



2020

# Political Economy of Doing Business in Africa

Course Convener:

Dr Kutlwano Ramaboa

MBusSci, PhD (UCT); MA International Relations (Tufts University)

E-mail: [kutlwano.ramaboa@gsb.uct.ac.za](mailto:kutlwano.ramaboa@gsb.uct.ac.za)

Office Telephone: 021 406 1444

## Programme Goals

The PEDBIA course is designed to contribute to the realisation of the learning goals on the MBA programme, namely:

1. MBA graduates will have the fundamental knowledge, tools, techniques and capabilities that comprise business acumen.
2. MBA graduates will exhibit adaptable personal and organisational leadership competencies, which reflect ethical decision making.
3. MBA graduates will be able to effectively apply their skills in diverse, complex national and international contexts, taking sustainable development issues into account.
4. MBA graduates will be innovators in organisational, entre/intrapreneurial and social contexts.
5. MBA graduates will be critical thinkers, problem solvers, researchers, data analysts, and effective business communicators.

This course is supporting the programme goals one, two and three primarily. A secondary contribution is towards goal four and five.

## Course Introduction & Objectives

The Africa's enterprise development and growth landscape is undergoing a major transformation. Improved economic reforms and political governance in recent years has set the foundation for a rapidly improving business environment in many African countries. Declining business costs followed by a wave of economic liberalisation have allowed local and international firms to grow. Although these features point to significant growth opportunities for business, they do not alone provide the basis for the type of sustainable development trajectory the continent requires. In many countries, businesses are still experiencing complicated requirements, widespread regulatory obstacles, inefficiencies, poor infrastructure, high degrees of uncertainty and risks that reduce their ability to make long term investment decisions. The improving economic growth prospects and existing risks point to a complex environment that any business has to navigate.

This complex but improving business environment is also intrinsically linked to the continent's changing debt landscape. The most concerning trend in recent years is the debt composition, with much of it being external debt denominated in foreign currency, increasing the potential of exchange rate risks that countries are not well equipped to manage. More so, many African countries are not using the debt efficiently, mostly borrowing for consumption instead of investment.

Lastly, with a lot of African countries diversifying their economies from traditional sources of income, entrepreneurship is increasingly seen as a key to economic growth. Entrepreneurship is now considered as a key solution to the economic and social problems in many parts of Africa particularly, youth unemployment that is growing at an exponential rate. However, the level of success of African entrepreneurs has been lower compared to other parts of the world given the complex political economy



and socio-economic risks on the continent. Therefore, enterprise development in Africa has to navigate these complexities and associated risks.

The purpose of this course is to deepen students' understanding of the African business and policy environment and to explore strategies and approaches that could be implemented by businesses/entrepreneurs to exploit Africa's vast economic opportunities.

### 3. Intended Learning Outcomes

On successful completion of the course the student will be able to:

- Analyse the political, social and cultural contexts in which businesses operate in Africa.
- Describe and explain the business strategies of firms in Africa.
- Analyse the problems and challenges of industrialisation in Africa, as well as potential solutions.
- Explore and discuss the changing modalities of doing business, as well as the broad business environment following over a decade of economic and political reforms.
- Evaluate the factors that are critical to building successful enterprises in African countries.

#### **First Capital Bank discussion:**

The requirements of this assignment will be provided on Tuesday 10 March.

#### **Group Presentation:**

This assignment is based on the insights garnered from the 'Township Field trip' on Wednesday. (Students who do not belong to a group will be randomly assigned into groups.) Each group is to spend time outside of lecture hours preparing for a 20-minute presentation (and 10 minutes Q&A) on the topic "*Becoming Change Makers*". The goal is to use the insights from the tours as well as course learnings to propose a social innovation that could positively contribute to the lives of the community you engaged with.



## Dates and Times

Session	Date	Time
Session 1	Monday, 9 March	08:00-16:00
Session 2	Tuesday, 10 March	08:30-16:00
Session 3	Wednesday, 11 March	08:30-16:30
Session 4	Thursday, 12 March	08:30-18:00
Session 5	Friday, 13 March	08:30-14:30
<b>Assessment Dates</b>		
<i>First Capital Bank</i> discussion	12 March 2020	in class
Group Presentation	13 March 2020	in class

## Session Outlines and Daily Schedule

Day & Date	Time	Topic	Readings	Notes/Preparation guide
1 Monday 9 March	08h00 to 08h30	<b>Registration</b>		
	08h30 to 08h35	<b>Course overview</b>		
	08h35 to 09h50	<p><b>Politics and Governance in Africa</b> <i>Facilitator:</i> Alecia Ndlovu</p> <p>The lecture will begin by briefly reviewing the impact of colonialism on post-colonial politics and the development process in Africa. We will then explore the influences of external and internal factors in the post-independence era, focusing on social, political, and economic changes engendered through state-building efforts and their consolidation. Finally, as the 21st century has been widely touted as a period for Africa to rise, we will explore some contemporary trends and discourse in governance and development, that affirm, or challenge such a position.</p>	<ul style="list-style-type: none"> <li>• Alence, R. (2004). Political institutions and developmental governance in sub-Saharan Africa. <i>The Journal of Modern African Studies</i>, 42(2), 163-187.</li> <li>• Chabal, P. (2009). The State of Governance in Africa. <i>SAIIA Occasional Paper</i> (26), 1-11.</li> <li>• Ake, C. (2001). <i>Democracy and development in Africa</i>. Washington D.C: Brookings Institution Press, 1-21.</li> </ul>	<p>Questions to be addressed:</p> <ul style="list-style-type: none"> <li>• What are the central challenges for governance in Africa?</li> <li>• How can the quality of governance be improved to achieve inclusive development?</li> <li>• What are the implications of current governance and development trends on the continent?</li> </ul>
	09h50 to 10h00	<b>Break</b>		
	10h00 to 11h00	<b>Guest Lecture:</b> Mobile Network Operators (Zunaid Bulbulia)		
	11h00 to 11h15	<b>Break and walk to bus</b>		
	11h15 to 12h00	Travel by bus to Solms Delta ( <a href="#">Franschhoek</a> )		
	12h00 to 16h00	<p><b>Solms-Delta visit</b></p> <p><b>12h00 Prof Mark Solms presents: The Solms Delta Wine Estate story</b> 13h30 to 14h30 Picnic Lunch 14h30 to 16h00 Free time on the farm 16h00 Travel back to campus</p>		<p>Read:</p> <ul style="list-style-type: none"> <li>• <a href="#">HistoricDeal</a></li> <li>• <a href="#">DifferentPerspective</a></li> </ul>
	17h15 to 18h00	<b>Group work</b> in syndicate rooms: meet and greet		

Day & Date	Time	Topic	Readings	Notes/Preparation guide
2 Tues 10 March	08h30 to 09h00	<b>Recap and Overview of today</b>		
	09h00 to 10h30	<p><b>Can Africa Industrialise?</b> <i>Facilitator:</i> Dr Grieve Chelwa</p> <p>There is now a growing realisation that the current levels of industrialisation on the African continent are too low to drive self-sustaining growth. Consequently, an intellectual debate has arisen between those who are optimistic about the continent's prospects for industrialisation and those who are more pessimistic. This lecture will consider both sides of the argument with the hope of drawing out some sort of a consensus for the way forward.</p>	<ul style="list-style-type: none"> <li>•Rodrik, D. (2018). An African growth miracle?.<i>Journal of African Economies</i>, 27(1), 10-27.</li> <li>•Gelb, A., Meyer, C., Ramachandran, V., &amp; Wadhwa, D. (2017). Can Africa be a manufacturing destination? Labor costs in comparative perspective. <i>Center for Global Development Working Paper</i> 466.</li> </ul>	<p>Questions to be addressed:</p> <ul style="list-style-type: none"> <li>• What are the theoretical arguments for industrialisation as a strategy for growth and development?</li> <li>• What are some of the current barriers to achieving industrialisation on the African continent?</li> <li>• Can Industrial Policy be an effective tool for overcoming some of the barriers?</li> <li>• What can Business do to aid Africa's industrialisation?</li> </ul>
	10h30 to 11h00	<b>Break (Group Photo)</b>		
	11h00 to 12h00	<p><b>Trade and the Changing Business Climate in Africa</b> <i>Facilitator:</i> Alecia Ndlovu</p> <p>In this lecture, we will, 1) explore the historical, political, and social factors that have shaped the development of markets in Africa; 2) discuss debates on trade and globalisation, as well as Africa's place in the global economy; 3) analyse the role of the private sector as a driver of change on the continent; and finally, we will conclude with a discussion of what African citizens consider to be development priorities in their countries.</p>	<ul style="list-style-type: none"> <li>•Dougherty, C. (2004) "Trade Theory vs. Used Clothes in Africa" in <i>The NewYorkTimes</i></li> <li>•Coulibaly, M. et al. (2018). Taking stock: Citizen priorities and assessments three years into the SDGs. Afrobarometer Policy Paper No. 51</li> <li>•Games, D, (2012), Business in Africa – Corporate Insights, Parktown: Penguin, Chapter 1.</li> <li>•Austin, G. (2010). African economic development and colonial legacies. <i>Revue Internationale de Politique de Développement</i>, 1(1),11-32.</li> </ul>	<p>Questions to be addressed:</p> <ul style="list-style-type: none"> <li>• What impact have historical factors had on contemporary African development?</li> <li>• Is Africa the region that economic globalisation has left behind?</li> <li>• What is the role of the private sector in Africa's economic development?</li> <li>• What do Africans consider to be the most important socioeconomic issues facing their countries?</li> </ul>



Day & Date	Time	Topic	Readings	Notes/Preparation guide
2 Tues 10 March	12h30 to 12h45	<b>Introduction to the <i>First Capital Bank</i></b>	<ul style="list-style-type: none"> <li>•Moss, A. St L., Luiz, J., &amp; Boyd, S. (2020). <i>First Capital Bank: The internationalisation of a Malawian bank into a regional player in Southern Africa</i>. Graduate School of Business, University of Cape Town.</li> </ul>	
	12h45 to 14h00	<b>Lunch</b>		
	14h00 to 14h50	<b>Guest Lectures:</b> Doing Business in Africa – A home cooking start-up example (Andiswa Skweza – <a href="http://www.hostessandcook.com/">http://www.hostessandcook.com/</a> )		
	14h50 to 15h10	<b>Break</b>		
	15h10 to 16h00	<b>Township Field Trip briefing</b> (for tomorrow)		
3 Wed 11 March	08h30-09h00	<b>Township Field Trip (whole day)</b> Meet with Team Leaders and Navigators.	<ul style="list-style-type: none"> <li>•Pralhalad, CK (2004) <i>The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits</i>. New York, Wharton School Publishing.</li> <li>•Read also: <a href="#">SAspazaregulatory</a></li> </ul>	An appreciation for the unique characteristics, requirements and contributions of emerging enterprises and the historically disadvantaged entrepreneur.
	09h00 -13h00	Travel by bus to townships outside of Cape Town and meet with local entrepreneurs.		
	13h00-14h30	<b>Lunch</b>		
	14h30-16h30	Travel back to the UCT GSB for debriefing on campus.		
	From 16h30	<b>Group work</b> in syndicate rooms		

Day & Date	Time	Topic	Readings	Notes/Preparation guide
<b>4</b> Thursday 12 March	08h30 to 10h30	<p><b>Enterprise Development and Business Strategies in Africa: First Capital Bank</b> <i>Facilitators:</i> Dr Kutlwano Ramaboa and Alex Moss</p> <p>This lecture will consider enterprise development and critically reflect on the business strategies employed by South African and foreign firms as they expand their operations into the African continent.</p>	<ul style="list-style-type: none"> <li>• Ekeke, N. (2016). Why African Entrepreneurship is Booming. <i>Harvard Business Review</i>, 94(7), 2-4.</li> <li>• Adusei, M. (2016). Does entrepreneurship promote economic growth in Africa? <i>African Development Review</i>, 28(2), 201-214.</li> <li>• Atiase, V. Y., Mahmood, S., Wang, Y., &amp; Botchie, D. (2018). Developing entrepreneurship in Africa: investigating critical resource challenges. <i>Journal of Small Business and Enterprise Development</i>, 25(4), 644-666.</li> <li>• Aré, L., Chabenne, S., Dupoux, P., Ivers, L., Michael, D. C., &amp; Morieux, Y. (2010). The African challengers: Global competitors emerge from the overlooked continent. <i>Boston, MA: Boston Consulting Group</i>.</li> </ul>	<p>Additional readings relevant to the case:</p> <ul style="list-style-type: none"> <li>• Munyoro, G., and Dube, F. (2017). The significance of indigenous banks to economic development in Zimbabwe: A case study of Harare Metropolitan. <i>Journal of Information &amp; Knowledge Management</i>, 7(3), 228-232. Retrieved from <a href="#">here</a>.</li> <li>• Boso, N., Adeleye, I., Ibeh, K., &amp; Chizema, A. (2019). The internationalization of African firms: Opportunities, challenges, and risks. <i>Thunderbird International Business Review</i>, 61(1), 5-12</li> <li>• Euromonitor International. (2015). Doing business beyond South Africa: Growth and opportunity in sub-Saharan cities. (White Paper). Retrieved from <a href="#">here</a>.</li> </ul>
	10h30 to 11h00	<b>Break</b>		
	11h00 to 12h00	<b>Enterprise Development and Business Strategies in Africa (contd)</b>		
	12h00 to 13h00	<b>Guest Lecture:</b> Impact Investing and Innovative Finance for change in Africa (Natasha Dinham)		
	13h00 to 14h00	<b>Lunch</b>		
	From 14h00	<b>Group work</b> in Syndicate rooms		
<b>5</b> Friday 13 March	08h30 to 13h10	<b>Group presentations</b>		
	13h10 to 14h30	Certificate handover and light lunch		