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Considerations of an Emerging Marketplace: Managers' Perceptions in the Southern African Economic Community

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Comments Welcome

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Abstract

This is an exploratory paper aimed at analyzing some of the many environmental and organizational influences that impact the competitiveness of business enterprises within the Southern African Development Community[1]. Specifically, we present results from a survey of managers in small, medium and large organizations within three member nations of SADC, South Africa, Zimbabwe and Namibia. The results of the surveys are presented in the context of existing dynamics and forces of emerging markets in general and of the Southern African business environment in particular.

We then attempt to develop a framework through which this data and future research efforts can be considered in an effort to better understand the competitive issues, threats and opportunities facing public and private organizations in this region of the world. The data will be considered from the following perspectives: macroeconomic policies, the role of the public sector, the evolution of private enterprise in the region and the globalization of the world marketplace.

The survey results reflect feedback from managers in ninety-three business enterprises located in Namibia, South Africa and Zimbabwe, obtained during the summer of 1997 by members of the African Business Development Corps[2]. We interviewed managers from both multinational organizations as well as indigenous companies within these three countries. Additional data for this paper was gathered through a review of the literature on emerging-market enterprises as well as from our involvement with public and private businesses throughout sub-Saharan Africa over the last four years.

[1] SADC member countries include Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

[2] The African Business Development Corps (ABDC) is a program designed to provide students at the University of Michigan and other educational institutions with action learning opportunities designed to contribute to the development of transitional and emerging economies in sub-Saharan Africa.

I. Introduction

Southern Africa, like much of the rest of the continent continues to lag behind other developing regions in the design and implementation of sound macroeconomic policies and reforms. The scarce evidence on public enterprise reform suggests that in general there has been no significant reduction in financial flows to public enterprises or in the volume of assets held by governments. But the relationship between public expenditures and economic performance is complex. Numerous economic studies of the relationship have not been conclusive. Some results show positive relationships between public spending, usually as a proportion of gross domestic product (GDP), and the rate of growth of GDP, while others indicate a negative relationship. The question of causality has thus far eluded a definitive response.[3] Nor has the region recognized any sustainable improvements in the efficiency of the enterprises remaining public. In addition, there remains a lack of any clear theoretical underpinning that explains how the aggregate of government spending acts on the growth of total outputs. Bruton and Hill (1996) have also concluded that empirical evidence on the relationship between allocation of government spending in different sectors is inconclusive.

Many of the constraints currently afflicting the region are well documented. They include over-taxation on agriculture, disincentives for exporters, irrational import barriers and poor financial reforms, skilled labor shortages and high unemployment.[4] SADC, founded in 1980 was originally created to coordinate regional economic and infrastructure development. The organization's primary focus today is on continuing the liberalization of intra-regional trade as well as increasing economic and political integration among its member states. The region is

[3] For further analysis of the many (and sometimes competing) findings on this subject, see *Rati Ram's Government Size and Economic Growth*, The American Economic Review 76(March) 1986; and Daniel *Landau's Government Expenditures and Economic Growth: A Cross Country Study*, The Southern Economic Journal 49(January), 1983.

currently enjoying something of an economic revival. In 1996 the SADC region's GDP increased by 6%, which is more often a rate associated with Asia than with sub-Saharan Africa. While it is far too early to suggest that such growth might be a precursor to a sustainable economic turnaround (much of it relates to increases in commodities prices, and to steady rains resulting in bumper crops over the last two years), many indicators in Southern Africa are positive. There are increasingly visible efforts to nurture private business and a number of the states in the region have recently implemented ambitious privatization programs that appear to be paying off.[5]

The reduction in state-owned enterprises and the resulting efficiencies associated with the privatization efforts have been backed by more prudent macroeconomic policies in many cases as well. In 1996, seven of the 12 SADC countries had inflation rates of 10% or lower. Zambia and Mauritius have done away altogether with foreign exchange controls and a number of infrastructure projects have recently started in the region.[6] Historically, many African leaders (including many that led their nations to independence) have been great believers in command-economics. Many of today's leaders, however, overwhelmingly in place through democratic processes, have begun to see their countries not as victims, but as viable emerging markets. These countries are now capable, through their own efforts, to uniquely capitalize on the freer flow of trade in the global economy. Acknowledgement of the opportunities that a free and open

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[4] For a detailed discussion of these constraints see: *Adjustment in Africa: Reforms, Results and the Road Ahead*, A World Bank Policy Research Report Oxford University Press, 1994.

[5] Mozambique and Zambia have two of the most active privatization schemes on the continent. Zambia has put over 145 state-owned enterprises up for sale including some of its larger copper mines.

[6] Two of the larger products include the Maputo Corridor which will result in a road between Johannesburg and Maputo, the capital of Mozambique; and the Trans-Kalahari which will reduce the distance between Johannesburg and Windhoek, Namibia by 250 miles.

market can create for these economies is a necessary precursor to the reforms that are required to sustain it.[7]

II. Business Environments

The struggle for economic development in Africa coincided with a struggle for independence. In southern Africa, as with the whole of the continent, theories abounded as to how best to jump-start the dormant economies in the region. These theories were the four-runners of modern-day market-based, liberal oriented reforms of structural adjustment activities.[8] Modernization theorists asserted that Africa should reform its institutions to aspire to become like the West, through a process of modernization that would replace indigenous ways of life with Western models. These theories largely failed and were severely attacked by Africa's Marxist leaders during the 1960s and 1970s who argued that international trade, dependency and capitalism were the primary constraints to development (Ellis, 1996).

By the middle 1970s, there was a need for the reassessment of the fiscal and monetary structures that were in place in many countries in Africa. Where capitalist structures were in place (Nigeria, Kenya and Liberia, for example) a path of private ownership and management was pursued which allowed the state to interfere in only those areas of the economy that required financial commitments beyond the reach of the private sector. Other countries such as Tanzania, Guinea, and for a while Mali took a socialist path of state control and ownership of industries. In both models, the results were disappointing. By the 1970's there was a clear need for reassessment. In the more capitalist-oriented countries, indigenous private companies collaborated with external forces to milk the state. In the socialist-oriented countries, the state

[7] At the 1997 Economic World Forum in Harare, Zimbabwe, Zambian President Frederick Chiluba, in an attempt to lure foreign investors stated "We don't mind who buys the mines in Zambia, as long as the mines make money and contribute to the exchequer." The Economist, June 14th, 1997. p. 47.

was a poor economic manager never to be trusted. As a result, much of the continent, including the SADC (at which time South Africa was not yet a member) saw economic stagnation, a worsening balance of payments, deteriorating terms of trade, wealth transfer, poverty and a decline of agricultural production. By the 1980s, the conclusion was that the policies had failed, and economic ideologies were questioned, (Falala, 1996). The need for economic diversification and foreign investment became the two paramount solutions in all countries, even the few that still clamed to be socialist.[9]

III. Foundations for Stability

Southern Africa faces a much-altered international environment in the 1990s. Two primary global trends will continue to shape the region's ability to compete in what is an increasingly volatile marketplace. Consequently, the environments in which businesses operate will face similar challenges and constraints. We believe these environmental changes can be summarized into two broad categories. The first is the growing internationalization of the global economy. Revolutions in information and communications technology have facilitated international transactions in trade and finance, and the mobility of capital and industry amongst countries has consequently risen strongly, (Aron, 1996). Pressures are being created on exporters to innovate, diversify and adapt. In addition there has been significant progress recently in freeing non-tariff barrier restrictions. Finally the World Trade Organization has an ambitious agenda that includes reducing trade barriers in agriculture and in the services sector. This will result in larger volumes of trade and foreign investment being competed for internationally by developing or *emerging* economies.

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[8] For an extensive discussion, see Toyin Falol, *Development Planning and Decolonization in Nigeria* (University of Florida Press, Gainesville, FL. 1995).
[9] See for instance J. Voss (ed.) Development Policy for Africa (Verlag Neue Gesellschaft mbH, Bonn-Bad Godsberg, 1973).

These and similar policy constraints will assume increasing importance in Africa. It's widely accepted that growth rates, after 15 years of structural adjustment programs in a wide section of African economies, lie far below the rates needed to erode large and growing levels of poverty (Collier, 1994). The World Bank has estimated that even the fastest growing countries will need to double current growth rates of five (5) percent per annum. For many small open economies in Africa with low domestic savings rates and stagnating private investments and heavily indebted public sectors, the impetus for economic growth in the 1990s would seem to fall mainly on export growth and increases in foreign investment. Unfortunately, many African countries have seriously eroded their international links after decades of inward looking, macro policies that were often hostile to trade and investment. Africa's growth in the volume of exports fell from 2.8 to 2.4 percent per annum between 1970-1980 and 1980 and 1992, as compared with growth from 3.6 to 6.8 percent[10] from South Asia over the same period, (ibid.). Africa's share of the flow of foreign investment to developing countries in 1993 amounted to nearly three percent if the estimated total of around $87 billion per annum in contrast with the 30 percent for East Asia and over 50 percent for Latin America, (Dollar, 1995).

A second profound change in the world environment with far-reaching consequences for Africa has been the ending of the cold war, and the collapse of Central and Eastern Europe's highly centralized economies after 1989. The sharp ideological polarization of foreign funding in African countries has evolved in recent years, becoming more development oriented and less strategic (Aron, 1996). The flow of funds has increased with sub-Saharan Africa receiving about 30 percent of global net aide transfers in 1991. This stream of funds has brought with it a peace dividend, particularly in the Southern African Development Community. The political

[10] Unless otherwise noted in specific cases, aggregate facts and figures presented in this paper are comprised of African nations south of the Sahara excluding South Africa.

revolutions in Eastern Europe appear to have dramatically impacted Africa's democracies: in early 1989, four countries in sub-Saharan Africa permitted a multi-party system. Over the last five years, however, over 30 thirty elections have taken place in Africa.

From an economic standpoint, Eastern Europe was again a catalyst. There is a growing consensus in the developing economies in this region that more decentralized, market driven, market oriented economies with strong international linkages may be better and more flexible performers in achieving growth. During the last five years over thirty African economies have enacted liberalizing reforms. There have, however, been mixed results, including some policy reversals. The new political tendencies have the potential of greatly influencing economic development initiatives. The increasing acceptability of democratic ideas could facilitate fundamental constitutional reform, and with it a more effective application of the rule governing state institutions and the rule of law.

IV. Short Term Prospects

Politics

While the South African economy clearly dominants the region, many of the factors influencing prospects for growth for Zimbabwe, Namibia and South Africa are similar. Each nation, for example, faces political challenges of which the resolutions will be critical in determining future stability. In Namibia, the congress of the ruling South West Africa People's Organization (SWAPO) held at the end of May, 1997 has endorsed the strategy of amending the constitution so that the current party leader, Sam Nujoma, can stand for a third election as presidential candidate in 1999. While political maneuverings resulted in the constitutional amendment,[11] many foreign investors are among those who regard the benefit of continued political stability under President Nujoma's known leadership as outweighing constitutional details (EIU, 1997). Some might suggest, however, that the downside of this political stability could be the creeping centralization of power that is reinforced through this amendment.

In Zimbabwe, the ruling Zimbabwe African National Union-Patriotic Front (Zanu-PF) is under widespread attack from wildcat strikers, the Zimbabwe Congress of Trade Unions (ZCTU), war veterans, farmers, churches as well as institutional investors. Nonetheless, the fundamental political balance remains essentially unchanged. There is at present no conceivable scenario that could lead to the downfall of President Robert Mugabe.

The difficulty with Zimbabwe's political situation is that the government is loosing its claim to legitimacy based on serving the national interest through (the former mandate) *building socialism, reducing inequality, or economic nationalism* to (the current mandate) of *instituting an enabling environment for the free play of market forces.* Instead, the government is largely seen as little more than a committee for the sharing out of concessions, some more legal (granting licenses to operate certain services) than others (awarding of contracts to ad hoc front organizations with no technical credentials). It is this enormous power of patronage commanded by the government that enables the system to remain politically stable. Essentially, no major key group is completely excluded from the distributions of the benefits.

While Thabo Mbecki has the African National Party (ANC) presidential nomination sewn up, the next election will also require the crystallization of relationships between the party and its traditional allies. These include primarily the South African Communist Party (SACP) and the Council of South African Trade Unionists. COSATU will review its alliance with the

[11] SWAPO declared that President Nujoma's second term starting in 1994 in reality was his first term under new constitutional mandate. This effectively allowed the party to disregard his first term of 1990 as counting against the

ANC at its own congress in September. Despite rumors of a break, the union federation is likely to renew the election pact for the 1999 elections. Conversely, the National Party (NP) will renew its search for anti-ANC alliances in time for the elections.

The Economies

Since independence in 1990, the Government of Namibia has focused on increasing economic stability. Given the experiences of other newly independent African nations, the government has realized that prudent macroeconomic policies and structures are essential for economic growth. There are five prominent sectors that hold promise for the Namibian economy. They include mining and energy, manufacturing, fishing, agriculture and eco-tourism.

One of the Namibian government's primary policy thrusts is to make Namibia an off shore international financial center. There are three bills expected to be in parliament in 1998 that have been drafted by a consultant with input from local banking and commercial sectors.[12] Although some local financial institutions are concerned that they will loose out to offshore organizations, the government believes that the increases in the overall business will help the Namibian financial sector (EIU, 1997). Namibian firms can expect to play a leading role in setting up the offshore business services, utilizing their knowledge of local market conditions. Export Processing Zone[13] (EPZ) developments should receive a further boost, as firms will be able to apply to local offshore banks for finance.

A wave of potential strikes are ahead of the start of the 1998 financial year – traditionally a time when workers attempt to adjust real wages in line with inflation – has hit Zimbabwe with unprecedented force this year. Wage expectations in the private sector have been fuelled by a 30

mandate not to exceed two presidential terms.

[12] The consultants assisting the Namibian Government with Export Processing Zones are from Mauritius, which has been cited for the contributions of their EPZs on the development of their economy. Recently, however, as a result of pressures for higher wages, the performance of Mauritius's EPZ's has eroded.

percent pay increase awarded to civil servants. The expense of this increase is estimated at Z$11 billion (US$1 billion). Inflationary pressures are again expected to remain high until well into the second half of 1998, when food availability increases with a good harvest. According to the Central Statistical Office CPI, this will be insufficient to pull the overall rate for the year below 20%. In a 1997 budget speech, the government forecast an annual inflation rate of 21%.

The South African economy is both sophisticated and modern. It has an efficient infrastructure, a fully developed financial structure and a large commercial sector. It is still, however, facing many challenges as it transitions into a fully democratic government. These challenges include moving from an inward looking economic strategy to an outward oriented export strategy, unifying the interest rate, and economic integration. Many sectors of the South African economy are dominated or significantly controlled by extensive government involvement. These sectors include telecommunications, postal services, water supply, railways, harbors, electricity generation and radio and television broadcasting. Government boards also control the production and marketing of many agricultural products.

South Africa's GDP shrank by 0.8% in real terms during the first three months of 1997. Though real GDP growth was still around 2.5%, the reduction was met with some concern among members of the business and financial communities. Real output in South Africa's post-apartheid economy continued to rise by about 1.5% per annum and good rains are expected to boost the nation's agricultural output for 1998 as well. South Africa's failure to create enough jobs for it's working population remains one of the most critical concerns. The South African Reserve Bank (SARB) reported that the number of jobs in the formal sector has fallen by about 7%.

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[13] Export Processing Zones are areas in which total exemption is assured from duty and from direct or indirect taxation for some designated number of years.

V. Data Collection

During the summer of 1997, we surveyed small medium and large business enterprises in three countries in Southern Africa (N=93). These countries, South Africa, Namibia, and Zimbabwe are each location's in which the African Business Development Corps, through the transfer of managerial and technical skills, has sought to contribute to the development and performance of public and private businesses. While a variety of multilateral and bilateral trade organizations now provide extensive descriptive statistics on macroeconomic performance of African countries south of the Sahara, this effort is aimed at addressing the lack of available empirical data that considers critical issues and constraints of organizations operating in this marketplace.

The survey was overwhelmingly completed in face to face interviews with senior managers and executives of the responding companies, though 7% of the surveys were completed by the respondent and mailed in subsequently. The instrument consisted of several open-ended, qualitative questions as well as several quantitative questions that range from three to ten point scales. In this paper, we will focus primarily on three components of the survey instrument. First, we will discuss respondent feedback on five open ended questions that explore the perceptions of managers in these three countries regarding 1) external industry challenges, 2) internal organizational challenges, 3) factors influencing the country's competitiveness, 4) organizational responses to changing environment and 5) human resource challenges. Appendix 1 provides a record of qualitative responses per survey for each of the five open ended questions. We will then discuss data that reflects the level of confidence that managers have in their respective government's commitment to market reforms as well as to the ability of the public and private sectors to work coherently toward creating a market based, stable economic environment.

Finally, we will present data on what we view as ideological issues that address: managerial discretion, firm value and the compensation of executives. We will consider this data in the context of literature on the subject and from the perspective of the economic policies, private enterprise development and the globalization of the marketplace that have been addressed in this paper.

Figure 1 graphically summarizes the industries (by type) that are represented in the survey while Figure 2 depicts the range of years-of-operation of the respondent organizations that were surveyed. Each survey might have single or multiple responses associated with a particular open-ended question. Responses to each question were transcribed and have been grouped into thematic clusters based on the content of the feedback. The number of *hits* recorded reflects the number of times a particular respondent provided feedback that coincided with one of the prescribed categories (see associated tables).

Figure 1. Proportion of Industries Represented in Survey

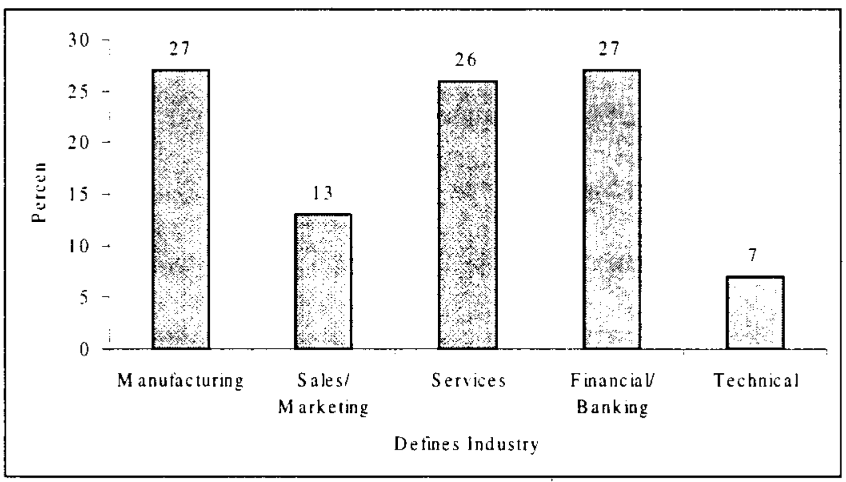
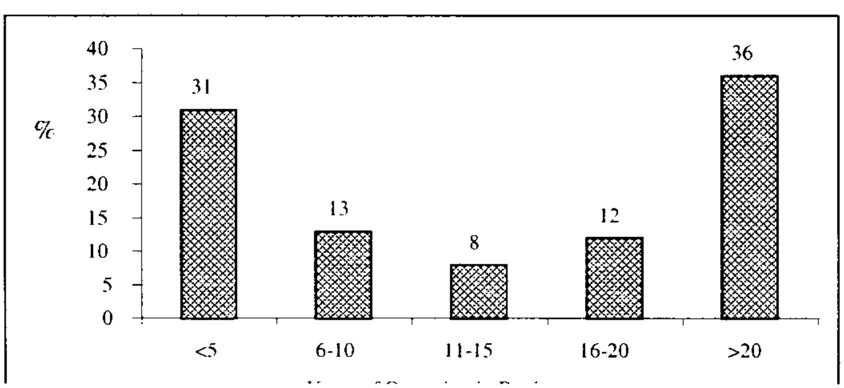


Figure 2. Survey Responses by Organization's Years of Operation

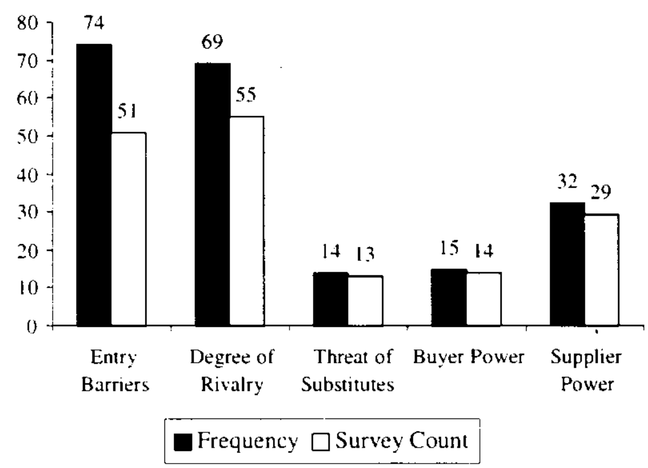


VI. External Industry Challenges

A recent World Bank analysis of about 30 adjusting countries in sub-Saharan Africa compares reforms enacted since 1988 and their impact on current environments in the region[14]. They classified the intention of the reforms as threefold: to strengthen the state's management of monetary and fiscal policy; to decrease the state's interventionist role in private markets by promoting liberalization (particularly in exchange rates) and, to reduce the size of the state by promoting privatization of state enterprises. The World Bank has concluded that no country in sub-Saharan Africa has achieved a sound economic framework, though macro-policies have definitely improved since 1990. In most countries, including South Africa, Zimbabwe and Namibia, the fiscal stance remains fragile, though monetary policies have largely improved.

The respondents in our survey enumerated a variety of concerns that are broadly inclusive of the structural and operational inadequacies of their present markets and reform efforts. For the responses on *primary external challenges*, we utilized Porter's Industry Analysis Model (Porter, 1979) to discuss the results. Porter's model is ideal as a means of considering the myriad of external pressures and forces that influence a particular competitive environment. The particular elements of his model include supplier power, degree of rivalry, entry threats (barriers), threat of

Figure 3. Frequency & Survey Count



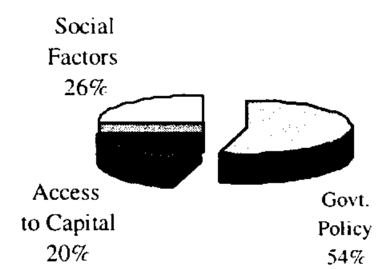
[14] World Bank: *Adjustment Revisited* (Policy Research Working Paper No. 1394, World Bank, Washington DC, 1994). Also see Nguyura Libumba's, *Africa Beyond Adjustment* (Policy Essay No. 15, Overseas Development Council, Washington DC, 1994).

substitutes and buyer power. Figure 3 represents the frequency of responses per survey. Each of these categories will be discussed in the context of feedback from our survey respondents.

Entry Barriers

Of the two hundred and four responses we received that addressed industry challenges, the highest number of those responses, 74 (or 36%) were classified into the entry-barriers category. These included concerns of an *uneven playing field due to exchange controls, the reduction of entry tariffs, poor infrastructure (electrification of rural areas, for example) and the difficulty in accessing the necessary capital* to expand in the southern African marketplace. These responses also reflect the belief that government policies in the region *are increasingly bureaucratic and are not conducive to private enterprise.*

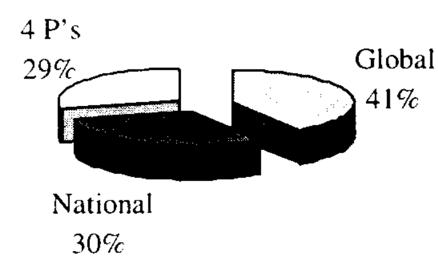
Figure 4. Entry Barrier Drivers



Degree of Rivalry

Porter refers to the degree of rivalry of concentration and balance of industries, growth, brand identity and intermittent over capacity. Degree of rivalry garnered the second highest proportion of response hits with 69 (or 33.6%), of the external challenge responses. The area that stands out in the responses is the perceived increase in the level of competition among international competitors. As a result of the reduction of entry barriers (see above) foreign competitors are now better able to enter the southern African marketplace. Many indigenous organizations that have historically operated in

Figure 5. Degree of Rivalry Drivers

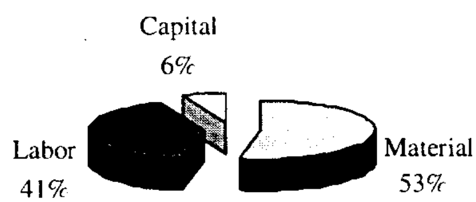


an inward-focused, statist-oriented marketplace have found it difficult to compete with the standards, performance and quality levels of many US, European or Asian firms. Survey respondents frequently commented on the number of *worldwide competitors coming into the market* and *the ability of international competitors to provide the same or better quality service at lower prices.* There was also concern of a number of the South African managers regarding the re-entry of multinationals that had divested during the height of the apartheid regime. The traditional free-market drivers: product, price, place and promotion (4 P's) were sited in 29% of the responses in this category. The primary concern often stated is the ability to successfully introduce a new product into the market.

Supplier Power

Supplier power refers to the concentration, importance and volume of suppliers. In the southern African marketplace in particular, supplier power also refers to the amount of substitute suppliers that are available as trade partners. In our survey, 32 (or 16%) of the responses to the external-challenges question included items that we classified as supplier power related. The items in the survey involved the monopolistic strength of many large suppliers in small to medium-sized markets in this region and the lack of competitive pressures on a particular input market. *There is a lack of competition in our input market*, was a common theme amongst the 53% responses indicating materials as the primary driver of supplier power. The volatility of the labor market (especially in South Africa) directly impacts the continuity of supply chain and trade partner relationships, making it paramount that *managers ensure that its labor force is properly skilled and technologically*

Figure 6. Supplier Power Drivers



competent. 41% of the responses identified labor as the major influence on supplier power. Responses were primarily split along the lines of the lack of skilled labor and the high cost of labor.

Threat of Substitutes

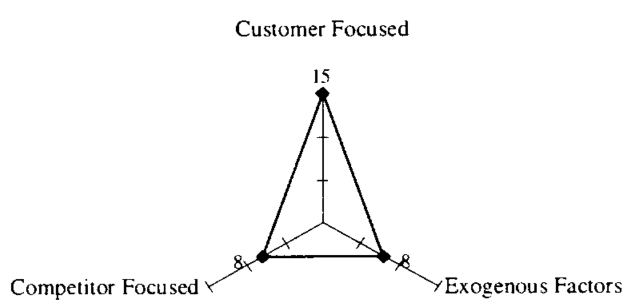
Threat of substitutes reflects the propensity of a buyer to substitute as well as the relative price performance of substitutes. In our survey, only 14 (or 7%) of the response hits reflected concern with issues classified as threat of substitutes. The concern here that was most often identified reflects the difficulty that much of the indigenous business community is having in dealing with the substitute capacity of international competitors. While many of these organizations accept the premise that opening the market up to increased international competition is essential, the short term prospects for many organizations will be difficult.

Buyer Power

Buyer power reflects the bargaining leverage of customers in particular markets, buyer concentration and volumes, switching costs and buyer information. In the survey, 15 (or 7.3%) of our respondents mentioned external threats that were classified as buyer power. There are two primary issues that were most often cited in the feedback. The first is what is perceived to be a new shift in industry from supplier power to buyer power as a result of liberalization of the market and the resulting increase in imports. Secondly, since economic growth in the region has been marginal, increased buying power among the middle class has been limited.

With limited responses in the Threat of Substitutes and Buyer Power categories we combined the two in an effort to identify coherent themes. Both categories are influenced by marketplace actions relative to the output of goods and services of competing organizations. Not surprisingly we were able to identify several factors that managers concentrated on regarding their organization's focus. Based on their responses, survey respondents were primarily focused on their customers (13), competition (8) or exogenous factors (8). Many of the responses included a mix of all three, but were punctuated with the fact that customer orientation is a critical success factor in their ability to compete in the new southern African market.

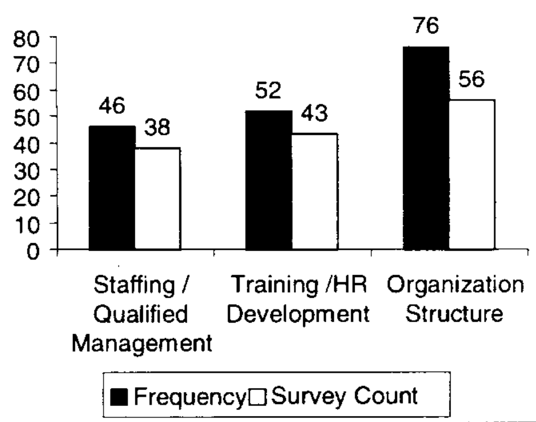
Figure 7. Substitute & Buyer Power Drivers



VII. Internal Organizational Challenges

Sweeping generalizations concerning the poor performance of African organizations are quite common. Many of these generalizations result from impressionistic judgements and are followed by prescriptive lectures on what African managers must do to save their failing organizations (Blunt & Jones, 1992). For a variety of reasons, empirical research into issues of African formal organizations is sparse. Relevant statistics are difficult to obtain, out of date, incomplete or unreliable. Information about organizational performance is especially scarce, particularly concerning public services and public enterprises.

Figure 8. Frequency & Survey Count

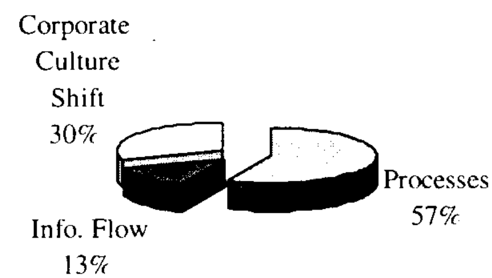


Brown (1989) has argued that such studies as there are frequently tend to have a limited systems perspective and therefore neglect environmental issues [which exert influences] on the management of formal organizations. Much of the current debate, he claims, is not about organizational performance but presumed optimal criteria for organizational efficiency. Brown and others reject formulaic explanations of alleged differences in management practices as compared to elsewhere – usually the industrialized west – of the kind advanced by Hyden (1983) and Reilly (1987). Most of these comparisons ignore crucial and obvious features of Africa societies including poor infrastructure, political instability, low-capacities for growth and political centralization.

Despite the dearth of reliable data about African organizational performance, it is possible to obtain some useful insights into the contemporary situation from overall trends and the small number of empirical studies that exist. Some clues emerge from the Conference on Civil Service Reform (CCSR) in sub-Saharan Africa organized by the ODA in 1989. Delegates agreed that, in general, performance of public services in the region had declined, in some cases drastically. There had been huge declines in public service incomes in some countries that had caused serious losses of skilled manpower. In addition, over staffing of 'public service payrolls' combined with government proclivity to increase spending on civil service salaries contributed to the difficulties. The symptoms of poor performance identified by the CCSR included inability to make policy and routine decisions and implement them; failing services; low morale; high staff spending; declines in revenues and weak financial management controls and audits.

Organizational Structure

Figure 9. Organizational Structure Drivers



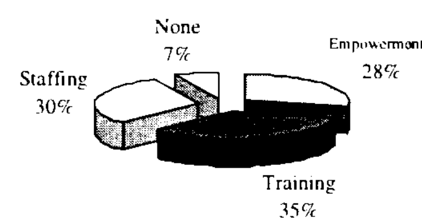
Of the 173 response 'hits' on the internal organizational-challenges item, 76 (or 44%) of the responses identified organizational structure as a primary area of concern. The structure of an organization can be defined as the ways in which it chooses to divide its labor into separate work groups, and how it coordinates their activities. These basic activities are usually referred to in the literature as differentiation and integration. Factors in organizations' internal and external environments impact the ways organizations differentiate and integrate their activities.

Most of the respondents in the survey addressed organizational processes, cycle time and efficiencies as being major competitive disadvantages in their organizations. The ability of organizations to respond to these issues will have direct implications on their ability to compete with the influx of foreign competitors that are increasingly doing business in southern Africa. Similarly, a number of respondents recognized that by improving internal efficiencies, organizations are better able to meet the demands of their customers. The concept of customer service as a major competitive advantage is a relatively new phenomenon in this particular market.

Other salient feedback on organizational structure addressed the need for managers and executives to redefine existing cultures within their organizations and to develop new cultures that are consistent with the demands and conditions of the new economic marketplace. Most of the respondents here identified the need for a duality of cultures in southern Africa. As one respondent identified, *we need to create a culture that is different from a typical corporate culture in the west. We need to create a culture that is based on social values as well.* Adler (1991) has asserted that the cultural orientation of a society reflects the complex interaction of values, attitudes and behaviors displayed by its members.

Training/Human Resource Development

Figure 10. Human Resource Drivers



Of all endowments, the World Bank has indicated that human capital probably does most to fuel long-term economic gains (*Adjustment in Africa*, 1994). Simply put, countries with skilled people grow faster. Of the 173 responses highlighted in Figure 8, 52 (or 30%) of these "hits" indicated that the development and training of employees was a critical internal organizational challenge. As with many of the difficulties facing organizations in sub-Saharan Africa, the causes of this particular dilemma are complex. As Kiggundu, (1988) wrote ...*African organizations may be experiencing serious employee* *motivation problems. The sources of these problems are varied and not well understood because of a lack of empirical research* (p. 235).

Respondents were specifically asked what the primary human resource challenges are that are facing their organizations. Nearly 55% of the respondents indicated the need for significant investment in human resource development and training (Figure 10). In a report authored by Guy Standing[15] training in the labor market is described as a continuing process with comprised of the following phases: pre-labor market training, induction training, retraining for upgrading skills, retraining for upgrading the workers and for the unemployed there is labor market training. Of the 41 responses indicating training as the primary HR challenges, the majority could be classified as either pre-labor market or induction training needs. Pre-labor market training includes schooling and institutional vocational education. Induction training includes probation (screening and basic work discipline), apprenticeship and on-the-job technical training.

The recruitment and retention of qualified employees is a major problem in Southern Africa. Perhaps this matter is most visible and structurally induced in South Africa and Namibia. Both of these nations sanctioned Bantu-education systems, which severely limited the opportunities for people of color to gain meaningful skills (and sometimes-basic numerate and literacy capabilities) during the time that apartheid prevailed in the two countries. Now that both these economies are moving toward liberalization and a market orientation, organizations operating within them must be able to compete with foreign competition. This will not be possible with marginally educated employees. The problem is compounded now that both countries have majority governments in place and in many cases possess a population seeking

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[15] *Labor Market Dynamics in South African Industrial Firms: The South African Labor Flexibility Survey*, Guy Standing, Geneva, January 1997, p.10.

redress (often through the creation of jobs) for past wrong-doings. This problem is highlighted in the responses to the question of primary human resource challenges in which 28% of those responses indicated that one of the more critical issues facing employees in all levels of organizational activity is the issue of empowerment. Respondents cited the need to not only address issues of affirmative action, but to also create a corporate culture that was inclusive. The objective is to promote an environment where labor and the organization can mutually benefit from shared goals.

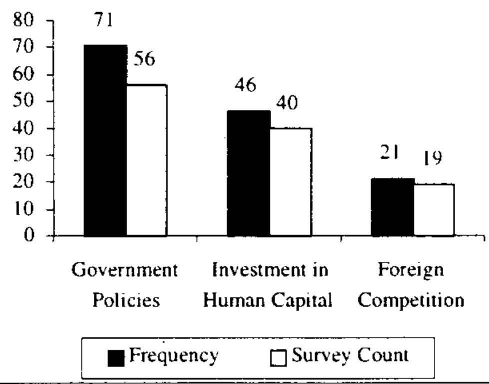
Management Development

As indicated in Figure 8, 26% of the response hits for this category acknowledged the need for organizations in southern Africa to do a better job of training its managerial talent. In any formal organization, the maintenance and upgrading of managerial capabilities is a continuing need and is frequently a priority. This is particularly so in situations of rapid change and emerging new demands, as in the case of many African countries. Management is coming to be seen by donor agencies and others as a key factor in the pursuit of African development in (Blunt & Jones, 1992). While many managers indicated that they would like to see more blacks given managerial opportunities in these organizations, the more critical feature is the overall lack of formally trained managers (regardless of race) who are skilled and capable of providing the necessary leadership within organizations.

Historically, leadership in southern African organizations has been a function of patronage, statism, and the maintenance of the status quo. In general, management development in Africa has belonged to the public sector Kiggundu, (1991). One of the few relevant studies by Gershenberg (1987) indicates that in Kenya for example, *local forms do very little managerial training*. Many of the multinational companies that operate in Africa have the resources to run their own internal management development programs though objective information about their methods or results in scarce. Increasingly, factors such as experience, education and leadership are now much more critical features and continue to directly impact management planning and succession as organizations in this region try to adjust to the world-class competitors that are now competing in southern Africa.

VIII. National Competitiveness and Organizational Influence

Figure 11. Frequency & Survey Count



Much of Africa is in crises and it's future depends on the answers to life and death questions – on famine, food aid, the price of oil, irreversible environmental damage, the impact of AIDS and political instability. There is one particular issue, however, that stands out. Sub-Saharan Africa's debt is US$175 billion.[16] As a result its dependency on the international financial community is unusually strong. The terms on which finance for long term economic development is provided in southern Africa as well as the rest of the continent is an explosive issue. The international financial institutions – and especially International Monetary Fund and the World Bank – have told African governments that there is only one course to follow. They must build their future on the exploitation for export of the rich mineral and agricultural resources of the continent, a practice that was begun under colonial rule (Brown & Tiffen, 1992).

[16] Source: UNCTAD secretariat calculations, UNCT Trade and Development Report, 1990.

The competitive influences that we sought to address in this question are evolutionary and volatile. Inevitably, structural adjustment programs[17] imposed as conditions of aid and development have influenced national competitiveness. To understand the implications of some of these policies, it is important to understand the potential repercussions of some of the financial instruments on the business community. According to Brown and Tiffen (1992):

- *Currency devaluation* increases prices for imported food and hits those who depend on it, mainly the urban poor, while increased prices on imported equipment raise production costs. Devaluation can lead to inflation, but reduces imports of food in competition with local farm production.
- *Domestic demand management* reduces public funds available for development, for the local financial component of joint development projects and infrastructure improvements. Incentives through tax concessions for exports are not effected. The impact of freeing prices may be nullified if all countries follow suit and world prices are generally falling.
- *High interest rates and a credit squeeze* tend to result in bankruptcies, especially of small local businesses, and may push up costs all around.
- *Import liberalization* can increase dependence on foreign suppliers.
- *Privatization of state and parastatal enterprises* may not distinguish between fledgling but strategically important enterprises that add value to raw materials and the merely inefficient. Local businesses, especially those in export markets, become prone to foreign takeover.

[17] Structural adjustment programs aim to increase the role of exports in the economy and stimulate the private sector. A typical program will include at least the following: currency devaluation, freeing of prices, high interest rates, import liberalization and the privatization of SOEs.

A recent World Bank analysis of adjusting countries in southern Africa compare reforms enacted since 1998 and their impact, with the situation in the early 1980s.[18] The intention of these reforms was threefold: to strengthen the state's management of monetary and fiscal policy; to decreased the state's interventionist role in private markets, particularly in the exchange rate and agricultural producer prices; and to reduce the size of the state by promoting the privatization of state enterprises. The first two points also reflect an increased emphasis on promoting agricultural and mineral exports and diversifying the export base.

One of the most remarkable outcomes of structural adjustment in sub-Saharan Africa has been the slow response of investment increases resulting from macro-economic reforms (Mosely & Harrington, 1991). In southern Africa, the average investment rate for the region rose from 15.9% of GDP in 1965-73 to 22.2% in 1974-1980. Between 1981 and 1897, however, alongside declining saving rates, the investment rate fell to an average 16.7% and has not recovered since. In general, the slow growth in the investment in the private sector as a ratio to GDP is attributable to the expectation that growth in public spending in the capital budget might have been restrained as governments sought to reduce the fiscal deficit[19]. The private sector was expected to make up for the reductions in public capital investment. However, there is little evidence to suggest that where reductions in capital spending have occurred, that the private sector has been able to meet the increased investment demands. And, if the private sector was unable to meet the commitment, then the public sector was expected to increase its level of capital spending. These constraints, in addition to the uncertainty of the environment under reform and the private sector's low faith in many of the reform efforts has diminished the capacity of many organizations to thrive in the new marketplace.

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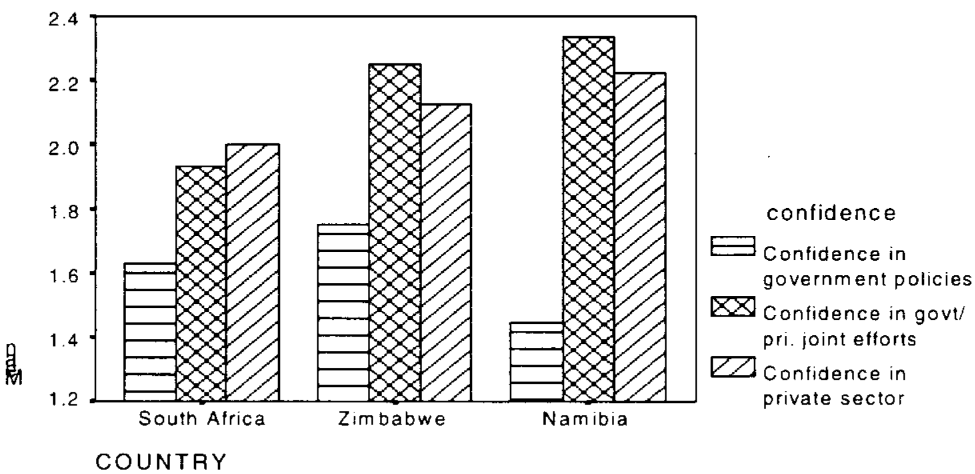
[18] World Bank Summary: Lawrence Bouton, Christine Jones and Miguel Kiguel, *Macroeconomic Growth and Reform in Africa* (Policy Research Working Paper No. 1394, Word Bank, Washington DC, 1994).

Government Policy

We asked the managers and executives in our survey to address the extent to which they believe their organization or industry was influenced by some of the issues previously mentioned in this paper. Their responses, while varied are not surprising. The category with the highest response rating was government policies. Over 51 percent of the response hits indicated some aspect of government policy as a major area of influence on their organizations' competitiveness.

Specifically, respondents referred to trade barriers and practices, the investment climate, inflation and currency controls. Currency controls and the direct impact on organizational

Figure 12. Confidence Index



competitiveness that they cause are the most often cited concern with government policy. The perceptions of government policy inadequacies on the behalf of managers and executives are indicated in the confidence index in Figure 12.

On a three-point scale, confidence in government's economic policies had the lowest median score in all countries with a 1.4 rating. While we cannot determine from our data whether this suggests a lack of confidence in government's commitment or ability to implement

[19] World Bank. *Adjustment in Africa, 1994.*

reforms, it is clearly an important public policy issues that needs to be addressed. In both Zimbabwe and Namibia, the respondents expressed a higher level of confidence in the joint efforts between the government and private sector than in the ability of the private sector alone to contribute to the development of their respective economies. In South Africa, the managers and executives expressed a greater degree of confidence in the private sector than in any joint efforts between the government and private sector.

Investment in Human Capital

For this question, 46 (or 33.3%) of the response hits addressed investment in human capital as one of the most important national competitiveness constraints. The quality of the educational systems in this regions, particularly the legacy of the Bantu educational systems prevalent in South Africa and Namibia are cited as major hurdles that must be addressed by the governments of these two countries. If poor education is the root cause of a lack of professional talent in this region, the primary outcome is the inability of many organizations to fully participate in the global marketplace. This is consistent with the current belief that in today's business climate, one of the most important competitive advantages for organizations or countries is the development and education of its citizens and the ability to leverage its knowledge capacity as a distinct competitive advantage.

While the impact that human resource activities can have on organizations in development economies in general and in southern African in particular has been addressed, the issue warrants further consideration. An individual's perception of his job and work in general is substantially determined by the stock of cultural values acquired from a particular living environment. Traditionally, theories of motivation at work have placed little emphasis on the perceptual set that the individual brings with them to the work place. Instead, theorists prefer to analyze in detail those characteristics of the work place itself and the job to be preformed which have some bearing on the individual's performance (Blunt & Jones, 1992). Frost (1980) has suggested that *we are occupied with what managers value and with their definitions of organizational problems*. The failure of researchers and practitioners to recognize the interrelationship of values and observation frequently blinds them to the conservative nature of much of the prescription and implementation in the field.

Owing to the fact that managers (including those in organizations in Africa) accord prime importance to issues of employee motivation, they continue to find theories of motivation appealing and interesting (Montgomery, 1986). However, even where the interface between theory and practice has received considerable attention, there is little evidence that suggests that managers can apply these theories in practical ways. Academic debate tends to consider theories of motivation in terms of their ability to account for aspects of human behavior, and is not always of much help to those charged with making complex organizations work. Moreover, most theories of motivation have origins in the West. As a result, they are often viewed with circumspection in the African context. In the absence of indigenous theories of human behavior and sufficient empirical evidence from African formal organizations, the principle of social learning according to Kreitner & Luthans (1987) that acknowledge the influence of external stimuli and the role of cognitive mediation on behavior appears to offer practical application for managers.

Foreign Competition

Foreign Competition accounted 21 (or 15%) of the response hits on this question. Perhaps the most often stated comments on this matter were similar to that which is summarized below:

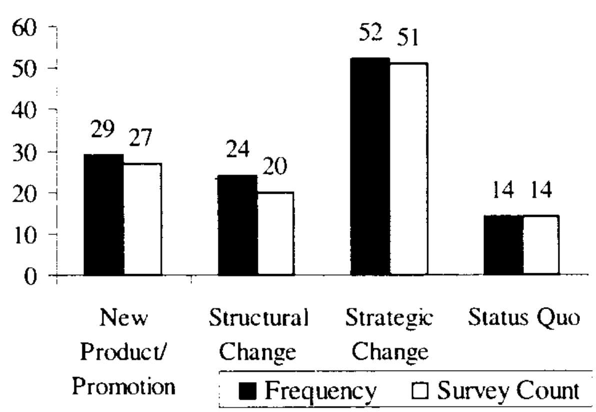
Foreign companies are coming in but do not invest assets or capital in the community. Instead, they usually buy existing companies and then resort to downsizing the organizations without contributing to the development of the local economy.

On the other hand, many of the respondents recognized that without foreign competition, direct and indirect investment could not occur and the countries would not have the ability to access much needed capital to invest in infrastructure, health, education or economic development projects.

IX. Competitive Responses to Environmental Conditions

With typical population growth rates of around 3% per annum, the World Bank estimates that even the fastest growing African countries need to double their current annual per capita growth rates of 5% if they are to make any impact on poverty in the medium run (Aron, 1996). This would imply doubling the level of investment assuming a constant efficiency of investment. The average percent of GDP investment in southern Africa was around 16% in 1988-1993. This is only marginally higher than from 1981 to 1987.

Figure 13. Frequency & Survey Count



There is a large and growing body of empirical literature in the spirit of the 'new growth theory' models[20], and there have been some interesting results using this model with African data. The theory stresses the path dependence of growth. That is, initial advantages or disadvantages, and interim shocks, can have long lasting effects on growth and these effects can be compounded. The empirical endogenous growth models include variables for initial conditions, i.e., and human-capital, physical capital, including infrastructure, income and income distribution along with political stability. Exogenous events include terms of trade or climate for war; economic spillover-effects from growth and development in neighboring regions and a range of country characteristics as well as cultural considerations.

An important feature of these models is the attention accorded to the power influence of legal, financial and other institutions as factors in growth, and social considerations that may impinge on the character of these institutions. The literature suggests (and we will address this with our own data later in this paper) that the single most important difference in explaining growth in developing countries, and understanding the strategies to pursue that growth are governments' administrative competencies. Given the limits of the data combined with the complexities of institutions, one empirical challenge for these models is to devise innovative measures of institutional competence. Typically, in the African context cross-country regressions of endogenous growth based on fundamental variables, such as government policies and initial conditions, find a persistent effect due to an Africa dummy variable, suggesting that the traditional fundamentals cannot fully explain the African growth experience (Knack & Keefer, 1995).

A recent paper by Elbadawi & Ndulu (1994) has proven the dummy variable to be insignificant and has suggested that a wider array of factors influencing long-term growth include low educational performance, political instability, poorly developed financial systems, black market activities that distort macroeconomic performance, large government deficits and

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[20] Robert Barro, *Economic Growth in a cross-section of countries*, Quarterly Journal of Economics, 106 (1991), pp. 407-43; and papers and references from How Do National Policies Affect Long Term Growth? World Bank

inadequate infrastructure. The responses in our survey reflect the responses to these as well as other environment constraints.

In the survey, we classified the responses to this question into four main categories that include new product & promotion, structural change, strategic change and what we identified as the status quo. The modal response to this issue was strategic change, which accounted for 43.6 percent of the response hits. The responses reflected items such as considering new marketplaces to enter (primarily international markets), establishing linkages and joint initiatives with suppliers and trade partners and seeking creative means of accessing capital. In addition, many managers indicated that what they were seeking was to participate in the regional integration of the Southern African Development Community. The second most frequent response rate identified new product and promotional activities and accounted for 24.3 percent of the response hits. These responses were characterized by innovation, the recognition of the changing marketplace as well as the need to stay ahead of competitors.

The responses that we identified as structural changes, which accounted for 20 percent of the response hits, included redefining the organization so that it could respond quickly and effectively to the market's expectations. This entailed putting into place process and structural improvements at all levels of the organization. The final category, status quo, accounted for only 11 percent of the responses and essentially reflected a commitment to business as usual among the respondent managers and executives.

X. Public Sector Impact

Most people of sub-Saharan Africa are caught in a commodity trade 'trap' and have been getting steadily poorer throughout the 1980s and 90s. The trap is the falling prices in the world

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conference, 8-9 February 1993.

markets for African products[21]. Yet the World Bank remains convinced that Africa's main problems are internal. It believes that African governments spend too much and seek to raise excessive rents (or income) from production and exports and protect inefficient industries in misguided attempts at import substitution. In addition, they interfere in the workings of the market by setting prices and maintain exchange rates for their local currency at levels that make their exports uncompetitive.

Criticism of African governments targets three particular policies. They include the scale of income taken on primary commodity exports, the excessive use of subsidies and the absence of political pluralism. In Africa, as elsewhere, governments through direct taxes and the operations of state marketing boards levy rents. The World Bank, among others, argues for privatization in Africa on the basis that governments not only have a near dominant position as one of the few buyers and revenue collectors, but that rents are excessive and are diverted to non-productive uses (UNCAD, 1989). The theory maintains that a private company will operate in direct competition with others and plough its profits back into more efficient operations.

Levels of government rents in Africa vary widely from state to state: from 6 to 36 percent. High rents are believed to hinder economic growth because they divert resources from productive to unproductive activities that act as a disincentive to both capital and labor; the one is discouraged from investing, and the other from working. An econometric study by the World Bank looked at the effects of rent policies on economic growth in African states from 1975-81 and 1981-1987[22]. The study considered five types of government rents, tariff revenues, protection of domestic manufacturers, monopolistic marketing boards, the allocation of foreign

[21] World Bank: *sub-Saharan Africa*, p.p. 2-3.
[22] See Gallagher, *Rent Seeking and Economic Growth*, 1990.

exchange and the use of investment funds for non-market related activities. The amount of the rents were then correlated not just with rates of macroeconomic growth but also with:

- The proportion of rents in national income
- The level of per capita income
- The government share of spending in the GDP
- Levels of capital investment, in particular in human capital investment
- Factors guaranteeing political pluralism and civil liberties

Although high government spending was shown to be related to slow economic growth, the study concludes that government expenditure on the development of human capital and other investments was shown to be an important source of growth. Non productive spending like subsidies was, however, particularly damaging.

The role that governments play in ensuring a society that is conducive to public and private enterprise efficiency is widespread. In addition to establishing reasonable tax laws, liberalized trading policies, currency stabilization and the elimination of tariffs, governments are often expected to work with the private sector in an effort to contribute to the growth of the economic community. The confidence that executives and managers have in the capacity of their government to effectively work toward this end is a critical determining factor in their willingness to do so. As Figure 12 (on page 26) suggests, the managers that were surveyed consistently indicated a lack of confidence in their respective government's commitment to bring about the economic reforms necessary. On a three-point scale, the mean response indicating the level of confidence they had in their governments was 1.5. Conversely, the mean score of managerial responses indicating the success that they believe has been achieved by the government and private sector working together is 2.1. Surprisingly, the mean score indicating the extent to which managers believe that the private sector has been successful at contributing to economic growth is the same as the 'government private-sector working together' score of 2.1.

Much of the criticism of African governments has been directed against import substitution policies to encourage local industries. In Africa, inefficient local production – for example, plants operating at below capacity – has been sustained by subsidies and productive tariffs. These result in a double loss: resources are diverted from productive uses and what is produced is too expensive and is not competitive. What is often not discussed is that correctly timed and selective use of subsidies to support production and then to promote exports has helped generate rapid economic growth in other developing countries. South Korea, Taiwan and Chile, for example, focused on industries with the capacity to develop efficiently early in their development initiatives, (UNIDO, 1991).

XI. Conclusions

In this paper we have identified a variety of issues that are critical to the development of businesses in southern Africa. The region is in a particularly precarious economic state in that there is now a period of general political stability that may not be sustainable if economic development does not soon follow suit. In our data, there are three fundamental shortcomings that we believe need to be addressed of organizations competing in the region.

Business enterprises and the governments in southern Africa must be able to adapt to the inevitable elements of foreign competition that are essential to the competitiveness of the region. This condition, however, has a duel impact. While trade liberalization, currency stability, sound legal structures and reasonable tax laws are all essential elements of attracting foreign capital, in the short run it can have a debilitating effects on local businesses not used to competing with world class organizations.

The lack of investment in the region's human capital will continue to have serious and direct consequences on individual organizations as well as on the countries in which they are based. While many theorists continue to debate the public and privates returns on elementary, secondary and tertiary educational investment, there is no question that a trained, educated work force is critical for sustained economic development.

Governments must instill a higher level of confidence in not only their own business communities, but with the foreign communities that they are trying to lure to their particular countries. As previously indicated, it may be wise to develop key indigenous industries at the expense of liberalized trade policies or foreign competition. But this assumes that a degree of expertise exists, or at least has the potential to exist and can be nurtured and supported to the benefit of the enterprise and the local economy. Such a decision making process would require that the government has completed a critical analysis of the risks and opportunities associated with such a policy. And there is evidence that most governments do not have the abilities or the willingness to seriously consider such options. The Southern African Development Community is on the cusp of integration in the global economic community. If the existing level of patience, energy and sound economic planning can be sustained, and businesses and governments work together toward developing world class performance, then the region may become one of the world's most important and vibrant emerging market places.

Appendix 1 - Qualitative Data Responses

	External Industry					Org. Challenge			National Comp.			Competitive Responses				Human Resources			
Survey	EB	DR	TS	BP	SP	SQM	T/HR	OS	GP	IHC	FC	NPP	SC	SgC	SQ	E	T	S	N
1	2	1				1	1		1	1	1	2		1			1		
2	1				1	1	1		2					1		1			
3		1		1	1	1	1	2	1	1				1			1	1	
4	1	2				1			1			1					1		
5	2	1				2	1	2	1	2		2				1	1		
6				1		1			1	1		1							1
7	1	1				1		1	1	1					1			1	
8	1				1		1	1	1						1			1	
9		1						2			2	1							1
10		1	1					1	1	2	1				1		1	1	
11	1			1	1			1	1	1	1			1			1		
12		1	1			1	1	1		1				1			1		
13			1					1			1			1					1
14		1			1			1		1		1				1			
15	1				1	1		1	1	1		1						1	
16		1						2	1					1			1	1	
17	1	2	1	1	1		1	1	2			1		1				1	
18				1	1	1			1	1				1					1
19	2	1		1	1		1		2					1			1		
20		2					1	1	1					1		1		1	
21	1	2			1	1		1	1		2		1	1				1	
22	2	1			1	1		1	1	1	1	1		1		1	1		
23	1			1	2	1		2	2	1		1						1	
24	3						1	2	1					1		1			
25	1		1			1		1		2				1		1	1		
26	1					1	1	2	2	1				1			1		
27	3	1				1	1		1	1		1	1					1	
28	3	1					2	2	1	1		1		1			1	1	
29	1					1		1	1	1	1			1				1	
30	1		1				2		2	1				1				1	
31	2				1	1	1		1	1	1	1				1		1	
32		1			1									1			1		
33	1							2	2					1			1		
34				1			2	1	1	1			2			1			
35		3					1	3	2			1	1				1		
36		2			1		1	1	1					1			1		
37		1						1			1			1		1			
38	1				1	1		1							1				1
39	1					1									1			1	
40		1		1		1			1	1	1			1				1	
41						1	1	2		2		1	2			1		1	
42		1					1							1				1	
43		1			1			1						1		1	1		
44	1	1					1	1						1			1		
45	1	1			1		1	1						1		1	1		
46		1		1				1						1			1		
47		1						1						1		1			
48	1	1				1	1							1			1		
49	1	1			1		1		1	1		1		1			1	1	
50		1		2				1				1		1		1	1	1	
51	1							1	1						1	1			
52		2					2	1	3	1	1				1			1	
53		1			1			3	2	1				1		1			
54		1	1	1		2	1	1	1	1	1		1	1			1	1	
55	1	1	1		1	3			1						1	1			
56	3	1			2	1		1		1				1		1			
57	2				2	1	2	1		1	1		1			1			
58	3	1				1	2		1				2	1				1	
59		2					2		2	3					1		1		
60		1					2		1	1	1	1				1			
61	1				1		1	1	2			1				1	1	1	
62				1					1						1		1		
63	1					1			1						1		1		
64	2		1			1			1	1				1			1		
65		2				2				1				1			1		
66						1									1				1
67	1	1				2	1							1			1		

	External Industry					Org. Challenge			National Comp.			Competitive Responses				Human Resources			
Survey	**EB**	**DR**	**TS**	**BP**	**SP**	**SQM**	**T/HR**	**OS**	**GP**	**IHC**	**FC**	**NPP**	**SC**	**SgC**	**SQ**	**E**	**T**	**S**	**N**
68		1							1				1						1
69	2						1			1		1	1	1				1	
70			1		1			1			1	1						1	
71		1				1		1	2		1		1				1	1	
72	3						2								1		1		
73	1		1		1	2		1				1				1			
74		1				2	1		1	1		1		2			1		
75	2	1		1		1			2			1						1	
76		1					1	1	1			1	1				1		
77	2						1				1			1		1			
78	2	3			1		1	2	1	1			2	1			1		
79	1	2					1	3	1			1						1	
80	1							1		1			1					1	
81		1			1		1		1					1			1		
82	1							1					1					1	
83		1					1				1		1						1
84	1	1	2					3	1	1			1		1	1		1	
85					1			1						1		1			
86	1	1					1	2					1			1			
87		2						1	1					1			1		
88	1						1		1			1	1			2		1	
89																			
90		1	1			1			1					1		1			
91		1						1		1				1			1		
92	1							1		1			1	1		1	1		
93	1													1		1		1	
Total Responses			204				174			138			119				116		
Frequency	74	69	14	15	32	46	52	76	71	46	21	29	24	52	14	32	41	35	8
Survey Count	51	55	13	14	29	38	43	56	56	40	19	27	20	51	14	31	41	35	8
Percent	.36	.34	.07	.07	.16	.26	.30	.44	.51	.33	.15	.24	.20	.44	.12	.28	.35	.30	.07

Entry Barriers
Degree of Rivalry
Threat of Substitutes
Buyer Power
Supplier Power
Staffing / Qualified Management
Training /HR Development
Organization Structure
Government Policies
Investment in Human Capital
Foreign Competition
New Product/ Promotion
Structural Change
Strategic Change
Status Quo
Empowerment
Training
Staffing
None

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