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Africa can claim the 21st century

Guest Editors: Sonny Nwankwo and Robert Rugimbana

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Abstracts & keywords

On the internal drivers of export performance among Nigerian firms: empirical findings and implications

Kevin I.N. Ibeh

Keywords Export, Performance, Developing countries, Nigeria

This paper discusses the export behaviour of firms from Nigeria against the backdrop of the aggregate findings from previous empirical studies, which originate mainly from the economically advanced countries. Based on the analysis of survey data from 78 Nigerian-based manufacturing firms (34 exporters and 44 non-exporters), a number of internal factors were identified as influential drivers of positive export performance. Among these are decision makers' previous experience, international contacts and orientation, and firm-specific competencies relating to planning orientation, adoption of innovative technologies, foreign market information search, and managing channel relationships. The remarkable consistency between these findings and previous evidence from studies undertaken in more developed economies is discussed. Also highlighted is the need to improve the overall effectiveness with which appropriate competence-enhancing support is targeted at firms, mainly SMEs, in less performing developing regions.

Exploring the potentialities of export processing free zones (EPZs) for economic development in Africa: lessons from Mauritius

Lettice Kinunda-Rutashobya

Keywords Export, Foreign investment, Developing countries, Mauritius

This paper explores the potentiality of export processing zones (EPZs) as a development strategy for Sub-Saharan African countries using the Mauritian EPZ model as a case study. In the literature positive relationships between export expansion and economic growth and between EPZs and export growth have been found in developing countries. Export-oriented strategy is particularly important for developing countries given their dependency on foreign countries for most of their key inputs and technologies required in their production. Our findings suggest that EPZs can play a crucial role in the economic and social development of a country. Also that EPZs' success may be greater if they are implemented as part of an overall trade-oriented reform programme aimed at opening up the whole country rather than treating them as enclaves. Comprehensive incentives are required. The Mauritian EPZ experience thus provides good lessons to other Sub-Saharan African countries pursuing economic reforms.

The effects of normative social belief systems and customer satisfaction on rural savings programs in Ghana

Kofi Q. Dadzie, Evelyn Winston and Kofi Afriyie

Keywords Banking, Marketing, Ghana, Rural areas, Society

This study examines the effects of normative social beliefs, customer satisfaction with service quality and demographic variables on the long-term savings behavior of rural households some 15 years after the 1981 large-scale promotion of the rural bank program in Ghana. The results show that considerations of these influences beyond income alone provide stronger predictive power, over and above that of income. In addition, it appears that the negative effects of social beliefs on savings behavior were ameliorated significantly as a result of the promotional program. Similarly, customer satisfaction with the level of service quality was also positively correlated with the level of savings. However, the effects of the marketing approach used in Ghana differed significantly across state owned commercial banks, foreign multinational banks, and rural banks. The implications for enhancing the role of promotional marketing in changing savings attitudes in rural savings mobilization programs in Ghana and elsewhere in Africa are discussed.

Cultural orientation: its relationship with market orientation, innovation and organisational performance

Felix Mavondo and Mark Farrell

Keywords Market orientation, Organizational performance, Zimbabwe

The relationships among organisational culture, business environment, business strategy and functional strategies are rarely investigated in a holistic perspective. This leads to reductionism in modelling and prevents the full exploration of the potentially complex relationships among cultural orientation, business strategy and functional strategies and their impact on organisational performance. This paper, based on a sample drawn from food manufacturing businesses in Zimbabwe, recognises the pervasive impact of organisational culture on organisational strategy and functional strategies. As a result, it acknowledges the multi-level impact of cultural orientation – allowing for the building of a conceptual model, linking cultural orientation, business environment, organisational strategy, functional strategies and performance – which is subsequently empirically tested.

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The structural adjustment programme and marketing in the manufacturing industry in Nigeria

Olukunle Iyanda

Keywords Manufacturing industry, Marketing, Organizational performance, Nigeria

This paper is a study of the effect of the Structural Adjustment Programme (SAP) on marketing practices of manufacturing industry in Nigeria. Data for the study were collected through a questionnaire and depth interview of chief executives or senior managers. The data were analysed on a "before" and "after" basis using a Wilcoxon Signed-Rank Test. The major findings of the study were that manufacturing industries: adjusted only their marketing operations, not their production structure; attained higher sales, productivity and profitability; did not increase their exports, use of local materials, or employment. The study concluded that SAP was not capable of achieving the objectives envisaged because of the underdeveloped characteristics of the economy. It recommended a more fundamental re-engineering of the economy in order to achieve the desired objectives.

Leadership lessons from the African tree

Linda van der Colff

Keywords Leadership, Values, Management, South Africa

This paper explores meaning of leadership and management in the context of South Africa. It does this by clarifying the way in which *Ubuntu* – traditional African leadership values – may impact an organisation. It explains how this tradition-based concept could be integrated into the organisation to enable the leadership to dismantle the past organisational culture, promote the development of a new and more inclusive culture, and, finally, create a set of leadership skills and competencies that enable globalisation processes.

The influence of selected factors on perceptions of the general public regarding services provided by medical practitioners

M. Tait, S.M. van Eeden, M. Tait

Keywords Services, South Africa, Medical, Professionals

The South African medical fraternity is existing within an increasingly turbulent environment, characterised by government interference, budget cuts, restrictive legislation, as well as diseases which threaten the very basis on which this fraternity exits. The medical profession exists within the ambit of services marketing. Attempts to improve the service delivery should be studied within this framework. Medical doctors are in short supply and complaints regarding the services provided are increasing. The focus of the article is on current and potential patients of general medical practitioners in Port Elizabeth, South Africa. The sample size was 500, which yielded 156 useable questionnaires. The response rate of 31.2 per cent was regarded as acceptable. The location of the practice of the medical practitioner and personal loyalty of the patient towards the medical practitioner, are of vital importance in determining whether the patient will return or not, and whether a positive perception will be developed.

Technology management in the Sudan: strategic and policy challenges

Allam Ahmed

Keywords Technology, Management, Agriculture, Strategy, Policy, Sudan

This paper addresses the strategic and policy challenges facing technological transformation and productivity increase in the Sudan. It examines the various factors which influence agricultural technology adoption decisions as well as the constraints facing the agricultural sector in the Sudan. The paper also demonstrates that complexity and linkages of the various technology adoption factors represent real challenges in future technology management in the Sudan. Finally, a number of findings emerge which outline the key issues relating to the effective management of technological transformation in the Sudan and other similar African countries.

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HRM and the commitment rhetoric: challenges for Africa

Gbolahan Gbadamosi

Keywords Commitment, Employees, Managers, Human resource management, Africa

This paper highlights some contemporary issues in the commitment research as it relates to HRM. A comparative evaluation of the meaning of commitment as espoused by academics and managers was also made. Some African empirical evidence was reported and examined with its implications for managerial practice discussed. The paper finally identifies certain contemporary issues that should be of interest for managerial practice, and, perhaps, guide future research given the realities of the African situation.

Internalising effectiveness and accountability for the public good: strategic choices for public sector bureaucracies in Africa

Festus C. Nze and Anayo D. Nkamnebe

Keywords Public sector, Africa, Strategy

Public sector bureaucracies in Africa play important roles in the management of socio-economic development and change. These tasks impose a number of imperatives on these institutions: they must be effective, efficient, transparent, and results-oriented. In recent times, public bureaucracies in Africa have come under scathing criticisms for not living up to these imperatives; a situation which undermines good governance and engenders corruption. Public affairs stakeholders in the continent believe that for public bureaucracies in Africa to perform and enhance good governance, old ineffective structures and processes used in the administration of public business, must yield place to more results-oriented management philosophies, processes, and practices. This paper, accordingly, proffers some strategic choices in the areas itemized, to public sector bureaucratic actors in Africa, for internalising effectiveness and accountability for the common good in public sector organizations.

Tourism in Africa's economic development: policy implications

Peter U.C. Dieke

Keywords Tourism, Development, Strategy, Africa

This paper assesses the progress that has been made in realizing the contributions of tourism to Africa's economic development. It does this by examining the nature of tourism development and identifying problems that have inhibited this. Consequently, the paper highlights the need for intra-African co-operation for the provision of an enabling environment and mobilization of strategic resources. It concludes that successful tourism development in Africa is predicated on attention to a range of issues such as clear tourism development objectives, integration of these into national plans, local involvement and control, regional co-operation and integration, tourism entrepreneurship, etc. Africa's experience may have relevance to other developing countries seeking to encourage tourism development strategy.

Transnational law and technology as potential forces against corruption in Africa

Peter W. Schroth and Preeti Sharma

Keywords Corruption, Internet, Africa, Legal matters

Africa is the only continent none of whose states have joined the conventions against international bribery and very few African countries have national laws attempting to fill the gap. South Africa has taken promising steps internally and now should accept a leadership role in the development of transnational law against corruption. Meanwhile, the Internet and other new technologies are developing as parallel, mostly non-governmental tools against corruption. Unlike transnational and most national laws, their impact has already been clearly visible in Africa and they offer at least the possibility of substantial interference with corruption in the short to medium term.

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Debt burden and corruption impacts: African market dynamism

Darlington Richards, Gladson Nwanna and Sonny Nwankwo

Keywords Debt, Corruption, Africa, Developing countries

Heavy debt burdens and corruption have not only had a debilitating effect on development but also undermined efforts at economic recovery and market-enhancing initiatives in many African countries. Africa is the world's most aid-dependent and indebted region of the world. Much of the resources that could have been ploughed into investments are used to service debts and/or misappropriated by corrupt leaders – with all the attendant negative perceptions of Africa's business environment. Therefore, in developing a "business plan" for Africa's economic renascence, corruption and debt management and mismanagement (by both lenders and borrowers) need to be put squarely on the agenda. Against the backdrop of the currency of opinion for debt relief, this paper highlights the institutional processes that underlie the misallocation and misappropriation of original receipts, policy dynamism of their management and the overall market impact.

Introduction: Africa can claim the 21st century

Can Africa Claim the 21st Century? This was the title of a World Bank report (World Bank, 2000) issued to mark the beginning of the new millennium. The report provided an assessment of sub-Saharan Africa's prospects for economic and social development in the twenty-first century. It highlighted a range of factors, albeit familiar from general literature discourses, which needed to be addressed in order for Africa to participate in the global economy. Although the overarching question itself seemed rather complex and provocative, the report did not pretend to comprehensively address all of Africa's development challenges or to offer definitive solutions to overcome the seemingly vicious circle of the continent's underdevelopment. However, the overall conclusion gave a qualified sense of optimism: Yes, Africa can claim the new century.

Understandably, many post-independent African countries made some fundamental mistakes in their approach to economic growth. A glaring example was the underestimation of the power of international trade to propel growth – that is, being too slow to learn that market prices are more powerful than ministerial speeches (Yergin and Stanislaw, 1998). Although Africa's present situation is deeply rooted in its past, the majority of its countries are trying to break with the past in order to move on (Nwankwo, 2000).

In this regard, the World Bank report, in addition to many other recent reviews (e.g. World Bank, 1998; Aiyeku and Nwankwo, 1999; Nwankwo and Aiyeku, 2002) flies in the face of the evident Afro-pessimism that is widespread in the literature. Perhaps, the point needs to be made that nobody can sensibly attempt to mask the fact that socio-economic disadvantages in Africa are more far-reaching than in any comparable region of the world. To this extent, therefore, some of the pessimistic reviews may not be found wanting in empirical substantiation. However, fundamental strategic adjustments geared towards the achievement of more resilient socio-economic and political systems are unravelling themselves in many parts of Africa. Many countries have made important economic reforms, improving macroeconomic management, liberalising markets and trade and widening the space for private sector activity (World Bank, 2000). It is difficult to find any country in today's Africa that is not making genuine efforts to create a market-enabling environment. Consequently, the essential characters of African business environments are profoundly changing in ways that require new modes of thought and analysis. Therefore, companies interested in investing in Africa should do so in the context of new business environments, new attitudes and a new orientation throughout the continent. For management scholars and practitioners, a "new Africa" presents enormous opportunities to gain a balanced appreciation of the diversities, complexities and/or peculiarities of management systems – with all the attendant paradoxes. Implicitly, African contexts are exposing the bankruptcy of conventional management paradigms. To draw from the work of marketing historiographers, Hollander *et al.* (1998, p. 6) – on a different subject – management in Africa is still a "large data bank that contains many empty safety deposit boxes". Filling in some of the boxes can be a major contribution to the study and practice of management – in all its eclectic perspectives.

Accordingly, recent studies (e.g. Aiyeku and Nwankwo, 1999; Nwankwo and Aiyeku, 2002) have provided incremental additions to knowledge about the dynamics of business and management in Africa. However, they also show that much more understanding of the embedding institutional factors – and how they interact to create new conditions – is needed. Africa is a diverse region and environmental effects differ from region to region, and from country to country. As the continent "opens up" and makes steady progress towards an effective integration with the global economy, the need to ferret out the contextual realities of management becomes rather compelling. Paradoxically, a great deal of the prevailing "mainstream literature knowledge" of the general environment of business in Africa reflects axioms that are inextricably linked to the idiosyncrasies of market systems in developed economies. Interestingly, rather than continue to have recourse to the well-established law-like generalisation (Sheth and Sisodia, 1999), modern Africa scholars are seeing the continent through new lenses – considering the peculiarities of different environmental settings, jettisoning naïve rationalism for reflexive thinking, and moving away from perspectives that are

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driven by stereotypes and built-in deterministic biases. This is a challenge that lies at the core of the activities of the International Academy of African Business and Development (IAABD).

IAABD is a professional organisation dedicated to the promotion of research and scholarship within the contexts of African business and development. The organisation's annual conferences are usually well attended by scholars and professionals from around the world (for details, see www.iaabd.org). In the run-up to the 2003 conference in London, hosted by the University of Westminster, it was decided that some selected and substantially revised papers from the 2002 conference (hosted by the University of Port Elizabeth, South Africa) should be published as a "special issue" of this journal. For this purpose, 13 "short" papers have been selected and these represent a broad spectrum of interests – ranging from country-specific studies to analyses of institutional environments of management. The last two papers – with a common thrust on corruption – are included not so much because of their focus on "mainstream" management functions. Rather, they are included because they engage the key exogenous and endogenous factors that have a moderating impact on Africa's business environment.

The Guest Editors would like to thank Emerald and, in particular, John Peters for encouraging not only this special issue but also for supporting the goals of IAABD.

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On the internal drivers of export performance among Nigerian firms: empirical findings and implications

Kevin I.N. Ibeh
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Keywords
Export, Performance, Developing countries, Nigeria

Abstract
This paper discusses the export behaviour of firms from Nigeria against the backdrop of the aggregate findings from previous empirical studies, which originate mainly from the economically advanced countries. Based on the analysis of survey data from 78 Nigerian-based manufacturing firms (34 exporters and 44 non-exporters), a number of internal factors were identified as influential drivers of positive export performance. Among these are decision makers' previous experience, international contacts and orientation, and firm-specific competencies relating to planning orientation, adoption of innovative technologies, foreign market information search, and managing channel relationships. The remarkable consistency between these findings and previous evidence from studies undertaken in more developed economies is discussed. Also highlighted is the need to improve the overall effectiveness with which appropriate competence-enhancing support is targeted at firms, mainly SMEs, in less performing developing regions.

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Introduction

Although the 1980s and 1990s witnessed a significant increase in the number of firm-level export behaviour studies undertaken in developing countries, much of this research focused on the superior performers, including the so-called "European LDCs" like Greece and Cyprus (Katsikeas and Piercy, 1993, p. 23), and the Newly Industrialising Asian Tigers or mini-dragons (Herbig *et al.,* 1995). The average and below average performers (including the less economically developed parts of Asia, South and Central America, the Caribbean and sub-Saharan Africa) have received little systematic attention from export behaviour researchers (Ross, 1989). This reflects the differences in firm-level export activity within the developing world[1].

The sub-Saharan Africa is one particular region in which little systematic firm-level export behaviour research has been undertaken. Most previous research, though immensely useful, has tended to take a macro-economic perspective, focusing, as it were, on the factors associated with the relative level of export growth and development (or under development) among African economies (Bigsten *et al.*, 1997; Teal, 1999; Grenier *et al.*, 1999; Morrissey, 1999). The few exceptions are a number of studies on the internationalisation behaviour of South African firms (Calof and Viviers, 1995; Viviers and Calof, 1999); Tanzanian firms (Marandu, 1995); and Ghanaian firms (Kuada and Sorensen, 1999). Although Calof and Viviers' (1995) findings were broadly similar to those of previous developed country-based research, the dual status of South Africa as part-Third World and part-First World economy (Calof and Viviers, 1995) limits the extent to which their findings can be generalised, as reflecting sub-Sahara African firms' export behaviour.

The Nigerian study reported in this present paper, therefore, adds to the limited evidence available on the export behaviour of sub-Saharan African firms. It also provides further insights regarding the extent to which SSA firms share export behavioural patterns with their counterparts in more advanced economies from where most previous export behaviour research had originated.

Previous firm-level export behaviour research

Previous reviews of export behaviour research have identified three categories of factors as having an influential impact on firm-level export performance. These include the external environment-related factors (Garnier, 1982; Rao *et al.*, 1989), the organisation or firm-specific factors (Wiedersheim-Paul *et al.*, 1978; Cavusgil and Nevin, 1981), and the decision-maker factors (Simmonds and Smith, 1968; Cavusgil and Nevin, 1981). Given the focus of this present paper on the internal influences on export behaviour, the review that follows will concentrate on the relevant literature on decision maker and organisational factors.

Decision-maker characteristics

These are generally considered to have a decisive impact on the export decision (Brooks and Rosson, 1982). This conclusion is shared by all the major review works on empirical export research (e.g. Miesenbock, 1988; Aaby and Slater, 1989; Chetty and Hamilton, 1993; Zou and Stan, 1998). This is notably the case in small firms, where power, particularly decision-making power, is generally concentrated in the hands of one or

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very few persons (Reid, 1981). According to Miesenbock (1988, p. 42), "the key variable in small business internationalisation is the decision maker of the firm. He or she is the one to decide starting, ending and increasing international activities".

Empirical findings on the specific decision-maker characteristics which increase the likelihood of favourable export behaviour have, however, been inconsistent (Kamath *et al.*, 1987; Aaby and Slater, 1989). This is particularly true of findings on decision makers' age and level of educational attainment. Garnier's (1982) remarks that it was not possible to ascertain whether there were statistically significant differences between managers of internationalised and non-internationalised firms with respect to age and level of education would appear to reflect the aggregate viewpoint.

On international orientation, variously defined by foreign education, foreign work experience, foreign travel, foreign birth, or world-mindedness (Boatler, 1994), etc., the balance of empirical evidence is that decision makers of exporting firms are likely to have spent part of their lives abroad. They are also generally less affected by foreign business-related uncertainties (Simmonds and Smith, 1968; Wiedersheim-Paul *et al.*, 1978; Garnier, 1982). Miesenbock (1988, p. 42) concluded based on an extensive review of the literature that "the external contacts of the decision maker seem to be the most important objective characteristic".

Closely related to the above is another characteristic which may be referred to as international ethnic ties or contact networks. There is growing evidence that decision makers whose contact networks (Carson *et al.*, 1995) are internationally spread are more likely to exploit international market opportunities than those who lack such ties. Jackson (1981), indeed, found the Zionist links of British Jews to be significant in explaining the flow of Israeli exports into Britain. Further supportive evidence has been reported by Crick and Chaudhry (1995) and Zafarullah *et al.* (1998) in their respective studies of British-Asian and Pakistani SMEs.

Firm characteristics and competencies

Findings on the impact of firm size on internationalisation behaviour have been mixed, if not outright controversial! The balance of evidence, however, suggests the importance of size[2] (Miesenbock, 1988; Aaby and Slater, 1989; Chetty and Hamilton, 1993), particularly in initiating international activity (Bilkey, 1978). As a general rule, larger firms are more likely to internationalise than small firms (Garnier, 1982). Beyond some point, however, exporting would appear not to be correlated with size (Bilkey, 1978) – a view corroborated by Withey's (1980) critical mass of 20 employees for crossing the internationalisation threshold. The above standard (Withey, 1980), clearly, does not apply to SMEs in high-technology and service sectors (Bell and Young, 1998). Indeed, the advent of Internet-based platforms is increasingly removing whatever deterrence size brings to internationalisation of SMEs, even in traditional industries (Ibeh, 2000).

Another characteristic which appears to influence export behaviour is firm's history, including previous experience of extra-regional expansion (Wiedersheim-Paul *et al.*, 1978; Garnier, 1982), importing experience or inward internationalisation (Welch and Luostarinen, 1993). Such experiences and attendant (networks) relationships have been found to be significant precursors of positive export behaviour.

Very few issues in SME exporting research have received as much empirical support as the positive link between management support – commitment, perceptions, and attitude – and exporting behaviour (Aaby and Slater, 1989; Chetty and Hamilton, 1993). Based on their integrative review work, Aaby and Slater (1989), for example, concluded that management commitment and management perceptions and attitudes towards export problems and incentives are good predictors of export behaviour. The few unsupportive findings are Reid's (1981), whose study of 89 small firms established no correlation between export commitment/predisposition and export market entry; and Eshghi's (1992, p. 40) who argues that "the underlying assumption of a positive correlation between attitude and behaviour in exporting is not valid under all circumstances". Eshghi clearly has a point: "not valid under all circumstances" suggests that it is valid for most circumstances!

Studies have also found a much higher propensity to internationalise (export) among firms with market (or organisational) planning, or exploration procedures (e.g. Cavusgil and Nevin, 1981). The foregoing explains Aaby and Slater's (1989, p. 19) conclusion to the effect that "the implementation of a process for systematically exploring, analysing, and planning for export seems to be a very powerful discriminator between . . . exporters and non-exporters".

Empirical studies on firm export performance have also underscored the importance of firm competencies. It has, indeed, been suggested that "firm

competencies are probably more important than firm characteristics" (Aaby and Slater, 1989, p. 21). The specific dimensions of firm competency which, on balance, have been empirically supported include technology intensity[3] (e.g. McGuinness and Little, 1981; Cavusgil and Nevin, 1981; Burton and Schlegelmilch, 1987); R&D (McGuinness and Little, 1981; Burton and Schlegelmilch, 1987); systematic market research[4] (Cavusgil and Nevin, 1981; McAuley, 1993); product development, attributes and quality (Cavusgil and Nevin, 1981; McGuinness and Little, 1981; Burton and Schlegelmilch, 1987); advertising and sales promotion (Keng and Jiuan, 1989); distribution, delivery and service quality, and channel relationships (Brooks and Rosson, 1982; Styles and Ambler, 1994); and export cooperation and networking (Hansen *et al.*, 1994).

The last mentioned area of competency (developing and maintaining mutually beneficial relationships with network partners) is, indeed, becoming increasingly important in the literature (Coviello and Munro, 1997). Networking arrangements, whether in the form of export consortia, client-followership, entrepreneurial networks, or international ethnic ties (see Carson *et al.*, 1995; Zafarullah *et al.*, 1998; Ibeh, 2000), have been shown to mitigate, for the smaller firms, some of the size and experience-related difficulties associated with export venturing.

Methodology

Primary data for this study were collected through the questionnaire survey and depth interview methods, that is, methodological pluralism as advocated for behaviour-orientated studies by Kamath *et al.* (1987) and Bell and Young (1998), among others. The last of the depth interviews took place in February 1998. The study population was defined as comprising Nigerian-based firms which met the following criteria:

- manufacture and/or export such products as textiles and wearing apparels, footwear and leather, food and beverages, plastics and furniture;
- listed in the most recent editions of either the Nigerian exporters directory or Nigerian industrial directory;
- located in one of three major Nigerian industrial cities, namely Lagos, Kano, and Aba;
- have a minimum annual turnover of five million naira (then about US$50,000), and 50 employees; or
- represent an unexpected success story.

The total number of firms which met the above, pre-specified criteria was 226, made up of 146 from the industrial directory and 80 from the exporters directory. Given this modest population size, the decision was taken to target all the identified firms, with structured and properly pilot-tested questionnaires. The drop and pick technique (Brown, 1987; Ibeh *et al.*, 2003) was adopted to minimize the envisaged impact of Nigeria's poor and unreliable infrastructure (postal and telephone systems) on the response rate. This method involved an average of four visits to each of the identified firms: there were 188 of them eventually; 38 were not found owing to reasons including wrong address, relocation and business failures. Three experienced field supervisors and nine well-trained field assistants facilitated the process. A total of 112 questionnaires were returned, 78 of which were useable; this produced an overall response rate of 52.4 per cent, and a useable response rate of 41.2 per cent.

The key informant technique was employed in eliciting responses from the sampled firms. The questionnaire respondents eventually comprised 23 Chief Executive Officers (CEOs), 14 General Managers, 30 Marketing/Sales Managers, and 11 Export Managers. Conscious of the limitations of the key informant technique, second responses were collected from some five randomly selected firms. Further analysis of these five pairs of responses through paired sample *t*-tests validated this key informant approach.

The later stage of primary research involved the selection of a quota sub-sample of 16 firms for in-depth interviews. The actual number of firms interviewed, however, was nine (four CEOs and five Marketing Managers), as the cooperation of the other interview targets could not be secured before the end of the field visit.

Analysis and results

The analysis presented below is based on findings from 78 questionnaire respondents and nine depth interviewees. The focal questions explored are as follows:

- Which decision-maker factors are associated with higher export performance among Nigerian firms?
- Which firm-specific characteristics could be linked to favourable export performance among Nigerian firms?
- Which firm-specific competencies could be linked to favourable export performance among Nigerian firms?

Given that the responding firms comprised both exporters (44 per cent) and non-exporters (56 per cent), it was deemed useful to explore, as many previous studies had done (Aaby and Slater, 1989), the extent to which these two categories of firms differ across a range of decision-maker and firm-specific (or organisational) characteristics/competencies. Export performance is, therefore, defined in this paper in the limited, softer sense of firm's export involvement or lack of it (Leonidou, 1995).

Decision-maker characteristics and export performance

To generate relevant data on decision makers' demographic (or objective) characteristics, the respondents, all decision makers in their own right, were asked to indicate, on a dichotomous scale, the specific variables that best profile them. The obtained data were subsequently subjected to a chi-square analysis, which is generally considered appropriate for tests of significance involving nominal scale data (Kinnear and Taylor, 1996).

As Table I shows a number of decision-maker characteristics would appear to differentiate exporting firms from their non-exporting counterparts. Decision makers in exporting firms were found to be more likely, than their counterparts in non-exporting firms, to have had previous business experience (prior experience from family business, running own business) and regular contacts with friends/relatives/associates abroad (Miesenbock, 1988; Carson *et al.*, 1995). No marked differences were found in terms of the decision maker's age, educational attainment, or foreign language skills; this reflects the lack of clarity on these variables in the literature, as indicated earlier in this paper (Garnier, 1982).

Insights from the in-depth interviewees generally reinforce the importance of previous business experience and international contacts (or orientation). Among the exporting firms' decision makers interviewed was a foreign-educated Chief Executive whose international exposure would appear to be the major driver behind the exporting initiatives of the plastic manufacturing business founded by his late father. Previous international business experience, according to this source, had been gained through prior involvement in importation (Welch and Luostarinen, 1993). Another interviewee, the Managing Director of a garment exporting firm, underlined the importance of international contacts, thus:

> I have very useful business associates, who not only market my designs but secure orders for me. They make sure I attend the right exhibitions … Sometimes, they even get me sponsors.

Table I
Decision-maker characteristics by export involvement

	Exporting (n = 34) (%)	Non-exporting (n = 44) (%)	Significance (%)
Prior business experience			
Was in family business	44.1	20.5	0.02*
Was running own business	23.5	6.8	0.04*
Employed in a related business	29.4	13.6	0.09
International orientation			
Regular contacts abroad	55.9	25	0.00*
Lived or worked abroad	14.7	15.9	0.88
Speaks more than one foreign language	23.5	15.9	0.40
Educational attainment			0.41
Secondary/some tertiary education	14.7	11.4	
University graduate	47.1	54.5	
Postgraduate qualification	35.3	34.1	
Age			0.59
Under 30	17.6	6.8	
Between 30 and 40	44.1	61.4	
41 and above	32.4	27.2	

Notes: The variables are measured on a nominal scale, where 1 means possession of the attribute, and 0 the reverse; *Significant at alpha 0.05 or greater

Firm characteristics (size) and export performance

This study's data do not suggest any relationship between firm size and export performance. As the one-way analysis of variance (ANOVA) tests in Table II indicate, exporting and non-exporting Nigerian firms showed no significant size differences, whether defined by firms' age, employment, or annual sales. Insights from two companies within the depth interview sub-sample would seem to illustrate this. The first company employs over 500 staff and was set up in the mid-1950s as an importing organisation. Although this company recently started exporting, its contemporary, with 1,295 employees, and extensive (Nigeria-wide) distribution network, appears unlikely to do so in the near future. Similar illustrative evidence was obtained regarding comparable smaller firms, which demonstrated remarkably different export behaviour.

Firm-specific competencies and export performance

Relevant data on the organisational capabilities (Madhok, 1997) of sampled Nigerian firms were explored by asking the respondents to rate their firms' competitive competencies on a five-point scale, where 1 represents "considerable weakness" and 5 "considerable strength". They were, further,

asked to rate their export information usage on a three-point scale, with 1 meaning "never used" and 3 "used frequently".

Analysis of sample data suggests that exporting and non-exporting firms differ significantly on a number of organisational capability (Madhok, 1997) factors. As can be seen from the results of one-way ANOVA tests in Table III, exporting firms appear to have scored significantly higher with respect to developing new markets, managing channel (network) relationships, adopting innovations and new technologies, having favourable planning orientation, supporting export projects, and engaging in active search for export information. This agrees with the position in the wider export behaviour literature, as indicated by Aaby and Slater's (1989, p. 21) remark, that "competencies are probably more important than firm characteristics".

Discussion and implications

This Nigerian-based study suggests that positive export behaviour is associated with such internal factors as the existence of decision makers with previous business experience and international contact network (or orientation); this kind of top management are more likely to be supportive of export projects, including planning and searching for exporting-related information. Equally found to be important are some additional firm-specific competencies, including developing new markets, adopting innovations and new technologies, and developing channel links/relationships. Such demographic characteristics as the decision maker's age and level of education, or the size of the firm do not appear to influence the export performance of the firms studied.

It is worth emphasising that these findings are largely consistent with the balance of previous empirical evidence on firm-level correlates of export behaviour (see previous aggregate reviews by Miesenbock, 1988; Aaby and Slater, 1989; Chetty and Hamilton, 1993; Zou and Stan, 1998). For example, Miesenbock's (1988, p. 42) conclusion that "the external contacts of the decision maker seem to [be] the most important objective characteristic" strongly underlines the criticality of an internationally orientated and connected top management in achieving favourable export performance. So does Bell *et al.*'s (1998) recent comment: firm size or age, per se, does not matter; what matters is the firm's access to the right calibre of top management decision makers, replete with their resource-laden contact networks.

Also, the earlier quoted Aaby and Slater's (1989, p. 21) remark, that "competencies are probably more important than firm characteristics" reinforces this present study's conclusions on the positive impact of key organisational capability factors (relative to the unclear effect of objective characteristics such as firm size, decision maker's age and level of education). That Nigerian firms with the relevant set of capabilities were found to be more successful in overcoming disincentives to export, which characterise their domestic environment (Ibeh, 1999) testifies to Kirpalani and Macintosh's (1980) conclusion, that the source of export behaviour is found within the organisation, not outside. It also supports Douglas' (1996) observation that better performing Peruvian exporters had internal management qualities, which prevailed against their unfavourable domestic environment. The consistency with which similar conclusions have been reported in several studies undertaken in the less developed economies (Karafakioglu and Harcar, 1990; da Rocha *et al.*, 1990; Ross, 1989; Katsikeas and Piercy, 1993; Das, 1994) suggests the importance of the identified internal factors in promoting export performance across cultures and countries (at different levels of economic development).

The challenge facing makers of export promotion policies, therefore, is to devise more effective ways of improving the capability of target firms. This is particularly necessary in less performing developing regions of the world, whose preponderant small to medium-sized firms are in most need of requisite resources and key organisational capabilities (Madhok, 1997), including ability to adopt product/process technologies, develop channel relationships and networking, planning and searching for exporting-related information, etc.

With respect to improving product and process technologies, for example, one good

Table II
Firm characteristics (size) by export involvement

	(Mean scores[a]) Exporters (n = 34)	Non-exporters (n = 44)	K-W ANOVA*
Firms' age	1.54	1.43	0.44
Firms' sales (1995)	1.61	1.40	0.12
Number of employees	1.86	1.76	0.36

Notes: *Significant at alpha 0.05 or greater; [a]For the purposes of the one-way ANOVA tests, each of the size variables was re-coded on a dichotomous scale, 1 or 2. This eliminates empty cells, which would have arisen from the relative small size of the present study's sample. It also reduces possible distortions arising from firms not being sufficiently different

Table III
Firm competencies by export involvement

	Exporters (n = 34)	(Mean scores) Non-exporters (n = 44)	K-W ANOVA
Competitive competencies[a]			
Developing new markets	3.68	3.00	0.01*
Extensive middlemen network in Nigeria	3.55	2.70	0.01*
Extensive middlemen network abroad	2.71	1.44	0.00*
Innovativeness	3.76	2.98	0.00*
Use of new technologies	3.38	2.77	0.02*
Offer generous terms of credit	3.29	2.79	0.05*
Planning orientation[b]			
Uncertain environment, so no real planning	3.67	3.09	0.08
Crucial decisions as situations arise	3.03	1.80	0.00*
Forward thinking, but no formal planning	3.74	2.41	0.00*
Have a formal planning process	3.65	2.88	0.00*
Management support[b]			
Special treatment for export ventures	4.00	2.41	0.00*
Usage of export information sources[c]			
Nigerian Export Promotion Council	2.15	1.43	0.00*
Chamber of Commerce	1.94	1.42	0.00*
Association of Nigerian Exporters	2.09	1.38	0.00*
Banks' Export Divisions	2.03	1.32	0.00*
Manufacturers Association of Nigeria	2.26	1.64	0.00*

Notes: [a]Measured on a five-point scale, where 1 means "considerable weakness" and 5 "considerable strength"; [b]Measured on a five-point scale, where 1 means "very inaccurate" and 5 "very accurate"; [c]Measured on a three-point scale, where 1 means "never used" and 3 "frequently used"; * Significant at alpha 0.05 or greater

approach could be to replicate, in SSA, programmes like the EUREKA and BC Net which have proved useful to European SMEs in technology acquisition and cooperation (OECD, 1997). This can be done under the aegis of regional institutions, including the African Development Bank (ADB) and Economic Community of West African States (ECOWAS). These regional institutions should, indeed, play a more active role in facilitating technology access to firms within SSA.

Firms from SSA should also be encouraged and supported with appropriate training and resources to optimize the global benefits of information and communication technologies (Ritchie and Brindley, 2000). To be sure, strategic and creative benefits of these technologies would obviate most of the size-related impediments normally associated with traditional, physical internationalisation. The virtual global presence thus achieved may serve to generate all manner of business opportunities, including international enquiries and sales, R&D collaborations, sub-contracting links, and other strategic affiliations. Greater adoption of the ICTs by SSA SMEs would also equip and position them to benefit from the increasing tendency among large global companies to situate, relocate or sub-contract routine data processing and similar mundane tasks to low-wage countries (Oyewole, 2000). The potential impact of such development on the overall level of service exports from SSA could be significant.

It would also be hugely beneficial to encourage the diffusion of entrepreneurial skills and international orientation among the key decision makers (management) of SSA firms. Efforts by the multilateral institutions (the World Bank, UNCTAD, etc.) and major governments (e.g. the recent US "African Growth and Opportunity Act") to encourage global trade participation by SSA firms should incorporate measures directed at developing the entrepreneurial capacities of business people, actual and potential. Scholarship opportunities, short courses and seminar programmes should be provided within local universities and other capable institutions to train interested business managers on entrepreneurship, particularly international entrepreneurship (Ibeh, 2002).

Also potentially helpful in this regard are the training and information support services available through the export promotion organisations (EPOs) and the organised private sector (OPS) institutions; these bodies can additionally play a crucial

role in countering the anti-export bias (Ogwo, 1991) prevalent among SSA SMEs. This may be particularly important in view of the general scepticism with which government export promotion agencies are viewed (Owualah, 1987). As Viviers and Calof (1999, p.918) noted, "industry roundtables where non-exporters and exporters can meet could be powerful catalysts for changing attitudes. Hearing from competitors, suppliers, customers and other individuals whom the non-exporter respects, could start the process of change."

There is, to be sure, a compelling case for networking by, and among, SSA firms. Given the relative size and resource base of the average SSA firm, active inter-firm collaborations and cooperative arrangements, at industry or national levels, may assist in facilitating access to relevant technologies and improving country (product) image and impact in target export markets. Firms should, thus, be encouraged to actively participate in relevant private sector organisations and to explore and develop links with potentially useful market actors – competitors, intermediaries, and suppliers. Wherever possible, policy makers should reward such affiliations as the networking skills and links developed therefrom may yield relevant foreign contacts and customers.

Notes

1 Previous research, for example, suggests that whilst SME exporters account for less than 1 per cent of South Africa's export earnings (Viviers and Calof, 1999), the comparable figures for South Korea and Taiwan are 40 per cent and 56 per cent respectively.

2 Variously measured by employees' number; sales; ownership of capital equipment; financial capability; or a combination of criteria (see Ibeh, 1998).

3 Reid's (1986) conclusion was that mere possession of specialised knowledge (technology) may encourage a firm to early entry into an export market, but does not significantly affect export performance.

4 A UK study by McAuley (1993) reported that personal contacts and those sources where there is a high chance of interaction (overseas agents, personal contacts, overseas and trade fairs) between the enquirer and the provider tend to be the most effective.

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Exploring the potentialities of export processing free zones (EPZs) for economic development in Africa: lessons from Mauritius

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Export, Foreign investment, Developing countries, Mauritius

Abstract
This paper explores the potentiality of export processing zones (EPZs) as a development strategy for Sub-Saharan African countries using the Mauritian EPZ model as a case study. In the literature positive relationships between export expansion and economic growth and between EPZs and export growth have been found in developing countries. Export-oriented strategy is particularly important for developing countries given their dependency on foreign countries for most of their key inputs and technologies required in their production. Our findings suggest that EPZs can play a crucial role in the economic and social development of a country. Also that EPZs' success may be greater if they are implemented as part of an overall trade-oriented reform programme aimed at opening up the whole country rather than treating them as enclaves. Comprehensive incentives are required. The Mauritian EPZ experience thus provides good lessons to other Sub-Saharan African countries pursuing economic reforms.

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Introduction

There is a vast literature that shows a positive relationship between export expansion and economic growth in developing countries. Most of the literature appears to suggest that exports are critical to the development process of these economies (Chenery and Strout, 1966; Kessing, 1967; Emery, 1968; UNCTAD, 1993; Morrison, 1976; Chow, 1987; Velasco, 1988; Balassa, 1989; World Bank, 1991; Johansson and Nilsson, 1997). According to Balassa (1989), less developed countries that have pursued export-led strategy have grown faster than those which have maintained import substitution strategy. The success of the East Asian newly industrializing countries (NICs) has been linked to this strategy (Chow, 1987; Auty, 1997; Johansson and Nilsson, 1997). In a study that involved eight NICs, Chow (1987) found a strong causal relationship between export growth and industrial development.

At the micro-level, export-oriented firms have been found to be competitive. In a study that compared technical efficiency of firms operating under different competitive pressures in Taiwan, Chen and Tang (1987) concluded that export-oriented firms were more competitive and efficient than import substitution-oriented firms.

The importance of export-oriented strategy becomes more apparent for developing countries given their dependence on foreign countries for most of their key inputs and technologies required in their production process. Chenery and Strout's (1966) development of gap analysis highlighted the foreign exchange constraint on economic growth in developing economies, and concluded that early import substitution-oriented industrialization emphasized foreign exchange saving rather than foreign exchange generation. Coupled with slow growth of primary exports, their import capacity was reduced to very low levels.

At the same time, as Kaplinsky (1993) observes, there has been considerable scholarly interest on nature and extent of declining terms of trade for less developed countries. The debate, which has mainly focused on the extent of declining terms of trade and its effect on GDP and per capita income growth, has attributed the slow growth of exports hence declining terms of trade to the dominance of primary commodities in less developed countries' (LDCs') exports. In the literature, a number of factors, which have led to slow growth of commodity exports, have been identified. On the demand side, some of the reasons include the fact that these commodities are often prone to price instability and inelastic demand (price and income inelastic) in the world market. Also a number of synthetic substitutes are now available in the world market. On the supply side, rigidities in the production process, lack of technology, research and development, and lack of know-how have been cited as critical constraints. LDCs have subsequently been advised to diversify their exports to include manufactured exports, since such products are less likely to face inelastic demand (Kaplinsky, 1993). Therefore, LDCs need to promote an industrialization strategy that emphasizes export-led growth.

In response to the above concerns, a number of LDCs have now moved away from their import substitution policies to an outward policy within which export policies have been spelt out. Despite this change in policy, export growth is yet to be realized in many LDCs and poverty remains pervasive.

Among the critical constraints, is the continued dependence on primary commodity exports, the absence of an

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integrated and comprehensive export strategy, and, foremost, the absence of local exports knowledge and experience. Focusing on the latter, Romer (1993) has observed that many "LDCs suffer from idea gaps" (insights about packaging, marketing, distribution, inventory control, payment systems, information systems, transaction processing, quality control, workers' motivation, etc.). He argues that one of the ways to close the pervasive idea gaps is through foreign direct investment (FDI) – "letting multinational firms profit from the international transmission of ideas". The idea gap approach holds the optimistic view that "people in the industrial nations of the world already possess the knowledge needed to provide a decent standard of living for everyone on Earth". A number of empirical investigations, encompassing cross-country regression, case studies of individual country performance and individual industry, and historical accounts of the transmission of technology point to the important role played by international flows of ideas. Consequently, a strong association between FDIs and rate of growth has been found (Romer, 1993).

At the same time, export processing free zones (EPZs) are now widely recognized as one of the economic policy approaches that promote FDIs. A number of studies suggest a strong relationship between EPZs and economic growth, and between EPZs and export growth in developing countries (Johansson and Nilsson, 1997; Romer, 1993).

Johansson and Nilsson argue that creation of trade-friendly environment assumed in traditional theory does not suffice to induce local export supply response in non-traditional exports. This is because indigenous firms in LDCs lack export experience and know-how to enter the world market. This situation calls for a different strategy, encompassing foreign direct investment, to allow diffusion of ideas among LDCs. EPZs are one of those policy instruments, which are intended to attract foreign investors, and specifically aimed at stimulating exports.

What are EPZs? EPZs, according to Johansson and Nilsson (1997) are "geographically or juridically bounded areas in which free trade, including duty free import of intermediate goods, is permitted provided that all goods produced within the zone are exported". Other incentives provided to EPZ firms include tax holidays on outputs and profits, free repatriation of dividends etc. However, EPZ approaches in respect of provision of incentives and conditions, are heterogenous, a fact, which engenders variability in EPZ performance.

The major objective of EPZs is attainment of economic development via export development and growth of manufactured products, creation of employment, technology transfer and better use of domestic resources.

An UNCTAD report (1993) shows that in 1989, exports accounted for some US$13-15 billion in 200 EPZs, with Asian EPZs accounting for 65 per cent of the total, Latin American and Caribbean EPZs for 32 per cent and African EPZs for 3 per cent. With respect to employment creation, the report reveals that 1.5 million workers were employed in LDCs' EPZs in 1989.

This paper attempts to explore the potentiality of EPZ as a development strategy for Sub-Saharan African countries, using the Mauritian EPZ model as a case study. It is noted that African scholars have not taken any keen interest in this policy instrument, and have therefore, on the whole, overlooked the beneficial effect of EPZs.

The Mauritian EPZ model provides a worthwhile case study, and role model for other SSA countries, particularly in view of the fact that it is the first EPZ to be established in the sub-region, and the fact that it is often, so far, regarded as one of the few most successful EPZs in the world. In reviewing the performance of the Mauritian EPZ model, we hope that this "success story" will serve as an eye opener to many SSA countries currently implementing structural adjustment programmes. The rest of the paper is organised as follows: the origins of EPZs are presented in section 2, while section 3 describes the EPZ theory. In section 4 we describe the Mauritius EPZ model and its impact on the Mauritian economy. Concluding remarks are found in section 5.

EPZs: origins and their emergence in Sub-Saharan Africa

EPZs which have mainly taken root in developing countries, and in particular in newly industrializing countries (NICs) are a recent phenomenon – indeed it may be said to be a phenomenon of mid-twentieth century with the first EPZ being established at Shannon in Ireland in the mid 1950s (UNCTAD, 1993). In developing countries and SSA, EPZs' history dates back to the mid 1960s and 1970s when the first EPZs were established at Kandla, India, and Mauritius, respectively. Despite their short history, EPZs and other free trade zones have become

an important part of economic policy instruments of many developing economies in the past three decades, aimed mainly at attracting foreign investment and to increase their manufactured exports (Devereux and Chen, 1997). By 1989, there were about 200 EPZs in the developing world, apart from those which were still under construction (more than 100) and those that were at their planning stage (50 in number) (UNCTAD, 1993).

In Sub-Saharan Africa, apart from Mauritius, EPZs have been set up in Senegal, Liberia and Ghana in the 1970s, Zaire (1981), Togo (1989), Madagascar (1989) and Cameron Kenya (1990), Zanzibar and Zimbabwe in the 1990s.

Among the EPZs in SSA only a few have been successful. The variability in EPZ performance is brought about by heterogeneity in EPZ incentives and macro and micro characteristics (Johansson and Nilsson, 1997). Major constraints include insufficient incentives and promotion, poor location, inadequate trade policy reforms in the host country, inefficient bureaucracy, inadequate infrastructure, namely roads, ports, airports, telecommunication, electricity and water.

Among the most successful EPZs is the Mauritian EPZ model, which deserves attention in this paper. In recent years, Mauritius has been able to extend the EPZ concept to cover services such as banking, insurance and the like. For example Mauritius has recently introduced an offshore banking facility (Offshore Banking Act, 1988) and offshore Business Activities Act of 1992 (Business International Ltd, 1992).

EPZ theory

The proliferation of EPZs has led to increased scholarship interest on the subject by trade theorists. While most of the existing literature has addressed the welfare effect of the zones, other potential effects have largely been ignored. For example, Hamada (1974) (the first of such studies) in his two sectors Heckscher Ohlin model observed that EPZ generates an inflow of foreign capital thereby attracting labour from the domestic economy. In his model, Hamada concluded that the welfare effects of a zone are determined by the factor intensities of protected sectors, in the sense that if the protected sector is capital intensive, removal of labour from the domestic economy increases production of the protected sector through the Plybszynski effect, thereby reducing welfare. However, if the protected sector is labour intensive, its output falls, while welfare increases. On the basis of the above arguments and the allegation that many of the protected sectors in LDCs are capital intensive, economic theorists have concluded that EPZs are welfare reducing and are generally not optimal policies, and that they have therefore negative or very limited positive effects on the host country. Later studies along the same arguments have not altered Hamada's results. (This account is drawn primarily from Devereux and Chen, 1997.)

Subsequent studies, which have examined other effects such as incomes, technology, transfer, export growth etc. have come up with mixed results. These differing results have been caused by the fact that different scholars have used different models with different assumptions and EPZ conditions and contexts. A number of EPZ contexts, as Kaplinsky (1993) observes, are evident. First, EPZs' incentives differ from one country to another. Second, in some countries, EPZs have been established as industrial enclaves while inward-looking policies are maintained outside the zones, yet in other countries, EPZs have been established simultaneously with outward-looking policy in the rest of the country. Third, in some countries, EPZs' size may be too large or too small in relation to the economy. It is noted that EPZ studies have been undertaken in one of these contexts thereby necessitating variability in the results.

Although economists have little faith in EPZs as a "second best" policy, their concerns have not affected interests of LDCs or international organisations for EPZs. According to Devereux and Chen (1997), failure of economists to influence policy in this area is brought about by three reasons. First, EPZs have generated significant amount of foreign investment and manufactured exports, which has made them attractive to policy makers. Examples of success stories are Mexico, China, Mauritius, and Malaysia etc. Johansson and Nilsson (1997) argue that economists have overlooked this important beneficial effect of EPZs in their studies. Second, EPZ theory provides little guidance to policy makers on many issues of great concern and as a result has been ignored. Finally, the different contexts and assumptions under which EPZs have been studied have created confusion as to the economic forces that are at work in an EPZ.

In general terms the export zone literature is further closely related to that on capital inflows with trade distortions, which begins with the work by Bhagwati (1987). Further scholarship interest on the subject has led to

the following arguments against EPZs. First, using the cost-benefit perspective, some scholars have argued that the cost of establishing the EPZ infrastructure (in terms of large public expenditure) outweigh the benefits generated by EPZs, namely employment creation and foreign exchange earnings (Warr, 1987).

Second, although EPZs have been successful in promoting exports of manufactured goods and in generating foreign exchange earnings, they have not been able to create backward and forward linkages with the domestic economy, let alone intra-EPZ processing links (Kaplinsky, 1993; UNCTAD, 1993). On one hand, it is quite clear that forward linkages have been hampered by the fact that customs authorities do not authorize EPZ exports to the customs territory, which is necessitated by the export orientation of EPZ firms themselves. To curb this negative trend some countries are now relaxing some of the regulations that govern EPZs. On the other hand, backward linkages have been constrained by the corporate strategy of most multinationals, which encourages close business relationships between subsidiary and parent company, and also by the low level of industrial development and low quality supplies and poor delivery schedules by firms in the domestic economy (Willmore, 1995). Nevertheless, empirical evidence from other EPZs such as Mauritius, South Korea, Saint Lucia etc. reveal the presence of backward linkages. Willmore (1995) shows that local suppliers in South Korea and Mauritius were by the 1980s supplying 44 per cent, and 41 per cent of all intermediate goods requirements of the EPZs in these countries respectively. Willmore further observes that in Saint Lucia, 14 out of the 15 EPZs' companies sourced all cardboard boxes from local factories by 1993. It is quite clear that through implementation of appropriate policies such as encouraging duty free purchases from local suppliers, these countries have created backward linkages with firms in the domestic economy. On the contrary, results of a couple of studies have revealed that those countries, which have implemented EPZs as industrial enclaves, have not been able to create linkages (Johansson and Nilsson, 1997). Such countries, are for example, the Philippines, and the Dominican Republic.

Third, EPZs have been criticized for not creating an avenue for technology transfer and have failed to upgrade labour skills. As a result development of human resources has suffered greatly. Kaplinsky (1993) attributes this to the absence of backward linkages and the concentration of EPZ manufactured goods in simple/standard technologies and mere assembly plants, and low value-added production

Fourth, while experiences from many developing countries have shown EPZs' success in reducing unemployment, a number of scholars have argued that such employment has been mainly of the cheap low skilled labour (UNCTAD, 1993). Nevertheless, Willmore (1995) argues that such a situation is not "undesirable for a country in which a considerable proportion of the labour force is unemployed and has limited industrial skills" such as the situation in many developing countries.

Another observation in respect of employment of unskilled labour, is that the majority of the low skilled labourers in EPZs are women (UNCTAD, 1993). This has provoked concern by gender activists and labour experts.

Finally, as Kaplinsky observes, the advantages of EPZs may be eroded by simultaneous adoption of the instrument in competitor countries (what he calls competitive devaluation).

It is clear from the above presentation that the results and findings on EPZs' effects are mixed. An EPZ theory is therefore yet to emerge. In the next section, we present the Mauritius case study. Detailed data are only limited to the period 1970-1992. We use secondary data to support our line of inquiry.

The Mauritian EPZ model

Mauritius, a small island of 1,865sq.km situated at about 1,500km off the East Coast of Africa, provides an example of an economy that has undergone dramatic structural transformation within a relatively short period. Within less than three decades these structural changes have managed to revolutionize the country from a mono crop to a broad-based diversified economy. It is because of this dramatic economic growth that Mauritius is now categorized as the "solid member of the World Bank's middle-income country", with an annual growth rate of 6 per cent and a current GNP per capita at just under US$3,700, the highest in the sub-region (WEF and HID, 1998). International development finance institutions also often cite it as the "success story". To gain an insight into the economic and social achievements of Mauritius, it is necessary to step a few decades back into the past.

Mauritius before independence

Before independence, Mauritius was a mono economy relying mainly on exports, which almost exclusively consisted of sugar, and it is by-product, molasses (99 per cent of country's export earnings) (Ujoodha, 1988). In 1964 Mauritius began to encourage an import-substitution strategy, which unfortunately did not have much impact on industrial growth (World Bank, 1989). The economy was characterized by high unemployment rates and falling living standards.

After independence (1968)

The increasing signs of strains on the economy forced the new government of independent Mauritius to undertake some economic reforms (Ujoodha, 1988). December 1970 remains another landmark, in the economic history of Mauritius, besides 1639 when the Dutch, introduced sugar cane in the island. This was the date when the legal basis for the establishment of the Mauritius export processing zone was laid (The Export Processing Free Zone Act, Act No. 51 of 1970). The Mauritius EPZ was adopted after on the spot study of similar schemes in Singapore, Hong Kong, India, Taiwan and the Philippines (Arouff, 1988). Through the EPZs, the government began to attract local and foreign private investors into export activities. Unlike EPZs in other countries the Mauritian scheme covered the whole country (Government of Mauritius, 1988). So, in effect, the entire island is an export processing zone.

Incentives provided under the Mauritius EPZs have been well documented. They include guarantees such as free repatriation of invested capital profits and dividends, as well as guarantee against non-nationalization; fiscal incentives such as tax holidays (10-20 years) for corporate income, tax free dividends for five years, duty free importation of machinery, equipment, spare parts, and industrial inputs, and nominal corporate tax of 15 per cent during the company's life time (Government of Mauritius, 1988; Arouff, 1988). Other facilities include priority in the allocation of investment capital, preferential interest rates on loans and export bills, direct negotiation by the government with shipping and air lines for favourable terms of freight, market information search by the government, availability of residence and work permits for foreign technicians at short notice, availability of factory buildings and fully serviced land at reasonable rates and flexibility in firing workers (Government of Mauritius, 1988).

Apart from the above -mentioned incentives, Mauritius offers a relatively unique blend of advantages that appear to attract EPZ firms. These include: a stable political environment, excellent sea and air connections with the Far East, Europe and Asia, a well-developed infrastructure, a highly literate (above 95 per cent), adaptable, bilingual (speaking both English and French) labour force conscious of the export quality, high health standards, an efficient civil service (bureaucracy), and an institutional support.

A new picture: 1970-1992

The structural reforms that emphasized export production led to dramatic growth in manufacturing. Manufacturing value added grew at 17 per cent per year from 1970 to 1977, and manufacturing exports rose from practically nil to nearly 24 per cent of total export. GNP per capita rose above US$1,000, to US$3,700 in 1998 equivalent to the level of a middle-income development country (World Bank, 1989). This was a very significant growth, considering that Mauritius had to import all the raw materials to feed her export processing industries.

In terms of export earnings, an upward trend has been recorded as shown in Table I.

Between 1984/1985 and 1987/1988, EZP exports rose at an annual average rate of 70 per cent and they accounted for 55.5 per cent, 60 per cent and 63 per cent of total export earnings in 1986, 1987/1988 and 1990 respectively, replacing sugar as the main export earner. Comparatively, sugar accounted for only 28.2 per cent of total exports in 1990 (Bank of Mauritius, 1993).

Mauritius EPZs' contribution to employment creation, as shown in Table II is also very impressive.

An upward trend in the number of EPZ firms and number of people employed can be discerned from Table II, with an exception of the year 1990 when there was a drop. Between 1984 and 1988 employment in EPZs increased by an annual rate of 54 per cent, overtaking sugar as the largest single employer in the island. Nearly all new employment created

Table I
Export earnings

1971	Rs 3.9m
1984/85	Rs 2,541m
1986	Rs 4,959.6m
1987/88	Rs 7,370m
1989	Rs 8,179
1990	Rs 11,474

Source: Bank of Mauritius, 1993, Economic Intelligence Unit, 1993

Table II
Number of EPZ firms and employment: 1983-1992

Year	No. of firms	No. of people employed
1983	146	25,500
1984	160	37,532
1985	n.a.	n.a.
1986	408	74,000
1987	500	85,700
1988	586	90,700
1989	n.a	91,600
1990	548	90,000
1992	n.a	109,000

Note: n.a. not available

Source: The Bank of Mauritius, 1993

was in the EPZ. Overall, therefore, unemployment rate was reduced from 18.4 per cent in 1984 to 2 per cent in 1992. By 1995, EPZs were leading all other sectors in terms of number of people employed (SADC Secretariat, 1997).

Mauritius' healthy economic trend is also discernible from a positive balance of payment between 1984 and 1991, and an increase in per capita GNP from US$1,000 in the late 1970s to US$2,410 in 1992 compared to only US$350 in 1992, the average GNP per capita of other Sub-Saharan African countries. Mauritius had the highest GNP per capita (US$3,380) in 1995 compared to the lowest US$80 GNP per capita for Mozambique. Coupled with other macro-economic measures inflation has been reduced from 9.2 per cent in 1988 to 2.8 percent in 1992 (Economic Intelligence Unit, September 1993).

One of the factors that make the Mauritian EPZ scheme succeed is the country's ability to monitor the incentives from time to time, and so that proper adjustments are made when an incentive does no longer correspond to performance. EPZ industries have been diversified to also include high value-added goods such as electronics. To encourage the EPZ growth, macro-economic adjustments are also made from time to time. These include devaluation of the Mauritian rupee, a policy of flexible exchange rates, as well as export promotion strategies. Further investments have also been promoted through the establishment of the stock exchange market and offshore business.

Summary of results and implications to other Sub-Saharan African countries

Relevant data (1970-1992) on the Mauritius case study suggest that EPZs can play a substantial role in the economic and social development of a country. The Mauritian EPZ experience, therefore, provides good lessons to other Sub-Saharan African countries implementing structural adjustment programmes. Future research should, however, focus on the issue of whether socio-economic and political environments in other Sub-Saharan African countries are conducive to the establishment of EPZs. The Mauritian experience shows that the government has taken an active role in promoting investments and exports. On the other hand, many Sub-Saharan African countries, unlike Mauritius, are well endowed with natural resources. What is required is an appropriate environment and incentives for EPZs to operate.

Such incentives should encompass both macro and micro policies. Macro-economic stability and trade policy reforms are some of the macro policy prerequisites for successful EPZs. The Mauritian experience has revealed that EPZs' success may be greater if EPZs are implemented as part of an overall trade-oriented reform programme aimed at opening up the whole country rather than treating them as enclaves. In this case, EPZs will facilitate the spread of the export supply response outside the zones; what Johansson and Nilsson (1997) term as catalytic effect of EPZs. Micro policies, which provide investment incentives in EPZs, include favourable location, promotion, institutional support, and adherence to the basic EPZ principles, such as efficient bureaucracy, duty free imports of inputs, profit repatriation and a supporting infrastructure such as roads, ports, airports, telecommunication, electricity and water.

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The effects of normative social belief systems and customer satisfaction on rural savings programs in Ghana

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Abstract
This study examines the effects of normative social beliefs, customer satisfaction with service quality and demographic variables on the long-term savings behavior of rural households some 15 years after the 1981 large-scale promotion of the rural bank program in Ghana. The results show that considerations of these influences beyond income alone provide stronger predictive power, over and above that of income. In addition, it appears that the negative effects of social beliefs on savings behavior were ameliorated significantly as a result of the promotional program. Similarly, customer satisfaction with the level of service quality was also positively correlated with the level of savings. However, the effects of the marketing approach used in Ghana differed significantly across state owned commercial banks, foreign multinational banks, and rural banks. The implications for enhancing the role of promotional marketing in changing savings attitudes in rural savings mobilization programs in Ghana and elsewhere in Africa are discussed.

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Introduction

Mobilizing the savings capacity of rural consumers in Third World countries is of increasing interest to policy makers and development scholars in part due to its critical economic development implications. From a policy perspective, the majority of the population in Third World countries lives in rural communities. Thus, the individual savings capacity of rural consumers when channeled through the formal banking system, can accumulate an enormous amount of capital for funding development projects (Adams, 1978). Moreover, bank-based rural savings mobilization programs enhance state revenues through taxation and control of currency in circulation, which, in turn, can help bring rural consumers into the monetary economy (Adams, 1978; McKinnon, 1973; Miracle *et al.*, 1980; Porter, 1964). From the perspective of the rural consumer, bank savings enhance the establishment of a credit history. Since many rural consumers depend on traditional financial institutions, they lack the savings history required to establish creditworthiness. Thus, bank savings can enhance the establishment of a savings history needed by rural consumers to establish creditworthiness, which in turn can enhance access to bank credit, and opportunities to improve farm productivity and the standard of living.

Yet, bank-based rural savings mobilization programs present a formidable marketing challenge; specifically how to induce voluntary patronage among rural consumers many of whom resist banks. This resistance stems from the general belief that Africans resist inherent consumer values associated with economic linkages with the West (Ennew *et al.*, 1977). They are suspicious of the government's motives and interference in their farm income (Dadzie *et al.*, 1989). Although marketing has been credited with changing attitudes and beliefs, the potential effects of marketing in eradicating the negative effects of these social beliefs and values on patronage behavior have not been well established for rural savings programs in Africa.

For the most part, this issue has been addressed, outside the marketing domain, by development scholars outside of the field of marketing whose main focus has been on income as a determinant of savings behavior (McKinnon, 1973; Mikesell and Zinser, 1973). However, policy makers and managers need policy recommendations that can help to reduce these negative beliefs and foster trust in the banking system in order to induce and sustain voluntary patronage of rural savings programs. To demonstrate the role marketing can play in fostering a sound savings mobilization policy and strategy, this study examines the effect of promotional marketing on reducing the negative effects of normative social beliefs relative to the positive effects of income on voluntary savings behavior in the context of Ghana's savings mobilization programs. We argue that just as marketing enhances consumer patronage or sales by fostering customer satisfaction through the delivery of superior service in Western markets, so will the delivery of superior service quality by various banking institutions lead to higher customer satisfaction and therefore bank savings in rural less developed countries (LDC) such as in Ghana. Furthermore, we argue that promotion helps to educate rural households and, thus, reduce the level of distrust associated with prevailing social beliefs and suspicions about rural savings mobilization programs in Ghana. Following this premise, we present a framework to explain this impact in the social and cultural context of rural Ghana. Finally, a large field

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study conducted in rural Ghana is used to test this model.

Background

As explained earlier, even though the savings potential of individual households in Third World rural societies is small, collectively such income can be a lucrative source of development funds when channeled through the banking system, because of the sheer size of these rural consumers: they constitute over 70 per cent of the population in most Third World countries. However, the role of the formal banking system in channeling such savings potential hinges on the ability of these alien institutions to foster voluntary savings, which in turn depends on the ability of these institutions to overcome the level of distrust that rural consumers have of the banking system.

In November 1981, policy makers and development planners in Ghana were faced with this problem of how to foster voluntary patronage of banking programs when the government and Cocoa Marketing Board (now Cocoa Board) decided to pay for cocoa and coffee purchases through the banking system. Although payment through the banking system would eliminate some of the delays associated with the cash system of payment, this strategy required farmers to leave a substantial portion of their farm income in the banking system, so that the Board and other state agencies could resort to such capital to fund cocoa purchases. To help plan the system, several marketing studies were commissioned both before and soon after the launch of the program in 1981. These marketing studies formed the basis of a large-scale national promotional program to educate farmers about the merit of saving with banks instead of holding cash at home or in other less productive assets such as jewelry or voluntary savings associations (Dadzie *et al.*, 1989). One such study found considerable evidence that marketing influences provided greater explanation of rural consumers' savings behavior than income alone (Akaah *et al.*, 1987). The present study is a continuation of these past studies and was sought by Ghana government agencies to provide an assessment of the long-term savings impact of the savings mobilization program in the country.

Literature review and hypotheses

From a conceptual perspective, the question of how Ghanaian rural consumers respond to rural savings programs can be modeled by the stimulus (S)-organic (O)-response (R) paradigm that has been used to model consumers' response to other types of retail services in the West (e.g. Bitner, 1992; Eroglu *et al.*, 2001). According to this paradigm, rural consumers' perception of rural banking systems is stimulated by the nature of the service these institutions provide which in turn influences their affective states (satisfied/dissatisfied). They respond to the nature of affective states by either approaching or avoiding the source of the stimulus or banks. Following this paradigm, we argue that the perceived quality of banking services (stimulus) affects the level of satisfaction of rural consumers who use the banking system. This in turn affects the likelihood of either approaching or avoiding rural savings programs.

The traditional role of income

Traditionally, research attention has focused on income. Until recently, it was believed that rural consumers do not have adequate savings because of the seasonal and meager nature of their farm income (Porter, 1964). However, recent research indicates that rural consumers do in fact possess adequate savings potential but such capacity is in non-liquid form (Adams, 1978). This focus on income alone has not provided much information on how to channel rural consumers' savings capacity into the formal banking system. We argue that the effect of income on bank savings will be moderated by an individual's attachment to social beliefs. Individuals who believe that banks are alien and incompatible with their savings norms are less likely to save with rural savings programs. Accordingly, we formulate our first hypothesis as follows:

H1. Farm income has a positive effect on bank savings.

The effects of normative social beliefs

Considerable research suggests that African consumers resist rural savings programs primarily because they may conflict with prevailing savings beliefs and norms. By social beliefs, we are referring to prevailing savings norms, practices and attitudes as they pertain to rural consumers' traditional means of meeting their savings and investments needs. These institutions include voluntary savings associations, holding cash in the form of jewelry, at home or with pawnbrokers. The underlying beliefs are quite different from banks, which are sometimes viewed as a risky proposition, because they require a customer to expose the size of their savings to the general public. This practice can make it difficult to ward off

rapacious relatives (Miracle *et al.*, 1980). Moreover, rural consumers are often intimidated by the reading and writing skills required to interact with banks (Miracle *et al.*, 1980). In contrast, the use of savings associations or cash at home does not entail such risks.

Another source of operating beliefs that are likely to create distrust in rural savings programs is the belief that banks are just another form of state interference with farmers' farm business. Given the history of marketing boards' interference with prices of farm produce, these suspicions are very likely to motivate increased resistance to any form of government sponsored savings mobilization program. Based on this argument, we hypothesize that social beliefs will negatively moderate the effect of farm income on bank savings.

H2a. The positive effect of income on bank savings will be moderated negatively by social beliefs.

H2b. Social belief will have a negative effect on bank savings.

The role of marketing

Although scholars believe that marketing enhances patronage and market share by creating customer satisfaction through the delivery of superior customer service, this relationship has not been established for rural savings mobilization programs. However, rural consumers are not different from Western consumers in that rural clients will respond rationally to a high level of customer service as long as it is convergent with their needs and wants. In this regard, customer satisfaction with the level of customer service is a good measure of the convergence of rural savings mobilization goals with the needs and wants of rural clients. We argue further that the direct positive effect of customer service on bank savings will be moderated negatively by rural consumers' attachment to prevailing social beliefs and norms.

H3. Customer satisfaction with service quality is positively related to bank savings.

A third category of influence considered in this study beyond that of income is other demographic variables, such as age, number of dependent children, distance to banks, and education. Although research indicates that demographic differences affect behavior, the empirical evidence for rural savings programs is very limited. This is especially pertinent to the number of dependent children. In rural African societies, the number of dependent children is a good predicator of patronage behavior such as bank savings because a large number of children is a rational adaptation to the lack of social security for the elderly and high infant mortality. Thus, we predict that consumers with a large number of children will have a lower savings rate because of the high household expenses associated with a large number of children.

Another demographic influence that is likely to predict savings behavior better than income is distance to bank. Banks are usually concentrated in urban areas. Thus, their patronage involves high transaction cost to rural consumers, especially in terms of travel time. Consequently, rural consumers who live further from banks are least likely to save with banks.

The third demographic variable examined in this study is the level of formal education. Although the majority of rural consumers are illiterate, we surmise that those consumers who have some formal education will find banks to be less threatening and will be more willing to save with banks than illiterate rural consumers.

Finally, age is also a critical demographic variable that predicts willingness to save with rural savings programs in developing societies, but the direction of influence is unclear. From one perspective, we would expect older rural consumers to be more willing to save toward retirement. From another, older rural consumers are less likely to save with rural savings programs because they are more likely to be illiterate and attached to traditional savings institutions. We predict that the latter influence is more likely because of pervasive illiteracy and patronage of traditional institutions.

H4. Demographic influences have negative effects on savings behavior.

H4a. Number of dependent children has a negative effect on bank savings.

H4b. Distance to banks has a negative effect on banks savings.

H4c. Age has a negative effect on bank savings.

H4d. Formal education has a positive effect on bank savings.

Table I summarizes the variables for each construct.

Method

The study hypotheses were tested with data collected in a national survey of 2,123 rural consumers who used the rural banking system in Ghana during the period from 1981-1995.

It involved several stages. First, following previous studies (Akaah *et al.*, 1987; Dadzie *et al.*, 1989), we developed an instrument that measured service quality. However, we included measures of social beliefs by first conducting a pretest in which we observed the operating beliefs of several households over a two-week period. Second, we then selected 120 agricultural extension officers from the Cocoa Board and trained them in a day-long workshop on how to interview the randomly selected target consumers. The selection procedures for the target consumers followed the same procedure as that used in previous research (Akaah *et al.*, 1987; Dadzie *et al.*, 1989). At the end of the training workshop, we selected 62 of the 120 officers for the interviews based on performance, knowledge of the terrain and their proximity to pre-selected towns and villages.

Table II presents a summary of the respondents' profile on selected demographic variables. The typical respondent is about 54 years old and has about nine dependent children. This is consistent with the age of the target population of the study – the head of household or farm owner.

Table I
Selected profile of respondents

Characteristics	Percent/mean scale rating Savers	Non-savers	$P < t$
Age	53.6	55	0.01
Dependent children (median)	8	9	NA
Education (in years)	< 8	< 8	NA
Distance to banks (in miles)	12.1	13.5	0.1
Prior banking experience (%)	39.5	19.0	0.01
1995 Farm income (US$ '00)	16.4	20.5	0.1

Notes: n = 2,123

Table II
List of study variables

Variable	How operationalized
Bank savings (dependent variable)	Last three years of bank savings
Farm income	Total produce sales in the last three years
Normative social beliefs[a]	Banks do not care about farmers
	Banks do not suit our needs
	Banks are not trustworthy
	Banks are government tax agents
	Banks are too far
	Coefficient alpha = 0.94
Service satisfaction:[a]	Convenience of days
Transactional	Convenience of service hours
	Speed of service
	Reliability of service
	Coefficient alpha = 0.82
Service satisfaction[a]**:**	Trustworthiness
Relational	Helpfulness of banking personnel
Demographic	Years of formal education
	Number of dependent children
	Age in years
	Distance

Notes: [a]These variables were measured on a five-point scale anchored as follows: 5 = "strongly agree" to 1 = "strongly disagree"

Analysis and results

Model specification

To test the premise that consideration of social beliefs, customer satisfaction and demographic influences provide a better prediction of rural consumers' savings behavior than income alone, the data were fitted to the following ordinary least squares models:

- $S_i = \alpha + \beta\gamma_i + \mu$ (income-only model)
- $S_i = \alpha + \beta\gamma_i + \sum_{j=1}^{2} \gamma_j X_{ij} + \mu$ (income-plus service quality model)
- $S_i = \alpha + \beta\gamma_i + T_{ij} + \mu$ (income-plus social beliefs model)
- $S_i = \alpha + \beta\gamma_i + \sum_{k=1}^{4} \delta_k Z_{ik} + \mu$ (income-plus demographic model)
- $S_i = \alpha + \beta\gamma_i + \sum_{k=1}^{2} \gamma_{ij} X_{ij} + \sum_{k=1}^{4} \delta_k Z_{ik} + T_{ij} + \mu$ (full model)

where i = the ith respondent (i = 1,2,–2123), j = the j th service quality variable (j = 1,2), k = the kth demographic variable (k = 1,2,3), and $\alpha, \beta, \gamma, \delta$ are model parameters' μ is the error term and S_i γ_{ij} T_{ij} Z_{ik} are savings, income, service quality, social beliefs and demographic variables, respectively.

Each model explores the relative influence of one of the four categories of variables (i.e. satisfaction with service quality, social beliefs, and demographic) over that of income. The models comparison approach (Green, 1978) was employed. This approach allowed us to determine the incremental explanatory power of each category of influence over and above that of income, which has been the focus of most research (Mikesell and Zinser, 1973; Snyder, 1974). Additionally, the moderating effects of social beliefs on the relationship between all relationships with savings behavior were also examined by testing for interaction effects in the full model.

Findings

Table III presents a summary of the regression results for all five models. The results show that all models yielded highly significant F-values, with $p < 0.0001$ for each test. This finding suggested that service quality and social values system and demographic variables all provided greater explanatory power over and above the influence of income alone in predicting rural consumers' savings behavior. Since the full model provides greater explanatory power

Table III
Regression of bank savings on income, customer service and social beliefs variables

Variables[a]	Estimated model parameters (Betas) Income-only model (Equation 1)	Income-customer service model (Equation 2)	Income-social beliefs model (Equation 3)	Income-demographic model (Equation 4)	Full model (Equation 5)
Intercept	0	0	0	0	0
Average farm income	0.297*	0.211*	0.222*	0.211*	0.297*
Normative beliefs	–	–	–0.043**	–	–0.055*
Customer service					
Transactional	–	–0.072	–	–	–0.088
Relational	–	–0.077	–	–	0.127*
Demographics					
Age	–	–	–	–0.045	–0.042
Education	–	–	–	0.017	0.016
Dependent children	–	–	–	0.182*	0.180*
Distance	–	–	–	0.192*	0.191*
Model summary					
Overall *F*-ratio	11.01	12.05	12.02	13.50	13.41*
***R*-squared**	0.140	0.150	0.151	0.169	0.180

Notes: $*p < 0.01$; $**p < 0.05$; [a]For component items, see Table II

over the different partial models, it was used to test both study hypotheses.

With respect to *H1*, which posits a significant positive influence of income on savings, the results in Table III show a significant positive coefficient in all five models. However, the interaction effects with social beliefs were not significant. Thus, there is partial support for *H1*. This outcome suggests that social beliefs had little impact on savings regardless of an individual's income level. This outcome may be attributed to the effectiveness of the promotional program in targeting farmers with high income potential: cocoa farmers.

H2, which posits a negative effect of social beliefs on savings, was supported by the results in Table III. This suggests significant lingering effects of perceived conflict of rural savings with prevailing savings beliefs and norms for relational customer service. Thus, it appears safe to say that resistance to rural programs persists even after years of education about these programs.

H3 predicts that customer satisfaction with the quality of customer service directly increases the willingness to save with the rural savings programs. The results in Table III show support for the relational aspect of customer service (beta = 0.127, $p < 0.05$) but was not supported for transactional aspects of customer service (beta = 0.088, $p < 0.01$). This implies that the more banking institutions were perceived as providing personable, trustworthy, services, the greater the level of savings by these rural consumer households. The lack of influence of transactional customer service may be attributed to the poor nature of the level of transactions, such as long waiting lines.

H4 posits that four demographic variables – formal education, age, distance and number of dependent children – all correlate with bank savings. These predictions were supported for number of dependent children (beta = 0.180, $p < 0.01$) and distance (beta = 0.191, $p < 0.01$) but was not supported for age (beta = – 0.042, $p < 0.10$) nor education (beta = 0.016, $p < 0.10$). The significant coefficient of dependent children suggests that the desire to save for children expenses, perhaps during the lean farm season, may have motivated the level of savings in the savings program. Similarly, the positive coefficient of distance implies that the longer the travel distance, the more willing were rural consumers to leave the savings balances untouched. While this may be ironic, it appears to be a rational adaptation to prevailing cultural values where rich individuals have financial responsibilities for relatives, implying that such savings were felt to be safer when far away from the scrutiny of dependants. The lack of significant influence of education and age may be attributed to the general level of illiteracy or the fact that the promotional campaign was so effective in explaining the savings program, targeted towards farmers as it was, that lack of formal education did not deter its use. Moreover, this outcome may reflect the difference between functional education and formal education. Although most of the respondents lack formal

education, they are presumably well informed about savings and investments decisions skills required to operate a commercial farm business and could make the bank savings decisions without formal reading and writing skills. It is also possible that some banks may have been more efficient than others in attracting the more educated rural consumers who are also more likely to live closer to the multinational banks. Hence, we explore this issue further by examining the performance of the various banking institutions.

Institutional type of banking

Table IV presents a summary of the savings behavior of the respondents across three major types of banking institutions:

1. Ghana Commercial Bank;
2. Barclays and Standard Banks (both foreign multinationals); and
3. rural banks.

Ghana Commercial Bank is a state owned commercial bank that had a near monopoly of the banking industry in most rural areas until the late 1970s. Barclays Bank and Standard Bank are foreign multinational banks with most of their operations in urban areas. However, under the rural savings mobilization program, these banks were also encouraged to open branch offices in rural areas. Rural banks are community owned individual banks run by a board of directors who are drawn from the rural community. They are, however, under the central supervision of the Central Bank of Ghana.

A comparison of savings behavior across these three institutional types, based on the results in Table IV, reveals some interesting similarities and differences in the correlates of savings behavior. With respect to similarities, it is interesting to note that income persistently had a positive effect on savings behavior in all three banking institutions. The second interesting correlate of similar pervasive effect is distance to banks: it is also positively correlated with bank savings regardless of the type of banking institution.

With respect to differences in the effect of study variables across the institutional types, the most significant were noticeably in the marketing domain. As Table IV indicates the positive influence of customer service was confined to the two multination banks (Barclays Banks and Standard Banks) by virtue of the positive significant coefficient of transactional (beta = 0.152, $p < 0.05$) and relational customer service (beta = 0.172, $p < 0.01$). This finding implies that foreign banks relied on the delivery of superior customer service to both build strong relationships as well improve transactional efficiency for its customers. In this regard, the lack of such customer service effects on the local banks, both commercial and rural banks should not be interpreted to mean a lack of marketing orientation of these organizations. Rather, we surmise that this situation reflects the choice criteria used in the bank selection decision. It is possible that rural consumers who saved with local Ghanaian banking institutions, especially

Table IV
Regression of bank savings by banking institutional types

Variables	Estimated parameters (betas) Ghana Commercial Bank (n = 714)	Barclays and Standard Banks (n = 220)	Rural banks (n = 1,189)
Intercept	0	0	0
Farm income	0.375*	0.234*	0.292*
Social beliefs	–0.042	0.010	–0.06**
Customer service			
Transactional	–0.026	0.152*	0.041
Relational	0.109	0.172*	0.032
Demographics			
Education	0.021	0.031	0.011
Age	0.038	0.039	–0.043**
Dependants	–0.054	–0.032	0.063**
Distance	0.774*	0.213*	0.091*
Model summary			
Overall *F*-ratio	22.32*	21.20*	17.81*
***R*-squared**	0.715	0.710	0.171

Notes: *$p < 0.01$; **$p < 0.05$; n = number of respondents cashing produce check with each category of financial institution. The rural bank category includes 339 respondents who are clients of social security banks

Ghana Commercial Bank and rural banks do so because they may have chosen the banks less for their customer service quality than for availability. That is, convenience and lack of choice, rather than quality of service, may be reasons for some clients to choose Ghana Commercial Banks and rural banks. On the other hand, Barclays Bank customers may be more discriminatory in their preference for banking services, especially customer service. Hence, the correlation between customer service and savings among multinational banks.

Some hard data as well as anecdotal information may support (albeit partially) the above explanation. For instance, the number of Ghana Commercial Bank's clients in the system (714) by far exceeds that of Barclays Bank (150) and Standard Bank's (70), thereby making convenience (rather than service quality) a dominant factor in choosing Ghana Commercial Bank.

Conclusion

Researchers addressing issues relating to the sustainability of rural savings programs have focused on the effects of income with little attention to marketing related factors such as normative social beliefs and customer satisfaction with the quality service. This paper explores the influence of normative social beliefs, customer service and key demographic variables that are critical to the promotion of bank-based rural savings mobilization programs in Ghana.

Overall, the study results lead to the following sets of conclusions:

1 The first conclusion pertains to the influence of income on bank savings. The level of farm income positively affects rural consumers' willingness to save with rural banks regardless of the type of banking institution examined in this study (state owned commercial banks, foreign multinational banks, and rural banks).
2 Second, despite the prevalence of normative social beliefs (the majority of rural consumers did not use banks prior to the launch of the rural savings programs), it had minimal negative effect on savings behavior among rural households in Ghana, an indication that the promotional campaign may have reduced the potentially negative effect of social beliefs on bank savings.
3 The traditional positive effect of customer service on patronage behavior was confirmed among foreign multinational banks but not local commercial or rural banks.
4 Demographic variables, especially the number of dependent children and distance, correlated positively with bank savings, while age and formal education had little impact on bank savings.

Implications

In a region where formal banking systems are quite alien to rural consumers, the lack of strong negative influence of prevailing normative savings beliefs reported in this study speaks to the benefit of the promotional campaign launched in Ghana as part of the promotion of rural savings program. However, potential resistance to banks cannot be totally eliminated even after 15 years of these programs. Hence, the sustainability of these programs must focus beyond farm income.

First, the fact that income is a prevalent predictor suggests that policy makers must certainly focus on rural populations with significant farm income. However, given the seasonal nature of farm income, savings mobilization programs must almost immediately be linked with other financial services, so that rural consumers' financial needs during the lean season can be linked with their financial needs during the harvest season. In this regard, patronage would be year round. Hence, savings mobilization programs must be expanded in scope to cover the myriad of rural financial markets to reduce the overall overheads and thus increase sustainability. This suggests a rethinking of current policies of separating savings mobilization from credit disbursement.

Second, the study results underscore the need for multi-institutional approaches to rural savings mobilization programs. The results suggest that different types of banking institutions – state commercial banks, rural banks, and foreign multinational banks – serve different customer groups. Hence, these different banks are capable of mobilizing savings capacity provided that they meet the different selection criteria. Thus, while state owned commercial banks may not be as transactional oriented as foreign national banks, they meet the needs of the average consumer for basic accessibility and convenience. To increase the level of transactional efficiency in state owned and rural banks would mean reducing the number of such banks because of the trade-off between service and cost. But such a policy would deprive a large majority of rural consumers of access to basic financial

services. However the current policy of targeting the rural consumer with very basic customer service appears to be consistent with Schumacher's (1973) "Small is Beautiful" paradigm that LDCs need not focus on the most advanced technology in order to attain real sustainable development.

Finally, more research involving other socio-economic and cultural influences in other African countries would be needed to confirm these conclusions. Such studies would increase our understanding of preference formation for alien innovations by considering the longitudinal nature of savings behavior.

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Cultural orientation: its relationship with market orientation, innovation and organisational performance

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Keywords
Market orientation, Organizational performance, Zimbabwe

Abstract
The relationships among organisational culture, business environment, business strategy and functional strategies are rarely investigated in a holistic perspective. This leads to reductionism in modelling and prevents the full exploration of the potentially complex relationships among cultural orientation, business strategy and functional strategies and their impact on organisational performance. This paper, based on a sample drawn from food manufacturing businesses in Zimbabwe, recognises the pervasive impact of organisational culture on organisational strategy and functional strategies. As a result, it acknowledges the multi-level impact of cultural orientation – allowing for the building of a conceptual model, linking cultural orientation, business environment, organisational strategy, functional strategies and performance – which is subsequently empirically tested.

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Conceptual model

Organisational culture

Several perspectives have emerged in the study of organisational culture depending on the discipline in which it is studied (management, marketing, sociology, anthropology etc.) and on the perspective adopted by the researcher ie. whether it is regarded as an independent variable (endogenous or exogenous to the organisation) or a metaphor for organisational knowledge systems, shared symbols and meanings; or metaphor for the unconscious mind (Deshpande and Webster, 1989). Culture is viewed as a set of broad tacitly understood rules and procedures that inform organisational members on what, and how, to do under a variety of undefined situations. Schein (1985) defines corporate culture as "a set of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems". Thus organisational culture is conceived as economic functionalism, and among other things, a solution to a managerial problem. This perspective is interventionist and is based on the belief that cultural artefacts "can be used to build organisational commitment, convey a philosophy of management, rationalise and legitimise activity, motivate personnel, and facilitate socialisation" (Smircich, 1983, p. 345) (see Figure 1).

The economics of culture arises from the following considerations. Culture minimises the costs of drawing up employment contracts and minimises the details necessary for controlling employees. Expected behaviour is conveyed through rituals, symbols and stories and new recruits are socialised in ways that signal acceptable behaviour, thus, culture can be used as an alternative to written contracts (Camerer and Vepsalainen, 1988). Culture has cognitive economies that result from simple stories, slogans and role models being more effective in communication than most alternatives available to management. Cultural consistency creates economies of horizontal and vertical coordination since subordinates know how their boss would like things to be done. This economises on time for consultations, i.e. timeliness of decision making. Subordinates can act quickly in the knowledge that their boss would approve. Finally, the visibility of culture can create economies as it may lead to lower labour turnover because employees know what to expect before joining the firm.

The study of organisational culture has been polarised by two distinct perspectives. On one hand are those who believe culture is something the organisation has (Deshpande and Webster, 1989; Narver and Slater, 1990; Kohli and Jaworski, 1990; Webster, 1991); on the other hand are those who believe culture is what the organisation is and hence impossible to manipulate (Legge, 1994; Knights and Willmott, 1987; Ogbonna, 1993). However, most marketing researchers treat culture as something the organisation has and have demonstrated that market oriented cultures enhance organisational performance (Atuahene-Gima, 1996; Greenley, 1995; Kohli and Jaworski, 1990; Narver and Slater, 1990; Pitt *et al.*, 1996; Selnes *et al.*, 1996); is associated with effective HRM (du Gay and Salaman, 1992; Guest, 1990) and has been closely linked to successful TQM. However, contending voices have began to be heard (see Willmott (1993) for detailed discussion).

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Culture as a strategic asset

Strategic assets have been characterised as resources and capabilities "that are more likely to create and protect economic rents" Amit and Schoemaker (1993). Strategic assets share the following characteristics. They are subject to market failure and may be the basis of competition among rivals (Barney 1991); they can be shown *ex post* to be key determinants of firm profitability; they are determined at the market level through complex interactions among rivals, customers, innovators and regulators (Amit and Schoemaker, 1993); their development takes time, skill and capital (Dierickx and Cool, 1989); investment in them is largely irreversible (Petraf, 1993); their values deteriorate or appreciate over time at varying rates of change (Rumelt, 1984; Reed and DeFillippi, 1989); their pace of accumulation may be affected by a range of managerial actions, i.e. one cannot easily speed up their development hence they exhibit time compression diseconomies; their value to a firm may depend on possession of other assets, i.e. they have a complementarity property (Dierickx and Cool, 1989; Ghemawat, 1991). Organisation culture shares these characteristics.

Proposition 1: Organisational culture has significant impact on functional strategies, marketing implementation and organisational performance. Hence:

H1a. Organisational culture is significantly and positively related to organisational strategy.

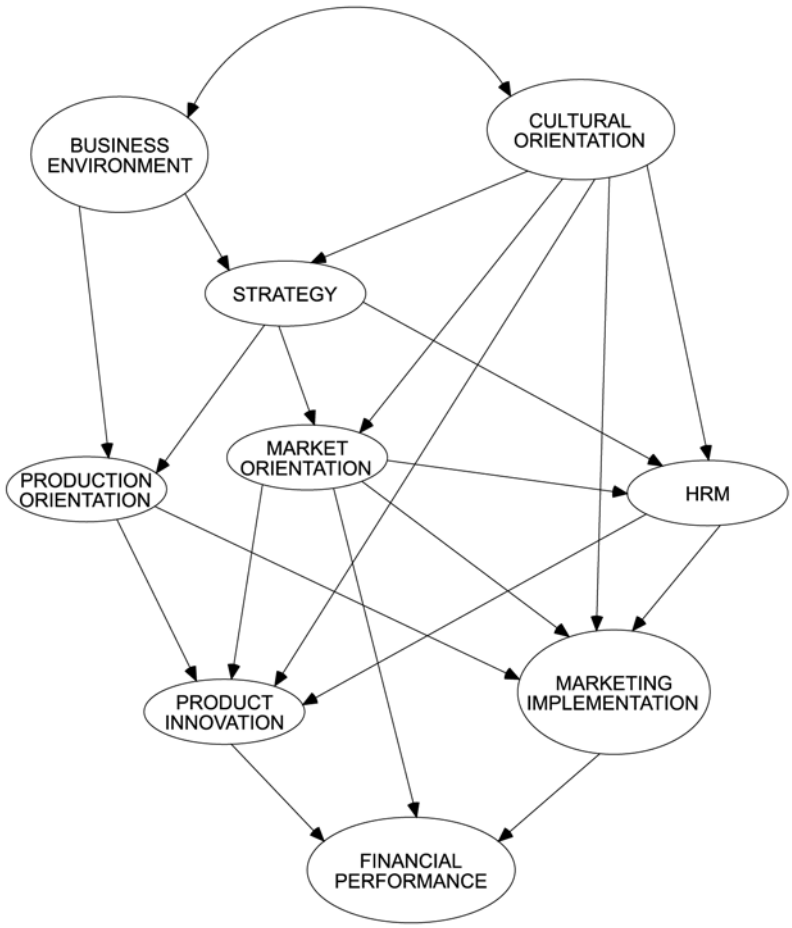
H1b. Organisational culture is significantly and positively related to market orientation (Walker and Ruekert, 1987; Deshpande and Webster, 1989; Kohli and Jaworski, 1990; Narver and Slater, 1990).

H1c. Organisational culture is significantly and positively related to human resource management practices (Ruekert, 1992; du Gay and Salaman, 1992; Guest, 1990).

H1d. Organisational culture is significantly and positively related to innovation (Hill, 1990; Atuahene-Gima, 1996).

H1e. Organisational culture is significantly and positively related to organisational performance (Davis, 1984; Pascale, 1985; Cox, 1991).

Figure 1
Conceptual model



Business environment

The concept of the microenvironment relates to those factors in the business's immediate environment to which the organisation can purposively respond and/or influence. The business environment is important because it may induce homogeneity among competitors. For example, in technology development, firms share several characteristics of the industry: direct competitors face similar technological opportunities for innovation (Klevorich *et al.*, 1995, Cohen and Klepper, 1992); use a common protection mechanism for profiting from their technological investment (Levin *et al.*, 1987); and share innovative conditions derived from the same underlying technology. This tendency towards homogeneity is observed from a behavioural perspective: marketing expenditure may be comparable because of similarity in product differentiability and stage in product life cycle. In addition, the concept of key success factors (KSF) suggests company success is externally determined by the industry environment leading to competitive parity. Homogeneity may be a result of managers benchmarking their industry competitors to close competitive gaps (Bogan and English, 1994). Most contingency literature suggests that the environment influences organisational strategy (Porter, 1980).

However firms have some latitude in selecting strategies (Hrebiniak and Joyce, 1985). As noted by McKee *et al.* (1989, p. 22) "[t]he payoff on a given strategy is contingent

upon the match between the adaptive content of the strategy and the dynamics of the market".

Proposition 2: The attractiveness of the business environment influences functional strategies.

H2a. The attractiveness of the business environment increases the importance of market orientation.

H2b. The attractiveness of the business environment increases the importance of human resource management practices to retain required skills.

H2c. The attractiveness of the business environment leads to greater investment in plant and equipment to reduce manufacturing costs.

H2d. The attractiveness of the business environment is positively related to financial performance.

H2e. The relationship between business environment and marketing implementation is mediated by functional strategies.

H2f. The relationship between business environment and organisational performance is mediated by functional strategies and marketing implementation.

Organisational strategy

Business strategy guides the selection of product-markets but also serves as a constraint for product-markets (Day, 1994). Thus strategy directly impacts on technology choice and product development effort. Functional strategies should be based on a coherent strategy that informs marketing and other managers of appropriate functional strategies and their implementation (Vorhies, 1998). The level of market orientation of a business must be consistent with the organisational strategy (Miles and Snow, 1978; McKee *et al*., 1989; Conant *et al*., 1990). Organisational strategy has been associated with organisational performance (McKee *et al*., 1989; McDaniel and Kolari, 1987). While it is generally agreed that the business environment influences performance, others using similar data (Rumelt, 1991) have found that the major determinant of organisational performance is strategy. This has been supported by researchers in resource based competition (Petraf, 1993; Mahoney and Pandian, 1993; Amit and Schoemaker, 1993; Hunt and Morgan, 1995). Chatman and Jehn (1994) provide evidence of variability of cultures (market orientation) across industries leading to performance differences. Gordon (1991) notes that after deregulation of financial services, the environment became very competitive necessitating firms to adopt market oriented cultures. To the extent that business strategy is an interpretation of the environmental exigencies facing the organisation, it shapes the organisational responses appropriate for these challenges. The impact of strategy is felt through choices of distinctive competencies and the level of investment in them.

Proposition 3: Organisational strategy has a significant impact on functional strategies.

H3a. Organisational strategy has a significant positive impact on the level of market orientation.

H3b. Organisational strategy has a significant positive impact on quality of human resource management practices.

H3c. Organisational strategy has a significant positive impact on the degree of product innovation.

H3d. Organisational strategy has a significant positive impact production orientation.

Market orientation

A market orientation is considered an organisational response to consumer needs and tastes (Narver and Slater, 1990; Ruekert 1992; McKee *et al*., 1989). A market orientation is considered an important part of organisational culture (Baker *et al*., 1994; Hunt and Morgan, 1995) and as noted by Deshpande and Webster (1989, p. 35) "... [m]arketing orientation defines a distinct organisational culture ... that puts the customer in the centre of the firm's thinking about strategy and operation". The relationship between market orientation and other variables in our model has been supported by previous research. Market orientation has been found to be positively related to financial performance (Narver and Slater, 1990; Slater and Narver, 1994; Jaworski and Kohli, 1993). However, companies need to strike a balance between market orientation and production orientation to achieve effective performance outcomes (Wong and Saunders, 1993; Fritz, 1996); market orientation has impact on salespersons' customer orientation and job satisfaction (Ruekert, 1992; Jaworski and Kohli, 1993). The relationship between market orientation and innovation has not been investigated effectively as noted by Jaworski and Kohli (1993, p. 129) "... [t]here is little in the literature on the effects of a market orientation on the metrics related to innovation". There have been suggestions that by concentrating on customers and competitors, market orientation might put mental blinkers and discourage frame-breaking innovation. More studies are required to clarify the situation (see

Atuahene-Gima, 1996). Hence, on the basis of extant literature we state that:

Proposition 4: Market orientation has a positive relationship to functional strategies and performance.

H4a. Market orientation is significantly and positively related to HRM.
H4b. Market orientation is significantly and positively related to product innovation.
H4c. Market orientation is significantly and positively related to marketing implementation.
H4d. Market orientation is significantly and positively related to financial performance.
H4e. The relationship between market orientation and performance is mediated by marketing implementation.

Production orientation

The distinctive competence of controlling costs through routinisation of operations, investing in efficient manufacturing technology and focusing on a narrow range of activities is consistent with our operationalisation of production orientation (Miles and Snow, 1978; Zammuto, 1988). The concepts underlying production orientation are variability and analysability. As analysability of a task decreases and variability increases the task ceases to be routine. This distinguishes day-to-day manufacturing to new product development, i.e. one is routine while the other risky, speculative and non-routine. Routinisation of tasks permits lowering average and marginal costs enabling a firm to reduce prices or increase profits or both (Miles and Snow, 1978; Porter, 1980). It offers more options in competitive decision making since cost-cutting innovations are particularly attractive because their effects are more predictable and the firm has more control over costs than it does over other aspects of production and marketing. Finally, and cost-cutting innovation is less likely to be detected and imitated immediately by competitors. However emphasis on efficient production may be negatively associated with product innovation since new product development is technically inefficient, risky and unpredictable. Hence:

H5a. Production orientation is negatively related to product innovation.
H5b. Production orientation is positively related to marketing implementation.
H5c. Production orientation is positively related to financial performance (ROA).

Product innovation

Innovation is reflected in new products, manufacturing processes and management techniques. A search of literature reveals that there are three organisational activities that characterise high product innovativeness: ability to perceive product-market opportunities, building marketing capabilities for responding to identified market opportunities, and an ability to speedily pursue opportunities (Oktemgil and Greenley, 1997). Product innovation is associated with speculation and risk and is a key resource allocation decision (Dickson and Giglierano, 1986). However, without product development the company may suffer from the "tyranny of served markets" (Hamel and Prahalad, 1994, p. 83). Therefore product innovation is important for market implementation and consequently for financial performance. Hence:

H6a. Product innovation is positively related to marketing implementation.
H6b. The relationship between product innovation and performance is mediated by marketing implementation.

Human resources management (HRM)

Human resource practices have significant implications for marketing effectiveness since the skills of the employees are possibly the most important strategic asset of any organisation. Some human resource practices encourage learning (Sinkula, 1994). Presumably learning facilitates behaviour change and leads to improved performance (Sinkula, 1994). Effective human resource practices must also facilitate unlearning (Hamel and Prahalad, 1994) especially if previous behaviour is in conflict with the new demands of the environment. Dess and Origer (1987) find that high performing firms in dynamic and complex markets strive for consensus to ensure effective strategy implementation. Successful organisations tend to have supportive management skills that stimulate creativity and improved organisational performance. Hence:

H7a. Human resource practices have a significant and positive impact on product innovation.
H7b. Human resource practices have a significant and positive impact on marketing implementation.
H7c. Human resource practices have a significant and positive impact on financial performance.

Marketing implementation

A growing body of research has identified organisational capabilities as key components in a firm's ability to achieve a competitive advantage (Prahalad and Hamel, 1990; Day, 1994). A firm's capability is developed when its employees repeatedly

apply their knowledge and skills to transform marketing input into output (Vorhies, 1998). We have noted in the discussion above that the development of these capabilities is influenced by the business environment and the strategy adopted by the organisation. Marketing effectiveness is conceptualised as a measure of how effectively marketing capabilities are used. Hence developing marketing capabilities creates conditions for achieving strategic objectives (Day, 1994). In this research market effectiveness is conceptualised as effectiveness of implementation. In this research we operationalise marketing effectiveness as achieving intermediate organisational objectives that may positively impact financial performance. Several measures were used to capture the idea of marketing effectiveness. These include sales growth, changes in market share, and number of successful new products introduced in the previous three years. The measures were objective measures since all data were collected in a single industry. The measures used were averaged over a three-year period. We hypothesise that marketing implementation has a significant and positive impact on financial performance.

H8. Marketing implementation has a significant and positive impact on financial performance (ROA).

Financial performance (ROA)

The final variable in the model is return on assets. This is a financial measure that takes into account the different sizes of the organisations in the sample. Again this was an objective measure averaged over the previous three-year period.

Research methodology

Sample and data collection

The food manufacturing sector contributes about 25 per cent of the GDP and because of its importance to the economy there are many influences acting on it. Food is necessary for the well-being of the society and is a highly political issue. At the time the research was carried out, the Zimbabwean government had launched an IMF-supported Structural Adjustment Program (SAP). The deregulation of the food industry, which had started in 1987, picked up momentum and was completed by 1994. At the time data were collected some companies were operating with minimum government interference, others were in transition following deregulation and a third group was still regulated (especially the politically sensitive basic foods). In such an environment, business decisions reflect or are influenced by political, social, economic and technological factors. Evidently, this has implications for strategy choice and on how strategies are implemented. The sample for this study was drawn from a population of food manufacturing businesses in Zimbabwe. Of the 220 food manufacturing businesses targeted for participation in this research, 25 could not be reached and 19 refused to participate resulting in an effective sample size of 176. This is effectively an 80 per cent response rate. The researcher personally visited the food companies to solicit their participation in the project. A principal informant was identified and left with the questionnaire to complete. The researcher then came to pick up the completed questionnaire.

Development of scales

Culture

We adopt a clearly objectivist perspective (Deshpande and Webster, 1989; Camerer and Vepsalainen, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990) and treat culture orientation as one of the organisational variables. We adopt the Hunt (1994) model which suggests that culture can be studied at four levels varying from the most accessible artefacts, stories and rituals; patterns of behaviour; values and beliefs with basic assumptions as the most inaccessible. We attempt to capture the most accessible aspects of culture (see Harris and Ogbonna, 1999 for a critique of this approach). We use 16 items to measure cultural orientation. This is viewed as "variance" approach as opposed to the typologies that ignore intra-type variability. This was especially important when operationalising culture in Africa. This is because organisational culture may reflect the dominant nationalities of international corporations. In most African countries "pure" culture types may not be predominant but various shades blend into each other hence our choice of the variance approach.

All the variables of interest were measured through multiple items so that scalar measures could be developed. The scalar measures were computed as the average score of the items. The reliability of the scales are shown in Table I. Strategy was operationalised as the Miles and Snow (1978) strategy types following a similar approach to Conant *et al.* (1990) and McKee *et al.* (1989). The scale implies movement from the most reactive to the most proactive strategic postures. Hypotheses relating to strategy, then, imply, the more proactive the strategic

Table I
Summary of direct effects

	Hypothesised +/–	Path coefficient	*t*-value	Support
***H1*: Organisational culture influences**				
***H1a*: Organisational strategy**	+	0.61	10.497***	Yes
***H1b*: HRM**	+	0.20	2.793**	Yes
***H1c*: Market orientation**	+	0.33	3.773***	Yes
***H1d*: Product innovation**	+	0.13	1.734*	Yes
***H1e*: Marketing implementation**	+	0.14	1.508	No
***H1f*: Financial performance (directly)**	+	0.02	0.295	No
***H1g*: Culture-innovation relationship is mediated by functional strategies**	+	0.45	7.035***	Yes
***H1h*: Culture-implementation relationship is mediated by functional strategies**	+	0.39	6.088***	Yes
***H1i*: Culture-performance relationship is mediated by functional strategies**	+	0.24	4.875***	Yes
***H2*: Business-environment influences**				
***H2a*: Organisational strategy**	+	0.13	2.217*	Yes
***H2b*: Market orientation**	+	0.24	3.530***	Yes
***H2c*: Production orientation**	+	0.19	2.60**	Yes
***H2d*: Return on assets**	+	0.11	1.800*	Yes
***H2e*: Environment-implementation relationship is mediated by functional strategies**	+	0.14	3.917***	Yes
***H2f*: Environment-performance relationship is mediated by implementation**	+	0.20	2.806**	Yes
***H3*: Organisational strategy influences**				
***H3a*: Market orientation**	+	0.06	0.679	No
***H3b*: Production orientation**	+	0.21	2.915**	Yes
***H3c*: Production orientation**	+	0.19	2.915**	Yes
***H3d*: Product innovation**	+	0.22	2.911**	Yes
***H4*: Market orientation influences**				
***H4a*: HRM**	+	0.41	5.711***	Yes
***H4b*: Product innovation**	+	0.39	5.932***	Yes
***H4c*: Marketing effectiveness**	+	0.29	4.026***	Yes
***H4d*: Return on assets**	+	–0.12	NS	No
***H4e*: Market orientation-performance relationship is mediated by implementation**	+	0.17	5.692***	Yes
***H5*: Production orientation impacts**				
***H5a*: Product innovation**	–	–0.18	–3.049**	Yes
***H5b*: Marketing effectiveness**	+	0.260	4.677***	Yes
***H5c*: Return on assets**	+	–0.02	NS	No
***H6*: Product Innovation is related to**				
***H6a,b*: Marketing effectiveness**	+	0.505	7.069***	Yes
***H7*: Human resource management**				
***H7a*: Product innovation**	+	0.22	2.894**	Yes
***H7b*: Marketing effectiveness**	+	–0.33	–5.149***	No
***H7c*: Return on assets**	+	0.06	NS	No
***H8*: Marketing effectiveness ROA**	+	0.561	8.850***	Yes

posture, the stronger the association with the functional strategies.

Data analysis was performed using path modelling in AMOS 4 using data in SPSS10. This procedure allows for simultaneous exploration of direct and indirect (mediated) relationships and the incorporation of hierarchical structures. All the hypothesised relationships were modelled as the direct relationships among the variables.

Results and discussion

Model statistics

Goodness of fit measures ($\chi^2_{(19)}$=19, p = 0.456, GFI = 0.978, AGFI = 0.938, RMSEA = 0.002, NFI = 0.957, TLI = 1.000 and CFI = 1.000) suggest that data fit the model rather well, all measures of goodness of fit suggest the model is acceptable. All the paths hypothesised were retained in the model even when they were not significant since they were theoretically justified.

Cultural orientation
All hypotheses relating to cultural orientation were supported except for the relationship with marketing implementation and direct effect on organisational performance although the mediated relationships were supported (see Table I).

Business environment
All hypotheses relating to business environment were supported including the mediated ones. Thus, effect of the business environment is to induce homogeneity due to similarities in cognitive sunk costs, path-dependent resources, government regulations, competitor stasis, human capital transfers and competency blueprints (Oliver, 1997).

Business strategy
All the hypotheses were supported except for the relationship with market orientation. This was rather surprising since it suggests that all strategy types need to be market oriented otherwise they may be ineffective on the market.

Market orientation
All these hypotheses are supported by the results. However, the relationship between market orientation and financial performance was not significant and in fact it was negative. Most managers, in Zimbabwe, did not associate market orientation with financial performance and were likely to treat marketing as a slack resource, especially if demand exceeds supply (a common characteristic of developing economies!). The significant influence of market orientation on marketing effectiveness, product innovation and human resource practices suggests the effect of market orientation on financial performance is mediated by these functional strategies. Hence the total effects of market orientation on organisational performance clearly indicate there is a strong positive relationship (Narver and Slater, 1990; Kohli and Jaworski, 1990; Greenley, 1995).

Production orientation
We hypothesised that there is a negative relationship between production orientation and product innovation. As noted above product innovation is risky and speculative and not consistent with operational efficiency, which demands routinisation of operations to allow for effective control and predictability. This hypothesis is supported.

Human resource management
We hypothesised a positive relationship between HRM and marketing effectiveness. This hypothesis must be rejected. Labour was still regulated, relatively cheap and in excess supply as evidenced by high levels of unemployment. Hence most managers, in Zimbabwe, did not see human resource management as a source of competitive advantage but viewed labour simply as a necessary cost.

Product innovation
As hypothesised product innovation is strongly associated with marketing implementation, this was supported.

Contribution of the research and implications for managers

The paper attempts to link concepts across disciplines and draws on the various discipline-specific models to develop an integrated model of the determinants of effective marketing implementation, product innovation and financial performance. The integrated model performs well and fits the data rather well. These research findings suggest that the sources of effective marketing implementation may lie outside the traditional marketing domain. Trends in the business environment may significantly negate the marketing effectiveness of well-laid-out plans. There are real difficulties in articulating, measuring and interpreting the most important components of organisational culture. This results in a double-edged sword: on one hand, this is desirable in creating causal ambiguity (a source of sustainable competitive advantage) but it also means changing organisational culture is difficult. However, there are few occasions when it would appear easiest to change culture, for example when the organisation experiences dramatic crises such as poor performance, threat of take-over or hostile acquisition (Bowman and Faulkner, 1997); or during occasions when top management changes occur (Pettigrew, 1979). The findings suggest that managers with outward oriented cultures, cultures that encourage risk taking and are responsive to market needs are likely to be more effective in marketing, innovation and to have superior financial performance.

Limitations of the research

The research is not fine grained in that the level of abstraction leads to a high level of aggregation especially for complex concepts like organisational culture and business environment. The sample size is rather small hence the decision to use a path model instead of the full structural equation model. However, given the high response rate and the fact that this sample accounts for more than 75 per cent of the target population, the results can be considered adequately

representative. In addition the high reliability of the measures significantly aids in the interpretation of the results and suggests that the findings can be considered robust. However, changes in Zimbabwe, as in most places in the developing economy, may suggest these findings may be most applicable to certain stages of development.

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The structural adjustment programme and marketing in the manufacturing industry in Nigeria

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Keywords
Manufacturing industry,
Marketing,
Organizational performance,
Nigeria

Abstract
This paper is a study of the effect of the Structural Adjustment Programme (SAP) on marketing practices of manufacturing industry in Nigeria. Data for the study were collected through a questionnaire and depth interview of chief executives or senior managers. The data were analysed on a "before" and "after" basis using a Wilcoxon Signed-Rank Test. The major findings of the study were that manufacturing industries: adjusted only their marketing operations, not their production structure; attained higher sales, productivity and profitability; did not increase their exports, use of local materials, or employment. The study concluded that SAP was not capable of achieving the objectives envisaged because of the underdeveloped characteristics of the economy. It recommended a more fundamental re-engineering of the economy in order to achieve the desired objectives.

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Introduction

The economic fortunes of most African countries, in the 1960s, changed for the worse in the late 1980s. The agrarian economy of the early independence years was characterized by relative prosperity: food sufficiency, adequate inflow of official aid, favourable terms of trade and healthy balance of payments. These changed in the 1980s when most African countries' economies experienced adverse economic trends. Factors accounting for such a reverse included the failure of the import substitution approach to industrialisation, the massive expenditure of the newly independent governments to improve social services and infrastructure, the substantial decline in the flow of official assistance, and the increasingly adverse terms of trade of most of these countries. The profligacy of many African governments helped to exacerbate these adverse trends. Faced by chronic balance of payment deficit and riddled with debt, most countries in the late 1980s came under the "receivership" of the Bretton Woods institutions, which prescribed orthodox Structural Adjustment Programmes (SAP). The programme included such measures as trade liberalisation, cuts in government spending, removal of subsidies, commercialisation or privatisation of parastatal industries, and currency depreciation, among others.

Two of the objectives of SAP were to introduce local products to international markets and to increase output, earnings and employment both in industry and agriculture (Madeley, 2000). However, in many developing countries, the results of these measures have been mixed at best and disastrous at worst. Cuts in government expenditure and removal of subsidies on many basic products or services increased prices, reduced aggregate demand, and created higher unemployment. The poverty implications of these measures have been exacerbated by massive depreciation of local currencies. The resulting loss of purchasing power of consumers and the increased costs of operations posed a challenging operating environment to both the industrial and commercial establishments of the various countries' economies.

Several studies have examined the impact of the SAP on developing countries from the economic, financial, agricultural and gender perspectives (see for example, Cornia, 1987; Demery and Addison, 1987; Ghai, 1991; Sandbrook, 1991; Onimode, 1989). There seems to be little research effort on how SAP has affected manufacturing industries in the formal sector of the economy or how they have coped with the changed operating environment SAP had created. This paper attempts to bridge that gap with respect to marketing in manufacturing industries in Nigeria.

SAP significantly altered the operating environment of most businesses in the countries that were implementing the policies. This paper investigates the changes in the business environment resulting from the implementation of SAP and the impact this had on the marketing activities of manufacturing industries in Nigeria. Specifically, the study will attempt to answer the following questions:

1. What changes occurred?
2. How have they affected marketing activities of manufacturing establishments?
3. To what extent have these changes produced the results envisaged by the reform?

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The research

Data on marketing activities and operating results were collected from 19 major manufacturing companies in Nigeria for 1986, the year SAP was implemented, 1990, 1995 and 2000. In addition, depth interviews were conducted with the responding company officials who were mostly company chief executives. The data were analysed on a "before" and "after" basis using the Wilcoxon Signed-Rank Test for analysis. The results of the analysis are presented in three sections. The first summarises the changes in the environment while the second discusses the marketing responses of the sample firms. In the third section, the effects of SAP on the operational performance of the firms are analysed.

SAP and the environment

The changes brought about by SAP had a mixed impact on the business environment of manufacturing industries in Nigeria. A few companies perceived SAP more as an opportunity than a threat. To such companies, SAP constituted an opportunity for better creativity, global sourcing of materials, better marketing communication and enhanced product quality. More pervasive are those who saw SAP as a threat in view of the adverse changes in the business environment. Such changes included escalating cost of production, high rate of inflation, the volatility in the macroeconomic environment, the contraction of consumer demand, high cost of capital, and a deterioration of infrastructure services. SAP increased the number of informal sector operators capable of engaging in unorthodox and sometimes unethical business practices, thereby constituting a new and more intractable type of competitors to formal sector operators. For marketing, these changes translated to a weakened consumer demand, increased consumer price cognition and a reduction of preference for product quality. How did companies cope with these environmental changes?

Marketing-mix strategy changes

The marketing concept implies the adaptation of product offerings to consumer and market characteristics. Changes in such characteristics make changes in product and service offerings imperative. Marketing response to SAP can thus be analysed within the conceptual framework of the marketing mix.

Product and price

One of the effects of SAP was a redistribution of income in favour of economic elites at the expense of wage earners (Pastor, 1987; Payer, 1974; and Serulle and Boin, 1983). The implication is a fusion of non-corporate consumers into two main income classes: the upper, and the lower. The product strategy response to this new segmentation differs along the individual company's competitive market position. For the market leaders, SAP offered an opportunity to consolidate their leadership position through the pursuit of dual product price/quality strategies. On the one hand, they pursued a premium strategy, mobilized the capital resources for new inputs and technology required for exploiting the more profitable upper income and corporate consumer segments by producing high-quality products for which they charged high prices. In addition, market leaders competed with "followers" and "nichers" by adopting a "cheap value strategy" for the lower income, price-cognitive market segment, developing low-quality, low-price products to cater to the needs of the expanded lower income market segment. The result is that, in spite of the trend towards price cognition, the market leaders adopted a premium product strategy, offering superior products at high prices, in competition with imports, to cater to a relatively small but discriminating and profitable market segment. On the other hand, the market "followers" and "nichers" concentrated on a cost-reduction strategy (increased production efficiency, substitution of lower cost inputs, cheaper packaging etc.) and reduced quality in order to meet the needs of the lower income market segment for affordable low-price products.

The contracted market demand made a multiple segment targeting desirable, particularly for market leaders with adequate resources. With their premium brands becoming unaffordable to the majority of consumers, they developed new brands to compete with emerging low-quality/low-price brands. For example, Lever Brothers introduced "Reward" toilet soap to compete with "Breeze" while the West African Peak Milk Company launched the "Three Crowns" powdered milk to "catch them down there" in competition with "Cowbell" milk powder. Both companies introduced their new brands as a market defensive strategy, to retain the price-cognitive segment of their customer, which was being lost to the low-price low-quality competitive products.

Companies also adopted product line rationalization, reducing the variety and the

number of different sizes of products offered. For example, a pharmaceutical company reduced the number of sizes of one of its major products from three to one, the largest size. Detergents were sold in 10kg plastic bags, which were considerably cheaper than the conventional packages of 300 or 500gms. These large packages were bought largely by retailers who resold in much smaller units, repacked in polythene bags, plastic containers or cellophane wrappers, to low-income consumers who could ill afford the outlay of the costs of the conventional unit of sale in sophisticated packages. SAP thus forced a differentiated marketing strategy for market leaders and a concentrated marketing strategy for followers. "No frills" core products were developed for the low-income end of the market while premium brands were maintained for the high-income segment.

SAP also promoted a product mix and product line rationalization. In a brewery, the excess production capacity caused by SAP-induced contraction in consumer demand necessitated deepening the product line through the development and production of a new drink. In a tyre manufacturing company, the strategy involved broadening of the product mix by diversifying into paint manufacturing, a new product line outside tyres. The change in an indigenous food processing company was more fundamental. SAP made the processing of local foodstuff uneconomical as the company could not compete with local producers of unprocessed foodstuff in low overhead cost operations. As a result, the company changed its output to breakfast cereals, more amenable to mass production and much more in demand by the new target market of young, urbane, upwardly mobile high-income professionals.

Pricing strategy was closely related to the product strategy adopted and the prevailing high inflationary trend. The manufacturer thus faced a dilemma in pricing strategy. On the one hand, there was the need to review prices upward more frequently to offset rapidly increasing costs. On the other, the bulging warehouses dictated caution and price reduction to move inventory from warehouses to the market. Thus, the need to charge high prices to offset high costs of production was moderated by the reality of avoiding pricing one's product out of the reach of an impoverished consumer. In an illustrative case of the attempt to keep costs and prices low, bakers resorted to mixing low-quality flour with high-quality one to produce the generic bread product widely consumed. Some large companies then ventured into bakery, producing high-quality bread selling at premium prices to the high-income target market. This two-sector segmentation of the bread market was characteristic of several others and reflected one of the major impacts of SAP in practically eliminating the middle class, distributing its members into the higher or lower classes.

Distribution and promotion

The relatively buyers' market conditions created by SAP enhanced the importance of the distribution function. Again, manufacturers faced the dilemma of ensuring their product availability "wherever, however, whenever" through an effective distribution coverage of their markets but without increasing distribution costs significantly. Strategies to accomplish this objective included the policy of direct distribution and channel rationalization. Many manufacturers, including the breweries, the multi-product line conglomerates and food companies, supplemented the efforts of their conventional distribution channel members by undertaking direct field sales to small retailers: the neighbourhood stores, market women in open markets, kiosks, corner shops and home-based retailers. The importance of these informal channels was enhanced by the disappearance of large, major modern retailers such as the Kingsway Stores, the United Trading Company and Leventis Stores. These major outlets became economically unviable in an era characterized by scarcity of foreign exchange, which was indispensable to their import-dependent trade. Even when available, the high costs of imports made the products unaffordable to the majority of consumers, who had suffered significant decline in purchasing power.

The cessation of production by local vehicle assembly plants was to the tyre manufacturing company what the disappearance of modern retail stores was to consumer goods manufacturers: the disappearance of major customers and bulk buyers. In order to achieve more effective distribution while at the same time maintaining costs, the company transferred ownership of depots to their distributors. In the same manner, producers shifted some production functions to the distribution channels. They produced in units much larger than that of purchase, leaving the distributor to repackage goods in smaller units that are affordable to consumers.

Consumer purchase behaviour also changed. Purchase was more in smaller sizes, a result of the decline in purchasing power.

Consequently, frequency of purchase increased and, with it, did the need for and importance of product availability through effective distribution. The loss of purchasing power also dictated a change in consumer taste, away from quality products at premium prices to lower quality at affordable prices. In addition, consumers became deal-prone, and alert to discounts and other promotional offers.

Cost consideration and cost effectiveness were the two most important factors influencing promotion strategy under SAP conditions. The need for cost effectiveness shifted media preference away from high-cost television to radio and print. The economic advantage of corporate over brand advertising also saw an increased use of the former at the expense of the latter. In general, the need to relate sales results to promotional efforts increased preference for less costly promotional techniques. As such, the use of competition and games, point-of-sale materials, open market displays, public relations as well as participation in trade fairs gained preference over traditional and more expensive promotional activities such as advertising. The instant rewards offered by such activities satisfied consumers' psychological needs for "deals" while at the same time meeting the producers' desire for repurchase and brand loyalty.

SAP posed an immediate threat to many manufacturing companies, particularly those operating at the margin. In the long run however, the drive for greater efficiency for survival and the rationalization of operational policies should produce company growth and profitability. The next section of this paper analyses the effect of SAP on sales, profitability, employment, competition and productivity in the manufacturing companies.

Impact on company performance

Operational results of sample companies were compared on a static model of "before" and "after" basis. The "before" figures were statistically tested for significant differences against deflated "after" figures using the Wilcoxon Signed-Ranks Test procedure. This non-parametric statistical technique was used because the sample was a judgement rather than a probabilistic one and the data do not meet the normal distribution requirements for parametric statistical tests. The wide dispersion of the data is reflected in the high kurtosis and skewness statistics of practically all the variables. Since the Wilcoxon test does not depend on the measures of central tendency but on the signs of the differences, it is a more robust test for the nature of the data in this study. The null hypothesis tested for each operational area is that there was not a significant difference between the "before" and "after" results. The results of the statistical tests are presented in Table I. In drawing conclusions from this analysis, the reader should bear in mind one limitation of "before" and "after" studies without control: that any observed changes could not be validly attributed to the causal variable alone. However, the variable of interest, SAP in this case, could be taken as a contributory factor to the changes since it was perhaps the major dynamic environmental factor during the period.

Growth

Company growth was measured using three different definitions: number of employees, sales turnover, and paid-up capital. The results showed that there were highly significant (at above 0.01 level) differences between the levels of sales and paid-up capital "before" and "after" SAP. Both have increased significantly, with all the 17 companies with sales data for both periods and 12 of the 14 with paid-up capital data recording increases. On the other hand, although an equal number of the 14 responding companies recorded increases and decreases in employment, the average number of employees increased slightly from 927 in 1986 to an average of 983 between 1990 and 2000. The increase was not significant, even at a low level of 0.10. Although there are no findings of studies of the impact of SAP on manufacturing industries with which to compare, the finding of a non-significant change in employment is consistent with that of the studies of the informal sectors in Zimbabwe (Mhone, 1995) and in Nigeria (Dawson and Oyeyinka, 1993). The average firm thus grew in size measured by sales or capital. The non-significant growth in employment terms suggested a substitution of capital for labour in the drive for higher levels of efficiency.

Productivity

One of the major objectives of SAP was to increase productivity in the economy. The contraction in the level of economic activities engendered by SAP made attention to cost efficiency and factor productivity inevitable. The significant growth in paid-up-capital and an insignificant increase in employment resulted from the substitution of capital for labour in an increasingly cost-efficient production orientation. This rationalization of factor combination produced significant

Table I
Wilcoxon Signed-Ranks Test results

Variables	Signed ranks	*N*	Mean rank	Sum of ranks	*Z* value	Significance level
Av. Empl. 1990-2000-Empl. 1986	Negative	7	6.43	45.00	–0.471	0.638
	Positive	7	8.57	60.00		
	Ties	0				
	Total	14				
Av. Sales 1990-2000-Sales 1986	Negative	0	0	0.00	–3.621	0.000
	Positive	17	9.0	153.00		
	Ties	0				
	Total	17				
AV. Pdup Capital 1990-2000-	Negative	1	1	1.00	–3.110	0.002
Pdup Capital 1986	Positive	12	7.5	90.00		
	Ties	1				
	Total	14				
Av. % Sales growth 1990-2000-	Negative	7	6.43	45.00	–1.491	0.136
% sales growth 1986	Positive	10	10.8	108.00		
	Ties	0				
	Total	17				
Av. % grth. PATx 90-2000-% grth. PATx 1986	Negative	5	5.20	26.00	–1.931	0.053
	Positive	10	9.4	94.00		
	Ties	0				
	Total	15				
Av. Emply prodty 90-2000-	Negative	0	0.00	0.0	–3.059	0.002
Emply prodty 1986	Positive	12	6.50	78.00		
	Ties	0				
	Total	12				
Av. Q prodty 1900-2000-Q prodty 1986	Negative	1	1.00	1.00	–3.233	0.001
	Positive	13	8.00	104.00		
	Ties	0				
	Total	14				

increases in both labour and capital productivity. The increase in capital productivity was from N7.4million to N33.9million while labour productivity increased from N100,000 in 1986 to N1.2 million in 2000. Both increases were highly statistically significant, capital productivity at 0.001 level and labour at 0.003 level. It is possible to conclude, therefore, that SAP had a significantly positive effect on both employee and capital productivity. This is a logical consequence of an organisation's reaction to threats. The rationalization of operations and the drive for greater efficiency in order to survive and gain competitive advantage are most likely to improve productivity. At such times, companies are likely to substitute the more efficient factor for the less efficient as well as institute cost-reducing strategies in line with market preferences.

Profitability

The hypothesis that annual growth rates of the profit after tax of manufacturing companies "before" and "after" SAP were equal was tested at the 0.05 significance level. Although the positive ranked signs outnumbered the negative 2:1, the test was significant at the 0.053 level only, slightly below the 0.05 level set. Thus, it could be concluded that while the growth rate of profit after tax was higher "after" than "before", the difference in growth rate was not significant. This finding is not surprising. Given SAP's consequences of high rate of inflation and the increased impoverishment of the customer, companies could ill afford to raise prices higher than necessary for the maintenance of a minimum level of profitability. This is the more so in the light of increased consumer price cognizance referred to above. A contrary policy would have risked alienating the impoverished and increasingly price-cognitive customer, with the possible consequences of losing market share to low-overhead, low-cost, and informal sector competitors.

Competition

SAP introduced an increase in the number and intensity of competition in the manufacturing industry. Of the 19 respondents in the survey, 17 (90 per cent) claimed that competition increased both in the number of competitors and in the

intensity of competition. This is a logical expectation. A contracting market poses a threat to manufacturers, creating a more intense competition in the struggle to survive. In the paint industry, for example, the market capacity in 1977 of about 127 million litres was supplied by only six manufacturers. In 2000, market capacity had contracted to only about 35 million litres while the number of producers had increased to over 1,500. The stiff competition engendered has held down prices and reduced profitability. Many other sectors recorded similar increases in the number of competitors as SAP conditions have been found to promote the development of small scale enterprises (Dawson and Oyeyinka, 1993; Osei *et al.*, 1993; Mhone, 1995) producing lower quality goods with little overheads and therefore capable of selling at lower prices. Such production technique was more adapted to the market characteristics and preferences discussed above.

Was there a change in the source of competition? Before SAP, 71 per cent of the 17 responding companies named other local manufacturing companies as their major source of competition. That figure had declined to 63 per cent after SAP. A chi-square statistic was used to test if the change in the source of competition was significant. Even at a low 0.10 level, the change was found to be not significant, as the calculated chi-square statistic (0.27) was just about one-tenth of the critical value of chi-square (2.71). In view of the fact that, after SAP, imports were much more expensive than locally produced goods, it was not surprising that the major source of competition remained other local manufacturing companies rather than imports.

Export

The proponents of SAP expected it, among other benefits, to "reorient economic activity away from production for domestic consumption and toward production for export" (Hansen-Kuhn and Hellinger, 1999, p. 3). Although enough data were not available to test such a hypothesis, the little information available suggests that the level of export activities among the sample companies was negligible. Of the 19 responding companies, only six claimed to have directly exported part of their outputs, with the highest value of exports being N100 million. Only one of these had claimed to be engaged in exporting before SAP. Two other companies were "indirect exporters" as their products "found their way" to neighbouring countries through their distributors or through independent international traders who buy in Nigeria to sell in their home countries, mostly members of the Economic Community of West African States (ECOWAS).

The poor export performance of companies results from the undeveloped nature of the economy. As Crockett (1981) observed, restriction of domestic demand does not release output for export because of the low substitutability between export goods, import goods and non-traded goods. Being largely import-based and market-defensive, Nigerian industries can hardly be expected to be competitive in costs or export oriented in production. They were established to meet domestic market demand through locally produced goods rather than through imports. Export performance requires competitive (in terms of price and quality) production, which could only occur if production was resource- rather than market-based.

In addition, SAP could not reduce the import-dependence of the economy at the industrial or the commercial sectors. What it did was to shift the source of imports of input materials from Europe to the less-expensive Far East while the import of machinery and equipment continued from Europe.

Conclusion

SAP effect on marketing in the manufacturing industry in Nigeria is mixed. The firms that survived were those able to adapt their market offerings to the changed characteristics of consumers. In product terms, such changes involved product line rationalization and the development of new products to meet consumer preference for cheap value products. Low price became a dominant strategy of the manufacturer and a major patronage determinant of the consumer. The need to produce at a low cost influenced other marketing mix activities. Increased use was made of less expensive advertising media, such as radio and print, at the expense of television, while promotion expenses shifted from advertising to sales promotion, competition, games and such other promotional activities capable of generating instant even if short-term sales results.

The buyers' market conditions created by SAP made effective distribution crucial to success. Manufacturers therefore re-engineered their distribution system and supplemented the efforts of their distributors with their own direct field sales, particularly to small ubiquitous informal traders in the urban centres. Distributors also absorbed the function of repackaging in smaller units,

using less sophisticated cheap packaging materials.

In terms of operational results, SAP increased capital intensity of operations, and raised capital and employee productivity. However, it did not increase employment or profitability of operations, a logical consequence of an increased competitive environment. Though the number and intensity of competition increased, the source of competition remained domestic manufacturers rather than imports. The expectation of SAP proponents for an increased export activity also did not materialise. Production remained largely untraded, aimed mainly at local consumption.

One inevitable conclusion of this study is that a developing country like Nigeria needs to look beyond SAP for restructuring its economy for such objectives as raising the level of income, employment, industrialisation, and export activity. The failure of SAP to achieve these objectives in Nigeria derives from the fundamental weakness of the economy. An open, heavily import-dependent economy, with an underdeveloped agriculture, requires more than just adjustment. It requires a major re-engineering of its production structure. The strategy for industrialisation needs to be more resource- rather than market-based. This requires the development of the agriculture sector, the output of which will spin off the kind of industrialisation capable of reducing imports, promoting exports, providing employment opportunities and increasing income. Besides, poor infrastructure also contributed to the failure of SAP in Nigeria. The inadequacy of production infrastructure facilities limited the response of industry to any opportunities that SAP might have created. It increased industrial set-up as well as operating costs beyond the reach of many a potential entrepreneur. In the absence of these complementary macro-economic changes, manufacturing establishments merely adjusted their operations to cope with the threats posed by SAP. The kind of benefits expected from SAP could only come from a more fundamental restructuring of the economy.

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Leadership lessons from the African tree

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Keywords
Leadership, Values, Management, South Africa

Abstract
This paper explores meaning of leadership and management in the context of South Africa. It does this by clarifying the way in which *Ubuntu* – traditional African leadership values – may impact an organisation. It explains how this tradition-based concept could be integrated into the organisation to enable the leadership to dismantle the past organisational culture, promote the development of a new and more inclusive culture, and, finally, create a set of leadership skills and competencies that enable globalisation processes.

Introduction

A number of questions have been asked about notions of management in African contexts. To what extent are traditional values a part of management processes in Africa? Are "western" notions of leadership found within "African management"? Are there conflicts in styles? How do the styles interact to bring effectiveness and efficiency to the organisation? This paper seeks to provide some insights on these. It also aims to explain the significance of "values" in traditional western concepts of leadership and thus show how *Ubuntu*[1] applies in the "real world" of management. *Ubuntu* can also be used in management thinking and practice as espousing the important values of leadership legitimacy, communal enterprise and value sharing.

The principal thrust of the argument is that values such as *Ubuntu* should not only be seen as African values but also human values that are important in establishing both an enabling organisational culture and a set of skills and competencies valued in most organisational leadership contexts.

Leadership in organisations

While organisations, in general, readily accept and even embrace technological advancement, there seems to be less of a tendency to be innovative and accepting when it comes to changing the paradigm in people management. Especially in South Africa, where leaders are being entrusted with leading their operations into the twenty-first century, into an era where the issue of diversity and the problems of an alienating corporate culture, the lack of global competitiveness and discriminatory employment practices are still impacting on corporate productivity. In this era, the competitive advantage of firms is increasingly dependent on how the workforce is being managed.

According to writers such as Plani (in Thomas, 1996), it is understandable that it is easier for leaders to deal with more tangible realities that have a direct causal relationship to the balance sheet. It has become imperative for all involved to effectively deal with indirect influences on bottom line that are reflected in the dynamics of managing people.

How then, can the concept of *Ubuntu* and African values be integrated into the organisation in such a way as to provide opportunity for leadership to dismantle the past organisational culture, promote the development of a new, more inclusive culture, and in the final instance, create a set of leadership skills and competencies that enable these processes? In what way can "western" notions of leadership be found within "African management", and how then can the two styles interact in such a way as to bring effectiveness and efficiency to the organisation?

A further aspect that is imperative to assess is whether *Ubuntu* is not a concept that flows out of the values of leadership legitimacy, communal enterprise and value sharing. In this way, an inversion of the African tree would ensure that *Ubuntu* flows out of these values. The values therefore become the roots out of which a collective personhood and collective morality can flow.

According to Mbigi (1996), the main stem that underpins all the most important values of African history can be traced through *Ubuntu*. *Ubuntu* can be seen as the key to all African values and involves collective personhood and collective morality. Therefore, values around harmony are deeply embedded in African communities.

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The branches to the tree are formed by leadership legitimacy, communal enterprise and value-sharing. The premise of the argument therefore follows that these values should not only be seen as African values, but human values important in establishing both an enabling organisational culture and a set of skills and competencies valued in all the organisation's leaders.

Methodology

The purpose of this study is to evaluate the role of organisational culture and managing diversity in creating an appropriate leadership style for the new millennium. The methodology used a qualitative paradigm, using a case study as research design to achieve the outcome. In-depth interviews and self-administered questionnaires were used as measuring instruments. The sampling technique is stratified. Validity and reliability was ensured by test-retest methods using questionnaires to validate interview variables and vice versa.

The sample was drawn in a stratified way as to be as representative as possible, ensuring validity, reliability as well as generalisability of results. A combination of purposive and stratified random sampling was used to generate the most representative sample.

The sample consists of a wholly South African controlled group of companies that is involved in the development, manufacture and distribution of technology-intensive products for a wide market, including parastatals, mining and industry. It is a holding company that consists of operations that operate in all major sectors of the South African economy. It is a R9 billion a year operation that has successfully put its high-technology resources into action to meet customers' requirements and demands.

At the first level of sampling, the sample was drawn in a purposive way. One of the operational units was a newly formed group and was therefore not selected. Another unit is the smallest of the operations based on turnover. In a purposive way, it was therefore decided that the first level of sampling would be done using size (turnover) as the determining factor. The second level of sampling was done in a random way with the sample being drawn from each stratum.

Although the sample did not concentrate on the inclusion of an equal number of enterprises with a predominantly African management style, the sample utilised a set of companies with a long history of well-constructed people policies and a top management imperative to focus on the effective management of diversity.

African tree concept

In trying to explain the relevance of the concept of *Ubuntu* in African management, Lovemore Mbigi (1995a,b) has developed the concept used in this paper, namely the African tree. This concept is used by Mbigi to explain African management, empowerment and transformation (Figure 1).

Leadership legitimacy

Traditionally, African leadership is built on participation, responsibility and spiritual authority. According to Lessem and Nussbaum (1996) African leadership requires the elements of transparency, accountability and legitimacy. It therefore becomes imperative for the enterprising business community in South Africa to stop imposing a foreign organisational culture on people and to create an inclusive culture, enabling everyone to be nurtured in a cohesive, yet diverse unit.

The only way in which leaders can be legitimate is to be role models for their followers through their actions, showing personal commitment to the values and goals established in the organisation. Successful leaders, therefore, have the ability or capacity to relate a compelling image of the organisation's vision through enthusiasm and personal buy-in. Leaders should be trustworthy themselves before expecting the same from employees.

Furthermore, leaders should model the way for their employees by their own personal value commitment, both taking their personal convictions and personal skills into consideration. Not only is it imperative for leaders to be productive in their own right, but the leader must create an environment for all employees that is enabling. The role of the leader in modelling the way includes the ability to foster a productive work environment. This is done through the leader's personal convictions and personal skills.

Therefore, it is important for leaders to be flexible and adaptable to the needs of the employees in such a way that employees become more empowered. The leader should be helpful, fair and considerate and support employees in their legitimate requests and convey appreciation. Leaders must see their employees as resources that must be valued and developed to build their opportunities and in this way build their own legitimacy.

Figure 1
The African tree concept

Communal enterprise

To enhance South Africa's global competitive economic advantage, it is imperative that there is an acknowledgement and utilisation of the African value system alongside western and eastern practices. A practical way in which managers could implement this is through making use of work teams. The organisation must provide a style of leadership that would help the individual to see the connection between individual direction and organisational direction.

But how can communal enterprise be built without the clear definition of the organisation's vision? A clearly defined vision will address the issue of inclusive values that holds the key to moving to the concept of a communal enterprise. The vision should be identified, communicated and translated in such a way as having grown out of the needs of the entire organisation.

Vision by itself is not enough. Two processes must effectively articulate it. First, the leader must articulate the context of the vision and second, the leader must communicate his/her motivation to lead. The vision is articulated in such a way as to create a strong identification with future goals, and a compelling desire to be led in the direction of the goal despite possible hurdles. The leader should be able to create disenchantment with the status quo, and a strong willingness to lead employees to the proposed future vision. Second, and most important, in articulating their motivation to lead, the leader demonstrates his/her own convictions and dedication to help materialise the vision he/she is advocating.

It is recommended that leaders strive to develop the following five competencies in defining the organisation's vision:

1 The leader must enlist a common vision appropriate to all employees.
2 The leader must incorporate a vision of the future for the organisation, thereby setting organisational goals and objectives.
3 The leader must be a visionary who is able to see the bigger picture and must personally stand for the values that is created.
4 The leader must encourage others to make a commitment to organisational values.
5 Lastly, the leader must develop values that will recognise diversity as a strategic asset.

Value sharing

The values of interconnectedness, continuous integrated development, respect and dignity and collectivism and solidarity are seen as value sharing.

According to Mthembu (in Lessem and Nussbaum, 1996), if organisations can be seen as communities and not just as structures of power, it would be possible for organisations to provide the fertile ground necessary for individual empowerment. Organisations should therefore make use of continuous integrated development. In the end, it is imperative that the organisation ensures a development process implemented for all

staff whereby all competencies could be developed. To this end, developing employees will ensure the ability of all staff to integrate the skills necessary to become future leaders. All employees should be seen as important resources that must be developed through training and skills building opportunities to ensure the full utilisation of the company's most important resource, namely people.

The only way in which leaders will be able to maximise commitment to organisational goals and strategy is through people development and empowerment. In this way, empowered employees can be mobilised towards the organisation's vision. Empowering employees will give people the freedom to innovate and experiment with taking calculated risks.

It is important for leaders in certain circumstances to be coaching, as it would help their employees to identify their strengths and weaknesses and tie these to personal career development. Through empowerment, leaders will be able to delegate to employees who will take on autonomy and responsibility of their own world experience.

It is recommended that leaders develop the following skills with regards to people empowerment and development:

- Leaders should understand that employees will rise to the occasion when extra effort is needed.
- Employees must be involved in decisions that have a direct impact on them.
- Employees must be given the opportunity and freedom to innovate.
- It is the leader's responsibility to build a climate of trust in the workplace (van der Colff, 2001a).

Teams and autonomous workgroups can be used in the organisation to ensure collectivism and solidarity. This form of work method can be used on crucial business issues such as training, decision making, production related issues as well as reward systems.

Within the organisation, people from very diverse backgrounds are brought together to effectively manage and develop organisational solutions. The leader must be able to synergise individual effort to achieve organisational goals by balancing individual and group needs in order for a positive climate to prevail within the workforce that is motivated and productive. The leader must also be able to bring together the different knowledge, skills and abilities of people in continued team effort. In this way teams will develop a sense of mutual accountability and common goals. The only way for this to happen is if leaders set clear responsibilities for each team member (van der Colff, 2001b).

Although members of a group may have certain goals in common, each individual is also unique. In managing diverse situations, leaders must be able to manage and understand both the commonalities and differences of group members and how these cause people to relate to each other in various ways.

It is clear to see that the leader must play a role in teams on both an individual and collective basis. The only way in which it can be expected of groups to achieve their common objectives is through the leader ensuring a resource rich environment. Not only is it the duty of the leader to give support to his/her team, but the leader should also passionately tell others about the team's work. In this way, the final outcome will be enhanced.

Therefore, the only way in which organisations can renew themselves is when it is made possible for employees to work in cohesive and productive teams to aspire to a common set of objectives and organisational vision.

Writers such as Covey and Nel see the concept of respect and dignity as ultimately important in the development of an inclusive and representative culture. The only way to receive dignity is to give it first. According to Posner and Kouzes (in Torazi, 1990), the legitimacy of all leaders within an organisation will be dependent on whether leaders are able to encourage the heart by recognising employees' contributions as well as celebrating team accomplishments. Respect and dignity can only be created by leaders' personal value commitment to the development of all employees.

One of the most important characteristics in African culture is the belief that all things and people are interconnected and bound together. In the business environment, it is important to accept the relevance of group solidarity and interconnectedness. By building a sense of interconnectedness by the sharing of the company's values, vision and overall goals, a sense of interconnectedness will flow from this.

Success stories such as Koopman's transcultural management in Cashbuild show the dynamic way in which an integrated style of management can co-exist within the same organisation.

To conclude, certain, if not all of these values, are general leadership values that should be espoused in excellent leaders. All parties should draw on some African values and contextualise them within the corporate world to create not only a value-centred and

inclusive culture, but to develop a network of skills and competencies appropriate for leadership in the next millennium. An analysis of the values of leadership legitimacy, communal enterprise and value sharing shows that these values can become the roots out of which collective personhood and collective morality (*Ubuntu*, can flow).

Note

1 *Ubuntu* can be seen as the key to all African values and involves collective "personhood" and collective morality – values around harmony are deeply embedded in African communities.

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The influence of selected factors on perceptions of the general public regarding services provided by medical practitioners

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Keywords
Services, South Africa, Medical, Professionals

Abstract
The South African medical fraternity is existing within an increasingly turbulent environment, characterised by government interference, budget cuts, restrictive legislation, as well as diseases which threaten the very basis on which this fraternity exits. The medical profession exists within the ambit of services marketing. Attempts to improve the service delivery should be studied within this framework. Medical doctors are in short supply and complaints regarding the services provided are increasing. The focus of the article is on current and potential patients of general medical practitioners in Port Elizabeth, South Africa. The sample size was 500, which yielded 156 useable questionnaires. The response rate of 31.2 per cent was regarded as acceptable. The location of the practice of the medical practitioner and personal loyalty of the patient towards the medical practitioner, are of vital importance in determining whether the patient will return or not, and whether a positive perception will be developed.

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Introduction

In order for a firm to survive and prosper in an environment, the firm in general and also specifically medical practitioners, must adopt a marketing orientated strategy. This means that responsiveness to customer needs should be the central focus of all marketing activities (Lamb *et al.*, 2000, p. 5; Menon *et al.*, 1997, pp. 187-200; Ramsey and Sohi, 1997, pp. 127-37).

Objectives of the paper and problem investigated

Historically, customer service has been seen from a somewhat narrow perspective. This narrow perspective suggests that the primary role of customer service is concerned with getting the right product to the right place at the right time and the focus was primarily from a distribution and logistics viewpoint. However, a new vision of customer service has started to emerge (Christopher *et al.*, 1993, p. 5).

In essence one has to listen to one's clients and potential clients and build a relationship with them, without compromising caring service (Duhan *et al.*, 1997, p. 283). In the case of a firm providing a service, it may be even more important to know what the perceptions are of one's firm as opposed to a firm providing a physical product. In the latter situation the customer may be more interested in the physical product as an entity separate from the producer or provider of the product, whilst in the case of a service provider, the provider is seen as synonymous with the product (service).

Consumers apply various decision strategies in their information processing tasks because they cannot process all of the information that is available for purchase decisions (Duhan *et al.*, 1997, p. 283). These decision strategies can be divided into, on the one hand, processes whereby the consumer processes information on both product alternatives and their attributes, without the assistance of others. Factors such as location, personal loyalty (personally knowing the supplier), experience of the service and perception of the service, may be relevant information in the decision process of a client in deciding on support for a particular provider of medical services. On the other hand there are processes whereby the consumer makes use of the assistance of people to help him or her in his or her decision, for example by means of word of mouth and advertising. The perceptions of a firm may be influenced by a host of factors, *inter alia* the factors mentioned above. Clearly, positive perceptions about a firm (and the service it renders) will determine support and loyalty for such a firm.

This article considers the impact of selected factors on the perceptions of the general public regarding the services of medical practitioners. These factors are advertising, word of mouth, personal loyalty, experience of the service, location and financial considerations.

A theoretical model

A theoretical model was constructed to determine the possible influence of the independent variables on a dependent variable. The researchers identified both the independent and dependent variables. The theoretical model (see Figure 1) consists of six independent variables, namely advertising, word of mouth, location, financial considerations (prices), personal loyalty and experience of the service. The dependent variable of the study is the

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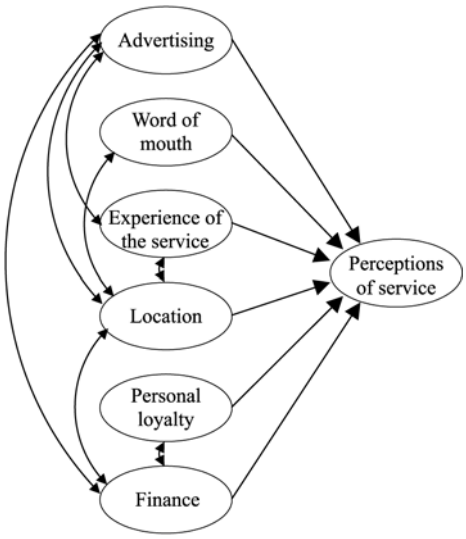
Figure 1
The theoretical model



perception of the service provided by the medical practitioner.

The independent variables, namely advertising, word of mouth, location and financial considerations attempted to establish whether high or low prices, a good or bad location, positive or negative word of mouth or advertising, made any difference to the perception of the service provided. For the purposes of this article the factor personal loyalty is understood to mean that the respondents personally know the medical practitioner who may be a friend, family member, business acquaintance or has over time built up a relationship with the medical practitioner and as a result is now loyal to him/her. Experience of the service, on the other hand, is understood to mean the actual knowledge the respondent has in respect of already having experienced the service provided by a specific medical practitioner. This relates to issues of professionalism such as good bedside manner, trustworthiness, being ethical and knowledgeable.

Research objectives

The primary objective of this research is to establish the relationship between selected factors and the influence that these factors have on the perception of the service provided by general medical practitioners. Once this has been established it will be possible to advise the medical profession as to the relevant importance of these various factors facilitating, hopefully, more effective strategising as well as better service delivery to patients.

Based on the above-mentioned primary objectives, the following null hypotheses (and the dependent variable, perception of the service) were formulated:

H1. There are no statistically significant relationships between the independent variables themselves, namely advertising, word of mouth, location, financial considerations, personal loyalty and experience of the service.

H2. No statistically significant relationships exist between the independent variables, namely:

H2a advertising;
H2b word of mouth;
H2c location;
H2d financial considerations;
H2e personal loyalty;
H2f experience of the service.

A secondary objective is the design (and testing) of a measuring instrument for using in future research of this nature. The analysis done on the collected data will assist in establishing the relative worth of the different individual measuring items used in the measuring instrument.

Methodology

Sample selection

The focus of the article is on current and potential patients of general medical practitioners in Port Elizabeth, South Africa. The sample size was 500, which yielded 156 useable questionnaires. The response rate of 31.2 per cent was regarded as acceptable.

Questionnaires were mailed to each respondent's home address with a reply-paid envelope and covering letter. Completed questionnaires were mailed back directly to the researchers.

The measuring instrument

The measuring instrument used for this specific study, consisting of 39 items, was developed and used by the researchers in a similar study.

Empirical results

Internal reliability

A stepwise reliability analysis was performed for each of the measuring instruments by using SAS PROC CORR (SAS Institute, Inc, 1990). In this stepwise analysis individual measurements of a measuring instrument are removed if such deletion will result in an improvement of the internal consistency (as measured by Cronbach's alpha coefficient). The procedure terminates

when the alpha coefficient of the measuring instrument can no longer be improved by deleting individual measurements.

For the purpose of this study the recommended cut-off value of 0.7, as suggested by Nunally (1978), was used to indicate significance of the individual measuring instruments.

From Table I it can be seen that word of mouth, experience of the service and financial aspects obtained Cronbach alpha coefficients of only 0.659, 0.619 and 0.546 respectively. This does however exceed the required 0.50 cut-off value for reliability, which according to Nunally (1978, p. 226) meets the requirements for basic exploratory research. Nunally argues that in the early stages of basic research reliabilities of 0.50 to 0.60 are sufficient, and increasing them beyond 0.80 is often wasteful. Thus the internal reliability of the measuring instrument was regarded as acceptable.

Testing the proposed theoretical model

The assessment of the relationship between the independent and dependent variables was done using the structural equation modelling approach. The resulting model and path correlations are presented in Figure 2.

The empirical results in Figure 2 show that of the independent variables tested, personal loyalty has a significant influence (point estimate 0.443; $p < 0.05$) on the dependent variable perception of the service. The null-hypothesis (*H2e*), relating to personal loyalty, can thus not be accepted. According to Figure 2, the independent variable location also has a significant influence (point estimate 0.235; $p < 0.10$) on the dependent variable perception of the service. The null hypothesis (*H2c*), relating to location, can thus not be accepted. The null hypotheses, *H2a* and *H2b* and *H2d* and *H2f* stating that no statistically significant relationships exist between the independent variables, advertising, word of mouth, financial considerations and experience, and the dependent variable, perception of the service, can be accepted.

Table I
Reliability analysis

Variables	Cronbach alpha coefficients
Advertising	0.887
Word of mouth	0.659
Personal loyalty	0.920
Location	0.914
Experience of the service	0.619
Perceptions of service	0.916
Financial issues	0.546

Figure 2
Path correlations of the model

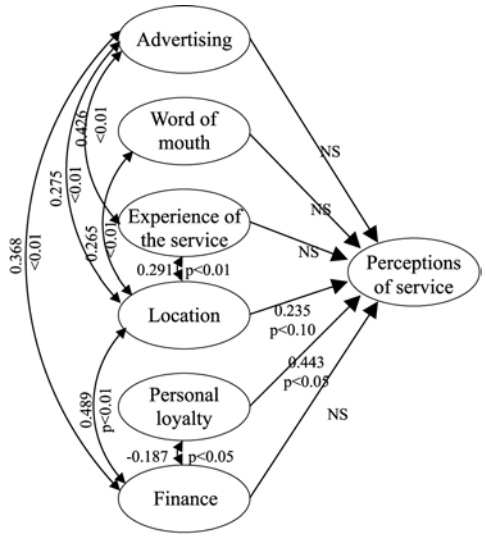


Table II shows that there is significant correlation between some of the independent variables. There is a significant correlation between advertising and financial considerations as well as between advertising and experience of the service. There is also a significant correlation between financial considerations and location. An RMSEA (root mean square error of approximation) of 0.069 shows that the model fits the data reasonably well. According to Steiger and Lind (1980) an RMSEA > 0.05 < 0.08 is thus an acceptable approximation to the data.

Conclusions

The findings of this study do not provide considerable empirical support of the proposed theoretical model depicted in Figure 1. This model (Figure 1) and the findings summarised in the structural model presented in Figure 2, do however provide a number of important insights with regard to the factors that influence the perception of the service provided by general medical practitioners.

Three significant correlations are identified between the various independent variables, namely between advertising and financial considerations, between advertising and experience of the service, and between financial considerations and location. The correlation between advertising and financial considerations, means that the fees charged by medical practitioners, who make use of advertising, are perceived by the respondents to be higher than the fees of those who do not advertise.

The second significant correlation mentioned (namely that between advertising and experience of the service), means that the respondents perceived the service rendered by medical practitioners who make use of advertising, to be better than those who do not advertise. Furthermore, the respondents perceived to pay more for a service rendered by a medical practitioner if their firms are located in so-called "good" areas (the third correlation). The independent variable location has a significant influence on the dependent variable, perception of service. A "good" or "bad" location will therefore impact significantly on the perception of the service of a particular general practitioner.

Personal loyalty also has a significant influence on the perception of service provided by a general practitioner. This seems to imply that the perception of the service is favourable because the patient knows the practitioner or has been visiting the medical practitioner for some time, and might therefore feel obliged to support and to be loyal to the particular medical practitioner.

Word of mouth and advertising have no significant influence on the way the services of a doctor are perceived. Financial considerations have no significant influence on perception of the service, and experience of the service also does not have a significant influence on perception of the service.

A further objective of the study was to develop a more reliable measuring instrument. Although the Cronbach alpha coefficients were above the relevant cut-off points, it was surprising that the *p*-values for many of the variables were not satisfactory. The measuring instrument will have to be re-evaluated in future studies.

Managerial implications

Based on the findings, some interesting managerial implications become evident. Personal loyalty of the patient towards the medical practitioner is one of the key factors in determining if the patient will return or not, and whether a positive perception of the service delivered will be developed or not. If the medical practitioner is a family member, friend or business acquaintance of the patient, the perception of the service rendered by the medical practitioner generally will be positive and the patient will remain loyal to the particular medical practitioner.

It was found that word of mouth had no significant influence on the perception of the service provided by general medical practitioners. This is interesting as many people visit doctors based on referrals, and one would therefore have anticipated that word of mouth (negative or positive) would have had an influence on the perception of the service rendered by general medical practitioners. Taking this further, one can be sure that negative word of mouth would have prevented patients going to a specific medical practitioner. Thus, people going to a doctor, based on word of mouth, may have been expected to have a positive influence on perception of the service delivered by medical practitioners. The fact that this is not bourne out by the findings of this study, makes one wonder as to why this is not the case. Maybe the expectations created by positive word of mouth were too high?

It was surprising to find that advertising had no significant influence on the perceptions of the service delivery by the medical practitioners. Ordinarily one would have expected to find that advertising significantly impacted on perception of service delivery. Particularly one would have expected advertising being associated with negative perceptions. Doctors advertising, could be perceived as in need of patients and therefore that services provided by medical practitioners are not good. This result that advertising does not negatively influence the perceptions of the service delivery, is therefore in itself significant with clear managerial implications. Medical practitioners need not be afraid to make themselves known through media. Medical practitioners setting up a practice, can use advertising to establish themselves without fear that their service may be negatively perceived.

It was found that financial considerations do not impact significantly on the perceptions of the service of a medical practitioner. This is interesting as often quality is associated with price. This finding seems to imply that medical practitioners are not overcharging, or stated differently, that medical services provided by medical practitioners, are still seen as relatively good value for money.

Table II
The path correlations of the independent variables

Path	Point estimate	*p*-value
Experience of service ← → advertising	0.426	0.000
Location ← → advertising	0.275	0.003
Location ← → word of mouth	0.265	0.002
Experience of the service ← → location	0.291	0.007
Personal loyalty ← → finance	–0.187	0.044
Finance ← → advertising	0.368	0.000
Finance ← → location	0.489	0.000

Experience of the service also has no significant influence on perception of the service. This may have implications for further research, for example, is the perception of the service more influenced by the result (there was improved health despite the demeanour of the medical practitioner) or the process (including good bedside manner, empathy, explaining, etc.)?

The location of the medical practitioner was found to significantly influence the perception of service delivery. It must be rather disconcerting to medical practitioners that the perception of their service is determined more by where they are, than by who they are. However, this study clearly indicates that a "good" or "bad" location will impact on perceptions of service delivery by medical practitioners and ultimately the support and loyalty of his or her patients. A medical practitioner planning to set up a new practice, must consider carefully who his or her target market is going to be, and, based on that, determine a "good" or "right" location, considering factors such as proximity, accessibility, safety, parking and other related factors. In choosing a so-called "good" location, the medical practitioner should take into account that proximity to the patients has the advantage of liaison and keeping in touch with their market's sentiments. In this case, competition can also be counteracted by meeting their patients' requests rapidly.

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Technology management in the Sudan: strategic and policy challenges

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Keywords
Technology, Management, Agriculture, Strategy, Policy, Sudan

Abstract
This paper addresses the strategic and policy challenges facing technological transformation and productivity increase in the Sudan. It examines the various factors which influence agricultural technology adoption decisions as well as the constraints facing the agricultural sector in the Sudan. The paper also demonstrates that complexity and linkages of the various technology adoption factors represent real challenges in future technology management in the Sudan. Finally, a number of findings emerge which outline the key issues relating to the effective management of technological transformation in the Sudan and other similar African countries.

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1. Introduction

The process of agricultural technology and growth has remained outside the concern of most development economists (Hayami and Ruttan, 1985). For Schultz (1964), the critical factor in raising productivity is "technical change" and the role of the government is to promote technical change. Schultz's policy prescription was for government to invest in agricultural research stations and in the provision of agricultural extension services. Schultz's approach argues the important dimension that the process of agricultural development can be accelerated through provision of new and improved inputs and technologies (particularly improved seeds, fertilisers, pesticides, and irrigation systems). What farmers need are new high-payoff inputs and technologies to increase their productivity. Many theories, however, have been suggested to explain how the basic sources of "growth" (labour, natural resources, capital, increase in scale or specialization, improved efficiency, and technological progress) can be stimulated and combined to generate broad-based agricultural growth (Norton and Alwang, 1993). Theories put forward include: resource exploitation theory, resource conservation theory, location theory, diffusion theory, high-payoff input theory, and induced innovation theory (see Hayami and Ruttan (1985) and Norton and Alwang (1993)). However, despite the different explanations these theories provide, they all agree that all farmers – small, medium, and large – respond to economic incentives, but the focus on farmers calls for special attention to the small farmer. Bureaucratic public sector agricultural research systems in most African countries consistently fail to serve the majority of small farmers effectively, therefore, the purpose of farmer participation in agricultural technology development is to involve small farmers as active decision makers in the development and transfer of new technology. The result is they get the technology they want and can adopt.

Negatu and Parikh (1999) examine the conventional (traditional) factors which influence farmers' adoption decision and identify these factors to include: resource endowments as the availability of funding greatly influences the transfer of technology; socio-economic status; demographic characteristics; as well as access to institutional services (extension, input supply, markets, etc.). Studies on the effect of these conventional factors on adoption are extensive and numerous (Feder *et al.*, 1985; Feder and Umali, 1993). However, if agricultural technologies can be improved, additional resources mobilized, and appropriate policies adopted in industrial and developing countries, then faster agricultural growth will be achieved. Economic development, particularly of the poorer countries like Sudan, will speed up and poverty will be reduced.

Meanwhile, there has been a long history of research recommendations being rejected by farmers and endless debates about the need to reorganize national research systems. Therefore, it is very important to strengthen the linkages with farmers and among farmers themselves. Information is an essential production factor in agriculture. Farmers need information to improve or adapt their farming practices. Farmers need extension only to the extent that it can provide them with relevant and timely information. The basic idea is that transfer of existing technologies and economic knowledge from the more progressive to the lagging farmers could increase productivity.

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This idea has provided part of the rationale for agricultural extension systems, particularly in farm management. Moreover, innovation was thought to be the best single indicator of the multi-faceted dimension called modernization, the individual-level equivalent of development. Therefore, research on the new technologies was justified because it was assumed that technology was the prime mover in development. More success, however, has been achieved with transferring knowledge than with transferring technologies and adoption of transferred technologies has been limited except where efforts have been made to adapt the technologies to the new setting (Norton and Alwang, 1993; Rogers, 1976).

2. Sudan

Sudan is an agricultural country[1], agriculture employs 80 per cent of the country's labour force and its industry contributes about 42 per cent of the country's GDP – the largest of all sectors, over 90 per cent of the exports and foreign cash earnings, and in addition it produces over 90 per cent of the national food requirements (IMF, 1999; Europa World, 1998). Therefore, productivity and efficiency of the agricultural sector are central to any programme of economic recovery. According to the recent FAO Crop Assessment Mission to Sudan (FAO, 2000), Sudan is facing serious food shortage problems vis-à-vis socio-economic development. The FAO has estimated that wheat and sorghum output in 2000 was about 60 per cent and 24 per cent below the previous five years' average respectively and that the overall aggregate production of cereals in 1999/2000 estimated at 3.14 million tonnes represents a drop over last year and the previous five years of some 39 per cent and 24 per cent respectively.

The remarkable agricultural feature in Sudan is the Gezira Scheme. The Gezira Scheme is the largest agricultural irrigation scheme in the Sudan responsible for the production of almost all the major crops in the country particularly cotton which is the main export crop produced and supplemented with sorghum, groundnuts, wheat, and rice. Few agricultural ventures in the developing world, have evoked as much international attention as Sudan's Gezira Scheme. This 70-year-old Scheme (over 2 million acres) is seen by some as the first demonstration of Sudan's vast potential as an Arab and world granary (Yousif, 1997; O'Brian, 1981). Others see it as a pioneering and successful experiment in the field of direct foreign investment in export oriented production in the Third World (Yousif, 1997; O'Brian, 1981). To others it was the earliest proof of the viability of partnership in modern farming (Barnett, 1981, 1979, 1977). The Sudanese government greatly depends on the Gezira Scheme for its hard currency return from exports (Yousif, 1997). The main distinctive characteristics of the Gezira Scheme is land acquisition. Each farmer is allocated 30 feddans (12.6 hectares) regardless of the original ownership of the land for which owners were paid an annual rent. The production relations within the Gezira Scheme allowed the administration to evict any tenant who proved to be unable to abide by the set laws and regulations. This agreement was operating until the year 1950 immediately after nationalisation of the Scheme when the tenants were able to enforce an agreement which was then referred to as a joint account or partnership system.

The Gezira Scheme accounts system started as a Joint Accounts System (JAS) based on the agreement that, 40 per cent of the annual net profit for the tenant and the rest should accordingly be spent on research, social services, pay business profit tax and loan interests and any surplus should be kept as a reserve fund. The JAS was then abolished and replaced by the Individual Account System (IAS) in June 1980. The IAS is aimed at motivating tenants to increase crop production where they would be responsible for all costs as well as pay certain land and water charges to the government. Different components were included in these charges including irrigation costs, administration costs, depreciation and interest on capital. The charges were made according to the number of irrigation intakes for each crop in the agricultural rotation. The land and water charges as well as cotton and wheat prices were fixed by a technical committee set up by the Minister of Agriculture and the Ministry of Finance and include membership of the Gezira Scheme, Rahad Scheme and Agricultural Research Corporation. The net profit would thus go to the tenant after the deduction of all individual costs, and accountability would be in accordance with the purchasing system proclaimed by the State. However, in addition to the land and water charges, other costs of production for a typical tenant farmer in the Gezira Scheme include: land preparation, cultural operations, harvesting, material inputs, services, transport as well as other expenses. The most evident disadvantage of this system is

that farmers would bear any risk that might adversely affect their crops due to reasons beyond human control, such as unfavourable weather conditions.

Agricultural research in the Sudan started in 1902 with an overall goal to find ways to increase the productivity of specific crop and livestock species, while maintaining soil, water and vegetation as renewable resources (Ageeb and Hamdoun, 1997). The major National Agricultural Research Institutions (NARIs) include the Agricultural Research Corporation (ARC)[2], Animal Resources Research Corporation (ARRC), Environment and Natural Resources Research Institute (ENRRI) as well as the academic institutions. Technology transfer agencies include the extension services, production corporations, private companies, development projects as well as individual farmers and tenants. Although NARIs argue that, farmers' productivity increases could achieve up to 100 per cent if the recommended technologies are fully adopted by farmers, crop productivity in the Gezira Scheme is extremely low and does not exceed 30 per cent of the level attained in NARIs' research farms. Given this low productivity in the Gezira Scheme a number of fundamental research questions are addressed:

- Why are technologies provided by NARIs not fully implemented by farmers?
- Can the farmers increase productivity with the existing resources limitations?
- Does the production system fail to recognize the fundamental economic constraints facing traditional farming systems in the Sudan?
- What are the strategic and policy challenges for the government in improving farmers' productivity and speeding the national economic development process?

3. Research method

A series of detailed (interview-based) surveys were implemented in order to generate the data required to measure the economic and technical variables associated with the determinants of the technology adoption within the Gezira Scheme, the spatial focus of most agricultural research in Sudan. Within the Gezira Scheme, the Centre group was chosen for the study because it has the same average yield (1,498kg/hectare) as the whole scheme for cotton. Moreover, the centre group is accessible by roads and has varied socio-economic characteristics and resource endowments. And since the distance of households from a town or from the main roads connecting villages within the blocks (a block is an administrative region designed by the Scheme for management purposes) or a neighbouring village is considered to be a possible important factor influencing farmers' access to information, inputs and markets, it was used as a stratifying criterion to select the different administrative regions (blocks) within the centre region. Thus four blocks were chosen from the centre group, Barakat, Hamad Elnile, Abdel Hakam and Elkomor. A total of 30 tenants were drawn from each selected block at random. These selected tenants within each block were categorised into three strata, high, medium and low. This stratification was based on cotton yield variability from the 1998 season, where those who achieved more than (2,043kg/ha) were considered high, 1,498-2,043kg/ha) were considered medium and less than 1,498kg/ha were considered low. Therefore, the total sampling units is 120 tenants chosen from four blocks.

The study used multiple choice and scale type questions in order to identify and assess farmers' education level, performance, funding sources, accessibility of information and marketing of their produce, etc. Most of the questions in the study were in relation to the traditional farming practices as compared to the modern agricultural practices in the research and academic institutions. The whole questionnaire text was translated into Arabic language and data were then gathered from 120 farmers.

4. Results and discussion

Non-parametric statistical methods were applied to the large data set in order to produce deeper insights into the economic, technical and social variables generated in the survey. The results of the analysis are presented and discussed in the context of the four research questions posed at the beginning of the paper.

4.1 Finance and funding

Finance is the major constraint facing farming in Sudan where the majority of the farmers (88 per cent) have serious problem(s) with finance and they argue that these financial problems are mostly created by the government. However, for the remaining 12 per cent, for whom finance is not a problem, they either have their own businesses (trade) or receive substantial support from other family member(s) or relative(s) working abroad (mainly in the Middle East).

Meanwhile, farmers with inadequate funding are enforced to either rent part of their land or sell part of their fertilisers to other farmers who can afford the cost of farming obtained from other sources. Consequently, the majority of poor farmers get poorer and the minority of farmers with good funding availability get better. The problems associated with finance and funding can be summarized in the following:

- The Government delays previous payments which results in deficit in the next season and usually these payments are not made at the time needed.
- Low profitability of the different crops grown.
- High taxes.
- Water charges.
- The Government normally provides fertilisers with prices above the market prices or does not provide fertilisers and in this case farmers have to pay the black market price.
- Hybrid seeds are very expensive and not included in the credit package provided by the Government.
- Low productivity in the previous season(s).
- Banks and village traders refuse to provide farmers with loans which result in financial difficulties for farmers. Due to the very difficult economic situation of the country and the very high inflation rate, businesses including banks have become very sensitive to the daily speculations about prices change and uncertainty particularly farm products. Furthermore, banks are no longer confident of farmers' returns as the government pays farmers only after a long period of time.

The majority of the farmers surveyed (76 per cent) depend mainly on their own personal financing since they receive no support from the government for their sorghum, groundnuts, vegetables and other crops. According to most of the farmers surveyed, very little financial support is provided by the government for the cotton and wheat crops. Therefore, farmers have to find other sources of finance; 30 per cent are either in partnership arrangements for their groundnuts and sorghum, or sell some household items, animals and even sell part of their fertilisers supplied by the government to finance important timely operations such as cultivation of cotton. Only 27 per cent of the farmers have received bank loans and 21 per cent received loan(s) from merchants, friends or relatives.

4.2 Poor returns

What is most evident from the study is that farmers found the technologies transferred are of no significant returns compared to their traditional practices and that priorities are always given to cotton rather than other crops. The government argues that, to meet national needs, such as earning foreign exchange, farmers are encouraged to grow cash crops such as cotton, with production for export. Hence the need to disseminate becomes a need to be selective in dissemination, to steer farmers in a particular direction. Almost all farmers surveyed agree that the technologies provided are very expensive to adopt and they have no source of funds even if they are not expensive in the first place. The study reveals that, farmers' returns from their produce as per the individual accounts system is very low and that farmers bear any risk that might adversely affect their crops due to reasons beyond human control, such as unfavourable weather conditions. Therefore, 34 per cent of the farmers are performing other jobs in addition to farming to earn extra income. Additional jobs include: local village traders or businesses, local school teachers, employee, working in the nearest big towns as well as doing some casual jobs in their villages. However, for most farmers farming is just a tradition they inherited and they cannot think of themselves doing anything else.

4.3 Loss of produce

More than 91 per cent of the farmers have lost their produce during the last period for a variety of reasons. Disease is found to be the most important factor caused by: inefficient pesticide delivered by the government for different crops, bad pesticide recommended for cotton and that no compensation was given by the government in such incidences. Weeds (e.g. Adar, Puda, etc.) destroyed the wheat and sorghum, and unavailability of the pesticides recommended. The absence of the entomologists and/or extensionists made the situation more severe and consequently resulted in crop(s) failure. Other important factors mentioned by many farmers include: some irrigation canals are not fully opened, full of weeds and not completed to the end of the block which results in water shortage or uneven distribution of water and flooding mostly during the raining season. Farmers claim that they have been complaining about this problem for years but nothing is corrected. According to some farmers, the nearest farms normally receive about 20 irrigation units, three for the moderately

located and just one for the farms located further away.

Few farmers lost their produce due to poor land fertility and others lost produce because of animal invasion of their farms despite the government security guards. The difficult climatic conditions prevailing during the growing season, particularly the very hot weather, are also considered one of the factors resulting in loss of produce. The inefficient management resulted in some farmers failing to perform the different cultural operations on time as some farmers' fields receive bad or delayed land preparation and/or delayed wheat plantation (sowing date). Some farmers attributed the loss of their produce to the bad or inferior seeds supplied, particularly wheat seeds. A few farmers related the loss of their produce to the shortages of input materials, one farmer has attributed the loss of his produce to theft of the crops; some farmers could not say exactly why they lost their produce.

4.4 Farm location and ownership

Farm productivity varies in relation to the proximity of urban-industrial centres and to the quantity and quality of transportation systems. Closeness to cities and transport matters because of differences in transportation and marketing costs, in the effects on labour and capital market, in the ease of obtaining new and more productive inputs, and in the ease of information flows. The study reveals that farms located near the irrigation canal are most likely to be visited by extensionists, researchers and other officials as well as receiving enough irrigation water. Moreover, according to the government regulations nearest farms should be cultivated with vegetables which farmers prefer for their quick and direct return. Vegetables need adequate irrigation water at regular intervals, therefore, they should be grown in the farms near to the main irrigation canals to avoid any water shortages. Farmers normally prefer vegetables over other crops (like cotton) as they are allowed to sell them directly in the market and under their full control unlike the case of cotton where the government collects the crop immediately after harvesting and sells through certain official channels. Strong linkages between agriculture and markets for inputs and outputs can help stimulate the local economy (Norton and Alwang, 1993; Dickinson, 1969; Grigg, 1982; Schultz, 1953).

Moreover, the study reveals that almost 85 per cent of the farmers surveyed tenanted their farms and for the rest (15 per cent) the farms either belong to another family member or a close relative and there is only one partnership arrangement where the farm does not belong to the farmer interviewed. Partnership arrangement is a common subletting contract (mostly verbal) which takes place between the farm owner and a third party where the third party will cultivate the land and pay all the farming costs and then pay the owner an agreed share from the produce or simply agree on certain rent to be paid at the harvesting period.

4.5 Technology absorption capacity

The study reveals that almost 72 per cent have completed a reasonable level of education including high school (in the past high school in Sudan referred to intermediate and secondary school while today there are only secondary schools and their graduates can read and write perfectly), primary school, as well as post secondary education including university level. However, achieving any level of education particularly higher levels within the farmers' community has encouraged them to leave farming to find another job in the nearby town or city.

4.6 Marketing

The marketing channels for the different crops for all farmers surveyed are similar. Cotton and wheat are taken (by force) by the government and the farmers have to accept the prices given after a long period of time. Farmers market their sorghum, groundnuts, and all other crops personally. Farmers normally keep the sorghum for their families' domestic use and store the groundnuts till the price increases as village traders give low prices during the harvesting period. Farmers depend mostly on their groundnuts to pay their debts. According to many farmers, the government charge high prices for fertilisers (above the market price) which makes their produce less profitable and farmers are forced to take these very expensive fertilisers only because they have no cash to buy it from the market at low prices, therefore, for many of them it is better to buy the sorghum needed for domestic use from the market rather than grow it on their farms.

4.7 Farmers union

Almost all the farmers surveyed claim that the farmers union is not helping them with technology diffusion and marketing of their produce. In the past the union used to help farmers with land preparations, played a vital role in advising them and determining the prices of the different crops particularly the cotton and wheat as well as helping

farmers purchase subsidised fertilisers and other inputs. The farmers union has established some business activities such as a milling factory and a pharmacy but for many years farmers received their share just once and hence the farmers union has a very poor relationship with its members. Furthermore, no support is given as to product prices nor any credit and/or financial facilities.

5. Policy implications and recommendations

The main policy implications and recommendations of this study include:

- Explicit linkage policies are required from the research, extension, farmers and universities, these policies should be backed by sound linkage strategies and by the financial, human, and physical resources required. However, these linkages are not usually effective if they are imposed by decree or administrative circular and, therefore, it is important to stress the fact that these linkages can improve only if there is a real consensus and commitment among managers at all levels of all the organizations involved to make improvements.
- To achieve production targets the Sudan will need to strengthen its present agricultural technology capabilities for planning and implementing system-building strategies in agricultural technology policy, organization and management. This requires the involvement of farmers in research trials as experience shows farmers would normally follow and adopt the recommendations when fully convinced by the return; research strategies should consider the feedback of farmers and extension services and inadequate absorption capacities of the extension services and farmers could be overcome through training and farmers' education. Farmers' socio-economic environment plays a key role in improving productivity. Research should consider the characteristics of the labour force and the resources available in the farming community. Researchers should consider the small-scale farmers' requirements; cheap, easy to understand and require minimal training for successful adoption. However, interventions should include adjustments in resource allocations to correct imbalances, and a range of techniques to improve research-extension-farmer linkages.
- Technology transfer agencies (extension services) in the Sudan are only a marginal source of information for farmers, that extension services are directed by political priorities, and that by themselves they cannot do much to help the small farmers.
- Adoption of the "right" micro and macro economic policies. National policies should be changed from very high taxes and very expensive inputs to raise output prices and lower input prices. Also offering loans to farmers, improved credit facilities as well as proper funding for all agricultural operations.
- Improving storage facilities, solving key socio-economic problems such as health problems as well as improving infrastructure (irrigation channels, roads, and other necessary and vital services).
- Better management to make inputs (fertilisers, chemicals, etc.) available at the needed time and fully understanding the timely application of these inputs, timely land preparation, availability of irrigation water at the needed time as well as the adoption of mechanization and the recommended technological packages.
- Politicians must refrain from interference in agricultural policy. A stable agricultural and marketing policy as well as the formulation of a fair production relationship with farmers is required.

6. Conclusion

Finally, in conclusion, this paper has identified some of the key strategic and policy challenges facing agricultural technology management in the Sudan. It has also provided a better understanding of the production system constraints in Sudan within the framework of demographic, socio-economic, technical and cultural variables. Policies aimed at improving the productivity in the future in Sudan have been suggested. It is concluded that by implementing the recommendations, based on the findings of this study, the future productivity in Sudan can be substantially increased.

Notes

1 With an area of 2.5 million square kilometres, Sudan is the "largest country in Africa" and "9th largest in the world" (IMF, 1999), with the "longest river in the world". Sudan has boasted the "largest farm in the world" in the Gezira irrigated cotton scheme (Yousif, 1997), and the "world's largest sugar-producing complex" in the Kenana project; it was also until recently the "biggest producer of Gum Arabic in the world" (Food Matters Worldwide

(1991). Sudan was optimistically referred to as an "awakening giant" by the hype merchants of the 1970s, and its vast plains were seen by development experts as a potential "bread-basket" – either for Africa or for the Arab World across the Red Sea (O'Brian, 1981). In the international wealth scale, measured by gross national product (GNP), Sudan held place 115 at the beginning of the 1990s (UNDP, 1992). According to the human development index, Sudan has been ranked even lower, at position 145 among 160 countries covered by UNDP (Grawert, 1998). Economic development indicators depict Sudan with the majority of people depending on agriculture, a low degree of industrialisation, a disproportionately large and costly public sector, a high rate of consumer price inflation, and a state budget hit by soaring foreign debt and immense war expenditure (Grawert, 1998).

2 The Agricultural Research Corporation (ARC) is the oldest agricultural research institution in Africa and the major research institution in the Sudan, and accounted for nearly half the country's agricultural research capacity in terms of full-time equivalent researchers (Yousif, 1997; ISNAR, 1995). The ARC mission is to provide attractive and realistic technologies to improve and sustain productivity in agriculture.

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HRM and the commitment rhetoric: challenges for Africa

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Commitment, Employees, Managers, Human resource management, Africa

Abstract
This paper highlights some contemporary issues in the commitment research as it relates to HRM. A comparative evaluation of the meaning of commitment as espoused by academics and managers was also made. Some African empirical evidence was reported and examined with its implications for managerial practice discussed. The paper finally identifies certain contemporary issues that should be of interest for managerial practice, and, perhaps, guide future research given the realities of the African situation.

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Introduction

Western management concepts and writings have dominated the thinking of academics and managers in Africa for a long time. Such writings have not shown how culture might be taken into account in the managerial practice. Many Africans would claim that there are indigenous management practices in Africa. However, like many other managerial theories and practices, very little effort has been made in scientifically testing these "indigenous" positions or synthesising them into a coherent body of knowledge for the purpose of guiding management practices in African contexts.

Africans, for example, have been skilful managers, have a systemic approach based on historical and practical experience to solving human problems, and often strive to move from the real to the ideal (Osuntokun, 2001). Moreover, it is a fact that Africans have their own values, which are strong and enduring, and this is perhaps why European imprints could not permanently remove these values and ideals in spite of colonialism and western influence on the continent over the years. In reality, regardless of the English, French, Spanish and Portuguese languages spoken by mainly the elites in Africa, western culture has remained phoney in most parts of Africa. The need to understand the values of the average African worker who are the teeming majority of employees that the African manager – local or foreign – must deal with is thus imperative.

The purpose of this paper is to:

1 Identify and highlight some of the contemporary issues in commitment research from HRM prism.
2 Examine some issues beyond the rhetoric of academics and practitioners. For example, how can the parties learn more about commitment from each other?
3 Examine some empirical evidence from Africa and identify what lessons research findings portend for practitioners.

Organisational commitment continues to be a topical issue in management research and continues to engage the attention of the practising manager. Several authors in human resource management (HRM) are fascinated by employee commitment in the degree to which it impacts organisational performance and effectiveness (Bratton and Gold, 1999; Guest, 1995, 1998; Beardwell and Holden, 1997). Committed employee behaviour is at the heart of HRM and is a central feature that distinguishes HRM from traditional personnel management (Guest, 1995; Storey, 1995; Tyson, 1995). Thus, the commitment of employees is obviously an area of interest in HRM, the assumption being that employee commitment enhances performance and invariable organisational effectiveness.

When individuals work in organisations they display signs of any one of two categories of affect or attitude.

1 Those who love their jobs but hate the organisation for which they work.
2 Those who hate their jobs but love their employing organisation, thereby displaying a strong loyalty towards the organisation.

The meaning of commitment

Academics' view on the meaning of commitment

In the literature, there are two contending viewpoints: the Mowday *et al.* (1979; 1982) model and the Allen and Meyer (1990) model.

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The Mowday, Porter and Steers model

This view is espoused in several works – Mowday *et al.* (1979, 1982), Porter *et al.* (1974). According to this model, which has dominated operationalisation of the concept and has stood for over three decades, organisational commitment has three components: a strong belief in and acceptance of organisational goals and values (IDENTIFICATION), a willingness to exert considerable effort on behalf of the organisation (INVOLVEMENT) and a strong desire to maintain membership in the organisation (LOYALTY).

This view, however, goes beyond just a definition, as the emergent Organisational Commitment Questionnaire (OCQ) from these writers has indeed remained perhaps the most widely used instrument to measure the construct. In fact, Mathieu and Zajac (1990) noted that 103 of 174 studies they investigated used the OCQ. This instrument has continued to be used and indeed the figures reported by Mathieu and Zajac may actually be an underestimation of today's literature output.

Allen and Meyer model

This model strongly emerged as an alternative viewpoint to the Mowday *et al.* model. It was proposed both as an alternative definition and measurement. It emerged from several works, notably Allen and Meyer (1990); Meyer and Allen (1991); Meyer *et al.* (1993); Meyer (1997); and Meyer and Allen (1997). According to this viewpoint organisational commitment is the feeling of obligation to stay with the organisation: feelings resulting from the internalisation of normative pressures exerted on an individual prior to entry or following entry (Allen and Meyer, 1990). This model identifies three distinct components of organisational commitment:

1. Affective commitment: this is concerned with the extent to which the individual identifies with the organisation (identification, involvement and emotional attachment).
2. Continuance commitment: this concerns the individual's need to continue working for the organisation based on the perceived costs associated with leaving the organisation (calculative). This has been further divided into two by other writers, "personal sacrifice" associated with leaving or "limited opportunities" for other employment.
3. Normative commitment: refers to commitment that is influenced by society's norms about the extent to which people ought to be committed to the organisation.

In simple terms, people stay with their organisations for three reasons:

1. Because they want to (affective commitment),
2. Because they need to (continuance commitment), or
3. Because they feel they ought to (normative commitment).

Based on this view of commitment, a measurement scale originally developed by Allen and Meyer (1990), which attempts to capture these three distinct commitment components, has been used in several studies.

Practitioners' view on the meaning of commitment

Recently, attempts have been made to find out how practitioners perceive and define the construct of commitment (e.g. Shepherd and Mathews, 2000; Singh and Vinnicombe, 2000). Whereas Shepherd and Mathews (2000) investigated employers' perceptions of employee commitment and sought to establish if, and how, commitment is measured in practice; Singh and Vinnicombe (2000) interviewed aerospace engineering managers in the UK and Sweden to find out what meanings of commitment they generally expressed. The importance of this particular line of thinking is that it allows comparison of the dominant academic rhetoric of this construct with perspectives from practitioners.

As reported by Singh and Vinnicombe (2000), the following were the most commonly cited as meanings of commitment in work context by practitioners:

- task delivery;
- putting yourself out;
- involvement;
- quality; and
- hours put in.

The same study revealed that top managers – when compared to the middle and junior ones – expressed the need for active, involved commitment to the organisation and personal career, through being proactive, taking initiative, seeking and taking on challenges, being creative, innovative and adding value to the organisation and to self (Singh and Vinnicombe, 2000). Much as these findings are valuable, there is a significant dual limitation on the study's generalisation. First, the sample comprises only aerospace engineers and, second, it made use of interviews with attendant size restrictions for data collection.

Practitioners acknowledged that committed employees could be distinguished from non-committed ones by their "attitude"; other factors include: general behaviour, demonstration of job satisfaction, and attendance record, all of which are mentioned by more than 50 per cent of respondents (Shepherd and Mathews, 2000). This is comparable with the Mowday *et al.* viewpoint. Practitioners placed a high emphasis on communication between themselves and their employees in eliciting and measuring commitment levels. They tend to make use of the following for measuring commitment:

- regular group meetings with management and staff;
- appraisals;
- management by walking around;
- meetings with individual employees; and
- examining absentee levels (Shepherd and Mathews, 2000).

In the measurement of commitment, practitioners do not generally use quantitative instruments like questionnaires; indeed it would seem that they reject them!

African context

The highly communalistic nature of the African society cannot be ignored; hence, African managers are more concerned with interpersonal issues. It will therefore be intriguing to investigate how the average African manager views commitment and how they will measure it among their employees. Again, it would be revealing to know what differences – in such opinion and measurements – (if any) exist between indigenous managers and their expatriate counterparts in the African settings. It is interesting that while the Singh and Vinnicombe (2000) study was qualitative, the study by Shepherd and Mathews (2000) was quantitative.

Some African data

Very little empirical work has been reported in Africa on commitment-specific research. The problem of indigenous African studies in management is further compounded by the vastness and cultural diversity of the continent itself. From the Arab north (which is not monolithic) to the culturally diverse west (with a further Anglophone-Francophone dichotomy and strong ethnic divisions), and the east with a seeming dominance of Swahili language but obvious cultural differences; from the ever volatile Congo Basin (and its deep-rooted ethnic strifes and wars) to the relatively more stable south, the story of cultural heterogeneity is the same.

Gbadamosi (1995a) examined the relationship between organisational involvement and some personal correlates (family involvement, morale, career and non-work satisfaction, turnover intention and anxiety) among 110 Nigerian managers. Organisational involvement was measured using the Romzek (1989) scale. The scale comprises positive psychological attachment items emphasizing identification and loyalty towards work organisation and organisational norms for commitment. The study found organisational involvement to be significantly related to all the variables except family involvement and anxiety. Taken together the variables accounted for about 36 per cent of the variance in organisational involvement. The finding confirms an earlier work by Romzek (1989) in another cultural setting. The findings seem to indicate that the commitment of organisational members, measured by their organisational involvement, has significant positive influences on the functioning of the individual and the organisation.

Another exploratory study had investigated the association among organisational commitment, communication and some behavioural measures of effectiveness (morale, career and non-work satisfaction, turnover intention and anxiety and a four-item alternative measure of effectiveness). Data were obtained from 54 bank managers in Nigeria. The result obtained indicated that organisational commitment measured by the OCQ was strongly related to the behavioural measures of effectiveness. Commitment was only significantly related to the direction of communication of these 16 dimensions of communication examined. Taken together, the measures of behavioural effectiveness used in the study account for 54 per cent of the variance in organisational effectiveness. The study argued that the commitment of organisational members certainly has a strong role to play in reinforcing organisational effectiveness (Gbadamosi, 1995b).

Recently, Osuntokun (2001) explores some thoughts on traditional African idea of management as well as the nature of management in Africa in the pre-colonial period. He opines that contrary to the popular view, especially in the western world that ancient African societies carried out their activities without planning, there is overwhelming evidence that systematic patterns were followed for positive results in pre-colonial Africa. He further notes that

across the continent, long before European colonialism, careful planning was carried out, and individual and collective resources were sedulously managed for the benefit of all. The various aspects of this process were discussed from a historical perspective. Commitment and mutual obligations stem from group pressures to meet one's promise and to conform to social expectations (Jackson, 2000). Jackson (2000) further proposed instrumentalism-humanism dimension for future African research on indigenous management rather than the more popular developing-developed, Western-African, and public versus private sector dichotomy.

Propositions on the development of an African management theory and practice have largely been intuitive, speculative, and at best strewn and lacking in integration. Similarly, the western views of management in Africa have remained aloof in the African context and settings thereby raising significant cultural questions. Blunt and Jones (1997), however, correctly observed that we could deduce that, while western theories may not always be good for us, the persuasiveness of the message is difficult to resist, particularly in the absence of local alternatives.

Reflections for managerial practice and research

The results of research on commitment have several implications for HRM. There are also a number of questions that may agitate the minds of practitioners, which may include the following:

1 How can HR managers make use of contributions from research?
2 Has the commitment research and debate affected HR practice?
3 What specific areas need modifications in practice?
4 In what ways have practitioners helped the ongoing debate and can complement the research efforts?

There are a number of deductions that can be made from the literature, which may be beneficial to the practitioners, particularly, in effective HRM.

Employee commitment, attitudes and incentives

The results from Shepherd and Mathews's (2000) survey of practitioners indicate that employee attitude is the most common differentiator of committed and non-committed employees. This further reinforces the prominence and dominance of attitudinal commitment/affective commitment. Practitioners should, therefore, be interested in their employees' attitudes because they often give signal of potential problems that may arise; and they also significantly influence behaviour.

Research studies (Mathieu and Zajac, 1990; Benkhoff, 1997) have shown that several of the variables considered as antecedents of organisational commitment are actually interwoven. For example, Elangovan (2001) has recently shown that satisfaction, stress, commitment and intention to quit could be interrelated concepts such that leaving out one of these variables in a multi-dimensional behavioural research might confound findings. The practical significance of the interwoven nature of this concept would depend on the extent to which an organisation needs to enhance the commitment of its employees through a well-packaged incentive system that would induce commitment. In the design of a total employee package, the following should not be ignored.

- Career progress or job advancement (Singh and Vinnicombe, 2000).
- Satisfaction derived from the non-work environment and activities, including health and physical condition (Gbadamosi, 1995a, b).
- General satisfaction derived or derivable from the job itself as well as the job environment that makes employees develop a sense of belonging and commitment to the job or the organisation thereby making the desire or intention to quit unattractive.

Managers in Africa generally hold that workers' attitudes are poor. Personnel practitioners in Africa, Kamoche and Muuka (2001) claim there is still preoccupation with "bread and butter issues" rather than the more long-term responsibility of developing individual and team skills towards an organisational stock of knowledge. While such statements may be too sweeping in generalisation by giving an impression of one Africa where every country is exactly the same, or nearly so, the reality on the ground in countries like South Africa, Nigeria, and Egypt makes such argument simplistic. Indeed there is evidence in some multinational corporations in these countries to show that the human resource practice compares favourably with what obtains in the foreign offices of such organisations. This does not, however, remove the problems of HR practice in the African continent.

Employee commitment as voluntary and dynamic

Commitment denotes an action that is not only "personal" to the committed worker but is also completely voluntary and rational. Management cannot force it; neither can they hire consultants to initiate it. The employee can also withdraw it if it is considered as no longer serving a mutual purpose – for both the employee and management. Since the committed employee often expects something in return, the practitioners should find means of reciprocating committed employees.

This argument may reincarnate "the nature of man" argument and the theory X and Y debate; conversely it may reawaken the appropriate leadership style argument. The efforts at espousing leadership that is indigenous to Africa are weakened by several published accounts by Africans and non-Africans alike where the west has been used as benchmark and Africa has been urged to catch up (Arthur *et al.*, 1995; Kamoche, 1992; Kiggundu, 1988 among others). Blunt and Jones (1997) have perhaps summarised this well when they noted that such, probably inadvertent, views misconstrue the nature and possible effects of African leadership styles, and conclude, wrongly, that greater congruence with western models is *always* (emphasis this author's) what is required. Blunt and Jones (1997) have also shown that current western notions of leadership are not widely applicable in Africa and East Asia. The major reasons have to do with significant differences in values concerning authority, group loyalties and interpersonal harmony. Like many other managerial theories and practices, very little effort has been made to scientifically test these "indigenous" positions and especially synthesise them into a body of knowledge which will benefit indigenous African leadership theory and practice.

Employee commitment and work relationships

Managers concerned about both turnover and work performance have to be aware of the need to apply a different set of policies in each case (Benkhoff, 1997). If managers are concerned about keeping their valued employees, they should ensure that workers have competent and trustworthy superiors and feel treated fairly and with respect, and they should not put employees under too much work pressure (Benkhoff, 1997). While causal relationships have not been established, managers might give more consideration to their subordinates' needs should they wish to increase the commitment of employees (Rowden, 2000).

Employee commitment and communication

Managers should communicate clearly, visibly and always. This would give constant information about the progress of the work as well as actual performance against stated targets (DeCotiis and Summers, 1987) and they should be concerned about the direction of communication flow (Gbadamosi, 1995b).

Employee commitment and organisational culture

Organisational culture also has a role in the development of commitment. This is, however, an area that has witnessed little empirical investigation, particularly in Africa. For example, what is the role of various characteristics of the organisational culture in the development of commitment? Many authors have identified that one of the defining characteristics of HRM is that of managing organisational culture to achieve employee commitment (Sisson, 1990; Guest, 1995).

Indeed, McGunnigle and Jameson (2000) noted that it is not possible to consider HRM and employee commitment without some reference to organisational culture. Lamsa and Savolainen (2000) have also indicated that commitment is a dynamic and multiple concept rather than an either/or phenomenon. It is contextual and shaped by dynamics specific to certain cultural and social contexts. They further noted that the commitment of managers is not as self-evident as the commitment literature assumea. What, for example, are the peculiarities of the cultural settings, which the African manager must understand to be able to adjust his managerial practice in order to build and sustain the required levels of commitment?

Employee commitment and organisational change

Empirical findings (e.g. Iverson, 1996; Yousef, 2000) support the influence of organisational commitment on attitude towards organisational change. While a highly committed individual might more readily identify with and accept organisational change efforts that are perceived beneficial to the organisation, she/he might similarly be expected to strongly resist change judged harmful to the organisation. It is equally possible that employees with strong continuance commitment might be less willing to accept changes because of the fear that such changes might reduce the benefits they are currently gaining in their present

organisations. Change efforts are at the ebb of modern managerial practice – it is a constant. African managers need to understand the nature of change and be cautious in their change efforts.

Conclusions

From the foregoing discussions, we can make a number of recommendations and reach some tentative conclusions:

- The African manager should be more interested not only in the career advancement and job environment of employees but also be more humane by caring about non-work activities that might affect employee performance.
- If commitment is voluntary and dynamic, the African manager should be dynamic and persuasive.
- Work relationships are important to employees worldwide. The African worker is not an exception.
- Clarity and flow of managerial communication is essential for enhancing commitment.
- If change is constant, managerial practice is dynamic. The African manager must implement change efforts with a lot of caution.
- Culture has overbearing influence in understanding commitment; the African manager must understand the realities of culture in managerial practice. Socio-cultural factors will always be an essential component to consider for successful management practice.

Human resources managers could use the findings from the research literature on commitment to generally improve the work performance and reduce turnover of employees in organisations. This is because an effective organisation requires both effective management and employees. Academics could also improve research contributions in practice by focusing more on practitioners' view in the design of future studies. Such linkages are paramount to increasing the organisational commitment of employees at all times. For management, a satisfied and committed work force translates into higher productivity due to fewer disruptions caused by absenteeism or the loss of good employees. Africans need to develop their own management philosophy and continually improve on it in order to advance the efficiency of their organisation and of the employees.

Since organisational commitment refers to relatively more stable attitudes held by individuals towards their organisation, the more favourable they are, the greater the individual's acceptance of the goals of the organisation, as well as their willingness to exert more efforts on behalf of the organisation. Its importance in the management of people need not be overemphasized. For the mere fact that employees' level of commitment to their organisation often exerts influences on various other facets of their behaviour, it remains important for managers to enhance such commitment by paying attention to the factors in the preceding discussions. The challenges for both academics and practising managers in Africa in enhancing commitment and performance are palpable.

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Internalising effectiveness and accountability for the public good: strategic choices for public sector bureaucracies in Africa

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Public sector, Africa, Strategy

Abstract
Public sector bureaucracies in Africa play important roles in the management of socio-economic development and change. These tasks impose a number of imperatives on these institutions: they must be effective, efficient, transparent, and results-oriented. In recent times, public bureaucracies in Africa have come under scathing criticisms for not living up to these imperatives; a situation which undermines good governance and engenders corruption. Public affairs stakeholders in the continent believe that for public bureaucracies in Africa to perform and enhance good governance, old ineffective structures and processes used in the administration of public business, must yield place to more results-oriented management philosophies, processes, and practices. This paper, accordingly, proffers some strategic choices in the areas itemized, to public sector bureaucratic actors in Africa, for internalising effectiveness and accountability for the common good in public sector organizations.

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Introduction

Public sector bureaucracies in Africa constitute the major instrumentalities for designing socio-economic and political development policies. Specifically, in performing these functions, the civil service bureaucracies articulate policies and programmes for agricultural development and for the eradication of mass illiteracy and communicable diseases. They provide policy counsel on the exploitation of mineral resources; and provide ideas and insights on the devolution of power to new units of government at the grass roots. In addition these bureaucracies serve as the basic anchor points for co-ordinating, maintaining and evaluating the varied activities of government ensuring in the process that these accord with specific political, social and economic objectives. These tasks impose a number of imperatives on these organizations: they must be effective, efficient, transparent, and results-oriented.

Over time, our public bureaucracies in Africa have attracted criticisms for not living up to these imperatives; a situation which many feel undermines good governance and engenders corruption. The concerns for making civil service bureaucracies in Africa more effective and efficient gave rise to a series of administrative reforms. For example the need to establish an efficient and effective civil service capable of "meeting the challenge of a development-oriented society" prompted the review and subsequent reform of the Nigerian civil service in 1974. This was followed by yet another reform in 1988 aimed at ensuring a high level of "management efficiency and effectiveness". Also, in the 1970s the Mills Odoi, Ndengwa and Wamalwa Commissions addressed administrative reforms in Ghana, Kenya and Swaziland respectively.

In spite of this spate of reforms in Africa, concerned stakeholders feel that public bureaucracies in Africa are far from being effective and transparent in the conduct of public business. As empirical evidence they point at the increasing "turbulence" which characterizes many countries in Africa. The trends and events which characterize this turbulence include: widespread poverty, diminishing financial resources, unemployment, ecological disasters, rural-urban drift, declining agricultural and industrial production, critical food shortages, population pressures, poor rural and urban infrastructures, political instability and a general feeling of insecurity, to mention a few (Nze, 2001). Some of the civil service reforms prescribed restructuring, professionalization and downsizing as possible ways of addressing the "performance problem" in our civil services.

This paper takes the position that these prescriptions alone cannot solve the problem. New strategies and philosophies in addition would be required to make public sector bureaucracies in the continent more effective and transparent. For our purposes, effectiveness means "doing the right things better" (Fox, 1979). It also means, for us, the achievement of defined goals and objectives measured in terms of results. The precondition for internalising "effectiveness" and "accountability" values in our public bureaucracies in Africa is for the leadership of these bureaucracies to creatively resolve the intellectual and philosophical crisis they face. This crisis manifests in the ambivalence shown by our civil service bureaucracies in adopting new management values, ideas and ethos. When this crisis is resolved an intellectual civil service will emerge. This will in turn facilitate the adoption of new

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management perspectives for conducting public business in the continent. Next, we present a profile of an intellectual African civil service and then discuss the strategic choices for internalising effectiveness and accountability within that context.

Profile of an intellectual African civil service

It is desirable that civil service bureaucracies in Africa should be revitalized for effectiveness. As stated earlier an "intellectual civil service" must take root in the continent as a precondition. Let us be clear. In this context the term "intellectual" should not be interpreted to mean being academic, or theoretical. For us it means a state of mind; a disposition to adopt new, researched, proven, and pragmatic management ideas, for improving public sector management practice. An intellectual African civil service, would be one that places a high premium on developing creative and novel approaches for pursuing its constitutional mandates in the service of society. Policy actors and programme executives in an intellectual civil service think and act strategically in pursuing organizational objectives. An intellectual African civil service will remain close to the citizens and relevant clienteles it serves, and thus see the need to create appropriate forums for creating and communicating "meaning" to its relevant publics.

Individual organizations and units of an intellectual civil service will appreciate the need to scan the environment in which they operate, to identify trends with the potentials for disrupting the achievement of goals and objectives. An intellectual civil service would recognize that in democracies the organs of government operate in "shared power" contexts in which no one person or organ is absolutely in charge (Cleveland, 1973, 1985; Bryson and Einsweiler, 1991; Trist, 1983). Second, an intellectual civil service in Africa will also be one which promotes "institutionalised research relationships between the governments and the universities" and which will not relent in its efforts to bring research results of the universities to bear on the problems of the civil service (PSRC Main Report, n.d. p. 5).

Third, an intellectual civil service will not accommodate ministries and departments which are "inactive" and indifferent to shifting internal and external environments and which insist on "conducting business as usual". Neither would it accept "reactivity" by any of its organizations and departments as an intelligent way of – "coping with shifting environments". That is, waiting to be stimulated by external forces or events and responding to the outcome (Ackoff, 1974). Stated differently, an environmental scanning capability should be a requirement in all organizations and departments forming part of the intellectual African civil service. This environmental scanning capability makes it possible for departments and units to track down trends and forces which can subvert the realization of strategic organizational objectives, and develop contingency plans.

Fourth, an intellectual African civil service must reflect important "elements of governmental excellence" namely an action orientation, a closeness to citizens and a high level of employee orientation (Downes, 1987; Barbour *et al.*, 1984). These taken together should represent part of its new philosophy of public management which should endure well into the future.

Fifth, an intellectual African civil service should be able to foster "organizational integrity". The features of an intellectual civil service for Africa, sketched above, will in the next section be developed into the strategic choices for internalising effectiveness and accountability in African civil service bureaucracies.

The strategic choices

How can public sector bureaucracies in Africa become more effective and more accountable? How can the leaders within these bureaucracies cope with the challenges and turbulent environment facing them now and possibly well into the future? How can organizational and institutional integrity be developed and sustained in public bureaucracies in the continent to ensure public confidence in them? These are important, intriguing, and strategic questions.

We take the position in this article that to address the concerns contained in the questions, public sector managers in Africa should make a clean break with outmoded and unproductive management methods and routines, and opt for "thinking and acting strategically" about public sector management in the continent. Implicit in this statement is that important strategic choices which are "non-routine", "non-incremental", and "non-discontinuous" have to be made to bring about the needed changes and results in our public sector management. We catalogue and discuss below these strategic choices.

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1. Adoption of strategic planning for bureaucratic effectiveness

To enhance the effectiveness of civil service bureaucracies in Africa the political and career executives who lead these organizations should adopt strategic planning as an important management tool. The usefulness of strategic planning in the management of change and uncertainties is well documented (c.f. Steiner, 1979; Hanna, 1975; Bryson, 1988). In essence, strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and determine what an organization is, what it does, and why it does it (Olsen and Eadie, 1982; Bryson, 1988). Olsen and Eadie further stress that when governmental organizations engage in strategic planning, they are in effect engaged in the serious business of producing fundamental decisions shaping the nature and direction of governmental activities within constitutional bounds. Civil service bureaucracies in Africa should develop strategic planning capabilities to enhance effectiveness and to cope with the "wrenching changes", uncertainties and turbulence which characterize the environment in which governments now operate. The turbulence, which governments in the continent face, compels a number of responses from our civil service bureaucracies. First, these organizations must think strategically as never before. Second, they must translate their insights into effective strategies to cope with the changing circumstances. Third, they must develop the rationales necessary to lay the groundwork for the adoption and implementation of their strategies (Bryson, 1988). The shifting environments in which public sector executives work today, suggests that these executives must be effective strategists if their organizations are to fulfil their missions and satisfy the public they serve, in the years ahead.

Limitations of space would not permit detailed analyses of the sequential steps in strategic planning. However, embedded in a strategic planning regime are important planning questions, considerations and values, not sufficiently addressed by conventional planners in our civil service bureaucracies. The result is poor organizational performance. Among the important questions, considerations and values of strategic planning which civil service organizations do not adequately address include:

- Precisely who and what are we as an organization (ministry, department etc.)? Who are our stakeholders (i.e. the clientele we serve or the people affected by our activities)? What yardsticks do they employ in measuring our organizational performance? In general what are the basic social, economic or political needs we have to satisfy or address? In what particular way should we act to meet the expectations of our stakeholders? What are our philosophies and values as a government organization (ministry, department) (Bryson, 1988)?
- An appreciation of the internal and external environments within which (government) organizations operate, the opportunities and threats posed by these environments; internal organizational strengths and weaknesses; the political, economic, social and technological trends (PESTS) which can affect organizational plans and the achievement of objectives.
- Vision of success.

A strategic planning capability can be built into civil service bureaucracies in Africa by creating special staff units which would be responsible for furnishing policy-makers with ample policy and planning "intelligence" through a "thorough situation analysis". When this happens, the inefficiencies of effecting changes through "trial and error" adjustments would be eliminated, as our civil service bureaucracies are mobilized toward a "new strategic posture" for enhanced effectiveness.

2. Nurturing the entrepreneurial spirit in public sector bureaucracies

The function of the entrepreneur is innovation (Schumpeter, 1934). Good creative ideas can revitalize and shape organizations and institutions. A deliberate nurturing of the entrepreneurial spirit in our public sector bureaucracies can unleash creative, innovative ideas in the people who man these organizations, and thus encourage public entrepreneurship. Public entrepreneurship is "the generation of a novel or innovative idea and the design and implementation of the innovative idea into public sector practice" (Nancy, 1992). Officials across organizational levels in our bureaucracies should be challenged and encouraged to generate new ideas on how to run their respective ministries, departments and units more effectively. On a regular basis these officials can meet in typical "Theory Y" settings to examine new ideas generated and how these could be harnessed to ensure improved organizational and institutional performance. For example, entrepreneurial bureaucratic leaders can specifically challenge officials at all levels, to generate

ideas on "innovative means of realizing policy objectives and mobilizing resources". They can also be asked to generate ideas on more efficient and effective service delivery modalities and operational procedures critical to the success of a citizen-oriented bureaucracy (Balogun, 1999). The best ideas often emerge from a dialogue between old and new perspectives or from the tension between the real and the ideal (Boyte, 1989; Bryson, 1992).

3. Forging strategic partnerships with universities on policy research

In order to improve the quality of public policy-making in Africa in the twenty-first century, governments in Africa should use the universities in "gathering policy-relevant intelligence" through research (Nze, 2001). A strategic partnership should be forged in this effort. There are compelling reasons why our public sector bureaucracies in the continent should do this. First, governments by their nature are "action-oriented organizations". They have little time to reflect, inadequate resources to postulate alternatives and virtually no mandate to generate fresh knowledge (research). They are quite unlike universities in which all these functions are present or expected. Second, the universities have a rich array of trained manpower, knowledgeable in areas in which governments make policies, namely: science, education, agriculture, environment and administration to mention a few. Third, universities enjoy the credibility to articulate agendas, to propose priorities, even to establish methodologies (Nze, 2001). In most of the continent, policy formulation in civil service bureaucracies is based on subjective political and intuitive judgments, rather than on "rigorous analytical and empirical foundations" (Egonwan, 1991, p. 36). In other settings outside Africa, subjective indices or citizen preferences in programme and project planning are widely used. These data are usually generated through survey research. Universities in Africa can in future, if requested, engage in policy-relevant research to generate data for policy development. African universities can in addition provide for our public bureaucracies effective evaluation research support.

4. Instituting environmental scanning capabilities

The development of environmental scanning capability in African public sector bureaucracies will be vital in improving the performance of these agencies. This specialized unit will engage in regular scanning operations monitoring the "external environment" for opportunities and threats. If this is not done, civil service organizations in Africa almost certainly will be in a reactive rather than anticipatory position. Important opportunities will be missed and threats will not be recognized until it is too late (Bryson, 1988). During the Third Plan period in Nigeria, for example, the absence of "external scanning" capabilities led to misplaced optimism regarding oil prices and expected revenue for executing the plan. The belief within the civil service planning bureaucracy was that world oil prices would continue to be high and favourable to Nigeria. Shortly after the Third Plan was launched, oil prices fell and the financial resources available for plan execution diminished. Programmes and projects in the N30 billion development plan were either scaled down or shelved.

To address environmental scanning our civil service bureaucracies should consider creating Research and Policy Analysis Units to perform this role centrally. Its other focus of attention aside from the analysis of government policy will include: the identification of key issues and trends that pose actual or potential threats, or opportunities; analysis and interpretation of the issues and trends; and creating information that is useful for decision making (Bryson, 1988). Situation reports made regularly to top-level government functionaries and to the political leadership, can help improve the management of public business in the continent.

5. Establishing forums for creating and communicating meaning to citizens and sharing policy ideas

Public sector bureaucracies in Africa are often criticized for being unresponsive, elitist, and detached from the citizens they are expected to serve. This problem can he solved by creating forums at the grass roots, for communicating and sharing the meaning of government policies with the people. In this setting, citizens are informed in advance of "major issues, projects or proposed actions" (Downes, 1987). Closeness to citizens and the involvement of these citizens through consultations before important policy or programme decisions are made can improve the effectiveness of our bureaucracies. In spite of the stated disadvantages associated with citizen involvement, namely: interruptions, costly delays, generation of unpleasant antagonisms, interference with professional judgment of civil servants (Thomas, 1987), a number of advantages can flow from an

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organized contact with citizens. In the setting proposed here "new meaning unfolds as leaders encourage people to see the 'real' situation and its portents". Public hearings, for example, can offer good channels of communication mutually beneficial to government and the citizens. Citizens can express their opinion and make suggestions.

6. Developing strategic accountability mechanisms and fostering organizational integrity

One of the defining features of democracies is the institutionalisation of accountability and transparency (Matlosa, 2000). The soul of such a system is the ability of ordinary citizens to hold government officials accountable for their actions. This essential democratic process, also known as transparency, takes a number of forms, but all allow concerned citizens to see openly into the activities of their government rather than permitting these processes to be cloaked in secrecy. In the light of these observations, we suggest that our civil service bureaucracies in Africa should be made to use a combination of the following methods to ensure "fiscal" "programme" and "outcome" accountability:

- Regular comprehensive reports by ministerial, political, and administrative heads to Parliament or the National Assembly on the activities of their agencies.
- Routinized grass roots briefing on ministerial and departmental activities in administrative districts and local government areas with the general public in attendance.
- Publication and circulation of quarterly reports on ministerial and/or departmental fiscal, programme and project operations.
- Media briefings, where political and administrative heads interact with the press on the degree of accomplishment of set budgetary objectives or programme targets.

To further strengthen organizational effectiveness leaders should nurture the public bureaucracies they lead to attain high levels of organizational integrity. A "public commitment" should therefore be made by public bureaucracies in Africa to "ethical principles" containing among other things the following set of values:

- public office is a public trust;
- corruption is public enemy and should be exposed wherever it is discovered;
- the public is supreme client and working for its good is the primary duty of public bureaucracies;
- searching for the most efficient and economical ways of getting tasks accomplished for the public good is a desirable behavioural trait that should be internalised by public servants.

Conclusion

This paper has focused on ways of internalising effectiveness and accountability in African public sector bureaucracies. It began with an appreciation of the "pervading influence" of civil service bureaucracies in Africa in planning and managing development in the continent. We stated that the functions which our civil service bureaucracies in Africa perform, requires that they be effective, transparent, and results-oriented. We advanced a few ideas for internalising effectiveness and accountability in all civil service bureaucracies in the continent, to better serve the public good. In our view, the public good would be served when there is a high level of public satisfaction with the performance of public bureaucracies; and when the general public perceives that in serving its interests, public officials in the continent adopt methods which are technically sound and morally and politically defensible.

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Tourism in Africa's economic development: policy implications

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Tourism, Development, Strategy, Africa

Abstract
This paper assesses the progress that has been made in realizing the contributions of tourism to Africa's economic development. It does this by examining the nature of tourism development and identifying problems that have inhibited this. Consequently, the paper highlights the need for intra-African co-operation for the provision of an enabling environment and mobilization of strategic resources. It concludes that successful tourism development in Africa is predicated on attention to a range of issues such as clear tourism development objectives, integration of these into national plans, local involvement and control, regional co-operation and integration, tourism entrepreneurship, etc. Africa's experience may have relevance to other developing countries seeking to encourage tourism development strategy.

Introduction

This paper examines tourism in Africa within the context of economic development, considers the critical factors which might stimulate and inhibit its development, and draws from the analysis implications to assist tourism policy makers in the continent in the development of the sector.

These issues are discussed in three parts. First, a review of the overall pattern and performances illustrates the significance of tourism in some countries. The second part identifies and analyses some key issues in the development of tourism in the region. In the third part, consideration is given to aspects of policy to deal with these areas of concern. As used here "issues" refer to the challenges and opportunities associated with the process of developing tourism. "Development" is described as an improvement of opportunity and quality of life through the encouragement of tourism. Policy consideration relates to strategic development scenarios to overcome the areas of concern through a prioritization to formulate a tourism policy.

Tourism in development

In 1973, Robert Erbes put forward a view that "Everything seems to suggest that developing countries look upon tourism consumption as manna from heaven that can provide a solution to all their foreign settlement difficulties" (Erbes, 1973, p. 1). To some degree, this description of tourism as "manna from heaven" has gained some support, in part because tourism is a highly visible activity. Critics might conversely argue that the statement is rather absurd, if not over-simplistic, given the well-recognized weaknesses of tourism as a viable development strategy for less developed countries. Whatever the outcome of this particular debate, Erbes' statement and research since then (de Kadt, 1979; Jenkins, 1994; Sinclair, 1998) have focused attention on the far-reaching implications of tourism (for example, its strengths and limitations) as being a means of assisting in the process of development.

Many less developed countries (LDCs) now regard tourism as an important and integral part of their economic development strategies (Sinclair, 1998). In such societies, tourism is perceived as a panacea for their fragile economies that are characterized by a scarcity of development resources such as finance and expertise. These resources are needed to increase the economic surplus, without which these countries would be forced to rely solely on international aid to support their development efforts. Therefore the well-recognized benefits of tourism are the usual reasons advanced for government support for the sector.

The benefits are usually felt at two levels: macro or national, and micro or sub-national level. At the first level, tourism is expected to foster economic growth through foreign exchange earnings and an increase in state revenue and, at a second level, an improvement in people's well-being in the areas of job creation, revenue or income distribution and balanced regional development. In this respect tourism is described as an industry although it has no single production characteristics or defined operational parameters. Tourism is also multi-faceted and its economic dimension cannot occur without inputs of a social, cultural and environmental nature.

Further to the foregoing point, it needs to be stated that as demand for tourism increases, so too will it bring with it not only opportunities for linkages with other sectors

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in the economy, but also consequences of a social, cultural and environmental nature. These consequences, such as crowded airports and urban traffic congestion, affect both the public and private sectors. In these areas where tourism impacts on the country and society, there may well be conflicts with competing demands for other sectors of the economy, or with community interests at large.

It is, however, necessary to remember that tourism is more than an economic activity. It is, in essence, a massive interaction of people, demanding a wide range of services, facilities, and inputs that generate opportunities and challenges to host countries. For this reason, it is necessary to manage the growth of the sector and to have clear guidelines to ensure that growth is compatible with national and sectoral objectives. Policy provides the guidelines and the reference point against which any development of the sector should be evaluated.

Although tourism development results in the provision of facilities and services, there are, however, instances when these facilities are not accessible to local residents, particularly if tourism development involves the creation of tourism enclaves. In addition, tourism has been criticized for exacerbating the problems of societies: the destruction of social patterns, neo-colonialist relationships of exploitation and dependence, inflationary pressure, among others. Both positions, admittedly, have merit.

To take a more balanced view, this paper explores the issues within a broader framework of international tourism economy, relates the synthesis to African tourism perspectives, and assesses the critical factors, which might stimulate and inhibit tourism development in Africa. It is expected the analyses should provide policy directions, which should be considered before African policy makers in this field take major decisions.

Trends in global tourism

Global context

The extent and impact of tourism, both at international and regional levels, can be seen by reference to Tables I-III. It is evident (Table I) that 693 million tourists travelled globally in 2001, a decrease of 0.6 per cent in comparison with 2000 and 6.8 per cent in 2000 over 1999. This demand characteristic suggests nevertheless that global tourism is still a high volume industry, despite the depressed nature of international economy. It is further shown that US$464 billion (excluding international fare payments) were generated in international tourist receipts in 2001 (2.8 per cent lower than 2000). Despite this downturn in earnings, it can be said that global tourism is again a major feature in the world economy. In fact between 1995 and 2000, for example, tourist arrivals and receipts have respectively grown at an average rate of 4.8 per cent and 3.3 per cent per year. The WTO (2001) expects that in 2020 international tourist arrivals will total 1.6 billion trips, which will generate approximately US$2 trillion in international tourism receipts.

Regional context

At the regional level, Tables II and III present international tourist flows, receipts and overall market share for selected country groupings. The fastest developing area in 2001 continued to be East Asia and the Pacific, with a growth rate of 5.5 per cent and some 6 million more tourists than 2000. Africa was the next fastest growing region (4.3 per cent), followed by the Middle East. Other regions showed negative growth of tourist arrivals in 2001. For instance, Europe – which accounts for about 58 per cent of international tourism – had a negative growth of 0.7, nearly 3 million less trips than one year earlier (2000), so too were the Americas (–0.6 per cent). Similar negative patterns were also seen in tourist receipt terms, with the Americas, Europe and the Middle East showing respective 7.7 per cent, 1.8 per cent and 3.5 per cent records. Africa (8.8 per cent), South Asia (5.7 per cent) and East Asia and the Pacific (0.2 per cent) showed positive growths in their tourist receipts in 2001.

In summary, two brief comments on the above trends might be appropriate. First, there has been a global redistribution in the foci of tourism activity, but this has benefited some regions, although on an unequal basis, and thus highlights a heavy geographical concentration of both tourist arrivals and receipts. These developments thus highlight the extent of tourist travel and the number of destinations, and the competition among them which increased noticeably. Secondly, tourism in Africa had a modest revival of growth in 2001, although this did not necessarily lead to a substantial share of the market, which might prompt a number of questions. Before considering these questions, however, it is useful to examine Africa's current situation with regard to their overall tourism sectors.

Table I
International tourist arrivals and receipts (for selected years)

	1990	1995	1999	2000	2001	Market share (%) 1995	Market share (%) 2001	Growth rate (%) 00/99	Growth rate (%) 01/00	Average annual growth (%) 95-00
Arrivals (million)	457.3	551.7	652.3	696.8	692.6	100	100	6.8	–0.6	4.8
Receipts (US$ bn)	263.4	405.3	457.2	477.0	463.6	100	100	4.3	–2.8	3.3

Source: World Tourism Organization (2002, pp. iii, ix)

Table II
International tourist arrivals by (sub)region (for selected years)

	1990	1995	(million) 1999	2000	2001	Market share (%) 1995	Market share (%) 2001	Growth rate (%) 00/99	Growth rate (%) 01/00	Ave. annual growth (%) 95-00
Africa	15.0	20.0	26.2	27.2	28.4	3.6	4.1	3.7	4.3	6.3
Americas	92.9	108.9	122.3	128.5	120.8	19.7	17.4	5.0	–0.6	3.4
East Asia and the Pacific	54.6	81.3	96.8	109.2	115.2	14.7	16.6	12.7	5.5	6.1
Europe	282.7	324.2	380.6	402.5	399.7	58.8	57.7	5.8	–0.7	4.4
Middle East	9.0	13.1	20.5	23.2	22.7	2.4	3.3	13.2	2.5	12.2
South Asia	3.2	4.2	5.8	6.1	5.8	0.8	0.8	5.4	–4.5	7.7
World	457.3	551.7	652.3	696.8	692.6	100	100	6.8	–0.6	4.8

Source: World Tourism Organization (2002, p. iii)

Table III
International tourism receipts by (sub)region (for selected years)

	1990	1995	(US$, billion) 1999	2000	2001	Market share (%) 1995	Market share (%) 2001	Growth rate (%) 00/99	Growth rate (%) 01/00	Ave. annual growth (%) 95-00
Africa	5.3	8.1	10.5	10.8	11.7	2.0	2.5	2.7	8.8	5.9
Americas	69.2	99.6	122.1	132.8	122.5	24.6	26.4	8.8	–7.7	5.9
East Asia and the Pacific	39.2	73.8	75.0	82.0	82.2	18.2	17.7	9.4	0.2	2.1
Europe	143.2	211.2	233.9	234.5	230.4	52.1	49.7	0.2	–1.8	2.1
Middle East	4.4	8.9	11.2	12.2	11.8	2.2	2.5	9.1	–3.5	6.5
South Asia	2.0	3.5	4.6	4.7	5.0	0.9	1.1	3.5	5.7	6.4
World	263.4	405.3	457.2	477.0	463.6	100	100	4.3	–2.8	3.3

Source: World Tourism Organization (2002, p. ix)

Africa and international tourism

Africa is comprised of 53 countries categorised into five geographical sub-regions: Central, Eastern, Northern, Southern and Western. Like other developing regions, Africa is a continent of considerable cultural, economic, geographic, political, and social diversity. Perhaps part of the variation has to do with differences in their colonial experience, following the balkanisation of the continent into arbitrary nation-states to meet the needs of the European governing powers (see Afigbo *et al.*, 1992).

A recent study (Dieke, 2000) has shown that there are clearly a wide variety of different types of tourism available in the region – from safari tourism (e.g. wildlife, desert), beach tourism, and "roots" tourism to marine tourism. Some others include cultural/heritage and archaeological tourism, ethnic tourism, "overland" tourism (or desert, as noted) and, perhaps to a lesser degree, sex tourism.

The extent and impact of international tourism in 2001 have been noted (Tables I-III). Within the African continent (Table IV), the dispersion of tourism arrivals and receipts by sub-regional groupings, for the period in focus, were as follows. Of the 28 million international tourist arrivals recorded in 2001, the Northern part received 10.6 million, Southern 8.5 million, Eastern 5.9 million, Western 3.0 million, and Central 0.4 million.

Table IV
Africa's tourist arrivals and receipts by sub-region (for selected years)

Sub-regions	1990	1995	1999	2000	2001	Market share (%) 1995	Market share (%) 2001	Growth rate (%) 00/99	Growth rate (%) 01/00	Ave. annual growth (%) 95-00
Arrivals (million)										
North	8.4	7.3	9.4	10.1	10.6	1.3	1.5	6.8	4.8	6.6
West	1.4	1.9	2.5	2.7	3.0	0.3	0.4	6.5	12.7	6.8
Central	0.4	0.3	0.4	0.4	0.5	0.1	0.1	3.4	15.6	6.3
East	2.9	4.5	5.8	5.8	5.9	0.8	0.8	–1.1	1.5	5.2
Southern	2.0	6.0	8.0	8.3	8.5	1.1	1.2	2.8	2.4	6.6
Total	15.0	20.0	26.2	27.2	28.4	3.6	4.1	3.7	4.3	6.3
Receipts (US$, billion)										
North	2.3	2.7	3.5	3.7	4.2	0.7	0.9	3.6	15.6	5.9
West	0.6	0.7	1.0	1.0	1.2	0.2	0.3	1.8	12.7	8.4
Central	0.1	0.1	0.1	0.1	–	00	–	0.0	–	6.6
East	1.1	1.9	2.6	2.6	2.7	0.5	0.6	–0.3	6.1	5.9
Southern	1.2	2.6	3.2	3.4	–	0.7	–	4.6	–	5.0
Total	5.3	8.1	10.5	10.8	11.7	2.0	2.5	2.7	8.8	5.9

Note: Countries are grouped into sub-areas as follows: North: Algeria, Morocco, Sudan, Tunisia; West: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo; Central: Angola, Cameroon, Central Africa Republic, Chad, Congo, Democratic Republic of Congo, Gabon, Sao Tome and Principe; East: Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Reunion, Rwanda, Seychelles, Somalia, Tanzania, Uganda, Zambia, Zimbabwe; Southern: Botswana, Lesotho, Namibia, South Africa, Swaziland

Source: World Tourism Organization (2002, pp. iii-iv, ix)

Again, in 2001, available receipts were $4.2 million (Northern), $2.7 million (Eastern), and $1.2 million (Western).

In 2000, for example, the most visited destination is South Africa (as indicated in Table V), which took 22 per cent of total traffic, followed by two Northern countries, Tunisia (18.6 per cent) and Morocco (15.1 per cent) and two Eastern countries, Zimbabwe (6.8 per cent) and Kenya (3.3 per cent) and one Western country, Nigeria (3 per cent). The pattern of receipts is similar (as indicated in Table VI), with South Africa the leading earner (26 per cent), followed by Morocco and Tunisia. However, although Zimbabwe and Kenya attracted considerable numbers of tourists, Tanzania, Mauritius and Ghana were able to earn more from tourism.

Synthesis

A number of conclusions can be drawn from these facts and figures. First, the statistics illustrate the nature and scope of international tourism in Africa and the significance of tourism in some countries, which is clearly influenced by the wider nature of economic development. Second, as noted elsewhere (Dieke, 2000, p. 3), there are considerable variations in the scale of tourism development in Africa, from the dominant (i.e. most developed) in theoretical development continuum to the Johnny-come-lately (i.e. least developed or late starters). Some African countries, e.g. Kenya in the east, Mauritius and the Seychelles in the Indian Ocean, Morocco and Tunisia in the north, South Africa and Zimbabwe

Table V
Top six destinations in Africa (for selected years)

	Tourist arrivals (1000) 1995	1999	2000	2001	Market share in the region (%) 1995	2000	Growth rate (%) 00/99	01/00	Ave. annual growth (%) 95-00
South Africa	4,684	6,026	6,001	5,908	23.4	22.0	–0.4	–1.5	5.1
Tunisia	4,120	4,832	5,057	5,367	20.6	18.6	4.7	6.5	4.2
Morocco	2,602	3,817	4,113	4,223	13.0	15.1	7.8	2.7	9.6
Zimbabwe	1,363	2,101	1,868	–	6.8	6.9	–11.1	–	6.5
Nigeria	656	776	813	955	3.3	3.0	4.8	17.5	4.4
Kenya	896	862	899	841	4.5	3.3	4.3	–6.5	0.1

Source: World Tourism Organization (2002, p. iv)

Table VI
Top six earners in Africa (for selected years)

	Tourism receipts (US$ million)				Market share in the region (%)		Growth rate (%)		Ave. annual growth (%)
	1995	1999	2000	2001	1995	2000	00/99	01/00	95-00
South Africa	2,126	2,637	2,707	–	26.2	25.1	2.7	–	5.0
Morocco	1,304	1,880	2,040	2,460	16.1	18.9	8.5	20.6	9.4
Tunisia	1,393	1,560	1,496	1,605	17.2	13.9	–4.1	7.3	1.4
Tanzania	259	733	739	725	3.2	6.8	0.8	–1.9	23.3
Mauritius	430	545	542	625	5.3	5.0	–0.6	15.3	4.7
Ghana	233	304	386	448	2.9	3.6	27.0	16.1	10.6

Source: World Tourism Organization (2002, p. x)

(geographically) in the south, and Côte d'Ivoire and Senegal in the west, are well-established, "successful" tourism destinations. There are others, like Nigeria, Cameroon, Eritrea, Sierra Leone, Angola and Zambia, which, for a number of reasons, have limited tourism development but considerable potential.

Third, they further highlight possible underlying reasons why there is relatively little tourism in some countries and more in others. Let me explain. The Northern dominance is explained not only by the sub-region's proximity to the major European generating markets but, more importantly, its long-standing economic and other ties with these areas. There was also the suggestion back in 1972 that the sub-region is "... simply a natural extension of European resorts, in the path of the inevitable southern push towards the sun and, initially at least, towards less crowded beaches' (Hutchinson 1972, p. 45). It is further argued, in respect of many less developed countries that "... where foreign enterprises were present in a country's tourist industry they would be the most successful ..." (Britton, 1982, p. 340). This explains why the countries of Eastern and Southern Africa are, in tourism terms, significant, as the case study of Kenya shows: "... pioneer facilities development were in place because Kenya had a vigorous expatriate community which sought to advance foreign commercial interests, including tourism" (Dieke, 1993, p. 13).

Some critics might argue, albeit harshly, that the problems in Africa's tourism are closely related to structural imbalances in its overall development pattern. There are no clear strategies for development in general or for tourism in particular, and tourism has not been integrated with other economic sectors. As a consequence, whereas tourism development in some countries has been insufficient (as in Cameroon), in others (for example, Kenya) it has been uncontrolled and excessive. Organisation of the tourism sector has been inadequate, which has contributed to a lack of profitability in many operations, and promotion prospects are poor, with massive reliance on expatriate staff. Above all, the major setback is inadequate training.

Development issues and challenges

In Africa, as elsewhere in the developing world, governments have already accepted not only the importance of tourism in economic development but also have played the dominant role in the planning process. This role might be adopted through political preference or necessity, or both. No two countries or sub-regions in Africa are similar in the range and difficulty of problems they face. As noted, many African countries have weak, embryonic tourism sectors, while other countries have vigorous, more developed tourism sectors. In the latter countries, much of the investment, management and development in tourism is from private sector initiatives. One might suppose that perhaps few African countries have given careful consideration to the type of tourism they want, and to what extent their declared aims are realistic, and what needs to be done to achieve those aims.

Against this brief background, it is possible to identify a number of issues relating to the development of tourism in Africa. Addressing the issue areas is important, not least because the issues are crucial ingredients to maximise tourism's contribution to Africa's development. The issues are really of two kinds: those for the tourism industry itself and issues for African governments (Dieke, 2001; see also WTO, 2001, pp. 33-6).

Issues for the tourism industry

The first of these issues is the need to delineate the relative roles of the private local and foreign tourism partners in

development decisions on the continent. In particular, the decisions in the areas of investment, marketing and operation of the tourism enterprises appear to be critical to the tourism industry. The key issue for all concerned is to recognize that the development decisions made by them do have wider economic consequences for Africa. It is therefore imperative that investors recognize the implications of their actions in the overall interest of the long-run economic sustainability of the tourism sector.

The second major challenge is the need to develop human resources, particularly indigenous personnel, both for reasons of delivering quality services for tourists, as well as enhancing general skills of the local workforce (see Dieke, 2001). Achieving these broad objectives will potentially encourage sound utilization of local suppliers and thus enhance not only their productivity but also intersectoral linkages. In this sense, the spin-off effects are obvious: foreign exchange will be retained locally and further income would be earned.

Third, there are problems facing the local tourism industries in Africa that are characterized by a large number of small and medium-sized tourism enterprises (SMEs). SMEs serve useful functions in tourism (e.g. the development of linkages, providing personal service, etc.), but for most of them, life is a daily struggle, with many of them operating at the margin of survival. They also lack the requisite experience to run tourism business along modern management principles. Even the nature of tourism demand renders them uncompetitive as they are unable to capitalise on the advantages that accrue from the economies of scale. The real challenge is for them to develop marketing strategies that would enable them to overcome some of these difficulties and thereby sell their products. Again, their limited resource base makes this objective hard to achieve.

Issues for African governments

The traditional role of government is to formulate policy for the tourism sector. Today the focus has changed because of changing priorities occasioned by development in the international tourism scene (e.g. the emergence of consumer interests). The challenge for national governments is to formulate tourism sector policies that best reflect the new thinking. Some important areas needing policy re-orientation or refocusing are consultation with local communities in the planning process; forging partnership with the private sector; liberal immigration regulations to facilitate free tourist movement; tourism infrastructure development policy to facilitate tourism development, for the benefit not just for tourism but the wider society. The last policy issue needs to be linked to devising viable and sensible options for financing tourism infrastructure. Other aspects of policy refocusing include entrepreneurial development initiatives, policies to enhance tourist length of stay. Last but not least, the policy to identify ways in which the benefits from tourism activity can be spread more evenly throughout the society.

Elements of a policy strategy for Africa's tourism industry

As a basis for identifying the policy considerations, the view of Kofi Annan, the Secretary-General of the United Nations, on the African development challenge (which also includes tourism), is instructive:

> The basic strategy for achieving sustainable development through economic growth is now well established. The core components of the strategy include macroeconomic stability and a stable investment environment; integration into the international economy; a reliance on the private sector as the driving force for economic growth; long-term foreign direct investment, especially in support of export-oriented activities; adequate investment in human development areas such as health and education; a fair and reliable legal framework; and the maintenance of basic physical infrastructures ... Long-term success can be achieved only if African Governments have the political will not just to enact sound economic policies but also to persevere in their implementation until a solid economic foundation has been established (cited in ECA, 2001, p. 1).

As tourism is essentially an export, international economic activity, we identify and examine in this section some of those elements of the strategy that are relevant to the long-term sustainable development of tourism in the African region. The following considerations are particularly striking because of their importance in shaping a coordinated African tourism development policy in practice.

First, international tourism has come to stay for the foreseeable future and cannot casually be cast aside or treated less seriously than it deserves. The economic and other benefits and disbenefits accruing from its development are well recognized in Africa. Despite the mounting criticisms of the negative effects of tourism development, there is a groundswell of evidence that many African countries, encouraged by positive

developments elsewhere, continue to pursue its promotion as part of their economic development strategies. Thus tourism has now merited inclusion in national development plans of most African countries.

Second, as tourism develops and becomes intricate it will require strategic management of the process. The objective is to maximise the benefits, contain and mitigate the negative impacts in order to ensure that development conforms to national policy objectives. Additionally, the development of the sector needs to be supported by large inflows of foreign resources (e.g. financial, personnel). Foreign involvement will obviously have wider repercussions for the decision-making sovereignty of the host government and thereby threatening the long-term sustainability of the sector. In other cases, the role of government institutions and technocrats may not help advance the cause of tourism.

This brings us to a third point, namely, that tourism development cannot be separated from other facets of economy, society and polity. Merely creating national, sub-regional and regional institutions or planning bodies responsible for tourism is hollow in the absence of the political mandate and adequate resources to do their jobs. Here lie many of the difficulties with developing tourism in Africa – resulting from ineffectual policies. This holds the key to future advances in tourism development in the region.

Fourth, in the same way that political support and adequate resourcing hold the key to Africa's future tourism development, so too is the need to empower the African masses. This can be done in a variety of ways: by creating in them an awareness of the benefits of tourism, by allowing them access to entrepreneurial opportunities offered by tourism, permitting women a role in the industry, and perhaps finally giving them a sense of ownership in the sector. That said, these are proactive measures and ones that negate the spirit of state capitalism, also gender inequality. African tourism policy strategies should aim to redress these deficiencies. It then means, as noted, that the existence of credible political commitment on the part of African governments is a sine qua non to the realization of such strategies.

Intra-African co-operation for tourism development

Co-operation in developing tourism in African countries is advocated not only to achieve self-sufficiency but also to promote dialogue and international trade, and the structures proposed here would supplement (and interact with) such organisations as the Southern African Development Community (SADC) and Economic Community of West African States (ECOWAS), that also exist to further co-operation within Africa and within tourism RETOSA (Regional Tourism Organisation of Southern Africa).

Like other economic sectors, tourism in Africa suffers a continuous "drain" of senior staff. It is therefore proposed that an African Tourism Experts Association (ATEA) be formed, similar to the Association of Scientific Experts on Tourism. It would be a "think tank" and meeting-point for experts with the diverse skills required in tourism, allowing geographers, architects, engineers, research departments and social scientists, for example, to work closely with specialists in management, training and land development. As part of its activities, the Association should establish research programmes and consultancies.

Creating an enabling environment

African governments have a role to play in formulating appropriate policies and strategies for human resource development in tourism. Support for continental and regional structures are part of this, but it is also necessary to encourage private initiatives and, in particular, African entrepreneurs. Properly conceived, government intervention in the tourism sector can play an important catalytic role. It is important, for example, to create institutional mechanisms that bring together governments and private entrepreneurs, thus avoiding damage that may be caused if they work at cross-purposes.

Education and training

It is important to emphasise, again, the importance of training in a wide range of skills, including management and information technology. This should not be confined to the formal education system. While formal training is obviously important, it may often be more beneficial and more cost-effective, in practice, to focus on informal training, either on-the-job or through programmes carefully tailored to meet defined objectives and targeted at specific types of individuals.

If financial leakages arising from the employment of foreign nationals, especially by trans-national corporations (TNCs), are to be minimised, governments and the private sector should collaborate in the formulation of policies and strategies to develop indigenous capabilities (see Dieke, 1992). If governments provide appropriate incentives,

for example, TNCs could develop training programmes for their African staff abroad, or organise in-service training for them.

Conclusion

The importance of developing tourism in this continent cannot be over-emphasised. The argument presented in this lecture is that in African countries with a strong tourism sector, growth has been almost entirely demand-led. Late starters have been forced to invest heavily in accommodation and there is an urgent need for staff with technical expertise. In countries where the "finished tourism product" is still undeveloped, the successful formulation and implementation of a tourism development policy is predicated upon the mobilization of human, capital, physical and other resources. These resources spearhead any tourism policy, for they ensure the identification of the tourism product; organise its marketing, and are responsible for the overall control of the sector and its integration into the national economy. If they are inadequate, tourism plans will not succeed. However, it is generally accepted that account should be taken of the following elements:

- Analysis of tourism development objectives as defined by the nation's policy.
- The integration of sub-regional and regional considerations into national plans.
- Analysis of systems of co-operation and exchanges.
- Well conceived and well articulated but realistic tourism policy objectives.
- Local involvement and control over tourism development.
- Forging private-public sector partnerships for tourism development.
- Raising gender awareness to enhance women participation in the tourism sector.
- Promoting regional tourism co-operation and integration.
- Availability and allocation of appropriate resources (e.g. financial, human, product).
- Developing equity in tourism benefits-sharing.
- Promoting community tourism awareness campaign.
- Availability of appropriate legal framework for tourism.
- Building image of a destination through a marketing and promotional campaign.
- Expanding tourism entrepreneurial initiatives/investment opportunities.

In the wider context of development in Africa, these ideas are reflected in the UN Economic Commission for Africa (ECA) of NEPAD (The New Partnership for Africa's Development) (ECA, 2001). NEPAD is surely consistent with the broad principles of self-reliance in Africa enshrined by the Organisation of African Unity (OAU), first in the Lagos Plan of Action, subsequently in the Final Act of Lagos, and then in the Abuja Treaty (which became operational in 1994). They were also emphasised more recently, in September 1999, when the Sirte Declaration was adopted at the OAU Extraordinary Summit on African Union in Libya, and in the Cairo Declaration and Cairo Plan of Action, adopted at the first Africa-Europe Summit, held in April 2000 under the aegis of the OAU and the European Union in Cairo (OAU, 1981, 1991; UNCTAD, 2000).

It should be added also that for the tourism sector in Africa to respond to changing realities in the international tourism market scene, the strategic development of the industry is paramount. This requires co-operation from all concerned – the tourism industry, the national governments and indeed, the international community – to make it happen, provided there is political will.

At the level of the future, it can be said that from this presentation some insight has been gained but the task is not complete. It is possible that future investigations into the tourism industry in the region as part of international tourism study could usefully examine other relevant facets. For example, how could African tourism policy makers take advantage of the US AGOA (African Growth and Opportunity Act of 2000, to improve the living conditions of the African masses?

In this paper suggestions have been made as to how some of these difficulties might be overcome, and particular reference has been made to the need for intra-African co-operation to benefit from economies of scale. Alternatively, to do nothing would simply mean that in the new millennium Africa would continue to lag behind in a highly competitive tourism industry. If any single idea could guide tourism policy makers in Africa, it should be that "Africans are their brother's keepers".

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Transnational law and technology as potential forces against corruption in Africa

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Abstract
Africa is the only continent none of whose states have joined the conventions against international bribery and very few African countries have national laws attempting to fill the gap. South Africa has taken promising steps internally and now should accept a leadership role in the development of transnational law against corruption. Meanwhile, the Internet and other new technologies are developing as parallel, mostly non-governmental tools against corruption. Unlike transnational and most national laws, their impact has already been clearly visible in Africa and they offer at least the possibility of substantial interference with corruption in the short to medium term.

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> Freedom and democracy enhance competition and efficiency, thereby supporting private enterprise in which technology thrives. The relationship is symbiotic: information technology returns the favor by driving a free economy's growth. Improved technology also supports transparency, as the Internet gives more people unprecedented access to information. Like technology, transparency supports the continued maintenance of a liberal democracy. Democracy's liberties and freedom then continue to bolster openness and transparency. In an interdependent, mutually reinforcing manner, technology-driven openness and transparency help to cement democratic institutions. Enhanced free flow of information creates checks and balances, and therefore accountability. This technology-transparency-democracy nexus is a powerful, mutually reinforcing triptych (Salbu, 2001).

Corruption is the bane of the developing world – from Latin America to Asia to Africa. There have been reports that corruption is everywhere in Africa and in many places is as bad as or worse now than it was a decade ago (e.g. Chikulo, 2000 – Zambia; Gathii, 1999 – Kenya; Stasavage, 2000 – Mozambique; Watt *et al.*, 2000 – Uganda). Fighting against corruption is important, not only for reasons of morality and justice, but also because corruption clearly has a negative impact on economic growth (Hines, 1995; Maoro, 1995, 1997; Burki and Perry, 1998; Johnson *et al.*, 1999; Easterly, 2001).

Hence the importance of the elimination of, or, at the very least, a reduction in corruption is obvious. In the absence of any evidence that the overall level of corruption in Africa is being reduced, Schroth (2001) focused on the potential of three less discussed forces: the influence of South Africa, the Internet and the African diaspora, all explicitly in the context of transnational law. In the same spirit, this paper examines more closely the potential African leadership of South Africa in transnational law and the continent-wide potential of the Internet as a force against corruption. We describe the legal tools available and the actual and potential uses and effects of new communication technologies, such as the Internet.

1. Legal tools

Transnational law

Transnational law is a tool against corruption, in that it helps restrain investors from activities that encourage corruption. The United States made it explicit in 1958 that foreign bribes were not tax deductible (Internal Revenue Code § 162(c)). Its Securities and Exchange Commission (SEC) brought enforcement actions against corporations – including such giants as Ashland Oil Company, Gulf Oil Corporation, Northrup Corporation, Philips Petroleum and United Brands – on the basis of 1930s legislation in the mid-1970s. In 1977, it adopted the Foreign Corrupt Practices Act (FCPA), which remained the world's only law clearly punishing foreign bribery until 1998[1]. The FCPA also requires that payments, whether lawful or not, be disclosed in financial accounts and that accounting controls be sufficient to assure that management's general or specific authorization has been obtained. The FCPA has been vigorously, even harshly, enforced, with fines sometimes reaching tens of millions of dollars and prison sentences actually imposed for as long as 18 months. There has been a trend toward even more attention to FCPA matters by the SEC and federal prosecutors. Even today, some features of the FCPA appear to remain unique in the world, such as criminalization

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of payments to foreign candidates and political parties to influence decisions affecting business (for a general review of these matters, see Schroth, 2002a).

Only in the mid-1990s did international organizations begin even to talk seriously about outlawing international corruption. The first treaty requiring member states to make foreign bribery a crime was the 1996 Inter-American Convention Against Corruption, which entered into force in 1997 for some Latin American countries, and later also for the United States and Canada[2]. The Inter-American Convention has several interesting features, notably a requirement that it be made a crime for a public official to have an unexplained increase in wealth while in office. At the end of 1997, the 29 OECD members and five other countries signed the even more important Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which entered into force in 1999. The OECD Convention requires adoption, and the Inter-American Convention calls for study by each state, of accounting and disclosure rules broadly similar to those of the FCPA (but see Schroth, 2002b). The Southern African Development Community adopted a Protocol Against Corruption in 2001, which has not yet been ratified. The Organization of Africa Unity produced a draft Convention on Combating Corruption at the end of 2001, which will be pursued by the African Union during 2002 and 2003. There are also some regional anti-bribery treaties in Europe and a project is underway for a United Nations convention against corruption.

The value of law

It is helpful to have laws against corruption for several reasons. The first and foremost is that laws signal the determination of a society to fight corruption. Second, laws help to prosecute those who corrupt, as and when such people are caught. Third, such legislation is useful to the extent that laws can aid in minimizing corruption through deterrence or help in apprehending criminals through cooperation. Fourth, many persons choose to be law-abiding, even when enforcement seems unlikely; this is true, in particular, of some transnational corporate groups, which require their branches and subsidiaries to obey all laws, even those widely ignored.

The situation in Africa

If laws can indeed help to combat corruption, one question is the extent to which such laws are being used in Africa to do so. As far as we have been able to determine, no African country has, or ever had, a law intended to criminalize foreign bribery[3]. No African country is a party to any of the anti-bribery conventions, although 14 countries[4] recently signed, and may in time ratify, the SADC Protocol Against Corruption. The OECD Convention is designed for investor countries – the payers of bribes – not for the host countries in which they are paid, so most of Africa does not qualify. But South Africa is both an investor and a host. Not only is it appropriate for South Africa to consider joining the five[5] non-OECD parties to the OECD Convention, but South Africa has in fact approached the OECD about acceding to the Convention. This is a real, not merely hypothetical, possibility, because Slovenia acceded to the OECD Convention on 5 November 2001. On the basis of unpublished discussions with OECD and US government officials, our understanding is that several other countries are already working toward accession and that some 30 other countries have expressed their interest to the OECD.

South Africa

As of now, however, South Africa makes no attempt to criminalize bribery of officials outside South Africa. The current version of the Corruption Act[6] superficially resembles the anti-bribery provisions of the US FCPA, in that it is an element of each offense that the act be done "corruptly," but the only extra-territorial provision is an effects rule, by which jurisdiction is asserted over bribery by a perpetrator located outside the Republic of an official located within the Republic. There is nothing in South African law resembling the unexplained enrichment provision of the Inter-American Convention Against Corruption. On the other hand, a sweeping Prevention of Corruption Bill was introduced in the National Assembly by Government on 18 April 2002. Some amendment is to be expected following public hearing and mark-up meetings of the Justice and Constitutional Affairs Committee, but it is noteworthy that the bill as introduced explicitly covers both foreign bribery and unexplained enrichment.

South Africa already leads the continent in the fight against corruption. It is true that, in January 2001, following the Constitutional Court's decision in *South African Association of Personal Injury Lawyers* v. *President of the RSA* (28 November 2000), President Mbeke excluded Judge Willem Heath's Special Investigating Unit from the investigation of the alleged bribery of South African officials by British, French, German, Spanish and Swedish arms dealers, and there were

complaints that official foot-dragging slowed its progress. On the other hand, the investigation continued and later in 2001 progressed to public hearings, it was well covered in the press and it has produced some dramatic results, such as the arrest of the chief whip of the ANC on charges of corruption in October 2001. A Joint Investigation Report (Parliament of South Africa, 2001) was released, containing several specific findings of wrongdoing and recommendations for changes in the law and in government procedures, leading, among other things, to the Prevention of Corruption Bill mentioned above.

The existence of such investigations, and especially their thorough coverage in the press, are signs of a system moving in the right direction. The Heath SIU and the anti-corruption campaign of the Public Service Commission are impressive examples of the seriousness of South African efforts. South Africa has been the leader in organizing a series of international conferences on anti-corruption strategies. There is also a very helpful series of books on fighting corruption, of which four volumes have been published so far by the University of South Africa Press (Sangweni and Balia, 1999a, 1999b, 1999c; Mavuso and Balia, 1999).

2. New communication technologies

Somewhat like the laws against corruption, the Internet began in the USA decades ago, became significant in the wealthier countries in the mid-1990s and has been finding its way into Africa slowly.

African access

The facts of access to new communication technologies in Africa, or rather the lack thereof, are well documented. As of 1999, the World Bank estimated that there were only 2.3 Internet hosts per 10,000 people in sub-Saharan Africa, versus an average of 4.2 Internet hosts per 10,000 people in developing nations generally. However, Internet connections are now available in the capital cities of all 54 states and territories in Africa (Jensen, 2001). Estimates of Internet users in Africa in 2001 vary slightly, from Jensen's 4 million (of which 2.5 million are in South Africa) to about 4.15 million computed by Nua Surveys. Either is a significant improvement over the 2,656,300 users calculated by the Economic Commission for Africa National Information and Communications Infrastructure (NICI) in 1999-2000. The actual numbers accessing the Internet may be greater, because it is unclear whether the 2001 estimates include the thousands that access the Internet through cyber cafés or other public stations instead of signing up with an Internet service provider. These numbers can only increase, because, at the end of 2001, SAT-3 became available to sub-Saharan Africa. SAT-3 has much greater capacity (120 gigabits) and is connected to many more countries than the current SAT-2 (Bray, 2001a), which should be helpful in providing greater Internet access. Another positive development is a project titled Africa One, which aims to encircle Africa with optical fiber and now appears likely to start construction in 2003 (see Bray, 2001b).

Consider also cellular telephones. NICI computed the number of cellular telephones at 3,642,392 in 1999-2000. Less than two years later, African Cellular estimates the number to be 15 million (Bray, 2001a). Part of the reason for such tremendous growth is that it is usually much easier and cheaper to put in mobile phone towers than land telephone lines. Antennas can be installed on buildings and in some countries the local telephone company, which may be bureaucratic and inefficient, can be bypassed entirely. There are over a dozen initiatives underway to help provide connectivity to the African continent (Jensen, 2001). In addition, there are also technology initiatives by private firms, such as World E-Inclusion, that are directed at providing satellite-powered computers and services to the poorer markets in the world through sale, lease or donation (Norr, 2000). Thus, there are grounds to believe that the new communication technologies have gained critical mass in some countries and that the number of people using them is likely to continue to increase rapidly.

The value of technology

New communication technologies can help in combating corruption in four different ways. (For a quite different, but not inconsistent, analysis, see Salbu, 2001. Note, however, that we do not always agree with Professor Salbu's arguments against transnational law.) The first is through enabling communication. The simple act of being able to communicate over geographic distances carries tremendous power. Mobile phones and e-mail can help to spread not only ideas, but also tales of corruption. As communication becomes easier, it becomes more difficult to hide corruption from the people. Communication over distance makes it possible to spread news of egregious looting or to bring together a critical mass of people to oppose powerful dishonest officials or corrupt institutions.

Role of the diaspora

Another advantage of the collapse of distance is the potential for the African diaspora to influence those within Africa (see Ahiarah, 2000). An interesting example of this is the role of the Ghana Cyber Group in the defeat of Jerry Rawlings's hand-picked candidate in the 2000 elections. Ghana Cyber Group was started by a Ghanaian MBA student in the United States, who used the Internet to reach and organize other expatriates against Rawlings. They affected the 2000 election in Ghana directly and indirectly. Their direct influence could be seen in the significant funds they raised for the Ghanaian opposition candidates. Indirectly, they influenced the outcome of the election by using e-mail, phone calls and letters to Ghana in a sustained campaign to induce change, in part by offering to continue to send money home if the opposition candidates won (Bray, 2001a). In 1998, Ghana had seven cities with Internet POPs and 8,000 dialup Internet subscribers (AISI). In addition, there were 132,000 cellular telephones in September 2000 (African Cellular) and 250,000 telephone service subscribers (Kludjeson, 1999). Given this infrastructure, the Cyber Group probably was not the reason for the victory of the opposition candidates, but it certainly appears to have helped them. There appears to be significant potential for the African diaspora to help begin or influence the fight against corruption in many countries on the continent.

The World Wide Web

The second way in which new communication technologies can help the fight against corruption arises from the features of the World Wide Web. Messages can be posted asynchronously, information provided and actions recommended on a Web site or in Usenet groups. Further, it is possible to encrypt messages and to post them anonymously. These features make it relatively easy for individuals to find news and facts, as well as to provide information about ground reality. If sufficient information is available about business and governmental practices, then it is often possible to curb excesses. Organizational transparency and accountability are essential in building and maintaining strong institutions in a nation. Even if institutional transparency and accountability do not exist, the mere provision of information can start a movement towards responsibility for actions.

Many abuses of power and anti-corruption investigations have started with news placed on the Internet by organizations outside the conventional media. This has happened in developed countries, such as the United States for example, the Monica Lewinsky story was broken by an Internet columnist after mainstream media, such as *Newsweek*, decided against reporting it. It has happened in developing countries, such as India, where the online news magazine *Tehelka.com* conducted an investigation to unearth corruption in the ruling party and defense procurement deals. Or consider Indonesia. In a country of 210 million people, where only 200,000 had Internet connections in the mid-1990s, Indonesian journalists went underground in 1994 and reported on the corruption in the Suharto government in various Web-based publications, reporting that helped to bring down the government in 1998 (Harsono, 2000). Similarly, information smuggled out of East Timor and disseminated through encrypted messages alerted the world to human rights abuses on that island (Harsono, 2000). Burmese (Myanmar) expatriates have engaged the military junta over the Internet (Krebs, 2001), while Tibet fights for its independence from China by disseminating information over the net (e.g. freetibet.org). In short, the Internet has emerged as a powerful tool to fight the corruption of repressive and democratic regimes through the dissemination of information.

Cooperation

The third way that the new communication technologies can help the fight against corruption is through active cooperation. Communication links make it easier for businesses, non-profits and individuals to participate in cooperative activities. Orthodox economic theory holds that trade promotes the division of labor, allowing world economic output to expand, while benefitting the local economies (Taylor, 1995). The new communication technologies make it possible to sell both goods and services. For instance, low cost clerical workers in Ghana process health claims for an American firm with information going to and fro over a high-speed satellite link (Bray, 2001a).

Non-profit organizations can learn about and apply for grants, and gain both ideas and volunteers. Even very small non-profits can gain a Web presence and thereby tell the world about their work, by joining hands with other non-profits. For example, over 1,000 non-profit organizations cooperate on oneworld.net in their quest for social justice. Individuals can engage in cooperative action by finding organizations with which to work or by forming groups to work together and

using the new communication technologies to coordinate action.

The Internet also makes it feasible for non-profit bodies to encourage cooperative action specially focused against corruption. For example, on 30 March 2001, the International Federation of Journalists launched a Web site called "Promoting Accountability," at www.ifj-pa.org, with the aid of the European Initiative for Democracy and Human Rights. This Web site provides a variety of services specifically to journalists covering corruption in Africa.

Private initiatives, such as continental portals and services, are important to provide tools for intra-African cooperation. For instance, Africast.com now offers free e-mail in Afrikaans, Arabic, English, French, Ga, Hausa, Igbo, Portuguese, Swahili, Twi, Wolof, Xhosa, Yoruba and Zulu. Such efforts are an important contribution toward collaboration in Africa's multilingual environment.

At first glance, this cooperative action by business, non-profits and individuals seems to have very little to do with corruption. However, the more involved a community is in its development, the more likely it is to act to remove barriers, such as corruption, to development. Similarly, an increase in trade makes it more likely that the ordinary citizen will be exposed to the idea that corruption is not necessarily a way of life.

Education

The fourth way in which the new communication technologies can help the fight against corruption is through education. The Internet makes possible access to education even where no schools or universities exist. The access can be to lecture content or reading material on engineering or to elementary level lessons that focus on increasing reading ability. Access can be to local or to international schools and universities. This might seem a utopian fantasy given the current access levels on the continent. However, even if only one person has access in a community and can understand the educational content, then that person is in a position to instruct others. In addition, those with some education can further develop themselves by using the Internet.

The University of South Africa (UNISA) has been involved in distance education since 1946. It is now using the Internet to reach out to the world and in 2000 had over 8,000 students outside South Africa. A little over 6,000 of these students were in Africa, while the rest were sprinkled in every region of the world.

UNISA is not the only alternative for the African student. Scores of sites offer courses and many North American universities have developed online courses. The courses and degrees available from existing universities and schools are usually available only for a fee. However, there are many alternatives to paid courses. Many instructors post detailed examples and materials on their Web sites that are accessible to everyone on the Internet. Hence, there is a great deal of knowledge and detailed educational discussions of major topics in almost every subject scattered on the Internet.

The quantum and quality of freely available knowledge are only going to get better. For example, the Massachusetts Institute of Technology (MIT) recently announced a US$100 million initiative to post all of the materials for over 2,000 courses over the next eight years on an Internet site open to all (Young, 2001).

Maoro (1997) found that government spending on education as a ratio to GDP is positively and significantly correlated with lower levels of corruption. Recent research (Stodder and Schroth, 2002a, 2002b) has clarified that improved health care and (at an indicative level) education remain positively correlated with reduced corruption even for within-country studies over time, where, as Easterly (1997) has shown, corruption increases with increasing wealth. Education, by itself, may not have a strong direct effect on corruption and the influence of a more educated population on corruption is unclear. But whichever the direction of causality between the two, the impact of the Internet in raising the level of education and lowering that of corruption can only be favorable. Each is positively associated with increases in both FDI and GDP (sources as to education are cited in Maoro, 1997). It is reasonable to expect education to increase the demand for and understanding of information related to governance and business. This in turn will aid movements against and reduce the tolerance for corruption.

Conclusion

Both legal and technological advances can be extremely useful in the fight against corruption. Legal and technological tools are usually deployed independently in the battle to reduce and eliminate corruption. However, law and new communication technologies can be used synergistically. One example of law using the Internet against corruption is Argentina, a developing

country that is a party to both the OECD Convention and the Inter-American Convention. Argentina now requires its provinces to post their budget, contract and payroll information on government Web sites every month (Art. 8, Ley Nº 25.152 de Responsabilidad Fiscal, Sept. 1999). This initiative is called Cristal and can be found at www.cristal.gov.ar[7].

Transnational law and the Internet began to be used as forces against corruption at the end of the 1990s. In 2001 and 2002, their impact on corruption in Africa is still difficult to discern. However, we conclude that the potential is huge.

Notes

1 Sweden had a law that could have been interpreted as punishing foreign bribery, but not one case was ever prosecuted.

2 At this writing, the OAS Convention has been ratified or acceded to by Argentina, Bahamas, Bolivia, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Vincent and the Grenadines, Trinidad and Tobago, United States, Uruguay and Venezuela. It has been signed but not ratified by Barbados, Belize, Brazil, Haiti and Suriname. A convenient source of reasonably up-to-date information on ratifications, accessions, declarations and reservations is www.oas.org/juridico/english/sigs/b-58.html.

3 Paragraph 66(1) of the Nigerian Corrupt Practices and Other Related Offences Act No. 5 of 2002 provides: "The provisions of this Act shall, in relation to citizens and persons granted permanent residence in Nigeria, have effect outside as well as within Nigeria, and when an offence under this Act is committed in any place outside Nigeria by any citizen or persons granted permanent residence in Nigeria, he may be dealt with in respect of such offence as if it was committed at any place within Nigeria". Read in isolation, this might seem to be a sweeping claim of jurisdiction over corruption anywhere in the world, but in general the offenses defined in Sections 8 through 26 of Act No. 5 require some involvement of a Nigerian government entity or public official. It seems quite clear that the point of paragraph 66(1) was to prevent those whose acts would otherwise be crimes in Nigeria, such as bribery of a Nigerian official, from escaping punishment by committing them while traveling outside the country. There is sufficient ambiguity in several sections, however, to allow the argument that conduct is reached that is related to Nigeria only by the involvement of a Nigerian person, permanent resident or company, a point we leave to the Independent Corrupt Practices and Other Related Offences Commission and the Nigerian courts.

4 Republic of Angola, Republic of Botswana, Democratic Republic of Congo, Kingdom of Lesotho, Republic of Malawi, Republic of Mauritius, Republic of Mozambique, Republic of Namibia, Republic of Seychelles, Republic of South Africa, Kingdom of Swaziland, United Republic of Tanzania, Republic of Zambia, Republic of Zimbabwe.

5 The Slovak Republic was one of the five non-OECD parties, but later became an OECD member.

6 Corruption Act 94 of 1992, as amended by the Criminal Law Amendment Act 105 of 1997. This was not the first South African law criminalizing bribery: predecessors included the Prevention of Corruption Act 6 of 1958 and the Prevention of Corruption Amendment Act 43 of 1982.

7 Internet disclosure has gone well beyond this in Argentina. For instance, under the Inter-American Convention, some officials are required to make their statements of assets public, and some have chosen to do so online. As another example, the province of La Pampa publishes on the Internet the names of individuals who have failed to pay their vehicle or property taxes. See Sheeres (2001).

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Debt burden and corruption impacts: African market dynamism

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Abstract
Heavy debt burdens and corruption have not only had a debilitating effect on development but also undermined efforts at economic recovery and market-enhancing initiatives in many African countries. Africa is the world's most aid-dependent and indebted region of the world. Much of the resources that could have been ploughed into investments are used to service debts and/or misappropriated by corrupt leaders – with all the attendant negative perceptions of Africa's business environment. Therefore, in developing a "business plan" for Africa's economic renascence, corruption and debt management and mismanagement (by both lenders and borrowers) need to be put squarely on the agenda. Against the backdrop of the currency of opinion for debt relief, this paper highlights the institutional processes that underlie the misallocation and misappropriation of original receipts, policy dynamism of their management and the overall market impact.

Introduction

Of the 44 countries classified as "heavily indebted poor countries" (HIPC), 33 are in Africa. It is now well established that most African countries are so burdened and overwhelmed by debt obligations that their economies and financial systems have practically hemorrhaged as they struggle to evolve a means of servicing their obligations to institutional lenders. As a result, their economic and social welfare systems have so deteriorated that the concept of government as an instrument of societal good and regeneration has become meaningless. Notwithstanding the seeming flexibility and understanding on the part of the creditors for debt rescheduling and restructuring, these countries' dire economic situations have changed little. Indeed, it appears that the countries' economic boats are rapidly taking in water and sinking rather helplessly. The continued deterioration in economic conditions persuaded sympathetic clamours for debt relief. But the question is: Who will reap the dividend of any possible debt relief? Will debt relief initiatives improve the investment climate and market dynamism of Africa? How might borrowers and lenders be made more accountable and responsive to the overarching goal of sustainable growth? This paper, accordingly, engages these issues with a view to shedding some light on the institutional processes underlying the market environment of many African countries.

Debt evolution and the culture of perpetuation

Many reasons have been advanced for Africa's debt crisis (Colgan, 2001). However, contrary to popular perception, Africa's debt accumulation and burdened national obligations evolved over several decades as a result of a combination of many factors, ranging from countries' leadership malfeasance to institutional lenders' policies of culpability. Corrupt African leaders were often compensated with "sympathetic financing" by major powers during the cold war years – a quid pro quo for loyalty. During the 1960s and 1970s, in particular, international lenders readily pushed a high volume of loans on many African countries, with little regard to their absorptive capacity and vulnerability. By the 1980s, many countries had started to experience difficulties in maintaining interest payments – debt crisis became a common feature across much of sub-Saharan Africa (SSA). The seriousness of the crisis was recognized by the World Bank and this led to the launching of the "heavily indebted poor countries" (HIPC) initiative. There was a tacit recognition that the crisis could not be resolved by simply rescheduling payment. A much broader action was required: debt cancellation. A number of questions, however, remained unanswered (Africa Policy Information Center, 2000): Under what conditions could debts be written-off? How much of the debts should be "forgiven"?. How fast and who pays?

The current state of the process

Unfortunately, after nearly three decades of experimenting with a variety of policy initiatives, sustainable economic and market viability is yet to be restored in any single country in SSA. In essence, numerous market and economic changes instigated by the Bretton Wood Institutions (BWI) have not led to any meaningful improvement in the

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level of poverty and standard of living in these countries.

By various means, the BWI processes have not been effective and the typical practice of simply "rolling over loans" has created a near-insurmountable problem resulting from compound interest payments. As a result, debts continued to increase as countries continued to borrow more money in an effort to repay old debts. This resulted in a huge churning of money. In 1999, for example, all developing countries borrowed $246 billion out of which $214 billion went back immediately to creditors in loan repayment arrangements. That is, developing countries had to find $135 billion to pay interest on old loans, meaning a net transfer to the creditor countries of $103 billion. In the same year, SSA borrowed $11 billion but repaid $15 billion ($10 billion in principal repayments and $5 billion in interest payments). Thus, nearly half of the $10 billion in aid grants to SSA that year stayed in Europe and the United States to help repay old debts (World Bank, 2001). At the end of 1998, annual debt service payments amounted to $15.2 billion (World Bank, 2001). Indeed, currently the total debt of SSA stands at over $231 billion.

As a way of reversing the progressive slide towards economic collapse, the BWI instigated the Structural Adjustment Programme (SAP), which was a condition for refinancing or rescheduling of loans. However, countries implementing the SAP are by the very process perpetuating a culture of poverty, since the policy itself has its most significant impact on the poor. In 1999, for instance, payments from 39 of the most heavily indebted countries stood at $8.6 billion, almost double their combined spending on education. Some countries in SSA are particularly burdened. "Mali is obliged to repay $65 million annually ... but can afford to invest only $37 million on health. Senegal is to repay $149 million. Its health spending is only $24 million. Zambia is in a similar situation, with annual repayment of $222 million and an education budget of only $95 million" (Owusu *et al.*, 2000, p. 4).

Process redundancy and institutional fallacy

The issue of debt relief has been ongoing and gaining momentum. Eighty-five per cent of the HIPC long-term debt is owed to public lenders (multilateral and bilateral creditors) rather than to private sector, and about half of this is owed to governments. As a result, BWI initiated the HIPC initiative. When this initiative was launched in 1996, the BWI first identified 41 countries (33 from SSA) for consideration for the relief. After a harrowing six years of deciding components and mechanisms of the HIPC initiative – qualifications criteria on debt sustainability for the poorest countries – only 18 had reached the threshold "decision points". At the moment, however, only two countries (Uganda and Mozambique) have finished the entire debt relief process and reached their completion points (Sach, 2002).

It is hardly surprising that only a few countries met the HIPC condition. Even for those so-called qualified countries, that seemed only to be the beginning of a much more harrowing process, especially following the introduction of the Poverty Reduction Strategy Paper (PRSP), which a country must possess before reaching a "decision point". The PRSPs – a condition for eligibility for HIPC relief – were to be developed transparently through a national government-led process, in consultation with a number of stakeholders: the civil society, the private and external donors, and the assistance of the BWI. The primary aim of a PRSP is to ensure consistency between a country's macroeconomic, structural, and social policies and the goals of poverty reduction and social development This new component has been christened Poverty Reduction and Growth Facility (PRGF).

However, the BWI's conditional commitment to comprehensive debt reduction – on the ground that affected countries will adopt policies aimed at ensuring that the funds released from debt relief are effectively used for poverty reduction – appear deficient in some respects. The World Bank assumed a "relatively neutral external environment" (World Bank, 2001), which fails to take into consideration the vulnerability of the countries to external shocks. These include volatility of commodity prices, exchange rate devaluations, variable donor aid flows and non-economic shocks such as climatic disasters, desertification, conflicts, political instability and the impact of HIV/AIDS in most of the countries. Furthermore, poverty reduction initiatives were made dependent on debatable growth performance projections and assumptions (Stiglitz, 2002). More fundamental was the assumption that countries' leadership will "act rationally" in regenerating their economies – this is often far-fetched.

Articulate failures

Unfortunately, the orthodox thinking for dealing with these countries' market and economic failures has been one of unyielding neo-classical models, which essentially repeats the same old and seemingly tired mantra: investing in people and building capacity, improving infrastructure and spurring agricultural development, foreign trade liberalization, regional economic integration, promoting good governance and market access (Calamitsis, 2001).

SSA's decades of experiences as a testing ground for all manner of World Bank-induced policies seems to have resulted in spectacular failures – which suggests that the problems are more than economic. Nevertheless, this seemingly unyielding economic environment has been dangerously enabled by tolerant and accommodating institutional malfeasance, including those of the BWI. For example, the World Bank's former vice president for Africa, Edward Jaycox, repudiated the "conventional" kinds of negotiations and agreements with unelected and military dictatorships in the sub-region: "... in the old way, in the back room, with a series of agreements that don't get published. I think it would be prudent in the circumstances, to insist on public education as part of the lead-up to major reform effort" (Harsch, 1994, p. 9). He failed to mention, however, the lack of reaction from the BWI, in obvious cases of facilities diversions for private use – a situation made notorious by Mobutu Sese Seku of Republic of Congo (former Zaire). He accumulated over $12 billion in foreign debt in the name of his country while diverting over 4 billion to his personal accounts (World Bank, 2001). Master Sergeant Samuel Doe of Liberia was similarly disposed at helping himself to public fund. So pervasive was this practice of diversion and lack of accountability that some beneficiary governments were emboldened to insist on "parallel financing" – an obvious attempt at avoiding scrutiny. Even then, BWI still holds the countries responsible for facilities they did not benefit from.

Thus, there seems to exist a long-standing process of aids and loans redirection or re-routing on the one hand and institutional (BWI) indifference or feigned ignorance on the other. This seemingly unaccountability structure has come at grave cost to SSA – the continued perpetration of which is infinitely devastating, socially, politically and economically. The lending process needs fundamental changes. For example, corrupt leaders in debtor nations who have borrowed without reference to the innocent citizens that will eventually repay the debts will have to be held accountable and subjected to a war-crime-like trial process. Such a process will discipline both lenders and borrowers as well as enhance economic literacy, strengthen democratic institutions and empower citizens to challenge incompetence and corruption.

It is doubtful whether debt cancellation, poverty alleviation policies and/or more comprehensive orthodox reforms would make any significant difference in environments of such huge institutional weaknesses that have not only allowed corruption to flourish, but have also availed rich avenues for rent seeking (which by the way, is not peculiar to SSA but only more brazen and pernicious).

Re-articulating the conceptual frame

Essentially, the economic liberalization programmes that have been implemented in much of SSA over the last two decades have suffered from an endogenous hydra-headed and overwhelmingly intricate web of corrupt practices. The impact of these programmes is yet to be felt in the affected countries. Part of the package programme is the BWI-imposed SAP. Many countries in the sub-region have already adopted many of the market reform policies recommended the BWI. Apparently, these (conditionalities) have been a seemingly recurrent unworkable tall order, which includes promoting a sound banking system, accelerating trade liberalization, liberalizing the investment laws, offering fiscal incentives, and easing restrictions on entry and remittances of profits and eliminating weaknesses in the overall structure, among others. These were supposed to make the region more attractive for foreign investments. Rather, these elaborate adjustment frameworks failed to deliver dividends on the hoped-for economic and market changes.

The emerging consensus is that the monumental failure of these initiatives is due to the level of pervasive regional corruption. The general perception is that corruption undermines acceptable bureaucratic values of equity, efficiency, transparency, and honesty. These, in turn, weaken the ethical fabric of the civil society and prevent the emergence of well-performing government and social structure, capable of developing and implementing public policies that promote social welfare and a market-enabling environment. It seems therefore

that any effective policy initiatives for reform, upon which would depend debt relief and poverty alleviation, must address this singular phenomenon (corruption and related practices) at its roots, otherwise it becomes an exercise in futility. This is because the same constraints that bedeviled the original processes would overwhelm any new but unreformed initiatives.

In most of SSA, where corruption (coupled with capital flight) has become the norm, the notion of public responsibility and trust has become the exception rather than the rule. Indeed, corruption has become so commonplace and institutionalized that it has assumed these countries' second nature. Often times, this results in military intervention or civil wars, which does nothing to resolve the subsisting and underlying internal growth inhibitions, but rather exacerbates them. In SSA especially, where civil wars (often resulting from military interventions) are most rampant, the situation has become even more precarious. Wars destroy everything in their part – military regimes degenerate into absolutely wayward and lawless administrative structures.

Paradoxically, during the last four decades, institutional corruption has been the most frequently cited reason for military takeovers in African. In countries where absolute corruption was alleged to lead to civil wars, the succeeding regimes have not faired any better (e.g. Liberia under Master Sergeant Samuel Doe and Charles Taylor, and Republic of Congo under Laurent Kabila). The phrase "history teaches us that history teaches nothing" applies with particular force in this regard. There are numerous examples to draw from. One of the first charges leveled by the military against the civil administration in Nigeria in January 1966 and December 1983 was corruption. When Captain Valentine Strasser of Sierra Leone sacked the civilian government on April 29, 1992, he alleged that members of the government were engaged in the plundering of the state's resources to enrich themselves. In Mali, the coup of March 1991 was attributable to the peoples' outrage at the high level of corruption and embezzlement, which characterized President Moussa Traore's government. Corruption in Ghana was one of the reasons for Flt Lt Jerry Rawling's intervention. The coup in Gambia on July 22, 1994 was justified on grounds of widespread corruption and embezzlement of public funds in the government of Sir Jewalra. Unfortunately, after many years following military interventions, these countries read like showcases for unbridled, absolute and institutionalized corruption.

In taking the position that corruption, coupled with capital flight, is the bane of market restructuring in SSA, and hence an all-embodying inhibitor to market reform, economic development and poverty alleviation, it is almost impossible to contemplate any progress regional market reforms without, first, addressing these underlying critical inhibitors.

In the circumstance, how does one appropriately define "corruption" to incorporate and embody this phenomenal regional reach, including its contagious economic and socio-cultural ramifications? The phenomenon of public corruption and the seeming inability of the regional institutional structures to curb them seems rather illogical and confounding but nevertheless well established. This, perhaps, explains the repetitive, but redundant default emphasis on "good governance" as a condition for market development. However, corruption is yet to be explained in its extremely distorting, dislocating and absolutely destructive environmental contagiousness. Understandably, it is difficult to construct an all-embodying definition of "corruption", since the word itself is expansively susceptible to all kinds of interpretations, depending on the particular preoccupation of the user. Hence, it is common to talk of "bribery", "mismanagement", "abuse of public office" etc. But the net effect is that corruption distorts decision making, which hurts competition, market efficiency and development.

Reconceptualised and directed implementation

Combating corruption at what may be described as its "end-user utility value point" seems to be a much more viable and innovative alternative that is worth exploring. It is an approach that conceptually admits of the failures of the orthodox preventive measures at curbing corruption. The model proposed here advocates what may be described as "after the fact point of exercise", which would seek to deny perpetrators of bribery and corruption the fruits of their ill-gotten wealth, by confiscating their loots at the depository point (where the loot is deposited for safe keeping, usually the foreign banks).

It is important to highlight the background and enabling transactional processes of corruption in the sub-region, in order to

appreciate the fundamental basis for this proposition. It would appear that the human psychology of "lootocracy" (government by fraudsters) – its insatiable greed content and the instincts to protect both the loot and the sources – is responsible for the recurring incidences of corruption in the sub-region. It is public knowledge that public servants, including military officers, serving and retired (who held sway in much of the SSA in the last three decades), are richer than their countries – their sources of wealth traceable only to the fact that they held public office at one point or the other (Ayittey, 1999). Almost always, the fruits of these corrupt enrichments are stashed away in foreign bank accounts in the developed world.

Apparently, the only way to minimize this leadership and institutionalized regional corruption culture and the economic and social welfare depravation it engenders is to evolve a mechanism for loot-recovery through "targeted application" and repatriation to the country of origin. This may also be described as an exercise in "containment" of the most blatant of public office abuses and the disappointing realization that completely eradicating corruption is as unrealistic, even for the developed world, as it is a mirage for the developing countries. The effectiveness of this exercise would be dependent on how credible the medium of execution is – credibility should be a function of both independence (of the executing agency) and collectivism (cooperation and unqualified support of the international community).

The suggestion here is for the creation of a UN-backed and supervised nations' loot-recovery outfit. We venture here to name it "United Nations' Nationalities Recovery Account" (UN-REACT). In order to greatly minimize any financial and cost-related exposure to the UN, a structure providing for a nominal fee-based execution shall provide compensation for the services, which the UN-created outfit shall render, on some tentative modalities. We envision a formula along these lines:

- A total of 40 per cent to the country of origin of the fund, unless the sources are wholly or substantially traceable to the adopted country of culprit. The rationale for 40 per cent is founded on the equity and dictated by reason of origin and manifest national deprivation.
- A total of 35 per cent to be transferred to a designated Debt Relief Account. This account goes directly to reduce overall debt in the particular country's certified debt obligation. The distribution of recovered funds to verified creditors shall be pro-rated, based on percentage of what is owed, such that at any point of recovery, all eligible creditors will get paid something.
- A total of 15 per cent to be transferred to the UN-REACT Recovery Services Fee Fund. This would enable the agency to be reasonably self-supporting.
- A total 10 per cent to be held in an interest-earning escrow account. This contingency escrow fund may be employed in containing unexpected new exposures in the recovery efforts, including the UN-REACT related costs.

A process of recovery so structured, will not only discourage the capital flight component of corruption, which is more economically debilitating for these countries but will also serve notice of a "new world order" of national leadership accountability. In the circumstances, resources recovered will not only substantially reduce debt obligations (thus easing interest payments) but will also be gainfully employed in sustainable development and the alleviation of poverty in these regions.

Without addressing the issue of corruption, debt relief initiatives would become meaningless propositions and can only achieve the purpose of wiping the old debt slate clean but at the same time create a new impetus for further misappropriation, corruption and capital flight. Indeed, a well-articulated and judiciously managed recovery exercise would have provided an answer to what we consider the four most vexing and revolving door dilemmas of SSA: corruption, social strife, debt relief, and poverty alleviation. The authors are not unmindful of the kinds of objections this proposal might elicit from the "target countries", and the predictably hackneyed allegations of "meddling in internal affairs of member countries". However, a morally and ethically sustainable superior argument may be canvassed, which is to determinedly affect all that is absolutely necessary and feasible to justify "debt forgiveness/relief". Foreseeable and attainable improved quality of life and poverty reduction for the world's poorest countries is an unassailable superior moral argument in support of this proposal.

Besides, the possible arguments on "interference" would be as highly implausible as they are disingenuous. The fact should not be lost; these acts of corruption and embezzlement are committed by the public officials of these countries, which are no less a criminal act than those of international drug peddlers, fraudsters and other criminal enterprises. What the

"official" perpetrators may plead is "executive privilege", which should not absolve any breach of fiduciary responsibility, not to mention criminal conversion of public property to personal estates. Indeed, it makes their cases much more damnable and thus deserving of more punitive consequences, bearing in mind that they have criminally betrayed public (national) trusts by using their trust-privileged positions to mindlessly abuse and loot public coffers. These acts qualify as criminal breaches of fiduciary responsibilities. Their loots wear no better public personae than those of laundered drug money. There are some common principles involved here: "drug money" is presumed criminally earned and hidden (laundered) into foreign bank accounts. "National loots" are equally criminally earned and hidden (laundered) into foreign bank accounts. Therefore, national loots ought to be forfeited to the UN-REACT (for the benefit of the victim country), just as drug and other criminal enterprise proceeds are forfeited to the country of perpetrators' arrest/imprisonment. There is no difference; both are criminally earned.

Furthermore, the jurisprudential implication of this cooperative exercise in countries' loots recovery would be tantamount to a global pronouncement that the developed world (that has always functioned as repositories for stolen and corrupt enrichment assets from third world leaders) is acknowledging the fundamental tenets of its universal judicial system. That is, refusing to put themselves in the unenviable position of "receiving stolen property".

This novel exercise would simply add to the international communities' dynamic and continuing initiatives at dealing with an increasingly evolving and contagious leadership-failure global problem. Precedents for intervention are legion. For example, the recent freezing of overseas accounts of top officials of Zimbabwe's Executive Council, including those of President Robert Mugabe, is instructive. The successful international pressure on Switzerland to be less secretive in its banking culture in the face of drug proceeds and money laundering is another example. Also worthy of note are the actions taken by the United States and their allies in the aftermath of September 11, 2001, which demonstrably show that confiscation can be accomplished. It also demonstrates the ability and capacity of nation-states in cooperation with the international community to identify and rapidly freeze the assets of suspected culprits. This process of identification and recovery can be applied with equal force and rapidity to SSA and other chronically leadership-corrupted states.

To realize the Millennium Development Goals (UN, 2002), which have been dubbed the most "new, coherent and eminently feasible attack on global poverty", it must be recognized that a true partnership of developed and developing countries is vital to break the vicious circle of poverty, disease, hunger and environmental degradation (*The Economist*, 2002, p. 51). In greatly appreciating what truly ails SSA, there are fewer vintage starting points.

Reformation and regional market dynamism

The current situation in SSA is one of debilitating poverty in all of its ramifications, encompassing not only material deprivation (measured by an appropriate concept of income or consumption) but also low achievements in education and health (World Bank, 2001). Yet, there appears to be a steady stream of resource drain and unproductive capital flight from SSA. It must be noted that these are not capital repatriation to legitimate foreign investor countries. Rather, these are capital flights from corrupt leadership enrichment. This trend is rather ironic, in that the flow should have been inwards as opposed to outwards. Even more ironic is the fact that SSA is perhaps the only region with very insignificant globalization presence or impact, either in foreign direct investment or portfolio investment. Yet its corrupt leadership, encouraged and emboldened by the acquiescence of equally corrupt and unscrupulous international support, goes on to perpetrate and sustain this level of capital outward flow. Changing this pattern or trend will positively impact investment and market development in the sub-region, especially on the fundamental components of poverty alleviation and market growth sustainers (Tanzi and Davoodi, 2002).

In addition, it will go a long way in cushioning the impact of the disproportionate flow of Foreign Direct Investment (FDI) and Portfolio Investment (PI) to other economic regions. For example, the net yearly flow of FDI into developing countries quadrupled between 1990 and 1995 to over $90 billion. However, Africa's share of FDI to developing countries fell from 3.5 per cent to only 2.4 per cent. In 1995, developing countries attracted a record $231 billion in

foreign investment, of which only $2 billion was invested in Africa. These rather uninspiring inflow statistics mask the fact that in many countries of Africa inhabit pioneer participants in globalization, even if the early experiences were concentrated on the negative "capital flight" strand. According to Ajayi (2001, p. 7), "Africa was arguably the first continent to become integrated with the world economy: a higher percentage of Africa's wealth is held [illegitimately – authors' inclusion] internationally than of any other continent. Estimates of the ratio of capital flight from African countries to Africa's gross national product range from 24 percent to 143 percent". Yet, dearth of capital has been the bane of economic and market development in Africa. The retention of these outflows within the region will not only increase the ratio of domestic savings to GDP, enhancing domestic investments, it will also help restructure and strengthen fiscal performance and increase public expenditures (Basu *et al.*, 2000).

Conclusions

The concept of debt relief or forgiveness is premised on the alleviative impact of its judicious implementation and the application of the resulting dividends for the sustainable human development in the affected countries – including the positive contagion impact of market dynamism. The issue of debt relief per se or any sovereign debt restructuring initiative for Africa is strongly suspect unless the process is predicated on the cooperative curtailment of those national and institutional malfeasances that helped create and perpetrate these unsustainable debt burdens. It must be emphasized that any initiative (debt relief or forgiveness) that does not first address this recurring issue of corruption, coupled with capital flight would be tantamount to an exercise in futility.

Corruption is a containable national and international phenomenon. However, the extremely debilitating strand is the practice that is most common among developing countries. The point is that a containment policy which will discourage some countries from acting as custodians or warehousers of stolen property, would indirectly compel the reinvestment of these stolen assets within the country, thus enhancing Internal Direct Investment (IDI). This will go a long way in alleviating the investment capital needs of these countries, and the often times futile expectations of aids rather than investments.

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