Untangling African Indigenous Management:

*Multiple influences on the success of SMEs in Kenya**

Terence Jackson, Kenneth Amaeshi and Serap Yavuz

Middlesex University Business School, London

Address for correspondence:

Terence Jackson PhD
Professor of Cross Cultural Management
Middlesex University Business School
The Burroughs
Hendon
London NW4 4BT
Tel +44 208 411 5250
Fax +44 208 411 6011

Email t.jackson@mdx.ac.uk

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Abstract

This article examines the nature of indigenous management in relation to the success of SMEs in sub-Saharan Africa, taking Kenya and six SMEs under the management of Kenyan Africans, Kenyan Asians and Kenyan British as examples. By formulating tentative proposition about this relation after reviewing the literature, the data from these case studies are interrogated first by using a 'template' derived from theories of management control to investigate the inter-continental cultural influences on local management, and then inductively to modify and develop the propositions in view of possible intra-country influences. Paternalism, differentiating in-group and out-group organizational members emerges as a common theme in the way cultural influences are combined, and a possible success factor for local SMEs. Implications for future research in these areas and management practice are discussed.

1. Introduction

The small and medium size enterprise (SME) sector in sub-Saharan Africa is dynamic, with many examples of successful organizations (Barratt Brown, 1995; Wild, 1997). Although the business and management literature may sometimes portray Africa as a poor prospect for investment (a special issue of *The Economist*, 11 May, 2000 attests to this), and larger companies are sometimes reluctant to invest in this sub-continent, entrepreneurialism in Africa is rife. Yet little information exists about the success factors of SMEs, how they operate, and how they are managed; and far less are theories that purport to explain such success. This article, by examining six relatively successful 'indigenous' SMEs in Kenya, seeks to answer one fundamental question: *Is there a connection between indigenous*

approaches to managing and organizing, and organizational success? With the aim of better understanding this relationship, it is first necessary to unpack and understand three aspects to this question:

- How we can understand what is 'indigenous' to Africa, and what is foreign;
- How management and organization can be understood as a product of a globalization/localization, hybridization dynamic;
- How organizational success can be understood in a context where a capitalist mode of production, and the Western concept of the firm may be alien within an agrarian and communalistic setting, albeit within a dynamic of increased urbanization and individualization, and where multiple stakeholders' interests may need to be considered.

This is the project of the first part of this article: to review the literature in order to shed light on these three aspects, and to set our aims within a research agenda. The second part of the article presents an iterative approach, guided by our research agenda, interrogating our qualitative data, and further developing our conceptual and methodological model through an inductive process in order to set the research agenda for the future, as well as discussing implications for those managing these complex cross-cultural dynamics.

2. Identifying the Indigenous

It is very difficult, in the context of sub-Saharan African countries, to conceptualize and identify an indigenous approach to management, or in fact an indigenous people. For example, in the context of South Africa, the Khoisan peoples are generally regarded as the original occupants of the Southern part of the continent, although now mostly obliterated by successive Dutch and British colonists (Beinart, 1994; Sparks, 1990). The Bantu people more recently moved into this part of the continent from much further north and are now regarded as the 'indigenes' (Reader, 1997). The extent to which 'Afrikaners' established a 'tribe' within South Africa, as quite distinct to their mostly Dutch origin, could be thought of equally as colonists and as indigenes some three centuries after the first settlements were established. If indigenous 'blacks' suffered under apartheid, so did the Afrikaners suffer under British rule.

Yet to what extent can a white African 'tribe' be thought of as indigenous? Clearly Afrikaners have no other home, other than in South Africa. These issues are of course well known and contested in South Africa (Beinart, 1994; Sparks, 1990). Similar issues could be raised within the context of the UK and USA in terms of successive waves of immigration and migration, and who are the indigenes, and what constitutes 'the indigenous'.

Not only is there a problem of defining who the indigenes are, but also defining in Africa what constitutes indigenous African management. Jackson (2004) contends that what is seen as 'African' management, and often seen pejoratively in the literature, can be regarded as 'post-colonial': that is, indigenous management is often seen as centralized, bureaucratic, and authoritarian (Kiggundu, 1989), and indigenous African institutions are seen in the same light: the chief is seen through Western eyes as an autocrat and his institutions reflect this high power distance. This is a view contested by Ayittey (1991) who describes many African societies' chiefs as ruling by consensus.

Dia (1996) contends that institutions (including the firm) were imposed on African communities by the colonial powers, and remain today largely disconnected from these communities. The perception that this is the nature of African 'indigenous' management, gives rise to an argument that Western management provides both an antidote and a solution to the 'problems' of African management (Jackson, 2004). A contra-argument is that management principles should return to those of pre-colonial days, and be based on humanistic values (Mbigi, 1997). As Human (1996) suggests, this may be slightly naïve. Unravelling the 'indigenous' from the long history of colonial occupation, inter-continental and intra-continental migration and settlement is a complex project.

What can be understood as indigenous, and how indigenous management influences the success of SMEs in one Africa country, Kenya, is a central question in the current study. It involves examining the nature of the 'indigenous', providing the African context for doing so, and, using the example of Kenya and a handful of successful SMEs.

2.1 African communities and enterprise

An argument proposed here is that organizations in the 'developed world' are manifestations within the corporate context of the wider nexus of societal values. Individualistic and achievement oriented cultures such as the United States and the Anglo-Saxon countries have incorporated these values, for example, by providing a contractualized relationship within the firm. Japanese and perhaps Korean organizations reflect the wider collectivism through establishing mutual and obligatory relationships in the organization (Jackson, 2002a). This appears not to be the case in sub-Saharan Africa and other emerging economies where organizations, largely through a process of colonization, and now through neo-colonial power relationships with Western institutions, have remained disconnected from the wider society (Dia, 1996).

The evidence in sub-Saharan Africa that suggests organizations do not perform, and that there are serious motivational problems among organizational employees (Kiggundu, 1988; Blunt and Jones, 1992) may be a reflection of this disconnection between the nature of the firm and the way it is managed, and the wider societal context from which staff are drawn and within which a number of stakeholders reside.

This may have led to perceptions previously reported in the literature of the 'lazy African' (e.g. Dumont, 1960). Abudu (1986) proposes that the attitudes of Europeans to Africans in the colonial period could be ascribed to racial arrogance and a failure to appreciate the socio-economic background of the time, as well as the contrast between worker attitudes in industry and the enterprise and effort that went into private entrepreneurship. Yet reward in post-colonial management systems often does not reflect effort and initiative. Although many organizations in the private and public sectors have moved on to more performance-based, results-oriented systems driven by Western principles (Kamoche, 1992), there appears still to remain a disconnection between wider societal values that encourage both high levels of communalism and entrepreneurial endeavour (Dia, 1996).

This failure to 'capture' the wider societal values of entrepreneurship and community may have seriously hampered the development of effective, appropriate and adaptive organizations in Africa. In the meantime, entrepreneurship goes on apace in Africa, mostly beyond official gaze in the informal sector: a sector that is notoriously difficult to study, and

often comprises very small 'micro-businesses' (Barrett Brown, 1995; Wild, 1997). The existence of a vibrant informal sector in Africa indicates that the literature on entrepreneurship and enterprise in Africa is still missing a significant factor, and still searching for 'success' within a Western paradigm (the work of Dondo and Ngumo, 1998, whose assumptions are discussed below, is an example of this).

There are high levels and traditions of entrepreneurships in many African societies (e.g. Wild, 1997). Mbigi (1997, p. 32), for example, asserts that 'in Afrocentric cultures and tribes, individual entrepreneurship is encouraged, nurtured, harnessed, celebrated collectively and highly respected, almost to the point of canonisation'. Barratt Brown (1995) remarks that the real figure, for example, for intra-West African trade will be very much greater than the official statistics suggests, because of the almost equal amounts of goods that cross the frontiers illegally. Together with such entrepreneurship, high levels of humanism, collective responsibility, community self-help and mutual assistance are manifest within many African societies (Jackson, 2004; Mutabazi, 2002; Mbigi, 1997). Evidence abounds on the margins of the informal economy of the mutual self-help aspects of humanism and collectivism in the many credit unions that exist throughout Africa (Barrett Brown, 1995).

Although some authors have argued that 'African' culture is not conducive to entrepreneurship, (e.g. Dondo and Ngumo, 1998), this appears to belie the evidence. Dondo and Ngumo (1998) appear to impose a Western view of entrepreneurship when they examine the barriers of African cultural and societal characteristics to entrepreneurship in Kenya. They see entrepreneurship as a highly individualistic, wealth seeking activity, rather than a community-based activity. Hence, they see communal and collective values as a barrier because these encourage conformist behaviour and discourage individualistic wealth creation.

Within this view we suggest that SMEs may better reflect the communities out of which they grow, and therefore are more conducive than multinational companies (MNCs) to foster employee commitment as they better fit cultural expectations. Jackson (2004: 225) provides an example of this in Afriland First Bank in Cameroon, an SME that opened its doors in 1987 with the mission to 'promote a class of entrepreneurs in Africa', and to operate internally as an 'African family'. Nearly two decades on, and with 300 employees, they are struggling to maintain the levels of consensus decision making, and humanistic practices such

as accompanying colleagues to relatives' funerals for support. Mutabazi (2002:215-6) describes a SME in DRC (Democratic Republic of Congo) and ascribes its success to the entrepreneur's ability in 'harnessing the African social mentality'. For example, through 'sharing job-related knowledge and experiences among the community' friends and relatives can substitute for workers during periods of illness, and the company can draw on this pool when the demand is there.

Any definition of 'indigenous' within this context may therefore assume a fit between management/organization and community. Yet the argument offered by Dondo and Ngumi (1998) that entrepreneurs that establish small and then medium sized enterprises stand out from their communities as individualistic and self seeking individuals does not appear to fit these examples. Their view appears to suggest that entrepreneurial activity is in some way contrary to 'the indigenous'. Before examining this further, it is necessary to discuss the concept of 'indigenous' and what this might mean for managing SMEs in Africa.

2.2 Indigenous Management in Africa

Marsden (1991) describes the use of the term 'indigenous' in three ways. First is the reference to 'indigenous' people. In this sense, often applied to marginal peoples such as Native Americans or Australians, it is difficult to apply to African countries. In colonial times, the whole black population was often marginalized, and given second or third class status. The dispossessed today are a result of rapid urbanization and the breaking up of traditional agricultural rural communities and movement to the large cities such as Nairobi (Fletcher, Finlay and Crowther, 2000). The second use, in the context of 'indigenization' is more relevant following independence from colonial rule. In an attempt to transfer capital, social and political power, and jobs, black Africans were favoured in Kenya as in many other countries. This went as far as discriminating against people of South Asian descent in job opportunities (Leys, 1975/1994), and in neighbouring Uganda expelling them from the country (Sathyamurthy, 1994). Although Marsden's (1991) second use of 'indigenous' in the process of post-colonial Africanization is pertinent, it does not really explain the 'indigenous' in the historical context of migration and settlement in Africa.

His third sense of the use of 'indigenous' (Marsden, 1991) is in 'insider knowledge'. This is more in line with the way 'indigenous' is conceived in the context of this study: that of local approaches to management that reflect knowledge of the local context and local communities. Marsden (1991) gives the example of insider knowledge systems in farming. The development industry followed a phase of encouraging 'developed' world approaches to agriculture, approaches that often did not offer sustainable solutions, as well as overturning practices that had existed for sometimes thousands of years, and making local farmers dependent on foreign inputs. Similarly, in the area of enterprise management, insider knowledge may be relied on to provide sustainable solutions, which provide alternatives to imposed Western approaches. This therefore does not assume an 'indigenous people', rather a distinction between what can be regarded as 'local' as distinct from 'global' (read 'Western', but could also be 'Eastern', but has the characteristic of imposition by, or adoption of the 'foreign'). It is a knowledge of the 'local', by local people 'who know what will and will not work', to quote Marsden, (1991: 31) who suggests in the language of the Development community that 'Local "informal" organizations for production offer opportunities for marrying the development efforts of the North with the everyday realities of the South'.

Perhaps a way of linking these different concepts of 'indigenous' may be to introduce a factor of social solidarity: that is, identifying one's self as part of a local community, having its own networks and 'insider knowledge' and favouring one's fellow group members. In other words, taking a lead from the literature on collectivism, where one's identity is based in the belongingness to a social group or network (Triandis, 1990; Hofstede, 1980) to the extent that the solidarity of collectivism is target specific: aimed at in-group members, and exhibiting different behaviours and attitudes towards out-group members (Hui, 1990). Here, insider knowledge may well be guarded and kept from out-group members (as Hui's, 1990, discussion of Chinese family businesses suggests; and as the lack of knowledge on successful informal African micro-businesses suggests). Yet with successful SMEs in Africa, which are more in the public domain, we cannot assume such a 'purity' of 'insider knowledge'.

An understanding of the indigenous as 'insider knowledge' should therefore be qualified to reflect the multiple influences on the management of enterprises in sub-Saharan Africa (Figure 1). The concept of cultural crossvergence and hybridization (Jackson, 2002b)

is central to the current study, which leads us to the next stage in unpacking the assumptions in our central question, which is whether there is a connection between indigenous approaches to managing and organizing, and organizational success.

To conclude, within the current section, the meanings of 'indigenous' in the African organizational and enterprise context have therefore been examined. It would appear from this review that institutions and organizations in Africa may not reflect wider societal values and local knowledge. Yet if they do, organizations may be successful within their operating context. This leads to our first general proposition which we will seek to examine and refine by interrogating our data later in this article.

Proposition 1. SMEs, as a product of local knowledge, will reflect local context and therefore are likely to be successful within that context.

How we now understand this local knowledge and how it relates to managing SMEs amidst multiple cultural influences are now discussed.

3. Multiple Cultural Influences on SME Management

Katz and Kahn (1978: 284) use the term 'control' to convey the styles of management used as a 'bases of compliance to produce the coordinated patterns of social behaviour known as organizations'. This notion will be used to both conceptualize the product of the 'cultural' and other influences on the nature of SME management, as well as to analyse this through empirical investigation, by following the conceptualisation of Etzioni (1975) who posits three main forms of control, namely coercive, remunerative and normative as types of power usage. Etzioni (1975) hypothesized that there is a connection between effective organizations and the congruence between types of control and types of commitment expected. Hence it is postulated that when types of control are at variance to expectations of local staffs, and other stakeholders, management styles associated with particular control types will be perceived as inappropriate; and an organization is likely to be successful if it is both effective and appropriate to the context within which it operates. Types of control are also linked with different global and local influences on management systems (Jackson, 2004), as follows:

- *Coercive power* operates by being able to punish or compel through physical or other means. Authoritarian management behaviour would be part of this. The legitimacy of that behaviour may be based on political, economic or physical dominance with its source in colonial institutions representing military and economic coercion. It is likely that such coercive control mechanisms are discernable in management systems and processes that reflect a colonial past. In Figure 1, this influence is labelled *post-colonial*.

- *Remunerative power* is based on rewarding people through monetary means or withholding or supplying other tangible resources, or intangible resources related to remuneration, such as promotion. Its source in neo-colonial institutions (e.g. Ahluwalia, 2001) could be economic dominance and the proliferation of contractual work arrangements through Western style companies, as well as Western style management education. This would normally be based on an instrumental relationship between employer and employee (for example, Jackson, 2002b sees this as reflecting a view of people in organizations as a resource within the Western HRM paradigm), and on economic power. This control mechanism is more easily discernable in what is labelled in Figure 1 as *post-instrumental* or Western management systems: going beyond blatantly instrumental views of people as a resource towards a contingency approach involving both task and maintenance styles yet being results-oriented nonetheless (Jackson, 2002b).

- *Normative power* relates to the ability to use moral and symbolic influence, and is more likely to be based on obligatory or reciprocal relations and to have an emphasis on people as the major stakeholders in the organization. This may need more explanation beyond Etzioni's (1975) conceptualisation, and placed within a cross-cultural frame of reference. Jackson (2002a), for example, examines the creation of obligation and shared values within motivational systems created by corporations in Japan, and to a lesser extent in Korea. As we assumed above, such organizations are likely to reflect the wider societal values of collectivism, and have been successful in establishing shared values and commitment within the corporation (Jackson, 2002a). This is very much a humanistic and people-centred perspective. It is within this

perspective that Etzioni's concept of 'normative' control is taken here. Normative values have to be shared and internalised, and cannot be imposed. This suggests that people are involved in the corporate as people with a value in their own right (or a *humanistic* view: see Figure 1). This is distinct from a regard for people in the organization as a means to an end as in an economic contractual relation, or a coercive relation with the corporate (or an *instrumental view*). It is likely that this control mechanism is more discernable where there are *humanistic* influences (Figure 1). African countries, for example, may be enjoying a 'renaissance' of indigenous values within the management sphere. Although this is articulated in the South African popular management literature (e.g. Mbigi, 1997, and the concept of Ubuntu), there is little evidence of this currently in the Kenyan literature (a review of issues of the management journal of the Kenyan Institute of Managements attests to this).

By reference to Etzioni's (1975) categories of management control as ideal types, it is possible to conceptualize at least three possible influences on the management of SMEs in Africa: *post-colonial*, *post-instrumental*, and *humanistic* (see Figure 1). They reflect styles of management that may be identified in different combinations or hybrids. It is further possible to conceptualize these types of influences within a global power relationship, and this was alluded to above. Hence *post-colonial* (coercive) institutions and practices were primarily enforced through economic and military control; *post-instrumental* influences follow hegemonic practices of MNCs and the dominance of Western management education (Boyacigiller, and Adler, 1991, put this into historical context following WWII); and *humanistic* influences reflect an emerging African Renaissance, yet may still be embryonic and have little impact on larger company practice. As a result of this global power relationship a strong presence of Western practices may be assumed, yet mixed with local approaches. Our second general proposition, which we will later seek to examine and refine, is therefore as follows:

Proposition 2: In SMEs, Western influences will be present, alongside local approaches to management.

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Figure 1 about here

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If there are multiple 'inter-continental' or global/local cultural influences, as postulated above, on the way SMEs might be managed in Africa, so there could be multiple intra-country cultural influences which are more difficult to conceptualize as theoretical ideal types. In Figure 1 only those three possible influences have been listed that, within our discussion above, may broadly be considered 'indigenous'. These comprise Kenyan African influences, Kenyan Asian influences, and Kenyan British influences. We can consider the three inter-continental influences, together with the three intra-country influences as a matrix, impacting on each other. The possible combinations within this matrix lead to our third general proposition, which we will later refine, in three parts.

> **Proposition 3 (a)**: Kenyan African SMEs are likely to be influenced by a humanistic/people orientation based on traditional values.
>
> **Proposition 3(b)**: Kenyan British SMEs are likely to be influenced by an instrumental/results orientation due to the impact of Western management styles.
>
> **Proposition 3(c)**: Kenyan Asian SMEs are likely to be influenced by a combination of these orientations.

This impact and interpretation will take place within a power relationship to form hybrid forms of SME management. Within each hybrid form (or *case study*), products of each influence should be empirically discernable in varying forms and strengths. For example, an autocratic style of management could be identified as an aspect of a post-colonial influence. This aspect of a *coercive control*, for example, may be interpreted differently by managers from different intra-country cultural roots. This information can be gained by an inductive process of examining findings from each case.

Culture, at different levels of analysis (intercontinental or global/local, inter-country, and intra-country or inter-ethnic) is clearly a context factor rather than an independent variable as is suggested by numerous cross-cultural studies: that is, aspects of institutions, organizations, organizing and managing are manifestations of culture rather than dependent variables. For example, Goody (1994), a prominent British social anthropologist, points to the dichotomy in the American tradition of cultural anthropology between 'cultural studies'

concerned with symbols and meaning, and the social ones (social structures, organizations etc). He maintains that in the European tradition this dichotomy is not readily accepted, and has tended to treat these two categories as virtually synonymous. Certainly this is reflected in Tylor's (1871) classical definition (*that complex whole which involves knowledge, beliefs, art, morals, law, customs and other capabilities and habits acquired by man as a member of society*), and for example Firth's (1951) view where culture is seen as the content of social relations, not as some distinct entity. This is the view taken here. Other 'context factors' that may be manifested in the way SMEs are managed (successfully or otherwise), can be seen to be closely associated with culture (Figure 1). These include institutions, networks, including business and community networks; and, the interaction with community stakeholders is also important. These may all be perceived by managers as part of the constraints and opportunities of operating within the environment. They may all provide the context for the nature of the organization and management. It is the latter that can be empirically investigated, and which form the products of the processes and influences described above and outlined in Table 1. These include the operating cultures including decision making and control mechanisms, employee opportunities, and motivation systems.

In concluding this section, the above discussion has conceptualized three possible global/local influences on SME management in Africa. Through global power relations, these influences may be manifest in local SMEs in various ways. We can identify the elements by reference to the three 'ideal types'. The products of interactions between the global/local influences (post-colonial/coercive, post-instrument/remunerative, and African renaissance or humanistic/normative) and different indigenous or local interpretations (Kenyan African, Kenya Asian and Kenyan British) can only be arrived at inductively. This provides in large part the purpose of the empirical study reported later. We now turn to unpacking the last key aspect of our central question: the concept of organizational success.

4. Understanding Organizational Success in Africa

Western management culture has evolved through various significant phases: pre-industrialism (mercantilism), industrialization, scientific management, post-modernism (Sachs,

1999). African management culture appears to be following the footsteps of the evolutionary developments in Western management practices (Kamoche, 1992) as postulated above, and therefore African firms may look up to the West for management ideologies and practices, and also for criteria of success.

The evolution of Western management culture is a concatenation of experimentations. At a time, it was thought that the mechanisation and regimentation of the workplace anchored on Taylorism was an answer to organisational efficiency, and increased productivity. Inadvertently, Taylorism as a management philosophy gave birth to a capitalist system that treated people as mere input 'resources' in the mechanistic production system. In other words, the bureaucratization of the workplace augmented by Taylorist scientific management ushered in dehumanised workplace practices and exalted organizational authoritarian control and autocracy as a major means of achieving greater productivity. This may be reflected in what we previously described as post-colonial management. Nowadays, as we have seen above, that understanding is greatly challenged, especially as East Asians (particularly the Japanese) have been able to create supposedly comparable (if not more) efficient and effective competitive management practices through humanistic/collectivistic approaches to work (Jackson, 2002a). In this emergent philosophy of work, team spirit, collaborations, employees' wellbeing are all recognised as contributors to organisational effectiveness and efficiency. Western management literature, and practice, has gone through a phase of enthusiasm for Japanisation, where echoes of collectivism may be introduced to contain the hazards of individualism/instrumentalism characteristic of Western management ideologies and practices. However, collectivism is one of the very many African values that were thought to be inappropriate for organisational effectiveness in the early history of firms in Africa (Beugre and Offodile, 2001), and in the development of entrepreneurialism (Dondo and Ngumo, 1998; Morrison, 2000 also supports this supposition).

Firms do not exist in isolation but are products of their socio-cultural contexts (including institutions like corporate governance framework, viability of the market and competition). Likewise, entrepreneurship is socially embedded. The firm as a mode of production has been appropriated by different societies and peoples in different ways, which gives rise to varieties of capitalism (Hall and Soskice, 2001). In the neo-liberal capitalist

philosophy, firms are considered as market artefacts with the primary responsibility of providing decent returns to their shareholders within the 'rules of the game' (Friedman, 1962). This liberal market orientation is largely characteristic of the Anglo-American business model but less characteristic of the co-ordinated markets of Western Europe and South East Asia where business concerns traditionally go beyond shareholders to include other stakeholders such as employees and suppliers (Whitley, 1999). Jones (1999) refers to these as property right capitalism and stakeholder capitalism, respectively. In the former, firms are constructed as private actors, with private rights mainly embedded in contracts (licenses of operation), while in the latter, firms are construed as fabrics of the society with the purpose of providing some social benefits (i.e. employment, productivity, economic growth, sustainability) (Fannon 2003). Although firms in coordinated markets operate on the basis of contracts, they are expected to adhere more to the s*pirit* than the *letters* of contracts.

Africa is a latecomer to the capitalist banquet. The firm as mode of production is core to the capitalist culture and alien to African modes of production, which is largely agrarian and family-based. The firm as a mode of production is a received practice in Africa (e.g. Barratt Brown, 1995). To a large extent, it could be argued that 'the firm' is still an artificial construct that is yet to be wholly assimilated into the African socio-cultural milieu. Nevertheless, capitalism is a cultural form that has been appropriated by different nations in different ways. Indigenous management practices would therefore be a reflection of the hybridization of the capitalist and indigenous cultures, respectively. This gives rise to varieties of capitalism. The US has appropriated capitalism in its own way, as have South East Asians and the Europeans. Whether or not Africa has a unique appropriation of capitalism that could be described as African may still be open to debate.

Within this argument is the ambiguity of what constitutes 'success' for a SME in Africa. However, it is possible to tentatively propose that:

Proposition 4(a): If such an organization is truly a reflection of the local communities, its concept of success, including the way it makes decisions and its strategic orientation, will reflect the interests of a wider stakeholder group.

Proposition 4(b): If an organization is disconnected from the local communities and reflects an Anglo-American concept of capitalism, it may be more narrowly focused in

its concept of success: reflecting effectiveness, rather than effectiveness and appropriateness.

Alternatively, returning to our previous discussion of the indigenous as a form of in-group solidarity:

Proposition 4(c): If an organization is entrenched within a particular (indigenous) social group or community, success may be more narrowly conceived as reflecting the interests of that one group or community.

To conclude the current section, we are interested in an understanding of enterprise success, and to what extent this reflects the interests of different stakeholder groups. This may result from the forms of capitalism, and the nature of the firm in Africa. Although investigating forms of capitalism and the firm is outside the scope of this current work, they do appear to be reflected in the form of control used by managers (coercive, instrumental or normative) and in the appropriateness to different stakeholders of the conceptualization that an organization has of its 'success'

5. Indigenous Management and Organizational Success: Towards a Methodology

We have tried to unpack the key assumptions within our general question: *Is there a connection between indigenous approaches to managing and organizing, and organizational success?* This has now led us to a number of more specific research questions as follows:

1. **Indigenous management**: To what extent do the SMEs investigated reflect wider societal values and local knowledge, and to what extent does this drive their success?

2. **Management and organization**: How are the three indigenous influences investigated (Kenyan Asian, Kenyan Africa, Kenyan British) impacted by the inter-continental global/local influences (Coercive, Remunerative, Normative), and how will this be interpreted in the practices of managers and organizations having their roots in one of these three intra-country cultural sources?

3. **Organizational success**: What are the managers' concepts of enterprise success, and to what extent does this reflect the interests of different stakeholder groups?

If Etzioni (1975) envisaged a connection between the type of commitment sought within the organization and the type of power used, we extend this thesis to include the appropriateness of management styles (as exercising forms of control) to cultural expectations within organizations, within cultural contexts. Hence our overarching assumption, from the above discussions of the literature and Propositions 1-4, is that *management systems, styles and practices, when appropriate to the local cultural contexts, will give rise to successful organizations*.

Simplistically this could imply a match between indigenous management practices and indigenous cultural context. If 'the indigenous' were a uniform, consistent phenomenon (we argue against this above), deductive research methods could be used to test this proposition. As 'indigenous knowledge' is complex, and influenced from various sources, and, as managers will have varying levels of interpretive understanding of these sources and the way they might influence the way they manage, knowledge about the relationship between management control and successful organizations can only be gained through managers' understanding of this relationship and through inductive measures.

Through such an approach it may then be possible to formulate a number of more specific hypotheses that can be used in future research on indigenous management of SMEs in developing and emerging countries, and to provide a better understanding for managers of SME success. We have used the example of Kenya, as this has a successful SME sector, and because of the multiple cultural influences on 'the indigenous' and its complex nature. We believe however that this study has implication far beyond this one country, and provides a way of conceptualizing and clarifying 'the indigenous', and of understanding the different ways management control may be matched to local cultural expectations.

As it is discussed above, under our methodological approach, 'culture' is not seen as an independent or antecedent variable, as it is not seen as a thing or a label (as in one's 'culture'). Culture is seen as an overarching context factor that comprises different influences interacting with each other and exhibits a whole range of social, symbolic and institutional

aspects. Figure 1 attempts to capture the interactions among 'inter-continental' and 'intra-country' influences. Organizational and management factors are not seen as resulting from certain 'cultures' or cultural characteristics (e.g. Power Distance), but are seen as manifestations of culture. We can only speak of 'culture'. We cannot speak of 'a culture'. Inductive research processes can help us describe and better understand cultural influences as the context for such manifestations. They cannot provide us with a causal explanation, or a universal theory. They cannot provide us with context-free prediction (see for example Flyvbjerg, 2001). For example, the proposition that a high power distance culture gives rise to autocratic management practices is tautological. 'Autocratic management practices' is a descriptor. It is part of culture, and helps us to understand high power distance. The current study was designed as a way of describing and understanding the success of different manifestations of the cultural influences outlined above.

The fieldwork consisted of in-depth open-ended interviewing which, we believe, elicited "authentic accounts of subjective experience" (Miller and Glasner, 2004: 125), within a non-threatening, confidential and non-evaluative situation (in one company the interviewer had to ask the HR Manager to leave after he requested to be present). These interviews focused on understanding organization members' meaningful experiences and perceptions regarding the study variables.

CEO's from six SMEs in and around the capital Nairobi agreed to participate in the project. All companies were selected on the basis that they were entries in the Kenya Institute of Management Company of the Year Award and judged by their peers as successful. Three of the companies were owned and managed by Kenyan Asians, two were owned and managed by Kenyan Africans and one owned by Kenyan British and managed by Kenyan Africans (Table 1). From each company key managers and personnel were interviewed. The characteristics of the companies investigated and of the interviewees are presented in Table 1, together with summary quotations extracted from interview transcripts, following forced template coding within the qualitative analysis software NVivo on the basis of the three inter-continental influences and control types (Figure 1).

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Table 1 about here

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The interview schedule comprised questions about managers' perceptions of the operating constraints and opportunities within the country; operating culture in the organization, including decision making, control and opportunities; internal climate, including employee involvement, motivation and opportunities; management motivation, including reward and the connection between performance and reward. Interviews lasted approximately one hour, but this could be as long as two hours or longer depending on the interviewee's time, and when the point at which saturation of the data was judged to have been arrived at by the interviewers. The number of interviews in each company was largely dependent on the number of managers available during a one day visit to the company, as well as when a judgement was made about the saturation point for information among the managers.

Interviews were undertaken by the first author, and a Kenyan co-researcher. Both took written notes, and compared these after the interviews, to increase inter-interviewer reliability. The main aim was to discover to what extent our general propositions were reflected in the data, and how we might refine these propositions into more informed hypotheses that could be used in future research. For this reason an adapted and simplified version of template analysis (King, 2004) was used, which provided *a priori* thematic coding based on the three control types discussed above. Simply stated, template analysis 'involves the development of a coding "template", which summarises themes identified by the researcher(s) as important in a data set, and organises them in a meaningful and useful manner' (King, 2006). It allows for an iterative deduction/induction approach. We interrogated interview text from each of the six cases, paying attention to responses influenced by in-group/out-group relations, as this quickly became an obvious factor in the way questions were answered. For example, were we being told a different story about the control styles, organizational climate and success factors by Kenyan Asian senior managers in a Kenyan Asian company compared with middle or junior Kenyan African managers in the same company? In this way, we could identify occurrences of different management styles according to our prior conceptualization, and refine concepts in view of perceived practices, and success factors in the SMEs investigated.

6. Findings from Cases

Table 1 briefly summarises the characteristics of each SME, and provides representative samples of quotations from interviews, to illustrate predominant control styles, perceptions of operational constraints and opportunities together with success factors, and perceptions of the way management handles cross-cultural interactions. The latter was seen as important in reflecting dominant cultural influences and group interests. For example, were out-group members treated the same or differently? Control styles were analysed by focusing on the way decisions were made as well as other aspects of operating culture and climate, and perceived commitment of staff. The extent to which remunerative control styles were prevalent was also examined in the light of perceptions of motivation and reward. The nature of the perceptions of organizational success was examined in terms of how well interviewees' judged the organization was doing, as well as which aspects were stressed. The operating environment was examined in terms of interviewees' perceptions (optimistically or pessimistically) of opportunities and constraints.

Electco[1], a Kenyan Asian owned and managed SME, appears to be successful from the perspective of the visitor who is taken round an ultra-modern factory. From the perspective of both Kenyan Asian (in-group) and Kenyan African (out-group) managers, the organization is successful because of taking care of staff, never having to retrench, and because of the focus on customers. In Table 1, the examples given suggests that the Asian group emphasises multi-skilling and customer care, whereas the African group emphasises staff care. In light of considerable domestic constraints, the company is doing well, and taking advantage of expansion in the East African region. Although there is a move towards performance related reward, the connection between performance and reward still appears to be vague and somewhat at the behest of the managing director (CEO). Perceptions of the way decisions are made 'from the top down' reflect this. A coercive style appears to be tempered by a differentiated 'paternalistic' approach: distinguishing between in-group favouritism and benevolence aimed at out-groups. So while '*there is a well defined hierarchy and structure…There are equal opportunities ... but not perhaps up to top management*' is also

complemented at the lower levels by 'If *there is a vacancy our families are given first choice'*. The latter comes from a junior African manager. This benevolent approach is also reflected generally in the care taken of employees as *'..employees are given vouchers, monetary rewards, certificates for services rendered..'* and that '*Everyone is happy'*. This general perception of employee wellbeing is reflected in both in- and out-group members.

Plastico, although again a Kenyan Asian firm, is quite different to Electco. Walking into the factory gives an impression of labour intensive, almost sweatshop conditions, with temperatures in the paint shop under the roof space reaching uncomfortable levels in hot weather. The interviewers were also under the impression that because the company was pursuing ISO (International Standards Organization) quality accreditation, it had 'promoted' large numbers of very junior supervisors to the rank of 'manager'. Yet the managing director (CEO) was extremely honest about the shortcomings of the company and conditions, and was keen to get advice to change things. Yet this SME may still be considered as successful from a market position. Hence, *'...we are still maintaining our market position'*, and '*We are getting good feedback from customers'*. This was from the perspective of Kenyan Asian managers. Yet from the perspective of a Kenya African junior manager, *'..The company is not doing enough for workers considering the way it is expanding'*. There may be big differences in this company between the interests of in-group and out-group members. All agree that decisions are taken at the top (and we have classified the company as exhibiting a coercive control style), yet managers from the Asian group were asserting that decisions are fully discussed in meetings with employees; African junior managers were suggesting that there is no room for disagreement with top managers, reflecting a coercive style (Table 1). Motivation is variable, and one manager suggests that it is adequate among permanent staff. The presence of a sizable body of temporary or casual workers appears to be a feature of the three Kenyan Asian companies in this study. This to a large extent safeguards the jobs of permanent staff when there is a need to lay off workers. In this way, a 'paternalistic' care of both Asian and African employees is maintained.

Yet within Plastico there does appear to be considerable difference in the care afforded to in-group (Asians) as opposed to out-group (African) members. Hence, from an Asian manager '*The Company took me as a family member. They are ready to solve my problems'*;

and from an African junior manager '*There is no hope in going up in the organization. Here, if you are made a manager they expect something from you. You cannot expect anything from them*' (Table 1). This, again, is reflected in the way cross-cultural relations are perceived. So, from an Asian director '*We are trying to make an international management*', and from another Asian manager '*Everyone is working together…as a family*', to two African managers: '*We need to mix. This isn't happening*', and '*The management don't understand much about Africans*' (Table 1).

Finally, in Plastico, there appears to be a difference between intentions and practices. Hence, '*Performance appraisal is carried out each month..*' from an Asian manager; and, '*I have never seen an appraisal system*', from a junior African manager. In effect, there appears almost to be two different parallel organizations. The intention is to move over to a more directly remunerative control style (perhaps prompted by ISO specification), whereas the organization remains firmly having a coercive control.

Vegeco, the third firm researched, has won a number of prestigious national awards including the Kenya Institute of Management's Company of the Year award on successive occasion. When the interviewers made a preliminary visit to the company, the national television channel was on site filming a programme that featured the company. The company appears to have made tremendous strides in the preceding few years to move from a coercive and paternalistic oriented management style, to a remunerative one. When one junior African manager (an out-group member) says '*Performance appraisals are regular. The eventual ranking/rating has a direct correlation with salary percentage increases*', we take this at face value (Table 1). Yet despite Asian senior management taking the view that '*..employees are free to suggest without fear*' and that '*Teams brainstorm on ideas and eventually come up with consensus decisions*'; this must also be seen in the light of one African manager saying that the organization is hierarchical and that '*..low impact decisions are made at lower levels*', and another saying '*…There is a supportive attitude by superiors that gives confidence*'. The old coercive style may still persist, together with the 'paternalism' reflected in '*..free meals and transport*' , and '*A well managed cooperative society to help employees with loans*'. Despite differences in social relations between Asian and African, this does not appear to be too deeply reflected in '*..company performance*', as one African manager observes. By

borrowing from Western, Japanese and India principles and practice, managers generally agree on the success of the company, which involves '*building a learning organization with a marketing orientation*'.

Oilco, a Kenyan Africa company appears to have a certain success in terms of recent expansion, amid strong competition. It overtly exhibits a coercive control style based on family ownership, tempered by a 'paternalistic' attitude from the manager director (CEO) who appears to have a strong social conscience. Not included in Table 1, the managing director said '*I don't look at this as just a business, but what can we do to alleviate unemployment in Kenya. We take problem cases such as unemployed students, those involved in drugs who we are trying to rehabilitate..*'. This paternalistic or benevolent approach is reflected in his saying (Table 1) '*I like to look at people as my children (they are the same age as my children)*'. There certainly does not appear to be in-group/out-group differences based on ethnicity, but rather on family relations. Hence from one manager, '*We are managing but we are not involved. Things seem to be changing, as family relations used to affect us*'. Again, as with other companies, appraisal appears to be an ideal, where top management says it exist, and junior managers say it does not. Despite the managing director asserting a Western results oriented approach, this appears not to be the case. It appears to be driven by a need to stay in business, while providing benefit first to the proprietorial family group, then to members of the African communities whose members they appear to be keen to help.

Vehico is an African managed company, where managers all are non-Kikuyu (Kikuyu is the dominant African group in private enterprise). Although in business for a long time, there is a perception that through rigid structures and a lack of flexibility among managers and key staff, the company has not been doing as well as it could. The general state of the domestic economy (Vehico sells motor vehicles) is seen as a major constraint, but the East African region is seen as an opportunity. The government is seen as a major stakeholder, as it holds contracts with it, and '*We are influenced by the government*' in terms of management practices. This is also a company that appears to be moving from a coercive control orientation to a remunerative one. However, there also appears to be a motivation towards a more normative control orientation. This is particularly reflected in the shared views on climate and commitment (Table 1). Although it is accepted that because of limited growth

there is little opportunity for promotion, there is a view that '*We are becoming more like a family*'. There is an emphasis on '*..team management*', and a downplaying of the value of appraisals and reward based directly on performance. Commitment is high despite organizational performance difficulties, and a feeling that '*Everyone is involved in the company*'. There is also a view that despite the past where this was not the case, '*everyone must be involved in the company*', and that generally now '*There is a lot of employee empowerment*' and '*We encourage teamwork through which employees participate in decision making*'.

Pumpco is owned by a Kenyan Briton, yet its senior management are Kikuyu. Their control orientation appears to be remunerative ('*There is a direct relationship between reward and performance*' according to HR manager), and their perceived success is market oriented. Hence '*We are the market leader and competition doesn't worry us*' (Table 1). Yet the perception of reward being related to performance isn't shared by everyone. A non-Kikuyu manager remarks that '*Reward could be related to performance, but I have my reservations*' (Table 1). It would seem that there are still vestiges of a coercive control orientation: '*The organization is traditionally hierarchical. We are moving away from that to be more team based*'. Again, as with other organizations in this study, there appears to be differences in perception between the dominant 'in-group', and those not so favoured. So, despite efforts to involve people more, one Kisii (one of the smaller ethnic groups) manager observes that '*There are three teams: top, middle and people at the bottom*' (Table 1). He also comments on equal opportunities: '*..I have my reservations. I don't know how to put it. I don't think there are real opportunities. There is some degree of favouritism*'.

7. Discussion

This study did not start by searching for instances of in-group/out-group differences, nor of paternalistic management. Yet these have become key features of our findings, which appear to link the six case studies. They also appear to provide fresh insight into the connection between the appropriateness of indigenous management and SME success in a local context. They therefore also appear to modify and refine our five general propositions. In addition, they may shed further light on the study of paternalism (as a means of control in

Katz and Kahn's, 1978: 284, use as a 'bases of compliance to produce the coordinated patterns of social behaviour known as organizations', and in its absence from Etzioni's, 1975, schema) in connection with in-group/out-group relations, and (more tentatively) the connection of entrepreneurial activity with collectivist and individualistic societies. We will start with the latter first.

The literature does not suggest a direct relationship of entrepreneurialism with either individualism or collectivism (Gelfand, Bhawuk, Hise Nishii and Bechtold, 2004), yet there is an indication that a combination of collectivist and individualist traits may enhance entrepreneurial success. Bhawak and Udas (1996) argue that the individualist concern for creativity and innovation are important characteristic of successful entrepreneurs, but so are the collectivistic ability to gather people together and foster commitment and sacrifice. In support of this Morris, Avila and Allen (1993) in a study of 84 firms found that entrepreneurship was highest under balanced conditions of individualism and collectivism, and less so in highly individualistic or collectivistic contexts. In this respect Kenya appears to be a fertile milieu. Nyambegera, Sparrow and Daniels (2000) for example find a mix of individualist and collectivist characteristics among Kenyan employees from eight multinational firms. Their results indicate that Kenyan employees value both group and individual welfare, but group welfare is more highly valued. At the same time they strive to achieve goals and work hard if well rewarded. The mixed orientation between collectivism and individualism is also supported by Kamoche (e.g. 2001), yet both these works do not distinguish different ethnic groups in Kenya, merely citing multiculturalism as a context factor. Other literature suggests that Kenya is a fertile breeding ground for entrepreneurial activity both before colonialism (Wandiba, 1992) and since decolonization (Leys, 1975; 1994).

Our findings suggest that these SMEs are entrenched within the 'indigenous' community in the sense that they largely reflect the interests of the in-group collective or dominant management/owner group, and that also they seek to provide some benefits to the wider community through employment and help towards needs such as transport and food. Hence the managing director (CEO) of Oilco, while primarily taking care of the interests of the proprietorial family group, sees a sense of duty to the wider (African) community; Electco provides good benefits and care for its workers, yet differentiates between its Kenyan Asian

management group and African workers; and, Plastico, despite apparently fewer financial resources, provides transport and other benefits for its workers and junior managers, while providing more commitment (and expecting more commitment back) from its senior managers with family connections. Vegeco appears to operate in a similar fashion, yet seems actively to minimize the distinction between the dominant Kenyan Asian group and the prospects of Africans within the company. Pumpco is also addressing the favouritism shown to Kikuyus within the company. It is only Vehico which takes a more impersonal approach to management, and does not appear to favour a dominant group, and does not exhibit the levels of paternalism of the other companies.

Proposition 1, which suggested that SMEs, as a product of local knowledge, will reflect local context and therefore likely to be successful within that context, appears to be largely supported in the way these SMEs operate and integrate into the local context. Yet this has to be modified also by taking account of the differentiated interests reflected in propositions 4 (a-c). There appears no support for 4(a) in that these SMEs are not reflecting directly the interests of a wider stakeholder group, rather a narrow stakeholder group or community, as suggested by 4(c). Neither is there support for 4(b) as these organizations are not disconnected from the local communities, and do not directly reflect an Anglo-American concept of capitalism with a narrow concept of success reflecting just effectiveness. The concept of success for these organizations appears to represent, firstly, more direct benefits to the dominant in-group. This is not reflected in mere profit, but also taking care of extended family members (in all but Vehico and Pumpco). Hence the manager in Plastico who told us '*The company took me as a family member. They are ready to solve my problems…*' reflects this. It also appears to involve, at least a stated concern for the wider African community, in that the management of workers reflects a paternalistic style (a concern for workers that reflects a belief that the manager, normally the CEO, knows what is best for his workers' wider interests in connection with gaining their commitment and loyalty, so not reflecting the direct interests of these groups: cf Aycan, 2006). This does not always have the intended consequence of gaining commitment from these out-groups. Hence in Plastico a belief by junior African managers that '*There is no hope in going up the organization…*', and '*The company is not doing enough for workers..*'; and in Oilco '*People stay because they have a*

lack of opportunity elsewhere' so indicates a continuance commitment to the organization rather than an affective one.

Future research should more fully investigate this differentiated integration into the local context, and how it is reflected in the idea of success. Hence:

Proposition 5. SMEs that are indigenous to a local community will be both a product of, and reflect insider knowledge from the immediate community as in-group and directly reflect the interests of that in-group in concepts of organizational success; it will further define the interests of wider communities as out-groups (in a benevolent way) and include these interests within its operations and ideas of organizational success.

The context, as discussed above, appears to be a mixture of collectivism (reflecting in-group/out-group interests) and individualism. The latter is articulated in the six case studies by expressing a movement towards Western approaches to management, and an apparent movement on the part of Power Techniques, Vegeco, Vehico and Pumpco towards more remunerative control styles. As well as indicating a mix of collectivism and individualism that may be conducive to entrepreneurialism, it also supports our Proposition 2, of the presence of Western influences along side local approaches. As the discussion above suggests, dominant styles present a differentiated paternalism that is not generally a feature of Western management. Propositions 3(a-c) appear to be too simplistic in differentiating Kenyan African, British and Asian SME management styles. The Kenyan Asian companies appear to be the most paternalistic, together with the African firm Oilco where the CEO says '*I like to look on people as my children..*'. This is in line with Aycan's (2006) review of the literature, including paternalism applying to Pacific Asian countries such as India, and Janjuha-Jivraj and Woods (2002) review of Indian companies in Kenya and Britain. Aycan's (2006) extensive review does not produce examples of literature on paternalism in African firms in Africa. Yet this may simply be a lack of literature, rather than concluding that African firms are not paternalistic. Certainly Aycan's (2006) suggestion that paternalism is conducive to both collectivistic and high power distance societies ring true for the former, but not the latter for African societies where Ayitter (1991) provides a case for concluding pre-colonial African

societies were largely consensual rather than hierarchical, and that hierarchy only came with colonization. Clearly this is another area ready for research.

Although Aycan (2006) makes the distinction between benevolent and exploitative paternalism, she does not make a distinction between in-group and out-group paternalism. This is a distinction that the findings from our study suggest. With in-group paternalism, where the interests of family members are taken care of (for example in Plastico), an assessment by the employer of best interests of the employee might be more accurate than with out-group focused paternalism, where a junior African manager in Plastico can say '*The management don't understand much about African*'. In Electco, lunch provided to the predominantly African workforce reflected the vegetarian fare of the senior management Asian group, and did not find favour with the Africans. Out-group focused paternalism may not therefore foster employee commitment from out-group members. Pumpco, as a Kenyan British owned, yet Kikuyu managed firm does not present such high levels of paternalism although favouritism has been shown to Kikuyu staff and potential staff.

A proposition that may be tested in future research, and which reflects the above discussion and modifies Propositions 2 and 3 may be formulated as follows:

> **Proposition 6**. **(a)** Western influences on SMEs are modified, to varying degrees in Kenyan Asian, African and British run firms, by paternalistic control styles of management that differentiate between in-group and out-group members. **(b)** In-group focused paternalism better reflects the interests of that group and therefore is more effective in instilling employee commitment than out-group focused paternalism which may not directly reflect the interests of out-group employees.

8. Conclusions

In theoretical terms Etzioni's (1975) control types appear inadequate in describing management styles in SMEs in sub-Saharan Africa. Although a good starting point, a more thorough conceptualization and understanding of paternalism in the context of in-group and out-group members of various proprietorial and management 'indigenous' groups must be sought in order to clearly untangle and make sense of the multiple influences on the success of SMEs in Kenya, in sub-Saharan Africa, and in other developing regions. We have used

'indigenous' in the sense of insider knowledge that fits (albeit differentially) into a local community. This embraces a concept of in-group in relationship to wider communities or out-groups. This distinction is always going to be present in sub-Saharan Africa, and other developing area, no matter which community one chooses to represent the 'indigenous': e.g. Asian, Kikuyu or British.

For managers, perhaps the most important aspect is ensuring organizational success, in terms of the fit that the organization has within its social environment, and in terms of the recipients of the benefits of that success. Organizational management in our case studies appear to fit, first with the immediate proprietorial group in a paternalism that reflects in-group favouritism, and secondly shows a benevolent regard to out-group members who are part of the wider community. 'Indigenous' in this sense involves fitting in with the 'local'. Success appears to be defined by reference first to the in-group, and secondly by benefits to the out-group or wider community. This has limited effectiveness in gaining employee commitment among out-group members, where differential treatment or regard appears to be a problem. Managers of SMEs should perhaps be aware of this issue in fostering means of bringing out-group members more fully into the organizational structure of benefits, reward and career management. Differentiated paternalism, however, does appear to generally work towards successful and sustainable organizations, if we are able to judge by considering these six companies. International managers, who manage companies in Africa, could also learn from the success of these SMEs in more purposely employing management styles and means of control that are conducive to local expectation.

The main contribution of this study has been to examine 'indigenous' management in relation to organizational success, and to find evidence of local managers combining different cultural influences (rather than purely adopting Western management approaches) in a differentiated form of paternalism targeted on both in-group and out-group members. We believe this has implications for the direction of future research in both SME management in developing countries and the concept and influence of the 'indigenous; and, to the future study and conceptualization of paternalism as a means of management control.

End Notes

1. Pseudonyms have been used for the companies to protect their identities.

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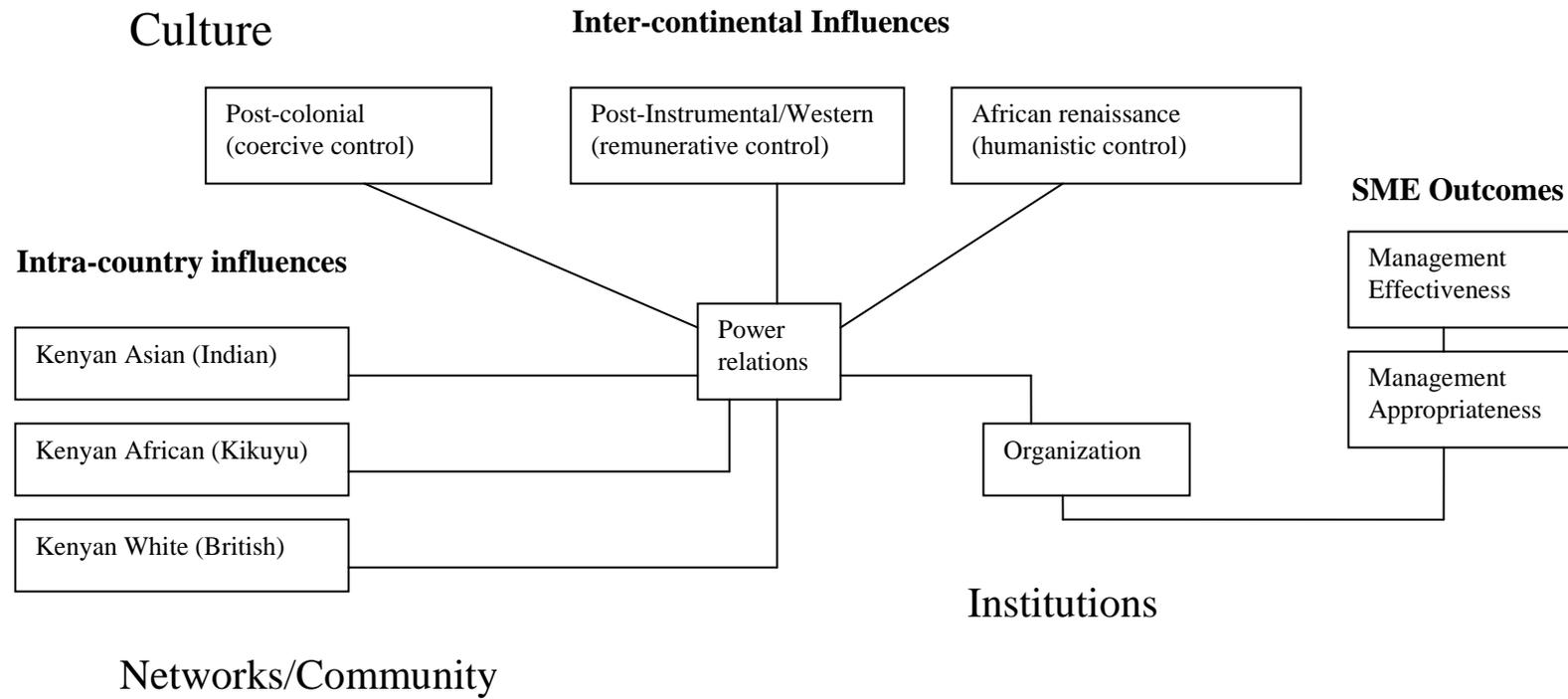Figure 1. Proposed relationships between culture, institutions and networks/community

Culture

Inter-continental Influences

| Post-colonial (coercive control) | Post-Instrumental/Western (remunerative control) | African renaissance (humanistic control) |

SME Outcomes

Management Effectiveness

Intra-country influences

Kenyan Asian (Indian)

Power relations

Management Appropriateness

Kenyan African (Kikuyu)

Organization

Kenyan White (British)

Institutions

Networks/Community

Table 1. Characteristics of the companies investigated and examples from the interviews

Company	Operating Culture	Climate and commitment	Motivation and reward	Cross-cultural Management	Success Factors	Constraints/ Opportunities
Electco Electrical manufacturers and suppliers *Est.* 1982 Employees: 160 *Ownership/Management* Kenyan Asian Interviewed: 7 managers including Managing Director (Asian): all Asians (one Muslim), and 2 Africans (Akamba and not specified) *Dominant Control Style* Coercive	'Decisions are from the top down…We have workshops with employees who make suggestions … There is a well defined hierarchy and structure. .. There are equal opportunities.. but not perhaps up to top management'.(Asian) 'People have to make their own decisions – they are free to make decisions.. Basically we work in a free atmosphere…If there is a vacancy our families are given first choice (African: junior manager)	'There is an open door policy' (Asian) 'Everyone is happy' (African: HR manager) 'Employees are highly motivated – they don't complain' (African: junior manager). 'The motivation is there… employees are given vouchers, monetary rewards, certificates for services rendered… employees are promoted up, (Asian) 'The environment is always friendly. There is always support' (Asian)	'If you do well you are rewarded' (Asian) 'We are starting to carry out appraisals. Bonuses are paid for company and team performance, not for individuals'. (African: HRM manager). 'Rewards are directly related to performance. If you do something wrong, and it is intentional you are given a second chance. I do not know how bonuses are given' (Asian)	The company is owned by Kenyan Asians. But we have employees from all over, but the top management is the one that will influence.. we don't eat meat in the canteen, because top management don't eat meat' (African: HR manager) 'Everyone is mixed, and everyone gets along' (Asian)	'There is multi-skilling in the company and doesn't depend on one person. I can call on the MD 24 hours a day' (Asian) 'We take care of customers' (Asian) 'The company is growing and taking on more staff…they have never had the need to retrench staff, even during power failures of last year' (African)	Constraints: 'The economy, restricted purchasing power' (Asian) 'Low computer literacy' (Asian) 'Cost of maintaining healthy employees' (African: HR manager) 'Power failures' (African) Opportunities: 'Expansion in E Africa' (Asian) 'Company is making good money' (African: HR manager)
Plastico Plastic mouldings manufacturers *Employees*: 200 *Ownership/Management* Kenyan Asian *Interviewed*: 8 managers, including Managing Director (Asian): 3 Kikuyu, the rest Asian) *Dominant Control Style* Coercive/ paternalistic	'If people are doing a good job we upgrade them. Decisions are made by top managers, and then we have a meeting and discuss how to do this. If people don't perform they are given a lower job' (Asian: Director) 'The operating culture is not very effective. We have different cultures. Decisions are made at the top. Mostly top managers decide, we can't disagree with decisions' (African: junior manager) 'Promotion is done by top management. I would like the promotion to come from below.. work morale is low' (African: junior manager. 'Decision are being taken at the top' (African)	'There is involvement – people will come and complain to supervisors if they have a problem' (Asian: Director) 'On motivation there is room for improvement. The company is trying to ensure that people are promoted if they perform'. (Asian) 'Motivation is low, because of casual way of working (about 24 of my subordinates are currently casual workers).Motivation is higher among permanent staff' (African; junior manager).	'The company took me as a family member. They are ready to solve my problems. I am willing to work hard until the problem is solved, even staying later at night' (Asian) 'There is no hope in going up in the organization. Here, if you are made a manager they expect something from you. You cannot expect anything from them'. (African junior manager). 'Performance appraisal is carried out each month…employees targets are checked every month' (Asian) 'I have never seen an appraisal system' (Africa: junior manager)	'Top management is Indian.. the way the company is managed. I would like to see this changed, by mixing the different talents' (African junior manager). 'We are trying to make an international management style' (Asian Director). 'Everyone is working together. .as a family'. (Asian) 'We need to mix. This isn't happening (African junior manager) 'The management don't understand much about Africans.' (Africa).	'With excess effort we are still maintaining our market position, and with extra sales force we are meeting our targets' (Asian) 'We are getting good feedback from customers and boosting our sales' (Asian) We are heading towards ISO. There has been improvement in quality' (African) The company side is doing well. On the workers side, it is not doing much better. The company is not doing enough for workers considering the way it is expanding (African: junior manager)	Constraints: 'People are scared of investment…and therefore the storage of goods is being reduced, because people are scared of insecurity' (Asian) 'The economy is a problem affecting orders, with no regular work, so we employ numbers of casual people when needed. This affect the quality of work' (African) 'If we have training, this will provide opportunities'. (African)

Company	Operating Culture	Climate and commitment.	Motivation and reward	Cross-cultural Management	Success Factors	Constraints/ Opportunities
Vegeco Vegetable oils manufacturers *Est.* 1970 *Employees*: 200 *Ownership/Management* Kenyan Asian *Interviewed*: 6 managers (4 Asian and 2 Kikuyu) *Dominant Control Style* From Coercive to Remunerative	'A consultative decision-making process. A lot has changed in the last three years…employees are free to suggest without fear. Teams brainstorm on ideas and eventually come up with consensus decisions.. with a sense of ownership' (Asian senior management) 'Hierarchical – low impact decisions are made at lower levels' (African middle manager) 'It is a friendly culture…There is freedom of decision making… There is a supportive attitude by superiors that encourages and gives confidence (African junior manager)	'. Each person is required to train two other persons and equip them with the capacity of replacing him. This has been found to be motivating in this fast growing company' (Asian senior manager) 'Motivation is good given the free meals and transport to and from work and product gift packs. A well managed co-operative society helps employees with loans' (African middle manager). 'Job security feeling has gone up due to company growth despite the national economic recession'. (Asian senior manager).	'The pay is relatively high' (Asian senior manager) 'Everybody is made to feel important: eating together' (Asian senior manager). 'Benefits are competitive'. (Asian senior management) 'Good pay, responsibility and promotional opportunities' (Asian senior manager) 'Performance appraisals are regular. The eventual ranking/rating has a direct correlation with salary percentage increases' (Africa junior manager).	Management principles are Japanese and Western and has borrowed best practices from Western, Eastern and Africa, But the scales tip a bit towards the East, given the heavy Indian presence' (African junior manager). 'Inter-ethnic relations were an issue up to about 1988, some employees felt there was favouritism towards the Asian and then the Kikuyus.' (Asian senior manager) 'There is not much socialization across the two races.. but this does not affect company performance'. (African middle manager)	'The company is now "open for business" 24 hours a day, 365 days in the year since customers shall be ordering on the website. The sun no longer sets on Vegeco' (Asian senior manager) 'The company aims to be number one in Africa by 2030' (African junior manager) 'Building a learning organization with a marketing orientation', (Asian senior manager)	Constraints 'Fluctuating currency exchange, broken down infrastructure, especially roads, telephone and railways. Corruption is a burden on business's shoulders' (African middle manager) Opportunities 'Tremendous! Kenya is a gold box for business in Eastern Africa. Stategically positioned to capture African markets'. (Asian senior manager) 'The climate, the hardworking, educated people are an assets' (Asian senior manager)
Oilco Oil products distributors *Employees*: 30 *Ownership/Management* Kenyan African *Interviewed*: 4 senior managers including Manager Director (Kikuyu). One was female, one was non-Kikuyu. *Dominant Control Style* Coercive/paternalistic	'Decisions are democratic. Every manager is responsible for running their department.. But I like to be informed'. (African Managing Director) 'We are managing but we are not involved.. Things seem to be changing, as the family relations used to affect us.' (African senior manager) 'There is a consultative meeting. People can come out with an idea and it can be supported. ..Controls are there but they are not rigid'. (African senior manager)	'I like to look on people as my children (they are the same age as my own children). We realize the economy is hard, so we have arranged benefits, e.g. meals at lunch time are subsidized'. (African Managing Director) 'We don't have turnover, people stay a long time. As managers we look after the welfare of employees.'. (African senior manager) 'For promotions, there is no room for movement.. Pay is generally good compared with other companies'. (African female 'senior' manager)	'Company achievements motivate managers, as we grow. I ..feel proud and want to stay another year.'. (African senior manager) 'People stay because they have a lack of opportunities elsewhere.'. (African senior manager) 'Salary raises are not predictable'. (African senior manager). 'After the appraisal system we will rank every employee. Pay is directly related to the process. (African Managing Director) 'We are not appraised annually on performance'. (African female senior manager)	'We tend to follow the Western approach of results oriented. We should look at ourselves as Kenyans, not from a tribe. We have all tribes here. The only influence in recruiting would be to get a person from a tribe we don't have'. (African Managing Director) 'People are working harmoniously' African female senior manager) 'We don't recognize we have different ethnic people. We work as a family. We have about four ethnic groups. They are all Africans. (African senior managers)	'There has been tremendous growth. We are expanding our computerization of the company. We still have the room to grow and expand. We started with 3 employees and now have 30'. (African Senior manager) 'We are trying to improve on our efficiency otherwise we will not be operating. Going more towards fuels as a major focus'. (African 'senior' manager'	Constraints 'The economics part of it is a problem. To sell goods is a problem. This is also affected by the competition. They are all selling petroleum products'. (African senior manager) 'The job market is so bad. We can't recruit' (African senior manager) Opportunities 'The opportunities are the knowledge, skills, and having a multinational company [Mobil] behind us' (African Managing Director)

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Vehico Vehicle manufacturer *Est.* 1974 *Employees*: 120 *Ownership/Management* Kenyan African Interviewed: 3 senior African managers all from non-Kikuyu (Luyha and Luo) *Dominant Control Style* Coercive – towards remunerative/normative	'There is a lot of employee empowerment. This has not been the case in the past. We encourage teamwork through which employees participate in decision making, but still the level of confidence is low'. (African senior manager) There is now a open environment where different views are accommodated. Yet there is a need to empower people more. The management also needs to be given more autonomy from the owners (African senior manager) 'Everyone must be involved in the management of this company'. (African senior manager)	'There is a very warm operating culture. It is also open and review of work is done by groups... This has increased the level of motivation. However there are limited opportunities for promotion because of limited growth'. (African senior manager) 'Everyone is involved in this company. We are becoming more like a family'. (African senior manager). 'The motivation is relatively high though there are no opportunities for promotion since business wise the company has been doing very badly It is now that things are slowly improving'. (African senior manager)	'Managers are now motivated by freedom to make decisions and implement them. There is also an open office policy so no feeling of favouritisms as used to be the case.' (African senior manager) 'There is good pay, commitment and recognition, there is hope that things will improve' (African senior manager) 'Our performance appraisal is not tied to rewards, we are more concerned about developing the work'. (African senior manager) 'Appraisal has not been very successful because of the emphasis on team management'. (African senior manager)	'The management here is mainly western. African culture also plays a significant role We are also influenced by the government'. (African senior manager) 'I have not noticed any ethnic animosity since I joined this organisation, although there is need for training to handle other cultures'. (African senior manager)	'We are trying to diversify, but a need to change the structures to enable us to move faster.' (African senior manager) 'There is a need for training to increase flexibility since bureaucracy has created a lot of rigidity' (African senior managers) 'The company has been doing very badly…things are slowly improving'. (African senior manager)	Constraints 'The legal structure governing the motor industry, expensive raw materials, the cost of electricity, the political climate which is uncertain are all problems' (African Senior manager) Opportunities 'There is potential for growth if the economy increases' (African senior manager) COMESA provides good opportunities for market expansion to other African countries' (African senior manager)
Pumpco Water pump engineering and distributors *Est.* 1946 *Employees*: 125 *Ownership/Management* Kenyan British (African managed) Interviewed: 6 managers, including Managing Director (Kikuyu). The rest Kikuyu except one (Kisii) *Dominant Control Style* Coercive/remunerative	'Decision making: in part, is very centralized.' (African senior manager) 'Decision making is sometimes top down, sometimes down up. I basically make my own decisions, alone when there isn't a cost…….'. (Kisii middle manager) 'A deliberate attempt to decentralize. So half and half – a bit confusing. We are trying to address this.' (African senior manager) 'The organization is traditionally hierarchical, we are moving away from that to be more team based'. (African senior manager)	'Employees are very happy. They're well remunerated. They get involved through planning meetings. ..guided by the CEO'. (African HR manager) 'People didn't feel they were involved. Now the MD involves people in a 'bawaza' [assembly]. He consults'. (African senior manager) 'Everybody has made a contribution to the company plan.. Still a feeling that the boss knows the answers.' (African MD) 'There are three teams: top, middle and people at the bottom' (Kisii middle manager	'There is a distinct relationship between reward and performance. .. there is an appraisal once a year. If you perform well you get an increment.' (African HR manager) Reward could be related to performance, but I have my reservations.' (Kisii middle manager) 'Depending on success of the company at the end of the year, bonus is given to everyone. It is not necessarily linked to individual performance'. (African senior manager)	'Equal opportunities: I have my reservations. I don't know how to put it. I don't think there are real opportunities. There is some degree of favouritism.. (Kisii middle manager) 'There was a concern that we were all Kikiyus in the management team. We are trying to get others in.' (African senior manager) 'We have had in the last 4 years a deliberate policy of not taking Kikuyus unless they are women'. (African MD)	'We are the market leader and competition doesn't worry us. And our products are the best on the market'. (African HR manager) 'The general direction is to expand geographically' (African senior manager) 'The company is very efficient. But we don't have a good sales focus. We are too inward looking.' (African MD)	Constraints 'Infrastructure: road network, telephones; political, government doesn't give us much. Educational levels are low, this is a constraint. There are limited resources.' (Misii middle manager) Opportunities 'There is a demand. It does exist. Although the purchasing power is limited, a willingness to buy. We have the natural resources of the land that if well used will benefit the country'. (Kisii middle manager)