011). A number of barriers prevented African countries from carrying out successful diversification efforts. In DR Congo, a major barrier was the inability (or unwillingness) on the part of the government to mobilize key local stakeholders. Small to medium-sized enterprises that dominated Congo's economy (most of them controlled by government officials) were reluctant to collaborate with the government, as any economic diversification would likely result in resource-rich foreign stakeholders taking control of major companies (Nkongolo-Bakenda et al., 2016). Another barrier was DR Congo's membership to multiple regional economic integration efforts. Because the country belonged to four regional blocs, its government had a limited capacity to effectively cooperate with overlapping regional institutions in order to formulate appropriate regulatory frameworks in support of sound economic diversification policies (OECD, 2011).

Is Africa Rising? Encouraging Economic Performance

The earlier analysis of the economic standing of Africa in the world highlighted how badly the continent was trailing all others. Two metrics, gross domestic product and per capita income, illustrated this sad reality. A third metric however, GDP growth rates, presented a mixed picture (see Table 3 above). From 1976 to 2000, Africa's growth rates were lower. Growth rates showed signs of rising from 2001 to 2015. The discussion will now focus on this latter period.

For the period 2001-2015, developed economies' growth rates were almost consistently lower. The reason is quite straightforward. The population was aging, birth rates were very low, and factors of production have been used to exhaustion. As a result, any economic growth would be the outcome of productivity increase. Over this 15-year period however, all developing economies were growing faster than developed economies (Table 4). As predicted by the convergence theory, some of these developing economies, especially emerging markets of Asia and Latin America, are on their way to catching up.

Several Asian nations are emerging economies that are progressing rapidly (in particular the two 'Asian Tigers', China and India). Remarkably, however, from 2001 to 2015, African economies have been growing faster than developing economies of America (refer to Table 3). In addition, if average growth rates over this period are considered (The mean in Table 4), Africa is also growing faster that transition economies (4.58% compared to 4.10%). This suggests that African economies may have started to catch up (Mpoyi, 2017).

The United Nations Conference on Trade and Development (UNCTAD) maintains an online database for most of its member countries. Data from UNCTAD online database shows that in 2015, six African countries were among the ten fastest growing economies in the world (www.unctad.org). At 9.61%, Ethiopia had the world's highest growth rate. The other five African countries were Cote d'Ivoire (9.47%), Mali (7.61%), DR Congo (6.98%), and Rwanda and Tanzania (both at 6.95%). Twenty developing economies were growing at 6.50% or more. Of those, ten were in Africa.

Even though Africa is far behind, in the long term, if the continent can keep such growth rates, the gap it has with developed economies, and now with emerging economies, will gradually narrow. Interestingly therefore, without enlarged social capabilities, African countries have begun a slow catch-up. Catching up will take a long period, as illustrated in the example of China. Despites its double-digit growth rates (an average of 10.09% over 30 years), China is yet to catch up, though the gap with developed economies is shrinking.

The Democratic Republic of Congo (DR Congo) is the African country where economic prosperity models for Africa were tested (the results were a failure). Undoubtedly, DR Congo has not enlarged its social capabilities (see the discussion of prosperity models' test results in this country). What is however shocking is to see that DR Congo's economy is growing more rapidly than the average growth rates of all continents or regions (Table 4). For the period 2001-2015, DR Congo's economy grew at an average rate of 5.73%. Based on DR Congo's performance, this study asserts that Africa is sending mixed messages regarding its development.

CONCLUSION AND DISCUSSION

The purpose of the research was to make sense of mixed signals coming from Africa: several failing states whose economies are performing surprisingly very well. The paper focused on two theories, economic convergence, and six killer apps, because they offered an appropriate conceptual framework that identified the determinants of economic development. Incidentally, as the authors noted, many of those determinants ended up in four prosperity models specifically developed to help African nations overcome structural difficulties they face, alleviate poverty for their people, and perhaps start the process of economic catch-up.

The subsequent question asked in this paper was "Is Africa failing, rising, or both?" After analysis, the answer seems to be "both". On the one hand, from the results of a test of all four prosperity models conducted in DR Congo, it was evident that the political leadership and several other politically connected actors were either unable or unwilling to address the numerous structural difficulties of the country. More importantly, those difficulties seemed to worsen. If the case of DR Congo was to be extrapolated to the continent, the application of all four prosperity models showed that African countries were unable to resolve the problems that were hindering their efforts to reduce poverty.

TABLE 4
Annual GDP Growth Rates by Grouping of Economies

Year	Developed economies	Transition economies	Developing economies		
			All developing	Africa	DR Congo
2001	1.54	5.82	2.83	4.07	(2.10)
2002	1.41	5.09	4.43	6.08	2.95
2003	1.97	7.33	5.39	5.45	5.58
2004	3.02	7.78	7.35	5.92	6.74
2005	2.57	6.60	6.79	5.94	6.14
2006	2.80	8.48	7.52	5.69	5.32
2007	2.39	8.71	7.87	5.92	6.26
2008	0.02	5.38	5.09	5.42	6.22
2009	(3.64)	(6.50)	2.69	3.01	2.86
2010	2.60	4.73	7.75	5.18	7.11
2011	1.52	4.60	5.94	1.14	6.87
2012	1.02	3.31	4.91	5.67	7.09
2013	1.20	2.04	4.71	2.37	8.48
2014	1.82	0.93	4.23	3.77	9.47
2015	2.19	(2.78)	3.95	3.13	6.98
Mean	1.50	4.10	5.43	4.58	5.73

Source: Data compiled from UNCTAD online database.

On the other hand, despites multiple development difficulties the continent was confronting, economic data paints a different picture. Six of ten fastest growing economies in the world were in Africa. Even more puzzling was the situation of DR Congo. While being one of African countries with the worst records in the areas of political violence, civil unrest, internally

displaced people, widespread diseases, rampant corruption, DR Congo had an economy that was growing more rapidly than the average growth rates of all continents. The issue becomes therefore whether to provide help to African countries in an attempt to overcome the determinants of poverty, particularly since there is no evidence that Africa's impressive economic growth rates will be sustained in the long term.

For several decades, African countries have been receiving substantial financial aid from international institutions such as the World Bank and the International Monetary Fund, and from foreign governments. Yet the problems that such aid was supposed to solve still exist. It is the position of the authors of this paper that the West needs to rethink its approach to the type of help Africa needs. At the core of Africa's poverty is kleptocracy, that is, the dominance of predatory political regimes. Heads of states and their associates are more preoccupied in, to paraphrase Acemoglu and Robinson, extracting incomes and wealth from one subset of society (the vast majority of the people) to benefit a different subset (the ruling elite).

As long as African nations have what Acemoglu and Robinson called extractive economic institutions, no amount of financial aid will eradicate poverty in Africa. DR Congo has many natural resources. However, its people have not benefited from them. Reports by several international and non-government organizations have linked the wars that have been taking place in DR Congo (i.e. Africa World War I, and subsequent small scale civil wars) to the exploitation of natural resources, in particular minerals (United Nations, 2001; Global Policy Forum, 2005; The Human Rights Watch, 2005; Lezhnev, 2016). Many stakeholders were involved in the exploitation of natural resources, including DR Congo's own predatory political leadership, neighboring countries, and multinationals. In its report titled "A Criminal State", the Enough Project estimated that beginning in 2001, up to US$4 billion per year have gone missing or stolen in DR Congo due the manipulation of mining contracts, budgets, and state assets (Lezhnev, 2016). As the regime in Kinshasa (capital of DR Congo) is a major actor in this exploitation, no amount of financial assistance will contribute to the end of poverty in the country. The only substantive assistance that the West and international institutions can provide is to help restructure DR Congo's institutions. This is a key lesson that Africans should draw from the conceptual framework presented in the paper.

African nations need to master Ferguson's six killer apps if they are to overcome poverty and achieve economic success. The six killer apps are competition, science, private property rights, medicine, consumerism, and work ethic (Ferguson, 2011). To master the six killer apps, African leaders must enlarge their countries' social capabilities. Consistent with the convergence theory (e.g. Abramovitz, 1986), African governments should implement major transformations in their political, legal and economic institutions similar to the ones carried out by today's emerging economies of Asia, Eastern Europe and Latin America.

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EXPENSIVE RELATIONSHIPS: AGGREGATE COST OF SOCIAL CAPITAL AND ENTREPRENEURSHIP IN EMERGING MARKETS

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ABSTRACT

Social capital (SoCa) is generally considered as beneficial. In emerging markets, however, SoCa costs can be significant. This paper develops a model to explain how entrepreneurs' SoCa in developing countries may contribute to the cost of raising resources for ventures when moderated by organizational age and community density. The paper posits that structural and cognitive SoCa increases the costs of network maintenance whereas relational SoCa decreases the cost of capital. Thus, this paper extends discussions of the role of SoCa to entrepreneurship in developing economies by considering how the aggregate cost of raising resources generated by SoCa affects the exploitation of entrepreneurial opportunities.

INTRODUCTION

A critical driver of entrepreneurship is social capital; individuals who are better connected through their social networks to diverse resources are seen to be more likely to have entrepreneurial intent, and engage in entrepreneurial activity. Social capital is referred to as the capacity of individuals to mobilize resources through their social network of relationships. In this vein, social capital is perceived as beneficial in alleviating the liabilities of newness in young firms (Stinchcombe, 1965), the stabilization of exchange relationships (Oliver, 1990), accessing and assembling requisite resources (e.g., Aldrich & Zimmer, 1986; Burt, 1997; Davidsson & Honig, 2003; Hite, 2005; Zahra, 2010), and enhancing firm performance (Davidsson & Honig, 2003; Nahapiet & Ghoshal, 1998). Social capital enables individual entrepreneurs to acquire resources for their firms (Kim & Aldrich 2005; Kotha & George, 2012; Vissa, 2010, 2011), including knowledge (Inkpen & Tsang, 2005; Yli-Renko, Autio & Sapienza, 2001), personnel (Fernandez, Castilla & Moore, 2000), human capital (Coleman, 1988; Mosey & Wright, 2007) and finance (Starr & MacMillan, 1990; Uzzi, 1999).

Social capital is particularly important in the context of emerging economies. The development of entrepreneurship in emerging economies has certainly been one of the most important research issues of modern times (Leff, 1979), as economic growth and the future of regions in Africa, Asia or South America likely depend on it (Hall et al., 2012; Kiggundu, 2002). To tackle the issue of economic growth, focus has generally been put on the institutional impediments to the creation and implementation of entrepreneurial activities (World Bank, 2011). In effect, one of the specificities of emerging economies compared to more developed ones is the lack of well-defined markets and institutions – i.e., labor markets, financial markets, etc. – making it necessary for individuals and firms to find other ways to develop their strategies (Khanna & Palepu, 1997). As transaction costs are high in such a context, internalizing transactions is often a

solution, leading to much more vertical integration than in developed countries. For entrepreneurs, however, internalizing transactions is rarely possible. Social capital becomes fundamental to reduce transaction costs and enable new ventures in emerging economies.

While social capital is clearly seen as beneficial, little has been done on the constraints and costs that might come from social capital in emerging economies (Khayesi & George, 2011). A tendency to focus on the benign implications of social capital has created a paucity of models that address its negative consequences despite scholars who call for a more balanced perspective (Adler & Kwon, 2002). Examples of negative consequences of social capital include free-riding, facilitated by norms such as collectivism that are found in tight-knit communities (Portes & Sensenbrenner, 1993; Portes, 1998). Consequently, Adler and Kwon (2002) put forward a model of social capital that incorporates the risks associated with social capital. Such risks may include the costs of building and maintaining a diverse social network structure, and the adverse effects of solidarity in a social network when such solidarity restricts the formation of new ties or the flow of new ideas. Ten years after Adler and Kwon's effort, entrepreneurship research that incorporates social capital continues to focus on its positive attributes, leaving an unexplained problem in the literature on how and what forms of social capital could have potentially deleterious effects and under what conditions. This lack of work on the costs of social networks is particularly problematic when it comes to emerging economies.

This paper responds to this wake-up call to move beyond the traditional focus on positive attributes to also examining the trade-offs and potential negative effects of social capital in the entrepreneurial process. Rather than recount its well-documented positive attributes, the paper develops a model that may be used to examine how social capital could negatively affect resource accumulation by entrepreneurs. Drawing on prior work (Adler & Kwon, 2002; Uzzi, 1999), this paper examines situations where social capital might deduct resources from the firm in form of different costs generated by the three dimensions of social capital (Nahapiet & Ghoshal, 1998). This paper first reviews organizational literature to develop a working definition that shows a balanced view of social capital, including its potentially negative contributions. The paper then explores ways of quantifying the costs of social capital by introducing constructs that indicate its constraining role. This paper posits that the constraining role of social capital generates greater costs which likely deter the exploitation of entrepreneurial opportunity in emerging markets. This paper's contribution lies in explaining how social capital could potentially hurt resource accumulation efforts in entrepreneurial firms, especially in emerging economies where social structures do not necessarily mirror those in developed economies.

SOCIAL CAPITAL IN EMERGING ECONOMIES

Early definitions considered social capital as "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (Bourdieu, 1986: 249). Later, Coleman (1990: 302) expanded on the definition of social capital as "not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of social structure and they facilitate actions of individuals who are within the structure". While admitting that social capital was a form of resource, Coleman's definition introduced an individual perspective of social capital, and situated social capital within the social structure. Several definitions have since emerged and view social capital from an individual lens (Tsai, 2000), organizational lens (Koka & Prescott, 2002; Leana & Van Buren III, 1999), or both (Adler & Kwon 2000; Walker et al., 1997).

Nahapiet and Ghoshal (1998) add to the multidimensionality of social capital by including both the individual and group perspectives of social capital and delineate three distinct dimensions of social capital -- structural, relational and cognitive -- which together make up social capital. *Structural social capital* refers to a given economic actor's network pattern of relationships with other economic actors or network contacts. This dimension of social capital shows the extent to which network contacts are connected to the focal actor. Entrepreneurship researchers have analyzed the use of structural social capital to examine variation in resource accumulation with respect to diversity of resources (Basu, 1998; Davidsson & Honig, 2003; Sanders & Nee, 1996), amount of resources (Renzulli, Aldrich & Moody, 2000), accessibility to resources and cost of capital (Uzzi, 1999). *Relational social capital* refers to relational assets, such as trust, liking, and familiarity built in individual network dyads. Examples of specific resource accumulation aspects examined in relation to relational social capital include types of resources, accessibility to contacts, and cost of capital (Uzzi, 1999; Uzzi & Gillespie, 2002). *Cognitive social capital* regulates actors' ability to understand and communicate with one another – an ability enhanced by shared language, symbols, and cultural background. Unlike structural and relational social capital, entrepreneurship scholars have paid less attention to cognitive social capital.

Thus, social capital researchers need to account for: (a) the different levels of analysis, (b) the dimensionality of social capital, and (c) both positive and negative outcomes. Based on the above discussion, this paper defines social capital as *a focal actor's (individual or group) network of relationships, including its structural, relational and cognitive dimensions, which may facilitate or constrain the actor's behaviors and its attendant outcomes.* This definition incorporates the structural, relational and cognitive dimensions, and allows for the analysis of social capital at individual and organizational levels. Importantly, it incorporates the benefits (positive attributes) and risks (negative attributes) associated with social capital thus providing a good basis to examine social capital in emerging economies.

COST OF RESOURCE ASSEMBLY IN EMERGING ECONOMIES

The costs of raising resources vary significantly across countries (Basu, 1998). In developing countries, in particular, getting access to capital is a major hurdle to entrepreneurial activities. In the developed world, financial markets and financial institutions are well developed and allow for a relatively easy access to capital, at least for promising entrepreneurial projects. The literature addresses the link between an entrepreneur's network ties and potential financiers (Shane and Cable, 2002; Zheng et al., 2010); and the status or prominence of the entrepreneur (Burton et al., 2002) to explain capital mobilization from professional investors. From the financial economics literature, there is a parallel stream on contracts and the provisioning of venture capital to overcome information asymmetry problems (e.g., Eckhardt et al., 2006; Gompers, 1995; Kaplan and Stromberg, 2003; Lerner, 1995). Even before the presence of professional capital, entrepreneur social ties are instrumental in resource mobilization (e.g., Kotha and George, 2012; Ruef et al., 2003; Vissa, 2010). The implicit assumption in developed economies is that capital exists, and can be mobilized beneficially through social networks.

In emerging markets, on the other hand, capital is often hidden or immobile and institutions to make it circulate efficiently are often inexistent (De Soto, 2000) and/or constrained by environmental uncertainty, socio-culture, political and bureaucratic systems (Acquaah, 2007). The main difference between developed and developing economies is the ability to access and exchange capital (Bradley et al., 2012). As a result, a significant cost for entrepreneurial activity is related to how capital can be found and obtained. In this respect, this paper develops two categories of costs

of raising resources: (a) the costs associated with financial capital as the *cost of capital*, and (b) the costs associated with the human relationships involved in resource assembly process as *cost of network maintenance*. The cost of capital, often expressed as interest paid for finances received, has been the subject of significant research, especially the impact of social network on cost of capital (Uzzi, 1999). Although scholars have acknowledged that maintaining a network necessitates time and other resources (Kim & Aldrich, 2005), the cost of maintaining a network has rarely been investigated in entrepreneurship studies.

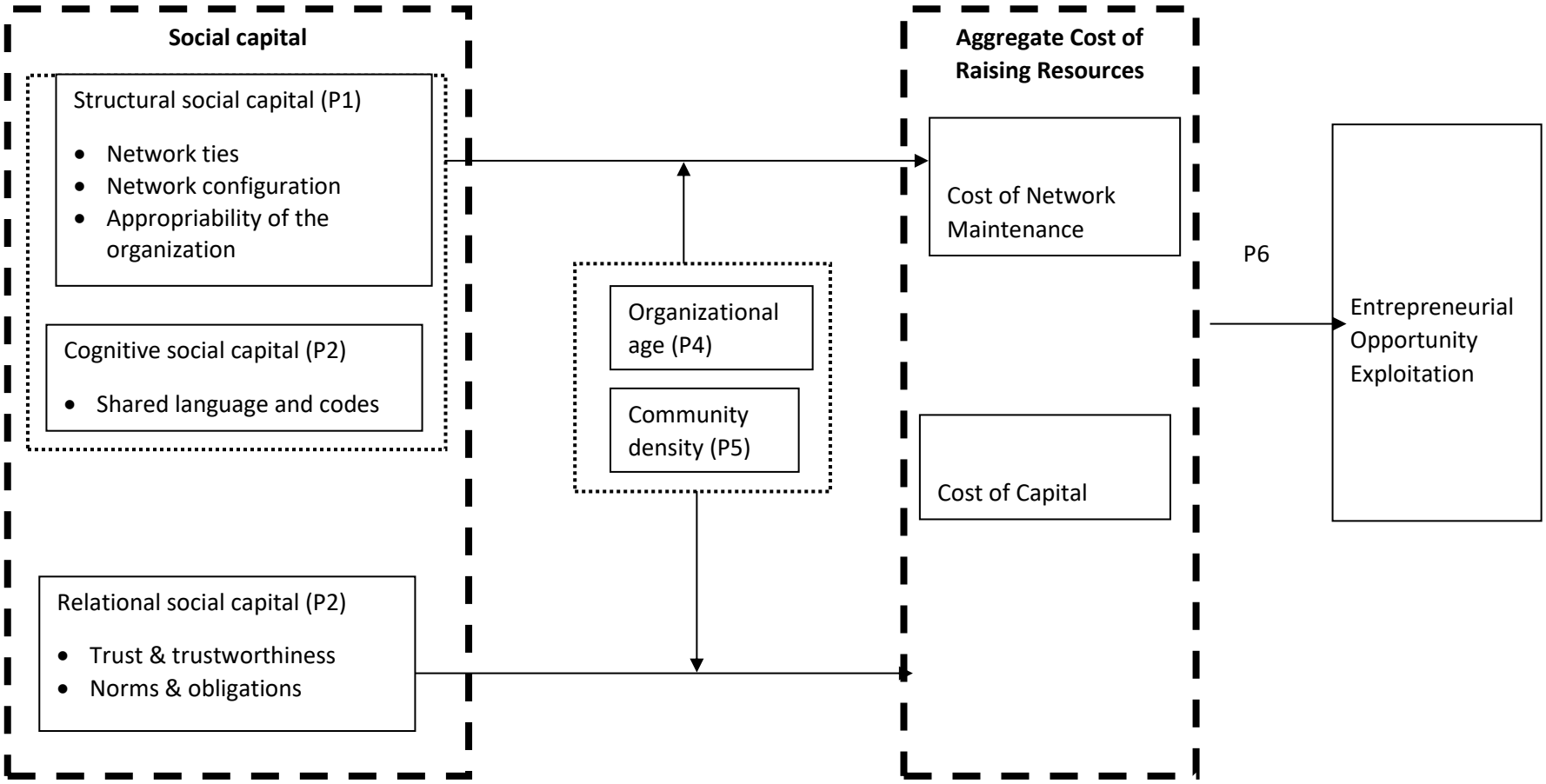
The cost of maintaining a network includes finances and effort spent on network members, and is context-dependent and more pronounced in emerging economies. In a typical African setting, like other developing nations, the same social relations that provide entrepreneurs with skills and resources also require that the entrepreneurs fulfill their social obligations/demands (Kiggundu, 2002; Knutsen, 2003). Entrepreneurs feel obliged to fulfill these social demands in order to maintain loyalty and the social status that their communities have accorded to them. Fulfillment of social obligations or demands is costly to entrepreneurs as they often have to fulfill these obligations using firm resources. In a developing economy context, such social obligations include making financial contributions to community projects, taking care of extended family members and paying for expenses of social relations, for example, school fees and medical expenses. The role of family and kin vary in their influence on entrepreneur behavior across contexts (Chrisman, Chua & Sharma, 2005).

Besides community and family-related costs, entrepreneurs in developing economies are confronted with other costs related to officials that they interact with in the process of raising resources from public resource markets or financial institutions. For example, the costs of complying with business regulation in developing countries are unofficial and are used to "facilitate" processes like acquiring information and resources, and may come in form of bribes and other unofficial contributions (K'Obonyo et al., 1999). Additionally, whereas community and political leaders may provide entrepreneurs with access to resources, these leaders expect entrepreneurs in turn to reciprocate with favors which may necessitate the expenditure of the same resources they have provided access to (Acquaah, 2011). In more advanced economies of the West, the social network might not be as dense, nor would expectations of generalized reciprocity be as dominant. Consequently, it becomes important to consider potential factors that shape when the benefits of social capital are outweighed or dampened by its costs.

SOCIAL CAPITAL AND THE COST OF RESOURCES IN EMERGING MARKETS

Figure 1 summarizes the proposed relationships between the dimensions of social capital and the aggregate cost of raising resources in emerging economies. This paper proposes that structural and cognitive social capital will contribute to an increased cost of maintaining the network by increasing the frequency of interactions with network members. In contrast, relational social capital will contribute to a reduced cost of capital through its effect on reducing uncertainty surrounding resource acquisition. These relationships will be moderated by organizational age and community density. This paper considers resources expansively, i.e. not only financial resources, but also human resources, informational resources, and other physical resources (Kotha & George, 2012), whose acquisition is often difficult and generate high transaction costs in emerging economies (Khanna & Palepu, 1997; Pedersen, 1996).

FIGURE 1
Social Capital, Aggregate Cost of Raising Resources, and Entrepreneurial Opportunity Exploitation in Emerging Economies



In particular, lack of finances and unavailability of affordable credit are major problems facing entrepreneurs in developing economies (Kenya, 2003; McCormick, Kinyanjui & Ongile, 1997; Tushabomwe-Kazooba, 2006). Often, public financial institutions that cater for small and medium-sized firms (like banks and microfinance institutions) are insufficient and/or the entrepreneurs do not have required collateral (such as land titles) to benefit from the existing financial services (De Soto, 2000; George & Prabhu, 2000; Tushabomwe-Kazooba, 2006). Indeed, institutions and government policies do play a key role in facilitating capital accumulation (Hall & Jones, 1999) and explaining income differences across countries (Acemoglu, Johnson & Robinson, 2001). Where such institutions are inadequately developed, entrepreneurs will face a shortage of investment capital and other resources. Adler and Kwon's (2002) model presents the sources, benefits and risks of social capital, and relates these to the ultimate value of social capital under the moderating role of task and symbolic contingencies and complimentary capabilities. This paper complements and extends this model by focusing on a specific risk of social capital in emerging markets that is, the cost that it brings to entrepreneurs with respect to a specific issue in entrepreneurship such as resource accumulation.

Structural Social Capital and Costs of Raising Resources

Structural social capital describes the pattern of relationships between a focal actor or a group and its network contacts (Nahapiet & Ghoshal, 1998), with three facets: (a) network ties, specifically the ties connected to a focal actor in relationships, (b) network configuration with respect to the overall connection among ties in a network, and (c) appropriability of the organization whereby networks created for a specific purpose become relevant for another purpose. In any economy, developing relationships requires interaction with network members and will therefore necessitate the investment of one's time. In a typical African system however, such social interactions are often accompanied by socio-cultural expectations of social obligations, constant exchange of gifts and reciprocity. Often, one is expected to extend such social interactions beyond one member of the network to the community to which the member belongs thus becoming complex and expensive in a system where, as Mbiti (1969: 104) puts it, "everybody is related to everybody else." The consumption of time and other resources in the process of relating with network members leads us to argue that increased interactions that come with the three facets of structural social capital for entrepreneurs in emerging economies will be costly to maintain.

First, the presence or absence of network ties in an entrepreneur's relationship with other actors is an important determinant of the availability of relations that provide different resources (Renzulli et al., 2000), making up the size or volume of the network. Network ties contribute to the frequency of interactions within a network. Therefore, in an emerging economy context, it is expected that an entrepreneur with a large network will have a high frequency of interactions and transactions with network members resulting in resource access and incurring high costs in order to maintain such a network.

Second, the overall configuration of an entrepreneur's network is characterized by network attributes such as density, hierarchy and connectivity (Nahapiet & Ghoshal, 1998). These attributes contribute towards increased movement of resources such as information, knowledge and other assistance (Bolino, Turnley & Bloodgood, 2002; Ruef, Aldrich & Carter, 2003). Therefore, it is expected that increased movement of resources within the network will contribute towards a high frequency of transactions within the entrepreneur's network.

Third, network appropriability indicates the extent to which entrepreneurs' networks may serve more than one purpose. For example, a social relationship that an entrepreneur developed with a network member for religious activities may also provide relevant information or finances for the entrepreneur's firm. Where there is a high level of appropriability, it is expected that there will be a high level of exchanges and therefore a high frequency of transactions.

In sum, therefore, structural social capital, characterized by network ties, network configuration and appropriability of the network, involves a high frequency of interactions and transactions with network members and hence higher costs of maintaining such a network in emerging economies. Some evidence suggests that network size positively influences the amount of resources raised (e.g., Kotha & George, 2012; Ruef et al., 2003). In the case of emerging markets such as Uganda, network size was found to be positively related to the amount of resources raised; wherein a large social network concomitantly increased the cost of maintaining the network (Khayesi & George, 2011). Though empirical evidence suggests larger networks help raise more resources, there is limited guidance on the impact on costs of raising resources. Therefore, this paper posits that:

Proposition 1: Developing structural social capital will significantly increase the cost of maintaining the network in emerging economies.

Cognitive Social Capital and Costs of Raising Resources

Cognitive social capital refers to resources that provide network contacts with shared representations, interpretations and meanings, including shared codes and language, and shared narratives which facilitate understanding and communication among network members (Nahapiet & Ghoshal, 1998). With respect to acquisition of resources, this paper suggests that shared language and codes are important in determining the cost of maintaining a network through their effect on the frequency of transactions.

Shared language and codes facilitates the exchange of information and discussion among network partners (Bolino et al., 2002). Indeed, where an individual share a common language with network members, it is expected that there will be a high level of interaction, communication and resource exchange, concomitantly increasing the frequency of transactions. As in the case of structural social capital, a high frequency of interaction between actors and network members is associated with a high cost of maintaining such network relationships.

In emerging economies of Africa, kinship plays an important role in bonding members through shared language, ethnicity and culture (Mbiti, 1969; Peil & Oyeneye, 1998) or, in the social capital terms, providing them with shared representations, interpretations and meanings. The African traditional system of kinship extends beyond the Western focus on a small group of family members to include almost an entire tribe and those related to members through marriage (Mbiti, 1969). The kinship system thus regulates and governs social relationships, often requiring close cooperation interaction and providing financial and other forms of assistance to members. Thus, acquiring shared meaning and interpretations through such a system necessitates increased interactions with members and consequent consumption of one's time and resources. Such a system is not limited to social life in the community but may permeate economic activities like entrepreneurship hence affecting the cost of maintaining a network. In emerging economies, where communities tend to reinforce their tight social structure with shared norms, languages and codes, one would anticipate that network maintenance costs would be correspondingly higher.

Proposition 2: Developing cognitive social capital will significantly increase the cost of maintaining the network in emerging economies.

Relational Social Capital and Costs of Raising Resources

Whereas facets of structural and cognitive social capital enhance the cost of raising resources by their effect on the frequency of interactions among network members, facets of relational social capital contribute to the cost of raising resources through their effect on the uncertainty of resource acquisition. Hence, this paper argues that an increase in relational social capital will reduce the cost of capital.

Relational social capital refers to the affective or personal relationships like respect and friendship among network members. Nahapiet and Ghoshal's (1998) facets of relational of social capital such as trust, and norms and obligations play a key role in determining the costs of acquiring resources. Accumulating relational social capital is mainly about building trust. Developing trust requires making commitments and sticking to them over time (Kreps et al., 1982). Trust refers to "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (Mayer, Davis & Schoorman, 1995: 712). Where there is trust, it is expected that individuals will perform their expected roles (Coleman, 1990; Mayer et al., 1995; Welter & Smallbone, 2006; Zahra, Yavuz & Ucbasaran, 2006). Thus, whether in developed or emerging economies, it is expected that high trust will increase an individual's reliability on network members, thus reducing uncertainty of acquiring resources through the network. In turn, reduced uncertainty decreases the cost of capital. Indeed, researchers have argued that trust reduces transaction costs (Welter & Smallbone, 2006) such as the cost of borrowing (Uzzi, 1999).

Norms and obligations set expectations for certain action by individuals (Nahapiet & Ghoshal, 1998). In the case of norms, expectations are set by the social system for example the norm of reciprocity where a society expects favors offered or expected to be offered to be returned by favors (Renzulli & Aldrich, 2005). For obligations, expectations may be developed for specific personal relationships. Like trust, norms and obligations increase an individual's level of reliability on network members thus reducing uncertainty surrounding resource acquisition. Trust and norms such as reciprocity are a fundamental aspect of the social system in emerging economies such as those in Africa (Peil and Oyeneye, 1998). In fact, the African kinship system often governs such norms and obligations and determines the kind of punishment to those who do not behave appropriately in order to minimize members' non-compliance behavior. Where networks are characterized by trust and norms such as reciprocity, levels of reliability among members will increase thereby reducing uncertainty of resource acquisition and concomitantly reducing the cost of capital. Therefore, this paper suggests that trust, and norms and obligations will reduce the cost of capital by reducing uncertainty of acquiring resources. This paper therefore posits that:

Proposition 3: Developing relational social capital will significantly decrease the cost of capital in emerging economies.

The Moderating Role of Organizational Age

Organizational age is an important factor in the entrepreneurship process because it enables entrepreneurs to move from opportunity recognition, to exploitation, and to expansion. As an entrepreneur's firm goes through these stages, its resource needs will vary and so will the entrepreneur's network. It should be expected that different ties contribute differently to an entrepreneur's resource needs at different stages of the firm (Greve & Salaff, 2003; Hite & Hesterly, 2001; Maurer & Ebers, 2006). In general, new firms are characterized by uncertainty and a lack of legitimacy (Hite & Hesterly, 2001). Generally, new firms have limited knowledge and

working relationships with resource providers and business partners such as customers and suppliers. This state of existence has been described as "liability of newness" (Stinchcombe, 1965). Because of liability of newness and a lack of legitimacy, entrepreneurs whose firms are in the start-up phase tend to rely heavily on strong or family ties to provide resources for their firms during the start-up phase (Basu, 1998; Greve & Salaff, 2003; Maurer & Ebers, 2006) whereas weak ties provide mainly the information needed by nascent entrepreneurs (Davidsson & Honig, 2003). At later firm stages, for example, pre-growth, growth and expansion, the role of the strong ties slowly diminishes and the weak ties play a greater role in facilitating the activities of the firm (Basu, 1998; Greve & Salaff, 2003). One of the reasons given is that strong and cohesive ties may not provide an entrepreneur with the information and resources that are necessary for further firm development (Maurer & Ebers, 2006).

The preceding discussion implies that organizational age has an effect on the relationship between social capital and costs of raising resources. During the early years of firm formation or start-up, the liability of newness as discussed in this section enhances high uncertainty as far as raising resources for entrepreneurs is concerned. Additionally, heavy reliance on strong and family ties enhances facets of structural and cognitive social capital which in turn leads to high frequency of interactions and transactions with network members. Hence, it is expected that the effect of organizational age on facets of social capital and attributes of transactions at this firm formation stage will bring about high costs of capital and network maintenance to entrepreneurs. At later firm stages, as uncertainties reduce and entrepreneurs rely more on weak ties meaning low frequency of interactions and transactions, it is expected that both the cost of capital and network maintenance will reduce. This paper therefore proposes the following:

> *Proposition 4: Organizational age moderates the relationship between social capital and costs of raising resources such that developing social capital will generate higher costs at earlier stages and lower costs after that.*

The Moderating Role of Community Density

The institutional environment has been identified as one of the contexts that affect the exploitation of entrepreneurial opportunity (Shane, 2003). An entrepreneur's institutional environment may comprise of the political, economic or socio-cultural contexts (Hoskisson, Eden, Lau & Wright, 2000; Shane, 2003). Here, this paper examines how the socio-cultural context likely affects entrepreneurial opportunity exploitation, specifically, how it may contribute to the generation of costs of raising resources. The socio-cultural environment contains "beliefs and attitudes of members of society as to what are desirable and legitimate activities, as well as the social and cultural institutions that support a particular society's way of life" (Shane, 2003: 157). Thus, the socio-cultural norms embedded in an entrepreneur's environment or community may affect the entrepreneurial process by instilling positive or negative attitudes towards profit-seeking behavior, providing entrepreneurial role models; also via cultural beliefs that affect decision-making they also may affect beliefs about resource acquisition and use (Shane, 2003). Finally, the socio-cultural environment provides entrepreneurs with the ties that form part of their social networks and determines entrepreneurial networking (Kim and Aldrich, 2005).

Given the importance of the socio-cultural environment in which the entrepreneur operates, this paper finds it relevant to investigate how entrepreneur's socio-cultural environments moderate the relationship between social capital and costs of raising resources. This paper investigates the effects of the socio-cultural environment through the theoretical construct of community density. The paper focuses on the community because entrepreneurs' networks are embedded in their

communities, and the benefits (or costs) of the networks flow from the communities to the firm through the entrepreneur and vice versa (from the firm to the community through the entrepreneur). In the network literature, density is used to refer to "tightness" within a network or the degree to which network contacts know each other and are cohesive (Renzulli & Aldrich, 2005).

This paper borrows the concept of density from network literature and applies it in this study to reflect group-orientation within the entrepreneur's community. This paper refers to community density to reflect the degree to which the entrepreneur's community is tightly knit. Community density is reflected as 'closure' in the social structure. Social structure refers to the configuration or pattern of behavior among social relations, groups or entities (Cook & Whitmeyer, 1992). The paper examines how community density may contribute to the generation of costs of raising resources in the emerging market context through its effect on the facets of different dimensions of social capital and attributes of transactions involved in the process of raising resources.

Closure in the social structure ensures availability of social relations or ties, while at the same time fostering certain elements of social capital, particularly norms, obligations, communication or sharing of information, trust and trustworthiness among its members (Coleman, 1988 & 1990) but less trust from social players that are not part of the extended kin (Triandis, 1995). Closed structures are characterized by communalism and collectivism that encourage group-orientation for example individuals foregoing their interests for the interests of the collectivity (Coleman, 1988; Hofstede, 1991; Triandis, 1995). As opposed to collectivist societies, individualistic societies emphasize independence, personal control, and personal recognition and achievement (Hofstede, 1991; Triandis, 1995).

The collectivist nature of closed or dense communities therefore fosters elements of social capital which have an influence on resource acquisition. For example, norms, obligations, trust and trustworthiness help to reduce uncertainty of transactions thereby reducing the cost of capital. Information sharing through shared language and the availability of network ties for exchange of resources increase the frequency of interactions with network members thereby enhancing the cost of network maintenance. Some evidence suggests that communal orientation of an entrepreneur's network increases the aggregate costs of raising resources (Khayesi & George, 2011). However, there is limited evidence on how cost of capital and cost of network maintenance may diverge in different settings characterized by high community density.

Consequently, this paper proposes the following:

> *Proposition 5: Community density moderates the relationship between social capital and costs of raising resources such that more (less) dense communities will generate higher (lower) costs of network maintenance but lower (higher) costs of capital.*

Resource Accumulation and the Exploitation of Opportunity in Emerging Markets

Resources are necessary for the exploitation of entrepreneurial opportunities. Scholars have argued that adequate resources facilitate the exploitation of entrepreneurial opportunity by increasing a firm's chances of survival, growth and profitability (Bradley, Wiklund & Shepherd, 2011). Capital or slack in financial resources are important in that they provide a buffer for entrepreneurs to be able to respond to unexpected circumstances (George, 2005). Whereas social capital enables entrepreneurs raise resources that are needed to facilitate the exploitation o entrepreneurial opportunity, the same social capital generates costs that deduct the resources raised. Although the availability and amount of resources positively affects the exploitation of

entrepreneurial opportunity, the aggregate cost of raising those resources significantly undercuts this positive aspect of resources raised in emerging markets. Shane (2003) discusses the topic of capital availability in the entrepreneurial process in depth and shows that high costs of capital or interests rates have a negative effect on the exploitation of entrepreneurial opportunities. When the costs of obtaining capital are lower, the entrepreneurial opportunities will be more profitable, hence encouraging the exploitation of entrepreneurial opportunities.

In emerging economies, scholars have suggested that group and other corporate structures exist to facilitate shared capital, among others (Khanna & Palepu, 1997). Because costs of raising resources are traditionally higher in emerging economies, the ability to raise capital at lower rates is likely to facilitate entrepreneurial opportunities (George & Prabhu, 2003). However, if the aggregate cost of raising resources is higher because of high costs of maintaining a network in emerging economies, individuals are less likely to pursue new opportunities. This paper therefore posits that:

> *Proposition 6: The aggregate cost of raising resources that is generated by social capital of entrepreneurs will be negatively related to the exploitation of entrepreneurial opportunities.*

IMPLICATIONS FOR THEORY AND FUTURE RESEARCH

This paper provides an explanation for the implications of social capital for entrepreneurship in emerging economies. This explanation is based not on social capital's implications for the discovery of new opportunities, but rather on the costs of developing the social capital required to seize them. A review of the entrepreneurship literature reveals that there is a paucity of evidence on the negative effects of social capital on resource accumulation. Previous work on the role of social capital in the entrepreneurial process has focused on examining the positive aspects of this social asset: How it helps entrepreneurial firms to alleviate resource constraints and access opportunities.

The proposed model goes beyond this traditional focus on positive attributes of social capital, and opens up the debate on the almost taken-for-granted received knowledge on the contributions of social capital. Here, structural and cognitive social capital, particularly in emerging economies, enhances the cost of maintaining the network by contributing to the frequency of interactions and transactions. This paper proposes that relational social capital will contribute to the cost of capital by enhancing uncertainty of resource acquisition. This model further adds organizational age and community density as moderators of these relationships. In so doing, this paper lays the foundation for future research using social capital in emerging economies, by moving away from an overemphasis of positive attributes of social capital to providing a model (Figure 1) that also addresses its cost implication in raising resources. Rather than assuming that the benefits of social capital automatically outweigh the risks (Kostova and Roth, 2003), the paper develops constructs to examine different costs related to raising resources. The paper's propositions may be used to examine the contributions of structural, relational and cognitive social capital to resource accumulation (particularly the aggregate costs of raising those resources) by entrepreneurs in different contexts.

The study may further help researchers explain why entrepreneurs in different contexts (e.g. different stages of the firm formation process, communal versus non-communal societies, or collectivist versus individual societies) experience different degrees of exploitation of entrepreneurial opportunities and their resultant effect such as firm growth. This paper attributes

these exploitation differences to differences in the cost of raising resources through social capital. Although these costs exist everywhere, this paper believes that they are more problematic in developing countries where entrepreneurs have to rely mainly on family members for financial resources due to inadequately developed public financial institutions. The result is often a high cost of maintaining the network for developing economies. Thus an empirical investigation of aggregate costs may help explain contextual-based performance differences. This paper encourages researchers to empirically examine the relationships developed in this model using measures of social capital such as network size, kin composition, duration of relationship, multiplexity of relationship, and goal and interest alignment (Renzulli et al., 2000; Uzzi, 1999; Maurer & Ebers, 2006). Further, these effects are likely better observed longitudinally wherein social capital and its effect on the aggregate costs of resources changes over time.

Finally, the model explores the moderating role of organizational age and community density on the relationship between social capital and aggregate costs of raising resources. While certainly not exhaustive as a list of moderators, it highlights the need to consider organizational and social context factors as influencing the costs and benefits of social capital. In the future, researchers could add to it by considering other institutional factors such as norms and cultural practices. Other industry context moderators might include environmental dynamism and resource munificence. Such moderators will help expand the explanations of the conditions under which the costs of raising resources might be altered thus helping to expand the possible list of constraining effects of social capital.

The practical relevance of this study extends beyond the accumulation of resources and entrepreneurship focus. The fact that social networks or social capital can also hinder individuals' efforts at business is applicable to broader areas of management. Hansen (2003) found that difficulties in implementing human resource development (HRD) practices such as sanctioning employee performance or implementing interventions aimed at bringing about change in Ivorian firms were associated with the firms hiring members of their social networks. Similarly, a German company Metro Cash and Carry faced difficulties when it hired an Indian CEO to run their firm in Bangalore region in India. The main problems stemmed from the fact that the local CEO could not make some tough decisions, something he was hesitant to do because the persons involved were part of his network. Such examples underscore strategies that work well in developed economies may not be easily transferred to developing economies.

This view is also shared by researchers who suggest that focused firm strategies developed for Western economies may not produce the same results for emerging economies due to differential institutional contexts (Khanna & Palepu, 1997). When discussing the role of networks, George, McGahan and Prabhu (2012) note that the empirical context of developing countries changes the boundary conditions of how network effects influence innovation and performance. This study adds to this conversation and proposes that the concept of networks based on Western economy assumptions is unlikely to yield similar results in emerging economies; thereby, requiring scholars to consider context-specific configurations in order to ensure that entrepreneur networks yield more resources at low costs.

This paper presents a comprehensive model that examines how social capital could negatively affect resource accumulation by influencing the entrepreneur's costs of raising resources, and by implication, the exploitation of entrepreneurial opportunities in emerging economies. The propositions advanced may be used by researchers to specify variables for empirical research, using both quantitative and qualitative methods. The goal of this paper was to present a set of conditions that portray the potential negative effects of social capital. To that end,

this paper encourages researchers to consider a more balanced view of how social capital could influence not just the crucial entrepreneurial process of resource assembly, but also its attendant costs.

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TUSKYS'S STRATEGIC MOVES WHEN THE RETAIL SECTOR IN KENYA FACES TIGHTENING COMPETITION

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ABSTRACT

Kenyan retail sector has long been traditionally dominated by few, strong, domestic family-run companies. However, the retail sector has become turbulent as some big international chains have focused their interests in Kenya venturing into the growing consumer market. This has changed the positions of the domestic companies facing tightening competition. This paper discusses on the recent events in the Kenyan retailer sector and more particularly focuses on Kenya's second biggest retailer Tuskys and its strategic moves to maintain or if possible even to strengthen its competitiveness in the market. In this paper, the concept of 'Blue Ocean strategy' is used as a reflection to analyze the strategic moves of Tuskys when it is trying to create new market spaces and capture new consumer demand.

INTRODUCTION

Over the past few years foreign businesses have become increasingly aware of the vast potential in Africa's burgeoning consumer market. Currently the continent has more than 1.1 billion people and it is estimated that more than half of the global population growth between now and 2050 will occur in Africa, hence, it is expected that Africa will more than double its population by 2100 (UN, 2015). Simultaneously, the population is more and more concentrated on urban areas. These kinds of growth figures impact also people's consumer behavior and retailing habits.

Good example of this is Kenya which is currently second to South Africa and doubles Nigeria, Africa's largest economy, in the level of development of formal retail shopping stores (Oxford Business Group, 2016). The growth in shopping malls has been fueled by demand as the expenditure level has been increasing due to the rising levels of disposable income and an expanding middle class. Particularly in Nairobi the rise of formal retail space has helped to attract foreign investors: the metropolitan city has around 391,000 completed shopping centre space while still several new shopping centre spaces are in the pipeline (Knitght Frank, 2016). These developments are expected to spread beyond Nairobi into other major urban areas and commuter regions. In addition, the increase in household income has also led to a change in consumer behavior, which has positive results for foreign retailers. Middle-class consumers appreciate high quality and are willing to pay for that (McKinsey & Company, 2012).

Although, there has been a push to expand formal retail activity and shopping centres and the formal retailing has been growing fast rising from 15-20 per cent up to 30 per cent within few years, market remains dominated by the traditional, informal sector where 70 per cent of Kenyans do their daily shopping (Nielsen, 2015).

In this paper I am discussing in general how the retail sector in Kenya has changed during the last few years. More particularly I am analyzing how a domestic Kenyan company – Tuskys

(Officially called as Tusker Mattress Company Limited) - is facing the tightening competition in the retail sector. Tuskys is the second-largest supermarket chain in Kenya which is a family-owned business established during the early 1980s. I am analyzing how Tuskys is aiming to stay competitive and maintain its high-performance within the Kenyan market. The exact research questions are:

- What kind of strategic moves has Tuskys made to maintain or improve its' position in the retail business?
- What kind of efforts Tuskys has made to create new market places and reach new clients?

I am applying the concept of 'Blue Ocean' (Kim and Mauborgne, 2004) when analyzing Tuskys strategic moves. The structure of the paper is as follows. I begin by presenting the basic idea of the Blue Ocean strategy. Then I move on to discuss on the methodological choices. I continue by discussing on the findings, first analyzing Kenya's retail sector., followed by addressing how Tuskys is facing the tightening competition and what kind of strategic moves it has made to survive or if possible, to strengthen its position. Lastly, I conclude the paper by considering what the tightening competition between domestic companies and foreign chain brings to the Kenyan retail sector.

The contribution of this study is to provide insight and deeper understanding on how retail sector is changing and what kind initiatives a domestic company has done to stay competitive in turbulent situation. Instead of proposing normative suggestions of how companies should operate, this paper is a descriptive in nature.

BLUE OCEAN STRATEGY AS A CONCEPTUAL FRAMEWORK

In this paper, I am applying the "Blue Ocean Strategy" (BOS) to reflect the strategic moves of the case study company, Tuskys. The concept of Blue Ocean was created by W. Chan Kim and Renée Mauborgne (2005) in their bestseller book title Blue Ocean Strategy: How to create uncontested market space and make the competition irrelevant. Kim and Mauborgne (2005) simplified the world by classifying or labeling businesses as either in the Red Ocean or the Blue Ocean. The Red Ocean implicates strong competition and low or declining profits, because markets are densely populated and saturated; all market-niches and spaces seem to have been taken already. The opposite is the Blue Ocean, "all the industries not in existence today" (Kim and Mauborgne, 2005), where markets are not well developed, industry boundaries are not given, and hence competition is absent or weak. Here, according to the authors, high growth rates may be expected. The BOS is not about blind spots or misperceptions in an industry, but about recognizing and realizing the untapped potential of new market spaces and making competition irrelevant. Table 1 below presents the essence of Red Ocean versus Blue Ocean strategies.

Kim and Mauborgne (2005) claims that instead of luck and determination, deep understanding and analytical insight in industry structures will bring uncontested markets to the surface. Therefore, the authors are emphasizing that customer knowledge is the base for marketing and product development. As markets develop and spawn competition, market space decreases and the average distance from the consumer increases. Kim and Mauborgne call those companies which are able to find sufficient untapped markets and creating consumer demand as "value innovation" because it is not about managing competition, but rather managing innovation. The competition is made irrelevant by creating a leap in value for buyers and for the company, thereby opening up new and uncontested market space.

TABLE 1
Red Ocean versus Blue Ocean Strategy

Red ocean strategy	Blue Ocean Strategy
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value/cost trade-off	Break the value/cost trade-off
Align the whole system of a company's activities with its strategic choice of differentiation or low cost	Align the whole system of a company's activities in pursuit of differentiation and low cost

To recognize that uncontested market spaces, Kim and Mauborgne developed a Four Actions Framework where the attributes to be investigated are those related to buyer's perceived value:

- The Eliminate action concerns factors the pertinent industry has long competed on and that do not represent anymore a source of competitive advantage in terms of customer value;
- The Reduce action is related to product/service attributes that are overdesigned and that could be provided at much lower performance without affecting perceived value;
- The Raise action consists in increasing the performance of certain attributes well above the current industry standard, breaking the compromise with other features of the value curve;
- The Create action aims at introducing brand new sources of value for customers.

Later on, this paper I am asking whether the urban formal retail market particularly in capital area is turning to be a red ocean where competitors are competing for the same customers.

RESEARCH DESIGN: A CASE STUDY

This study is a single-case study. A case study is both the process of learning about the case and the product of the learning. The choice of case is made because it is expected to advance our understanding of the research phenomenon (Stake, 1995). Case studies are a preferred approach when 'how' or 'why' questions are to be answered, when the researcher has little control over events and when the focus is on a current phenomenon in a real-life context (Yin, 2003). Case studies can in fact be used in all types of research: exploratory, descriptive or explanatory (Yin, 2003). In this study, I am interested in understanding how Tuskys has started to preparer itself to the tightening competition which can be expected in the Kenyan retail sector. Another strength of case studies is their conceptuality (Yin, 2003). In business studies case research is particularly useful when the phenomenon under investigation is difficult to study outside its natural setting, case studies are an effective way of understanding the links between macro-environmental factors, industry-level relationships and firm decision-making. I acknowledge these contextual factors in this study by briefly discussing on the reason why the retail sector in Kenya has become more turbulent.

Case studies involve data collection through multiple sources such as verbal reports, personal interviews, observation and written reports. This paper is a beginning of my bigger research project and serves as a 'pre-research' data collection to set up the more detailed data collection.

Therefore, this paper relies on secondary data sources, such as websites, newspaper articles. I selected Tuskys to be the case study company as I have been following the company's strategies since 2010 when I first time went to Kenya to conduct research. I have had informal discussions with the current CEO and based on information recollected then, I have written the case analysis part.

FINDINGS

This findings section is divided into two parts: I begin by discussing on the retail sector in Kenya by highlighting how the competitiveness is expected to change dramatically within the near future. Next, I present more detailed manner Tuskys and how it is preparing itself for the future by aiming to foster its position in the competition.

Retail Sector in Kenya

Currently, Kenya has the second most developed retail market in sub-Saharan Africa with about 30 per cent of retail shopping being done in formal outlets (ATKearny, 2015). Growth in the number of supermarkets in Kenya have been extensive during the last few decades from less than 5 in early 1990's to over 200 by 2002 to around 500 by 2008 (Riungu et al. 2013). In total the retail and wholesale sector grew by 19 per cent during 2006-2011 becoming the second largest driver of economic growth after the transport and communication sector (The Kenya Economic Survey, 2012). The growth is largely driven economic growth, market liberalization, growing middle class, urbanization and changing life styles. Retail sales in East Africa are expected to grow around 10 per cent per annum over the next five years. Retail outlets tend to grow by first focusing on urban areas and large cities, then expanding to medium size urban areas, and finally out to rural areas. In this way, although supermarkets generally begin by catering to higher income urban consumers, the growth path of retailers in East Africa has the effect of eventually bringing lower income rural consumers into the retail outlets as well, driving up retail growth rates significantly (Dihel, 2011).

Kenya's formal retail sector is dominated by four major supermarkets and numerous other smaller retail chains spread across the country. The four major supermarkets chains are Nakumatt, Tuskys, Uchumi, Naivas, Three out of these four were founded by two brothers and their friend in the little dusty town of Rongai in Nakuru County. The Shah's and the Kamau's were not well-known families in the business cycles but they now control 85 per cent of Kenya's retail business. The owners of Tusky's and Naivas are first cousins and the businesses are run by the second-generation family members. During the time, there have been attempts to break to dominance of these strong players without success. For examples, brances as as Skymart, Metcash, Carry and Lucky 7 supermarket have retreated from the markets (Dihel, 2011).

Kenyan retail sector is projected to grow by 20 per cent annually as the population growth continues to create demand for retail goods and service and the rising middle class has increased its purchasing power (Cytonn, 2016). Thus, there is higher disposable income and increased financial ability for consumption. Further technology has provided avenues of cashless payment systems making shopping safe and convenient. The popularity of retail supermarket chains continues to rise among the low- and middle-income consumers. Foreign chains have struggled to make entrance to the Kenyan retail market, but this is about to change (Cytonn, 2016). Besides the growth figures and technological improvements, infrastructural developments have attracted increased number of international retails to seek their entry to the market (ibid). Hence, during the

last two-three years, the Kenyan retailing market has witnessed increasing penetration of international retailers that have opened outlets in Kenya. As market entry strategies, international chains have utilized both greenfield and acquisitions. For instance, Massmart, owned by the world's biggest retailer Wal-Mart, had a long negotiation process to buy a majority stake (51 per cent) of Naivas (Kiragu, 2013). However, this deal collapsed and due to that Massmart decided to entre to the country by setting up its own branded Game stores. (Herbling, 2013). Botswana's Choppies has made an aggressive market entry to Kenya. Afrer a longer acquisition process, which started in May 2015, Choppies acquired three Ukwala supermarkets in Nairobi and nine Ukwala stores in the tows of Kisumu, Bungoma, Nakuru and Kisii during the spring-summer 2016. The chain announced its plans to set up at least 30 new stores countrywide in the next two years, mainly in the capital city of Nairobi and in the coastal city Mombasa but also in Elodoret (Mwita, 2016). However, in the end of 2016 it announced that it is closing down some of the stores which are insolvent (Businessdaily, 2016). Similarly, as Massmart, French-originated Carrefour is seeking to tap into Kenya's growing "malling culture" which is fuelled by Kenya's growing middle class which has increased disposable incomes to splurge on shopping.

Foreign stores prefer to locate in shopping malls which have been increasing since the 1980s when the Sarit Centre, regarded as the city's first formal mall, opened (Njoroge, 2016). During the last years, the shopping centre development, especially in Nairobi, has expanded tremendously. It is even speculated that there is over-supply of the rental spaces.

International retailers are known to be considering entering Kenya but the difficulty of sourcing appropriate local partners is regularly cited as a major obstacle to market entry. There are only a small number of local firms with the expertise to partner with international retailers. Security concerns and the recent volatility of currency markets have also contributed to a number of international retailers' decisions to put their market entry on hold (Knight Frank, 2016).

Local firms have seen strong growth in the retailing market largely as a result of prevailing strong brand heritage developed through strong advertising and long-term presence in the market as well as having a wide footprint, with their outlets enjoying countrywide coverage. Besides these big international players, the market has shaped by emerging smaller retailer chains, such as Mathai, and Eastmatt. These smaller retailers have started their businesses in upcountry locations and later on expanded into business district in Nairobi. They are hoping to replicate the success of other Kenyan family-owned retailers which have started from one-store and expanded into big, well-known branches. Perhaps these smaller-players are good buyouts for international chains; instead of setting up new stores, they would get well-managed businesses that are also operating outside the capital area. Table 2 below presents the current (05/2017) situation of the different retailers in Kenya and neighboring countries.

Perhaps currently the formal retail sector in Kenya, particularly in the capital area, might be soon suffering from some sort of red ocean, crowded market space. It seems that targeting the growing urban, middle class and modern clean supermarkets is a Red Ocean Strategy that attracts several players: not only the dominant market actors, but also the foreign retailers. The number of competitors and the intensity of competition might increase price competition. As a result, profits are squeezed and some competitors have left the business. Also, the expansion strategies to neighboring countries have not been always so successful for instance, Uchumi exited from Tanzania and Uganda. Domestic chains have faced financial difficulties, for instance as mentioned, Ukwali Supermarket decided to accept the deal of Choppies. Also, the biggest retailer, Nakumatt, has faced difficulties which have forced it to close some branches.

TABLE 2
Retail Sector in Kenya

Company	Founded and Current Qwnership	Number of Branches (app.) and Market Segment
Tuskys	Joram Kamau set up a shop called Magic in Rongai in Nakuru which later on grow into Tusker Mattresses. Owned by the family members, set a goal to be listed in bourse in the next five years.	54 stores in Kenya, 7 in Uganda. In mid-2000, Magic Super Stores were merged with Tusker Mattresses.
Nakumatt	Founded by Mangalal Shah 1947 as a small retail shop in Embakasi. Family-owned and run, sold 25 per cent to foreign investor in beginning of 2017	46 in Kenya, 9 in Uganda, 6 in Tanzania, 3 in Rwanda (total 64 across East Africa). Targets mostly middle- and upper-income customers.
Naivas	Family owned and run business (Mukuha family) Founded 1998.	Around 40 stores in Kenya. Massmart has had an interest to buy majority stake in Naivas
Uchumi Supermarkets	Founded in 1975 as a public limited liability company by three Kenyan parastatal companies. In 1976 signed a contract with Italian supermarket chain, Standda SPOA and in 1992 was listed on the Nairobi Stock Exchange (de-listed between 2006-2011). Was closed down and re-opened with a government-led rescue plan in 2006.	Around 25 stores in Kenya. Exited the Tanzanian and Ugandan markets in late 2015
Chandarana supermarkets	Established in 1964 as a Grocery Shops in, Eastleigh, Nairobi. Family-owned retailer.	Mainly food and grocery items. 8 stores (all in Nairobi, except one in Mombasa). Known as paying better benefits to the employees than the rivals.
Ukwala	Family owned and run business until 2016, Acquisition with Choppies 75 per cent equity and 25 per cent equity held by Export Trading Group, a Tanzanian firm.	Focused on lower-middle class shoppers
Foreign chains	**Market entry into Kenya**	**Market segment**
Carrefour (French)	Opened first shop 05/2016 in Karen, another one last part of 2016	'Malling' culture
Massmart, brand as Game chain (South-African, Wal-Mart acquisition in 2012)	Entered during 2015. Has expressed an interest in expanding the market both by greenfield and acquisition (was almost reaching a deal to buy Naivas)	Fast-moving consumer goods and non-perishable groceries. Has around 400 stores in at least 14 African countries.
Choppies/Ukwala, Botwwana-based supermarket chain	Had taken over several Ukwala Supermarkets in the big cities in 2016. Continues to be trading with the brand Ukwala	Planning to set up at least 30 new stores in the coming few years. Operates in several big towns. Stores also in Zimbabwe, Zambia and Namibia.
Tier-two stores		
Mathai	Small private retail chain owned by Victor Maina. Was established in 2006.	Has several supermarkets (<10) in central Kenya, first store in Nairobi was opened in September 2014.
Eastmatt	Privately owned small chain established in 1990.	Started in a small-town (Mau Narok) in 1990, and been expanding to counties. Opened first store in central Nairobi business districts in 2014. Currently has around 10 stores. Prefers to locate near stages for public transportations. Aims to be nationwide.

Nakumatt's dept. has more than tripled over last years and to overcome the financial constraints, Nakumatt announced in October 2016 that is considering selling 25 per cent of the shares (Changole, 2016) and in January 2017, Nakumatt reported that it has found a foreign investor. What comes to Tuskys, it has also close down branch on Sheikh Karume Road (Guguyu, 2017). Competition is getting tougher as new industry players are coming to the field. Who will survive and how? Nevertheless, it is worth of recognizing that modern distribution channels have failed to capture a large portion of the retail market in East Africa. Informality is still prevalent and for instance, small-scale farmers have found themselves marginalized by the distribution sector and its new practices, and very poor households are often paying more per unit for basic products than wealthier households as they don't have access to modern retailer (Isik and Brenton, 2012). It is interesting to see whether formal retailers see the market opportunities at the informal sector among the subsistence marketplaces.

Tuskys Strategic Moves

Tuskys (formally known as Tusker Mattress Limited) story started from a single shop in Nakuru in 1982. Its founder was Joram Kamau. He had held a small shop called Magic that used to trade in mattresses in Nakuru in the 1980s. He had cultivated a unique relationship with the founder of Nakura Mattresses (today known as Nakumatt) who was doing a business across the street. Some years passed, as the business has grown, Joram left the business his first shop to his brothet, which he transformed into Naivas. When the sons joined the business, they expanded to Nairobi through their subsidiary Tusker Mattresses. The founder died in 2002 and since that Tuskys has been owned by five brothers and two sisters who took over the business. During the years, there have been some disputes and struggles for power between the family members. Until the spring 2015, family members have been charged of the management but this came to its end in May 2015 when Tuskys appointed a non-family chief executive for the first time in its 25-year history, Dan Githua. This change was made as it is expected that Tuskys have an interest to be listed in the public offering and a professional manager was seen as a best option to begin the preparations. Along with the new CEO Tuskys also created new strategy with is titled as '*Tuskys 2.0 From good to great'* which is currently being implemented (during the years 2016-2020). Traditionally Tuskys business recipe has relied on two issues: location of the stores and affordable pricing. The chain aims to locate their supermarkets near bus stations, residential estates or peri-urban areas, as it is stated in their vision '*Successful brand on every street and corner*.' Stores are located in places which are convenient for people using matatus. Another key factor is offering very low prices: compared to its main rival, Nakumatt, Tuskys is known offering more affordable prices, hence perhaps serving slightly different customer segment (Gacheri, 2010). Among the new strategy, Tuskys is aiming to strengthen its brand and its position not only in Kenya but also in neighboring countries. The company aims to achieve annual 20 per cent growth and to be listed at the NSE by 2020.

In the following subchapters, I am analyzing Tuskys strategic moves by applying the model of Blue Ocean Strategy. According to Kim and Mauborge, organizations can generate growth by finding uncontested market spaces. In line with this, Tuskys has expanded its offering beyond of the conventional supermarkets, created new concepts based on the trends it has identified among the customers and implemented them by forming alliances with new partners. In the following these are described in more detailed manner, particularly how Tuskys has identified uncontested market spaces and created new initiatives to boost demand of its offerings.

Reshaping the Market Boundaries and Recognizing Untapped Market Spaces

According to Kim and Mauborge, organizations can look market boundaries differently and formulate new value for products and services to customers from different segments and placed in an uncontested market place. In the retail sector, it is common to set up new stores to penetrate markets, but it can lead to tough competition with the competitors. According to the CEO Dan Githua, expanding markets by launching totally new stores is also time-consuming (Mulupi, 2016). Although, Tuskys has been opening new stores, it has developed new ways to strength the market boundaries by utilizing the existing distribution networks. For Tuskys, the choice has been to create strategic partnership with 'unconventional' actors. Tuskys wants to be easily reachable throughout the cities, so it has decided to expand its leverage by making use of already available distribution channels. Example of this is Tuskys's effort to partner with informal sector and develop 'shop-in-shop'-concepts in spaces that are reached with large number of potential clients.

Partnering with informal sector. There are hundreds of thousands small informal shops in Kenya. These stores, located in suburbs and in rural areas, often serve the needs of shoppers who are not close to a formal retailer. These shops thrive due to their close proximity to customers, but also because they sell goods in smaller quantities and offer credit to loyal customers. Tuskys has identified that informal shops could offer new market space for them. During the spring 2016 Tuskys created a new franchising model to rebrand and trade small independent shops as Tuskys's outlets. It co-operates with some small-kiosk owners in informal settlements, making their existing businesses more modern and allowing the small-kiosk to offer variety of products, hence the retailers can grow their businesses bigger. This kind of arrangement serves Tuskys interest in being 'closer to the client' and serving wide client base. This concept is currently piloted with five stores and based on the experiences the company will decides whether it should be expanded more widely. Besides transitioning informal shops into legally-recognized entities, the company is partnering with informal entrepreneurs in different way as well. Retailer sector is still strongly dominated by informal sector which can also affect the business of formal stores. This can mean for instance that customers who are shopping at formal stores are passing the individuals who are selling chapatti and buying bread from them. Tuskys has started partner with some of these individuals and giving them space inside their premises.

Concept of small conveniences stores. Tuskys has strongly invested in improving its fresh bakery offering. It has been a pioneer in the retail sphere with its deli culture. Deli section has been a trademark in the branches across the country. Besides its own stores, the retailer has been setting up convenient stores at new locations for instance at the Aga Khan University Hospital. Together with Vivo Energy Tuskys aims to open over 75 outlets at Shell Petrol stations across the country in the three years (2016-2019). This allows Tuskys to reach (new) client in new places, such as hospital staff workers and visitors and supplement the services at the gas stations. For Tuskys this deli concept is part of its desire to keep up with modern consumer trends.

Reaching Beyond Existing Demand

Kim and Mauborgne argue that companies should sought growth by reaching beyond existing demand. Tuskys is a supermarket selling various items, from food and groceries, beauty and hygiene, household items to electronics and furniture. Items belonging to higher price category and bigger investments might be out of the reach for the low-lever customers. To make bigger investments possible to wider client segment, Tuskys has created a partnership with Sacco members. Saccos' (Savings and Credit Cooperative Organization) are rather common in Kenya, for instance different employers are offering them to their employees, or small-scale farmers can

create them together. Saccos' objectives are among others to provide a source of fair loans and reasonable rates of interests.

It seems that Tuskys recognizes the value and role of Saccos and spot them as opportunities to offer finance for their higher value items. Tuskys began this partnership with Safacicom's Sacco in February 2016. The two companies signed a retail agreement that will allow the members of the Safaricom's sacco to acquire high value items on credit bases from all Tuskys stores in Kenya. With these partnerships, Tuskys hopes to create more demand towards their household items and electronics. Besides Sacaricom, Tuskys is aiming to pursue similar partnerships with other Saccos across the country.

Raising Performance Above Industry Standards

Besides those previously mentioned strategic moves to create new market spaces and increase demand, Tuskys has implemented some other initiatives which aim to increase professionalism and become more modern organization. I have labelled these initiatives as attempts to raise its performance above the current industry standards.

In Kenya, as in several other African nations, there might be lack of trained and qualified labour force and at the same time the amount of youth unemployment is increasing. To tackles these issues, Tuskys designed a specific 5-year internship programme which was launched in October 2015. The purpose of the internship program is to train 1500 graduates every year for five years. The training consists one month classroom training continued by practical training at various stands within the company. Upon completion of the internship, Tuskys expects to absorb up to 50 per cent of the candidates within its employment cadres.

In addition, together with KCB Foundation Tuskys *established a strategic partnership* in June 2016. The purpose is to support contract farming for thousands of youths in agribusiness and offer at least 1,600 internship opportunities. The partnership will work to benefit 12,000 youths across 22 counties in the identified value chains in agribusiness through provision of asset financing and working capital to enable the young farmers to meet the needs of demand and supply. Tuskys Supermarkets has committed to buy all the produce of the venture, making this one of the most fulfilling contract farming initiatives launched by the private sector in the region.

Similarly, as some other retailers, Tuskys has noticed customers increasing desire to shop online. It started to invest in developing an online shopping platform which has been deployed since May 2016.

DISCUSSION

Kenyan retail sector has traditionally been dominated by few strong local branches that have been able to eliminate the entrance of the foreign players. However, this setting is changing and the sector is becoming more vibrant. Several international branches have drawn their gaze to Kenya and they are interested in getting their piece of the projected growth in the formal retail. These new entrants are shaking the positions of the domestic players. Already some local chains have been acquired by international chains and stores have closed down due to financial problems. It can be expected that this turbulence that is currently going on, will continue in the future. Although, foreign branches still might feel that there are some hurdles when doing business in Africa, the expected growth rates look attractive. In addition, the 'malling culture' is expanding outside the capital area offering more fruitful business opportunities in the retail. It might be worth of asking what will happen to the domestic players in the long run? Can they manage the competition?

As was mentioned in this paper, few retailers have search for foreign investors to expand their business. In this paper, I have analyzed in more detailed manner, how Tuskys, currently the second-largest retailer in Kenya, has responded to the recent changes and has started major initiatives to maintain competitive. During the recent few years, Tuskys has made vast amount of several investments to improve its position and performance. It acknowledges that to stay in the competition, it needs to improve its performance. Therefore, it has started to modernize its system, gave up of the family-leadership and hired a professional manager along with new young leaders who are 'freshing' the brand of the company. At this stage, it might be not possible to evaluate the successfulness of Tuskys strategic moves. Will it be able to reach enough new client bases in their new market spaces or will partnership with Saccos boost the demand of the high value items? To answer these questions, it is necessary to conduct some further studies later on. Nevertheless, to conclude I would like to make raise up some remarks that see are beneficial for Tuskys, and perhaps to other domestic players as well.

Firstly, as I see, Tuskys knows the market and understands the local customer behavior. As Kim and Mauborge (2005) emphasize the key of the Blue Ocean Strategy is customer knowledge. Tuskys has followed the trends and recognize the needs to keep up with modern practices (deli culture) but also to offer better shopping opportunities for the low-income customers. For instance, Tuskys managers understand what fragmented retail market means in reality. As the study of McKinsey & Company (2012) reveals, Africans buy groceries primarily from neighborhood kiosks or independently owned convenience stores; in many countries, the percentage of groceries bought in supermarkets is in the low single digits. Tuskys partnership arrangement with the informal sector and small-entrepreneurs aims to unite these market slowly by slowly and formalize informal markets little by little (naturally cannot do it alone or perhaps not even realistic). I bet that for foreign branches, doing the same might not be so possible.

Secondly, domestic MNEs might possess several competitive advantages compared to foreign MNEs due to intimate knowledge and existing local networks. In Tuskys case it has utilized its local knowledge by creating fruitful partnership with various domestic actors. Similarly, as knowing the customer preferences, Tuskys knows how to co-operate locally and what itself can bring to the table when finding a win-win partnership for both parties. For instance, the co-operation with KCB and local farmers shows their interest (and loyalty) towards the country and interest in improving the livelihoods of their own people. Sinkovics et al. (2014) are suggesting that community impact is deeply ingrained in the core of the business model of emerging country MNEs which can be considered as a competitive advantage. I think that Tuskys is aiming to create more awareness of its community impact and long-term commitment; this certainly might be an advantage in the long run.

Thirdly, the expectation from ROI might be different depending whether the retailer is domestic or foreign. Kenyan retailers are family-run businesses (Uckimi expectation) which means that perhaps it is easier to satisfy the expectations of families than foreign investors. Concerning Tuskys, it is utilizing its own local Kenyan brand and saying that it wants to be listed in the public offering that every Kenyan could have piece of it.

LIMITATIONS

I acknowledge the theoretical contribution of this paper is not so strong. I applied Blue Ocean strategy which is not a well-established theoretical framework; instead it is more a concept. Nevertheless, I see that Blue Ocean strategy might be valuable tool for managers to identify their

strategic options and future directions. While this paper is based on my own interpretation, I see that the strategic moves that Tuskys has done fits quite well with the BOS. Nevertheless, I acknowledge that Kenya, like other African countries are growing fast and the urban middle-class is becoming bigger. Perhaps the red ocean in classical terms is not yet there, there might be piece of pie to different companies and international chains are bringing to the market new labels and offering differentiation. Nevertheless, for the domestic companies, it has changed the market positions and forced them to renew their strategies.

FUTURE RESEARCH

This paper is a preliminary work of my bigger research project in which I stay how companies are maintaining their innovative capabilities in the turbulent African business environment. I am planning to conduct more proper data collection and most likely will utilize some statistics to analyze the success of different initiatives. It would be interesting to analyze more deeply what kind of competitive advantages domestic companies are possessing and how they can utilize them better to survive in the tightening competition.

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STRATEGY AS PRACTICE: STRUCTURE – RESOURCE ARCHETYPES IN STRATEGY MAKING PROCESS IN NONGOVERNMENTAL ORGANIZATIONS

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ABSTRACT

There are cherished studies in extant literature on strategy making. The Strategy as practice paradigm has emphasized action in the realms of institutional environments. Taking the Nongovernmental organizations context in Africa, this paper presents strategy making as a process of configurations and sequencing of structure and resources. The study covered a population of 313 NGOs with the CEO or a member of senior management as respondent. Initial tests were done and statistical analysis using hierarchical regression and cluster analysis showed that strategy making in NGOs is both an intended process as well an emergent one. Conceptual reversal causations between strategy and structure, strategy and resources were detected but may require further scholarly scrutiny. The paper raises insights for SAP research on strategy making process in the nonprofit sector from an African organizational setting.
Keywords: Strategy as practice, configuration, strategy, strategy making, NGOs, structure, resources.

INTRODUCTION

The strategy process: formulation, execution and evaluation have had a lot of attention by scholars. The debate is however inconclusive due to environmental dynamism, new conceptualizations and contextual variations. Borrowing from the novel ideas of strategy as practice (SAP) (Paroutis, Heracleous & Angwin, 2013) we examined the practical process and dynamics of strategy making in Nongovernmental organizations (NGOs). Particularly from the view point of praxis, practices and practitioners, we explored how actors thought through theoretical perspectives of structure, resources to real strategy making. Together with performance, these were found to be dominating factors in strategy literature (Olivier et al 2008). These had been confirmed as vital factors in the functioning of NGOs (Lewis, 2001; Bagire et al 2014). This study of NGOs was a departure from the extant literature that has domesticated strategy to profit firms. By integrating ideas from SAP literature and the configurational approach (Ketchen et al 1997) we attempt to derive archetypes of Structure, Resources and Strategy. Two research questions guided the study namely, how do firms align various factors in strategy making and

secondly how do structure and resources coalesce in strategy formulation? This paper therefore makes two contributions to the strategy literature namely setting a case for SAP in nongovernmental organizations and proposing archetypes of structure and resources in strategy making.

THEORETICAL ANCHORAGE

Given these phenomena and the discerned patterns of the elements that we examined, denoted as archetypes, we infer that the Paradox theory (Smith & Lewis, 2011), Resource Based View (Wenerfelt, 1995), the Configuration approach and the Dynamic capabilities theory (Teece, Pisano & Shuane, 1997) are all possible anchors in this debate. From the Paradox theory, we found contradictory yet relationally intertwined persistence between what NGOs wanted to do and what the environment enabled them to achieve. Overtime, NGOs have come under public scrutiny over their performance from the very deserving clientele they target, from donors who fund them and strained relationship with governments that they set out to complement. They are tied in paradoxes of their donors, social philanthropy and the regulatory mechanisms. As posited by Dameron and Torsef (2014) and Bednarek et al (2016) strategizing work is paradoxical in as far as thinking and acting interlink. Another way to explain strategy as practice dilemma in NGOs is to look at the dynamic capabilities (DC) of the strategists. The distinctions of dynamic capabilities continue to arise as scholars examine different contexts and conceptual combinations. Teece, Pisano and Shuen (1997) defined dynamic capabilities as high-level routines through which managers configure and reconfigure decision options for producing significant outputs. However, over the years many issues have been discussed, in some cases with contradictions, new ideas and extensions regarding the managerial relevance of the theory (Peteraf, Di Stefano & Verona, 2013; Teece 2014; Schilke, 2014).

The subject of NGO set up, orientation, services, goals, performance and regulation is espoused in organizational design and functional analysis. Configurations are defined as the constellations of organizational elements that are pulled together by unifying them. They are the commonly occurring clusters of elements that render certain outcomes. Configurations of variables represent their specific and separate attributes which are meaningful collectively rather than individually (Meyer et al., 1993; Ketchen et al., 1993; Short et al., 2008). The configuration of factors enables researchers to identify underlying relationships that render certain outcomes. Boyne and Dahya (2002) posited that strategic actions focus on internal organization variables such as structure, resources, culture, processes and leadership. Therefore, configurations can provide strong insights in understanding strategy as practice and further synthesize strategy process.

CONCEPTUAL OVERVIEW

We approach the strategy as practice in NGOs from a difficult perspective: the dualities in their practice of strategy. SAP scholars have redirected attention to action from theory. Configurations are theoretical in as far as constellations of different elements is concerned. Yet what NGO practitioners are involved in spans into practice and anchored in theory. Therefore, results of strategy practice and archetypes that can be constructed require concerted exploration of assumptions, unresolved issues and striking points related to the practice versus theory. Schad, Lewis, Raisch and Smith (2016) have suggested taking a paradox perspective to reconcile

contradictory arguments by explaining the interrelations. For the debate, how should NGOs set new sector standards while adapting to the changing environmental conditions that have placed their relevance to scrutiny? Conversely, there are abundant environmental opportunities as stimulus for co-creative and co-aligned strategic renewal approaches (Schmitt, Barker, Raisch & Whetten, 2015). There are serious performance implications as firms oscillate between these dimensions, requiring tangible strategy action as this may render long term effects. NGOs as resource driven firms, in practice must design strategies to raise the necessary funding for their work. In times of resource constrain they have to explore new opportunities and or involve in resource-light activities. Like other firms facing environmental scarcity, they will realign or co-create within their structures and performance goals. Schmitt et al (2015) drew odds from Stienstra et al (2004) who emphasized only co alignment and Flier et al (2003) who suggested co-creation under high environmental contingencies.

Some scholars have argued that strategy in practice is not always the linear models of what was conceptualized. This debate builds from the Mintzbergerian paradigm of planned versus emergent strategy (Mintzberg & Waters, 1985; Mintzberg, 1994). Vaara and Whittington (2012) have emphasized that practice consists of the various tools, norms ad accepted procedures of strategy work. These, however, will safeguard against severe diversions but not stop environmental changes that render emergent strategies. Practitioners as actors involved in strategy making and execution have to devise ways of achieving desired strategy outcomes. A fuzzy set of actors are therefore involved, from top management team, middle managers and shop floor core staff. For example, Vaara and Whittington (2012) have emphasized the role of middle managers as creators, interpreters and communicators of strategy. Orlikowski (2012) used interviews and documentary evidence to support the notion that inter temporal connections energize collective capabilities. These arguments have recently received emphasis from seasoned strategy scholars (Mintzberg, 2015). In a key note address at the SAP session during the 75th AOM meeting, Mintzberg avers that a series of decisions which determine behavior are strategy; however, strategy practice is a set of decisions in a pattern of actions. Earlier to this debate, Mintzberg (1994) conceded that, "strategy making is an immensely complex process, which involves the most sophisticated subtle, and at times sub conscious elements of human thinking" (p.111). Liu and Maitlis (2014) agree that strategizing process has emotional dynamics with connections between the past, present and future. For instance, Hendry, Kiel and Nicholson (2010) observed how boards strategize and concluded that decisions come from complex nonlinear sub processes. The key feature for our interest is the continuous interaction between contingent elements. This subsists in interaction, learning and interconnectedness (Helfat & Peteraf, 2015; Girod & Whittington, 2015). Therefore, deliberate versus emergent strategies, thinking and action, maneuver and subtle behavior should not divide attention of developing strong frameworks for strategy as practice.

METHODS

The study draws from a population of 313 NGOs registered under the Uganda National NGO Forum. Usable quantitative responses were obtained from 248 organizations. The respondents were top managers who have an active role in strategy decisions. They included Chief executive officers, country directors for international NGOs, Functional Managers and Program officers. We used a 5-point Likert type structured questionnaire. Strategy was operationalized through 20 items that were modified from Desarbo et al.'s (2005) measures of strategic choices anchored in Miles and Snow's (1978) typology. The focus was on strategy making process not

content of strategy. Structure was operationalized on the scale of centralization, decentralization and organic (Kabanoff & Shane, 2008; Hudson & Bielefeld, 1997; Miller, 1986). Resources were measured in both tangible and intangible indictors such as, networks, knowledge, revenues, sustainability, variety of services, outreaches, client satisfaction, partnerships, fixed assets, adherence to standards, service delivery and quality of governance process (Herman & Renz, 1998; Siciliano 1997). Configurations were analysed from the linear sequencing, experiential interrelatedness and fit among the study elements (Short et al. 2008; Miller 1996).

RESULTS AND DISCUSSION

The majority of the NGOs that responded had been in operation for 6 – 10 years (32%) followed by 11 – 15 years (24%) and above twenty years (23%). This was long enough for practitioners to have had invaluable experiences in strategy making. Most NGOs were involved in provision of multiple services which they denoted as their strategy choices namely, education, advocacy and human rights, health and sanitation, agriculture, environment, micro financing, relief and conflict resolution. They also had multiple target clients such as women, youth in school, youth out of school, refugees, slum dwellers, farmers, institutions and general community. Converse to our discernment, they also regarded these as strategic orientations. This finding was consistent with Abigail et al. (2005) and Namara (2009). In view of the results on the multiple services and clients, strategy was therefore reaffirmed to be espoused in programs that NGOs pursue and the selected beneficiaries.

To appreciate the strategy making process, we analyzed the responses on the factors that influenced the choices. This provided a pattern on the research question of how do firms align the various factors in strategy making. Table 1 below summarizes the factors ranked as high, moderate and low according to the quantitative responses.

TABLE 1
Factors Influencing Strategy Choices

High influence	Moderate	Low
Target community	Donor interests	Program of other NGOs
Available resources	Local government	International events
Government Policy and regulations	Quality certification	Membership to networks
	Collaborations	Institutional Structure

From this finding, we are able to discern what practitioners in NGOs considered in strategizing. Borrowing from the 3P framework [Praxis, Practices, Practitioners] (Paroutis, 2013) we found out that the key actors in strategy making were the founders, chief executive or in the case of foreign NGOs, the headquarters and consultants. Converse to Vaara and Whittington (2012) middle managers were mainly implementers with little say in strategy choices. By regulatory requirements, each NGO is expected to have a board of directors. Interestingly however, for most of the indigenous NGOs, the founders were influential with strong voice on the board, whose membership in some cases was personally handpicked. The difference was in network NGOs,

which were founded by other organizations to pursue projects with common voice. In this case, the boards were constituted by executives from member organizations and took a central role in strategy making and decisions. The role of boards was earlier observed by Hendry, Kiel and Nicholson (2010).

TABLE 2
Viewpoints on What Constitutes Strategy Making

High	Moderate	Low
Observe and respond to environment	Keep the status quo	Internal evaluation of processes
Identify new service opportunities	Consolidate current achievements	Top managers deliberations
Leading change	Respond to pressures of the environment	Consulting stake holders
New ways of providing services	Innovation in service	Keep alert to unplanned outcomes
Review the current institutional setup		Respond to regulatory requirements

We now present findings of the second research question on how structure and resources were sequenced in strategy formulation. Leading the analysis, we confirmed that strategy, resources and structure were key factors in NGOs. This was in agreement with Olivier et al (2008) who had observed their dominating presence in strategy literature. This empirical finding negates the fear of studying strategy outside of profit firms. We then analyzed responses to identify what espoused strategy making. The responses were ranked as high, moderate and low. The results are summarized in Table 2.

In Table 2 we find interesting observations of what espoused strategy making. These viewpoints embrace the traditional schools namely the planning and emergent. This is well illustrated by Paroutis et al (2013) in Hart's framework for strategy making. It combines both thinking and action hence strategy as practice. We analyzed the temporal sequencing of structure and resources to derive strategy. The results are illustrated in Table 3. Strategy making was steered towards achieving set goals and objectives. In their responses, they indicated that strategy ideas arose spontaneously, in meetings and workshops and consultations. Different actors were also involved in the decision process. We infer that there is a high interplay between structure and resources in strategy making in NGOs.

The ordering of these factors was rather interesting. In recognition of configuration literature (Short, Payne & Ketchen, 2008) we suppose that some of the constellations occurred without deliberate action. We find support of this in Miller and Whitney (1999). Further, the patterns in practice were not as linear and mutually exclusive as conceptually expected. The

sequences were not unidirectional. Reciprocal relationships can be discerned among them. This same viewpoint was posited by Hill and Birkinshaw (2008) hence supporting our finding. For instance, a social activist may save funds (resources), sets up a charity (structure) to provide relief (strategy). Thus, we denote the RSrSy archetype. Reversal causations were also found to subsist. Should the relief be widely welcome (strategy) he will seek external support (resources) and expand his charity (structure). The archetype then is derived as SySrR (see table 3 for this synthesis).

TABLE 3
Sequences of Structure, Resources and Strategy

Element sequencing	Strategy making process	Archetype
Structure – Resources – Strategy	Strategists assess their structures, configure with resources and derive strategy	S_rRS_y
Structure – Strategy – Resources	Structure gives rise to strategy choices, then resources are sought and strategy emerges	S_rS_yR
Resources – Strategy – Structure	Resources permit strategy choice, structures are then created to pursue goals and objectives	RS_yS_r
Resources – Structure – Strategy	Resources and structure once in place both become antecedents to strategy choice	RS_rS_y

Where S_y = strategy. S_r = structure R =resources

Finally, we wish to emphasize the strategy – execution gap in SAP literature. Leinwand and Mainardi (2016) are concerned about lack of connection between thinking and action. They propose integration of strategy into 'the everyday' (pg. 69) which in essence is strategy as practice; what organizations do, not what they have as echoed by Paroutes et al (2013). To get clearer the inner elements and sub elements that constitute strategy making process within the constellations of our three factors, we summarize them in Figure 1.

In figure1 we see the three factors clustered together. Resource elements were assessed and configured to derive strategy or structure. Conversely, structure elements also led to resources and or to strategy. There was intimation of reversal causation from strategy and diffusing into structure and or resources. We recommend further empirical test of this pattern.

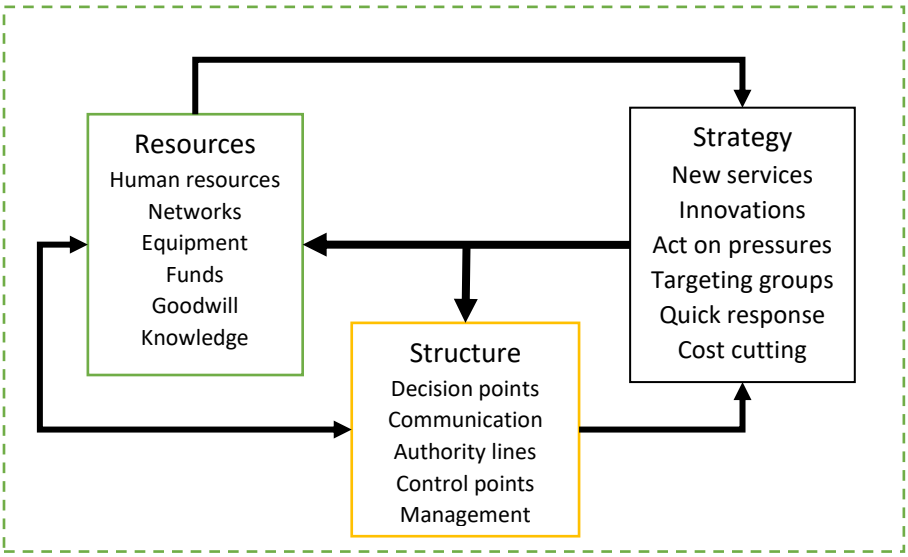
CONCLUSION AND IMPLICATIONS

We have attempted to address strategy as practice perspectives in the realm of nongovernmental organizations. The paper has provided insights on how strategy making is embedded within the structure and resources dimensions. We used the configuration approach by ascertaining from managers how they commonly sequence these factors. In doing so they generate

decision bundles that constitute strategy ideas. We discern that NGOs provide a rich context for strategy as practice research. We have not exhausted the 3P framework from which strategizing would be fully explained. We indeed posit that we had not come across an empirical study that had examined these factors together in NGOs. Our archetypes are probably ideal for managers to consider in appreciating mechanisms of strategy formulation. These may be a pioneering work and therefore are recommended for further scholarly scrutiny.

FIGURE 1

The Configuration of Institutional Elements in NGO Strategy Making



Considering our results, it is not adequate to view factors in isolation. As scholars have expressed, the SAP perspective is still being welcomed with caution. So, its novelty in analyzing NGOs will require tests and retests. Researchers should be reminded that strategy and resources are more dynamic than structures. We would have loved to demonstrate how the archetypes we have derived related to different performance levels in our sample. However, a situation where both the conceptual framework and the context are in nascent stages of strategy studies limited our enthusiasm to do so. The results of this study are limited by both conceptualization and methods. Nonetheless we feel that the paper provides key insights on strategy making in NGOs for SAP scholars.

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Part 4
Social Issues in Management

THE CASE FOR PATERNITY LEAVE IN GHANA: IMPERATIVES AND IMPLICATIONS FOR GENDER PARITY

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ABSTRACT

The aim of this paper is to make a persuasive case for the provision of paid paternity leave for fathers in Ghana by describing several benefits of paternity leave to the family and the business as a whole. The paper also examines its implications and imperatives for gender parity. The paper examines the arguments for paternity leave through series literature review, the position of law on paid paternity leave in Ghana and its implications for gender parity. The paper also presents examples of countries that have ratify the ILO conventions on paternity leave provisions and enshrined them in their country-specific legal regulatory frameworks. Examples of countries that have made paternity leave provisions available to fathers regarding childbirth are presented to enhance the argument for a similar paternity leave provision for fathers in Ghana. Given the diverse benefits of paid paternity leave around the world, the need for paternity leave has become a necessity if not obligatory. The paper makes a strong case for expedite action on the amendment of Ghana's labour law to incorporate at least five days paid leave for fathers in relation to childbirth in Ghana.

Keywords Paternity leave, Family and business case, Legislation, Regulation, Gender parity, Ghana.

INTRODUCTION

"What is sauce for the goose is sauce for the gander" – Proverb

The need for paternity leave has become a necessity if not obligatory in Ghana. Both theoretical and empirical evidence posit that fathers' involvement in the upbringing of the child is

imperative (Harrington *et al*., 2014). According to the International Labour Organization (ILO, 2014) report on maternity and paternity at work, recognition of men's right to paternity leave will help break down traditional social attitudes, resulting in greater equality for both men and women at work and then at home. Access to paternity leave is thus imperative for an employee's ability to reconcile both work and family life.

Although the media in Ghana has in recent times debated the nuances and need for or against paternity leave, it has gain less attention within the academic circles. Thus, this paper seeks to arouse the interest of researchers and practitioners to address the issue once and for all given its enormous benefits evident in countries that have ratified the ILO convention on provisions of paid paternity leave. Paid maternity leave is said to be crucial in protecting the health and economic security of women and their children. Since *what is sauce for the goose is sauce for the gander,* the paper also posits that paid paternity is crucial in safeguarding the health and economic safeguard of men and their family. Hence, the need for paid paternity leave to be provided for in the regulations governing work and employment-related issues in Ghana.

According to DeMott and Lynch (2004), paternity leave as one of the family-friendly policies is the time a father takes off work upon the birth or adoption of a new child which could be paid or unpaid. Similarly, the ILO (2014) defines paternity leave generally as a short period of leave for the father immediately following childbirth. Thus, its aim is to allow fathers to assist mothers to recover from childbirth, take care of the newborn child as well as attend to other family related responsibilities. To this end, the 2009 ILC Resolution which emphasizes gender parity calls for governments to develop, together with stakeholders, adequate policies which allows for a better balance and equal sharing of work and family responsibilities for both women and men (ILO, 2009a). Research by Huerta et al. (2013) suggests that fathers who take leave immediately after childbirth are more likely to be involved with their young children than their counterparts. This is likely to have positive effects for gender parity in the home, which is the bedrock for fairness at work. To this end, Rehel (2014 cited in ILO, 2014) emphasized that:

> By drawing fathers into the daily realities of childcare, free of workplace constraints, extended time off provides the space necessary for fathers to develop the parenting skills and sense of responsibility that then allows them to be active co-parents rather than helpers to their female partners. This shift from manager-helper dynamic to that of a co-parenting creates the opportunity for the development of a more gender-equitable division of labour (p. 52).

This paper serves as a clarion call for the lawmakers in Ghana to make provisions for paid paternity leave just as maternity leave is protected by law (1992 Constitution of Ghana and the Labour Act, 2003 (Act 651), as "*what's sauce for the goose is sauce for the gander*". This paper thus sets out to present arguments for paternity leave by focusing primarily on the family and business case for paternity leave. It further examines the position of the law on paternity leave in Ghana as well its implications and imperatives for gender parity.

ARGUMENTS FOR PATERNITY LEAVE

Family Case for Paternity Leave

According to Harrington *et al*. (2014), the significance of paternity and paternal leave to the family cannot be underestimated. In the UK, paternity leave is said to be strongly linked to

mother's wellbeing in the first trimester after birth (Redshaw and Henderson, 2013). Similar findings from Norway (Bratberg and Naz, 2009) and Sweden (Johannson, 2010) point to the fact that paternity leave is also associated with a reduction in mothers' absence by 5 to 10 percent due to sickness and an increase in mothers' earnings by 6.7 percent respectively. Also, in France (Séjourné *et al.*, 2012), paternity and paternal leave is associated with a reduction in depression among new mothers.

Additionally, Pedersen *et al*. (1980) found that infants of highly involved fathers are more cognitively competent during the first six months of their birth. By age one they continue to have higher cognitive functioning (Nugent, 1991) and develop higher IQ by age three (Yogman *et al*., 1995). Besides, Rowe *et al.* (2004) argue that compared to mothers, fathers communication with toddlers is characterized by more interrogative words (e.g. "what", "why" etc.) which requires children to assume more communicative responsibility in the interaction. They further observed that such interrogative words inspire toddlers to talk more, use more varied vocabulary, and produce longer utterances. Other existing literature suggest that children of school age whose fathers are fully involved in their nurturing are better achievers (Nord *et al*., 2001), possess better quantitative and verbal skills (Goldstein, 1982), have higher grade point averages and perform generally well in school (Howard *et al*., 2006).

Notwithstanding the benefits of paternity leave, empirical evidence shows that fathers involvement is positively correlated with their children's overall life satisfaction and experience of less depression (Formoso *et al*., 2007), less emotional and psychological distress (Harris *et al*., 1998; Formoso *et al*., 2007; Flouri, 2005), greater sense of social competence and self-reported happiness (Dubowitz *et al*., 2001; Flouri, 2005) as well as fewer anxiety symptoms and lower neuroticism (Jorm *et al*., 2003). Besides, paternal acceptance and nurturance is positively related to youths' self-reported psychological adjustment (Veneziano, 2000). To this end, Ross and Broh (2000) and Amato (1989) stated that children of involved fathers are more likely to demonstrate greater internal locus of control, greater ability to take initiative, and use self-direction and control. Also, high levels of father involvement is said to be associated with increase in children's feelings of paternal acceptance, an element that plays a critical role in the development of self-concept and self-esteem (Culp *et al*., 2000; Deutsch *et al.*, 2001).

Furthermore, empirical research shows that men who are involved in nurturing their children feel more self-confident, relevant and find parenthood more satisfying. Besides, spending quality time with children provides fathers with openings to display affection and to establish richer father-child relationship (Almeida and Galambos, 1991; DeLuccie, 1996a; Snarey, 1993). Additionally, Cowan and Cowan (2000) and Eggebean and Knoester (2001) found that involved fathering is positively correlated with marital stability and they are more connected to their family than those who are not.

Regardless of the costs associated with paternity leave (e.g., decreased self-esteem, stress and increased work-family conflict,), empirical evidence shows that paternity leave results in an overall satisfaction with parenthood whilst fathers' emotional attachment with their children has been reported to act as a buffer against work-related stressors (Barnett *et al*., 1992b & Pleck and Masciadrelli, 2004). In conclusion, it appears paternity leave allows fathers to take-up family responsibilities and early interaction with their children and these are directly linked to successful child development (ILO, 2014).

Business Case for Paternity Leave

Attention to the business case for paternity leave has gained noticeable consideration. The OECD (2003) observes that through paternity leave employers are able to motivate and increase productivity of existing workforce, increase workforce flexibility and attract and retain qualified employees. Hence, DeMott and Lynch (2004) stressed that more employers today are making paternity leave available to male workers in some form, whereas leading employers are exploring possible ways to advance their current paternity leave policies.

Although several potential benefits of paternity and parental leave to the organisation have been highlighted in literature (Barnett *et al*., 1992b & Pleck and Masciadrelli, 2004), DeMott and Lynch (2004) postulate that the top business motives for offering paternity leave include *sustaining competitive practice*, *talent retention*, *ensuring equity and fairness*, *providing new father/child bonding* and *becoming an employer of choice*. According to Boushey and Glynn (2012), paid leave improves employee retention which saves employers money through reduced turnover costs. This is because research has shown that turnover cost an average of one-fifth of an employee's annual salary. According to a survey report by CIPD, the average turnover cost per employee is estimated to be £8200 rising to £12000 for senior managers or directors (CIPD, 2011a). The report further indicates that the median turnover rate for the year 2010 was 13.5% down from 17.3% in 2008. Accumulating the number of turnovers by the cost per turnover from these surveys provides an estimate of £95 million per annum (Government Office for Science, 2008). Such costs are often incurred by means of advertising, interviewing, re-training and the potential cost of lost productivity while waiting for a replacement. So, staff turnover can be especially costly for firms that extensively train their employees with firm-specific skills (Smeaton, Ray, & Knight, 2014). Nevertheless, paid leave such as paternity leave reduces these turnover costs and encourages valuable workers to stay in the labour force and with the same employer (National Partnership for Women & Families, 2015).

Paid leave also increases worker productivity. For instance, Matos and Galinsky (2014) highlighted that employers are aware that supportive programmes like paid paternity leave promotes the retention and recruitment of employees and finally increases worker productivity. According to Milkman and Appelbaum (2014), nearly 90% of businesses surveyed on the effects of the California paid paternity leave programme said that the programme had positive effect on productivity. Again, paid leave improves employee loyalty and morale. According to Harvard Business Review (2012), a majority of the most successful companies report that exemplary benefit programmes such as paid paternity leave strengthen employee loyalty and morale. In California, virtually all employers (99%) reported that the state's paternity leave programme had positive effects on employee morale (Appelbaum & Milkman, 2011). Additionally, several New Jersey employers noted that state's paid paternity leave programme help reduce stress among employees and also improves morale among employees and their co-workers (Lerner & Appelbaum, 2014).

Another business case for paid leave is the fact that it allows smaller businesses to compete better with larger businesses. Small businesses often have difficulty matching more generous leave benefits offered by larger employers – potentially resulting in a hiring disadvantage. However, Appelbaum and Milkman (2011) observed that although all employers reported positive outcomes, overall small and medium-sized businesses reported more positive outcomes than large businesses. Furthermore, in the work-family literature, the consequences of conflict are not only limited to individuals and their families but also the companies. It is clear that the implementation of family-

friendly policies such as paternity leave is associated with positive outcomes like work-family balance (Ezra & Deckman, 1996), affective organizational commitment, reduced turnover intention (Grover & Crooker, 1995), increase employee retention and reduced related stress (Johnson, 1995). In essence, the benefits of paternity leave trickles down to more happy family life and happy family life means more productive employees.

PATERNITY LEAVE IN GHANA: THE POSITION OF THE LAW

The conversation on legislating paternity leave in Ghana is twofold: whether national legislation should provide for paternity leave in addition to maternity leave as well as the length of paternity leave that should be provided. The 1992 Constitution of Ghana and the Labour Act, 2003 (Act 651) make provisions for only maternity leave. For instance, Article 27(1) of the 1992 Constitution and Section 57 of the Labour Act, 2003 (Act 651) explicitly cater for paid maternity leave. Article 27(1) of the 1992 Constitution of Ghana is unambiguously clear when it stipulates that *"Special care shall be accorded to mothers during a reasonable period before and after childbirth; and during those periods, working mothers shall be accorded paid leave"* (p. 25). Similarly, Section 57(1) of the Labour Act, 2003 (Act 651) stipulates that *"A woman worker, on production of a medical certificate issued by a medical practitioner or a midwife indicating the expected date of her confinement, is entitled to a period of maternity leave of at least twelve weeks in addition to any period of annual leave she is entitled after her period of confinement"* (p.18). Not only does the law grant a woman worker maternity leave, it makes further provision to protect the woman's full remuneration and other benefits to which she is otherwise entitled (Section 57(2) of Act 651).

Even though the law does into explicitly deny or take away the right of a father to enjoy paternity leave upon the birth of his child, it does not grant any express right to such fathers. The law appears silent and thus give employers an option to grant its male employees paternity leave or not. It appears the express grant of such right to mothers and the silence of the law on that of fathers may constitute discrimination against fathers and may create an unequal opportunity for fathers whose presence at home, upon the birth of a child, may contribute immensely towards the growth and development of the child. Article 17 of the 1992 Constitution, without taking away the right of Parliament to enact laws to ensure the implementation of certain policies and protect certain interests provides for equality and freedom from discrimination. It states that all person shall be equal before the law and a person shall not be discriminated against on grounds of gender, race, colour, ethnic origin, religion, creed or social or economic status. Discrimination is defined as; "to give different treatment to different persons attributable only or mainly to their respective descriptions by race, place of origin, political opinions, colour, gender, occupation, religion or creed, whereby persons of one description are subjected to disabilities or restrictions to which persons of another description are not made subject or are granted privileges or advantages which are not granted to persons of another descriptions".

The extent that the 1992 Constitution guarantees protection against inequalities before the law, discrimination on the basis of gender amongst others, the silence on the rights of fathers to paternity leave, seems to be an oversight that must be corrected appropriately, as it does not seem to be in line with the spirit of the Constitution. Parliament could therefore under Article 17(4(a) enact laws to fill this lacuna.

Keeping up with global trends on paternal and paternity leave, Ghana is in the process of providing fathers with paternity leave. For example, a memorandum attached to a bill entitled '*The*

Labour (Amendment) Act 2013' aimed at amending the Labour Act, 2003 (Act 651) proposes that fathers be provided five working days of paternity leave (Soko, 2013). Expedite action is however required as there is currently no direct provision in any legislation in Ghana for paternity and paternal leave. Notwithstanding the statutory inadequacies in Ghana, some private and multinational organisations have made provisions for paternity leave for their male employees. Classic example is Databank Financial Services Limited which provides its male staff with five working days of paid paternity leave since the past decade (Kunu, 2016). According to Kunu (2016), Nestle Ghana Limited also introduced paid paternity leave for its male employees to support breastfeeding of infants. This policy was implemented in 2012 where fathers were granted three days of paternity leave and subsequently increased to five days. Similarly, in 2005 Barclays Bank Ghana Limited implemented its paternity leave policy which permits its male workers to take a three day period off duty (Kunu, 2016).

Finally, Otoo, Osei-Boateng and Asafu-Adjaye (2009) reported that paternity leave provisions in Ghana are contained in the collective bargaining agreements (CBAs) of such sectors as health, education and mining. The researchers indicated that the health sector has the highest proportion (33.3%) of CBAs with paternity leave provision followed by education sector (9.1%) and the mining sector (7.7%). A typical provision for paternity leave reads as follows *"male employees of [name of institution/organisation] shall enjoy five (5) working days paternity leave to support a legally registered wife who has given birth. This shall be applicable to a maximum of four (4) children and shall be upon demand by the employee"* (Otoo et al., 2009, pp. 27-28).

ILLUSTRATIVE CASES OF PATERNITY LEAVE AROUND THE WORLD

Europe, Asia and America

For virtually every developed country in the world, an appreciation of the importance of the birth or adoption of a child is acknowledged and supported through paid leave for mothers and fathers. European Union policy encourages men and women to share parental leave to balance work and family life, and promote gender equality in the labour market. According to Valdimarsdottir (2006) and Arnason (2010) cited in Haas and Rostgaard (2011), parental leave policy-making in the Nordic countries (i.e., Sweden, Norway, Finland, Iceland, Denmark) stands out from other countries with respect to the emphasis laid on gender equality as an important rationale for the provision of parental leave benefits for fathers. For instance, Sweden, the first nation in the world to offer fathers paternity leave in 1974, granted fathers the right to take three of the six paid months of leave available to couples with the option to transfer their entitlement/right to mothers (Haas & Rostgaard, 2011). ILO (2014) reports that Sweden offers fathers 10 days paternity leave with 80% cash benefit. Soon after Sweden granted fathers' paternity leave, Norway became the second country to offer fathers this option in 1978 and as at 2013, Norway offered fathers 14 consecutive days covered by collective bargaining agreements (Haas & Rostgaard, 2011). Finland in 1980 came on board by offering fathers the last four weeks of parental leave subject to partner's approval. By 2013, Finnish fathers' enjoyed up to 54 working days with 70% cash benefit funded by social insurance. Gislason (2007) reported that Icelandic fathers gained a formal right in 1987 to share the six-month family entitlement available to parents. Icelandic fathers by 2013 have access to a 90 consecutive day paternity leave with 80 per cent cash benefit of their earnings. Despite France, United Kingdom, Poland and New Zealand providing fathers with 14 days of paternity leave, the ILO (2014) report shows that the United States remains the only country with no national policy on paid leave for both mothers and fathers.

Additionally, Asian countries such as Bangladesh, Cambodia, Indonesia, Korea, Myanmar, Philippines and Singapore offer fathers paternity leave. For example, Indonesia and Korea offer 2 and 3 days paternity leave respectively, while Myanmar offers 6 days paternity leave with pay by the employer. On the other hand, the Philippines and Singapore offers 7 days paternity leave with 100 percent cash benefit. Likewise, in the case of Bangladesh and Cambodia, fathers are entitled to 10 days paternity leave period. However, the ILO (2014) report shows that Saudi Arabia and Syria are the only nations in the Middle East that provide fathers' paternity leave. While Saudi Arabia offers one day paternity leave which is fully paid, Syria on the other hand provides 6 days of unpaid paternity leave. Finally, in Latin America and the Caribbean, only thirteen countries provide paid paternity leave. Fathers are entitled to two days of paternity leave in Argentina, Dominican Republic and Guatemala; three days in El Salvador, Paraguay and Uruguay; four days in Peru; and five days in Brazil and Chile. In other cases, countries like Bahamas, Colombia, Ecuador and Venezuela offer seven, eight, ten and fourteen days of paternity leave respectively (ILO, 2014).

TABLE 1
Leave Provisions for Fathers in Relation to Childbirth in Latin America and Caribbean

Country	Paternity leave provision
Argentina	Two days of paid paternity leave
Bahamas	One week of unpaid family-related leave
Brazil	Five days of paid paternity leave
Chile	Five days of paid compulsory paternity leave
Colombia	Eight days of paid paternity leave
Dominican Republic	Two days of paid paternity leave
Ecuador	Ten days of paid paternity leave
El Salvador	Three days of paid paternity leave
Guatemala	Two days of paid leave on the birth of the child
Paraguay	Three days of paid paternity leave
Uruguay	03 days of paternity leave for private sector, 10 days for civil servants
Venezuela	14 days of paid paternity leave

Source: ILO Working Conditions Laws Database – Maternity Protection

TABLE 2
Leave Provisions for Fathers in Relation to Childbirth in Europe

Country	Paternity leave provision
Azerbaijan	14 days of unpaid leave for men whose wives are on maternity leave
B&H[a]	Seven working days of paid paternity leave
Croatia	Seven days of paid leave
Kazakhstan	Five days of unpaid paternity leave
Serbia	Seven days of paid leave for family events

Belgium	Ten days of paid paternity leave
Bulgaria	15 days of paid paternity leave
Denmark	Two weeks of paid paternity leave
Estonia	Ten working days of paid paternity leave
Finland	54 working days of paid paternity leave
France	11 working days of paid paternity leave
Greece	Two days paid paternity leave
Hungary	Five days of paid paternity leave
Iceland	Three months of paid paternity leave
Italy	One day of paid paternity leave
Latvia	Ten paid calendar days
Lithuania	Paid paternity leave from the child's birth to when the child is 1 month old
Luxembourg	Two days of paid "extraordinary leave" for the birth of a child
Netherlands	Two days of paid paternity leave
Norway	Two weeks of unpaid leave, but often covered by collective agreements, plus 14 weeks of parental leave reserved for fathers.
Portugal	20 days of paid paternity leave, of which the first ten are compulsory
Romania	Five working days of paid paternity leave
Slovenia	90 days of paid paternity leave (15 before the child is 6 months old, the remainder before the child is 3 years old)
Spain	15 consecutive days of paid paternity leave
Sweden	10 days of paid paternity leave, plus two months of paid parental leave reserved for each parent
United Kingdom	Two weeks of paid paternity leave

Note. [a] B & H = Bosnia and Herzegovina

Source: ILO Working Conditions Laws Database – Maternity Protection.

TABLE 3

Leave Provisions for Fathers in Relation to Childbirth in Asia and Middle East

Country	Paternity leave provision
Bangladesh	Ten paid days a year of "casual leave"
Cambodia	Ten paid days of special leave for family events
Philippines	Seven days of paid paternity leave for married workers
Singapore	One week of paid leave
Saudi Arabia	One day of paid leave for childbirth
Syria	Six days of unpaid "emergency" leave

Source: ILO Working Conditions Laws Database – Maternity Protection.

Africa

The duration and compensation tied to paternity leave varies considerably from one African country to the other. Overall, twenty-nine (29) countries in Africa offer fathers' paternity leave (ILO, 2014). For example, fathers are entitled to one day paternity leave in Tunisia and Mozambique, three days in Algeria, Mali, Morocco and South Africa, and 10 days in Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Gabon, and Togo. Also, other countries like Kenya and Burundi offer fathers 14 and 15 days of paternity leave respectively. In a number of African countries too, no specific paternity leave policy exist, but there are more general short-term emergency leave or family leave which can be used by new fathers. This is the case for example in Libya where fathers can take three days of emergency leave for a compelling reason such as the birth of a new born baby. Nevertheless, for countries like Ghana, Egypt, Equatorial Guinea, Nigeria, Senegal, and Zimbabwe, national legislation does not provide for paternity leave (ILO, 2014).

TABLE 4
Leave Provisions for Fathers in Relation to Childbirth in Africa

Country	Paternity leave provision
Algeria	Three days of paid paternity leave
Burundi	Up to 15 paid days for special circumstances
CAR[a]	Up to 10 paid days a year for family events concerning the worker's own home
DR Congo	Two working days of paid leave upon the worker's wife's confinement
Djibouti	Three days of paid paternity leave (among 11 paid days for family events)
Ethiopia	Five days of unpaid leave in the event of exceptional or serious events
Kenya	Two weeks of paid paternity leave
Libya	Three days of emergency leave for a compelling reason
Madagascar	Up to ten days of paid leave for family events
Mali	Three days of leave for the birth of a child, paid by social insurance
Mauritania	Up to ten paid days a year for family events
Mauritius	Five continuous working days of paid paternity leave
Morocco	Three days paid paternity leave
Mozambique	One day of paid paternity leave immediately after delivery
Rwanda	Four days of paid paternity leave
Seychelles	Four days of paid leave for "compassionate reasons"
South Africa	Three days of paid leave for family responsibilities
Tanzania	Three days of paid paternity leave
Togo	Up to ten days of paid leave for "family events directly related to the home"
Tunisia	One day of paternity leave (private sector); two days (public sector)
Uganda	Four working days of paid leave immediately after delivery

Note. [a] CAR = Central African Republic
Source: ILO Working Conditions Laws Database – Maternity Protection.

IMPLICATIONS FOR GENDER PARITY

While several definitions of gender exist. One of such definitions widely cited is Coon (2001). According to Coon (2001), gender is psychological and social characteristics associated with being either male or female and entails the construction, negotiation and performance of masculine and feminine identities. Also, Janus (2008) defines gender as socially constructed roles, behaviours, activities and attributes that a particular society considers appropriate for men and women. Arnason (2010) observed that gender equality encompasses the development of a society where men and women have equal rights, duties and opportunities. The author further remarked that an important rationale for the establishment and development of parental leave benefits for fathers is simply gender equality. Furthermore, Ferrarini (2003) opined that the inclusion of both parents in child caring was thought to redress within-family imbalances in the distribution of unpaid care work and the desire to increase possibilities for more equal gendered labour market participation. Also, in their quest to assess the consequences of the gendered division of parental leave in the Nordic countries, Haas and Rostgaard (2011) found the features that promote gender equality to be: universal coverage, availability of additional leave, generous wage replacement, flexibility, non-transferable father's quota and the provision of special incentives. However, Esping-Andersen (1990) contends that social policy does not lead to social equality per se, since it can and does actively stratify society.

Indeed, assessing gender equality of paternity leave is not an obvious process. O'Brien (2009) and Ray et al. (2010) examined the degree of gender equality on the basis of how non-transferable leave rights and benefits are granted to men and women on one hand; and the nature and incentives for male uptake on the other. From the perspective this approach, gender neutrality and the lack of a specific allocation of leave time to either parent would count as less gender-equal than a 50-50 division of leave time between the two parents. However, McDonald (2009) asserts that the reverse is true. Thus, any specific allocation of time to fathers is perceived as gender-specific, while neutrality and free use are not. In a similar manner, Saraceno and Keck (2011) opined that gender neutrality and open use of leave time is really a matter of choice with no impact on gender equality. Employers should consider it normal that fathers want to be given time off to care for their little babies. Until then fathers quotas are equivalent to positive actions geared towards supporting women's presence in the labour market.

Ghana is not homogenous and each community is highly influenced by the views of its leaders, traditions and religious doctrine (African Alliance of YMCA's Gender Policy, 2011). Gender affects individuals in diverse ways. Issues of gender are present in employment, education, division of labour and violence. In terms of access to employment, inequalities between men and women are still common despite noticeable improvements. Gender discrimination in employment occurs through several factors such as unequal access to work and payment for equal work, unfair prerogatives in favour of men pertaining to access to leadership positions. The gender division of labour in Ghana is evident across the country. Traditionally, there are strong divides between work that is acceptable for women and men. For example, in rural and urban families, labour division remains largely unequal as household chores are exclusively the responsibility of women (African Alliance of YMCA's Gender Policy, 2011). Female time loads are estimated as being approximately 15-25 percent higher than that of males. Typically, women spend 20 hours per week on housework as compared to men who spend five hours per week (World Bank Gender Review, 2002). According to Ghana Statistical Service (GSS, 2012), men spend more time on work for

formal establishments: corporations and government than women in a day. On the other hand, women spend more time in a day on unpaid household work (2 hours and 35 minutes) than men (40 minutes). Also, GSS Labour Force Report (2014) indicated that nearly one-third (32.4%) of the employed population spend 40 hours or less in their main job. It further showed that the proportion of males (37.5%) who spend more than 40 hours in their main job is higher than females (28.0%). Overall, only 2.2 percent of the population wanted to work extra hours notwithstanding the average number of hours worked. The desire for extra hours is higher for males (2.5%) than females (2.0%).

There have been a number of positive developments towards gender parity in Ghana, including an affirmative action policy for women's representation on public boards; government programmes to improve women's access to micro credit and the provision of paid maternity leave among others. Interestingly, the 1992 Constitution of Ghana enshrines the principle of equality between men and women and calls for the prohibition of discrimination on all fronts with the exception paid leave for mothers and fathers for childcare purposes.

CONCLUSION

Global research has demonstrated benefits of paid paternity leave to both families and businesses including but not limited to increased well-being for the new mothers and becoming an employer of choice. Despite these benefits, many fathers in Ghana have difficulty making the needed time to bond with their children in the first year of their lives due to the absence of legal regulations for the provisions of paid paternity leave. This is the reason why most men fail to become active co-parents in the first few months of the children's lives. According to Harrington et al. (2014), for three to six months, the mother develops a close bond with her child as well as the confidence and competence to become the primary caregiver with the father immediately casting in the role of a supporting actor. Given the colossal benefits of paid paternity leave outlined above, we call for an expedite action on the amendments of the labour acts to incorporate a stipulated number of leave days with pay for male workers when their spouses give birth since *what is sauce for the goose is sauce for the gander.* Also, all other stakeholders including employers should help enshrine paid paternity leave in the collective bargaining agreement (CBA) with employees since it is now a necessity rather than luxury.

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THE RELATIVE IMPACT OF INCOME AND FINANCIAL LITERACY ON DEMAND FOR FINANCIAL SERVICES IN NIGERIA

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ABSTRACT

This study provides evidence for the impact of income and financial literacy on the demand for financial services in Nigeria. While findings from extant studies provide support for the positive relationship between financial access and economic growth, there have been little or no studies providing evidence for the drivers of financial access in developing countries of Africa. This study uses data from a survey of over 20,000 respondents in Nigeria and shows that income and financial literacy significantly determine how often individuals save either formally or informally. The results show that frequency of savings increases with financial literacy. However, as income rises, formal savings amongst banked individuals reduce while informal savings of under-banked individuals increase. The findings will guide financial services providers with improved market segmentation and improved performance. It will also help the government and financial services regulators in formulating policies that will improve and deepen financial access.

INTRODUCTION

Research into the drivers of access to finance services is becoming increasingly important in the developing countries as access to finance has been closely linked to economic growth (Ghirmay, 2004; Akinlo & Egbetunde, 2010; Hassan, Sanchez, & Yu, 2011; Murinde, 2012; Adenuga & Omotosho, 2013; Inoue & Hamori, 2016). Inoue & Hamori (2016) used the annual data of 37 countries in Sub-Saharan Africa to show that financial access has a positive impact on economic growth. On the one hand, a country monetary authority is better able to stabilize price as more people have access to formal financial services. On the other hand, financial services providers perform better with increased demand for financial services, increased customer deposits and better ability to lend to individuals and businesses. For developing economies, improving access to financial services for the majority unbanked poor is a right approach to addressing key economic growth challenges, as large proportions of adult populations in emerging economies lack access to formal financial services. In Nigeria, 41.6 percent of adult population or 40.1 million adults are unbanked with no access to either formal or informal financial services(Enhancing Financial Innovation & Access (EFInA), 2017); 38.3 percent or 36.9 million adults have bank accounts; 10.3 percent or 10 million adults have access to other formal financial services while 9.8 percent or 9.4 million adults have access to informal financial services. Similarly, Intermedia (2016) shows that 37 percent of the adult population has a registered bank account

Several studies, including those named above, have identified poverty and lack of financial services awareness, among others, as key inhibitors to formal financial services access. In addition, over 90 percent of the adult population reported poverty as the main reason for not saving (Enhancing Financial Innovation & Access (EFInA), 2017), claiming having nothing to save. On the other hand, lack of knowledge about mobile money (an innovative and cost-effective channel of accessing financial service digitally via mobile phones), was reported as a savings constraint amongst about 80 percent of survey respondents and the reason for low utility. Key interventions like financial literacy/awareness and poverty alleviation are therefore likely to improve access to financial services These will not only improve the performance of financial services providers but also lead to sustainable economic growth. This study sets out to investigate the relative impact of these two drivers of financial access on the demand for both traditional financial services and financial services provided via a low-cost channel like mobile phones in Nigeria.

Huston(2010) reviews financial literacy literature over a decade, and defines financial literacy as a measure of how well an individual understands and uses personal finance-related information. Her study shows that financial education is an input intended to increase a person's financial knowledge and/or application. On the other hand, McKinsey Global Institute(2016) shows digital technologies cut the cost of providing financial services by 80 to 90 percent in developing countries. It is therefore argued in this paper that combining financial literacy interventions with the provision of digital financial services (DFS), especially for poor people, can significantly enhance financial inclusion. Extant studies show that the demographic group more likely to be financially excluded in Nigeria are the young adults (Enhancing Financial Innovation and Access (EFInA), 2014; Intermedia, 2016; Enhancing Financial Innovation & Access (EFInA), 2017). Other groups that also lack access to financial services are the rural dwellers, especially women. This study, therefore, sets out to examine the impact of income and financial literacy on their demand for financial services in Nigeria by controlling for age, rural-urban classification, and gender.

The study sets out to explore the role of income and financial literacy and how these attributes contribute to significant improvements in the performance of banks and other financial services providers, and also fast-track economic growth through improved access to financial services. In other words, the study will investigate the importance of income and financial literacy in driving the demand for financial services and hence the impact interventions in these areas will have on the performance of providers in particular, and on the country's economy in general. While the banked population access financial services formally through banks and microfinance institutions, the under-banked use informal financial services provided by cooperative societies and saving groups. The unbanked or the financially excluded, however, lack access to both formal and informal financial services, relying solely on cash transactions. The unbanked also rely on family and friends for savings and loans services. The key financial services rendered by banks and other providers include savings, loans, money transfer, payments (for goods and services), insurance and investments (including pensions). Savings is a key financial service and can drive the demand for other financial services (Bernheim, Garrett, & Maki, 2001). This study therefore examines the effect of income and financial literacy on the frequencies of formal, informal and other forms of savings.

The next section reviews the literature on the key demand drivers of financial services. It discusses the positive relationship between financial access and economic growth and argues for the investigation of the key drivers of financial access especially income levels and financial literacy. Section three discusses the methodology used including discussions on the sample

population and the data set as well as the development of models for the data analysis. Findings from the analysis are discussed in the fourth section while section five concludes the paper with recommendations to financial services providers and policy makers.

LITERATURE REVIEW

Financial Access and Economic Growth

Extant studies have examined the impact of financial access on economic growth with findings showing significant positive relationship between financial access and economic growth (Ghirmay, 2004; Akinlo & Egbetunde, 2010; Hassan, Sanchez, & Yu, 2011; Murinde, 2012; Adenuga & Omotosho, 2013; Inoue & Hamori, 2016). The studies mostly use measures of financial access and development from the supply side. These include number of bank branches per unit geographical area or population and the value of outstanding deposits and loans controlled for the size of the population. The findings from the studies show that financial access and development have positive effects on the Gross Domestic Product (GDP), a key measure of economic growth. It therefore shows that improved financial access can be used to fast-track economic growth and if the growth is inclusive, financial access can drive economic development. Increased demand for financial services spurs providers to increase financial access and further deepen financial sector development. Increased demand and the attendant improvement in financial access, in addition to growing the economies, also potentially lead to improved financial performance of the providers of the services. It is therefore imperative to investigate the key drivers of demand for financial services.

Possible explanations for the positive relationship between financial access and economic growth are the improved monetary policy formulations when more people are banked and improved financial intermediation by banks. With a greater percentage of the adult population in a country having access to financial services, the monetary authority is able to stabilise price and the financial system engendering economic growth in the process. With improved financial access, the use of cash for transactions is also likely to be reduced bringing more payment transactions into the formal systems. Formal payment transactions provide traceable payment histories for individuals and businesses enabling the banks to use the data to generate credit scores for potential borrowers. Banks are thus able to lend more and more likely to reduce the incidence of non-performing loans. With better financial access, banks are able to mobilise more deposits and are better positioned to lend to individuals and businesses. With better access to credit, individuals become financially healthier while businesses start and/or expand their operations. All these are potential drivers of economic growth.

The Drivers of Demand for Financial Services: Empirical Evidence

Very few studies have examined the drivers of demand for financial services or financial inclusion with little or no study focusing on developing countries of Africa. With the exception of Evans & Adeoye (2016) that investigates the determinants of financial inclusion in 15 African countries including Nigeria, no other study has examined the drivers of financial access/inclusion in Nigeria. However, the study examines the determinants of financial inclusion at the macro level using such macro determinants as broad money, deposit interest rate, domestic credit, GDP per capita, inflation, adult literacy, and internet users per 100 people. Their findings show that per capital income, broad money (percentage of GDP), literacy, and internet access have significant positive effect on the number of depositors with commercial banks per 1,000 adults, the measure

of financial inclusion. Unlike their study, this study uses income and financial literacy at the micro level to investigate financial inclusion drivers.

Outside Africa, few other studies examine the drivers of demand for financial services. In Turkey, Davutyan & Öztürkkal (2016) investigate the determinants of saving and borrowing decisions and find that income, education, marital status and region of the respondent are key drivers of saving and borrowing decisions. The study uses the data from a survey of 2,607 individuals in a representative sample of Turkish household sector conducted in 2014. In a similar study conducted in India (Kumar, 2013), it is found that branch network, and the constituent region's socio-economic factors affect financial inclusion. The varying income and education levels of adults in the regions account for the varying levels of financial inclusion in the regions. Using micro-data from the Peruvian household survey and incorporating four levels of information (individuals, households, towns and regions), Cámara & Tuesta (2015)study factors that could affect the decision to be financially included. The authors find that individual characteristics such as being a woman, living in a rural area, or having a low income and education level reduce the likelihood of being included in the formal financial system. Their findings are similar for households and enterprises. The current research focuses on the impact of income and financial literacy on the demand for both formal and informal savings while controlling for age, gender, and rural-urban classification.

The paper argues that income will positively affect the frequency of saving. The higher the income of an individual, the more likely the individual will save the excess income formally in a bank or other deposit taking financial institutions. Levels of savings are also expected to drive other forms of financial services including loans, payments, money transfers, investments, and insurance. The relationship between income, and how often individuals save with formal financial services providers (bank) and other formal deposit taking institutions is thus investigated. For comparison purposes, this study also examines the effect of income on frequency of informal savings with saving groups and cooperative societies. In terms of financial literacy, the paper argues that higher levels of financial literacy, increases frequency of access to financial services. Responses to a number of financial literacy questions are scored and the relationship between these scores and the levels of savings are investigated. The effects of financial literacy on both formal and informal savings are investigated in this study. Extant studies show that age, gender and rural-urban classifications play significant roles in determining financial inclusion(Cámara & Tuesta, 2015; Davutyan & Öztürkkal, 2016). This study therefore includes these variables as control variables.

The Relative Importance of Income and Financial Literacy on Demand for Savings

For policy intervention purposes, it is imperative to determine the relative importance of the two key drivers of financial access identified in this study. In a study that combines novel survey evidence from Indonesia and India with a field experiment, Cole, Sampson, & Zia (2011) find a strong correlation between both cost and financial literacy and financial behavior. The study compares cost reduction and financial literacy education as two leading interventions that boost demand for formal financial services. The results suggest that deepening financial capability is better achieved through a low-cost technology such as mobile phones. The low-cost channel thus significantly improves access to financial services when combined with financial literacy education. Their research extends extant studies on the impact of both cost and financial literacy on target financially disadvantaged groups to a mechanism to deepening financial and social inclusion. The findings show that low-income earners and unemployed adults cannot afford the

cost of accessing formal financial services and are therefore financially excluded. Interventions that will reduce cost of financial services are thus necessary to bring these people into formal financial systems. The findings show that cost reductions are relatively more important than financial literacy in driving financial access. However, while Cole, Sampson, & Zia's study focuses on cost and financial literacy, some other studies focus on the impact of financial literacy on financial inclusion.

In their seminal work on the impact of financial education on financial behavior, Bernheim, Garrett and Maki(2001) show that middle age individual who took a personal financial management course in high school tended to save a higher proportion of their incomes than others who did not. A number of later studies extended the financial literacy to financial capability, a term that includes both financial knowledge and access to financial institutions and services(Personal Finance Research Centre, 2005; Johnson & Sherraden, 2007). The findings of the authors show that financially incapable consumers find it difficult to identify products and services that are appropriate to their needs. Mandell& Klein(2009) also surveyed recent high school graduates in which only a portion of the students had taken a well-regarded course in personal finance management. They formed a Financial Practices Index based upon behavior in four variables: cash flow management, credit management, savings and investment practices and found that students who were more financially literate had higher Financial Practices Index scores.

Using the 1997 National Longitudinal Survey of Youth in the US, Lusardi, Mitchell & Curto (2010), show that fewer than one-third of young adults possess basic knowledge of interest rates, inflation and risk diversification. They show that financial literacy was strongly related to socio-demographical characteristics and family sophistication. In a related study, Despard & Chowa (2014) assessed the reliability and validity of a questionnaire used to assess financial capability outcomes among youths in Ghana and found the key financial capability constructs to include money management, financial services awareness and financial services actions. The above studies argue for the emphasis of financial literacy education on youth as, according to Bruhn, Leao, Legovini, Marchetti, & Zia (2016), good financial habits formed at an early stage are likely to benefit schooling, employment and standards of living throughout adulthood. Their study uses a comprehensive high school financial education program of 25,000 students in Brazil and finds unambiguously positive treatment effects on students' financial proficiency, graduation rates, and even significant positive spillovers on parents.

METHODOLOGY

In this section, the models depicting the relationship between the identified drivers of financial access (income and financial literacy) and savings are designed. The data for the income levels and financial literacy scores of a sample of Nigerian adult population are used in the analysis. The effects of these income and financial literacy data on the frequencies of both formal and informal savings, after controlling for other determinants of financial access, are investigated using multiple regression analysis. The required data are sourced from the Enhancing Financial Innovation & Access' (EFInA) Access to Financial Services in Nigeria survey conducted in 2016.

Sample and Data

The data for income, financial literacy, age, gender, rural-urban classification and the frequencies of formal and informal savings are sourced from the EFInA data set. The data set is from a survey of over 20,000 respondents across the six geo-political regions in Nigeria. The

respondents are weighted along the socio-economic and demographic groups in Nigeria. The financial literacy scores are computed from the respondent answers to ten questions measuring financial literacy. The proxies for the demand for formal and informal savings are respondent answers to questions on savings frequencies in banks and other formal deposit taking institutions (formal savings) and in savings groups and cooperative societies (for informal savings). The data for respondents that save with family and friends and at home are also collected to analyse the effects of the key financial access drivers on these other informal saving forms.

Independent Variables

The explanatory variables used in this study are the monthly income levels and financial literacy scores of respondents. The financial literacy scores of respondents range from zero to ten and are computed from the answers to the ten financial literacy questions in the survey. These variables are as defined in the data definition section.

Control Variables

Control variables sourced from the data set are respondent's age, gender and rural-urban classification.

Dependent Variables

Three different measures are used to measure frequencies of savings. They are frequency of savings in banks and other formal deposit taking institutions, frequency of saving informally in saving groups and cooperative societies and the frequency of saving in other informal forms (with family and friends and at home). The effects of the financial access drivers on these three explained variables show whether or not there are significant differences on the impacts of income and financial literacy on formal and informal savings. Those that save in banks and other formal deposit taking institutions are classified as banked while those that save with saving groups and cooperative societies are grouped as under-banked. The financially excluded or the unbanked save only with family and friends and/or at home.

Data Definition

The independent and the dependent variables used in this paper are summarised in Table 1.

TABLE 1
Descriptions of Variables

Variable	Type / Level	Description
Income	Independent	The total monthly income of the respondent
Financial Literacy Score	Independent	The scores that range from 0 to 10 computed from responses to 10 financial literacy questions. 0 denote the minimum financial literacy score while 10 is the maximum score
Age	Control	The age of the respondent. The minimum age is 18

Gender	Control	The gender of the respondent (Male versus Female)
Rural-Urban Classification	Control	The classification of the respondent's residence in terms of rural versus urban
Formal Savings	Dependent	The frequency of the respondent's savings in a bank or other formal deposit taking institution. The options are daily, weekly, monthly, annually, occasionally and none
Informal Savings	Dependent	The frequency of respondents' informal savings in savings groups and cooperative societies. The options are daily, weekly, monthly, annually, occasionally and none
Other Savings	Dependent	The frequency of respondents' other informal savings with friends and family and/or at home. The options are daily, weekly, monthly, annually, occasionally and none

The Method of Analysis

Multiple regression models are employed to analyse the survey data. Three multiple regression models are specified for the relationships between the identified drivers of financial access and the three measures of savings. Multicollinearity tests are performed to test whether there are significant relationships between the independent and/or control variables.

Model Specifications

The models for the effects of the income and financial literacy variables on each of the frequency of savings measures are developed. The control variables: respondent age, gender and rural-urban classification, are also included in the models. The effects of the independent variables (and controlled for the control variables) on frequencies of formal savings, informal savings and other savings are specified in 1, 2 and 3 respectively.

$$sav\_formal = \beta_{0,1} + \beta_{1,1}inc + \beta_{2,1}fls + \beta_{3,1}age + \beta_{4,1}gender + \beta_{5,1}rural\_urban + \varepsilon_1 \quad \mathbf{1}$$

$$sav\_informal = \beta_{0,2} + \beta_{1,2}inc + \beta_{2,2}fls + \beta_{3,2}age + \beta_{4,2}gender + \beta_{5,2}rural\_urban + \varepsilon_2 \quad \mathbf{2}$$

$$sav\_others = \beta_{0,3} + \beta_{1,3}inc + \beta_{2,3}fls + \beta_{3,3}age + \beta_{4,3}gender + \beta_{5,3}rural\_urban + \varepsilon_3 \quad \mathbf{3}$$

Where **sav_formal, sav_informal** and **sav_others** are the frequencies of formal, informal and savings respectively; $\boldsymbol{\beta_{0,1}}$, $\boldsymbol{\beta_{0,2}}$ and $\boldsymbol{\beta_{0,3}}$ are the intercepts of the three models; fls, inc, age, gender and rural_urban are the income levels, financial literacy scores, respondent's age, gender and rural_urban classifications respectively for the regression models; $\boldsymbol{\beta_{1,1}}$, $\boldsymbol{\beta_{1,2}}$ and $\boldsymbol{\beta_{1,3}}$ are the coefficients for the income variables for the **sav_formal, sav_informal** and **sav_others** models

respectively; $\boldsymbol{\beta_{2,1}}$, $\boldsymbol{\beta_{2,2}}$ and $\boldsymbol{\beta_{2,3}}$ are the coefficients for the financial literacy scores variables, $\boldsymbol{\beta_{3,1}}$, $\boldsymbol{\beta_{3,2}}$ and $\boldsymbol{\beta_{3,3}}$ are the coefficients for the respondent's age control variables, $\boldsymbol{\beta_{4,1}}$, $\boldsymbol{\beta_{4,2}}$ and $\boldsymbol{\beta_{4,3}}$ are the coefficients for the respondent's gender control variables, while $\boldsymbol{\beta_{5,1}}$, $\boldsymbol{\beta_{5,2}}$ and $\boldsymbol{\beta_{5,3}}$ are the coefficients for the respondent's rural-urban classification control variables, and finally $\boldsymbol{\varepsilon_1}$, $\boldsymbol{\varepsilon_2}$ and $\boldsymbol{\varepsilon_3}$ are the error terms for the models 1, 2 and 3 respectively.

RESULTS AND DISCUSSION

Table 2 shows the descriptive statistics of the independent, control and the dependent variables.

TABLE 2
Descriptive Statistics

Variables / Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Formal Savings	23072	.00	6.00	.7880	1.58541
Informal Savings	23072	.00	6.00	.8154	1.86993
Other Savings	23072	.00	6.00	.9746	1.88454
Income	23072	7.92	2000000	45572.4076	1378920
Financial Literacy Score	23072	.00	10.00	5.1751	1.60049
Age	23072	18	100	36.62	14.878
Gender	23072	1	2	1.49	.500
Urban_Rural Classification	23072	1	2	1.62	.486

On average, the Nigerian adult population saves most frequently at home and with family and friends. Nigerian adults also save slightly more frequently with informal savings groups and cooperative societies than with formal banks and other formal deposit taking institutions. In terms of monthly income, there is a very great disparity in income among Nigerian population. However, the respondents have an average financial literacy score of 5 out of 10 suggesting the basic level of financial literacy. The age distribution also suggests a relatively young adult population with an average age of about 37 years. The Nigerian adult population, from the results, is almost evenly distributed in terms of gender while more people reside in the rural areas when compared to urban dwellers. Table 3 shows the distribution savings patterns of the Nigeria adult population.

The results also show that about 32 percent of the 96.4 million adult Nigerians do not save. About 26.2 million save at home and/or with family and friends. A negligible number save digitally in mobile money wallets. These results show the need to further investigate the drivers of the demand for financial services as huge number of adult Nigerians do not access formal financial services.

The cross-tabulations of the income and financial literacy scores against the frequencies of formal, informal and other forms of savings are shown in Appendix A to F. Appendix A shows that of the 73 million Nigerians that do not save in a bank or in any other formal deposit taking institutions, 75 percent earn less than 20,000 Naira (about USD50) monthly, additional 22.4 percent earn between 20,000 and 100,000 Naira (USD50 - USD250) monthly. This suggests that a significantly high percentage of Nigerian adults do not save in banks because low incomes. In terms of financial literacy scores, about 85 percent of those that do not save formally have a score

of 6 or less, 14.1 percent of them have a score between 7 and 8 while a paltry 0.8 percent of adult Nigerians that do not save formally have a very high financial literacy scores of between 9 and 10 (Appendix B). This suggests that financial literacy is a possible driver of financial access.

TABLE 3
Nigerian Adult Population by Forms of Savings

Form of Saving	No of Adult Population	Percent	Cumulative Percent
Don't Save	30777122	31.9	31.9
Save Formally	23448254	24.3	56.2
Save Informally	15930736	16.5	72.8
Save at Home & with Family & Friends	26247883	27.2	100.0
Save in e-Wallet	7453	.0	100.0
Total	96411448	100.0	

For the analysis of the respondents that save informally with savings groups and cooperative societies, about 70 percent of the 80.5 million adult Nigerians that do not save in these forms earn less 20,000 Naira monthly. Additionally, 27.5 percent of those that do not save informally earn between 20,000 and 100,000 Naira monthly (Appendix C). The relationship between income and frequency of informal saving looks similar to that between income and formal saving suggesting that more people will be willing to save if their incomes increase. However, regression analysis is used to further investigate this relationship. For the relationship between financial literacy and frequency of informal savings, Appendix D shows that 80.5 percent of adult Nigerians that do not save with savings groups and cooperative societies have financial literacy scores of 6 or less. This is slightly more that the figure for formal savings. While this suggests that more financially literate Nigerians are likely to save in savings groups and cooperative societies, slightly even more financially literate Nigerians will prefer to save with banks. This is further investigated in the regression analysis of the frequency of informal savings against income and financial literacy.

Lastly for the relationship between the independent variables (income and financial literacy scores) and frequency of savings with family/friends and at home (other savings), Appendices E and F also suggest that income and financial literacy are possible drivers of saving in these forms. The results show that saving at home and with family/friends are more common with low-income earners with about 80 percent of those that save in these forms earning a monthly income of less than 20,000 Naira (USD50). Also in terms of financial literacy scores, over 80 percent of those that save at home and with family and/or friends have a financial literacy scores of 6 or less. This further suggests that income and financial literacy are inhibitors to access to formal financial services. The results of the multiple regression models, developed in the previous section, to analyse the relationships between drivers of financial access and frequencies of savings are discussed in the following sections.

The Impact of Income and Financial Literacy on Formal Savings

Evidence of a significant relationship between income and frequency of formal savings and between financial literacy scores and formal saving will provide evidence for income and financial literacy as key drivers of financial access. Opening savings accounts remains the basic financial service upon which other financial services are accessed (Bernheim, Garrett, & Maki, 2001). A customer is usually required to operate a savings account or similar account before being considered for loan. Anybody that wants to formally transfer money to another person or enterprise will be required to do so from at least a basic savings account. In addition, payments for goods and services that are formally made are done from a bank account. In Table 4 the regression model developed to analyse the impact of income and financial literacy on the frequency of savings with banks and other deposit-taking institutions is statistically significant providing evidence for the significant impact of income and financial literacy on the demand for savings products of banks. The results show that income and financial literacy, with the control variables, explain 14.3 percent variation in the frequency of formal savings. The collinearity statistics diagnostic tests show that there are no signification correlations between the predictor variables.

TABLE 4
Effects of Income and Financial Literacy on Frequency of Formal, Informal and Other Forms of Savings

Variables	Frequency of Formal Saving	Frequency of Informal Saving	Frequency of Other Savings
Income	-.00140157***	.02539483***	-.00449955***
	(.0000000)	(.0000000)	(.0000000)
Financial Literacy Score	.25026755***	.09123060***	.00042826***
	(.0000956)	(.0001207)	(.00012169)
Age	.00812977***	.02252294***	-.06667975***
	(.0000101)	(.0000128)	(.00001288)
Gender	-.13052917***	.09661354***	.01138699***
	(.0003024)	(.0003820)	(.00038498)
Urban-Rural Classification	-.19796866***	-.02688376***	.11009388***
	(.0003124)	(.0003946)	(.00039768)
Intercept	1.1376775***	-.21299193***	.52553315***
	(.0010419)	(.0013159)	(.00132636)
F-test (Model)	3226109.86***	345784.52***	341327.17***
R^2	0.143	0.018	0.017
SSE (SRMSE)	34730000	5938934.16	5955683.95
SEE or $\hat{\sigma}_v$	.1.4670	1.85339	1.86808
N	23072	23072	23072

Standard errors in parenthesis; Statistical significance: *<.0.1, **<0.05, ***<0.01

The effects of income and financial literacy, including the effects of the control variables, are discussed in subsequent paragraphs.

Income

The relationship between income and frequency of savings in the formal institutions is statistically significant at 0.01 level but negative. The findings show that how often adult Nigerians save in banks and other deposit taking institutions decrease with their incomes. The results suggest that relatively high-income earners put their savings in other forms of investments that yield better returns. In 2016/2017, the average yield on the Nigerian Treasury Bills is about 18 percent compared to interest rate of saving deposit which is less than 5 percent. This shows that financial services targeted at middle/high-income earners should go beyond the basic savings account and should include higher yielding fixed income and mutual funds products. Targeting adult Nigerians with the right financial products based on their income will lead to better financial performance of the providers.

Financial Literacy

The coefficient of financial literacy score in regression model 1 is significant at 0.01 level and positive. This shows that financial literacy has a positive effect on the demand for formal savings products. The higher the financial literacy scores of the respondents, the more often they save in the banks and other formal financial institutions. The results suggest that with improvement in financial literacy, more adult Nigerians are more likely to open savings account and, by implications, have access to and use other financial services. Financial literacy interventions by government and financial services providers targeted at different demographic groups are therefore expected to boost access to financial services. While the results show that financial literacy drives formal savings more than income does, low-cost financial services and improved income may however be required to improve frequencies of use of other financial services.

Control Variables

Table 4 also shows the relationship between each of the control variables (age, gender and urban-rural classification) and the frequency of formal savings. The results show that older people save more often with banks and other formal deposit money institutions than the younger adults do. The findings are in support of extant studies which show that young adults are more financially excluded when compared to the older age groups (Bernheim, Garrett, & Maki, 2001; Johnson & Sherraden, 2007; Despard & Chowa, 2014; Bruhn, Leao, Legovini, Marchetti, & Zia, 2016; Enhancing Financial Innovation & Access (EFInA), 2017). Therefore, interventions in forms of provision of low-cost financial services and financial literacy should be targeted more at young adults to improve financial access. For the effect of gender on formal savings, the results show that the more likely the respondent is a female, the less often the respondent saves formally. Women are therefore more excluded from formal savings than their men counterparts. This suggests that women should be targeted more in interventions to boost financial access. Lastly in the case of urban-rural classification control variable, the findings show that rural dwellers save less often formally when compared to urban dwellers. A possible explanation is the viability of locating a bank branch in the rural areas. However, low-cost channels, including bank agents and mobile money, can be employed to reach the rural dwellers.

The above has shown the impact of income and financial literacy as key drivers of formal savings. It also shows the effects of age, gender and urban-rural classification on the frequency of savings with banks and other formal deposit-taking institutions. When combined together, the results show that low-income financially illiterate, young rural women lack basic access to formal financial services. To improve financial access, innovative low-cost means of providing financial

services to those adult population should be devised. A key low-cost channel that has been successfully deployed to reach these unbanked population, particularly in Kenya, is mobile money. The unbanked can access formal savings and other financial services via their mobile phones. Banking the unbanked through this channel will not only improve financial access and the country's economic growth but also enables the providers to post superior financial performance.

The Impact of Income and Financial Literacy on Informal Savings

In Table 4, model 2 depicting the impact of income and financial literacy on the frequency of saving informally with savings groups and cooperative societies is significant at 0.01 level. The results show that income and financial literacy, in combination with the included control variables, are key drivers of informal savings. The collinearity diagnostic tests (VIF between 1 and 10) also show that there are no significant relationships between the dependent variables and/or control variables. The individual impact of income and financial literacy on how often adult Nigerians save with saving groups and cooperative societies are discussed below. The effects of the included control variables are also discussed.

Income

Unlike the negative relationship between income and formal saving, the relationship between income and informal savings is positive and significant at 0.01 level. This shows that for those that save informally with saving groups and cooperative societies, the higher their income, the more frequent they save in those groups/societies. The results suggest that these savers enjoy some benefits that are not offered by banks and other formal providers. Reasons provided by the respondents include ease/simplicity of use, ease of access to savings, trust and financial benefits. To serve these underserved savers, who currently stand at about 16 million adult Nigerians, the formal providers should address the constraints to their formal financial inclusion. Banks can introduce saving group-like banking products to move these informal savers into the formal financial system.

Financial Literacy

The relationship between financial literacy and the frequency of saving informally is the same as that between financial literacy and formal savings. The coefficient of financial literacy score is positive and significant at 0.01 level. The results show that irrespective of the mode of saving, the more financially literate a person is, the more frequent he/she saves in one form or the other. This underscores the importance of financial literacy in driving financial access. In addition to educating the adult population on the benefits of savings and other financial services, financial literacy interventions should also include topics on the benefits of formal financial services. Efforts should also be made to remove barriers to accessing formal financial services.

The Control Variables

The control variables (age, gender and urban-rural classifications), with the exception of gender, show similar relationships with informal savings as with formal savings. As with the frequency of formal savings, older respondents save more frequently with saving groups and/or cooperative societies when compared to the younger adults. One explanation is that older people have better financial plans for their future. Another explanation from the earlier results is that older people are more financially empowered than the young adults with a record high unemployment rate among the youths in Nigeria. Financial literacy campaign targeted at young people should not

only aim to move them from the informal financial sector to the formal financial system but also improve their levels of savings. Unlike the relationship between gender and formal savings, women seem to save more often informally than the men. This further supports the earlier findings that they are more excluded from formal financial access than the men. Lastly the relationship between urban-rural classification and frequency of informal saving is significant and shows that urban respondents save more often with saving groups and cooperative societies than their rural counterparts. This shows that even in the urban areas, there are significant adult population that do not have access to formal savings, and by implications, formal financial services, with these people resorting to informal means of accessing financial services.

The summary of the above findings suggests that relatively moderate income, financially literate, middle-aged urban women save more frequently, than any other group, with saving groups and cooperative societies. The results show that in spite of the relatively better presence of banks and other formal deposit money financial institutions in urban areas, a significant group of adult population in Nigeria still accesses their financial services informally via saving groups and cooperative societies. This group need to be better educated on the need to access formal financial services while also taking the financial services to them in their saving groups and cooperative societies to reduce the cost of accessing the services. Product like group lending at competitive interest rate can be introduced to them to attract them to the formal financial system. With improved access to finance, these people live a better life, the providers' customer base and profitability improves and the overall economy grows and develops.

The Impact of Income and Financial Literacy on Other Forms of Informal Savings

The financially excluded or the unbanked neither keep their money formally in banks nor keep them informally with saving groups and cooperative societies but rather keep their money at home or with family and friends. This group constitutes 27.2 percent of adult population in Nigeria or about 26 million people. The results in Table 4 show that regression model developed to analyse the impact of income and financial literacy on the frequency of saving at home or with family/friends is significant at 0.01 level. Collinearity tests show that there is no significant relationship between the independent variables and/or the control variables. The analyses of the effects of income and financial literacy on these other forms of informal savings are presented in the following sections. The effects of the control variables on these other forms of savings are also discussed.

Income

Income has a significant negative impact on the frequency of saving at home and with family and friends. This shows that low-income earners are more likely to save at home and with family and friends. As income increases, the results suggest that, an individual will move to either formal or informal mode or save or invest the excess income in other forms of investment.

Financial Literacy

Unlike income, financial literacy has a significant positive impact on how often an adult Nigerian saves at home and/or with family/friends. The results show that the more financially literate a person is, the more frequent he saves at home and/or with family/friends. This finding, however, needs to be controlled for age, gender and urban-classification as discussed in the next section.

The Control Variables

The results of the impact of income and financial literacy on the other forms of informal savings are controlled for age, gender and urban-rural classification in this section. Unlike formal and informal savings with groups/societies, young adults are more likely to keep their money at home and/or with family/friend than the older people. These findings support earlier results that young adults are more financially excluded than the other age groups. The results show that a significant young adult population either keeps their money at home and/or with family/friends or they do not save at all. In terms of gender, women are more likely than men to save at home and/or with family and friends. Lastly, in terms of urban-rural classification, rural dwellers are more likely to save at home and/or with family and friends than the urban dwellers do. The results all confirm earlier findings that the financially excluded are mostly young, rural women.

While there are 31 million adult Nigerians that do not save at all, the results above show that the 26 million adult Nigerians that save at home and/or with family and friends are mostly low-income, financially illiterate, young, rural women. There is therefore a need to design financial products targeted at this group of people. Although the viability of serving these poor people is a key challenge, government and donor agencies' interventions may be necessary to sustainably serve this group of people. Digital channels via mobile phones can be used to deliver financial services to these people coupled with financial literacy interventions and empowerment programmes that are delivered to them digitally.

CONCLUSIONS

This study investigates income and financial literacy as key drivers of the demand for financial services. The paper argues that income and financial literacy of an individual when controlled for age, gender and urban-rural classification determines how often the individual uses financial services. It uses a sample of over 20,000 adult Nigerians to explore the impact of the factors on how often adult Nigerians access savings as a basic financial service. The study analyses the impact of income and financial literacy on the frequency of formal savings with banks and other formal deposit taking financial institutions, frequency of informal savings with saving groups and cooperative societies and the frequency of individual's savings with family/friends and at home. The results show that income and financial literacy are the key determinants of how often individuals save and hence of the demand for other financial services. Financially literate, middle-aged/old, urban men save more often with banks and other deposit taking financial institutions. However, the frequency of savings decreases with increase in income. On the hand, moderate-income, moderately financially literate, middle-aged, urban women save informally with saving groups and cooperative societies.

The findings show the market segments that can be targeted by financial services providers for savings and other financial services. For example, high yielding investment products such as treasury bills/government bonds and mutual funds, as opposed to the traditional savings accounts, should be targeted at the financially literate urban men. The formal financial services providers should also target the market segment of informal savers with innovative savings and other financial services that provide benefits similar to the ones provided by savings groups and cooperative societies. For the majorly low-income, financially illiterate, young, rural women that save at home and with family/friends, low-cost financial services should be provided to them digitally with interventions from the providers, the government and donor agencies. Targeting the identified market segments with the right savings and other financial products will not only deepen

financial access and improve economic growth but will also positively affect the profitability of the providers.

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APPENDICES

APPENDIX A

Crosstab

			Frequency of Formal Savings							
			Never	Occassionally	Annually	Quarterly	Monthly	Weekly	Daily	Total
Income Range	Less than N3,000	Count	20193815	1546957	39709	73454	1732964	456020	65645	24108564
		% within Frequency of Formal Savings	27.7%	22.0%	16.5%	12.7%	15.0%	12.2%	23.4%	25.0%
	N3,000 - N20,000	Count	34542797	2336510	92780	215175	3113778	728982	52891	41082913
		% within Frequency of Formal Savings	47.3%	33.3%	38.6%	37.2%	26.9%	19.5%	18.9%	42.6%
	N20,001 - N100,000	Count	16313871	2802712	96657	251362	5952843	2003994	115049	27536488
		% within Frequency of Formal Savings	22.4%	39.9%	40.3%	43.5%	51.4%	53.5%	41.0%	28.6%
	N100,001 - N200,000	Count	1159122	173655	9768	36143	536224	395374	25370	2335656
		% within Frequency of Formal Savings	1.6%	2.5%	4.1%	6.3%	4.6%	10.6%	9.1%	2.4%
	Above N200,000	Count	753590	164466	1146	1985	244610	160663	21368	1347828
		% within Frequency of Formal Savings	1.0%	2.3%	.5%	.3%	2.1%	4.3%	7.6%	1.4%
Total		Count	72963195	7024300	240060	578119	11580419	3745033	280323	96411449
		% within Frequency of Formal Savings	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

APPENDIX B

Crosstab

			Frequency of Formal Savings							
			Never	Occassionally	Annually	Quarterly	Monthly	Weekly	Daily	Total
Financial Literacy Score	1-2	Count	4471320	55566	0	33610	90266	16717	0	4667479
		% within Frequency of Formal Savings	6.1%	.8%	.0%	5.8%	.8%	.4%	.0%	4.8%
	3-4	Count	25392490	906275	18592	104381	1148166	357051	7859	27934814
		% within Frequency of Formal Savings	34.8%	12.9%	7.7%	18.1%	9.9%	9.5%	2.8%	29.0%
	5-6	Count	32197001	3852246	77922	289871	5891565	1903996	87070	44299671
		% within Frequency of Formal Savings	44.1%	54.8%	32.5%	50.1%	50.9%	50.8%	31.1%	45.9%
	7-8	Count	10307122	2058891	132538	127551	4192433	1404256	138191	18360982
		% within Frequency of Formal Savings	14.1%	29.3%	55.2%	22.1%	36.2%	37.5%	49.3%	19.0%
	9-10	Count	595261	151323	11007	22707	257988	63013	47202	1148501
		% within Frequency of Formal Savings	.8%	2.2%	4.6%	3.9%	2.2%	1.7%	16.8%	1.2%
Total		Count	72963194	7024301	240059	578120	11580418	3745033	280322	96411447
		% within Frequency of Formal Savings	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

APPENDIX C

Crosstab

			Frequency of Informal Savings							
			Never	Occassionally	Annually	Quarterly	Monthlty	Weekly	Daily	Total
Income Range	Less than N3,000	Count	21530195	104034	33448	46877	534451	1257458	602101	24108564
		% within Frequency of Informal Savings	26.8%	35.3%	43.6%	46.4%	15.4%	15.9%	14.9%	25.0%
	N3,000 - N20,000	Count	34004169	84160	19967	21249	1411712	3850891	1690764	41082912
		% within Frequency of Informal Savings	42.3%	28.5%	26.0%	21.0%	40.6%	48.6%	41.7%	42.6%
	N20,001 - N100,000	Count	22146932	101583	3401	32983	1294442	2484261	1472885	27536487
		% within Frequency of Informal Savings	27.5%	34.4%	4.4%	32.6%	37.2%	31.4%	36.3%	28.6%
	N100,001 - N200,000	Count	1753953	2365	17430	0	184459	226846	150601	2335654
		% within Frequency of Informal Savings	2.2%	.8%	22.7%	.0%	5.3%	2.9%	3.7%	2.4%
	Above N200,000	Count	1045463	2959	2444	0	56307	103122	137534	1347829
		% within Frequency of Informal Savings	1.3%	1.0%	3.2%	.0%	1.6%	1.3%	3.4%	1.4%
Total		Count	80480712	295101	76690	101109	3481371	7922578	4053885	96411446
		% within Frequency of Informal Savings	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

APPENDIX D

Crosstab

			Frequency of Informal Savings							
			Never	Occassionally	Annually	Quarterly	Monthlty	Weekly	Daily	Total
Financial Literacy Score	1-2	Count	4375159	10581	2830	15521	18738	162059	82591	4667479
		% within Frequency of Informal Savings	5.4%	3.6%	3.7%	15.4%	.5%	2.0%	2.0%	4.8%
	3-4	Count	24195886	94757	18961	4557	660170	2237585	722899	27934815
		% within Frequency of Informal Savings	30.1%	32.1%	24.7%	4.5%	19.0%	28.2%	17.8%	29.0%
	5-6	Count	36194449	149388	30767	56808	1674286	3883237	2310735	44299670
		% within Frequency of Informal Savings	45.0%	50.6%	40.1%	56.2%	48.1%	49.0%	57.0%	45.9%
	7-8	Count	14780723	30861	24133	24224	1056846	1579566	864631	18360984
		% within Frequency of Informal Savings	18.4%	10.5%	31.5%	24.0%	30.4%	19.9%	21.3%	19.0%
	9-10	Count	934496	9515	0	0	71331	60132	73027	1148501
		% within Frequency of Informal Savings	1.2%	3.2%	.0%	.0%	2.0%	.8%	1.8%	1.2%
Total		Count	80480713	295102	76691	101110	3481371	7922579	4053883	96411449
		% within Frequency of Informal Savings	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

APPENDIX E

Crosstab

			Frequency of Other Savings							
			Never	Occassionally	Annually	Quarterly	Monthly	Weekly	Daily	Total
Income Range	Less than N3,000	Count	17274939	2645227	360421	231452	931099	1958178	707247	24108563
		% within Frequency of Other Savings	24.6%	32.1%	40.9%	34.5%	22.1%	23.4%	18.2%	25.0%
	N3,000 - N20,000	Count	28141012	3946663	380761	376620	2279078	3972077	1986703	41082914
		% within Frequency of Other Savings	40.1%	47.9%	43.2%	56.2%	54.1%	47.5%	51.1%	42.6%
	N20,001 - N100,000	Count	21685455	1570168	98142	60317	927497	2188061	1006848	27536488
		% within Frequency of Other Savings	30.9%	19.1%	11.1%	9.0%	22.0%	26.2%	25.9%	28.6%
	N100,001 - N200,000	Count	1951508	39934	22859	0	47185	138899	135271	2335656
		% within Frequency of Other Savings	2.8%	.5%	2.6%	.0%	1.1%	1.7%	3.5%	2.4%
	Above N200,000	Count	1110651	40115	19387	2346	27114	99015	49199	1347827
		% within Frequency of Other Savings	1.6%	.5%	2.2%	.3%	.6%	1.2%	1.3%	1.4%
Total		Count	70163565	8242107	881570	670735	4211973	8356230	3885268	96411448
		% within Frequency of Other Savings	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

APPENDIX F

Crosstab

			Frequency of Other Savings							
			Never	Occassionally	Annually	Quarterly	Monthly	Weekly	Daily	Total
Financial Literacy Score	1-2	Count	3637000	340623	85878	13333	158828	323475	108341	4667478
		% within Frequency of Other Savings	5.2%	4.1%	9.7%	2.0%	3.8%	3.9%	2.8%	4.8%
	3-4	Count	19535675	2664133	372169	183693	1445033	2587936	1146175	27934814
		% within Frequency of Other Savings	27.8%	32.3%	42.2%	27.4%	34.3%	31.0%	29.5%	29.0%
	5-6	Count	31774842	4087198	318934	328015	1993733	4059331	1737619	44299672
		% within Frequency of Other Savings	45.3%	49.6%	36.2%	48.9%	47.3%	48.6%	44.7%	45.9%
	7-8	Count	14324922	1110015	104589	145395	591682	1242629	841752	18360984
		% within Frequency of Other Savings	20.4%	13.5%	11.9%	21.7%	14.0%	14.9%	21.7%	19.0%
	9-10	Count	891125	40138	0	300	22698	142860	51379	1148500
		% within Frequency of Other Savings	1.3%	.5%	.0%	.0%	.5%	1.7%	1.3%	1.2%
Total		Count	70163564	8242107	881570	670736	4211974	8356231	3885266	96411448
		% within Frequency of Other Savings	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TOWARD A STRATEGIC CORPORATE SOCIAL RESPONSIBILITY (CSR) APPROACH TO TACKLE GRAND CHALLENGES IN AFRICA

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ABSTRACT

Africa is attracting various investors, corporate executives, and scholars as an emerging market of new growth opportunities. The business culture in Africa has changed because of the proliferation of globalization, changes in technology, collaboration of stakeholders, trade agreements, and labor markets. Though the economies of many African nations are emerging faster than many other countries challenges to development remain considerable. Africa, unlike many developed nations, continues to be marred by poverty, hunger, corruption, poor education, ill health, and violence. While there has been a growing body of global research that reflects the implementation of CSR to enhance financial performance and societal obligations, relatively few have addressed the issues on how to implement strategic CSR in Africa. This study therefore seeks to show that employing strategic CSR can assist with the tackling of GCs and facilitate development.

INTRODUCTION

Though the economies of many African nations are emerging faster than many other countries (World Bank, 2015), challenges to development remain considerable. Specifically, Africa confronts a wide array of challenges including poverty, hunger, quality education, peace and justice, financial inclusion, health care, employment and entrepreneurship among others are under threat. Moreover, only one in five workers in Africa has a job in the wage economy; corruption remains the most daunting challenges to economic growth and development (AUC, 2015); and Africa lags behind all other continents on most indicators of development (Bourguignon et al., 2010). So, while it has been argued that Africa is emerging in many ways, there are still plenty of "Grand Challenges" (hereafter, GCs) that affect the continent.

Although extant literature in Africa focus on public administration, non-government organizations (NGOs), and corporate social responsibilities (CSR) (Crane, Matten, Moon, & Moon, 2008; DeGhetto, Gray, & Kiggundu, 2016; Visser, 2006), we know little about strategic CSR in African contexts to tackle GCs. George, et al. (2016) suggested that the collaborative effort between public and private entities often interact with international aid agencies and local NGOs, and local networks can be critical for articulating the resources that are most appropriate and effective in particular situations. Over the years, a growing number of academics as well as managers have been allocating a considerable amount of time and resources to strategic CSR – i.e., the discretional integration of social and environmental concerns and in their interaction with

stakeholders (Bourguignon et al., 2010). While there has been a growing body of global research that reflects the implementation of CSR to enhance financial performance and societal obligations (McWilliams & Siegel, 2011), relatively few have addressed the issues on how to implement strategic CSR in Africa.

To that end, the purpose of this article is to apply the strategic CSR approach in an African context by drawing from some of the tenets of George et al.'s (2016) framework to tackle GCs. In support, several scholars suggested that using existing or modifying management theories, frameworks, concepts, and methods can shed new light on the continent growth (Zoogah, Peng, & Woldu, 2015; Zoogah, Zoogah, & Dalaba-Roohi, 2015). In doing so, we contribute to several areas. For one, we contribute to the emerging literature that investigates the utilization of strategic CSR among diverse stakeholders to tackle GCs. Moreover, we provide guidance to scholars and managers on this burgeoning topic. This article also contributes to the management literature by providing researchers with strategic CSR as a tool for addressing GCs in Africa. Finally, we contribute to the governance and sustainability literature by extending the utilization of strategic CSR to build effective policies that enhance both governmental and private organizational capabilities.

The rest of the article is organized as follows. First, we provide the theoretical and background foundation of GCs. Second, we provide an overview of CSR and its application in Western countries and apply the characteristics in the context of Africa. Third, we provide insight into how African organizations encapsulate the notion of strategic CSR to address GCs. Finally, we will conclude by emphasizing the importance of key characteristic of strategic CSR activities in the reduction of poverty and enhancing development in the continent.

GRAND CHALLENGES: DEFINITION AND THEORETICAL FOUNDATIONS

GCs affect large populations and adversely affect human well-being. Among many definitions of GCs, we believe Grand Challenges Canada (2011: iv) provides a good definition: "specific critical barrier(s) that, if removed, would help solve an important societal problem with a high likelihood of global impact through widespread implementation". The UN is moving from the Millennium Development Goals to the Sustainable Development Goals and adopted a set of 17 goals to end poverty, protect the planet, and ensure prosperity for all as part of a sustainable (United Nations, 2015a). GCs are complex yet potentially solvable challenges; examples include global hunger, poverty, political instability, climate change (Howard-Grenville, Buckle, Hoskins, & George, 2014), natural resources (George, Schillebeeckx, & Liak, 2015), societal resilience (Van Der Vegt, Essens, Wahlström, & George, 2015), and gender inequality (Joshi, Neely, Emrich, Griffiths, & George, 2015), among others. GCs are highly sophisticated with unknown solutions and entailing many interactions, emergent understandings, and multidimensional dynamics (Ferraro, Etzion, & Gehman, 2015).

While the complexity and uncertainty that characterized GCs are so daunting, academic interest in organizational action targeted at addressing the problems has increased (Ferraro et al., 2015). Recently, scholars increasingly call for research that tackles GCs, noting that "the fundamental principles underlying a grand challenge are the pursuit of bold ideas and the adoption of less conventional approaches to tackling large, unresolved problems" (Colquitt & George, 2011, p. 432). GCs need a concerted effort from diverse stakeholders toward a clearly articulated problem or goal (George, Corbishley, et al., 2016). Solutions to GCs typically involve changes in individual and societal behaviors, changes to how actions are organized and implemented, and progress in

technologies and tools to solve these problems. Thus, the tackling of GCs may require collective and collaborative effort with specific organizations from different domains (Olsen, Sofka, & Grimpe, 2016a). Within the context of this study, stakeholders are the group (s) that implements the solutions or those affected by a GCs.

Firms are challenged to generate to articulate environmental and societal problems and simultaneously provide economic returns (Olsen, Sofka, & Grimpe, 2016b). To tackle GCs, diverse stakeholders must find effective mechanisms to collaborate and support each other in the pursuit of minimizing the problems while paying sufficient attention to economic efficiency. Within the spectrum of strategic management, efforts have been made to identify the modes and stages by which CSR is integrated into the relationships between management, the organization, and strategy (Lenssen et al., 2009). Studies from the stakeholder perspective have emphasized rich, empirical evidence of different stakeholder attributes on CSR strategies and how stakeholder collaboration impacts CSR activities (Brammer & Millington, 2004). However, there is a paucity of direct theoretical or empirical evidence on how the strategic aspects of CSR that address complex problems.

CORPORATE SOCIAL RESPONSIBILITY

CSR refers to the responsibility of corporations to society (Sodhi, 2015). CSR does not have a universally adopted definition and it still carries different meanings worldwide (Freeman & Hasnaoui, 2011). One often cited definition is the one by Carroll (1979), who defines CSR as the economic, legal, and ethical expectations a society has on organizations. Godfrey (2009) asserted that, "the origins of CSR lie in philanthropy, the oldest social initiative among American private enterprises" (p. 700). The notion of CSR encompasses concepts sometimes overlap and supplant one another, such as sustainability, accountability or corporate greening (Amaeshi & Adi, 2007; Lee, 2008). For the purpose of this article, we conceptualize CSR as an umbrella term for a variety of frameworks and practices which recognize multiple stakeholders such as: business and government organizations have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of the individual (Frynas & Yamahaki, 2016). Researchers have shown that CSR initiatives have significant benefits for both internal and external stakeholders (Janssen & Vanhamme, 2015; Korschun & Du, 2013; Sen & Bhattacharya, 2001). Margolis and Walsh (2003) argued that the CSR research agenda concentrates on how the internal resources (Bruch, 2005; Oliver, 1991; Porter & Kramer, 2007) of organizations are used to formulate CSR initiatives.

While the importance of government's CSR policies may increase the collaborative effort of the organizations, collaboration effort from business may increase the response toward economic, political, and social problems. Importantly, businesses have a responsibility for all their impact as a socially responsible business entity and build others capabilities to impact the development process. Galaskiewciz and Barringer (2012) described four types of organizations that operate in a society. Classical for–profit or Friedman – model firms are primarily concerned with economic objectives. Second, some for profit firms, economic is still their primary objective, but economic and societal objectives are primary. Third, social enterprises for which both societal obligations and economic objectives are primary. Finally, charity-oriented non- profits, also known as NGOs, which societal obligations are primary and economics as a secondary.

Carroll and Shabana, (2010) argued that with a growing commitment to sustainable and ethical business practices by business organizations, the utilization of CSR has become more

important than at any other time. The management literature acknowledged that CSR as a vital corporate practice (McGuire, Sundgren, & Schneeweis, 1988; Ullmann, 1985). CSR activities consist of business initiatives, which pursue some social benefit, beyond the specific financial interest and legal obligations of the company (McWilliams & Siegel, 2000). Moreover, CSR studies in the marketing and economics literature concentrate on whether firms are able to benefit financially from engaging in this activity. Other have focused attention on its strategic advantage to generating environmental resources and capabilities (Russo & Fouts ,1997); attract ethical investors (Baron & Diermeier, 2007); and preempt government regulatory intervention (Baron, 2001).

The opportunities and challenges of developing and developed countries differ due to their unique local environments, systems of governments, economics, kinship, and thus, organizations may not fully implement the same way CSR utilized in developed countries. For instance, CSR research undertaken in developed economies suggests that corporations often adopt socially responsible policies in order to secure legitimacy (Arya & Zhang, 2009). In Africa, however, CSR still has a relatively low profile, whether among public authorities and business leaders. Evidences show how CSR practiced in Africa differ from the western perspective by several characteristics including: emphasis on philanthropic responsibilities to bridge governance gaps (Hamidu, Haron, & Amran, 2016); the importance of culture and context in the determination of the appropriate CSR priorities (Visser, 2006); alleviate poverty and, provision of facilities in education, and health (Hamidu et al., 2016). Therefore, the consideration of these attributes will become more critical as we discover African oriented strategic CSR approach to tackle GCs and improve the quality of life for African families.

CSR and Africa

Although the notion of CSR is not new to Africa, most studies focus on a small cluster of countries: mainly in South Africa (Idemudia, 2014; Visser, 2006). The literature on the relationship between CSR and development in Africa is evolving, and it is focusing on how to improve capacity building and the pursuit of peace, governance and security, investment in people, economic growth and poverty reduction, and increased and fairer trade (Visser, 2006). Recently, private and public organizations paid more attention and as a result diverse stakeholders such as: executive managers of companies, political leaders, government representatives, leaders of trade unions and non-governmental organizations have been actively participating. CSR is an influential player and partner in relation with the increased focus on corporations' social impact in developing countries, the pressure on firms to adapt their CSR practices to align with the local environment's issues has increased (Jain & De Moya, 2013).

In Africa, profitability is prioritized, which is similar to the United States and Europe; however, philanthropy is given the second highest priority, followed by legal and then ethical responsibilities (Visser, 2006). Empirical evidence suggested that CSR amongst businesses in Africa have found that the most common approach to CSR issues is through charitable programs, in particular focusing on education, health and environment (Jamali & Karam, 2016). Whilst many of such practices are driven by regulatory compliance, government and businesses are encouraged to go beyond and take a role in addressing these societal needs. Furthermore, contemporary CSR practices suggest "discretionary" activities are a function of available resources (Waddock & Graves, 1997), however, in resource-constrained settings, institutional differences elicit alternative responses (George et al., 2016). Julian and Ofori-Dankwa (2013) studied 41 large firms across 12 sectors in Ghana and found a negative relationship between financial resource availability and

CSR expenditures. According to Visser (2008), the opportunities and challenges of developing and developed countries differ due to their unique local environments, and therefore, CSR in the developing counties should not be considered in the same way as CSR in the western perspective.

Most of CSR research has been in developed world context, and the focus on companies' engagements in social issues has increased with higher expectations from the public on companies' responsibilities in improving human welfare and meeting international CSR standards (Laudal, 2010). However, in contests of desperate poverty, the implementation of CSR should vary depending on each country's history, the political system, and institutions – and on the specific challenges and opportunities it faces. Torugsa, O'Donohue, and Hecker (2013) define proactive CSR as a "pattern of responsible business practice adopted voluntarily by firms that simultaneously support sustainable economic, social, and environmental development at a level above that required to comply with government regulations" (p.384).

It is worth noting that strategic CSR to tackle the problems need to collaborate other stakeholders to participate in a sense of purpose (Ferraro et al., 2015; George, Howard-Grenville, et al., 2016). Coordinated and sustained effort from multiple stakeholders and government is a must if Africa is to transform (Jamali & Karam, 2016). As pointed out in the introduction section, the purpose of this article is to apply the strategic CSR approach in an African context by drawing from some of the tenets of George, Howard-Grenville, et al.'s (2016) framework to tackle GCs. Hence, this article will examine how and under what conditions strategic CSR initiatives are effective in the process of inspiring others to contribute efforts and resources with a sense of purpose; identifying actors operate at multiple levels; and evaluate the outcomes.

ARTICULATING A COMMON GOAL AND PARTICIPATING

The primary step to address complex societal challenges concentrates in its articulation (George, Howard-Grenville, et al., 2016). In working towards attaining Africa with no poverty, hunger, better education, and equal opportunity for women, various stakeholders have the potential to propose a solution (Ferraro et al., 2015). In support, the UN highlighted the importance of corporate and institutional responses towards the millennium development goals. Perhaps the most universal and widely accepted call to address GCs, which 193 countries adopted, are sustainable development goals (SDG) to end poverty, protect the planet, and ensure prosperity for all (United Nations, 2015a). For many African countries, the magnitude and complexities of the challenges, these goals are imperative to facilitate economic and social transformation. Essentially, participatory-action oriented interdependence among stakeholders is important because one cannot flourish without the other (Nichols, 2014).

Many developmental goals require the intertwine effort between policy makers and scholars in a way that allows countries to thrive. The Academy of Management Journal's 20th editorial team highlighted the importance of management scholarship to tackle GCs and promote the well-being of society and individuals within and outside of business (Davis, Schoorman, & Donaldson, 1997; Hollensbe, Wookey, Hickey, George, & Nichols, 2014; Nichols, 2014).
Management research is able to enhance corporate, social, and multilateral initiatives by helping better understand problems and provide a systematic perspective to trace managerial challenges (Cobb, Wry, & Zhao, 2016; Mair, Wolf, & Seelos, 2016; Vakili & McGahan, 2016). As a result, articulated research agendas collaborate with local government and firms may faster the development process in the continent.

Various stakeholders working together and guided by a clear common goal can result in positive results. Business Action for Africa's 2010 Report partner with Harvard Kennedy School demonstrates, the importance of collaboration between the various sectors of society are now a critical to tackle some of the most intractable and daunting development challenges (Torres-Rahman, Baxter, Rivera, & Nelson, 2015). The global New Vision for Agriculture (NVA) team partner with more than 500 institutions have provided support on security and agriculture. In the same token, a number of leading companies have engaged with government agencies, NGOs and health practitioners to implement HIV/AIDS policies and program for prevention (Nelson, 2005). In short, several local and multinationals have developed capabilities that allow them to ameliorate the effects of corruption in the host country (Luiz & Stewart, 2014), either through positive political discourse (Luo & Junkunc, 2008) or by using institutional changes to their purpose, such as adopting CSR practices to improve stakeholder relationships (Arya & Zhang, 2009). In doing so, interactive relationships among diverse stakeholders and identify factors that promote participation and vocalization.

Stakeholders Engagement

The UN Millennium Development Goals and Agenda 2063 emphasizes the importance of basic economic opportunities or human rights, improves livelihood, peace and good governance, and social advancement of their citizens. Unlike many other developed countries, Africa remains a marginal region, with the lives of most African are marred by poverty, hunger, corruption, poor education, ill health, and violence. The role of business and government may have different factors and motivations in participating social responsibility task through engaging among organizations, societies, and their stakeholders- addressing poverty reduction and other social issues may open the holistic and development-oriented approach to tackle GCs. Essentially, many stakeholders need to interact to solve complex, and systematic challenges.

Various research institutes supported by donors such as USAID, the Bill & Melinda Gates Foundation and the World Bank have suggested the importance of collaboration to address wicked problems (Morton, 2017). Moreover, national and international multilateral as well as business organizations could play a profound role in the construction of the nation's education, democracy, health, water and sanitation, and continental unity (Union, 2015). For example, African and European business representatives acknowledged the importance of considering the worker's culture and promoting community education. According to Olajobi Makinwa, Senior Civil Society Coordinator, Head of Transparency & Anti-Corruption, UN Global Compact, Nigeria:

> It is important for companies to make money, but they have committed to social and environmental issues. I want to challenged my colleagues here: do not point fingers at multinational, but start with yourself and commit to implementing corporate social responsibility activities! Companies like outsource many issues, so they also outsource corruption to suppliers. This is not right; we need to actively address corruption. (Tenzer & Pudelko,2015, P. 249)

This is the time for African organizations and other partners to strengthen their relations with society and develop strategic CSR approach to priorities the most pressing issues.

Identification

Thornton and Ocasio (1999) define institutional logics as "the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide

meaning to their social reality" (p. 804). The business culture in Africa has changed because of the proliferation of globalization, changes in technology, production, trade agreements, knowledge and labor markets, and the integration of local and international relation (Union, 2015) among others. For instance, CSR reporting creates a positive feedback loop: 1) increases transparency around the social and environmental impact of companies, and their governance structure and 2) may change the internal control system that further improves rules and practice with and the reliability of reporting. In the same token, the German Development Agency (GTZ), for its part, seeks progress on a range of public policy objectives including: human development, environmental sustainability, and even justice and peace. In addition, local businesses also play their role to alleviate some problems.

Managing people effectively in extension programs is a skill that requires constant planning and development. An extension program manager can be defined as the person who is vested with formal authority over an organization or one of its sub units. There are an increasing number of real examples of the potential impact of strategic CSR based solutions to GCs. For example, the TATA group in South Africa is involved in various health, entrepreneurship, and educational initiatives to promote the social and economic development and provide them the possibility of becoming leaders across industries and in the government. In Ethiopia, the clothing company H&M integrated a sustainable approach to business through partnering with its suppliers to promote labor rights and reduce environmental impacts (Mouly Potluri & Temesgen, 2008).

Prioritization

The United Nations and Common Africa position on the post-2015 Development Agenda highlighted the most pressing concerns such as hunger and disease, human security and peace, gender quality, and climate change (Union, 2015). Furthermore, Agenda 2063 aspired to eradicate poverty in one generation and build shared prosperity through the social and economic transformation of Africa (AUC, 2015). Reid, Roumpi, and O'Leary-Kelly (2015) highlighted critical barriers that prevent progress towards the development of important economic, political, and social development. The extent of GCs is more complex when we are reminded of the wide range of social needs that still exist (Visser, 2006). First and foremost, the increasing scope of global partnership between Africa and the develop nations plan to eradicate poverty (Tenzer & Pudelko, 2015). At its core, the principle of Agenda 2063 envisions a unified African nation where development, solidarity, prosperity, and security rule over an integrated continent with a strong cultural identity (African Union, 2013; Slavova & Okwechime, 2016).

As literature suggest, the needs are many, but the private sector has many ideas and capabilities to contribute to the growth. The idea is to team up African nations willing to reform with private investors who would bring business and jobs to a continent where instability and corruption often blocked potential investor. Building strategic CSR initiatives through leveraging core competencies and social investment resources to support small businesses and build the local institution capacity to alleviate GCs. And, the strategic impact should last even after the company's commitment is complete (Idemudia, 2017).

ACTOR NEEDS AND ASPIRATIONS

Agenda 2063 outlines a global strategy which utilizes Africa's resources for the benefits of Africans. The growing interest of African's willingness to take ownership and lead the development toward the elimination of poverty require the participation of different actors (Turner,

Cilliers, & Hughes, 2014). African leaders promise to change the continent image through Agenda 2063. Agenda 2063 provides an opportunity to think about how various applications of management theories and applications to facilitate the ambitions of the continent. Thus, the systematic integration of CSR activities by African organizations may potentially facilitate: (1) inclusive growth and sustainable development; (2) political unity and ideas of pan- Africanism; (3) good governance, democracy, respect for human rights, justice and the rule of law; (4) peaceful and secure Africa; (5) strong cultural identity and shared value; (6) women and youth development; and (7) Africa as a strong, united and influential global player and partner.

Individual Needs

Government's role remains the most critical piece, including providing leadership in setting a coherent national vision and strategy, providing public goods, and making the environment friendly for business (Commission, 2013). Certainly, over the last two decades, some African countries have seen significant progress in strengthening the human rights and CSR aspects of their legislation. While government policies and regulation is prevalent for the enforcement of CSR, local and international sectors need to employ strategic approach to form participatory action oriented initiatives. For example, participants from Chinese, African and Western companies, governments and other organizations to reflected the usefulness of international standards in providing guidance, models and tools as well as ensuring international recognition, and the need for them to continue to evolve.

Second, and related, firms have been conceptualized as administrators of (some) citizenship rights, in different ways for social, political and civil rights, and for the whole range of stakeholders (Crane et al., 2004). Despite the fact that many businesses in Africa employed CSR activities (Idemudia, 2014; Mouly Potluri & Temesgen, 2008; Visser, 2006), extant research has given little attention to the synthesis of organizations' CSR initiatives to tackle GCs. Considering the complexity of GCs, organizations should participate in collective social goals.

Organizational Aspirations

When organizational participants form networks, or engage in stakeholder relations across a diverse ethnic group and tribal identities, their identities and cultures often have an impact on their behaviors and the actions of their organizations (Thomas & Bendixen, 2000). In a study on investor recruitment into the Nairobi Securities Exchange, despite high levels of inter- ethnic distrust and weak formal institutions, disparate groups were able to integrate themselves using professional social identities to resolve a conflict (Yenkey, 2015). Amaeshi, Adegbite, Ogbechie, Idemudia, Anderson, Kan, and Anakwue, (2016) found that small and medium enterprise in Nigeria and Tanzania undertake diversity of CSR practice that fit with local expectation. In addition, private sectors are interested in youth-development issues as a way of fulfilling their CSR. Kenya's formal educational system has played a critical role in attempting to prepare young people by appropriate work and life skills, and for assuming family and civic responsibilities. Areas in which design for behavior change has been most commonly applied include health and wellbeing, sustainability, safety and social context, as well as crime prevention. Thus, organization aspirations are often suitable to solve various pressing issues in Africa and contribute to long-term change.

Build Human Capability

Enhancing the employee talents and skills can be considered as fulfilling social responsibility, thus consumers may obtain higher utility from consuming an organization's service (Sodhi, 2015). The creation of additional values to employees, staff skills, experience, as well as knowledge, would attribute to enhance the development of human and managerial capability. The Safaricom CSR Foundation provided four Corporate Social Responsibility leave days per year for each employee to participate in community activities, as a reflection of the company's commitment to support employment creation and skill transfer (Black, 2017). In addition, organizations' effort to quality education through providing different resources to address societal issues may be perceived as an effort to sustainable cities and communities.

Within the private industry contexts, there could be several possible forms of developing human capital in order to enhance workplace stakeholders' (i.e., employees) readiness to engage in various social responsibility issues. The business argument case suggests that in order to work effectively in a culturally and ethnically diverse community, a strategic approach to understand the social value is important. According to Idemudia (2014), multiple evidence showed that the socio-cultural and economic situation of Africa influence societal expectations of the social responsibility of firms. Similarly, union organizing among industrial or farm laborers brings together those concerned about working conditions, job security, wages, and benefits.

The business argument case suggests that in order to work effectively in a culturally and ethnically diverse community, a strategic approach to understand the social value is important. Similarly, union organizing among industrial or farm laborers brings together those concerned about working conditions, job security, wages, and benefits. According to Idemudia (2014), multiple evidence showed that the socio-cultural and economic situation of Africa influence societal expectations of the social responsibility of firms. Utilizing strategic CSR approach could be an important tool for organizations that operate in Africa to result a win-win outcomes for itself and its host society.

CONCLUSION

This paper examines the potential of strategic CSR to tackle GCs in Africa. We have attempted to demonstrate that the integration of strategic CSR is relevant and potentially useful for addressing social problems. African organizations need to update their CSR expectation based on a call from internal and external stakeholders. In doing so, we try to discuss some theoretical and practical examples from different organization that operate in Africa. The specific examples we have used are an attempt to support the advantage of strategic CSR integration in order to address the economic and societal obligations of organizations. We believe that proactive- participatory approach of initiating a solution may result a win-win result for the organizations and society. At a minimum, we believe that the implementation of strategic CSR is worth further investigation in an African context. And, we believe that CSR should be regarded as an important strategy to facilitate the continent growth.

We briefly discussed how organizations can build different stakeholders' capability in order to alleviate complex problems. This is important because strategic CSR is not only creating a value to the external stakeholders, but also for the hosting organization to enhance their capacity. As a result, the importance of embedding CSR is to strengthen the relationship among stakeholders and addressing their interest is critical. By applying strategic CSR initiatives, private and government organizations are able to target more stakeholders, and it would also be important for

them to strategically address the challenges. This study may provide management with implications for strategic decision making. The current study was conducted in the context of both governmental and private institutes in general, however, future studies should see different types for better understanding. Although the literature covered here is not exhaustive, we hope this article will increase the interest that CSR is already attracting in African context.

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THE INFLUENCE OF BUSINESS SCHOOLS ON THE ETHICAL BEHAVIOUR OF STUDENTS: A STUDY FROM GHANA

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ABSTRACT

The study examines the influence of business schools on students' ethical behavior. The study employs the structural equation modelling and focus group interviews to validate the hypotheses and the research questions developed from the literature review. Using empirical data from Ghana, the results show that compared to business schools with public ownership, those with private ownership impact positively on students' ethical behaviour. It was also found that business schools which have an affiliation status from bigger business schools do impact positively on students' ethical behaviour. Unfortunately, the teaching of business ethics in business schools whether as a core course or an elective didn't have any significant effect on the moral competence of students. The implication of the findings on policy and practice are suggested.

INTRODUCTION

There is an increase in higher education worldwide. Increase in students' enrolment (OECD, 2008); increase in private sector investment (Shah & Nair, 2013), advancement in information and communication technology and advancement in international transportation (Harvey & Newton, 2004) are among the forces driving the growth in higher education, but the increase in the growth is not without risks. For example, there is a decline in standards (Prisacariu & Mahsood, 2016); aging academic staff (Prisacariu & Shah, 2016); limited resources (Shah & Nair, 2014) and increased in ethical and moral issues (Osipian, 2014; Prisacariu & Shah, 2016). Of the risks, Prisacariu & Shah (2016) argue that the increase in ethical and moral issues appear to be one of the crave concerns, yet it is the least researched. A review of the top 50 business schools worldwide found that curricula in business schools places less emphasis on ethics education (Christensen et al., 2007). There is much emphasis on academic excellence and corporate efficiency in business schools and so the degree of moral awareness and ethical appreciation of students in business schools is argued to be low (Gioia and Corley, 2002; Scheneider. 2002).

The present study seeks to make two contributions to the field. One, it deviates from the general ethical and moral issues in higher education and focuses on businesses schools. In business schools, unlike previous studies (e.g. Simpson, 2016; Mensah, 2015) that focus on students of selected courses, the present studies address all students in business schools. Two, it explores the

issue from an under-studied and a new geographical context, Ghana. Overall, the objective of the paper is to identify the influence of business school on students' ethical behaviour.

A Sample of the unethical corporate practices (e.g. weak internal controls, human rights abuse) which continue to rock the business world over a decade and half to date is being blamed in part on business schools (Trank and Rynes, 2003; Maritz, 2010). These researchers argue that most of the corporate leaders in the business world are produced from business schools and hence the failure of business schools

In the view of Dellaportas et al. (2006) and East & Donnelly (2012) ethical behviour of students has the potential to induce effective managerial ethical behavior. Their finding concluded that effectively, teaching and inculcating business ethics in business schools has a great potential to shape the future behaviour of business leaders (East & Donnelly, 2012; Bampton & Cowton, 2013). The critics argue that ethical values are best instilled in early training and until students are taught to appreciate and apply ethical behaviour during their formative stages, they cannot be expected to practice ethics on the field of work. Studies suggest that there is an association between moral misconduct in schools and organizational level misconduct (Kenny, 2007; Neubaum et al., 2009). Consequently, it is plausible to argue that business schools play a role in students' ethical behaviour. This paper therefore examines the factors in business schools which influence students' ethical behaviour and moral competence. Whilst the literature in the area is at its infant stage, there is a contradictory front regarding extant empirical literature. While some studies found that business ethics courses taught in business schools enhance students' knowledge and widens understanding of ethical behaviour (Polok, 2007; Nguyen *et al*., 2013), others identified that taking courses in business ethics does not have any effect on the moral competence of students (Stachowicz-Stanusch, 2011). Yet Carroll's (2003) theory predict that business schools play a significant role in students' ethical behaviour

As noted by OECD (2008), the business school sub-sector of Ghana is growing yet no systematic study addresses students' ethical behaviour to inform policy, education and practice. The few studies on Ghana include Simpson (2016) and Mensah (2015). The gap from these two studies is that Simpson's study focus on the ethical behaviour of accounting students and did not include the other students in the business school. Meanwhile every student in a business school requires moral training in their professional life. Likewise, Simpson (2016), Mensah (2015) focus on ethics education among management accounting students and excluded every other student in business schools. Therefore, by shedding light on the topic from Ghana, the study adds to the dearth of African's literature on the topic in the light of exiting global studies. Second, enhances our understanding regarding the effect of business school on every student's ethical behaviour irrespective of whether or not they are financial accounting and management accounting students. The paper adopts a mixed method approach in understanding the issues which improves on existing findings because it employs structural equation modelling (SEM) to test the assumptions of the theory used and the previous findings. SEM analysis has been found to improve a regression's parameter estimates compared to ordinary least square (OLS). The results of the focus group interviews further throw light on the findings from the SEM.

To achieve the objective of the paper, the rest of the study is structured as follows. Section two deals with literature review, research questions and hypotheses development. Section three looks at method and results; section four focuses on the discussion and conclusions. Section five looks at the implications of the study.

LITERATURE REVIEW, RESEARCH QUESTIONS AND HYPOTHESES DEVELOPMENT

Theoretical framework

The theoretical framework that underpins this study is drawn from Carroll's theory (Pyramid) (1991, 2003): This theory originally described four dimensions of organizations' social responsibilities (economic, legal, ethical and philanthropic), where the ethical responsibilities are situated above the legal and economic responsibilities and below philanthropic responsibilities (Carroll, 1991). However, more recently Carroll expanded the pyramid model towards three overlapping circles - economic, legal and ethical responsibilities (Carroll & Schwartz, 2003). The reason for this new threefold dimension was to eliminate the confusion and misinterpretation that the top of the pyramid appears more important than dimensions from the bottom. According to Carroll (2003) such activities are an example of philanthropic activities motivated by ethical reasons. The ethical and philanthropic responsibilities depict the new and broader social contract between organizations and society. This study thus relies on the ethical dimension of the new pyramid (Carroll, 2003). Based on the study, the basic assumption of the ethical dimension of Carroll (2003) is that universities have ethical responsibilities either implicitly or explicitly to make the world a better place. This also means that the universities have the ethical responsibility to produce ethically behaved students. The theory further implies that universities will conduct their affairs in a fair and objective fashion even in those cases when laws do not provide guidance or dictate courses of action, especially training students to be ethically matured professionals. Overall this theory is used as the main dependent variable of the study for the quantitative part (ethical behaviour), whilst it is used as the main theme from which students' perceptions are explored for the qualitative part of the study.

Conceptual framework

The study integrates a sample of concepts to the theoretical framework above. Whilst the theoretical framework is used as the dependent variable, the conceptual framework is employed as the explanatory variables.

Students' perception of ethical behaviour

There have been many studies that have examined business students' perceptions of ethical behaviour (Phau & Kea, 2007; Wilson, 2008). The following studies review positive perceptions of students about ethical behaviour. Bodkin and Stevenson (2007) found that students were more perceptive of ethical issues and corporate social responsibility issues after having completed a course in business ethics. These findings provide understanding as to how business students embrace and internalize the ethical values gained throughout their business education. Elias (2004) further found that the perception of students with regard to the subject they pursue differs with economics, finance, and management information systems majors and that is less likely to change their ethical perception after completing an ethics course. In another study by Lawson (2004), it was found that students perceive that success in every endeavour is a product of unethical and unacceptable behaviours. In line with the divergent opinions of students with regarding to business ethics, the following research question is posed: *how do students of business schools in Ghana perceive ethical behaviour? (research question 1)*

Importance of ethics education

This concept concerns how relevant business ethics is perceived by students. According to Edelman (2011), business ethics provide an essential and dynamic foundation for students developing their business careers. Sleeper, et al. (2006) found that students are strongly in favour of ethics as part of business school curricula. Stewart et al. (2009) found that business students saw ethical responsibility as essential to the success of university education. Discussing the relevance of business ethics, Gülcan, (2014) found that ethics education helps students to become more civil human beings. In another study, Paudel (2010) found that business ethics improves ethical decision making, by providing managers with the appropriate knowledge and tools that allow them to correctly identify, diagnose, analyse, and provide solutions to the ethical problems and dilemma on the job. Exploring this topic in a new geographical context, the following question will be explored: *what are the perceptions of students in business school regarding the relevance of ethics education? (research question 2)*

Outcome of ethics education

Outcome of ethics education concerns the consequences of ethics education on students in business schools. Dearman & Beard (2009) found that ethics education conditions students to behave ethically when they are faced with real-life situations. Waples et al. (2009) found that ethics education raises student's awareness about moral issues in business. *In line with the above, the following is explored: what outcomes do students in business schools perceive from participating in ethics education? (research question 3)*

Business school ownership and ethical behaviour of students

This issue concerns how an ownership of a business school affects the ethical behaviour of its students. With this issue, Kotsiris (2002) and Taylor (2009) found that public sector ownership tends to be more ethical compared to private ownership because public universities turn to be non-profit and have a core mandate of provision of service to the general public. On the contrary, Conger and Kanungo (2005), Velentzas-Broni (2010a) and Broni (2009b) are of the view private institutions have a reputation to protect and are able to ensure that the students they produce are ethically sound. So, private institutions will like to take the responsibility to remain ethical in order to be more competitive. In Africa, most public institutions lack efficiency and effectiveness and so private firms turn to thrive more than the public institution. Based on this we hypothesise as follows.

> ***H1****: Compared to public business schools, private business schools will have a significant positive effect on students' ethical behavior.*

The Teaching of Business Ethics and the Ethical Behavior of Students

Studies have suggested that there is a positive relationship between teaching business ethics and students' ethical behaviour. Researchers (e.g, Apostolou et al. 2013; Felton & Sims 2005) suggest teaching ethics in business schools, impacts positively on the ethical behaviour of students. On the contrary Evans & Weiss (2008) Rutherford et al. (2012), Whitla (2011) indicated that teaching business ethics has no impact on the ethical behaviour of students. Deducing from the studies above, though the empirical front seems divided, yet it plausible to argue that teaching

business ethics will affect students ethical behaviour in a positive way. Therefore, the following hypothesis is stated as follows.

H2: Business schools that teach ethics as a core course will have significantly positive effect on students' ethical behaviour compare to those that run ethics education as an elective

Religious Status of a Business School and the Ethical Behaviour of Students

Ramsey (2004) confirmed that there is a strong relationship between religion and ethics. Kaminer (1997) argued that religion is essential to virtue. Kaminer contends that it is not surprising to find faith being touted as the solution to social vices such as drug abuse and teenage pregnancy and other social ills. Wayne (2010) argued that there is a relationship between religion and ethical values of persons, though this does not also mean that non-religious people have no moral values. This opinion is supported by Hauser (2006) who pointed out that when it comes to ethical dilemmas, those with and without religious background show no difference in their ethical behaviours. Yet it is intuitively appealing to assume that faith based schools will impact positively on the moral behaviour of their students. Against this background the following hypothesis is stated:

H3: Faith based business schools will have a significant positive effect on ethical behaviours of students than non-faith based business schools

Affiliation Status and Ethical Behavior of Students

Studies have indicated that affiliation status may or may not have any impact on ethical behaviour of students. Some studies (e.g. Nelson et al. 2014) have suggested that regulation or not been autonomous is one factor that influences institutions' choice to integrate ethics into their programmes. Yet Rutherford et al. (2012) contend that being affiliated or not have no bearing on the ethical behaviour of students. However, it is plausible to argue that universities that are affiliated to a parent university will be more cautious not to do things that tarnish the image of the parent university and so will act more ethical which will also impact on their students ethical behaviour. From this argument, the following hypothesis is posed for testing.

H4: Affiliated business schools will have a significant positive effect on ethical behaviours of students than non-affiliated business schools

Size and Ethical Behaviour of Students

Criso´stomo et al. (2011) maintained that firm size is an important control variable since size may influence firm capacity to apply ethical measures. Smaller firms may face lower capacity of sustaining a more active behaviour regarding ethical actions compared to bigger ones. In addition, larger firms are subject to more pressure to respond to stakeholder demands (Gallo & Christensen, 2011). Some studies measured size by the number of employees (Torugsa et al., 2012) or total assets (Criso´stomo et al., 2011). From the size hypothesis, it can be argued that large business schools because of their resource capacity will seem more organized and therefore impact positively on the moral competence of their students. In line with the size the following hypothesis is stated.

H5: Compared to small business schools, large business schools will have a significant positive effect on the ethical behavior of students.

Faculty Influence and Students Ethical Behaviour

There are diverse opinions regarding the effect of faculty's influence on students' ethical behaviour (Bennett, 2005; McDonald & Carroll, 2006). Turk-Bicakci, & Levy (2005) discovered that faculty does not necessarily have any influence on the ethical behavior of students because faculty can only advice but final decision lies with students. However, other researchers hold the view that faculty play a significant role in developing students' ethical behavior (Kuh et al 2005). Overall, it is conceivable to argue that because students look up to their lecturers, the influence of the lecturers can shape the ethical behaviour of the students. Consequently, the following hypotheses is posed.

H6: Faculty influence will have a significant positive effect on the ethical behavior of students.

Control variables

It is argued that gender (Yu & Zhang, 2006); age of a person (Loe, *et al.*, 2000), education background of a person (Honeycutt & Ford, 2012; Browning & Zabriskie, 2011) and the personality traits of a person (Heatherington & Feldman, 2007; Kelly & Worrell, 2008) affect their ethical behaviour and so these variables will be controlled for in the study.

Conceptual framework

The dependent variable, ethical behaviour and the six hypotheses discussed above which form the quantitative analysis of the study are presented on Figure 1 in Appendix A as the conceptual framework for the study.

METHODOLOGY AND RESULTS

The sequential mixed method was used in this study by administering a questionnaire followed by a focus group discussions (FGDs). The population of the study consisted of all business schools in Ghana by focusing on their final year students. The choice of final year business students was because by that time, students might have had the opportunity to explain whether ethics education has impacted on their lives. In terms of sample size, this study therefore distributed a total of five hundred (500) questionnaires to the ten selected accredited business schools in Ghana as the target population. 379 valid questionnaires were retrieved and therefore used for the analysis. This represented a response rate of 75.8%.

The study adopted purposive and convenience sampling to select participating schools for inclusion into the study. Purposive sampling assisted the researcher to select the above ten universities based on the following criteria (i) whether a business school was properly accredited, ii) whether a business school has final year students (because some just started and do not have final years iii) whether a business school is a wholly owned Ghanaian university and iv) the availability and the willingness of the school to participate in the study. The data collection methods were questionnaire and focus group in review guide. Table 1 presents the operationalization of the variables and Table 2 outlines the description of the business schools sampled.

TABLE 1
Operationalization of Variables

Nos	Variables	Type of variable	Nature of variable	Measurements/ operationalization	Source
1.	Ethical behavior	Dependent	Continuous	40 item scale averaged as a mean	Lennick & Kiel, 2005
2.	Personality	Control (independent)	Continuous	10 item scale averaged as mean	(Gosling, Rentfrow & Swann, 2003).
3.	Ownership of Business school	Independent	Dummy/ discreet	Categorical	Velentzas-Broni, 2010; Broni, 2009
4.	Ethics education of Business school	Independent	Dummy/ discreet	Categorical	Felton & Sims, 2005
5.	Affiliation status of Business school of Business school	Independent	Dummy/ discreet	Categorical	Hauser, 2006
6.	Religious status	Independent	Dummy/ discreet	Categorical	Evans et al. 2006; Rutherford et al. 2012
7.	Size of Business school	Independent	Dummy/ discreet	Categorical	Tagesson, Nummela, Puumalainen and Saarenketo (2009)
8.	Faculty influence	Independent	Continuous	5 item scale averaged	(Teodorescu & Andrei, 2009)
9.	Peer influence	Control (independent)	Continuous	4 item scale a Dummy/discreet raged	(Teodorescu & Andrei, 2009)
10	Age	Control (independent)	Dummy	Categorical	Loe, *et al.* (2000)

Source: Designed by the author from the literature

TABLE 2
Description of the Sample

Business Schools	Number of Students (N)	Percentage of Students (%)	Required sampled size (n)	Response rate (%)
University of Ghana Business School (UGBS)	1,200	17%	64	100%
University of Cape Coast (UCC)	849	12%	46	100%
Kwame Nkrumah University of Science and Technology (KNUST).	915	13%	49	100%
Wisconsin University	654	9%	35	100%
Methodist University	780	11%	42	100%
Valley View University	678	10%	36	100%
Pentecost University	542	8%	29	100%
Ashesi University	108	1%	6	100%
Central University	714	10%	39	100%
Christian Service University	614	9%	33	100%
Total	**7,054**	**100**	**379**	**100%**

Author's own compilation

Validity and reliability of instruments

Consistent with scale development and purification procedures, the construct validity of the measurement items was assured through exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). The EFA was used to retain items that shared significant variance with their main variables, while CFA was used to confirm their suitability for further analysis. Reliability is an assessment of the degree of consistency between multiple measurements of a construct. The reliability scale used in the study is the Cronbach's alpha. Struwig and Stead (2001) describe Cronbach's alpha (Cronbach, 1951) as a measurement of how well a set of items measure a single one-dimensional talent construct. The measure ranges from 0 to 1. A value of 1 indicates perfect reliability, and the value 0.70 is considered to be the lower level of acceptability (Hair, Anderson, Tatham & Black. 1998). Therefore, a Cronbach's alpha of at least 0.70 was deemed acceptable in this study. In furtherance of the above, Hair et al., (2006) assert that Cronbach's alpha may however understate reliability in certain cases and in addition, also increases with increasing number of items; thus, making it not a perfect indicator of the reliability of a scale. Additional measures of reliability such as composite reliability generated using confirmatory factor analysis can be employed as further measures of reliability (Hair et al., 2006). This study therefore,

employed composite reliability in addition to the Cronbach's alpha as indicators of the internal consistency of the measurement scales.

Method of Data Analysis

The data analysis was conducted using descriptive statistics, factor analysis (FA), correlations, and structural equation modelling (SEM) based on SPSS) version 22.0 and IBM Amos version 22.0. However, before the SEM was run, the exploratory factor analysis and confirmatory factor analysis were employed. The purpose of the exploratory factor analysis was to identify the underlying factors and also to retain items that have high correlations with the variables for SEM analysis (Hair et al. 2014; Mooi & Sarstedt, 2011). The purpose of the confirmatory factory analysis is also to test whether the data fit a hypothesized measurement model and structural model in the SEM. The reason why a confirmatory is done after an exploratory is also because it helps researchers to specify the number of factors required in the data and which measured variable is related to which latent variable.

The results of the exploratory factor analysis

Using the SEM's analysis, the results of the Exploratory Factor Analysis is indicated in the table below.

TABLE 3
Exploratory Factor Analysis

Variable	CVE (%)	KMO	Bartlett's test (p-value)
Personality	53.060	.749	.000
Ethical behavior	61.381	.955	.000
Faculty influence	53.783	.763	.000
Peer influence	60.783	.754	.000

Source: Fieldwork, 2017

TABLE 4
Confirmatory factor analysis

Model Fit Indices	Threshold	Current Model
CMIN/DF ($\chi 2$/df)	≤3, excellent; <5, acceptable	1.377
GFI	>.95, excellent; >.90, acceptable	0.910
CFI	>.95, excellent; >.90, acceptable	0.969
RMSEA	< .06, excellent; .06-.10, acceptable	0.032
SRMR	<.08, excellent; .08-.10, acceptable	0.043

Source: Fieldwork, 2017

Table 3 shows that the data or the sample is sufficient or adequate for factor analysis. This is because the Kaiser-Meyer-Olkin (KMO) Sampling Adequacy test, Cumulative variance explained (CVE) and Bartlett's test of Sphericity (p-value) were used in the exploratory analysis. In the view of Hair et al. (2014) Kaiser-Meyer-Olkin (KMO) Test is a measure of how suited a data is for Factor Analysis. The test measures sampling adequacy for each variable in the model and for the complete model (Mooi & Sarstedt, 2011). The statistic is a measure of the proportion of variance among variables that might be common variance. According to Henseler et al., (2009) the CVE must be able to explain more than 50% of the variables. Bartlett's test of Sphericity (p-value) of the data was to ascertain the level of significance of the variables understudy (Mooi & Sarstedt, 2011).

The results of the confirmatory factor analysis

After exploratory analysis, there is the need for confirmatory factory analysis. Using the SEM, results of the confirmatory factor analysis are indicated in the Table 4. From Table 4, the study conducted confirmatory analysis with the names of the fit indices such as CMIN/DF ($\chi 2$/df), GFI, CFI, RMSEA and SRMR as prescribed by scholars (Schreiber, 2006; Hu & and Bentler, 1999). Column two and three respectively show that the threshold and current model must ensure that the data is fit for further analysis. The fit indices as provided in the table revealed sufficient fit. The study model has a ratio of chi-square to degree of freedom CMIN/df ($\chi 2$/df) of 1.377 which is well within the threshold of 3 as recommended by Hu and Bentler (1999). Both the incremental fit measures such as GFI (0.910) and CFI (0.969) fit measures, show that the model is adequately fit, suggesting that the study's model has adequately represented the data. The root mean square error of approximation (RMSEA) of the study model of 0.032 satisfied the recommended cutoff point suggested by Hu and Bentler (1999) and Hair et al., (1998). It also shows that model quality is acceptable and same applies to standardized root mean square residual (SRMR). Overall, Figure 2 in the Appendix, presents the results of the SEM. As can be seen from Figure 2, the main latent variables in the construct PI, FI and PES represented peer influence, faculty influence and personality respectively. Also, EB in the construct was used to represent Ethical Behaviour. As explained above, items that did not load well were deleted leading to the outcome above.

Descriptive statistics

After cleaning the data through expectation maximization (EM) method coupled with the EFA and CFA the data became ready for analysis. Table 5 describes the data in terms of the categorical and the continuous variables. It presents the profile of the research respondents, in respect of their gender, courses pursued, religion, highest level of education and marital status (i.e. categorical variables).

Table 5 the data shows that 57.0% were males whiles the remaining 43.0% were females. 34.6% of the sample were accounting students while the least was insurance. With regard to the religion, most students were Christians, 94.5%. The ages between 23-28 were the highest whilst those above 41 were the least. Table 6 shows the description of the interval variables.

Results of structural equation model

As indicated above, the main model to test the hypothesis was SEM. SEM process centers around two steps. First, it validates the measurement model in terms of assessing the relationship between hypothetic latent constructs and clusters of observed variables underlying each construct (Byrne, 2010).

TABLE 5
Descriptive Statistics of the Categorical Variables

Detail	Variable	Frequency	Percentage	Cumulative
Gender				
	Male	216	57.0	57.0
	Female	163	43.0	100
Courses				
	Accounting	131	34.6	34.6
	Human resource	118	31.1	65.7
	Marketing	14	3.7	69.4
	Finance	66	17.4	86.8
	Public administration	12	3.2	90.0
	MIS	4	1.1	91.1
	Operations and risk management	3	.8	91.9
	Actuarial science	17	4.5	96.4
	Insurance	1	.3	96.7
	B.COM	13	3.3	100
Religion of students				
	Christianity	358	94.5	94.5
	Islam	20	5.5	100
Highest level of Education				
	Degree on-going	369	97.4	97.4
	Professional course	6	1.6	99.0
	Diploma	3	.8	100
Marital Status				
	Single	359	94.7	94.7
	Married	16	4.2	98.9
	Divorced	1	.3	99.2
	Separated	3	.8	100
Age				
	18-22	157	41.4	41.4
	23-28	198	52.0	93.4
	29-34	14	3.7	97.1
	35-40	6	1.8	98.9
	41 years and above	4	1.1	100
Work experience				
	Below 1 year	212	55.9	55.9
	1-3 years	142	37.7	93.4
	4-6 years	12	3.2	96.8
	7 years and above	12	3.2	100

Source: Fieldwork, 2017

Validation of the measurement model is often conducted by using Confirmatory Factor Analysis (CFA). The second step centers on fitting the structural model by measuring the significance of the relationship between latent variables is often accomplished through path

analysis (Kaplan, 2000). SEM therefore, allows the use of confirmatory factor analysis to reduce measurement error by testing multiple indicators per latent variable while offering superior model visualisation through its graphical modeling interface (Kline, 2005). The outcome is shown on Figure 3, Appendix A.

TABLE 6
Means and Standard Deviations of Variables

Variable	Mean	Standard Deviation
Ethical Behaviour	156.015	24.9107
Personality	3.6539	.59172
Faculty Influence	1.598	.7279
Peer Influence	2.076	.9203

Source: Fieldwork, 2017

TABLE 7
Summary of Results of SEM

Hypothesized Relationship	Standardized Estimate	C.R	S.E
OS & EBH	0.318***	4.780	2.139
EC & EBH	-.002	-.054	2.251
RS & EBH	-.006	-0.118	1.596
AS & EBH	0.208***	4.139	1.651
SZ & EBH	-.246***	-4.776	1.691
FI & EBH	.024	0.552	0.191
PI & EBH	-.014	-.323	0.189
GN & EBH	-.041	-1.083	1.215
PS & EBH	.125***	3.293	0.273

R^2 (EBH= 0.45), ***significant at 1%, **significant at 5%
C.R- critical ratio (t-value), S.E- standard error
Note: EBH – ethical behavior, OS- ownership status, EC – ethics education, RS – religious status, AS – affiliation status, SZ – size, FI- faculty influence PI – peer influence, GN – gender, PS – personality.

The structural model revealed sufficient fit and adequate quality on all the most used fit indices for data fitting a model. The study model has a ratio of chi-square to degree of freedom CMIN/df ($\chi 2$/df) of 1.927 which is well within the threshold of 3 or less as recommended by Hu and Bentler (1999). This further indicates that the study model is sufficiently fit for the data. The

incremental fit measures such as GFI (0.983) and CFI (0.983) fit measures all show that the model is adequately fit, suggesting that the study's model adequately represented the data. The root mean square error of approximation (RMSEA) of the study model of 0.050 satisfied the recommended cutoff point suggested by Hu and Bentler (1999) and Hair et al., (1998). It also shows that model quality is acceptable and same applies to standardized root mean square residual (SRMR). The statistical results show that ownership of a business school has a significant effect on the ethical behavior of students ($\beta = 0.318$, $p = 0.000$). Also, the affiliation status of school has a significant effect on the ethical behavior of students ($\beta = 0.208$, $p=0.000$). Additionally, the results indicate that size has a significant effect on the ethical behavior of students though in the negative sense (($\beta = -.246$, $p=0.000$). This means that as hypothesized, small business schools have a significant effect on student's ethical behavior than large business schools. However, religious affiliation of a business school, offering ethics course either as an elective or core, and faculty influence have no significant relationship on the ethical behavior of students. On the part of the controlled variables, only personality had a significant effect on students' ethical behavior ($\beta = .125$, $p=0.000$) but peer influence and gender still had no significant effect on the ethical behaviour of students. Table 7 presents the output of the SEM. The summary showing which of the hypothesis was supported is also presented in Table 8.

TABLE 8
Summary of Results of the Hypotheses

Hypothesis	Statistical results	Outcome
H1: Privately owned business schools will have a significant positive effect on students' ethical behavior compared to non-privately owned business schools.	Positive effect	Supported
H2: Business schools that teach ethics a core course will significantly affect students' ethical behaviour positively compare to those that teach it as an elective	No effect	Not supported
H3: Faith based business schools will have a significant positive effect on ethical behaviours of students than non-faith based business schools	No effect	Not supported
H4: Affiliated business schools will have a significant positive effect on ethical behaviours of students than non-affiliated business schools	Positive effect	Supported
H5: Compared to small business schools, large business schools will have a significant positive effect on the ethical behavior of students	Negative effect	Supported
H6: Faculty influence will have a significant positive effect on the ethical behavior of students.	No effect	Not supported

Results of the Qualitative Research Questions

From the literature review 3 qualitative research questions were posed. Research question 1 concerns the perception of the students regarding ethical behaviour. Regarding the meaning of ethical behavior, about 9 categories were found, but using the thematic analysis the 9 categories were compressed into 3 main themes namely integrity, loyalty, good values and societal norms. From the focus group discussion, regarding societal norm, the following was a quoted from respondent from case 4 (business school 4)

> *"…those will actions of an individual which are accepted and known in the society by other"*

Research question 2 and 3 sought to find out the perceptions of students regarding the relevance of ethics education and the outcome of ethics education respectively. Also 10 categories emerged from the initial coding and were also re-constructed into 4 main themes. These themes include; ethical decision making, ethical organization, and ethical awareness. For instance, regarding 'ethical organisation' a quote from a respondent from case 8 based on the focus group discussion is presented below.

> *"Yes, I agree sir [referring to the interviewer], the relevance is that once ethically trained students enter the job market the influence of their ethical lives will permeate throughout the organization where they work"*

Concerning outcome of ethics education, the initial coding generated 8 codes or categories. Consequently, they were also constructed into 4 main themes which were: ethically responsible staff, corruption free society, socially responsible organization and increased in productivity at work. A quote to substantiate increased in productivity as ones of the outcomes of ethics education is presented as follows.

> *"I think that when students are exposed ethically through their training in school it will reflect in how they work in their companies after school. In fact, an organization will benefit significantly because all the lateness to work, idle time and poor use of time at work will ceased. Because an ethical person will go about his work religiously and the firm stands to benefit in terms of productivity".*

DISCUSSIONS

Hypothesis 1: The first hypothesis concerning ownership was that compared to non-privately-owned business schools, privately owned business schools will have a significant positive effect on students' ethical behavior. The statistical results show that private schools have a significant effect on the ethical behavior of students. From the results of the focus group discussion, whilst the students answered in the affirmative that they perceive that business schools have a responsibility to their ethical behaviour, yet in two of the private business schools it came out that they go the extra mile to impact on the moral competence of the students. The following quote from the focus group discussion supports the above.

> *"Ethics education is important because it helps the individual to know the right and wrong decision to choose in life so that the individual will not make mistakes in their career". "In*

my opinion, awareness is very key when it comes to ethics education". "To me ethical behavior ensures transparency and strengthens a person's professional integrity in a person's life when he enters the job market" (FGD, Case 13)

Hypothesis 2: The second hypothesis was that business schools that teach ethics education as a core course will have significantly positive effect on students' ethical behaviour compare to those that run ethics education as an elective. The results show that offering ethics course either as an elective or core, have no significant effect on the ethical behavior of students. The results however, counteract few studies that found significant positive effect (Boyd, 1982; Nguyen et al., 2010; Stead & Miller, 1988). The lack of statistically significant may mean that in Ghana whilst students expect to be ethically trained, yet the ethics course are mere towards exams and no practical issues to get the students ethically behave. In a sense, it implies that business schools in Ghana are not doing much as far as inculcating ethical values in students are concerned. Thus, producing ethically sound students must necessarily go beyond either mere teaching or mentioning them in various courses.

Hypothesis 3: The third hypothesis was that in terms of religious affiliation of a business school, Faith based business schools will have a significant positive effect on ethical behaviours of students than non-faith based business schools. The results of the study show that religious affiliation has no significant relationship on the ethical behavior of students. This is supported by studies by Hauser (2006). Moreover, the above suggests that business schools that are religious based may exist in a mere name but do not necessarily impact on the ethical behaviour of students.

Hypothesis 4: The fourth hypothesis concerning the affiliation status of schools was that affiliated business schools will have a significant positive effect on ethical behaviours of students than non-affiliated business schools. The statistical results show that the affiliation status of a school has a significant effect on the ethical behavior of students. This is consistent with studies that have suggested that regulation is one factor that influences institutions' choice to behave ethically in the literature review.

Hypothesis 5: The study further hypothesized that compared to small business schools, large business schools will have a significant positive effect on the ethical behavior of students. The results indicate that size has a significant effect on the ethical behavior of students though in the negative sense. This means that as hypothesized, small business schools have a significant effect on student's ethical behavior than large business schools. This is strongly supported by some researchers (Tagesson, Nummela, Puumalainen and Saarenketo; 2009; Gallo & Christensen, 2011). These researchers are of the view that small universities are more concerned with reputation and are prepared to go to any extent to control the behaviour of students to win the confidence of the public. Moreover, small school according to the researchers named above have the capacity to ensure compliance to ethical behaviour due to the numerical strength of the school.

Hypothesis 6: In line with the last hypothesis which was that faculty influence will have a significant positive effect on the ethical behavior of students. The results of the study show that faculty influence has no significant relationship on the ethical behavior of students. Previous studies such as Brint, Riddle, Turk-Bicakci, & Levy, 2005 discovered that faculty do not necessarily have any influence on the ethical behavior of students because faculty can only advice but final decision-making lies with students.

Conclusion

The study has found that ownership, affiliation and size of business schools have significant effect on students' ethical behaviour. On the other hand, teaching business ethics in business schools, the religious status of a business school and faculty influence do not have any significant effect on students' ethical behaviour. The paper extends the Caroll (2003) model with the findings that business schools have a role to play in terms of contributing to the moral competence of their students. From the focus group discussions, there is a general appreciation of ethics education in business schools from the respondents, in terms of its relevance and outcome

Implications of the Study

Contribution to theory

Research in the high education is now gathering momentum as a result, studies in the area across the world are few. Therefore, the first contribution of this paper is that it improves on extant findings. This is because it employs the SEM to test both new and existing hypotheses. It is proven that SEM's output is far reliable than multiple regression. Many people have used Carroll model and applied on corporate bodies. This is one of the few studies that have extended the ethical responsibility dimension on business schools. Another contribution is that apart from South Africa which has become one of the BRICS group of countries, few papers share light on the topic from other Africa countries.

Contribution to Practice

The study implies that lecturers should be motivated to lead ethical lifestyles and rewards must be given as a way to ensure that ethical values are well appreciated and imbibed. Moreover, faculty, deans and non-teaching staff must enforce code of conduct which can induce integrity in students. Case studies that show the benefits of manifesting professional behaviour should be incorporated in Business schools.

Policy implications

Concerning policy, government agencies in Africa, for example the National Accreditation Board (NAB) in the case of Ghana should ensure that ethical issues are fully incorporated into programmes before they are granted accreditation.

Limitations of the Study

The above findings and recommendations should be considered in the light of the following limitations. First, the study focused solely on business schools in Ghana. Therefore, generalizing the current findings to Business schools in other developing countries should be done with caution. Also, data is not based on a random sampling. As a result, people should interpret it within the confines of the study.

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APPENDICES

FIGURE 1
Proposed conceptual framework

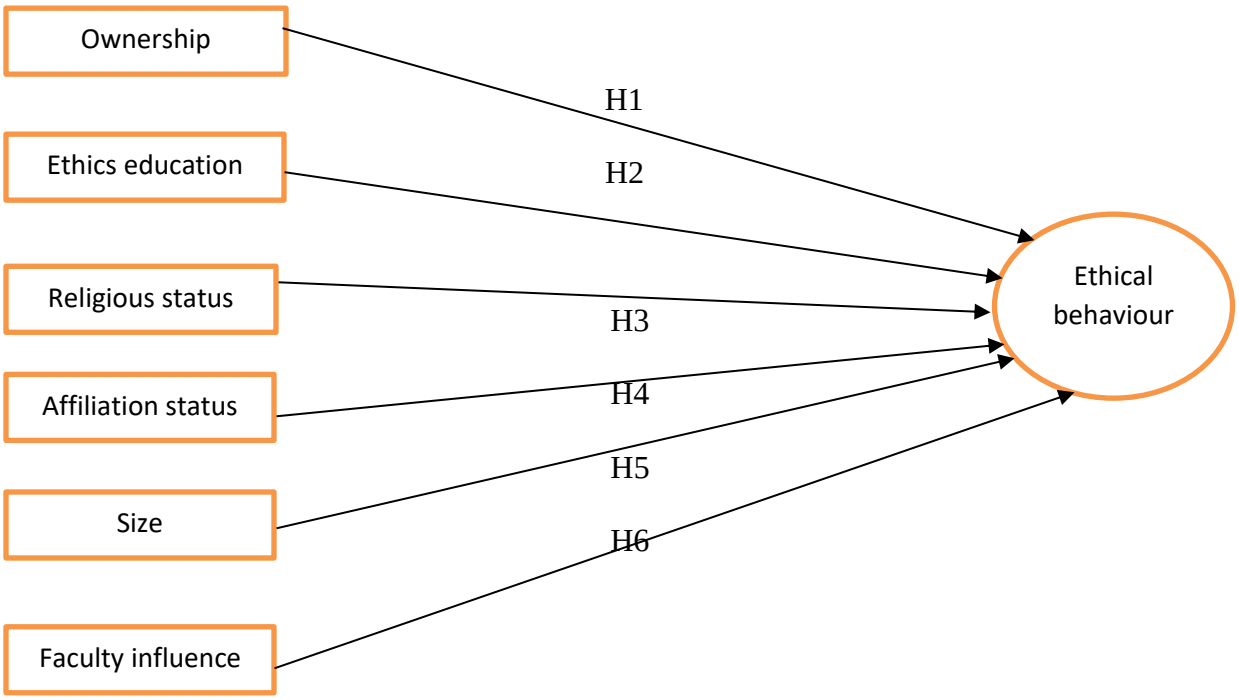


Figure 2: The final CFA model with standardised loadings

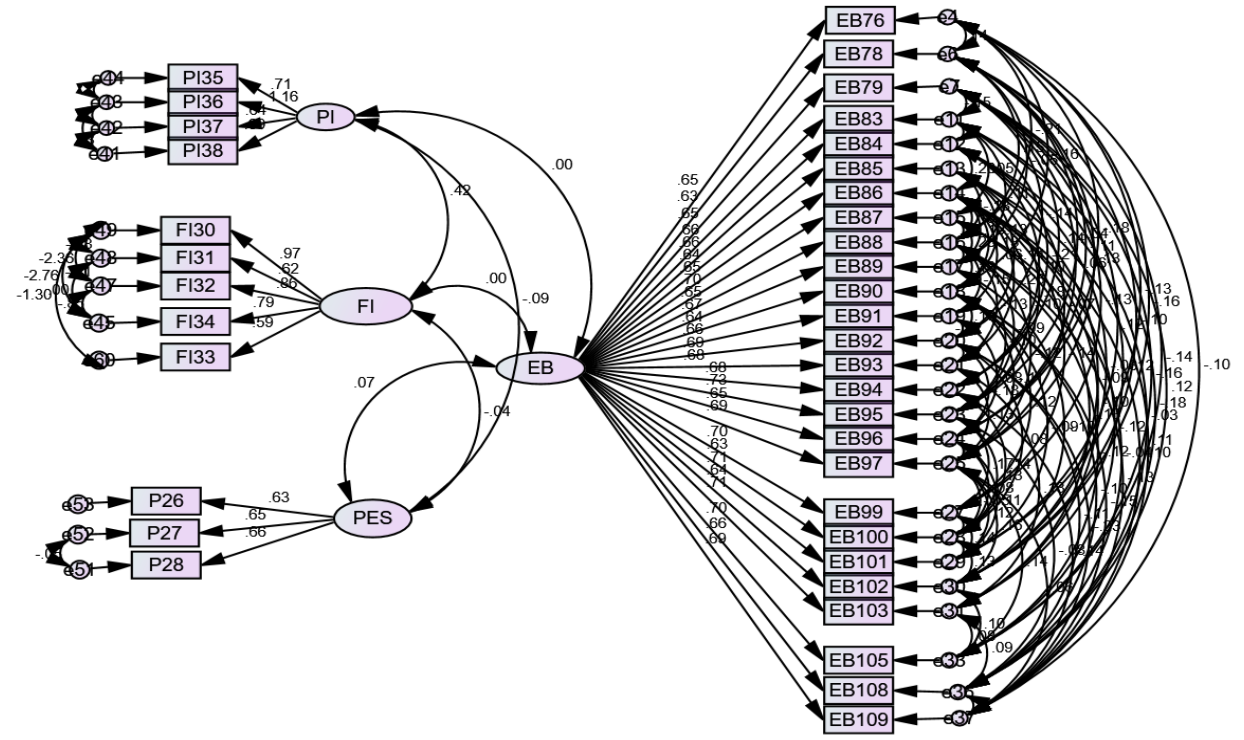
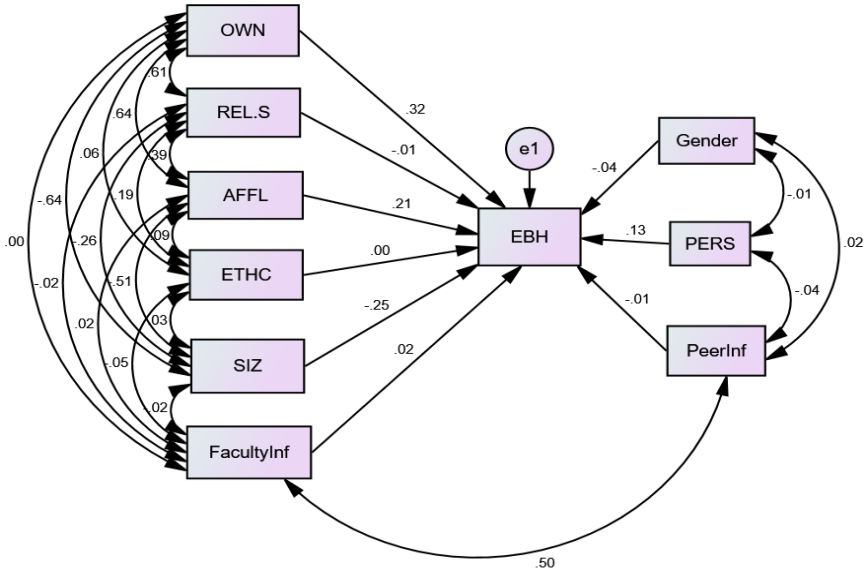


Figure 3: The final structural model with standardized estimates



CROSSING THE DIVIDE- MBA ENTREPRENEURSHIP THAT LINKS COMMUNITIES NORTH-SOUTH: ECOTOURISM IN UGANDA

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ABSTRACT

While globalization is of recognized importance in management and business studies, opportunities for educational relationships are less recognized and not prevalent. This case study reports on a unique African community to classroom linkage that leverages learning opportunities and facilitates dialog and experiential learning in entrepreneurship. The entire exchange program took place with conventional internet capabilities and did not necessitate in-field visits. We provide a summary of the outcome demonstrating important learning opportunities and knowledge transfer that should be of interest to both faculty and community development actors.

INTRODUCTION

Research highlighting the importance of globalization is well established, demonstrating the importance of increasing world competition, facilitated by lower transportation and communication costs (cite, cite). Further facilitating globalization is the importance of knowledge intensive industries, where labor costs are less important than quality and innovation (cite cite). Education, despite an obvious focus on knowledge creation and dissemination represents an industry that continues to be highly structured, traditional, and largely resistant to new trends, more likely to be anchored in traditions and rituals (Meyer and Rowan, 1977). While so called "moocs" (massive open online courses) have spread their influence, the content is typically formal education and disseminated in the 'North" for consumption elsewhere (Yuan and Yuan, Powell, & CETIS, 2013). Little dialog or exchange take place, and learning is otherwise more traditional in structure and content. This case study introduces a uique model bridging both the North-South divide as well as incorporating experiential learning theory.

Learning theory highlights the importance of experiential learning – consisting of learning by doing rather than learning by rote or through replication (Kolb and Kolb, 2010; Kolb and Kolb, 2005). Experiential learning is theoretically linked to higher quality and more innovative thinking by scholars such as Vygotsky (Jaramillo, 1996) and Piaget (1950). These scholars highlight the importance of learning through failure and incremental learning through self discovery. This type of learning is particularly important for entrepreneurship, which is a dynamic arena requiring considerable adaptability, innovation and ingenuity (Honig, B and Martin, B., 2014) Facilitating environments that enhance this type of learning requires innovative approaches often absent in

business education. While our case study does not provide an evaluative component, we introduce the model in order to encourage further study and future assessment.

Academic context

A supervised case study explorative independent study was offered to a Canadian MBA student linking a rural African community development project with a student recently introduced to contemporary graduate business skills and techniques. The objective of the course was to provide added value to the student's capability of incorporating and adapting previous learning, as well as providing knowledge transfer and effective and valuable consulting and advice to an emergent rural development project. We provide a summary of the results of the case study for use as an exemplar, followed by a retrospective learning evaluation by both the instructor and the student.

CASE STUDY BACKGROUND

Kijjude is a remote village ninety minutes outside of Kampala, Uganda that suffers from extreme poverty. Traditional ways of life such as farming and hunting have collapsed as urban sprawl and commercial agriculture decimate the wildlife and primitive forests. The village youth are migrating to the bigger cities in search of new, prosperous lives but typically remain destitute due to the lack of education in their formative years. The elders of the village are left to carve out a way to survive and struggle to keep the traditional culture relevant. Over the course of the last year, the villagers have agreed to pursue an entrepreneurship initiative called 'Entanda Traditional Hunting and Cultural Experience'. The goal of the course of study was to facilitate the development of an 'ecotourism' initiative that requires full community engagement intended to help the villagers carve out that new way of life while maintaining the cultural traditions that set it apart from the mainstream populace.

This project reviews the multitude of Ecotourism definitions that have been proposed over the last several decades. In summary, Ecotourism offers a unique approach to social entrepreneurship where the primary tenets are: 1) full participation of and decision-making by the community; 2) sustainability of the environment; 3) preservation of the local culture; 4) education of the local populace and visitors on the culture and environmental sustainability; and 5) income generation to meet the needs of the community.

We follow with a pragmatic and theoretical review of the Best Practices required to ensure that an Ecotourism effort is successful. From a pragmatic approach, ten different case analyses of actual ecotourism destinations around the globe were undertaken. Keys to success or failure of six representative cases were summarized into recommendations of Best Practices for Entanda and ecotourism sites in general. A subsequent literature review determined if there were theories that supported or refuted the Best Practices. Overall, the theoretical base gave credence to the Best Practices recommended in the report. We conclude with the self assessed and faculty assessment of the learning that occurred by the student with this project.

Entanda is unique in that it is a 'living laboratory' for research and any findings will be used to develop public policy as the endeavour is fully supported by the Makerere University Business School in Kampala, the Ugandan Council of Science and Technology and the United Nations Development Program.

Kijjude - a village ninety minutes outside of Kampala, Uganda - suffers from deep isolation and from the destruction of its surroundings. The villagers are traditional hunters but are experiencing wildlife destruction from excessive hunting from external parties, unsustainable farming practices, coal burning, reclamation and urbanization of wetlands, and destruction of

forest cover. Young people are leaving the community in search of gainful employment although they lack the necessary skills and education to succeed. Those that remain are inflicted by poverty resulting from the lack natural resources that were used to sustain them in the past. As well, migration from the village has deteriorated the cultural values and practices of the village that ensured its coexistence with the natural environment. Resulting from community agreement of the problem, the villagers have collaboratively decided to create an eco-cultural tourism initiative called Entanda Traditional Hunting and Cultural Experience - (http://www.africasightsandsounds.com/activities/central-uganda-tour/). Their intent is to restore both the cultural and natural heritage of the area.

Case Study Objectives

It is the intent of this study to provide e-consultancy advice to the community and those external parties assisting the villagers with their project. The research objective will be to thoroughly analyze and review different models of ecotourism in various jurisdictions around the global. The objective is to determine best practices to create a sustainable venture that will re-entrench the cultural values of the community, preserve the natural environment, educate the local populace and provide a source of revenue to the village.

Tourism Globally

Tourism is the world's largest industry with over a billion tourists travelling around the globe annually (Musasizi, 2015). The industry is trending towards the all popular green initiative where sustainability becomes not just a marketing buzz word but a catalyst for change. Tourism can be harnessed as an economic locomotive bringing employment and economic growth to areas of a country where the potential for commercial activities is limited.

The Ecotourism movement is the fastest growing subsector of the tourism industry with an annual global growth rate of 10 -15%. Simultaneously, tourism to Third World countries is increasing by 6% per year compared to growth in developed countries of only 3.5% (Kamuaro, 2015) thus highlighting the opportunities that exist to capitalize on the burgeoning developing country travel market.

Tourism in Uganda

Africa only receives about 5.1% of the world tourism market with Uganda getting approximately 1.4 million visitors or less than .1% of the global market with 9% coming from European countries and only 5% from North America (Musasizi, 2015). The predominance of visitors comes from neighboring countries (Table 1). There is a recognized need for the international marketing of Uganda. Visitors' total contribution to the Ugandan GDP was UGX 5,495 billion in 2013 up from UGX 4,994 billion in 2012 – signaling modest growth (Ministry of Tourism, Wildlife & Antiquities, 2014). Ugandan saw a period of relatively rapid growth followed off by a plateau primarily due to the Ebola outbreak, threats of terrorism, the rapid depreciation of the shilling and the uncertainty during the recent election period (Kanyeihamba, 2015).

Over 65% of the visitors to Uganda are between the 25 - 44 years old and 75% of them are males. It was found that 44% of visitors stay for greater than one month and 26% stay for 8 -15 days. Unfortunately, most of the reasons cited for visits are to connect with friends and families (44%) but not the typical tourist sightseeing activities (Ministry of Tourism, Wildlife & Antiquities, 2014). In contrast to holiday tourist or business travellers, those visiting friends and relatives cannot be motivated through marketing campaigns (Ministry of Tourism, Wildlife & Antiquities, 2002).

TABLE 1
Top 15 Country of Origin of Tourist Arrivals, 2013

1	Kenya	380,614	32%
2	Rwanda	280,431	23%
3	Tanzania	74,485	6%
4	United States	56,766	5%
5	Dr. Rep Congo	49,925	4%
6	United Kingdom	43,009	4%
7	South Sudan	38,538	3%
8	Burundi	34,115	3%
9	India	28,647	2%
10	South Africa	21,184	2%
11	Germany	11,070	1%
12	China	10,792	1%
13	Somalia	10,592	1%
14	Canada	9,729	1%
15	Australia	7,842	1%

Source: Uganda Bureau of Statistics

Tourism in Uganda employs 200,000 people directly and provides employment for an additional 284,000, indirectly and induced. The sector employs a high proportion of youth and women which is very significant in a country where youth unemployment exceeds 80% (in 2009), including high levels of graduate unemployment (Ministry of Tourism, Wildlife & Antiquities, 2014). The expanding tourism sector is a part of the economy that can quickly and cost-effectively create jobs like no other sector with the support of government and related infrastructure.

What aids a society to prosper is the collective quality of its citizens. There needs to be a shift advocated by governments away from resource-driven economies to value-added ones and to realize that their greatest resources are not the ones that lie underground. Every single constituent of a country plays a pivotal role in the creation of a better, wealthier smarter society (Sirolli, 2011). The Ugandan Government has recognized this shift in mindset and has made gradual steps to capitalize on both its human and wildlife resources – albeit with more emphasis on the latter.

Uganda's neighboring countries – specifically Kenya and Tanzania – have a greater abundance of wildlife and are able to offer many more tourism opportunities due to their vast savannah lands and tropical beaches. Although Uganda is land locked, it still has many great offerings and was coined the 'Pearls of Africa'. In 2012, Uganda was voted best tourist destination by Lonely Planet. Its Bwindi Impenetrable Forest was voted the best birding place in Africa by the World Birding Authority and National Geographic ranked its Rwenzori Mountains as the 13th top hiking spot in the world. Uganda is home to a number of UNESCO world heritage sites and over 1060 bird species or 12% of global bird species. From a large game animal perspective, the mountain gorilla is prevalent in Uganda but cannot rival Kenya's natural movement of mega-herds – wildebeest, zebra and gazelle – called the Great Migration. The country might be at a slight strategic disadvantage in attracting 'wildlife' tourist but its close proximity to its neighbors can be

capitalized on to turn that disadvantage into an advantage. In 2014, a strategic initiative between the Republics of Uganda, Rwanda and Kenya introduced a single East Africa Tourist Visa that has eased cross-border tourist transits between the three countries.

More recent developments are encouraging. At the community level, the Uganda Community Tourism Association (UCOTA) and other community associations have been formed to develop tourism at the grass roots level. Unfortunately, there is little communication and collaboration between the local communities and the national government making brand marketing difficult.

Ecotourism Defined

A distinction needs to be made between 'mass' tourism and 'sustainable' tourism. Mass tourism is predicated on income maximization where free market principles dominate and its impact on the environment takes second stage. This form of unsustainable tourism does not take into account future generations. Sustainable tourism, a more recent phenomenon, attempts to mitigate the impact on the environment and minimize the destruction that typically follows the profit pursuit of mass tourism. Environmental conservation dominates sustainable tourism. As shown below, Ecotourism is a subset of sustainable tourism.

FIGURE 1
Branches of Sustainable Tourism



Source: Velander, 2012

There are a myriad of definitions of Ecotourism which go beyond mere environmental conservation. Singh (2008) commented that there are so many interpretations of ecotourism as it is a vibrant movement that in itself can be defined by its lack of definition. The most common definitions include a statement of environmental or ecological conservation, economic support for the local communities and cultural awareness of the indigenous peoples. The best narration can be summed up in Ceballos-Lascurain's (1996) definition:

"Ecotourism is environmentally responsible, enlightening travel and visitation to relatively undisturbed natural area in order to enjoy and appreciate nature (and any accompanying cultural features both past and present) that promotes conservation, has low visitor impact, and provides for beneficially active socioeconomic involvement of local populations" (Ceballos-Lascurain, 1996).

In addition, Ross and Wall (1999) put forth that education for all participants should be added to the definition. Their focus was not just limited to tourists' environmental sustainability education but expanded it to include education of the local populace on environmental sustainability best practices, indigenous culture preservation and business skill development. This is consistent with The International Ecotourism Society's current definition where ecotourism is defined as "responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education. Education is meant to be inclusive of both staff and guests." (TIES, 2015)

The dimension of cultural resources is one of the key aspects of ecotourism. Cultural diversity – as a source of exchange, innovation and creativity, is as necessary for humankind as biodiversity is for nature (UNESCO, 2002). Cultural diversity has the capacity to increase the resilience of social systems, just as biological diversity increases the resilience of natural systems (Pretty et al., 2009). Ecotourism intends to preserve cultural aspects that a society values including what King (2011) describes as the valued sites, buildings and other places, plants and animals, atmospheric phenomena, sights and sounds, artifact and other objects, documents, traditions, arts, crafts, ways of life, means of expression and system of beliefs.

Ecotourism should strive to be consistent with Article 3 of the UN Declaration for Rights of Indigenous Peoples (United Nations, 2008): *"Indigenous peoples have the right to self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development."* Ecotourism needs to buttress the forty-six articles of the Declaration and allow for the development of principles that enable the human rights and dignity of indigenous people to be – in many countries – restored.

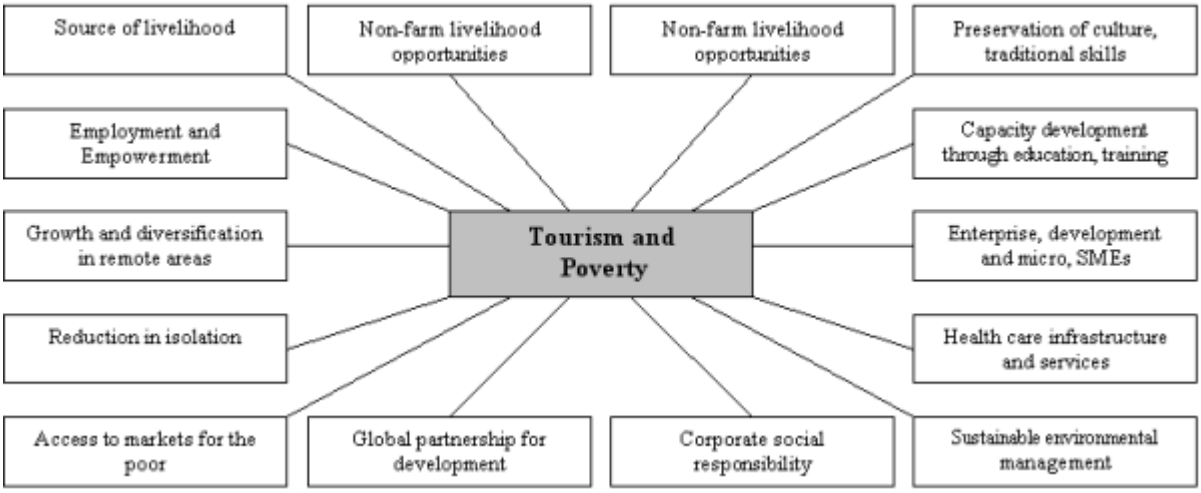
Principles of Ecotourism

Principles of Ecotourism have been developed to mitigate the paradox of competing priorities of environmental and cultural stewardship and the harmful impact caused by global travel itself, to minimize the conundrum of potential acculturation of indigenous people and to create the linkages between tourism and poverty reduction. Tourism in underdeveloped countries is often touted as the panacea for fighting poverty. Unfortunately, if not undertaken properly, tourism can result in exploitation of natural resources, degradation of the local culture, and revenue leakage to foreign interests – leaving indigenous people worse off. By understanding the linkages between tourism and poverty alleviation, tourism – particularly ecotourism – can be an effective tool for fighting poverty.

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) succinctly summarizes the linkages between tourism and poverty reduction (Figure 2). Ecotourism proponents have developed principles that encapsulate many of the linkages put forth. The most prolific and referenced Ecotourism Principles were articulated in Martha Honey's book *Ecotourism and Sustainable Development* (1999):

- Involves travel to natural destinations
- Minimizes impact
- Builds environmental awareness
- Provides direct financial benefits for conservation
- Provides financial benefits and empowerment for local people
- Respects local culture
- Supports human rights and democratic movements

FIGURE 2
Linkages of Ecotourism



Source: (Duttagupta, 2012)

In 2002 - The International Year of Ecotourism - the World Ecotourism Summit (held in Quebec, Canada) published one of the most influential ecotourism documents – The Quebec Declaration. This Declaration made recognition of Honey's contributions and added four more principles:

- Ecotourism actively contribute to the conservation of natural and cultural heritage
- Ecotourism include local communities in the activities of planning, development and operation as it contributes to their welfare
- Ecotourism involves complete and interesting explanations for visitors, regarding the natural and cultural resources
- Ecotourism is intended mainly for individual visitors and small organized groups

Another highly influential body - The International Ecotourism Society (TIES, 2015) - mirrored Honey's principles with some elaboration:

- Minimize physical, social, behavioral, and psychological impacts
- Build environmental and cultural awareness, and respect
- Provide positive experiences for both visitors and hosts
- Produce direct financial benefits for conservation
- Generate financial benefits for both local people and private industry
- Deliver memorable interpretative experiences to visitors that help raise sensitivity to host countries' political, environmental, and social climates
- Design, construct and operate low-impact facilities
- Recognize the rights and spiritual beliefs of the Indigenous People in the community and work in partnership with them to create empowerment.

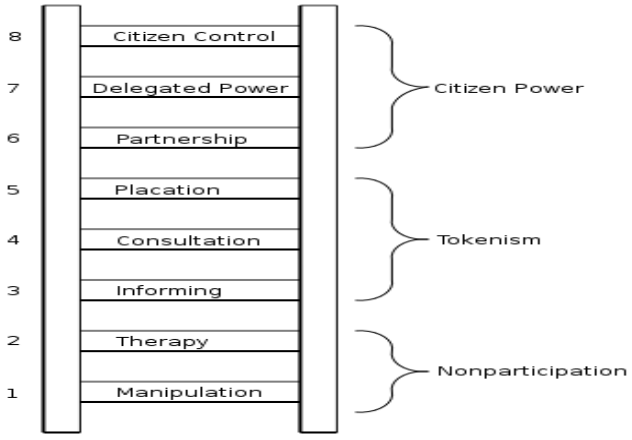
As well, Dologlou and Katsoni (2016) encapsulated the interactions and interrelations of these ecotourism principles in a complex flow diagram that exemplified the complex interrelations. There seems to be structure and consistency among the various organizations' principles for the sustainable ecotourism programs. These guidelines will be used to evaluate a multitude of ecotourism cases around the world to help determine best practices.

THEORETICAL REVIEW OF ECOTOURISM

There is a body of literature that has been reviewed that supports or adds credence to the general Principles of Ecotourism. This tome of theory facilitates a deeper elucidation of and appreciation for the roots for success of the growing ecotourism industry. The main driver of success – supported by theory – is the direct involvement and participation of the community in the establishment and decision-making processes of the endeavor.

In 1969, Sherry Arnstein first presented her Ladder of Participation to the world emphasizing the "critical difference between going through the empty ritual of participation and having the real power needed to affect the outcome of the process." Her fundamental point was that participation without the redistribution of power to the powerless is futile and frustrating for the powerless and more damaging than no effort at all.

FIGURE 2
Arnstein's (1969) Ladder of Participation



The rungs of the ladder are fairly self explanatory and need little elaboration. The goal for any ecotourism endeavor would be to climb the ladder to a level of partnership and then citizen control. Arnstein acknowledges the limitations of her typology of participation:

1) There is not an exact demarcation between the powerful and powerless

2) There is little analysis of the road blocks to climb up the rungs of the ladder

3) The typology has been simplified and in reality there might be 150 steps to full citizen power. Regardless, the ladder to success does create a level of awareness for stakeholders to be cognizant of as they pursue advances in social entrepreneurship.

The concept of participatory tourism development was further considered in the context of developing nations by Tosun (2006). He presents a flow diagram that succinctly illustrates the stages of emergence of community participation in tourism. It reinforces the need for 'partnerships' required in Best Practices. Tosun uses the term 'pressure factors' as the force behind coalitions being formed among local communities, NGOs and governmental bodies – ultimately resulting in community consultation and participation. Reinforcements need to be put in place to ensure that local people's enthusiasm does not wane so that they slip from a lofty rung on the ladder. Political or economic instability has a tendency to grease the rungs.

In the developed world, Tosun describes participatory tourism development as the 'fruit' of a democratic-capitalist state and wider enabling cultural and socio-economic factors that proceeded the industrial revolution. Unfortunately, these factors are not yet present in the developing countries and may hinder the progressive advancement of participatory tourism development in these countries. This is highly evidenced in Uganda where internal probes found "corrupt and incompetent officials, diversion and theft of millions of dollars and shillings earned from tourists, and the gross mismanagement of Uganda Wildlife Authority (UWA) by some incompetent and corrupt officials which together frustrated travel and tourist agents" (Kanyeihamba, 2015).

It leaves the opportunity open for further research into the theoretical strategic framework necessary for participatory tourism development to be effective where stakeholder and political regimes are volatile at best. How will community participation be propagated under wide spread economic and political instability indicative of developing countries? Who will administer training to ensure that locals garner the necessary skills to provide meaningful input?

Klimmek (2014) elaborates on role of government, NGOs and the private sector to facilitate community involvement. He details more tactical strategies the external players should utilize to create the 'pressure factors' that Tosun refers to in his participatory tourism development model. In combination, Klimmek's and Tosun's models provide an excellent understanding of the relationship among and role of external parties in the facilitation of community participation.

Participatory Action Research (PAR) is another theoretical tool that promotes collaboration and inclusion of those directly involved and impacted by different courses of action. PAR is an approach to research in communities that emphasizes participation and action. It is not just another method but rather an orientation to inquiry – engaging respondents through research so as to improve outcomes (Honig et al., 2014). It seeks to understand the world by trying to change it, collaboratively and following reflection (Wikipedia, 2016). Reason & Bradbury (2001) define PAR as "a participatory, democratic process concerned with developing practical knowing in the pursuit of worthwhile human purposes, grounded in a participatory worldview… [and bringing] together action and reflection, theory and practice, in participation with others in the pursuit of practical solutions to issues of pressing concern to people, and more generally the flourishing of individual persons and communities". The key components are that: 1) knowledge is generated through participants' collective efforts and actions; 2) it is liberating - participants have a greater awareness of their situation in order to take action; 3) success is measured based on personal or collective change.

Honig et al. (2014) define action research as a social process which invokes members of society to rethink their practices in order to improve their own situation and community. They elaborate that it takes into account the specific circumstances that individuals and communities find themselves and that creative solutions need to be generated to improve innovative capabilities and avoid the one-size-fits-all approach. Consistent with Reason and Bradbury, this definition of PAR highlights the fluidity of the problem solving and solution generating capacity of the community. The PAR approach to inquiry will be an effective tool when executing the Entanda project. [Elaboration on and application of the PAR methodology is beyond the scope of this report but should be retained as a future research opportunity.]

One of the key aspects of community engagement and participation is the propensity of individuals to act as to gain control of a situation. Social Entrepreneurship – the process of applying businesslike, innovative approaches to social problems to make a difference especially in situations where there are unmet social needs by the market and the government – is a powerful tool that encourages this propensity to act. Sirolli (2011) found that in some cases Enterprise Facilitation needs to take on somewhat of a laissez-faire approach – having just a presence in the community

without huge promotion. Sirolli uses extensive case examples to illustrate the power of Enterprise Facilitation - from impoverished rural settings to ghetto areas of the urban centres. Enterprise Facilitation is the process of giving a helping hand to individuals to start a business thorough education, business skill development, prototyping, fund-raising, marketing, etc. This would be a helping hand 'up' not a helping hand 'out'.

The fundamental key to success for Sirolli's Enterprise Facilitation is to WAIT...wait for the individuals to approach the facilitator. The facilitator does not go out and actively pursue people to help. Other than some passive expressions of willingness to help through word of mouth, the facilitator sits idle in a highly visible location and waits for potential clients. Clients that are truly compelled to start a business will approach the facilitator on their own accord. This is somewhat of a self selection process. Once the initial contact has been made, the facilitator goes full throttle to determine the viability of the business and paths forward, as well as determining the true intent of the entrepreneur. The first business established is the key to longevity of the facilitator. The new business owner becomes the champion of the facilitator - promoting him/her to other prospects.

How effective Sirolli's type of Enterprise Facilitator would be in impoverished developing countries requires further research. It is predicated on the fact that an individual has an entrepreneurial idea and the desire to improve one's life thus motivating him to seek help; however, indigenous people may have the desire to improve their quality of life but lack the skills and ideas to motivate them into action. Hirschman (1995) discounts this notion in his revised classic *Development Projects Observed*. He presents a general Principle of Action: Creativity always comes as a surprise to us. Hirschman famously coined the term 'the Hiding Hand' for this surreptitious creativity swelling from within. He found that ill-planned development projects were mostly successful when adversity reared its ugly head. Human ingenuity prevailed eliciting creative energies that otherwise might never have been forthcoming. However, the corollary of the Hirschman's Benevolent Hiding Hand is Flyvbjerg's and Sunstein's (2015) Malevolent Hiding Hand. Their Malevolent Hiding Hand hides not only initial obstacles and difficulties overlooked in planning a development project but also the barriers to creativity itself. They offer statistical evidence that the Malevolent Hiding Hand is more prevalent that the Benevolent Hiding Hand. The lesson learned is that creativity in developing countries needs to be nurtured not assumed to overcome and adapt to the chaos that ensues in an unstable and unpredictable environment.

'Complexity Science' – the study of complex adaptive systems – can help us understand how these systems absorb information, learn from this new knowledge and then intelligently and creatively adapt in response to environmental changes. Developing countries are a prime example of complex adaptive systems. One of the key aspects of complexity science is 'self-organization.' Self-organizing systems exhibit spontaneous behaviors which lead to the emergence of new structures and behaviors. They have no centralized control but have multiple internal feedback loops (McMillan, 2008). This is somewhat analogous to Hirschman's Benevolent Hiding Hand where, when faced with adversity, human creativity self-organizes to resolve the issue. The system's core purpose, values and beliefs are shared by all. Shared learning experiences are valued and viewed as essential to best practices and future survival of the group. There is no culture of blame and individual's can learn from their mistakes. Involving people in strategic action planning and giving them a voice in their own future can create self esteem and powerful positive emotions to propel people into action. As well, the butterfly effect suggests that encouraging and empowering people to make small changes can be very effective in creating large scale changes (McMillan, 2008). This effect can be related back to Sirolli's Enterprise Facilitator who sits back

and waits for his first client to approach him and then uses that first success to catalyze others into action.

The key concept for a developing country is to treat it as a complex adaptive system and create an environment of continual learning and adaptation, capitalize on the butterfly effect where one small success leads to another and so on, and use facilitation not as a dictatorial role but one of passivity in which the community as a whole guides its people into the future. Overall, the review of theoretical literature provides a general discussion of approaches towards community entrepreneurship with one of the key pillars being direct community involvement and participation in decision making which in consistent with the Principle of Ecotourism.

CASE ANALYSES

Unsuccessful Ecotourism Ventures

Case Analysis: Rio Blanco, Ecuador. Since 1971, the indigenous Quichua tribes of Rio Blanco in the Ecuadorian Amazon have shifted their economy from one of subsistence agriculture and hunting to cash crops. As a result, the primary tropical forest now accounts for less than half of the tribe's main block of land due to mass clearing. The community has developed an ecotourism project as an alternative economic activity to protect the forest rather than decimate it.

Tourists were invited to see the traditional life of the Quichua tribe. In the first year of the project, over 150 visitors made the trek to Rio Blanco and each family earned about $100 or approximately one-fifth of their yearly income. The project followed two key tenets – communal control and small scale. Only small groups of independent tourists or students and teachers were allowed to take part. Based on the structure and community involvement the operation seemed successful. However, it was discovered during exit interviews that tourist satisfaction was relatively low.

Post-travel interviews revealed that many respondents questioned the authenticity of the traditional Quichua music and dances and the traditional grass skirts and red body paint indicative of their ancestral roots. Most respondents believed it was 'staged authenticity'. As well, tourist spent most of their time in the forests – alone – while the village people tended to their crops. There was confusion as to what the central aspects of community life truly were. Many indicated they would not return or recommend the ecotourism site (Schaller, 1995).

Key Reasons for Failure:

- Stage Authenticity – real life was not depicted
- Little education on environmental sustainability (e.g. preservation of tropical forests) for both visitors and villagers
- 'Green washing' – promotion of site as true cultural experience where profit was the only motivation not environmental and cultural sustainability
- Groups were kept small but the number of groups visiting was excessive

Case Analysis: Labuan Bajo, Indonesia. The small fishing village of Labuan Bajo, Indonesia was 'chosen' as a prime site by a private sector consortium to enter the lucrative scuba diving industry. The village is located near the Komodo National Park which is Indonesia's oldest national park and home of the 'komodo dragon'. It is also one of the world's best marine-biodiverse environments evolving into a world class diving destination.

The village has undergone significant tourism development over the past few years. It is landscaped by numerous hotels, travel agencies, restaurants and dive centers yet continues to be one of Indonesia's poorest areas. There is uncontrolled land use and management in Labuan Bajo

even though an NGO struggles to promote site management with the local 'bupati' or regency head. Land prices are sky rocketing from speculative investments and the indigenous people are being driven from their land. There is local disempowerment as local elites and external investors are the prime beneficiaries of the real estate boom.

Dive professionals are brought in to escort visitors as the locals don't have the dive skills or language compatibility to be employed as dive instructors. The imported divers have little respect for the indigenous underwater environs resulting in the decimations coral reefs that are taken as 'souvenirs'. As their natural habitats are destroyed, the multitude of fish species is rapidly declining. Over the next several years, the prime dive locations will no longer be pristine – a self-destructing endeavour (Klimmek, 2014).

Key Reasons for Failure:

- Local people excluded from the decision-making processes
- Local people excluded from the socio-economic benefits
- Lack of encouragement of education and environmental awareness for both locals and visitors
- Little promotion of local culture and heritage
- No training provided to locals on diving and language skills development
- Little cooperation between stakeholders – private dive sector, government, indigenous peoples
- Few credentials required to start ecotourism 'dive' site; No standards for certification.

- Case Analysis: Czorsztyn, Poland. Czorsztyn, Poland is nestled between two mountain chains in southern Poland and is widely known for its home to endangered species of plants and animals. The town is also home to one of the most popular ski resorts in Poland and a main tourist destination. The route between the two mountain chains passes directly through Czorsztyn. The Civil Affairs Institute (CAI) – a Polish non-governmental agency – unilaterally declared this route as an ecotourism attraction.

Upon interviewing community leaders, Bednarczyk (2011) discovered that the routes were established on local lands without permission or negotiations. Hoteliers situated along the route were overlooked in the decision-making processes. As well, other than one national park museum there is little promotion of environment, cultural or educational values. Most economic development is aimed at the entertainment industry. By definition, there is no such thing as 'bad' ecotourism – it is precluded by definition. What one is decrying is 'bad' tourism – as in the case of Czorsztyn - that was marketed as ecotourism primarily for promotional and financial reasons (Dologlou & Katsoni, 2016).

Key Reasons for Failure:

- Local people excluded from the decision-making processes
- Local people excluded from the socio-economic benefits
- Lack of encouragement of education and environmental awareness for both locals and visitors
- Little promotion of local culture and heritage
- Mass tourism effort promoted wrongly as ecotourism destination

These abovementioned cases should take note of the following three cases in an attempt to ameliorate some of the problems that plagued them. These subsequent cases more closely follow the Principles for Ecotourism and – on the surface – have achieved some of the goals of community entrepreneurship through ecotourism. Only time will be determining if they are truly sustainable in the long run.

Auspicious Ecotourism Ventures

Case Analysis: Penan people, Malaysia. The Penan tribe, like so many other indigenous communities, has been deeply impacted by urban sprawl and logging that caused a reduction in primary forest that was used for hunting, building materials and locating specific flora for traditional medicine. Their existence as a self-sufficient tribe was threatened.

A community cooperative was established at the request of the villagers to provide controlled access for expeditions into the villages. A partner NGO administered a carbon calculator hosted on its website to allow visitors to make donations to offset the carbon dioxide associated with their flights. This cash injection went directly into the community to pay for locals to collect seeds, fund a nursery and then the re-planting of saplings in deforested area.

Over the last two years, 25,000 trees have been planted and younger generations are remaining in the village. This increased population has allowed the village to have more leverage when battling for land rights. A number of small expeditions have provided positive feedback on their experiences in the village with new heightened awareness of the Penan's culture. The operation won the Association of Independent Tour Operators Sustainable Tourism, Roger Diski Community Project Award (Bate, 2012).

Keys to Betterment:

- ✓ Local training in environmental sustainability
- ✓ Initiated by the community
- ✓ Establishment of community cooperative
- ✓ Partnership with large NGO
- ✓ Limited access

Case Analysis: Kimihang, Borneo. The Kimihang village sits on the northern tip of Borneo lined with white sand beaches and coconut trees. Unfortunately, the Rungus people of the local community were not capitalizing on their resources resulting in the youth migrating to the cities in search of employment. Those that stayed tried to carve out a living from farming which required continual crop rotation between coconut, rubber and palm oil.

In 2010, an NGO – the Borneo Ecotourism Solutions and Technologies Society (BEST) – initiated a project to aid the community through social entrepreneurship. BEST coordinated fund raising and grants from the Malaysian government to build a virgin coconut oil (VCO) plant and hire a local entrepreneur to coordinate the production. Villagers were trained to become independent entrepreneurs by developing business skills and acumen. Once the VCO operations were generating a profit, the villagers started inviting visitors into the village to see the VCO production site and hear the stories from the local villagers how their lives have changed. This new initiative offered added revenue from tourism to the village as well as indirectly marketing the VCO product.

This ecotour is unique in the fact that it was initiated by external sources (BEST) and facilitated by one individual. It started out as a production facility then turned into an ecotourism destination. It is apparent that the villagers bought into the idea of entrepreneurship once they were educated on the advantages (TIES, 2014).

Keys to Betterment:

- ✓ Local facilitator (entrepreneur) used to coordinate
- ✓ Participation of a NGO
- ✓ Funding and support from the government
- ✓ Education of the local villagers

Case Analysis: Huab River Valley, Namibia. Damaraland Camp is the most successful ecotourism venture in Namibia. The camp resides on a wildlife conservancy which strives to integrate communities, the environment and sustainable wildlife interactions. Its structure is unique it that it is owned and operated by the local community in partnership with a private tour operator – Wilderness Safaris. The community acts as landlord.

The camp consists of 10 thatched roof hut sourced from local materials. Activities offered focus on appreciating the natural surrounding including elephant tracking and drives to seek out specially adapted flora and fauna. The community earns a percentage of the camp's revenue which is put into a community trust. To date, over 352,000 hectares of 'denuded' land have been reclaimed as conservancy land (State of Queensland, 2015).

Keys to Betterment:

- ✓ Operation designed to fit character of landscape
- ✓ Direct involvement of local community
- ✓ Private, external partner
- ✓ Education provided on environmental / wildlife sustainability
- ✓ Encourages visitors to appreciate and protect conservancy lands
- ✓ A Community Trust was established – for equitable distribution of wealth

Best Practices – For Facilitators

The analyses of ten (six presented) different and mutually exclusive ecotourism sites truly highlight how failures can be improved by following the Principles of Ecotourism. These analyses can be used to derive best practices for facilitators such as NGOs and government bodies to adhere to ensure that indigenous people can elevate themselves out of poverty:

1) Local Participation: Cooperative development and management by local people.

2) Community-Managed Trust: All money generated from the initiative should be deposited and managed by the community.

3) Creation of a Community Cooperative: A democratically voted council of community members should be created as the defacto leaders of the endeavor and manager of the trust.

4) Education of Indigenous People: Environmental Sustainability; Business Practices and Skill Development; Cultural Preservation. There should be an emphasis on customer focus, menial and managerial skill development as well as specific ecotourism skills.

5) Cultural Preservation should take precedence over wildlife preservation. The natural environment should be a buttress for culture retention not a competitor.

6) The ecotourism site should capitalize on and blend into the natural surrounding environment.

7) Education of Visitors: Cultural awareness and history of community; Promotion of Environmental Stewardship.

8) Small Scale: Ecotourism sites are most successful when the number of visitors and group sizes are kept small. This maintains the 'novelty' value.

9) Slow Development: This allows for gradual acclimatisation of the locals.

10) Partnerships:

a) Local Government: The national or regional government needs to be involved for infrastructure development, grant funding (if possible), and national or international marketing.

b) Non-Governmental Organizations (NGOs): When NGOs are involved, success seems to be more likely. They bring a variety of resources (funding, entrepreneurial expertise, educational resources) that are typically free of charge to the local communities.

c) On Site Facilitator: An individual that has sufficient depth of knowledge of the community and has garnered significant respect from the leaders in the community should be utilized to facilitate an ecotourism project. Further research needs to be undertaken to better understand the role of this individual, their prior relationship with the community, and the point in time when the facilitator should leave the community to let them manage on their own.

11) Development of Outcome Measures: Revenue generation; Impact on environment and culture of community; Visitor perceptions via post-visit survey.

12) Ecotourism Certification: Certification of the site as a true ecotourism destination adds credibility and marketing strength to promote the community initiative.

Best Practices – For Villagers

The community's acceptance of the ecotourism project is essential for its success. However, the villagers need to safe guard themselves from potential predatory opportunists who have little desire to help the community. The following compendium summarizes the actions that villagers should follow to avoid pitfalls:

1) Immediate establishment of democratically voted community organization to oversee all activities

2) Establish a community trust to collect any revenue generated from the ecotourism effort. The use of funds should be agreed up by the community or the democratically voted community organization.

3) Re-invest revenue into the community for new infrastructure, education, or other sustainable business efforts

4) Build trusting relationships with facilitators – private entrepreneurs, NGOs, and government representation

5) Do not agree to initiatives that violate cultural norms or the community's collective consciences

6) Continually strive to learn to become self sufficient e.g. business skills, environmental protection, cultural preservation etc.

7) Maintain the most natural way of life throughout your daily activities even though allowing tourists in may not seem very natural

8) Keep the number of visitors at one time to relatively small groups and the number of groups throughout the year to a manageable amount to avoid degradation of daily norms. A fine balance must be struck.

9) Initiate change on a gradual basis to avoid upheaval of villagers and allow for slow acclimatization to a modified way of life

10) Periodically review your continued desire to let tourists into the village and measure the actual outcomes from the endeavour – not just from a financial perspective but community impact assessment as well.

Future Research Opportunities

Further research of a few key aspects uncovered throughout this study:

1) Role of Facilitator: What are the characteristics of an effective facilitator? Should that individual already have an in-depth knowledge of the community or should he/she bring in a fresh perspective? Should he/she be local? Does he/she need to have business experience? At what point should external bodies exit the community and let locals be self sufficient?

2) Poor Infrastructure: Are there ways to be profitable without government support / infrastructure upgrades?

ECOTOURISM FINDINGS

Local communities are significantly more vulnerable to the effects of tourism development; especially indigenous cultures because without sympathy for socio-cultural impacts resulting from tourism, they can suffer from loss of identity and local values, commoditization, standardization, staged authenticity, adaption to tourism demands and cultural clashes (Le Moigne, 2013). Ecotourism, if done effectively by abiding to Principles and Best Practices, offers an approach to poverty reduction that balances the complexities of the indigenous people, their environment and external parties. Poverty is a product of multiple causes and can have multifarious, interconnected short- and long-term negative consequences (Cabaj, 2011). A poverty trap is one where problems interlock – increasing one another's negative effects - and the key to reducing poverty is disrupt these interlocking cause and effect relationships. A true Ecotourism effort will have multiple external parties working alongside the local populace in an effort to conserve the environment, preserve the culture and educate the masses for a sustainable future – thus breaking the chains of poverty.

Learning Outcomes: Student Perspective

Admittedly, it was with slight trepidation that I set off to help a remote village in Uganda become self sufficient while being seated in my ergonomic office chair in a temperature controlled environment with a twenty-inch monitor attached to my lap top. The contradiction plagued me right from the onset. How difficult could it be to provide research and advice to a community on the other side of the world without stepping foot on terra firma of eastern Africa? I reconciled that with years of domestic economic development under my belt, an accounting designation and in the advance stages of an MBA, added value research in community development would be simple. Right?

Wrong. A cursory review on the Internet of sustainability, ecotourism definitions, development best practices, theoretical review etc. made me realize that I had just collided with the tip of the ice berg. The field of community and social development was fragmented at best and floated off in many directions away from the ice berg to which I became embattle. I quickly learn that I needed to throw my hubris aside before I floated away myself.

With little interaction with the onsite field coordinators (other than a sporadic emails), I thought it prudent to reconnect with my faculty supervisor to narrow my focus. It was this enlightening conversation that encouraged me to focus on what would best help the community – a 'to do' checklist to guide the on-ground facilitators and the villagers themselves – a checklist grounded in best practices. I needed to think more on a micro level of economic development rather than a macro level indicative of "North" concepts of development practices.

With key insight from my supervisor, I was able to focus on what I wanted to accomplish. The next question was, how? The online resources were disjointed and no single forum existed that compiled the body of best practices knowledge. I decided to undertake the compilation myself. The case study approach was deemed that best methodology to employ. I was able to capitalize on my analytical abilities by studying (via the Internet) ten real life examples of ecotourism. This approach to experiential learning (albeit remote) provided great insight on appropriate best practices. Once the best practices were established, a review of the theoretical literature was undertaken to support or refute the findings. For the most part, academic publications did not contradict my findings.

Although this article is not intended to be evaluative in nature, the response after submitting it to the field team has been highly encouraging. It is their intent to apply some of the best practices and tactical measures that have been brought to their attention.

To summarize the learning from a student's perspective:

1) Let go of any biases or assumptions on your own abilities
2) The unstructured Internet is a tool that can be reigned in to create a high degree of experiential learning
3) When road blocks appear, have no fear in consulting a higher authority (your supervisor)
4) Realize that those road blocks, what Hirschman (1995) coined the 'Hiding Hands', are being revealed and drive you to work hard to overcome those unbeknownst obstacles.
5) The knowledge that you transfer to a remote community helps them overcome the 'Hiding Hands' that inhibit their success…and so on…

Learning Outcomes: Faculty Perspective

As an entrepreneurship lecturer, I have long been aware of the importance of globalization. It impacts startups (e.g. the 'born global' companies) and it strongly impacts competition and new market development. However, much of the literature on this subject concerns advanced economy to advanced economy. While this may account for much of the activity that takes place, it avoids examining the bulk of the population of the world – those occupying what is commonly considered 'bottom of the pyramid'. Many programs accomplish the recognition of this variance through trips – typically, students from advanced economies pay for 'social development' trips that enlighten them regarding the needs and disparities. Arguably, the biggest take home from these excursions is a realization by the privileged student regarding their own position and advantage. Little is left behind to the communities they visit beyond some possible financial remuneration.

The objective of this project was very different. The student already had local community development experience in the Canadian context. What was lacking were two things: 1) an understanding of the unique environmental and cultural challenges posed by sub-Saharan Africa and 2) an understanding of how to apply the learning that took place in the MBA program to benefit an emerging economy.

The process of connecting the particular student to this particular community was enhanced by two factors. First, I had already established a relationship with the community and their leadership in researching a previous cooperative project (Honig, Katongole and Perry, 2014). Second, I was able to rely on a faculty colleague from a local university to help navigate the relationship between the student and the community. Having established this linkage, I believe the quality and value of the exercise speaks for itself. The conclusions, drawn as simple, point by point issues that need to be considered the community, are both digestible and actionable. They are based on systematic research that would be out of reach to the local community. In my own (admittedly biased) estimation, the work is both highly valuable to the community, and an ideal example of experiential learning. Further, it has created a new desire on the part of the student to engage in Africa community development, an important outcome of this social entrepreneurship project and also an increasingly important component of MBA programs, particularly that of leading business schools (Burke, 2016). Providing MBA students with an active understanding of the global context, particularly that of emerging economies, represents an important objective. We firmly believe that this model is worth replication and further study.

CONCLUSION

Linking graduate students in advanced economies with pressing community problems in emerging economies represents an important learning opportunity, as well as a critical transfer of knowledge and information often absent from contemporary education. We believe that providing this model that facilitates active and helpful research in the emerging economy context represents an important contribution to MBA educational pedagogy. We look forward to more systematic efforts to replicate and evaluate this model and will be happy to assist those researchers interested in doing so.

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ENACTING POLITICAL CSR LOCALLY: RENEGOTIATING BUSINESS–GOVERNMENT–LOCAL COMMUNITY RELATIONS IN A DEVELOPING CONTEXT

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ABSTRACT

Based on the longitudinal case study of an organization of the space industry in French Guiana—a former French colony—this paper shows how political corporate social responsibility (CSR) is enacted through the interactions between business, government and local community. Contending that the role played by business in the political arena can be best captured at the local level, it provides in-depth evidence of the blurred frontiers between the private and public spheres of society. This paper illuminates how such a blurring results from the constant reformulation of the role played not only by business, as outlined in the existing literature, but also by government and local community. It complements political CSR—which predominantly focuses on globalization and the erosion of nation states as the main drivers of the political nature of CSR—with two main contributions. First, while previous research has conceptualized the role of government in promoting CSR, this paper identifies situations in which government impedes the emergence of CSR. This negative role of government is particularly striking in postcolonial contexts where local community is more vulnerable and less organized. Second, the study highlights the role of local elected representatives in renegotiating business–central government–community relations, through the mobilization of specific resources at their disposal in public spaces such as forums, arenas and courts.
Keywords*: business–government–local community relations; developing countries; longitudinal case study; political CSR; public–private spheres; space industry.*

RISE AND LIMITATIONS OF POLITICAL CSR AS A FIELD OF RESEARCH

Interactions between business and society as they take place in the political arena have been increasingly discussed during the past decade, and such interactions can be encompassed under the broad label of political corporate social responsibility (CSR) (Frynas & Stephens, 2014). However, political CSR (see Scherer, Rasche, Palazzo & Matten, 2016) as a field of research has been criticized on several fronts. First, it has been described as being highly speculative and lacking empirical foundations (van Oosterhout, 2005). Second, one of the central claims of political CSR research—that governments' loss of power and the emergence and shaping of political CSR are to

be largely attributed to the dominant forces of globalization—has been questioned forcefully (Djelic & Etchanchu, 2015; Mäkinen & Kourula, 2012; Whelan, 2012). In all, the emphasis on globalization as the key explaining factor for the emergence of political CSR has contributed toward maintaining the debate on an overall conceptual basis. Empirical evidence to refine this field of research according to the precepts of Eisenhardt (1989) and Glaser & Strauss (1967) is still missing.

In this paper, we seek to critically advance the research agenda of political CSR with two contributions. First, our contribution is to provide fine-grained empirical evidence about the specific role played by government in the enactment of CSR at the local level. In particular, we show that government can impede the emergence of CSR, a negative role that has not been theorized yet. Far from simply retreating and leaving corporations operate in a vacuum, as argued by political CSR theorists, government actually plays an active role in CSR. Such a role can be *positive* or *neutral*, as Gond, Kang & Moon's (2011) typology of CSR–government configurations shows. What our data show is that this role can also be *negative*, by creating a context propitious to the absence of responsibility or to irresponsibility. Second, this paper contributes to the existing literature through a detailed analysis that allows to pinpoint the role of local community representatives in bringing about change in the configurations of business–government–local community relations. More specifically, this study evidences the central role of local community representatives in gradually contributing to power redistribution by seizing opportunities to advocate for the creation of new public spaces where they can demand more business involvement in the community. Such a finding resonates with the critical contribution of Davila & Molina (2015) around the necessary departure from an organization-centered perspective in order to shed light on how silent stakeholders gradually become salient over time. Both these contributions—on the changing roles of government and on the role of local community representatives—contribute to the political CSR literature which has so far provided either deterministic (Banerjee, 2003) or globalization-driven (Scherer & Palazzo, 2011; Scherer, Palazzo & Matten 2014) explanations for the political nature of CSR.

This article is guided by the following research question: *How do configurations of business–government–local communities shift over time in the enactment of political CSR?* Our paper is based on the longitudinal and inductive case study of the Guiana Space Center—commonly referred to as CSG, the French acronym for *Centre Spatial Guyanais*—an organization founded in 1964 that has been shaped by changing interactions between business, government, and the local community. CSG was initially established as a public organization and over time it has become a hybrid organization through increasing integration of a business rationale thanks to improved prospects of competitiveness and profitability.

The remainder of this paper is organized as follows: we start by reviewing the political CSR literature and identifying the scope for contribution by focusing on gaining improved understanding of the role of government in relation to the enactment of political CSR. We then present our case study of a revelatory setting in which blurred frontiers between the political and economic spheres are exacerbated, thus allowing us to study in-depth the interactions between business, government, and local community. We show how these interactions have gone through significant change over the 50-year period considered herein. We then present our findings and discuss, from a theoretical standpoint, through which mechanisms configurations of relations can evolve over time.

ENACTING POLITICAL CSR LOCALLY

Defining the Field of Political CSR

Political CSR is a growing field of research that stresses the role played by companies in the political arena (Frynas & Stephens, 2014; Moon, Kang & Gond, 2010). While previous important works have discussed the political dimensions of CSR, often from a critical perspective (see Banerjee, 2008; Blowfield & Frynas, 2005; Newell & Frynas, 2007), or from a descriptive standpoint (see Matten & Crane, 2005), the term political CSR was coined by Scherer & Palazzo (2007). Following this landmark publication and a few others (see Matten & Crane, 2005; Scherer, Palazzo & Baumann, 2006), a "political turn" was witnessed in the broader field of CSR (Djelic & Etchanchu, 2014; Joutsenvirta & Vaara, 2015; Mäkinen & Kourula, 2012). While a broad definition was proposed by Frynas & Stephens (2014), we define political CSR by relying on Valente & Crane's (2010) depiction on of the public responsibility of the private enterprise. Hence our conception of political CSR encompasses such "activities [that] go beyond traditional philanthropy or corporate social responsibility (CSR) programs in that they place firms in quasi-governmental roles where major decisions about public welfare and social provision have to be made" (Valente & Crane, 2010, p. 53). Of paramount importance is the attention given to the notion of public welfare, which echoes Scherer, Palazzo & Matten's (2014) discussion of the common good in their most recent contribution on political CSR. In both cases, the question of how private firms are inescapably involved in the public political sphere, at the invitation of the civil society, is central. And although the role of government is eluded in both cases, these questions of public welfare and common good pave the way for a discussion on the interaction between business and government.

Role of Government in the Enactment of Political CSR

The centrality of voluntarism as a mechanism for CSR (see, Carroll, 1979; Friedman, 1970) has long prevented study of the roles of government in relation to CSR. CSR has traditionally been conceptualized as activities that "start where the law ends" (Davis, 1973, p. 313), stressing the voluntarism principle underpinning it. This dominant focus on corporate voluntarism has led to neglect of the role of government in its interactions with companies and society in general, especially with regard to CSR. Four decades after the formulation of the voluntarism postulate, Lawton, McGuire & Rajwani acknowledged that "the study of corporations and their interaction with government has yet to realize its potential" (2013, p.87). In their recent literature review, Dentchev, Haezendonck & van Balen (2015, p. 1) conclude that "the role of governments in business and society research remains underexplored" and insist that such a state of affairs is contradicted by strong empirical evidence of the different roles played by government in CSR.

Acknowledging the political role played by private companies in the political arena (Garriga & Melé, 2004), alongside or in substitution of government, political CSR has created a breach in what Moon & Vogel refer to as "the dichotomous view that posits that CSR and government are, by definition, mutually exclusive" (2008: 304). Departing from the dichotomous view allows for exploration of the interface between business and government in the enactment of CSR. Yet, just like the rest of the CSR literature, political CSR relies exclusively on the perspective of the private firm, thereby overlooking the role of government. To synthesize, while mainstream CSR has ignored the role of government owing to reliance on the principle of voluntarism and managerial discretion (Dentchev et al., 2015), political CSR has done so because of the adoption of a "strong globalization thesis" that posits complete retreat of the state (Mäkinen & Kourula, 2012: 650) and hegemony of the corporation.

A few proponents of political CSR have explored business–government interactions from two main angles. First, critical theorists such as Banerjee (2000) have studied such interaction to highlight the perpetuation of colonial discourse in order to justify the conduct of irresponsible practices. This research avenue has tended to view local actors and stakeholders as victims of the convergence of interests between government and business, particularly in so-called development projects. This often-deterministic line of research has promoted a depiction of local stakeholders—e.g. local community—as being structurally deprived of any capacity to resist such detrimental projects (Banerjee 2003).

Second, Gond, Kang & Moon (2011) explored various CSR–government configurations, that is, the role played by business–government interactions in shaping CSR approaches and practices. They identified five CSR–government configurations in which CSR can be (1) self-government, (2) facilitated by government, (3) partnership with government, (4) mandated by government, or (5) a form of government. They paved the way for an exploration of how business–government interaction contributes to shaping CSR. The central ambition of the present paper is to further this research agenda by presenting in-depth evidence of the changing roles of government, business and local community in the enactment of political CSR. Unlike Gond et al. (2011) who considered only the national level of analysis, we focus on the local level and integrate the local community into their initial ideal-types.

Enacting Political CSR Locally: Business–Government–Local Community Relations

It is our contention that understanding the enactment of political CSR at the local level requires taking the local community seriously. While the local community has traditionally been considered as one of the primary stakeholders of the firm (see Freeman, 1984; Freeman, Harrison & Wicks, 2007) and is mentioned frequently in works on stakeholder theory and CSR, its treatment in the literature has generally remained superficial (Bowen, Newenham-Kahindi & Herremans, 2010; Dunham, Freeman & Lietdka, 2006). This state of affairs was criticized by Freeman, Harrison & Wicks (2007) for limiting the practical relevance of the stakeholder theory. Political CSR makes no exception and treats local community with less importance compared with other stakeholders. A good illustration of this is found in Crane, Matten & Moon (2004), who theorize very convincingly the benefits of conceptualizing stakeholders as citizens while omitting local community from their discussion.

A thorough examination of local community can enrich our practical and theoretical understanding of the role of government in enacting political CSR. On practical grounds, we argue that because the provision of social services is one of the most tangible manifestations of political CSR (Blowfield & Frynas, 2005; Matten, Crane & Chapple, 2003), attention should be focused on investigation of the relations between business and local community. On more theoretical grounds, while local community was included in early conceptualizations of political CSR, it seems to have been neglected later on.

Defining local community from a political CSR perspective. In line with Muthuri, Chapple & Moon (2009), we understand the local community as being composed of individuals and groups based on the dimensions of locality—sharing a territory, geography, or proximity—, shared interests and collective action, that is, action that requires institution-level coordination for collective policy and decision-making. This understanding of community centered on localness, shared interest, and capacity for collective action allows us to go beyond the restrictive definition often found in the business and society field, which is typically instrumental (McVea & Freeman, 2005) and limited to salience assessment of a business' neighboring population (see Mitchell, Agle & Wood, 1997), exclusively from the perspective of the focal organization (Davila & Molina,

2015). We propose our own definition of the local community based on a political CSR conceptualization of stakeholders, which is rooted in the notion of citizenship outlined by Crane, Matten & Moon (2004). These authors (2004, p. 108) showed that with such a conceptualization, "rather than being simply stakeholders, we could see these groups as citizens […] or as other constituencies participating in the administration of citizenship for others." We then define the local community as constituted of individuals and groups—as well as their spokespersons—sharing dimensions of locality, interests, collective action, and collective decision-making arrangements that are embedded in broader, regional, or national institutions. The inclusion of spokespersons – which have generally been excluded from previous conceptualizations focused on globalization (see Scherer & Palazzo, 2011) – is central in our citizenship perspective of the local community. Owing to the adoption of a broader view of the community, the proposed citizenship conceptualization allows for a more comprehensive understanding of the interactions between business, government, and the local community.

METHODS

The empirical work performed herein is based on longitudinal data, as would any process research shedding light on the way phenomena evolve over time (Langley, Smallman, Tsoukas & Van de Ven, 2013). To answer the *how* question of this research and because the investigation of business–government–local community interactions is ongoing, case study seemed to be the most suitable strategy (Yin, 1994) for our research. An additional rationale for adopting this strategy is that "thick description' (Geertz, 1973) of the interactions between business, government, and the local community can be made using a case study compiling rich archival data and interviews in order to "deliberately […] cover contextual conditions" (Yin, 1994: 13).

Guiana Space Center (CSG)

The Guiana Space Center (commonly called Centre Spatial Guyanais or CSG) is a rocket launch site located in French Guiana, a French overseas Département[1] in South America. CSG is a property of the French national center for space studies (CNES), a public enterprise responsible for conceiving the French space policy under the authority of the Prime minister (Legifrance, 1961). While originally the result of a strategic political ambition, namely, guaranteeing France's independent access to space, the specifics of CSG's host site made it a significant economic force in French Guiana. These include a small population of 33 000 inhabitants; no preexisting industries (Granger, 2010); and meager infrastructure in terms of transportation (Colmenero-Cruz, 1987), housing, health, education, etc. (Joseph-Affandi, 1999). From the outset, CSG has been a major economic actor at the local level and has been described a posteriori as "the driving force of the Guianese economy" (INSEE, 1999). Today, it employs about 1500 persons (INSEE, 2010), generates 9000 direct and indirect jobs, and is responsible for about 15% of both the GDP and the fiscal contribution of French Guiana (CNES, 2012). For all the aforementioned reasons, the analytical boundaries of the community are French Guiana *per se*.

CSG is an extreme case, and it is particularly relevant for the study of business–government–local community interaction. First, it is an organization whose engagement with the local community has evolved quite significantly throughout its 50 years of existence, punctuated by moments of tension, contradiction, and crises. Second, engagement with local community for CSG is not merely a discretionary prerogative (Carroll's, 1991). On the contrary, it is an activity that corresponds to high expectations on the part of its stakeholders, as in the case of many companies with long-term operations in developing countries (Eweje, 2006; Muthuri, Chapple &

Moon, 2009; Muthuri, Moon & Idemudia, 2012). Thirdly, because CSG is a hybrid organization composed of both public and private enterprises pursuing objectives of general interest and profitability, it is particularly exposed to conflicting political and economic pressures.

Data Collection

We adopted an inductive approach to study how CSG engaged with the local community from 1964 to 2014. In line with Yin (1994)'s precepts about data triangulation when building case studies, we collected data from three sources, namely, interviews, archival data, and observations. The strategy adopted consisted of three dimensions, each covered by one type of data. First, archival data were used extensively to gain in-depth understanding of the history of CSG and map its engagement with the local community since its inception. Second, observations were used to provide insights about ongoing partnerships between CSG and organizations from the local community. More specifically, these observations helped target the most relevant local stakeholders to interview and tailor the interview guides. Finally, interviews were essentially centered on the most recent history of CSG, namely the last 20 years, and predominantly on its current relations with the local community. Interviews were, therefore, used as both retrospective and contemporaneous accounts of the phenomenon.

In-depth interviews. A total of 30 persons were interviewed in a semi-structured manner in two phases. The first phase started in November 2012 and ended in January 2013 in French Guiana, while the second phase started and ended in July 2013 in Paris. To mitigate bias from the retrospective interview data, we followed Eisenhardt & Graebner's (2007) solution of targeting high-level respondents who we expected to be knowledgeable informants; in addition, we attempted to maintain diversity by interviewing respondents with varying group memberships and stances toward CSG. All the interviews were audiotaped and each interview lasted between 40 minutes and two hours. Once transcribed verbatim, these interviews resulted in about 400 pages of single-spaced text. Since the interviews were conducted in French, the quotes presented in our findings are translations of the verbatim text.

Archival data. In January 2013, we were given access to the archival center of CSG, and we gathered more than 700 pages of a wide variety of documents including corporate publications, socio-economic studies conducted by third parties such as INSEE and other government agencies, various reports prepared by administrative and political institutions, academic publications, and interview transcripts of prominent actors in the history of CSG. As a complement to these rich documents, with the help of an informant, we collected archives from general and political newspapers dating as far back as 1964.

Data Analysis

From the outset, we adopted a grounded theory approach (Glaser & Strauss, 1967; Strauss & Corbin, 1990) for both data collection and data analysis by going back and forth between the categories emerging from the field and the analysis. After every interview, we linked the new findings with what we had already identified in previous interviews. The interview protocol evolved incrementally, as concepts and categories emerged and gained in salience. During the interviews, we focused on events that appeared critical in the trajectory of CSG on the basis of a timeline we had built using archival data and refined progressively with interviews. The objective, as recommended by Langley (1999), was to gain an understanding of the different perceptions and interpretations of actors who had experienced the same events.

Some key interviewees from CSG seemed aware of the conflicting political and economic expectations of their stakeholders and were frequently moving from political to economic

justifications of their community relations. The government's role was also frequently mentioned by various interviewees to explain CSG's evolving forms of engagement towards the local community. These initial findings revealed the blurring of political and economic frontiers, and inspired us to search for insights from political CSR literature. Because one of the central claims of this political approach is that the traditional division of labor between public (political) and private (corporations) actors no longer holds (Matten & Crane, 2005; Matten, Crane & Chapple, 2003; Scherer & Palazzo, 2011), this literature resonated with the phenomenon we observed in the field. However, the blurring that was taking place was converse to the one revealed by political CSR: instead of "a movement of the corporation into the political sphere" (Scherer & Palazzo, 2011: 910), we were witnessing the movement of a political actor into the economic realm.

FINDINGS

Enacting Political CSR: Business–Government–Local Community at CSG

The creation of CSG in French Guiana was plagued with strong tensions from the outset. On an official trip to French Guiana in April 1964, General de Gaulle, then President of the French Republic, announced the creation of CSG in the following terms: "We are called upon to achieve, you onsite and France with you, a great French work" (Guillebaud, 1976: 214, 1998: 58; Jolivet, 1982; Vivier, Vissac & Matheron, 1995: 16). This announcement was soon followed by outraged reactions from local political actors, who denounced the absence of consultation and worried about the lack of benefits to the local community. The then Member of Parliament (MP) representing French Guiana made the following declaration on behalf of the local community:

> "All the Guianese have been convinced for good that the French government has no intention to take into account our legitimate aspirations and, even worse, behaves like a master" [Heder, 1964b].

During the entire process that led to the creation of CSG and which lasted two years (Debomy, 1964), the local community was never consulted (Colmenero-Cruz, 1987). Several informants presented these initial conditions of the installation of CSG as having led to enduring rejection. According to a former mayor of Kourou (1996-2014), the city that hosts CSG, "*there has been a historical split between CSG and a whole generation of Kouroucians*"[2]. Echoing this perception, the present director of CSG recognized that the difficult conditions during the start created a "*trans-generational scar"* that reached even the youngest members of the community who were born long after the settling of CSG.

The absence of prior local consent led to a long period of distrust and absence of dialogue. An interviewee from the industry acknowledges the negative conditions prevailing at the time of installation of CSG:

> "With the arrival of CSG, in the mid 1960's, there have been mistakes … the original sin. In fact, when we, when I say we I mean the space industry, arrived in French Guiana, there were expropriations. And the expropriations were probably carried out under the rules which were those of the 60s… well we would not do it again today…in a rather brutal fashion, without much consideration for the affected local populations." (Former director of CSG)

Evolution of Relations between CSG and Local Community. We identified four phases between 1964 and the present. For each phase, we first present the general context and then turn to the specific role played by government in shaping the relations between CSG and the local community. We borrowed from Gond, Kang & Moon (2011) to categorize each of these phases.

According to their model for synthesizing the role of government in promoting CSR, governments may play 6 different roles: leading to CSR being (1) self-government; (2) endorsed by government; (3) facilitated by government; (4) a partnership; (5) mandated by government; and (6) a form of government. Table 1 summarizes these findings.

Phase 1: Repudiation (1964–1985). During its first 20 years, CSG showed no visible sign of community engagement and was perceived by most local actors as an enclave, a transplant with a very limited integration into the local economy and community. This lack of interest on behalf of the national government toward the local community had four main manifestations.

First, the government initiated projects that were designed only to allow for advancement of the space industry. The activities in which CSG was involved were related to its own infrastructure needs such as the construction of a bridge, elongation of the main road, extension and modernization of the airport, and the urbanization of Kourou to accommodate its own, mainly non-local, employees. Since the beginning of the space activity, the population of Kourou increased dramatically from 659 in 1961 to 26,000 some 50 years later (INSEE, 2010b), an increase of 3835%. If looked into in detail, such an evolution is highly linked to CSG because Kourou went through a demographic trajectory distinct from the rest of the *Département*, but also because the most important increase occurred since the start of CSG project.

Second, the lack of interest toward local realities translated into urban planning and what various observers described as military-type spatial segregation: the urbanization of Kourou was planned according to military principles (Joseph-Affandi, 1999), and each neighborhood was dedicated to a specific occupational group (e.g., engineers, technicians, unskilled workers, etc.). The construction of CSG required the construction of a completely new city next to the existing small town.

> "The construction of the base was made in a *Département* whose infrastructure was quite limited. Such a construction, which required an urban growth, was an external input, an activity extraneous to French Guiana. The urban growth led to the arrival of a population whose lifestyle and activities were different from those of the dwellers of the [old] town. This is how the urban growth was translated into, in fact, the creation of a new city." [Decoudras, 1971: 19]

Furthermore, the urban planning of Kourou was based on unilateral decisions of the government without consultation with the local community. A current senior official from the real estate company in charge of urban planning of Kourou since 1967 summarized this oversight eloquently: "Tell me where you live and I'll know where you stand in CSG's [hierarchy]" [Mathis, 2011].

The third manifestation concerns the roles of the *détachés*, namely, non-local employees, in senior technical or management positions active in Guiana for a few years and endowed with very favorable economic conditions. The *détachés* and the locals did not mix. In addition to the presence of the Army, the fact that the appointed senior managers did not know anything about French Guiana prior to their arrival hindered their ability to conduct any form of dialog with the local community. Moreover, even the middle managers, engineers, and technicians were non-local employees with the status "détachés," that is, they were contracted to remain in French Guiana for only a few years and they had almost no interaction with the locals. Consequently, CSG operated in a closed circuit, without much interaction with the local society or the local economy. The MP of the time reportedly criticized this situation by declaring, in 1966:

> "The space base is an ectoplasm. You are in French Guiana, but you do not bring us anything. You bring your food by boat, you arrive in the port in Kourou, you do not

> buy anything from our local merchants and you do nothing to contribute to [the local economy]" [European Space Agency, 2003a: 5]

Fourth, CSG was perceived by the local community as a fortified and militarized enclave. According to one of our interviewees:

> "For a long time, the Foreign Legion remained at the entrance of Kourou. It sent the wrong signal of a fortified city, excluding the local [community]." (Former MP)

In fact, in 1973, the government chose to place the security of CSG's activities sunder the responsibility of the Foreign Legion, a military unit with a long history of strong interventions in French colonial wars. This decision fueled intense controversy and outrage locally. Manifestations of racial tensions were also common, as related by one interviewee who was hired by CSG in the early 1980s:

> "During the mid-1980s, there were recurring confrontations between young members of the local community and the legionaries. Some local bars were prohibited to Black people and dogs. It was displayed on signs." (Representative of a labor union)

In this context, a climax was reached in 1985 when a group of legionaries, responsible for the protection of CSG, attacked civilians of Kourou randomly. After this serious incident that stirred indignation, the military group was denied access to Downtown Kourou for 10 years (Choteau, 2006).

Role of government: impeding the emergence of CSR. In the context described above, officially motivated by national and strategic interests, the role played by the government impeded the emergence of any CSR activity either in the form of dialogue or related to the development of local community capacities. The absence of interest in CSR from the government was manifested, among other things, through the decision to install CSG without consulting the local community; conduct of the expropriations and conditions of relocation; offer of senior management positions in CSG to the army; and the presence of the Foreign Legion. CSG, then an overall state organization, as an organization was overall the implementing arm of policies decided based on military and geostrategic motives. The local community was confined to a passive role of a receptacle for decisions made in Paris.

Phase 2: Reconciliation (1986–1995). The mounting tensions that characterized the previous period were followed by sustained efforts on part of the government, CSG and the local community to engage in dialog and build a relationship. The government played a significant role in these efforts of reconciliation in the general context of devolution of power from the national government to the local government, a phenomenon called decentralization. Various long-term projects were undertaken jointly by CSG, local community authorities – such as the Guianese Executive Chamber, municipalities of Kourou and its neighbor city Sinnamary–, and the local representative of the French government. The flagship project during this period was the Plan P.H.E.D.R.E., short for Hermès Partnership for Regional Development. It was designed in 1989 as a response to strong criticism about the unsatisfactory contribution of CSG to the local economy.

P.H.E.D.R.E. was co-financed by the government and CSG to allow for construction of new infrastructure needed by CSG (Mathis, 2011). This plan was meant to initiate "an alliance, a support and a ripple effect without imbalance between French Guiana and the space industry" (Prefecture of French Guiana, 1989). Other minor projects were launched through partnerships between the government, CSG, and the local community. For example, the opening of the University Institute of Technology of Kourou in 1986 was made possible through a partnership between the three members of the triptych, the government being the one offering financial support. This University Institute of Technology exemplified joint efforts related to local capacity-building needed to

diversify the local economy. Other projects outside falling outside the scope of P.H.E.D.R.E. were related to education, research, urban planning, and health infrastructure among others.

Despite these efforts, the relationship between the management of CSG and its local employees, as well as the local community in general, was marred with accusations of discrimination. The labor unions representing the locals were contesting the legitimacy of the existence of two classes of employees, namely the sedentary (locals) and the *détachés* (from France and, later on in the 1970s with the creation of the European Space Agency, from other European countries). Disparities in wages and privileges generated growing discontent and triggered recurrent strikes.

> "The strike of 1989 was motivated by the local employees' demand to get access to training and to executive positions. […] This strike had a huge impact. The year after CSG signed a 'site convention' [to guarantee that all workers onsite, regardless of their employer, get access to the same conditions]. But even today, some disparities persist. The detached still get free housing and various bonuses." (Representative of a labor union)

Role of government: Partnering for CSR. The role of government evolved toward the promotion of partnership for CSR. The government became very active during this period with regard to the promotion of CSR activities. More specifically, the government helped create the conditions for initiating a dialogue between CSG and the local community. While in the first period, the government acted in a way that made the interests of CSG and the local community appear irreconcilable, here, it insisted on highlighting commonalities and shared interests. Moreover, the government mobilized resources to promote CSR activities that addressed the salient issues identified in the dialogue process, such as training and education, access to employment, and maximization of local economic activities resulting from the presence of CSG. In this second stage, CSG became a promoter of economic development opportunities for local community organizations based on its weight on the local economy. The local community was provided more favorable conditions to build its capacities.

Phase 3: Renegotiation (1996–2000). The third period was short but particularly agitated. The first element concerns generational change in local political leadership. A new young mayor was elected in Kourou after 47 years of rule by the previous mayor, and the newly elected official announced his intention to restore balance between CSG and the municipality through the use of his prerogatives such as urban planning and leadership in the design of economic and social projects. Moreover, a new and young MP representing Guiana in the French National Assembly was also elected, and she publicly criticized CSG for its unsatisfactory economic contribution to the community. These two local political leaders exerted constant pressure for claiming more benefits and defining new processes to assess the past role, the present situation and the potential future roles of CSG in French Guiana.

The second element was a spectacular rocket explosion in June 1996. The management of the aftermath of this accident was, admittedly, a complete failure. First, according to various witnesses interviewed, it took CSG tens of minutes before informing the population about the proper behavior to adopt in this crisis. Second, the firemen of CSG, which were deployed to reassure the local community about containment of the risks, were wearing protective masks while telling the population that there was no risk whatsoever and that the only security measure to be taken was going back to their home, just in case.

> "We made the mistake of not distributing informative leaflets to the population of Sinnamary [a city near Kourou]. With the explosion, the launcher fell in that area. And

> the people, who had not received the leaflets, did not know what to do […]. The crisis management was a bit difficult […]. Thereafter the member of the parliament took things seriously and relayed the concerns of the local population to the government." (Senior manager of CSG)

According to members and representatives of the local community who remember the crisis, the management of the situation was chaotic:

> "I was there as I attended the launch onsite. [Following the explosion] there was a wavering of about 30 minutes where no instructions were given, the guests who were onsite did not know what to do, if they had to evacuate the building or remain inside. […] And neighboring schools did not receive instructions either, the teachers had no idea if they needed to send pupils back home or keep them inside. There were vague instructions to block every opened areas at homes, but when one looks at the local architecture, it is absurd as houses cannot be closed." (Former MP)

This mismanagement of the accident's aftermath revealed weaknesses in the security schemes within CSG. In the context of a crisis that, according to an interviewed MP, "generated a trauma" (2012), the government was publicly asked by a representative of the local community to create a Permanent Secretariat for the Prevention of Industrial Pollution, an institutional arrangement that had already been implemented elsewhere in France near places of high-risk industrial activity.

The members of this committee, which was implemented in 1997 and steered by the state representative in French Guiana, included the mayor of Kourou and the new MP, as well as representatives of various government agencies with competencies related to CSG activities (environment and industrial risks, prominently) and representatives from a local environmental organization. The government was responsible for organizing and facilitating the meetings of the committee, as well as for the reporting.

> "The agenda is determined by the [government agency responsible overseeing industrial risks at the local level]. But they do consult us" (Environmental engineer of CSG)

> "The [committee] met and I was invited to its sessions because the government required so. I attended a few meetings but in fact, the committee would mostly work as a smokescreen for years. […] Not only the committee was not a creation of CSG, but it never gave itself great ambitions. […] And on the first occasion, it scuttled." (Former MP)

Role of government: Mandating. In this phase, the government acted directly and created a committee in CSG to address serious security issues. The decision of the government to put the committee into place despite initial resistance from CSG was a strong signal to show that it was willing to constrain the space industry and to take seriously the security preoccupations of the local community.

Phase 4: (Re)conquest (Years 2000). The difficulties faced by CSG in the renegotiation period led it to reconsider its mode of engagement with local community and reframe it in a more proactive manner. (Re)conquering the tenuous trust of its local partners became an ambition that influenced various strategic decisions. The best illustration of this new direction is the creation in 2000 of *Mission Guyane*, an arm's-length organization that would coordinate the projects put in place by CSG to contribute toward long-term local economic development. Today *Mission Guyane*

is recognized by various local community groups as an important and structuring mechanism for French Guiana's economic development, a view shared by the majority of our interviewees. The average budget of this organization is 27 million euros per period of 6 years.

> "Prior to the creation of Mission Guyane, an internal study was conducted. Its conclusions were clear: if no serious action was taken, we were heading toward a social explosion. This generated awareness. Mission Guyane allows CSG to feel the pulse [of the community]. We play the role of a buffer, we alert and defuse. […] Our role is not neutral, it is sometimes decisive." (Project managers of Mission Guyane)

While CSG increased its involvement with the local community (e.g. philanthropic activities, intensification of local recruitment), various representatives of the local community and business bemoaned what they portrayed as lack of leadership from the government:

> "It is not the role of CSG to engage in partnerships [on these issues]. It should rather focus on its core business. It is the role of government to compensate for the shortfall." (Former mayor of Kourou)

> "I repeat: CSG is not the government. That said, we try to make our fair contribution. […] What needs to be done now? The government has to take things in hand, the local elected officials have to take things in hand, or to continue to do so" (Former director of CSG)

Apart from Mission Guyane, other projects launched during this era include various partnerships with research institutes, health institutions, industrial groups, and the civil society. In terms of communication directed toward the local community, CSG has innovated by sealing partnerships with local media, scientific community, civil society, and local representative of the education ministry. Yet, some people continue to express dissatisfaction with CSG's level of implication:

> "CSG hears and reacts [to local demands] but it is neither spontaneous, nor sufficient. There is not enough effort. CSG does not give the impetus, which is rather problematic for an activity of this magnitude." (Former MP)

Role of government: Accompanying partnership. After the period of crisis that led the government to mandate the implementation of CSR, a new period of partnership between business, government, and local community followed. While this fourth phase may seem to resemble the second phase, which was also characterized by a spirit of partnership, it is in fact distinct in terms of leadership. In fact, here, the leadership was assumed by CSG rather than government, which engaged in reconquering the local community, whereas in the second phase the government initiated the movement in an attempt to reconcile the local community with CSG.

Key Findings (1964-2014): The Role of Local Community Representatives

The detailed study of 50 years of business–government–local community relations sheds light on the significant change that occurred in configurations over time. As suggested by the data provided on the 4 phases of relations, representatives of the local community have played an active role in steering change in the wake of triggering events. They did so by seizing the opportunity offered by triggering events in order to mobilize specific resources aiming at bringing their claims into the political sphere: their access to forums, arenas and courts, which are distinct public spaces where public leaders can speak out and exercise their power (Bryson & Crosby, 1992). Table 2

shows how such forums, arenas and courts were either created or newly invested by local community representatives. In particular, we see that a very different set of public spaces is used during each configuration.

From phase I to II, in a context marred with violent incidents with legionaries, the then mayor of Sinnamary, the closest city near Kourou —that would later become the second 'space city' where Russian famous Soyuz rockets are launched— demanded that the financial benefits of the space industry be significantly improved and extended beyond the boundaries of Kourou. Two projects were identified by various respondents as clearly associated with his demands: Sinnamary 2000 and the PHEDRE plan, which were both initiated in 1989. These plans were designed with the intention to create the conditions for the space industry to have tangible and significant contributions for the local economy. New forums were created to allow representatives from CSG, government and local community to negotiate and implement the two plans. Although they were both later abandoned, the plans laid the groundwork for the initiation of future partnerships.

After a decade characterized by the multiplication of partnership initiatives, the explosion of a rocket in 1996 acted as the triggering event that led to phase III. During this phase, which highlighted the security breaches of CSG, a member of the parliament publicly demanded, on a few repeated occasions, that government intervene to ensure the safety of the local community. The national parliament in Paris became the arena where representatives of the local community would express criticism towards CSG (see National Assembly, 1996a, 1997).

And then a few days after the 1996 accident, an MP from French Guiana sent various written questions to the government urging it to take measures, by stating that "it is essential that the population is informed of the risks that these activities represent for public health and is preventively imbued with emergency measures to take in case of a major accident" (National Assembly, 1996b). Reflecting on these interventions of the MP, a senior manager assessed that the resulting creation of a forum to address the population concerns was imposed on them but then proved helpful:

> "And then there was the accident in 1996… The MP expressed her concerns in a rather active manner (smiles). She demanded that an independent and permanent structure be created in order to allow for the disclosure of information on our activities. It is a good thing that the structure was created. […] And then all this led us to elaborate new information leaflets, to organize new public presentations with the population. […] We had to do things better." (Senior manager of CSG)

TABLE 1
Configurations of Relations in the Enactment of Political CSR at CSG

	Phase I 1964-1985 Impeding*	**Phase II 1986-1995 Partnering**	**Phase III 1996-2000 Mandating**	**Phase IV Post-2000 Partnering**
Stakeholders involved locally	Government	Business, local community and government	Business, local community and government	Business, local community and government
Exemplar quotes	"The person who acted as director of CSG [before a director was formally appointed] was from the Army and the whole thing worked as a military base, everybody was working in a closed circuit. We build the base… and for the rest, we'll figure out." *First director of CSG (*European Space Agency, *2003a)*	"[The PHEDRE Plan was meant to initiate] an alliance, a support and a ripple effect without imbalance between French Guiana and the space industry" *Representative of the French state in French Guiana, 1989*	"The agenda of the meetings is determined by the [state agency responsible for environmental and industrial issues] but they do consult us" *Engineer of CSG, 2012*	"The Mission Guyane is responsible for the political relations with the rest of French Guiana" *Mayor of Kourou (1996-2014), 2012*
Materiality of the configuration	Expropriation decree (1965)	PHEDRE Plan (1989) Partnership for regional development–launched by the government and CSG in partnership with Kourou and Sinnamary	Permanent Secretariat for the Prevention of Industrial Pollution (1997)	Mission Guyane (2000)

Configuration categories based on Gond, Kang & Moon (2011)
*Category added by the authors

TABLE 2
Public Spaces Invested by Local Community Representatives

	Phase I 1964-1985 Impeding*	**Phase II 1986-1995 Partnering**	**Phase III 1996-2000 Mandating**	**Phase IV Post-2000 Partnering**
Triggering event	Creation	Incident with legionaries	Explosion	Vision/ Awareness
Forums where dialogue takes place	None	Partnership projects: Sinnamary 2000 Plan in 1989; PHEDRE Plan in 1989	None. Trust is considerably undermined	Partnership projects: Mission Guyane since 2000; various smaller projects (incubator, telemedicine, remote sensing station using space technology, etc.) Informational magazines
Arenas where opposed views are expressed	Local newspapers Workspace: strike in 1982	Workspace: strikes in 1989 and 1990-1991	Parliament	Parliament
Courts where conflicts are resolved by a legitimate entity	None – Government is judge and jury	None	Government: creation in 1997 of a permanent consultation structure through regulatory decision	None

Categories inspired by Bryson & Crosby (1992)

TABLE 3
The Role of Government in Political CSR

Relationship type	Description	Mechanism of coordination	Influence of corporations	Influence of the legal framework	*Influence of local community	Illustrations
CSR as facilitated by government	Governments provide incentives for CSR or encourage CSR through rhetoric	*Ex ante* governmental influence through the design of incentive systems and *ex post* encouragement through rhetoric	*Strong–medium* Governments contribute to CSR but it is mainly driven by corporations	*Medium* CSR indirectly shaped by legal intervention Indirect form of 'CSR through law'	**Weak* Emphasis is on CSR as good governance and initiatives come from corporations	Governmental subsidies, tax expenditures, imprimatur; socially responsible public procurement
CSR as a partnership with government	Governments and business organizations (and often civil society) combine their resources and Objectives	Various modes of coordination and interaction of government and business resources and strategies	*Strong–medium* State likely to influence weakly the content and strongly the process of CSR initiatives	*Medium* Indirect mobilization of the legal framework for shaping CSR	**Medium-strong* Local community likely to take part in and influence the process of CSR	Multi-actor institutions to deliver social goods or norms/ codes using some governmental resources (as above)
CSR as mandated by government	Governments regulate for CSR	*Ex ante* governmental framing of CSR initiatives through the control of outcomes or disclosure	*Medium–weak* State likely to influence strongly the content of corporate CSR initiatives	*Strong* CSR shaped by the legal framework; direct form of 'CSR through law'	**Weak-medium* Local community mobilization may provide the impetus for government regulation	French law on social reporting (NRE); UK Companies Act amendment
CSR as self-government	Corporate discretion independent of but alongside government	Absence of coordination, disconnection or coincidence of private and public initiatives	*Strong* Little state interference in CSR initiatives	*Weak* Typical case of 'CSR beyond law'	**Weak* Corporate discretion leaves local community with little leverage	Philanthropic contributions to society, strategic CSR

*Positive roles of government

*Neutral roles of government

CSR as a form of government	Firms act as if they were governments where there are government deficits	Firm level or through stakeholder processes/ institutions	*Strong* State power vacuum, delegation or substitution by CSR	*Weak* Corporations act as government 'CSR for law'	**Weak-medium* Power asymmetry but local community can easily target corporations to fill governance voids	CSR in pre-welfare state; post-privatization; global governance; new/ 'wicked' issues
***CSR as impeded by government**	*Governments impose the presence of firms and create asymmetry with other stakeholders which impedes the emergence of CSR	*Absence of discussion	**Strong* Firms can operate without any need to engage in CSR but tensions undermine their legitimacy over time	**Strong* Legal framework is used to allow for the maintenance of firms' activities without requiring any engagement in CSR	**Weak* Legitimacy of legal framework deprives local community from its capacity to dispute firms' activities	*Strategic projects, projects in post-colonial contexts or projects impacting marginalized stakeholders

*Negative role of government

Adapted from Gond, Kang & Moon (2011)
*Contributions of the authors

Government's Changing Role (1964–2014)

The case of CSG presents compelling evidence of the shifting role of government in the enactment of CSR at the local level. We show that in these changing configurations, government went from (1) impeding the emergence of CSR in the repudiation phase (1964-1985), to (2) leading CSR partnerships in the reconciliation phase following social tensions (1985-1996), then to (3) mandating CSR in the renegotiation phase following a major security breach (1996-2000), and finally to (4) accompanying partnerships for CSR in the (re)conquering phase (since 2000). It is clear from our data that the transition from one phase to another was triggered by crises in the relations between business, government, and the local community. In 1985 (move from repudiation to reconciliation), the tensions between CSG and the local community reached a climax with the aggression of random civilians in Kourou by the legionaries in charge of CSG's security. This aggression epitomized the limitations of reconciling the post-military mindset of CSG with a disenchanted local community. In 1996 (move from reconciliation to renegotiation), the explosion of the launcher, followed by failure of crisis management coupled with the emergence of newly elected representatives from the community led the government to mandate the implementation of CSR measures as answers to local concerns, aspirations, and needs. Finally, in the year 2000 (move from renegotiation to (re)conquering), the trigger is less visible but appears to be the conjunction of a few factors including the effects of the institutionalization of the dialogue between business, government, and the local community within the permanent committee; CSG's acknowledgment of the need to engage more systematically with the local community to prevent major social crises; and CSG's favorable financial situation. According to the current director of CSG, there was a momentum in the year 2000 and the outgoing director of the time was personally engaged in the creation of Mission Guyane, thus starting an era where the government is involving itself in CSR partnerships.

DISCUSSION

Previous works have discussed the political dimensions of CSR to undermine the very legitimacy of the idea behind it, either due to its alleged leftwing and collectivist underpinnings (see Friedman, 1970; Orlitzky, 2015) or, conversely, because of its claimed use as window-dressing to perpetuate business-as-usual and its structurally detrimental effects on marginalized stakeholders (see Banerjee, 2008; Frynas, 2005). The recent stream of political CSR, which has brought to the forefront such a discussion on business and politics, has only surfaced the question. Our empirical findings demonstrate that CSR is enacted not only by business firms through their interactions with local community, but also through the engagement of government. More specifically, we found that CSR is being enacted through the long-term interactions of a fundamental tryptic, namely business, government and (local) civil society.

If one accepts that CSR is inherently political, it immediately follows that government must be included in the equation as it remains the instrument *par excellence* for political action. So far, not only has research on the role of government in CSR remained scarce (Dentchev et al., 2014; Moon & Vogel, 2008) but it has concentrated on what we can describe as a positive or neutral role of government in promoting CSR (see Gond et al. 2011; Midttun, Gjølberg, Kourula, Sweet & Vallentin, 2015; Moon, 2002; Moon & Vogel, 2008). In their model of business–government configurations around CSR, Gond et al. (2011) provide a typology for such positive and neutral roles of government in stimulating CSR. Positive roles include facilitating CSR, mandating CSR or partnering for CSR. Neutral roles involve leaving CSR flourish either as a form of government

because of state incapacity, or as self-government in cases of philanthropic contributions that do not interfere with the public sphere. What our findings show is that in addition to the positive and neutral roles already theorized, government can actually play a negative role by impeding the emergence of CSR. Such a finding refines Gond et al.'s (2011) typology (see Table 3). We not only add a negative role – i.e. CSR as impeded by government – but we also describe the role played by local community in the various configurations of relations. The former contribution displays horizontally while the latter is shown vertically with the addition of a column presenting the influence of local community. Our contributions to the original model are identified with an asterisk.

We argue that the negative role played by government is particularly salient in the context of strategic activities, as in the case of the space industry, which is a rather extreme example of a strategic activity. Better understanding the role of government in impeding the emergence of CSR is critical, as there is a wide array of strategic industries in which both business and government are involved. Other strategic activities can be found in a variety of industries such as, among others, major hydroelectric or mining projects. In their recent contribution, Wood & Wright (2015) convincingly argue that despite claims that government is retreating, there is in fact a resurgence of state intervention in the realm of markets, a phenomenon that they label "new statism".

The second contribution follows the adoption of a definition of local community which views it as being embedded in a broader institutional context, namely the national context. This view of local community allows us to consider the role of elected representatives in changing the relations between business and local community through their intervention in public spaces to initiate new conversations. Local representatives especially created new platforms and mobilized windows of opportunities that followed crises of legitimacy.

The third contribution of the paper stems from our empirical observation that the configurations of relations between business, government and local community tell a story of change that sheds light on the process of enactment of political CSR. The case of CSG provides compelling evidence that the sole phenomenon of globalization cannot account for the shifts observed. Such a finding is consistent with Djelic & Etchanchu (2015) who challenge the "strong globalization thesis" (Mäkinen & Kourula, 2012) that undergirds political CSR by arguing that business involvement in the political sphere is an old and enduring phenomenon. Our findings complement Djelic & Etchanchu (2015) by underscoring the role played by local dynamics. In the case of CSG, local dynamics are at play as it is at the local level that triggering events took place to provide the impetus for change.

What we argue is that while these triggering events opened up new opportunities to renegotiate the local involvement of CSG, what allowed for change to take place are activities through which elected representatives of the local community invested and redefined new forums, arenas and courts. In order to analyze how local community representatives mobilized different "spaces for conversations and decision-making", we build on Bryson & Crosby's (1992) definitions of three archetypical places where power is exercised by public leaders, namely forums, as spaces where dialogue and sense-making occurs; arenas, as spaces where opposed views are expressed; and courts, where conflicts are resolved by an entity whose legitimacy is recognized by all the parties in litigation. The role of representatives of the local community has been that of transforming triggering events into windows of opportunity to renegotiate the political CSR of CSG. They did so by mobilizing the resources they had access to because of their elective office (e.g. use of question time during parliamentary sessions; imposing of municipal precedence over certain matters to control CSG's activities).

Limitations

This article presents the results of an exploratory study undertaken in a unique setting. Three particularities are especially important to address when considering the transferability of our results. First, French Guiana is a very peculiar context. While it is a part of France and, therefore, of the European Union, it is also a territory that has strong attributes of developing countries (e.g. limited industry, undiversified economy, high unemployment rates). One of the consequences of such a contrasted situation is that business organizations face demands about basic needs, while simultaneously having to engage with a government that can impose regulation and intervene in CSR. Another feature of this setting is the lack of organized groups from civil society. Theorizing business–local community relations is therefore challenging. Second, the space industry is not an ordinary one. It is highly regulated; requires governments and governmental agencies' implications; involves intergovernmental cooperation, which adds layers of complexity. Third, because our study is based on a single case, it is exploratory and requires further research to confirm the insights yielded.

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END NOTES

[1] In the French administrative system, the Département is a level of local government between the Région and the Commune. But in the case of Overseas Départements, which is the case of French Guiana (and Martinique, Guadeloupe, La Réunion, and, more recently, Mayotte), the same geographical area has the status of both a Département and a Région, which means that there is a complete overlap between the two.

[2] Italics are used for quotes from interviews.

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