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S Y M P O S I U M

INSTITUTIONS, RESOURCES, AND ORGANIZATIONAL EFFECTIVENESS IN AFRICA

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While management research has made significant progress in globalizing its reach, African organizations have remained a missing link. We argue that Africa-focused management research may address the major problem of organizational effectiveness through work on the two major theoretical building blocks: institutions and resources. Building a model of organizational effectiveness in Africa, this article discusses the interactive processes within each of the two building blocks and the transformational mechanisms that link each theory and organizational effectiveness in the African context.

Described as a "parochial dinosaur" by Boyacigiller and Adler (1991) more than 20 years ago, management research has made significant progress in globalizing its reach and being more inclusive of organizations in non-Western developing economies in the last two decades (Hoskisson, Eden, Lau, & Wright, 2000; Hoskisson, Wright, Filatotchev, & Peng, 2013; Wright, Filatotchev, Hoskisson, & Peng, 2005). While the geographic bias in favor of covering Western developed economies is being gradually reduced and the rest of the world—such as Asia (Bruton & Lau, 2008; Carney, 2013; Peng, 2007), Central and Eastern Europe (Meyer & Peng, 2005; Woldu, Budhwar, & Parkes, 2006), Latin America (Martinez & Kalliny, 2012; Vassolo, De Castro, & Gomez-Mejia, 2011), and the Middle East (Zahra, 2011)—is now increasingly featured in management journals, one important part of the world—Africa—has remained essentially off researchers' radar screen (Jackson, 2004).

This is unfortunate, considering that Africa is home to more than one billion people, 54 countries, and vibrant economies including those found in Botswana, Ghana, Mauritius, Rwanda, and South Africa (Hoskisson et al., 2013; Kehl, 2007; McKinsey Global Institute, 2010). In addition to its 4.7% annual average real gross domestic product (GDP) growth, Africa's spending power has been increasing, as indicated by the $860 billion Africans spent on goods and services in 2008, which was 35% more than Indians spent and more than the $821 billion that Russians spent (McKinsey Global Institute, 2010). Opportunities are plentiful in sectors such as agriculture, retail, banking, infrastructure, natural resources, and telecommunications (Chironga, Leke, Lund, & Van Wamelen, 2011; *Economist*, 2005, 2011, 2013). Economist Group (2013) predicted that seven of the world's top 20 fastest growing economies in the next five years will be in Africa. As the Academy of Management Global

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Conference call for papers indicates, "marked by fast growth, limited growth, or no growth at all, Africa's business, government, and civil sectors all need world-class management."[1] This motivation inspired the Academy of Management to hold its first Global Conference in Africa in January 2013 with the purpose of bringing "Africa's unique capabilities and needs to the attention of the world's organization and management scholars, and at the same time to provide an opportunity for interested colleagues to collaborate and work on the many interesting theoretical and practice problems presented in Africa."[2]

Focusing on theoretical and practical problems in Africa is particularly important considering that "firms in developing countries . . . tend to be poorly managed" (Bloom, Genakos, Sadun, & Van Reenen, 2012, p. 12). One outcome of poor management is a low level of organizational effectiveness. Briefly, organizational effectiveness is a multidimensional construct that encompasses proximal outcomes (e.g., performance) and distal outcomes (e.g., competitive advantage) (Cameron & Whetten, 1983).[3] Even though there are hundreds of thousands of enterprises in the formal and informal economies of Africa (Bruton, Ireland, & Ketchen, 2012; Bruton, Peng, Ahlstrom, Stan, & Xu, 2015; Chironga et al., 2011; Godfrey, 2011), we know little about the drivers of their effectiveness.

Broadly organized into three groups (featuring sociocultural, historical, and psychological models), the few studies that have examined organizational effectiveness in Africa show no consistent frameworks. First, sociocultural models attribute the ineffectiveness of African organizations to the cultural beliefs, values, attitudes, and behaviors that condition African managers and workers to poor attitudes to work, low motivation, lack of initiative, excessive religiosity, and low productivity (Eze, 1995; Onyemelukwe, 1983; Osuji, 1984; Roberts, 1990). Second, historical models argue that the practices of colonial enterprises were not oriented toward enhancing effectiveness of African organizations (Blunt & Jones, 1992; Decker, 2010; Dia, 1996; Nyambegera, 2002). The negative reactions of workers (e.g., shirking and minimizing work output) to the imposition of a European system of work that deprived them of their independence during colonial times exacerbated these negative reactions during the postcolonial era (Ugwuegbu, 2001). Third, psychological models suggest that insufficient rewards and poor leadership undermine the performance of workers and effectiveness of African organizations (Munene, 1991; Roberts, 1990; Seriki, Martin, & Parboteeah, 2010; Ugwuegbu, 2001).

These studies are significant, but they principally focus on main effects and do not consider the dynamic influences of the African context. Institutional factors such as regulations and markets, for example, interact not only with each other, but also with resources and capabilities at industry and firm levels to influence organizational effectiveness (Collier & Gunning, 1999; Hyden, 2006; Peng, 2014). In sum, previous models seem inadequate to explain the complex and dynamic attributes of the African environment. As such, the management literature currently lacks a dynamic and integrative view of organizational effectiveness that is heightened by (1) the high uncertainty of the African context (Munene, 1991; Ugwuegbu, 2001; Zoogah & Nkomo, 2012); (2) the increasing influx of diverse private, public, and nongovernmental (third-sector) organizations (*Economist*, 2011; McKinsey Global Institute, 2010);[4] (3) the interconnectedness of the formal and informal economies (Godfrey, 2011); and (4) a growing number of African countries transitioning from socialism to capitalism (McKinsey Global Institute, 2010, 2012).

A dynamic model of organizational effectiveness that is based on the African context, institutions, and resources represents an emic approach that extends and elaborates on existing theories. Institutions and resources are two major frameworks in the management literature (Meyer, Estrin, Bhaumik, & Peng, 2009; Peng, 2014) and have been viewed as essential to the development of Africa, as evidenced by the four tracks of the Academy of

[1] See http://meeting.aomonline.org/international/southafrica.

[2] See http://meeting.aomonline.org/international/southafrica.

[3] We adopt McGahan's (2012) definition of organizations, which includes public-sector organizations, educational institutions, multilateral agencies, health organizations, nongovernmental organizations (NGOs), large corporations, small firms, and microenterprises. Collectively, they comprise private, public, and third sectors and range from microenterprises in the informal sector to small and medium-size enterprises to large-scale enterprises in the formal sector (Dia, 1996).

[4] At the Academy of Management Africa Conference in January 2013, out of more than 250 papers, about half explicitly focused on the private, public, and third sectors.

Management Africa conference in January 2013.[5] We therefore ask this question: How do the dynamics of the African context influence the effectiveness of organizations? To begin answering what we believe to be an important question for the management field in general and Africa management in particular, we propose a dynamic framework. The development of this model stems from our extensive review of the literature in management, marketing, and economics, consisting of 568 articles published in the past five decades (1960 through 2011) (see appendix for details). Our model is not only consistent with the interactive thesis in political science (Hyden, 2006), it also integrates two major drivers of organizational effectiveness in Africa (Zoogah, 2008). Specifically, we propose that the Africa context influences the effectiveness of organizations through two theoretical building blocks: institutions and resources (see Figure 1, panel a). Mathematically, this can be expressed:

$$OE = f[AC_{n} \times (IE_{nd} + RC_{do})] \qquad (1)$$

where *OE* refers to organizational effectiveness, *AC* refers to African context, *IE* refers to institutional environment, and *RC* refers to resources and capabilities, *n* refers to national, *d* refers to industry, and *o* refers to organization.

As shown in Figure 1 (panel b), the traditional and modern contexts influence outcomes of organizations through interactive processes of formal and informal institutions at national and industry levels on one hand, and through interactive processes of formal and informal resources and capabilities at industry and firm levels on the other hand. Beneficence and configuration mechanisms transform institutional and resource dynamics, respectively, to organizational outcomes.

EFFECTIVENESS OF AFRICAN ORGANIZATIONS

The purpose of Africa management is to enhance organizational effectiveness (Dia, 1996; Zoogah & Nkomo, 2012). Management scholars generally agree that organizational effectiveness is multidimensional and is manifested in various perspectives (Cameron & Whetten, 1983). Given the interconnectedness of formal and informal economies, the variety of African economic systems, and the diversity of the African management thought system (Ahiauzu, 1986), we classify the outcomes in the literature based on the contextual (internal and external) and temporal (short term and long term) dimensions of organizational effectiveness (see Figure 2). Some outcomes are internal (e.g., profitability); others are external (e.g., customer satisfaction). Some outcomes may be short term (e.g., sales) and others long term (e.g., societal transformation). Collectively, they depend on the African context.

THE AFRICAN CONTEXT

We argue that the African context influences the effectiveness of African organizations in a way that is different from other (particularly Western) contexts (see Michalopoulos and Papaioannou and Rivera-Santos, Holt, Littlewood, and Kolk, this issue). Context is key because it links "observations to a set of relevant facts, events, or points of view that make possible research and theory that form part of a larger whole" (Rousseau & Fried, 2001, p. 1). Two differentiating features of contexts are nominality and theoreticality (see Table 1). While nominality focuses on tangible characteristics such as geographic location, climatic attributes, and physical distance, theoreticality focuses on the relational meanings that are inferred from a context (Johns, 2006). Nominally, Africa is characterized by modern and traditional contexts (Collier, 2007; Collier & Gunning, 1999). The duality of context is in line with the dual authority and mixed governance view of African states, where national and ethnic institutions and policies coexist, sometimes in harmony and other times in conflict (Herbst, 2000; Michalopoulos & Papaioannou, 2015; Sklar, 1993). Mamdani (1996) noted that since colonization, Africa has had a *modern* system originating in the colonial state and a *customary* one rooted at the ethnic level, a view buttressed by the dual economy paradigm of Lewis (1954), who argued that developing countries are characterized by an advanced sector (usually associated with manufacturing and urbanization) and a backward sector (typically associated with communal property rights in agriculture).

The modern context is mostly associated with urban locations. Approximately 395 million Africans (almost 40%) lived in urban areas in 2009, and

[5] The four tracks were (1) Navigating Institutions: Business, Government, and Civil Society; (2) Emerging Market Firms and MNCs: Characteristics and Global Aspirations; (3) The Base of the Pyramid: Emerging Market Consumers, Workers, and Managers; and (4) Cultural Diversity and Transformational Societies.

FIGURE 1
(A) Brief and (B) Expanded Conceptual Models of Institutional and Resource Dynamics Behind Organizational Effectiveness in Africa

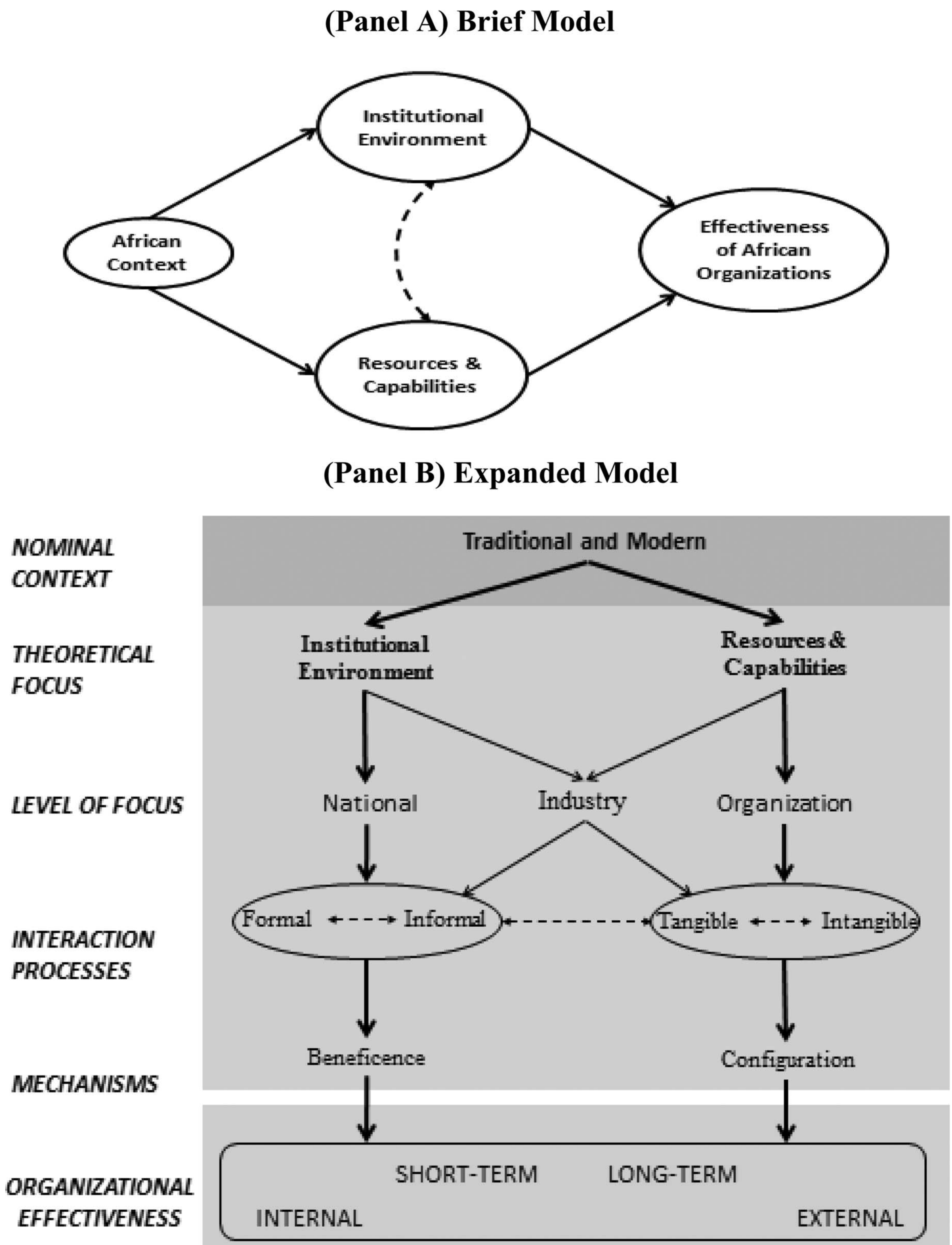

FIGURE 2
Typology of Organizational Effectiveness Indicators

		Period	
		Short term	*Long term*
Context	*Internal*	Profitability	Survival
		Sales	Viability
		Productivity	Learning
		Innovation	Growth and development
		Legitimacy	Advantages
	External	Customer satisfaction	Investor attraction
		Political rents	Industrial networks
		Community improvement	Supplier welfare
		Employee well-being	Societal transformation

Note: The indicators are a combination of past, present, and future research outcomes of local and foreign organizations in public, private, and non-for-profit sectors. They are compiled from previous sources including Acquaah, 2007; Beugre and Offodile; 2001; Blunt & Jones, 1992; Brennan & Fickett, 2011; Collier & Gunning, 1999; Dia, 1996; Eze, 1995; Goedhuys & Sleuwaegen, 2010; Human, 1996; Jackson, 2004; Kamoche & Harvey, 2006; King, 1986; Mbaku, 2004; McCourt & Ramgutty-Wong, 2003; Munene, 1991; Newenham-Kahindi, 2009; Nyambegera, 2002; Ofori-Dankwah & Julian, in press; Oloko, 1977; Onyemelukwe, 1983; Osuji, 1984; Roberts, 1990; Seriki, Martin, & Parboteeah, 2010; Ugwuegbu, 2001; Zoogah, 2009; and Zoogah & Abbey, 2010.

TABLE 1
Contextual Characteristics of Africa

	Characteristics	
Nominal Context	**Modern**	**Traditional**
Sector	Urban	Rural
Proportion	30%–40%	60%–70%
Systems		
Economic	High industrial activity	Agrarian and subsistence
Capital	Economic	Social
Markets	Commercial	Autarky
Credit and finance	Banking institutions	Kinship and interpersonal networks
Technology	Global	Local
Property rights	Private and tradable	Communal and intergenerational transfers
Education	Literate	Illiterate
Political	Republics	Chieftaincy
Legal	Courts	Tribal councils
Culture	Individualistic and national identity	Collectivistic and tribal identity
Social	Nation	Tribe and family

Sources: Content analysis of management, marketing, and economics literatures (Anyansi-Archibong, 2001; Collier, 2007; Collier & Gunning, 1999; Collier & Pattillo, 1998; Jackson, 2004; Odedokun, 1996; Oshikoya, 1994; Pattillo, 1998; Sachs & Warner, 1995, 1997; Sahn, 1994; Ugwuegbu, 2001; Mbaku, 2004; van de Walle, Ball, & Ramachandran, 2003; Zoogah, 2008, 2012).

the ratio is likely to increase to 60% by 2050 (UN Habitat, 2010). As shown in Table 1, the systems of modern or urban contexts differ from those of traditional or rural contexts. For example, economic systems in the urban areas focus more on industrial or manufacturing activities (Collier & Gunning, 1999; Mbaku, 2004). Culturally, urban contexts are characterized by relative openness and individualistic tendencies. Banks provide finance and credit to many organizations in urban areas (Collier, 2007). In sum, the modern context is represented by the African metropolitan center, which has features that are relatively similar to the Western context.

In contrast, the traditional context is represented by rural areas with features that differ drastically from the Western context. The rural context is characterized by chieftaincy and councils of elders, an agrarian form of living, and lineage-based (rather than property rights-based) inheritance. Such areas have autarkic markets, high volatility, and ethnic (and in some cases tribal) identities (Michalopoulos & Papaioannou, 2015). Social institutions revolve around the family and communal activities. Credit or funding tends to depend on interpersonal trust. Learning is social rather than scientific, and the human capital base is low because of the high illiteracy rate. In addition, the traditional practices of collectivism, shared values, and disproportionate interdependence are extensive in rural Africa. Of course, a great deal of more informal, traditional practices exist in urban areas, and some flavors of more formal, modern practices can be found in pockets of rural areas.

Relative to other contexts such as Asia and Latin America, the African context also represents extremes (Dia, 1996; Michalopoulos & Papaioannou, 2015). First, the dual context suggests that economic activities are influenced differentially due to different institutional, psychological, and sociocultural systems. Second, the level of environmental uncertainty, unpredictability, and exogenous influences in Africa seems unparalleled and higher than that of other regions (Beugré & Offodile, 2001; Collier, 2007; Collier & Gunning, 1999; Dia, 1996; Hyden, 2006; Mbaku, 2004; Ugwuegbu, 2001). Economists, for example, argue that despite repeated efforts they have been unable to move the "development needle" in Africa (Collier, 2007; Dia, 1996). Political scientists also contend that the conflicts (and other traps) observed in Africa arise from the strong ethnic identity (Michalopoulos & Papaioannou, 2015) reinforced during the colonial era (Mamdani, 1996), magnified by relative economic deprivation (Robinson, 2001).

Thus Africa's seeming unresponsiveness to exogenous influence is a product of historical and traditional experiences, which suggests that the African context is a configuration or bundle of exogenous and endogenous stimuli that interactively influence management of organizations. Unlike the West, which tends to be individualistic, the colonial influence on Africa has resulted in cultural dexterity that involves internalized alternations between collectivistic and individualistic orientations. The mobility of people between urban and rural areas tends to engender dual cultural identity. These configurations shape the meanings, underlying behaviors, and attitudes of employees, groups, and organizations (Ugwuegbu, 2001). As Rousseau and Fried (2001, p. 4) noted, interactions or dynamic patterns "sometimes yield a more interpretable and theoretically interesting pattern than any of the factors would show in isolation." Overall, the interactive dynamics not only differentiate Africa from the West, where linear outcomes are generally expected, but also provide an opportunity for interesting nonlinear effects. Outcomes of organizations tend to be dependent on interaction patterns (Awedoba, 2005; Mbiti, 1999). Without dismissing the direct effects, we believe the influence is through the mediating dynamics of exogenous and endogenous factors—primarily through the two theoretical building blocks: institutional environment on the one hand and resources and capabilities on the other (see Figure 1a).

In the next section we argue that institutional theories will be especially insightful for Africa research, and following that, we illustrate how formal and informal resources and capabilities influence organizational effectiveness.

INSTITUTIONAL ENVIRONMENT

The effectiveness of African organizations depends on the institutional environment in which they operate. Since the 1980s, institutional theories have become a major perspective in the social sciences (Scott, 1995) and have emerged as a leading movement in management research (Dunning & Lundan, 2008; Peng, Sun, Pinkham, & Chen, 2009).[6] The core claim of institutional theories is

[6] A review of the papers presented at the January 2013 Academy of Management Africa Conference shows that approximately 20% used institutional theories.

that "actors pursue their interests within institutional constraints" (Ingram & Silverman, 2002, p. 1). Given the radical contrast between the institutional frameworks in Africa and those in developed economies (Fafchamps, 2004; Kamoche & Harvey, 2006), we argue that institutional theories will be especially insightful for Africa research.

Popularized as the "rules of the game," institutions are the "the humanly devised constraints that structure human interaction" (North, 1990, p. 3). Institutional environments are "characterized by the elaboration of rules and requirements to which individual organizations must conform in order to receive legitimacy and support" (Scott, 1995, p. 132). Because institutional environments are exogenous to organizations, they usually comprise national and industry components (Carson, Devinney, Dowling, & John, 1999; Oliver, 1991). Some scholars focus on the cultural, political, economic, and social dimensions of national and industry institutions (Oliver, 1991), while others focus on formal and informal dimensions of institutions (North, 1990). In this article we integrate both. Even though some Western theories, particularly those at the micro level (psychology, organizational behavior, human resources, and industrial organizational psychology), emerged from studies of hospitals, schools, the military, and even street corners, most modern management and organization theories at the macro level have emerged from a manufacturing setting, with its own modes of operation. However, manufacturing, as a relatively formal activity, is young in Africa, "largely a creation of the past 50 years" (Collier & Gunning, 1999, p. 76). Much of the African workforce (between 65% and 75%) is in agriculture, whose practices are more informal (Tiffen, 2003). The formal and informal dimensions emanate from the macro-level aspects of society, including the polity, the judicial system, cultural norms, and kinship patterns (Carson et al., 1999). Each is discussed below.

Formal Institutions

Studies of African institutional environments have focused on the formal economic, political, and sociocultural institutional structures that are dominant in the modern sector (see Table 2). Formal economic institutions such as labor markets and banking institutions regulate and incentivize transactions, investments, and exchanges. Generally, they are sophisticated, legalized, monetized, and primarily in urban areas (Collier, 2007; Kagwe, 1999). Although weak relative to Western institutions, they nonetheless influence economic activities including investments, production, and labor acquisition.

Political institutions provide regulative mechanisms such as legislation and democratic systems, although they often "promote bureaucratic corruption, provide perverse market incentives, and as a result distort resource allocation" (Mbaku, 2004, p. 151). Democratic systems in which the rule of law dominates establish property rights through which organizations acquire, use, and dispose of property. Legislations also affect not only internal operations and services (e.g., equal pay for women and men), but also external activities (e.g., antitrust). In the 1980s, Ghana, for example, nationalized foreign firms because of antitrust concerns (Ahiakpor, 1985).

Sociocultural institutions comprise social and cultural norms prevalent in a society (Rivera-Santos, Holt, Littlewood, & Kolk, 2015). They regulate the social activities of individuals and groups. Culture—

TABLE 2
Institutional Environments and Resources and Capabilities of Firms

Dimension	Formal	Informal	Level
Institutional environment			
Economic	Markets and policies	Barter	N
Political and legal	Democratic system; rule of law; private property	Chieftaincy, rule of tribe; communal property	N
Financial	Banking and stock exchanges	Interpersonal lending, *susu*	N/I
Sociocultural	Competence and festivals	Tribalism and nepotism	N/I
Resources and capabilities			
Human	Patents and inventions	Knowledge	I/O
Financial	Reserves and securities	Potential investors, transfers	O
Technology	Copyrights and trade secrets	Ingenuity and "brain gain"	I/O
Management capabilities*	Leadership and structure	Relationships and planning	O

Note: N, I, and O refer to national, industry, and organization, respectively.

*Includes marketing and production capabilities, which are essential for not only controlling communication and collaboration systems but also operations and plans of organizations.

defined as the shared beliefs, values, and behavioral norms of a group (Hofstede, 2001)—has tribal and national components. With more than 1,000 ethnic groups, Africa has more diverse groups than any other continent (Awedoba, 2005; Collier, 2007). Ethnic beliefs about work derive from traditional or tribal practices and therefore differ from European work structures introduced through colonialism (Mbiti, 1999; Ugwuegbu, 2001). Formal sociocultural institutions such as days of work and non-work (i.e., holidays and festivals) also affect organizational productivity through absenteeism and turnover (Dia, 1996; Ugwuegbu, 2001).

In sum, formal institutions tend to dominate the modern context and influence industrial activities in urban centers (e.g., Accra, Cairo, Johannesburg, Lagos, Nairobi) through their regulatory function. However, given that the formal economy is a small proportion of the overall economy (Godfrey, 2011), the effects of formal institutions on organizations may be limited, thus necessitating that we pay attention to informal institutions.

Informal Institutions

Informal institutions are informal constraints such as conventions, norms, and codes of behavior (North, 1990), which especially influence rural activities in Africa (Hyden, 2006). Generally, informal institutional actors share a common set of expectations and rely on simple norms of reciprocity as self-enforcement. Exchanges are non-contractual, idiosyncratic, and undefined in terms of time, implementation, or confidentiality (Hyden, 2006). Economic informal institutions center on the informal economy, which refers to an "economic activity that [is] conducted by unregistered firms or by registered firms but hidden from taxation" (Castells & Portes, 1989, p. 12). Such "off the books" economic activity is often characterized by either illicit practices (products or processes) or illicit exchanges (Venkatesh, 2006). The informal economy plays a significant role in Africa (Bruton et al., 2012; Godfrey, 2011; Khavul, Bruton, & Wood, 2009). For example, in rural areas, barter systems typify informal economic institutions (Ayitteh, 1988; Nel & Binns, 2000).

Informal political institutions that affect industrial activities include rule of tribes (or traditional rule), clientelism (distributing rewards to clients) (Hyden, 2006), and corruption (Kpundeh, 2004; Zhou & Peng, 2012). In Ghana, for example, the chief and his council constitute the law courts in the community, and the paramount chief acts as the chief justice of the traditional court. Chiefs perform symbolic, administrative, and judicial functions and have "helped improve the legitimacy and enforceability of rule of law and property rights" (Dia, 1996, p. 106). In other words, chiefs wield a great influence in cultural, economic, and social exchanges (Acquaah, 2007). In addition to control over land acquisition and use, they indirectly influence organizational functioning through mandatory cultural practices (Michalopoulos & Papaioannou, 2015). Formal organizations are often expected to honor festivals and other traditional celebrations, which can affect productivity. Hyden (2006), for example, argued that "Africa is the best starting point for exploring the role of informal institutions," which derive from a social logic called "the economy of affection" (p. 78). Through such institutions firms are able to obtain contracts, acquire resources, and accomplish goals (Chironga et al., 2011), even though corruption provides perverse market incentives that distort resource allocation. Firms in Africa often have to deal with unfriendly legislative requirements (Kiggundu, 1989; Mbaku, 2004). These legislative requirements are sometimes unresponsive to contingencies (e.g., establishment of business) or provide insufficient protection for business (Dia, 1996; Mbaku, 2004). To avoid the harsh effects of unfriendly legislation, some companies often bribe enforcers, a cost that affects organizational performance (Zhou & Peng, 2012). According to Transparency International's Corruption Perceptions Index,[7] only a few African countries have low corruption scores (i.e., score high on the transparency scale).

Sociocultural informal institutions include cultural rules of the game that create shared expectations regarding patronage, which is commonly termed tribalism and nepotism. Tribalism—the tendency of individuals to favor other individuals from their tribe with regard to work practices such as hiring, promotion, compensation, and firing (Beugré & Offodile, 2001)—contributes to organizational ineffectiveness (Ugwuegbu, 2001). For example, employees of La Compagnie Ivoirienne d'Electricité in the Ivory Coast report tribalism as one of the paternalistic factors affecting firm operations and performance (World Bank, 1994). Nepotism is defined as networks of support among groups connected by blood, kin, community, or

[7] See http://www.transparency.org/cpi2014.

religion (Hyden, 2006). In addition to accounting for a significant proportion of hiring, training and development, promotion, retention, and firing, tribalism and nepotism function as control, protection, and security mechanisms for the patrons (Beugré & Offodile, 2001). Although tribalism and nepotism sometimes undermine collective performance, efficiency, and productivity, they tend to be used extensively in rural areas because of patrimonial demands (Michalopoulos & Papaioannou, 2013).

One interesting sociocultural institution is *ubuntu*, which literally means "I am who I am through others." It originates from the Zulu language in South Africa and is now widely appreciated throughout the continent. Essentially a strong form of collectivism, *ubuntu* is a pattern of behaviors that helps integrate members of a society into strong, cohesive in-groups (Mbigi & Maree, 1995). Members share resources and support each other in exchange for unquestioning loyalty; demonstrate caring, respect, and compassion that ensure a high-quality community life; create networks of social obligations that link managers to extended families, villages, and ethnic groups; and set a foundation to relationships—personalized and horizontal—within organizations that can contribute to competitive advantage (Mangaliso, 2001).

The heavy use of informal institutions suggests that they complement (if not compensate for) formal institutions particularly in rural areas. Along with formal institutions, informal institutions not only define the institutional environment and cover both urban and rural contexts of Africa, they also influence organizational effectiveness in both the formal and informal economies. While institutions constitute one set of major determinants of organizational effectiveness, another set is firm resources and capabilities.

RESOURCES AND CAPABILITIES

The role of resources and capabilities as drivers of organizational effectiveness is a keystone in resource-based theories (Barney, 2001). Given that exogenous factors are critical, we also integrate industry resources as complements (see Figure 1, panel b). Overall, the extent to which organizations combine industry-specific and firm-specific resources can influence their effectiveness in formal and informal sectors.

Formal Firm-Specific Resources and Capabilities

From a resource-based view, organizations achieve sustained competitive advantage through firm-specific resources and capabilities that are valuable, rare, hard to imitate, and organizationally embedded (VRIO) (Barney, 2001). While resource-based research focusing on Africa has been sparse, it is emerging and holds great potential (Zoogah, 2008). As shown in Table 3, we believe four major types of resources and capabilities can influence organizational effectiveness through their value-creating potential.

Within the formal economy, resources range from human resources to management capabilities (see Table 2, above). The profusion of relatively cheap labor in Africa suggests that manufacturing, service, and agricultural organizations can achieve their objectives efficiently (Jackson, 2004; Moss, 2007). However, superior human resources associated with advanced educational systems unfortunately are lacking in Africa because of the low level of educational systems and the lack of training mechanisms (McKinsey Global Institute, 2012). Oyelaran-Oyeyinka and Barclay (2004) suggested that the colonial origin of skewed schooling enrollment is at variance with the industrialization objective of modern African economies.

Financial resources in the form of cash reserves and securities are essential for the functioning of organizations, particularly those in the formal sec-

TABLE 3
Summary of Effects of Institutional Environments and Resources and Capabilities

	Organizational Effectiveness[a]			
	Short Term		Long Term	
	Internal	*External*	*Internal*	*External*
Context				
Modern	x	x	x	
Traditional	x	x		x
Institutional Environment				
Economic	x	x	x	
Political and legal	x			x
Financial	x		x	
Sociocultural		x	x	x
Resources and Capabilities				
Human	x	x	x	x
Financial	x		x	
Technology	x	x	x	x
Management	x		x	
Interactive dynamics				
National level	x	x	x	x
Organizational level	x	x	x	x
Cross level	x	x	x	x

[a] Facilitative and inhibitory effects of determinants.

tor. Consequently, African economies are establishing mechanisms (e.g., stock exchanges) that enable organizations to develop capitalization and financial securitization mechanisms, albeit slowly (Ofori-Dankwa & Julian, 2013; Onyuma, 2006). As we discussed earlier, firms in the formal sector often depend on banks for funding and use risk-management mechanisms such as hedging and cash reservation as well as collateralization and capitalization devices such as the stock market (Dia, 1996). However, due to mismanagement and underdevelopment of stock markets, many firms are neither able to build cash reserves nor use securitization effectively (Dia, 1996; Ofori-Dankwa & Julian, in press). Formal financial resources alone therefore are unlikely to enable organizations in the formal sector to be effective.

Appropriate technological resources can supplement financial resources. Technological resources are crucial for organizations in the formal sector. In developed economies, exemplified by copyrights and patented mechanisms, formal technologies manifest through highly developed technical processes, systems, and mechanisms of manufacturing organizations (Marsh & Mannari, 1981). Unfortunately, such technologies are limited or sparse in Africa because of the low level of industrialization, the underdevelopment of mechanisms to support such technologies, and the high cost of establishing, maintaining, and utilizing them. Organizations therefore have to supplement or substitute such resources with management capabilities.

Management capabilities are defined as the complex system of decision, control, and managerial rights imposed on organizational exchanges consistent with strategic objectives (Bruton et al., 2012). Capabilities in the form of executive or managerial leadership and structures affect organizational outcomes. Dia (1996) identified leadership behaviors of entrepreneurs that are specific to Africa in that they engender cultural characteristics such as "powerful presence commanding reverence and devotion; benevolence, sociability, and group solidarity; and family sacrifice, generosity, and family responsibility" (Dia, 1996, p. 161). Such capabilities enable the transformation of entrepreneurs' companies from small and mainly informal to large and formal (Dia, 1996). The structures they establish tend to be less hierarchical and decentralized, which is consistent with the consensus decision-making style of councils of elders in rural contexts. Sadly, there is a shortfall of not only management capabilities but also human, financial, and technological resources in the formal sector (Ugwuegbu, 2001). The shortfall limits the effectiveness of African organizations, and necessitates resources from the informal sector.

Informal Firm-Specific Resources and Capabilities

African firms cannot compete on formal resources alone. Firms have to supplement them with informal resources. One informal (human) resource that can be harnessed for competitive advantage is indigenous knowledge. Dia (1996) profiled successful entrepreneurs with no formal education who leveraged indigenous knowledge to build large companies that not only operated in multiple African countries but also gained competitive advantage over foreign rivals. Another informal resource is informal financing. Organizations in Africa, particularly entrepreneurial, small, and medium ones, tend to lack financial resources because formal financial institutions have a jaundiced attitude toward the rural and informal sector and therefore do not provide financial backing for investments (Dia, 1996). As a result, such organizations use traditional credit or trust systems such as the informal savings scheme (*susu* in English or *tontine* in French) and remittance transfers from overseas (Dia, 1996). Some entrepreneurs rely on personal savings and reinvestment, while others use creditworthiness and transfers to grow their businesses. For larger organizations in the formal sector, growth often depends largely on potential foreign investors.

Informal or traditional technologies related to agriculture and services manifest through ingenuity. Ingenuity is high in Africa, particularly in the informal sector (Zoogah, 2012). It enables subsistence and growth of entrepreneurial endeavors. For example, through ingenuity, Amadou Diallo, a Senegalese entrepreneur, built a bird export business that diversified to fish processing, maritime transport, and agroindustry (Dia, 1996). He combined ingenuity with unique trade secrets in birding, fish processing, and agroindustry to transform his organization from a single unit to a multidivisional structure—Diallo Pithie—that spans several African countries.

Relationship building, experiential learning, and planning capabilities are also informal resources that facilitate transformation of organizations, particularly micro enterprises (Dia, 1996; Rivera-Santos et al., 2015). Planning capabilities seem rare in

Africa because of the general lack of certainty and predictability (Collier & Ginning, 1999). In Namibia, South Africa, and Zimbabwe, for example, small business owners who engage in elaborate and proactive planning are found to outperform rivals (Frese et al., 2007). The African small business owners who engage in planning surveyed by Frese and colleagues (2007) may be a very rare breed of entrepreneurs who are goal-oriented, conscientious, and meticulous, relative to their peers in Africa (and the West) who simply "muddle through" with no planning. From a resource-based view, such attributes are clearly valuable, rare, and hard to imitate by rivals (Barney, 2001).

In sum, informal resources and capabilities supplement—and in some situations compensate or substitute for the absence, insufficiency, or disutility of—formal resources. Similar to institutions, both formal and informal resources and capabilities influence organizational effectiveness. However, it is their joint influence that seems more important in the African context—a point to which we turn next.

INTERACTIVE DYNAMICS

The African context is complex, uncertain, and ambiguous (Chironga et al., 2011; Dia, 1996; Mbaku, 2004). Political conflicts can emerge unexpectedly, and growing economies sometimes disintegrate suddenly. This unpredictability arises from the dynamics of formal and informal systems (Collier, 2007; Collier & Gunning, 1999; Hyden, 2006). The dynamism manifests through interactions of institutions at the national level and resources and capabilities at the firm level, and across the two levels.

Institutional Dynamics

The interconnectedness of exogenous institutional processes in Africa makes it difficult to isolate unique strands as determinants of organizational effectiveness. As Scott (1995, p. 161) observed, although "all organizations within a given institutional field or sector are subject to the effects of institutional processes within the context, all do not experience them in the same way or respond in the same manner." Because we can't isolate what specifically affects organizational effectiveness, we need to look at a range of institutional processes and their interactions.

First, sector interactions (i.e., factors within the formal or informal sector) may occur. Formal economic, political, social, and cultural institutions may interactively determine organizational outcomes. For example, formal monetary policy may interact with market conditions to affect profitability. Theoretically, one would expect that some organizations may experience high profit in good market conditions and low profit in bad market conditions. However, it is possible that other organizations might experience low profit in good market conditions and high profit in bad market conditions. Indeed, the same organizations might achieve high profits in bad economic conditions and low profits in good economic conditions due to institutional dynamics. It is also likely that ethnic cultures that sometimes dominate national cultures (Awedoba, 2005) may interact with the latter in the workplace to affect productivity (Awedoba, 2005; Gyekye, 2002).

Formal democratic management may join with informal communal norms to affect organizational growth. Legislative and political institutions may also interact with labor market institutions to influence organizational efficiency. On one hand, formal labor markets that affect manufacturing firms tend to be characterized by relatively high wage levels, with firms facing wages that rise as they grow, which depresses profitability (Collier & Gunning, 1999). By contrast, some urban contexts experience flexible labor markets that reduce the pressure for wage increases. Overall, rigid labor markets influence firm productivity differently from flexible labor markets.

The second interactive process behind organizational effectiveness is the joint influence of formal industry rules and formal political rules (e.g., electioneering or lobbying). Organizational effectiveness in the informal economy may depend on the joint influence of rule of law and rule of tribe. When organizations focus on rule of law and ignore rule of tribe, performance is likely to be low, particularly in rural areas where formal systems tend to be subservient to informal systems (Dia, 1996). As Acquaah (2007) found, informal resources such as relations with chiefs have a positive influence on firm performance.

The third process involves interaction of formal and informal factors within the same dimension (e.g., economic). Formal product markets may interact with informal barter systems to affect organizational growth. The different political (leadership) structures of countries suggest that business organizations may successfully influence political agencies in some countries (e.g., Botswana) but not in other countries (e.g., Zimbabwe). Further, bribery and other graft mechanisms that sometimes impede growth of a company can facilitate access to contracts and resources (Zhou & Peng, 2012) in other countries. Nepotism facilitates acquisition of labor, but it also undermines task and job performance. The economy of affection facilitates entrepreneurship, even though it also burdens entrepreneurs and constrains growth of business (Tokuori, 2006).

The fourth interactive process behind organizational effectiveness is related to interactions that involve one or two formal dimensions and one or two informal factors. In some countries, for example, the inability of organizations to harness social capital (the goodwill of workers and unions to accept lower wages) may join with regulatory institutions that enforce union rights to constrain efficiency because firms cannot reduce or avoid wage shocks. This situation is aggravated when unions constitute the political base of governments, as in South Africa. Another cross-level dynamic involves interactions of national and industry institutions. As Ofori-Dankwah and Julian (2013) found, such dynamics contribute to firm performance.

In short, formal and informal exogenous institutional dynamics often yield positive and negative outcomes for organizations. Although institutional environments facilitate productive activities through uncertainty reduction (Peng et al., 2009), they also "make it very difficult for the private sector to create the wealth that these countries need" because of conformity demands (Mbaku, 2004, p. 151). These interaction processes suggest that institutional factors are likely to dynamically affect organizational effectiveness. Using institutional logic, Ofori-Dankwah and Julian (in press) argued that the capital structure–performance relationship is contingent on the extent of national-level institutional underdevelopment. Contrary to findings from developed economies, they found that sector dynamism negatively moderates the firm equity–performance relationship such that a strongly positive effect of equity on performance in stable sectors becomes slightly negative in highly dynamic ones.

Resources and Capability Dynamics

We argue that formal and informal resources and capabilities interact in influencing organizational effectiveness (see Figure 1, panel b). Our view is supported by research in Africa that shows that "factors embodied in firm-specific resources jointly impact enterprise performance" and that "the interaction between microenterprise, sector, and market factors helps explain enterprise performance" (Masakure, Henson, & Cranfield, 2009, p. 466). The dimensional and cross-dimensional dynamics also manifest in the case of resources and capabilities. With regard to formality, there are several important issues to consider. First, formal human resources factors (e.g., educational level) may interact with informal skill sets to affect firm performance. Skills and training of employees in organizations may also interact negatively with financial resources to determine organizational viability. Superior human resources represent increased labor costs, which reduce profitability. In contrast, inferior human resources have lower costs, which may increase an organization's profitability. While other entrepreneurs use highly skilled employees, Kwabena Danquah, a Ghanaian business magnate in South Africa, has relied heavily on "moderately skilled employees" (Rottok, 2013).

Second, formal technological resources may join with formal financial resources to determine organizational development. In many African countries, mobile phones are a substitute for traditional banks, enabling people in rural areas to use financial services—known as "mobile money" (*Economist*, 2012). For example, in Somalia, which lacks a functioning government, 34% of adults use mobile money (often to receive remittances from family members abroad). However, in Kenya, which has a vibrant government, mobile banking is a mechanism to spread traditional banking to rural areas. A staggering 68% of adults in Kenya use mobile money (by far the highest rate in the world) in combination with paper-based bank accounts (*Economist*, 2012). The success of the entrepreneurs profiled by Dia (1996) was due to the interaction of human resources with social capital and experiential learning. In an interesting extension of Peng and Luo's (2000) study of social capital in China, Acquaah (2007) also reported that ties with community leaders such as chiefs and elders—a uniquely African phenomenon—have a more significant impact on firm performance than other forms of social capital. These findings represent a first-of-a-kind contribution on the value of social capital derived from ties with community leaders by leveraging the African context. Clearly, social capital is a relational resource that interacts with financial and technological resources to influence outcomes such as community engagement, sales, and societal transformation.

Third, cross-dimensional dynamics involving interaction of human, financial, technological, and social resources may influence effectiveness of African organizations (Dia, 1996). The interaction of financial and human assets may negatively affect value creation, an effect that likely holds in manufacturing industries where processes require superior skills and knowledge. In service and agricultural industries that rely on large numbers of cheap laborers, productivity is likely to be higher because of the availability of labor. Cheap labor enables Ghana's Lucky 1888 Mills, Ltd., a sustainable development firm, to produce 350,000 pairs of trousers a month for U.S. buyers, and Liberty and Justice to export tote bags from Liberia to New York's Godiva Chocolatier, Inc. (Hinshaw, 2012). However, expensive labor can stymie the growth of some potentially successful businesses in South Africa. Indeed, in an interview, Kwabena Adjare Danquah, a prominent entrepreneur with holdings in Ghana and South Africa, talked about the costs of expensive labor, stating that "I don't believe in hiring 'A' students because brilliant graduates understand your business very quickly and keep demanding pay increases. After a while you are unable to meet their demands and they will head off to a competitor with your ideas. But if you hire average individuals they can work very hard without you having to face high staff turnover. I was actually invited to speak on this concept at the Columbia Business School" (Rottok, 2013, p. 1).

Fourth, complex interactions involving multiple dimensions are probable. Management capabilities can interact with other capabilities to affect internal long-term outcomes. The survival or viability of organizations depends not only on management capabilities but also on their interaction with production capabilities. If management capabilities are high, traditional production practices are likely to lead to low outcomes in manufacturing organizations in contrast to sophisticated production practices. However, in service (e.g., NGOs) or agricultural (e.g., cocoa farming) industries, management capabilities are likely to interact with production capabilities in a way that enables traditional practices (thanks to indigenous knowledge)—rather than sophisticated modern practices—to influence organizational viability (Jackson, 2013). Organization-specific capabilities (e.g., experiences) and resources (e.g., technology) may also interact in influencing long-term external outcomes such as societal transformation. Organizations that have experience in partnering with foreign firms can leverage that experience and their unique technologies to transform a society. Rensburg, Veldsman, and Lahde (2008, p. 1) reported on the "creation of social enterprises to act as primary support mechanisms for infopreneurs ('creative capitalists') in rural African communities."

Finally, firm-specific resources may join with industry resources to affect organizational outcomes. Best practices within industries lower transaction costs and facilitate stronger learning (Perrin, Rolland, & Stanley, 2007). The extensive industry experience and proven track record of the management team combined with macroeconomic and intra-regional trends made Ecobank, a financial institution founded in 1988, the 15th largest bank in West Africa in 2007 (Emerging Capital Partners, 2006). The competitive advantage was due to the human capabilities of the company as well as the strong productivity of natural-resource–rich West African countries such as Ghana, Ivory Coast, and Nigeria. Similarly, the resources of AngloGold Ashanti, Limited, combined with mineral deposits of South Africa, Ghana, and Congo, facilitated the transformation of the company into not just the largest gold producer in Africa, but also a leading global producer.[8]

Institutional and Resource Dynamics

So far our discussion has focused on the interaction dynamics of institutional environments or resources and capabilities. The institutional environment encompasses national and industry factors that interact with resources and capabilities at the firm and industry levels. From a multilevel perspective these interactions are cross-level (Kozlowski & Klein, 2000); they have been observed in conceptual research (Zoogah, 2008) and empirical studies (Ofori-Dankwa & Julian, in press). They also differ from the single-level interactions we discussed above. As Ofori-Dankwa and Julian (in press, p. 1) recently found, "sector dynamism negatively moderates the firm equity–performance relationship: A strongly positive effect of equity on performance in stable sectors becomes slightly negative in highly dynamic ones."

We propose that unidimensional and multidimensional dynamics of institutions and resources and capabilities may affect organizational effective-

[8] See http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=268292.

ness (see Michalopoulos & Papaioannou and Rivera-Santos et al., this issue). For example, social capital developed by managers can interact with regulatory institutions to influence organizational effectiveness. The ability of organizations to garner social capital combines the goodwill of workers and unions to accept lower wages with regulatory institutions that enforce union rights to affect an organization's wage bill. This situation is eased, however, when unions do not constitute the political base of a government. Ethnic and national cultures can also interact with organizational cultures to influence productivity (Ugwuegbu, 2001). Organizational culture—the set of beliefs, values, and norms that are unique to a firm—guides decision making and employee behavior, amplifies commitment, and provides justification for actions as well as identity to members. Given that organizations in modern Africa tend to adopt Western structures and cultures (Dia, 1996), they are likely to have hybrid cultures that combine ethnic, national, and Western beliefs and values. By studying Western multinationals in Africa as well as local firms in both the formal and informal sectors, we can understand more fully the interactive effects of national and corporate culture on the viability of organizations. In addition, organizations in Africa that combine firm-specific resources (e.g., borrowing capacity) with national resources (e.g., land, labor, and banks) are likely to be more productive (Collier & Gunning, 1999). That may explain the relatively high performance of organizations in Ghana, Kenya, Nigeria, and South Africa (Collier, 2007). For example, the competitive advantage AngloGold Ashanti enjoys as the leading producer of gold in Africa is partly due to the joint effects of resources and capabilities and institutional environmental factors.

MEDIATING MECHANISMS

Beneficence

As shown in Figure 1 (panel b), one mechanism mediating the interactive processes of exogenous institutional environment is beneficence. Beneficence refers to the degree to which environments facilitate organizational effectiveness (Godfrey, Hatch, & Hansen, 2008). It centers on environment conditions—munificence or capacity-enhancement, stability, and predictability (Dess & Beard, 1984)—that enable institutions to yield desired outcomes. Studies of innovation and creativity suggest that countries with beneficent business environments attract investors (Doh, Jones, Teegen, & Mudambi, 2005; Greenberg, 1994). To the extent that African countries are beneficent, they enable institutional norms to effect desired organizational outcomes (North, 1990). Beneficent environments are not only devoid of shocks, uncertainties, and chaos, but they also enable organizations to counter transaction costs and institutional voids. For example, even though Nigeria is generally regarded as having corrupt national leaders, the vibrancy of the market enables organizations to counter such negative practices. Beneficence enables organizations to develop integration systems to amalgamate disparate institutional processes into a harmonious and coherent whole that facilitates effective functioning (Hermann, 1963; Lawrence & Lorsch, 1967). Organizations integrate interactive forces effectively when they distill the competing pulls and pushes of formal and informal institutional pressures to reduce the impact of their effects. For example, through environmental beneficence, Colorado-based Newmont (Ghana), Ltd., was able to amalgamate the interaction of masculine beliefs with feminine beliefs in both individualistic and collectivistic environments in Ghana. In this organization, Talensis (who hold patrilineal cultural beliefs) interact socially with Akans (who have matrilineal beliefs) and American expatriates (who tend to be individualists). Environmental beneficence is therefore one vital mechanism. However, it is insufficient; organizations will need to have the proper configuration to become effective—a point to which we turn next.

Configuration

The interactive processes of resources and capabilities influence organizational effectiveness through configuration mechanisms (see panel b of Figure 1, above). According to the resource-based view, the ability of organizations to perform well depends on the configuration of resources (Barney, 2001). Consistent with Miller (1996), we argue that configuration—the degree to which African organizations orchestrate firm-specific resources and unique capabilities—is a quality or property that varies among African organizations. Configuration defines control and reward mechanisms and ensures that the processes of organizations are consistent with internal and external environments, flexible to facilitate adaptation, and complex (hard to be imitated by rivals). In other words, configuration serves as a complex pattern or system that facilitates inimitable strategic capability (Barney, 2001).

Configuration enables certain organizations to outperform others. For example, Cuervo-Cazurra and Genc (2008), using data from 36 least-developed countries (LDCs) in Africa, reported that multinational enterprises (MNEs) from emerging economies may have more effective and better organizational capabilities than MNEs from developed economies. While MNEs from emerging economies rarely appear among the largest or the most powerful MNEs in the world, they are more prevalent among the largest foreign firms in African LDCs. African LDCs represent a very challenging environment with low GDP and high corruption (Fisman & Svensson, 2007). Yet MNEs from emerging economies are more familiar with such challenging conditions, and have more appropriate configurational capabilities for such environments (Gu, 2009; Ofodile, 2009; Taylor, 2007). Certain MNEs from developed economies have been active in Africa, and some have been quite successful. But in those base-of-pyramid (BoP) markets, they now confront a new breed of MNEs from emerging economies that have formidable organizational capabilities (Cuervo-Cazurra & Genc, 2008).

Furthermore, using international joint ventures (IJVs) formed in Ghana, Acquaah (2009) found that certain configurations are harder to imitate and thus contribute to better firm performance. Specifically, for Ghanaian firms, IJVs with partners from emerging economies that implement a cost leadership strategy outperform IJVs with partners from developed economies that implement the same strategy. In contrast, IJVs with partners from developed economies that compete on a differentiation strategy outperform IJVs with partners from emerging economies with the same strategy. Clearly, certain configurations (or combination of resources between Ghanaian and foreign firms) are harder for rivals to imitate, thus contributing to stronger firm performance. In short, proper configuration adds value.

SUMMARY

The institutional environment of Africa appears to be fertile ground to test and enhance existing institutional theories, and holds the potential for developing new ones as well (Zoogah, 2008). How the disparate weak formal institutions are complemented, supplanted, or integrated with informal institutions to effectively influence internal and external outcomes of African organizations can help advance management research (Peng et al., 2009). The interactive dynamics of resources and capabilities within the industry and organization can also enhance our understanding of organizational effectiveness (Ofori-Dankwa & Julian, in press). Organizations that can configure their resources in ways that enable them to overcome the constraints of the complex and unpredictable environment are likely to achieve short-term and long-term outcomes. They are also likely to withstand challenges from foreign rivals.

As summarized in Table 3, the major drivers—context, institutional environment, and resources and capabilities—may have different effects on organizational effectiveness. For example, research on traditional context may show both internal and external short-term as well as external long-term outcomes. Studies of political and legal institutions may also show internal short-term and external long-term outcomes. Studies of management capabilities are likely to find effects related to both short-term and long-term outcomes. The interactive dynamics may yield facilitative and inhibitory effects on internal and external outcomes in the short term and long term at national and organizational levels as well as across levels.

In sum, the dynamics of institutions and resources involve interactions of national, industry, and organizational factors. As two theoretical building blocks, the institution-based view and the resource-based view can therefore help us understand the dynamics of African organizations. They offer explanations for the stunted industrial growth and the contribution of management to Africa's development.

DISCUSSION

Contributions

Overall, three contributions emerge. While Africa has shown increasing economic dynamism and the number of multinationals from Asia, Europe, and North America active on the continent is increasing (Chironga et al., 2011), studies of the drivers of African organizations' effectiveness are limited and disparate. In this article, our first contribution is to propose an integrative model of two theoretical frameworks in which institutional environments on one hand and resources and capabilities on the other hand influence organizational effectiveness. Management research on institutions has benefited from researchers' increasing attention on emerging economies in Asia and Central and Eastern Europe, whose contexts, rules, and norms are different from those in the West (Meyer & Peng, 2005; Peng, 2003; Peng et al., 2009). Therefore, management research on institutions will further benefit from the expansion of our research frontier to Africa, whose institutional frameworks (relative to Asia and Central and Eastern Europe) are even more different from those in the West. The traditional approach in management research to keep institutions as part of the background cannot go very far in the African context. Therefore, institutions will have to be at the forefront of management research probing into Africa.

Second, the resources and capabilities view that focuses on competitive advantage can be enhanced in Africa. Despite the harsh environment, certain firms not only thrive in Africa but are also competitive worldwide. Examples include AngloGold (South Africa), Dangote Group (Nigeria), De Beers (South Africa), Orascom (Egypt), and Sasol (South Africa). An increased understanding of the VRIO drivers behind these firms' success will greatly enrich the development of the resource-based view, make it more global, and enhance the competitiveness of African organizations.

Finally, the interactive or dynamic view we propose in this article not only fits with other social science literature but also shows the joint effects of exogenous and endogenous factors on effectiveness of African organizations (Jackson, 2013; Zoogah & Beugre, 2012). Since the 1980s, political science scholars have argued that formal and informal political institutions interact to determine political outcomes in Africa (Hyden, 2006). This thesis is in recognition of the confluence of factors that affect the African context. Inspired by the more integrative approaches in the larger social science literature (Hyden, 2006) and in the management literature (Meyer et al., 2009; Peng, 2014), our approach advances our understanding of the drivers behind organizational effectiveness in Africa in a more nuanced and insightful way.

Overall, the perspective we suggest in this article is that we are adopting "theories of context" (Whetten, 2009, p. 29) to develop context-specific understandings of Western theories and to present such Africa-specific theories (e.g., *ubuntu*) to Western scholars. In other words, we seek to encourage development of a theory of African management by applying and refining Western theories in the African context, and to develop an African theory of management by explaining African management phenomena that are uniquely African. That theory we suggest is dynamic management. It is based on the extremely complex and unpredictable institutional environment of Africa.

Practical Implications

During the 1990s, Africa's annual GDP growth was a weak 0.9%. In 2012, despite the global recession, its annual GDP growth was approximately 4.8%.[9] While much of the developed economies are engulfed in a slow recovery from the 2008 crisis, BoP markets, such as those in Africa with strong (although reduced) growth, have emerged to become more important. It therefore seems that management researchers, particularly those from the West, have much to offer and learn from Africa. As Mark Bristow, chief executive of Randgold Resources, a gold mining and exploration company with operations in African countries such as Senegal, Mali, Ivory Coast, and the Democratic Republic of the Congo, observes, "Management is a bigger risk than politics in Africa."[10] In other words, it is critical to put together a business model and a management team capable of dealing effectively with the dynamics of Africa's emerging markets.

There are several practical implications. First, the expertise of researchers can help local (African) organizations harness the potential in African economies. Strategic orientations, maximization of labor effectiveness, and expansion into Western markets can help such organizations sustain productivity and innovation. Second, researchers can learn about the unique characteristics of Africa that enabled African organizations to survive the recent global recession turbulence and economic downturn. A third practical implication centers on knowledge exploration and exploitation. We believe that exploratory methods that focus on Africa should be encouraged and tolerated by Western editorial boards. We recognize that our suggestion is contingent on the interest of these boards. We call on them to be open to research findings from Africa (Jack, Calás, Nkomo, & Peltonen, 2008). Our suggestion is important for the exploration of knowledge. We recognize that every society has unique knowledge that can be shared with others.

[9] See http://www.africaneconomicoutlook.org.

[10] See http://www.africaneconomicoutlook.org.

Just as Western knowledge can assist African economies and organizations, it is possible that African knowledge can be useful to Western economies and organizations. BoP is an example of knowledge in non-Western cultures being shared with Western organizations, especially now that many Western MNEs are turning to BoP markets for growth and market opportunities (Babarinde, 2009). Further, with high rates of unemployment in developed economies, BoP markets within these economies—nontraditional BoP markets such as inner cities—have attracted more attention, necessitating more learning from firms successfully operating in traditional BoP markets such as those in Africa.

Limitations and Future Research Directions

The limitations of this article can be overcome in future work. The first limitation is that we have focused on theory extension and elaboration. We have made a series of assertions in the absence of systematic evidence. We therefore encourage future research to focus on how the African context presents opportunities for testing, extending, and building new theories with a view toward more systematic and solid empirical work. The second limitation is that in our quest for parsimony, we have focused on only two major theoretical building blocks (institution-based and resource-based views). These two building blocks are a starting point, and are certainly not exhaustive. We encourage future exploration of other theories to stimulate scholarly discourse on developing management theories relevant to African organizations.

Last, despite the tremendous diversity in Africa, we have not highlighted any theoretically important differences within Africa. While we believe that our approach of treating Africa as one continent (one block) is justified given that this article is positioned to be one of the first to stimulate more research on organizational effectiveness in Africa, future researchers may need to differentiate different parts of Africa based on regional (such as West versus East Africa), historical (such as former British versus French colonies), or income differences. A one-size theory is unlikely to fit all.

CONCLUSIONS

As a field, what we study (and what we do not study) reflects a great deal of how we view our world and how effective we are in serving the multiple stakeholders of management research such as students, practitioners, and policymakers around the world. Admittedly, our field now is not as parochial as when Boyacigiller and Adler (1991) labeled it a "parochial dinosaur" more than 20 years ago. Yet, as far as management knowledge on organizational effectiveness in Africa is concerned, the field is still very parochial (Jackson, 2004). For management researchers interested in bringing more of the rest of the world onto our radar screen (Hoskisson et al., 2013; Jack et al., 2008; Wright et al., 2005), Africa represents the last frontier (Walsh, 2011). We have a responsibility to maintain and promote the relevance (and rigor) of our work. As Walsh (2011, p. 230) observes, "Our noble aspirations and shared values can lead us to a higher path" by directing our academic lens to dark corners to shed some light that enriches our profession and the world at large. In conclusion, if this article can serve as a lighthouse to more management scholars' "passage to Africa" with a focus on the institutional and resource drivers of organizational effectiveness, our purposes will have been well served.

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APPENDIX 1

In writing this article, we reviewed Africa-focused studies in economics, marketing, and management. Using a structured approach (Easterby-Smith, Thorpe, & Lowe, 2002; Meyer & Peng, 2005), we conducted an extensive review of studies on African phenomena in leading journals in these three fields in the last five decades (1960–2011) because most African countries gained independence during and after 1960. For the sake of parsimony, we limited our review to disciplines that study organizations primarily or tangentially. We used keyword searches with a focus on "Africa," "West Africa," "East Africa," "North Africa," "Central Africa," and countries (e.g., Botswana, Egypt, Ethiopia, Gambia, Ghana, Kenya, Mauritania, Nigeria, and South Africa). We searched library databases including ABI/INFORM, Academic Search Complete, EBSCO, ERIC, JSTOR, PSYCHINFO, and SOCINDEX, as well as the Web sites of high-quality journals in management (n = 26), marketing (n = 26), and economics (n = 30) (see Table A1).

We found a total of 568 articles across the three major disciplines within the 52-year period. There were 152 articles (27%) from management—on average, only 2.64 articles per year for the entire field as represented by these journals (Table A1). Seventy-three articles (13%) were from marketing—on average that represents about 1.46 articles per year. There were 343 (60%) articles from economics, which, on average, represents about 7 articles per year. Figure A1 shows a trend of the articles across the three disciplines. Even though all disciplines show a marked increase in the number of Africa-centered articles, for economics the interest was much earlier. The increase in publications on Africa for management and marketing journals began in the 2000s.

Despite these positive trends, the proportion is relatively small across the disciplines. For the entire continent of 54 countries, the representation is on average 3.79 articles per year—an embarrassing 0.07 article for every country per year.

TABLE A1
Number of Articles on Africa by Period and Journal
(Panel A) Management Journals

Journals	Period					Total
	1960–1969	1970–1979	1980–1989	1990–1999	2000–2011	
International Journal of Human Resource Management	0	0	0	4	35	39
Human Relations	1	5	1	3	13	23
Journal of Management	1	0	1	1	14	17
Journal of World Business	0	0	0	0	19	19
Journal of Management Studies	0	6	2	0	2	10
Journal of Applied Psychology	0	3	3	1	2	9
Personnel Psychology	0	4	2	0	0	6
Organization Studies	0	0	0	3	2	5
Strategic Management Journal	0	0	0	1	5	6
Administrative Science Quarterly	3	1	0	0	0	4
Management International Review	0	0	0	3	0	3
Journal of International Management	0	0	0	3	0	3
Academy of Management Journal	0	0	2	0	0	2
Academy of Management Review	0	1	0	1	0	2
Journal of International Business Studies	0	0	1	1	0	2
Journal of Organizational Behavior	0	0	1	1	0	2
Total	5	19	10	17	101	152

Note: For the following journals we did not find any articles that focused on Africa: *Academy of Management Executive*, *British Journal of Industrial Relations*, *British Journal of Management*, *Industrial and Labor Relations Review*, *Journal of Management Inquiry*, *Management International Review*, *Management Science*, *Organizational Behavior and Human Decision Processes*, *Organizational Dynamics*, and *Organization Science*.

Table A1
(Continued)
(Panel B) Marketing Journals

Journal	1960–1969	1970–1979	1980–1989	1990–1999	2000–2011	Total
Journal of Advertising Research	0	2	0	4	4	10
Industrial Marketing Management	0	0	2	4	3	9
Journal of Global Marketing	0	0	2	1	6	9
Marketing Management	0	0	1	4	4	9
Journal of Marketing	6	1	0	0	0	7
Journal of Consumer Marketing	0	0	0	1	5	6
Journal of the Academy of Marketing Science	0	0	1	0	3	4
Journal of Advertising	0	0	0	0	4	4
Journal of Services Marketing	0	0	0	0	3	3
Journal of Product Innovation Management	0	0	0	0	3	3
Journal of Marketing Research	0	0	1	0	1	2
Journal of Consumer Research	0	0	1	0	1	2
Journal of International Marketing	0	0	0	0	2	2
International Journal of Research in Marketing	0	0	0	0	2	2
Journal of Retailing	1	0	0	0	0	1
Marketing Science	0	0	0	0	0	0
Total	7	3	8	14	41	73

Note: For the following journals we did not find any articles on Africa: *Marketing Science*, *Journal of Personal Selling and Sales Management*, *Journal of Marketing Education*, *Psychology and Marketing, Journal of Consumer Psychology*, *Journal of Marketing Theory and Practice, Journal of Marketing Management*, *Journal of Business and Industrial Marketing*, *Advances in Consumer Research Proceedings*, and *Journal of Public Policy and Marketing*.

Source: http://www.ams-web.org

Table A1
(Continued)
(Panel C) Economics Journals

Journal	1960–1969	1970–1979	1980–1989	1990–1999	2000–2011	Total
Economic Journal	3	15	9	35	7	69
American Economic Review	5	4	5	10	40	64
Oxford Bulletin of Economics and Statistics	11	13	4	9	7	44
Quarterly Journal of Economics	4	1	0	2	10	17
Journal of Economic Literature	0	0	3	5	12	20
Journal of Human Resources	0	0	1	3	15	19
Review of Economics and Statistics	2	1	2	2	8	15
Economics Letters	0	0	0	1	13	14
European Economic Review	0	0	4	4	5	13
Journal of Economic Perspectives	0	0	0	6	5	11
Journal of Public Economics	0	0	0	4	5	9
Econometrica	1	0	1	3	2	7
Journal of Political Economy	0	1	0	2	4	7
Journal of Monetary Economics	0	0	1	0	6	7
Journal of Economic Dynamics and Control	0	0	0	0	5	5
Journal of Environmental Economics and Management	0	0	1	1	3	5
Journal of Applied Econometrics	0	0	0	0	4	4
Journal of Financial Economics	0	0	0	0	3	3
Scandinavian Journal of Economics	0	1	1	0	1	3
Review of Economic Studies	0	0	0	0	2	2
Journal of Business and Economic Statistics	0	0	0	0	2	2
Economic Theory	0	0	0	1	1	2
Journal of Mathematical Economics	0	0	0	0	1	1
Total	26	36	32	88	161	343

Note: For the following journals we did not find any articles on Africa: *Journal of Economic Theory*, *Journal of Econometrics*, *Econometric Theory, Games and Economic Behavior*, *International Economic Review*, *Journal of Labor Economics, and RAND Journal of Economics.*

Source: http://faculty.maxwell.syr.edu/whorrace/journals.htm

FIGURE A1
Articles on Africa Published in Leading Journals in Management, Marketing, and Economics Between 1960 and 2011