A Critical Review of the Firm in Africa

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I. INTRODUCTION

When scholars in the West write about the firm in Africa, they easily take three concepts for granted. There is the tendency to consider the African firm universally and abstractly, without properly analyzing the contextual factors that surround and comprise the environment in which the firm operates. They ignore the contextual factors that alone give meaning to the firm's myriad of actions, purpose for making profit, and contribution to economic development in concrete historical and cultural situations. Second, they presume that everybody understands what the firm is or knows the boundaries of the firm as distinct from the owners and from society. Also when they talk about the social or public responsibility of the firm they presume that the African manager knows what the "public" or "social" is in the phrase "social" or "public responsibility." These assumptions are misleading and ethnocentric. As Claude Ake (1996:14) would say, many scholars have confused the word for the thing. When they use the word, "firm," they immediately give it the content of their historical experience. Indeed having named it and given it this content, they feel they have settled the question of what it is beforehand. They conflate experience and reality, form and content, because their knowledge is tied to their language.

However to talk about the firm in Africa is to butt against the meaning of the word, "firm," and grapple with important contextual factors that give it meaning and affect its purpose. This paper attempts to correct some of the misconceptions about the African firm by revealing and explaining the fundamental contextuality of the firm in Africa. If this task is executed well it will show why attention and priority need to be given to local knowledge and perspective in dealing with business strategies. This paper also hopes to help its readers understand the African business mindset by analyzing insights about the meaning of the firm in Africa. On the whole, the insights which are derived from understanding the living context of the firm in Africa will help foreign businesspersons better comprehend the African business environment and

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enable Western business schools to more effectively train their students to perform at a higher level of efficiency in African markets.1

II. WHAT IS A FIRM?

The firm in America is an organization that undertakes economic activities for profit. The boundaries of the firm are defined by the market, technology, nature of transactions, and the need to economize on transactions. The boundaries are delineated by law since the firm is given a distinct juridical personality, essentially separate from its owners in terms of limited liability and its perpetual life. The separation of the owner and firm is not just a legal construct; the firm is also perceived—given the mechanistic nature of Western thought and culture—as distinct and having a different personhood from the owner. Furthermore, the owner of a Western firm considers the firm as private property. Ownership implies control and power to alienate. The property and the owner are not the same.

If one applies this raw notion of the firm in the United States in its entirety to the African environment, a fundamental error will be committed. By insisting on such an idealized definition of the firm, one gains only a narrow vision of the firm in Africa. To provide a more realistic analysis, we must focus on a broader and deeper level of meaning that is more rooted and representative of the African society than the rather constricted notion of the firm in America. The firm in Africa not only encompasses all the basic elements of the American firm, but also transcends it. The firm is not just a private property; it is an extension of the owner and the veritable externalization of his personhood. The firm is not a separate entity individuated from the owner. The corporation is not necessarily seen as an artificial creation of law that uses its derived resources to

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create profits. The firm is essentially the owner in a special form. To speak of a man or woman as an owner of a business is to convey that it is him or her who, by being clearly tied to it, has given it its distinctively human character and has derived from the association with the business his or her own distinguishing qualities. (Rosen 1984: 24) Yet it is pertinent to mention that the owner-firm relationship is not a mystical union of the owner and the firm.

The very idea of self and firm is conceived in social terms. Individuals in Africa identify themselves by their social relationships. An entrepreneur does not regard himself/herself as an independent entity, for interpersonal relations are part of himself or herself. He/she is not an autonomous unit of action in the society; he/she is not one who regards his relations with every other person as something out of the boundaries of the self. The characteristic feature of the African firm (qua the traditional entrepreneur) is that it uses personal idioms in its analyses, focusing on human relations, people activities and defining competition in personal terms. All this tells us that the boundaries of the African firm are cut not only by law, market, technology, or transactions, but also by the self and the social relations of the owner. The firm is not viewed "as an autonomous phenomenon with its own dynamics and a high degree of independence from social and psychological processes at other levels," but is viewed "as shifting patterns of groupings and activities with uncertain boundaries and contingent existence influenced by other factors." (Wilmot 2001: 163)

We have tried to argue that the individual is the firm and the relations between the firm and the owner are personal, individualized, and conterminous—undermining any Western concept of impersonal and formal economic relations. The question that suggests itself here is this: If we are not really dealing with two persons or entities (owner as separate from firm) but one person in dual manifestations, should not responsibility only adhere with the owner, and not with the firm? To cast the last point in Kantian terminology, we will say if the traditional firm is not distinct and autonomous, if its actions are not subject to its will and decisions, and it is not an end itself, then the idea of corporate social responsibility as against entrepreneur responsibility does not make good sense.

This is not all. The firm is also often seen as a proxy for the community (the ethnic group of the owners). An understanding of the local meaning of the corporation in Africa requires a close inspection of the context in which the firm is personalized and the self is incorporated and "publicized." The commingling of boundaries and antimonies of form and content are also evident in public offices. "Positions that seem to be held by persons are in fact held by kinship groups; at one point the public is privatized and at another the private is "publicized" and two or more political systems and political cultures

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2 I have borrowed Rosen's description of the Moroccan Arabic word, "mul" which is rendered "owner" to describe the relationship between the owner and the firm. A study of Rosen's work will certainly convince the student who is conversant with the meaning of the firm in Africa that both cultures (Arabic and Sub-Sahara) treat ownership in similar ways.

3 "Is" here does not mean mathematical equality.
in conflict may coexist in the same social formation” (Ake 1996: 14). It is indeed a Herculean task trying to map the boundaries of the firm in a social-economic environment where the public is privatized and the private is publicized, where the social formation is characterized by hybrid and unique configurations.

III. THE FIRM AS A KINSHIP ORGANIZATION

One of the first features that will strike an observer in an African firm is that employees and owners are held together by strong family ideology. The owner does not see the corporation as an exogenous entity separate from the family, put in place by a legal contract. The corporation is at the same time his family that is run as a corporation but is regarded as a big family. Kinship provides the basis for trust and obligations. Trust and obligations are graded and reduced in intensity as one moves from the immediate family. Family takes precedence over any other social ties and associations. Whereas a manager/owner and his family members trust themselves and work cooperatively, very weak bonds exist among people unrelated to one another.

As part of this family ideology, the boss or owner is involved in the life of the employees. He must endeavor to show up at marriage ceremonies, births and funerals. At these occasions he is expected not only to share the feelings of the immediate families but also “advertise” his affluence, which serves as a confirmation of his business competence and the viability of his operations. All this may help to attract potential customers and business partners to him.

Owing to the role of social kinship indicated above, the analysis of the African firm requires delineation of the tension between market rationality and welfare or altruism. There are two extremes in the sphere of decision-making in the modern African corporation. The corporation is seen either as a welfare organization or as a profit-making machine. When a corporation is conceived or treated as a welfare organization the manager abhors strict profit rationality in the administration of the firm. At this end, the manager makes decisions based on full consideration of harmonious relationships within the corporation and between the firm and all its stakeholders. His decision is influenced not by dollar-and-cent calculations *per se* but by the need for loyalty, deference, relationship-building and maintenance within the firm. The manager sees his/her role and that of the organization as the maintenance of people employment and promotion of employee happiness and self worth.

At the other extreme, the African management thought system approves and pursues profits and encourages formal rationality. In this respect, the corporation is run to produce profits. The manager takes his or her decision regarding each person in the firm as instruments, as means, to achieving his or her end. At this extreme his decisions are characterized by means-ends practical reasoning. Obviously the two poles are in conflict with each other. The African manager’s decision-making milieu is indeed a forced amalgam of distinct and warring forces. The conflict centers on the welfare of employees and the manager’s network of clientele in juxtaposition to the value creation purpose of
shareholders. One way African managers handle this conflict is by demarcating their value domain to emphasize one norm over the other at a particular moment in time, allowing decisions to fall somewhere in between the two ends. Indeed, management is a virtuoso balancing act between these two opposing forces.

The questions that arise at this juncture are these: Why does the African manager not focus exclusively on making profits, which is the main purpose of the firm? Is it not dereliction of duty or sheer incompetence or gross confusion for the manager to be stretched taut with conflicting norms? The African conception of the self and community, which have been highlighted above, might shed light on the matter on hand. The upshot of the relationship between the individual and his or her community, which creates and sustains the tension between market rationality and altruism or welfare, is this: The individual is not conceived of as a sovereign agent, an individual set apart from his or her community. The self-definition of the individual is heavily dependent on his or her community and the shared experience of everyone in it. The individual is bound by the community and conceives his or her identity as defined by the community of which he or she is a part. The community is not an association he/she chose to enter as a sovereign agent, it is not a voluntary association that gives him/her an innate right to choose his/her ends or relationships, but it is a constituent of his/her identity—and attachment to the selfhood. All this is not to say the manager is programmed to always pursue communitarian aims, but to point out that if the emphasis in the West is on “moving up,” in Africa it is on “fitting in” and sublimation of individual interests to take account of the obligations to the community.

IV. THE FIRM AND ITS ‘TWO-PUBLICS’ RESPONSIBILITY

The above discussion may suggest that the African firm, being so embedded in social or kinship relationships, should not have difficulty fulfilling its public obligations to society as in the concept of corporate social responsibility. This is a misleading impression. The word “social” or public" is not an unequivocal concept with the same concrete meaning in Africa and elsewhere in the world.

The meaning of social, society, or public is also problematic in understanding the firm in Africa. Take Nigeria for example, there are two publics—the communal and civic. The communal or ethnic is considered moral and beloved. The other is amoral, hostile and largely hated. The primordial one because it recognizes the worth of her personhood and citizenship; the individual in it feels a sense of citizenship and membership in a community. The individual is morally linked to the society and she sees her duties as moral obligations to benefit and sustain a community of which she is a member. On the other hand, the civic public, primarily imposed by British colonialism and its apparatus of coercion which refused to recognize the worth or citizenship of the individual, has no moral link with the individual. The individual steadily being attacked by the state is alienated from the state and her attention is focused more on the primordial public, such as kin and ethnic groups, which are independent
of the state (Ekeh 1975 and 1990). Unlike the attitude of cooperation in the primordial realm, the attitude towards the civic realm is purely materialistic and exploitative, and the individual experiences no moral urge to give back to the civic realm in return for its benefits. In fact, the individual is obliged to draw resources from the civic public for the benefit of the primordial community (Ekeh 1990 and 1975).

The two publics are governed by different sets of morality. A politician or bureaucrat in the public sector is expected by her ethnic group to use her position and status to draw (steal, embezzle, misallocate) resources from the establishment and polity to meet the needs of her corporate ethnic group. She is the representative of her village, clan, or ethnic group in the public or “other” world. As a representative of her people in the violent and rapacious world of the modern African state, she must conquer and bring home the spoils of the office. She is only criticized when the loot is not spread around. The same people that turn a blind eye to the brazen acts of corruption by their “countrywoman” would vehemently condemn a public servant from another ethnic group if it were noted that he stole public money. The same people will also not take it kindly if one of their members misappropriates the clan’s money.

Indeed, in Nigeria as in most parts of Africa, the state and society have drifted apart (starting in the era of slave trade, intensified by colonialism and exacerbated by post-independence politics). The forces of the state, which refused to recognize her worth or citizenship, have steadily attacked the individual. The terms of exchange between the state and the individual are ill-defined. The individual is alienated from the state and her attention is focused more on the primordial public, such kin and ethnic group, which are independent of the postcolonial state (Ekeh 1975 and 1990).

It is necessary at this juncture to recap some of the salient points already learned about the African firm and its environment. There is the lack of proper demarcation between the self and the firm, the nebulousness in the meaning of the firm, the bifurcation of the public or civil society, and the absence of a harmonious relationship between the state and society which makes it difficult for the citizens in Africa to see the state as a public good with which they can identify. All these have serious implications on understanding the social responsibility of the African firm. There is no space to adequately address this connection. It suffices to pose a set of crucial questions which may be tackled in the future. The first question is: does the African firm have any obligations to give something back to the public on a discretionary basis? This question itself begs another question. How does the analyst define the African firm that has to be socially responsible? Is the firm socially responsible when it has discharged its obligations to its ethnic or communal public (that is the community to which the owners belong) and has neglected the larger civil society? Or has the firm satisfied its social obligations when the owner in his/her personal capacity has fulfilled his/her commitment to the civil society?

Indeed, what does it mean to say the firm—qua African firm—has social responsibilities? Is it the individual proprietor, the corporate executive, or the business that is responsible? Given the indigenous meaning of the firm, is
the corporation still a social compact tinged with a public purpose as in the United States, or is it strictly a private entity that does not bear civic realm obligations? Put differently, if the corporation is not distinct from each of the individuals that happen to fill the social roles that its internal rules and culture define, can we realistically say the corporation itself is capable of bearing legal and moral obligations (William Allen 1992: 265)? Do not get me wrong. I understand that the corporation came into being as a legal entity with public facilitation and governmental concurrence. The African proprietor understands this point as well, but such comprehension does not demand that he forgoes the idea that his business is a special form of himself.

As will be seen below, it is not only the relationship between the firm and its public or state that is vexingly problematic, but the firm itself is a state. This is the focus of our next discussion on another aspect of the fundamental contextuality of the African firm.

V. THE FIRM AS A STATE

The firm is also a state in Africa.4 This is because of the history in Africa and the massive failure in infrastructural development. Many modern African states or governments started as arms of corporations. Take the pre-colonial history of Nigeria, Africa’s most populous country, for instance.5 The British government brought an increasing range of geographical territories, economic activities, and powers of government, under the control of the Royal Niger Company, notably by granting charter powers by means of state powers. The Royal Niger Company was given charge of the overall economic development of the territories granted to it. The Nigerians (merchants), whose political and economic territories were carved up, were not happy. There were attacks against The Royal Niger Company. The company dealt with the tide of popular discontent among Nigerians by enforcing conformity through coercion. The big trading company, which had its own security forces, used coercion to restrain political and economic rivalry and competition. Political power became a means to economic power. Economic competition now assumed the characteristics of warfare and paved the way for the ascendancy of the rapacious, violent, colonial state with absolute and arbitrary power. It is very important for us to understand this phase of development of the corporate organization in Africa: the monopolization of economic powers, the political and military character of accumulation with companies functioning as the state,


5 The experience of Nigeria is quite representative of other countries in Sub-Saharan Africa. Most modern African states were created by European colonial powers. The colonizing powers were in most cases preceded in Africa by their commercial agents. This fact is widely known in scholarly study of Africa’s past.
and the close link between the state and commercial enterprise. Herein lies a great key to the understanding of management and entrepreneurship in postcolonial Africa.

Thus, today we should not be surprised when we hear that the Nigerian Police Force is the often-preferred means of settling industrial disputes in the country. Sola Fajana studied the resolution of industrial conflicts in Nigeria from the colonial times to 1986. His study reveals that the police have been highly effective in bringing strikes to an end. Nigerian managers prefer to call in the police to settle industrial disputes rather than to negotiate with workers. (Fajana 1992)

Today, many petroleum exploration companies in Nigeria have their own private, armed police force (such as the “Shell Supernumerary Police”) or a detachment of the Nigerian Police stationed at their facilities. These forces have not only harassed employees, but have also intimidated oil communities for protesting against environmental degradation and pollution. On November 1, 1990, while the people of Umuechem in Rivers State (Nigeria) were asleep after two days of protest against Shell, the largest oil producer in the country, The Nigerian Police, invited in by the powerful company, killed eighty persons. (Judicial Commission 1991: 12, 14, 22 and appendix G) In May 1998, 120 young men climbed onto Chevron’s Parabe platform, off the coast of Ondo State in Nigeria, shutting down production and taking some company staff hostage for several days. In response to this act, Chevron called for the intervention of security forces, and provided three helicopters to fly the navy and a paramilitary force, the Mobile Police Unit, which killed two of the unarmed protesters. Seven months later in another conflict in another community state security forces invited by Chevron killed dozens of villagers and wounded many others. (Manby 1999)

Shell and Chevron not only exemplify the over reliance of Nigerian firms on security cooperation in dealing with labor disputes and community protests, but they also show the characteristics of African firms as states as well. Shell and Chevron have their own hospitals, mini-water works, power generating systems, and other types of “public goods.” Many other firms, much smaller than these multinationals, in a sense do their business as states as well. In a World Bank survey of 179 manufacturing establishments in Nigeria, about 92 percent had their own generators to supplement the inadequate supply of electricity by the state agent. In terms of boreholes or artesian wells, 44.1 percent of the firms surveyed did not rely on public supply of water. Firms also had their own radio equipment for communications, and vehicles and motorcycles for the shipment of goods. The percentage of firms having vehicles for workers’ transport was 26 percent. Many firms also provided their own garbage disposal systems. (World Bank) According to Lee and Anas, whose articles relied on the World Bank survey, the total share of capital investment in private infrastructure (including generators, boreholes, radio equipment, motorcycles and other vehicles) was 14 percent of total capital. (1999: 2135)

The massive public infrastructure deficiencies not only force companies to act like states, but they also affect companies in more ways than
just the inconvenience of providing public goods. For instance, firms seldom relocate, even when there may be better market opportunities elsewhere, due to high switching and setup costs related to capital investment in utilities. Of the 179 firms surveyed only two percent indicated that they had moved from another location. According to Lee and Anas:

The absence of mobility is striking considering that the average annual moving rate in large cities in other developing countries such as Seoul and Bogotá is about 5 percent. The relative immobility of Nigerian firms is consistent with the fact that the capacity, regularity and quality of infrastructure vary from bad to worse within and across cities. This tends to limit the gains in infrastructure quality that can be achieved by moving to new locations. (1999: 2140)

In the preceding discussion, we have examined the African firm as state in the sense of its control of coercive forces and the provision of public goods. This view of the firm must be quickly supported by an analysis of its crucial relationship with the real territorial and political state (government). Anyone who is familiar with doing business in Africa will easily agree that it is risky and dangerous to do business without the patronage of the state. This is because not only is the power of the state absolute and arbitrary, but the government often controls a large portion of the society’s surplus as well. In this kind of an environment, economic success and personal security and welfare depend on access to state power. To quote Claude Ake:

To become wealthy without the patronage of the state was likely to invite the unpleasant attention of those in control of state power. For any one outside the hegemonic faction of the political elite, it was generally futile to harbor any illusions of becoming wealthy by entrepreneurial activity or even take personal safety for granted. For anyone who was part of the ruling faction, entrepreneurial activity was unnecessary, for one could appropriate surplus with less risk and less trouble by means of state power. (Ake 1996: 7)

This is certainly not conducive for economic development, but it is in this context that managers and entrepreneurs must work. One of the fallouts of this unfriendly context is the adoption of corruption as a management practice in Africa. Corruption in Africa is not just a matter of the willingness of corporate executives to bribe state officials or to accept gratifications for performing duties they are paid to do. Corruption is also a function of the limited
development of productive forces and commodity exchange, as well as the behavior of African capitalists. Corruption is particularly linked to the limited commodification of the continent's economy, which makes the appropriation of surplus by non-formally equal exchange possible, and the limited autonomy of the state. When exchange and appropriation of surplus in a capitalist society is not done by the market, through the mediation of commodity exchange, surplus has to be appropriated by political power, at the point of making political decisions to collect for the state to transfer resources to it. (Wariboko 2002) (Mbaku 2003)

VI. THE FIRM AND ITS STATE

In most of sub-Saharan African societies, business and politics are woven together. Wealth is necessary to build political structures and power bases. Political power is necessary to acquire more wealth. By all indications, entrepreneurial activity is unnecessary in accumulating surplus. One can make all the desired profits and accumulate wealth with less risk and trouble if one has access to state powers. One does not really need to articulate any managerial philosophy, set up proper management structures to coordinate and monitor the flow of activities, or plan for efficient allocation (spatial and temporal) of resources. The entrepreneur does not need to make investments in production, marketing and management to create and maintain competitive capability.

This presents a serious, if not deadly, dilemma for the manager in Africa. Caught in the struggle for survival in a capitalistic environment that does not often promote capitalistic behavior, the entrepreneur can afford, therefore, not to focus attention on building managerial hierarchies and addressing management philosophy. However, he cannot abandon the idea of management either. The entrepreneur or manager cannot abandon it because at a minimum, it is seen as the means by which to reproduce wealth someday outside the corridors of power. More importantly, corporate management helps to bring some kind of coherence to the various fragmented contracts an entrepreneur has to execute for the state. In this circumstance, the real response of the entrepreneur is to make a token gesture towards the idea of management by employing a team of professional managers. This is because a firm's fortune is not essentially defined by its ability to solve problems and run internal administration, but by its capacity to direct both personal and corporate resources towards opportunities for profit. (Berry 1985: 10)

Why has management in Africa taken this kind of turn? To understand this, one has to examine the ruling elite's lack of strong material base, especially immediately after independence from Western colonial powers. During colonialism, Africans were, by and large, denied access to wealth. In order to strengthen its material base, the elite that took power from the departing colonialists had to quickly find ways to appropriate more of society's wealth. This precluded the usual method of private capitalist investments, risk taking and exploitation of profits, given the urgency of the situation and the relatively
small size of the capitalist enclave. What was the most efficient method in the short run was the use of state power to engage in coercive expropriation of economic surplus or the means of production. The objective and characteristics of the ruling elite did not allow it to behave capitalistically in the classical sense of the word, but forced them to specialize in the maintenance of the political conditions necessary for the accumulation and appropriation of surplus by political power rather than commodity exchange.

However, this is not to say that there are no management practices existing within the firms in Africa. In fact, the preceding analysis functions to effectively paint the background in which corporate management takes place in Africa. The management styles existing in African firms offer a very interesting phenomenon for analysis.

VII. THE FIRM AND ITS MANAGEMENT STYLE

The African manager is a tapestry of very ancient and modern threads—a complex creation in transition, in search of a real identity. He has style or panache if you prefer. There is a certain mode of expression, execution and action, and personality about him. Management is not characterized by a deliberate process of analytical rigor and logic, but largely by intuition and ad hoc responses to immediate needs. The essence of his decision making is not to collect data, analyze alternatives, risks and opportunities, and then proceed deliberately. To him the management process must not be logical, systematic and comprehensive. He studies alternatives and opts for the one that brings him closer to his goals. He is opportunistic, and successively refines his decisions. Given the short-term orientation and relative unpredictability of events in his politico-business environment, his practice and priority is not to regularly provide strategic vision, state strategic intent and control the strategic priorities of his organization. He does not put much premium on managerial hierarchies either; for his objective is not to set up an elaborate and complex strategy—structure—system framework to minimize errors and human idiosyncrasies by creating a complex division of labor in the organization, or by narrowly and carefully defining and delineating functions.

Another crucial aspect of the management style in Africa is high “power distance” among executives and subordinates. “Power distance” reflects “the extent to which society accepts the fact that power in institutions and organizations is distributed unequally” (Hofstede 1980: 45). This concept attempts to indicate the extent to which centralization of authority and autocratic decision making are acceptable to members of an organization. In a low power distance culture such as the United States, workers consider executives to be “people like me” and vice versa, and the general attitude does not support large imbalances of executive status and power. In a high power distance culture such as Africa, executives do not consider subordinates as “people like me.”

Inequality in organizations is played up as much as possible, and they do not necessarily accept workers’ participation in decision-making.

Space constraint will not allow us to examine many other areas of African management style. It suffices to look at “management by results.” African managers often show lack of interest in following bureaucratic norms and prefer to bypass procedures. On a first impression, this behavior pattern appears to negate operational efficiency. On closer examination, such conclusions reveal a lack of understanding of the management style of Africans. Employees are managed by results and not by controlling how they work and when they work. Managers rely on “after-the-event-control.” The managers usually do not specify the details of what has to be done. They only indicate the boundaries of discretion of each worker. Charles Handy has carefully explained this management style and indicated that it is the way forward for modern organizations in the twenty-first century (Handy 1990). He called the system the philosophy of inverted doughnut. According to Handy, this system of management requires that to encourage and promote responsibility and initiative, work need not be precisely described and defined. All that is necessary is the boundary of discretion and the criteria for successful initiative. In this managerial environment, the: 

manager must learn to specify the measures of his success as well as the signs of failure and must then allow his or her people the space to get on with it in their own way. The ... manager has to be a teacher, counselor, and friend, as much as or more than he or she is commander, inspector, and judge. It is a major change in our way of managing” (Handy 1990: 132).

As Wariboko has argued in another work, management-by-results as style of management in Africa is related to the exigencies of pre-colonial long distance where a merchant had to rely on his junior traders scattered over a large territory to make the right decisions in a timely manner (Wariboko 1997: 65). It may have its origin in the absence of writing in (most) traditional African cultures. Without writing to precisely describe, define and fix it forever, managers in pre-colonial business institutions could only operate by a system that promotes responsibility and initiatives. All that was necessary were the boundary of discretion and criteria for successful initiatives. JoAnne Yates demonstrated that the rise of managerial hierarchies and systematic management in the United States is related to the passing away of the informal and primarily oral modes of communication and the consequent movement into a complex and extensive formal communication system depending heavily on written documents of various sorts (Yates 1989: 1-4). Internal written communication and systematic management have been the way Western managers have controlled the methods and therefore the results of work.
Generally speaking, the modern (Western) manager does not believe in "after-the-event control." He emphasizes control and predictability as he sees his organization as a gigantic piece of engineering in which every part obeys some innate rules of mechanics. Thus, as Handy asserted, most Western managers feel more comfortable when work is clearly and closely defined, when they can control the individual and when they "control the methods and therefore the results, the means and not the ends" (Handy 1990: 131). In general, the literature on management and management practice is concerned with the search and techniques of "how best to control people, information and other resources in the light of continuous change and uncertainty" (Gabriel 1996: 1). As Yiannis Gabriel stated, "standing as the guarantor for order, predictability and reliability, control has become virtually co-extensive with what most managers understand by organization" (Gabriel 1996: 1).

The pre-colonial African entrepreneur, living in a recalcitrant environment that is unpredictable and untamed, has his focus on how to control his environment and relies on human relations to fill in the gaps in the organization. In the West, given its mechanistic mindset and man's better control of his natural environment, it is human relations that are relatively more recalcitrant, and therefore the focus is to control man. Employees' behaviors are to be controlled and commanded like machines. On the other hand, the focal goal of African 'non-mechanistic' management style is to control the environmental forces and to capture employees' attention and interest.

VIII. THE FIRM AND ITS STRATEGY

The African concept of strategy is not one great plan, made by a great mind, fitting resources and capabilities to opportunities. Rather, it is the flow of small, innumerable, incremental decisions made to stretch the organization's resources, to beat the competition, and create sustainable competitive advantages. Africans are apparently not under the sway of the strategic model that argues for maintaining strategic fit, downsizing ambitions and goals to match resources, and finding a fit between resources and opportunities being pursued. Their approach is to create new spaces (economic and geographical) that are well suited to their aspirations. The concern is that of leveraging and stretching existing resources to attain seemingly unreachable goals.

Lacking the huge resources of their Western counterparts, African entrepreneurs plunge into business with little or nothing and grope their way through. Mamadou Diomande, impressed by West African entrepreneurs who wring out success despite austere starts and desperately limited capital or resources, concluded that there were lessons entrepreneurs in the United States and developed countries could learn from the experiences of entrepreneurs in West Africa (Diomande 1990: 191-200). Whereas the sheer availability of resources in the West encourages Western entrepreneurs to "oversource and wastefully use resources that are not really needed," West African businesspersons often plunge into business with minimal resources (Diomande 1990: 191). Operating in a resource-starved environment, the would-be
entrepreneurs, or indeed all the entrepreneurs in the region, are forced to redefine the concept of resources. Resources are not just equipment, tools and finance capital, but strong social relations. Resources are social assets and social capital. Accumulating strategies, as Sara Berry shows in her study of Yoruba farmers and mechanics, depend on kin, seniority, patronage and access to the state (Berry 1985: 10-11). The object is to secure access to and control over resources (wealth-in-people, opportunities to secure assets from friends and relatives, patrons and clients) rather than market relations.

Defining a strategy against a competitor boils down to placing him at a social position within the structure of society and assessing his social ties. Means are then designed to contain his threat. In formulating competitive strategies about how to deal with other firms (which we have seen are regarded as people or extensions or externalizations of the owners), the inquiry starts with the place of the person in the structure of society, his "spatially bounded negotiations and networks," and ends with a territorial based classification of the person. The question most African entrepreneurs will first ask a person or competitor is "where are his origins, where does he come from, who are his parents?" Africans do not place people, friends, and competitors or opponents by asking what they do for a living, or what their niche is in the chain of production and distribution. They would not start an analysis of a competitor with a determination of his core competence. Such questions about production do not reveal the social ties of the person that supposedly defines a person; they do not give a sense of the predictability about the person’s behavior; and they would not show what kind of ideology the person upholds.

Competition is often seen in personal terms and assumes the character of warfare. The sense of competition includes the context of the relationship. Competition is not simply defined, once and for all, as one legal entity versus another engaged in a struggle to claim society’s resources, but is something that is constantly redefined according to the nature of the social relationships (of people and their activities) which make the struggle sensuous. Competition is not just one corporation versus another corporation, but people, sentient beings, pitted against flesh and blood.

IX. CONCLUSION

The institution of the firm has historically acquired distinct flavoring and character as it is worked out in different cultural contexts and economic environments. This is nowhere more true than in Africa as the above analysis has cogently demonstrated. The firm in Africa and its management style reflect the cultural, political, and economic background of the continent. By clearly revealing the major institutions and elements that constitute the operating context of the African firm, this paper has raised the importance of conducting an analysis of any local management system that takes full cognizance of its fascinating background. It also shows that the motivations of the African manager go beyond the generation of profit. Managers recognize goals other than exclusive profit performance. Success and profit must have communitarian
sanctity. The universal doctrine of market rationality is clashing with altruism or lingering peculiarities of pre-capitalist social structures.\footnote{For a light treatment of the effect of the clash African culture and Western management principles see Katherine M. Gardiner, “Managing in Different Cultures: The Case of Ghana,” in The Handbook of Human Resource Management, ed. Brian Towers (Oxford: Blackwell Publishers Ltd., 1996); and C. O. Nzelibe, “The Evolution of African Management Thought,” International Studies of Man and Organization 16, 2 (1986): 6-16.} There are four major implications of the analysis in this paper. The first matter concerns the cultural issues, tensions between market rationality and altruism, the state-corporation relationship, and the historical antecedents which underpin the managerial life and strength of the modern African corporation. These factors under gird all that lies beyond the boundaries of the directly observable financial records, extensive management education and managerial hierarchies. For the usual competitive analyses, financial ratios, and other tools used to measure performance are often woefully inadequate in understanding the management reality of any African firm. Africa’s management thought postulates that even though economic decisions are to be driven by market rationality, they are conditional on and embedded in structures of social relations. In such a context the management process must not be logical, systematic, and comprehensive, but proceed with the improvisation of a skilled jazz instrumentalist.

Second, since the firm is a socially constructed phenomenon, situated in the bifurcated African public sphere (the coexistence of two substantive publics, the primordial and civic), and there is no easy way to know the public to whom the firm owes its obligation, there is an urgency to redefine corporate social responsibility (CSR) in the light of the local environment and not to transfer unreflectively the Western concept of corporate social responsibility to the continent. There are owner-citizenship issues in understanding the firm in Africa with regard to its corporate obligations to society. Absent a single political community, Western advocates of conventional CSR cannot use the concept of community, as they have done elsewhere, to “privilege” their point of view or achieve rhetorical hegemony. Any attempt to “privilege” their arguments in the name of the community or couch their arguments in the community interest creates a rhetorical clash over the definition of community. Given the lack of agreed zone of meanings or shared meanings, the “truth” about CSR cannot walk on its legs into the indigenous sector. It has to be carried on a stretcher by its advocates to the people of Africa. Its virtues must be explained, defended, communicated, and nurtured to create a relevant sense of economic, if not political, community.

Third, the corporation in Africa is still largely dependent on access to state power as a means of wealth accumulation; it has not yet developed collective consciousness sufficient to make the state provide appropriate conditions for capitalist development or for common rationality that allows common rules of competition. On the other hand, the state has not risen above society; it is immersed in class struggle and often privatized by the hegemonic faction of the ruling elites. These two aspects define the character of the
relationship between the state and corporation as a factor influencing the development of management practice in the continent. Add to this combination, the veritable fact of the failure of the state to meet its infra-structural duties that has turned firms into states (with necessary coercive apparatus). The overarching conclusion is that corporate executives must not just be system-functionaries trained in management techniques. Managers must not only be managers, they must also be diplomats, skilled in political maneuvers, and governors of political “territories.” Their companies are their domains.

Finally, in order to succeed, the Western businessperson interacting with African firms, managers or businesspeople must recognize that a web of relationships and obligations dominate the rationality of business decisions through personalism. A manager’s ability to get things done does not necessarily depend on managerial hierarchies, on the force of his logic, or the rationality of his proposition. Instead, it relies on the vastness, strength, and richness of his network. Using connections, networking in business relationships and interpersonal trust are the preferred ways of sourcing, exchanging, and ensuring reliability of information. In this context, management is basically seen as deal making, opportunism, and the use of the manager’s accumulated knowledge and networks of external relations as strategic weapons. The firm is seen as a contextualized realm of nurturance embedded in a framework of social relationships.
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