

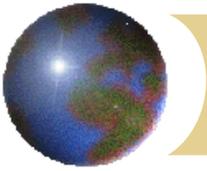
Cross-cultural Management and the Informal Economy in Sub-Saharan Africa

Implications for Organization, Employment and Skills Development

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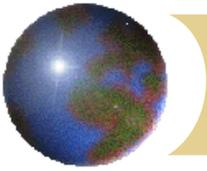
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Cross-cultural management, Africa and the Informal economy

- ✦ Why the informal economy is important
- ✦ Informality and policy
- ✦ Informality, employability and skills
- ✦ Towards a cross-cultural understanding of organization and activity in the informal economy
- ✦ Implications for research



Why the informal economy is important in Africa

✚ Estimated size:

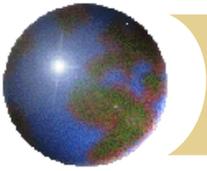
- ✚ Average 42.3% of gross national income (nearly 60% in Nigeria, Tanzania and Zimbabwe) (ILO, 2002).
- ✚ Appears to be expanding and permanent (SIDA, 2004)

✚ Estimated employment:

- ✚ 72% of total employment (78% excluding South Africa) (ILO, 2002);
- ✚ 93% of new jobs created in Africa during the 1990s were in the informal sector (Chen 2001);
- ✚ Informal employment in Kenya and Uganda exceeded that in the formal sector, and in Ghana 89% of the labour force in the informal sector, 94.1% in Mali (ILO, 2002)
- ✚ Mostly employed in retail (70%)

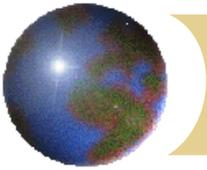
✚ Its nature and function:

- ✚ Provides goods and services (often when the state doesn't – e.g. transport) mainly for low-income consumers (Barratt Brown,1995; SIDA, 2004)
- ✚ Low income families can defy the implications of such low recorded GDP per capita figures and actually survive (Barratt Brown,1995)
- ✚ Absorbs labour (significantly women) from limited capacity and failings of formal sector (SIDA, 2004)
- ✚ A way of resisting and even politically challenging state predatory rule and its capacity to repress individual initiative (Cheru, 2002)



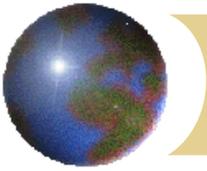
Why the informal economy is important to cross-cultural research

- ✦ Some claim entrepreneurial activity is dampened by traditional African culture, (Dondo & Ngumo, 1998)
- ✦ But: 'a closer look at the informal sector in Africa provides a glimpse of what could be achieved if Africa's economies and financial policies were more attuned to the continent's everyday realities' (Cheru, 2002: 49)
- ✦ A distinction can be made between the post-colonial legacy of state and formal institutions and organization, and community-based activity and organization.
- ✦ In search of 'authentic' African organization/management, closer to community.
- ✦ And: 'Economic informality is central to the world economy, but it remains largely unexamined..... Informal businesses are difficult to study, but this does not absolve business researchers from attempting to do so especially in parts of the world such as Africa where they are the predominant organizational form' (Khavul et al., 2009: 1220).



Informality and policy

- ❖ Dualist (marginalist) and non-dualist (structuralist) –
 - ❖ Policy has alternated over the years with again a dualist approach in the ascendancy (Potts, 2009; Debra, 2007)
- ❖ Informal economy associated with marginal activity and survival strategies and under-protected employees (Debra, 2007)
- ❖ But, failure of 'modernizing' development strategies and inappropriateness of organization and management introduced during colonial and then neo-colonial times within the formal economy (Jackson, 2004)
- ❖ Evidence in local NGO sector in South Africa that CBO/NGO organization closer/appropriate to staffs' community culture (Jackson and Haines, 2007 and Jackson 2009) – **Situation in informal sector?**

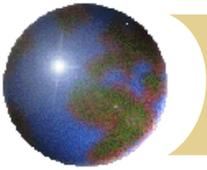


Informality and policy: propositions

- ❑ **The informal sector is more aligned with local culture:**
 - ❑ Institutionally more reflective and supportive of organizational members' cultural identities,
 - ❑ Therefore appropriate to community stakeholders in the way it does business, and the nature of employment
 - ❑ (But also mindful of its purported exploitative and/or marginalizing facets)

- ❑ **But, they compromise their authenticity/ appropriateness :**
 - ❑ As they scale up and seek resources in and with the formal sector,
 - ❑ And, as they seek formal membership of national and international associations,
 - ❑ (Although they might be better represented)

- ❑ **The tensions between the informal and formal sectors, and the connections and alliances between them**
 - ❑ Represent both conflicts and resistance
 - ❑ Lead to various cultural spaces that can be analysed and understood to better formulate policy and skills development –
 - ❑ a need for **cross-cultural analysis that considers power dynamics (i.e. representing local voices)**



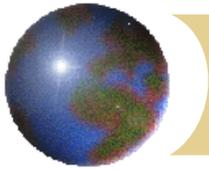
Informality, employability and skills

- ✦ **A trend towards higher educational levels** and to enter informal economy as career choice (Adams/World Bank, 2008)

- ✦ **Requires a wider skills base** compared to formal sector but
 - ❖ less time off to acquire skills/knowledge
 - ❖ formal pre-employment training playing insignificant part (Adams/World Bank, 2008)

- ✦ **Traditional apprenticeships**
 - ❖ up to 70% of urban informal workers in Africa being trained within the system (Liimatainen/ILO, 2002).

- ✦ **Modernizing mentality**
 - ❖ 'Master craft persons in turn do not provide theoretical knowledge alongside practical experience, and more often than not, teach out-dated technologies' (Adams/World Bank, 2008: 13)
 - ❖ This should come under critical appraisal?
 - ❖ In Kenya informal sector as a mode of training represents 71% of skilled workforce:
 - Not a dumping ground for under-educated
 - Formal education/training for informal sector seen as inappropriate (Barasa & Kaabwe's, 2001)

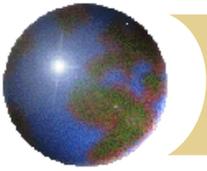


Towards a cross-cultural understanding of the informal economy

- ✦ A problem of **representation**:
 - ❖ Study involving concepts of 'the other' is problematic
 - ❖ A product of geopolitical power relations
 - ❖ E.g. 'Postcolonial studies alerts us to the epistemic violence of Eurocentric discourses of the non-West and the possibilities of recovering the voices of **the marginalized**' (Mohan, 2002: 157)

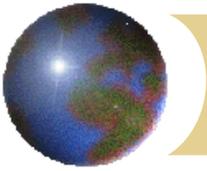
- ✦ Assumption that informality is tantamount to **marginalization** through poverty rather than through choice (Lindell's, 2010) Has a bearing on how we study it.
 - ❖ Implications for the way we study the nature of the (cultural) space(s) occupied by organizations and people in the informal economy:
 - ❖ E.g. assumptions about 'outdated technologies' in skills development (Adams/World Bank, 2008)

- ✦ A question that empirical work should try to address is **the extent to which these representations are not just accepted by policy makers, but also by those in the informal sector themselves**



Implications for research

- ✦ Any research methodology has to incorporate the way the informal sector is **represented** and its lack of **agency** in both research and development policy:
 - ✦ **Representation:**
 - Involves both the **researchers' reflexivity** (Özkazanç-Pan, 2008) in understanding the historical and geopolitical context of their work
 - Also involves the informal sector actors' capabilities in **resisting representations** of the informal sector by the more powerful, including researchers
 - But, **problem of simply localizing indigenous knowledge** at the expense of broader theories which examine how global dynamics reduce and resign the 'Third World' to poverty (Briggs and Sharp, 2004)
 - ✦ **Agency:**
 - Research which does not directly **involve the active participation of actors** from the informal economy, including formulation of the research project, is flawed.
 - Yet, problems for Western researcher of **deference** (Jackson, 2004)
 - Incumbent on the researcher to develop, in partnership, **participatory methods** that clearly identify the power dynamics within the research process and attempt to control for these.



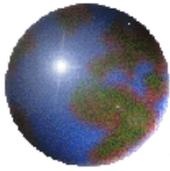
Implications for research: methods and articulation

'No need to hear your voice when I can talk about you better than you can speak about yourself. No need to hear your voice. Only tell me about your pain. I want to know your story. And then I will tell it back to you in a new way' (hooks,1990: 343, reported in Briggs and Sharp, 2004).

1.Map out both the structural/institutional and phenomenological networks (direct and indirect, dyadic and multilateral/multidimensional) to understand the sphere of research and the influences (within prevailing power relationships) on parties to the research, as well as on the subject of research and its outcomes (including its appropriateness and sustainability: utility for whom?)

2.Establish participatory processes and methods through which the research can be constructed and carried out (interests of each party; effects on outcomes; dealing with conflicts of interest; countering representations - e.g. visual methods: Pink, 2001; Moletsane et al, 2009)

3.Establish means and methods of articulation and reporting of research, heeding hooks' (1990) warning, but mindful that the 'indigenous' is not an artefact but a dynamic – how should the research be reported, and for whom?



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