

THE IMPORTANCE OF MANAGEMENT EDUCATION TO AFRICA

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As every gardener knows, plants are happy when they get the water they require – not too little, not too much. A sudden downpour is wasted; the soil cannot absorb it, and the runoff erodes the soil, especially off slopes. That is why sprinklers – from watering cans to sophisticated irrigation apparatus – are so useful.

The same goes with funding development in Africa and other poor regions of the world. Too little money, whether domestic saving, export revenues or aid to governments and NGOs, hampers progress. But too much is bad as well. Like plants growing on slopes, national economies can absorb only a certain flow of money usefully; this increases as the economy develops.

What determines absorptive capacity? Basically, the strength and flexibility of an economy does. This goes to the broader question how best to nurture economic development. Among the most important factors are the system of incentives – the mix of carrots and sticks faced by individuals and firms; “institutions” – meaning such basic questions as how good are schools and universities, how well justice is dispensed and whether “trains run on time”; and physical conditions, including climate, geographic location – landlocked countries and small island economies face high transport costs, the prevalence of disease. The adequacy of physical infrastructure – transport, power supply, telecommunications, accessibility of fast Internet and so forth – is a reflection of incentives and institutional factors.

Well-meaning people who advocate hugely increased amounts of aid funding as a solution to the poor countries’ problems often neglect the often-severe limitations of absorptive capacity. Like water, excessive funding runs off in the form of capital flight to foreign bank accounts and generally in unnecessary waste. Alas, as Francis Fukuyama so aptly points out in his recent book *State-Building: Governance and World Order, in the 21st Century*, there is a natural tendency for aid donors to ignore absorptive capacity. The lure of “quick results” is strong, and the quickest way to achieve these is by bringing lots of foreign staff and consultants into African countries, who run ad-hoc “project management units”. The high salaries offered by these units also often draw some of the most skilled persons away from local governments and other local institutions. When the “results” are achieved, the tide of funding and personnel ebbs, leaving local capacity as weak as before and sometimes even weaker.

In contrast, strengthening the capacity of local institutions is a long and hard process, which requires “patient money”, and fails to satisfy the “quick results” metrics of donors. It is therefore sadly neglected.

One of the key ingredients of absorptive capacity, which is often overlooked, is management and business talent at all levels

Take the case of Dr. Tidiane Diallo. Having graduated successfully from medical school, Dr. Diallo practiced for three years, and then found himself at the helm of a large provincial hospital. In that position he had to cope with personnel decisions, supplies, procurement, costs, resource allocation, effectiveness and legal contracts - in short he had become a manager. His years of care-giving training had not equipped him with the tools required of an effective manager.

Or consider the fight against HIV/AIDS. UCLA's Anderson School of Management is creating the curriculum for a worldwide training effort to build management capacity for HIV/AIDS providers in developing countries. UCLA intends to offer the training to the top management of community-based organizations that are involved in the care, treatment and support of HIV/AIDS patients. The effort will begin in East Africa with a pilot program this April. The curriculum will be practical and comprehensive. It will include subjects to address to the unique and complex challenges faced by HIV/AIDS service providers:

- Organizational Planning
- Financial Management
- Human Resource Management
- Operations Management
- Health Management Information Systems

Billions of dollars are donated each year to non-governmental organizations, large and small. The large ones, like Oxfam or Doctors Without Borders, are run as efficiently as any large modern organization. Not so the thousands and thousands of small, largely local, NGOs. Many of these lack the most elementary management skills. With even basic training in business management, including bookkeeping, local NGO leaders might deliver more and also become more effective fund-raisers.

Another example has to do with micro, small and medium-sized enterprises. These are the largest source of jobs in most developing countries. Yet in Africa few of them ever grow to become more established, larger, companies. Research conducted in East Africa shows that the one factor that is strongly connected to the growth of small firms is whether or not owners/managers have some post-secondary education. This finding cuts across ethnic differences; it is true for locals, for persons of Indian descent, for expatriates.

The recent Commission for Africa Report, which Tony Blair submitted to the Gleneagles G8 meeting, flags management weakness in every sector – water, health, transport, education, and so forth. Yet, curiously, the Commission report nowhere mentions the need to help strengthen local management schools.

Leaving out South Africa, in all of the rest of Sub-Saharan Africa there are only a dozen or so small high-quality business schools – and that for some 600 million people. No one expects these schools to become new Harvard Business Schools. Rather, they aspire to provide basic management skills at affordable costs, but they are far from supplying businesses, governments and non-government organizations with even a fraction of trained skilled staff they need.

Sending African students to foreign management schools all too often results in “brain-drain”; the students take jobs abroad. The only other alternative is to help strengthen the few promising management schools in Africa, many of them private.

Why do aid donors not focus on the shortage of skilled managers? I can only speculate. One reason may be that the Millennium Development Goals do not focus on higher education. With the notable exception of SIDA, the Swedish aid agency, donors have neglected African universities for a long time. The Blair report strongly recommends that aid donors help “revive” African universities, but this has not happened yet. Likewise, four of the largest foundations (Ford, Rockefeller, Macarthur and Carnegie) have embarked on a Partnership for Higher Education in Africa.

A second reason is that many aid agencies abide by the wishes of African governments when drawing up their programs. Since many of the best management schools are private, local governments are unlikely to include them in their “menus”.

Perhaps the most important reason for neglect has to do with the way donors, whether governments or foundations, tend to view business schools. Business school students are not among the poorest young people; indeed, most of them are middle-class. This alone disqualifies schools from receiving financial support, even though in the absence of any endowments, these schools all struggle for resources. If instead donors saw local business schools for what they are: a “capacity tool” which can help improve effectiveness not only in large business firms but also where it is desperately needed, as is the case in health service delivery, NGO management and small firms, perhaps they would include them in the aid menu.

In short, lack of managerial skills at all levels is one of the basic reasons for the low absorptive capacity of African economies. In October 2005, the deans and directors of 22 African business schools from ten countries met in Lagos, Nigeria, and established the Association of African Business Schools. One of their objectives is to draw the attention of policy-makers in their countries and of aid donors to the importance of management education to Africa’s development. Isn’t it time these fledgling schools be extended a helping hand?