

RESEARCH PROPOSAL: PROJECT DOCUMENT

Successful African Firms and Institutional Change

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Centre for Business and Development Studies, Copenhagen Business School

Project objectives and hypotheses

The current development consensus informs us that sustained economic growth and employment are critical to development and poverty alleviation. Economic growth requires, amongst others, structural transformation, diversification of production, and risk taking by firms (World Bank 2004, Commission on Growth and Development 2008). The private sector is perceived to have a central role to play in creating and sustaining this growth (Moore and Schmitz 2008) and the state to play a key role in facilitating private sector development (Harrison and Rodriguez-Clare 2010).

While African growth in the 80s and 90s was disappointing, it seems that the growth trajectory has improved in the 2000s; between 2000 and 2008, average African growth was close to 5%. While some of this growth was created by natural resource extraction activities and government investments, the private sector has played a growing role in the African growth trajectory (McKinsey 2010). It is paramount to understand this increasingly vital African private sector and the conditions for its success.

Looking at the literature on private sector development in Africa, it appears that it over the last 15-20 years has been focussing on understanding collusive state-business behaviour and improvements of the business climate, i.e. reducing the costs of doing business (Moore and Schmitz 2008). However, less emphasis has been given to understanding the specific strategies of firms in Africa and how firms interact with the particular market structures and institutions of these countries (Bigsten and Söderbom 2006). In other words, the firm perspective has been largely absent and the African firm¹ - its strategies, its resources, its networks and its relations to authorities and other firms - has been treated as a black box (Hansen and Schaumburg-Müller 2010) and we know little about how collaborative state-business alliances emerge (Abdel-Latif and Schmitz 2010).

Our main aim is to understand the origins and nature of local firms' success in Kenya, Tanzania and Zambia as a means to improve firm strategies and business sector development policies. In particular we seek to understand the variations of success and identify the strategies that explain each firm's success. The key research question is how and why certain local firms in the three countries manage to grow successfully – under changing and often volatile market and institutional conditions. Answering the key research question will lead to recommendations for firm strategic management and private sector development policy and at the same time contribute to capacity building at the participating universities, including contributing to a generation of qualified young African scholars in the field.

A main proposition of the project is that successful SSA firms are those that have been able to develop their resources, access external resources and navigate in and adapt to recent years' rapidly changing institutional environments in SSA. While the SSA firms may have experienced a transition towards adopting more market oriented strategies based on competitive resources and capabilities the last 20 years, firms still rely on strategies based on personal networks, formal and

¹ Defined as formally registered companies with majority ownership and management control by citizens of the country.

informal, among others those to the state and political and economic elites. Both types of strategies can provide access to important competitive resources.

Status of existing knowledge in the field (state of the art)

The private sector in SSA has been under considerable scrutiny over the past 40 years, both from various macroeconomic, industrial and institutional perspectives and from a firm theory and management perspective. This research project's contribution is to combine the firm level perspective with perspectives on institutions (institutional theory) and perspectives relating the two (state-business relations).

Firm studies: A rich literature originates from the World Bank's Regional Program on Enterprise Development (RPED) that early in the 1990s started to collect data on manufacturing firms in several African countries. The RPED survey data collection terminated in the late 1990s and from a comprehensive review of what can be learned from the derived literature Bigsten and Söderbom conclude that it is predominantly small and young firms as well as large and old firms in Africa that experience relative high growth (Bigsten and Söderbom, 2006:253). They highlight that 'a class of firms ..has performed well..' (op.cit. p. 261), however, they do not pinpoint the causal explanations for growth. As limited growth was a predominant concern for these mainly macro oriented studies, a main focus has been why the rest of the firms have been hampered in their development, for example due to the institutional environment. Collection of firm data from SSA has continued under the World Bank's general Enterprise Surveys that focus mainly on investment climate constraints although they also include governance related constraints (Gelb et al. 2007). The RPED provided a rich empirical insight into how firms in Africa performed under the institutional conditions prevailing in the 1990s. However, institutional conditions and global context factors in Africa have changed rapidly since the 1990s. Studies of SSA firm strategies and the firms' ability to develop their capabilities and gain competitiveness are still scarce. While panel survey data are of great importance, they do not reveal the causal mechanisms related to firm strategies (successful or not). Therefore, seeking a deeper understanding of these casual mechanisms is needed e.g. by conducting thorough case studies, which presently also are lacking in this literature.

The specific issues of management characteristics and practices in various African countries have been addressed in some studies including Dia (1996), Kuada (2002; 2005), and Jackson et al. (2008). These studies have been occupied with what Jackson et al. term "untangling African indigenous management" and provide diverse explanations of how managers in Africa can be characterised by various management styles. This literature gives an insight into how many small and often informal African firms are managed and perceived successful (Jackson et al. 2008). However, only lately has this discussion of management style been linked to developing country firm strategies for developing capabilities responding to changing institutional and market conditions (Jeppesen et al. forthcoming) as is the case with the study of South African clothing firms looking at how they develop their capabilities and grow in harsh business environments (Jeppesen forthcoming).

The existing firm based studies, some of them made by economists rather than management scholars, illustrate important elements concerning firm performance and growth in Africa. Still, they also highlight our limited knowledge of crucial processes going on within the firms. First, few studies have employed a developing country firm perspective on the processes of developing capabilities and competitiveness whether from a resource based view, a principal agency perspective and/or from transaction cost economics (Hansen et al. 2008). Second, while firm level studies have their advantages in addressing the resources and capabilities of the individual firm - providing agency to the firm - firms do not operate in a vacuum. Firm external factors such as

market structures, economic, political or social institutions are of importance too, representing key bodies of literature that provide relevant insights to development of the private sector in Africa (McCormick et al. 2007). These issues have been addressed in research on firms in East Asian contexts (among others by Hobday 1995, Mathews 2002; 2006) and in Eastern Europe contexts (Peng 2002, Wright et al 2005) and the lessons learnt from this research, e.g. on the importance of collaborative state-business relations, can be used acknowledging the SSA context.

Political, economic and socio-cultural institutions (e.g. political relations and informal networks): Business study contributions from the field of institutional theory have emerged with valuable input to understand how institutions and institutional change impact different types of firms and their strategies in emerging markets. The theoretical contributions of the interaction between firm resources and strategy formulation and the particular market and institutional environment of the firm in emerging markets include e.g. Hoskinsson et al. (2000), Meyer and Peng (2005), McCormick et al. (2007) and Peng et al. (2008). These studies take our understanding of the importance of institutions beyond the market-failure and barriers of doing business approaches. However, the studies are mainly focusing empirically on so-called emerging economies and their institutions. Studies by Fafchamps (2002; 2004), Eifert et al. (2005), Biggs and Shah (2006) and McCormick et al. (2007) are among the ones that draw directly on the SSA contexts and try to assess the specificities of the SSA enterprises in their institutional environments. Fafchamps (2004:483) sums up his empirical findings from a decade of studies of market exchange and institutions, how modernization of market exchange institutions in Africa must be understood as a combination of government intervention and private and collective action. However, various authors also highlight the relevance of more nuances in researching the interface complexity between multiple institutions (formal and informal) and private businesses (Bräutigam (2003), Meagher (2006; 2010), and McCormick et al. (2007)). Bräutigam (2003) in particular points towards the importance of informal business institutions as a link to access information on foreign market operations.

The State-business-relations (SBR) literature points out the following factors conducive of collaborative SBRs: transparency, availability of accurate and reliable information, reciprocity, credibility, and performance-based subsidies. These factors ultimately leads to appropriate resource allocation, conducive investment climate, and checks and balances, which furthers mutual trust and brings about development for both state and businesses (Leftwich 2010; Leftwich et al. 2008). However, very often SBR are permeated by collusive aspects that tend to result in policy capture, clientelism, and rent-seeking behaviour (Taylor 2007). By far the majority of studies of public-private alliances in Africa has paid attention to collusive alliances and ‘crony capitalism’, but we still know only little of how and why collaborative alliance emerge (Abdel-Latif and Schmitz 2010).

The literature on SBR is by and large focused on formal institutions and formal ways of engagement, but as vividly described by for instance Meagher (2010), much economic activity in Africa is not only governed by formal rules and regulation. Rather, informal networks and forms of governance support or hinder African entrepreneurs. These informal relationships do not work in a vacuum but are highly intertwined with formal relationships and according to (Abdel-Latif and Schmitz 2010:6) a relationship of mutual dependence exist between the two: *‘Often formal relationships are effective because informal ties exist underneath; and informal ties can rarely remain effective – beyond a transitional period - unless they become formalized’*. It is therefore of utmost importance to uncover both formal and informal networks and alliances. Historically, SBRs in Africa have been skewed in favour of the state (cf. Handley 2008; Taylor 2007) but this general picture may hide the enormous diversity within and among countries and in some sectors business

may show substantial strength vis-à-vis the state and thereby distort the overall picture (Shafer 1994; Taylor 2007). Likewise, some countries are characterised by a capitalist class that historically has had large room for manoeuvre vis-à-vis the state. In other words, regional abstractions regarding state-business relations may mask national diversity and national level abstractions may mask considerable sectoral and firm-level diversity.

Investigating how managers formulate and make choices is a prerequisite for understanding how firms over time are able to succeed in spite of the rapidly changing and often adverse business environment. Additionally, a focus on the capabilities of management in formulating and making choices based on taking stock of and engaging with different institutions (formal and informal) over time is crucial in understanding the successful strategies.

Theoretical framework

To answer our research questions on the SSA firms and institutions we take departure in theories of the firm aligned with theoretical perspectives on factors in the firm's external context that affect the firm (institutional theory and state-business relation theory). The firm is our key analytical unit, represented by its managers and owners.

We define *strategy* as 'the combined efforts and choices by management based on the interaction between firm internal and firm external factors over time' (Hoskisson et al. 1999), and *success* as 'the outcome of the actions and decisions expressed as the enhanced performance of the firm', according to five criteria (financial, market, managerial, human resources and technology – see below for elaboration). The *resource and dynamic capability* based theories essentially try to understand the internal dimensions of the firm activities and how management leverages physical, human and financial resources and generate capabilities to gain competitive advantage (Barney 1991; Teece 2000). The resource based view provides an understanding of the firm as a '*bundle of resources*' (Penrose 1959) and *dynamic capabilities* (Teece et al. 1997; Eisenhardt and Martin 2000)' which enable it to grow and engage with external partners and organizations. *Dynamic capabilities* also introduce a time dimension where not only the development path and history of the firm should be included but where the changing conditions in the relation to market economic institutions and social and political institutions also play a role for formulating firm strategies.

The managers are allocated key roles due to their actions and decisions which influence both the conditions that they control, namely the *firm internal factors*, and the conditions which they have less control over, namely *the firm external factors*. Firm 'internal' factors are the (physical, human and financial) resources and the (dynamic) capabilities (Grant 1991; Teece et al. 1997) that the firms have and develop over time, while firm 'external' factors are the market economic institutions on the one hand and the social and political institutions, whereby access to certain resources and capabilities can be accomplished (Malik 2008) (see the illustration below).

Institutional studies have suggested that emerging market firms in their strategic choices make a transition from relationship-based, personalized social and political transactions to rule-based impersonal exchanges under prevailing market conditions (Peng 2003; Aulakh and Kotabe 2008). These studies of transition in emerging markets provide a dynamic framework for understanding how firms strategically link to factors in their external environment. We do not necessarily see the transition movement in a one-way direction but rather subscribe to the view that changes in the firm's external factors changes the way in which firm strategies can relate to external conditions and institutions whether they are impersonal market transactions or personal social and political based exchanges.

Using this distinction between two types of institutions we are close to the *formal-informal* distinction. The informal covers private support and private governance institutions and networks in view of market and state failures (North 1990; Fafchamps 2000; Rutashobya and Jaensson 2004;

and Biggs and Shah 2006), while the formal includes relations to the public and political institutions and actors, both types of relations being important for managers' strategy formulation. The study thereby draws on a long tradition within organization theory of understanding firm strategy and firm competitiveness in the interface between internal resource configurations and external business opportunities and constraints (Hoskisson et al. 1999). In this respect, we draw on perspectives where market conditions and institutions and other types of social and political institutions influence competitive strategies (Peng 2002; 2003). Looking at the firm's external transactions we can make a distinction between those that are impersonal, based on market conditions and rule-based institutional regime and the transactions based on personal social and political relations (Peng 2003). The two sets of relations can in different ways give access to knowledge and resources.

Market conditions and institutions include institutions that govern transactions and relationships, such as bi-lateral and multi-lateral agreements, regulations, standards, norms, laws, contracts, financing practices, supplier and customer relations, global and regional value chains, formal business associations, and other contractual arrangements. Market institutions operate at various levels, from local to global. The other type of social and political conditions and institutions include family, community, trust, local norms, values, ethnicity, social and personal networks (Bräutigam 2003; Biggs and Shah 2006; Jackson et al. 2008), and alliances to political and administrative bodies (McCormick et al. 2007). This includes informal networks and forms of governance support (Meagher 2010), which are highly intertwined with formal relationships and need to be perceived as mutually dependent on each other (Abdel-Latif and Schmitz 2010).

Our combined theoretical and conceptual framework is illustrated in Figure 1 below. From the identification of a number of firms (see the Methodology section), we address our main proposition (see Project objectives and hypotheses, p. 1). This is illustrated by the triangle that shows the dynamic interaction between the three sets of factors. Firm strategies are identified as the outcome of the three sets of interactions between firm (resources and capabilities), market structures and economic institutions (key economic factors such as labour conditions, value chain requirements and trade regulations) and political and social conditions and institutions (informal networks, social and political alliances). The integration of change over time (retrospectively on firm development path and history and prospectively on successful performance) is illustrated by the relationships (arrows) between the boxes, and the firm addresses how strategies change and successful performance is achieved and maintained.

Performance will be measured through the following five indicators with sub-measures; 1) Financial (e.g. profitability), 2) Market (e.g. sales growth), 3) Managerial (e.g. organisational improvements), 4) Human resources (e.g. employee retention/turnover), and 5) Technology (e.g. technological innovations adopted).² It is important that the sub-measures are adjusted to the information available from smaller firms also.

Based on this framework, the overall aim and the main research question are addressed and specified in the following sub-questions:

The aim of the project is to understand the origins and nature of local firms' success (or lack of same) in Kenya, Tanzania and Zambia as a means to inform firm strategies and economic development policies in these countries.

The key research question is: how and why certain local firms in the three countries manage to grow successfully under changing and often volatile market and institutional conditions?

² See also note 5 below on the examples of success factors used in the World Bank Enterprise Surveys.

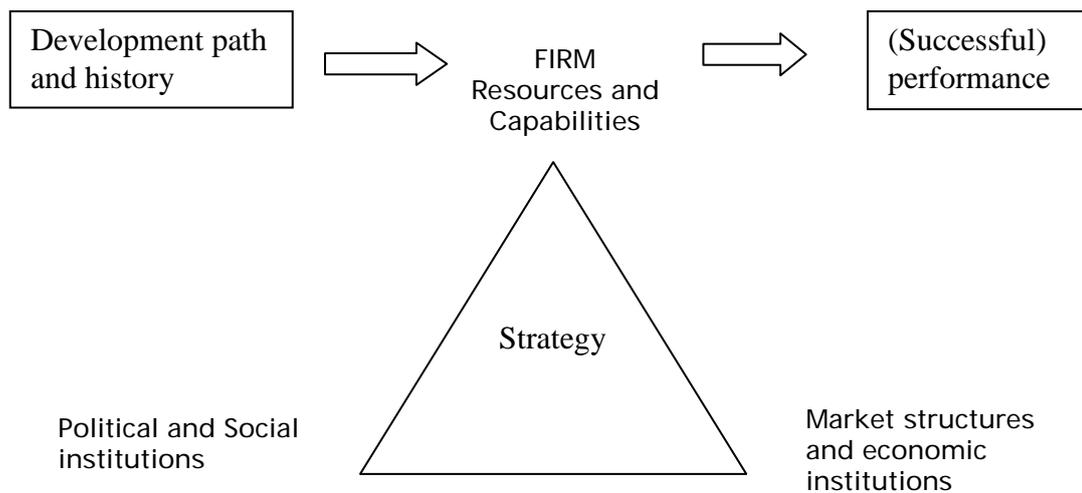


Figure 1: Conceptualisation of the Firm and its Key Relationships

The sub-questions are:

1. How and to what extent do strategies based on the interplay between firm internal factors and market structures and economic institutions contribute to (successful) performance of local firms?
2. How and to what extent do strategies based on the interplay between firm internal and external political and social factors (state-business relations) contribute to (successful) performance of local firms?
3. How and to what extent do strategies based on the changing relationship between market structures, economic institutions and political, social factors contribute to (successful) performance of local firms? (How do we investigate this relation?)
4. How do successful firms position themselves in relation to market structures and economic factors and to political and social factors influencing their strategies in comparison with unless/less successful firms?
5. To what extent can dynamic capabilities explain successful companies' strategies; a. over time, b. between firms in agribusiness, and c. between firms in the selected strategic sectors in the three countries?

The theoretical and conceptual framework forms the foundation of the research that will take place in all three countries described in the research outlines for Kenya, Tanzania and Zambia enclosed as Annex B.

Methodology and Capacity Building

This section outlines how the overall research question and the sub-questions will be answered combining different research methods. The sub-questions are constructed to be answered by the chosen methods – therefore each sub-question is not related to a specific methodology.

The project builds on an eclectic theoretical approach, combining the firm internal factors with factors in the external market and institutional environment in order to distil the (successful) strategies of the firm. The explanatory model of (successful) strategizing in SSA firms (outlined above) will be tested through a retroductive methodological approach (Sayer 2000; Danermark et al. 2002).³ Neither the processes nor the causal relations making certain firms succeed (or not succeed) in SAA market and institutional environments are well established theoretically and empirically. To test this model in different sectors and macro-institutional contexts, a combination of survey data and in-depth studies at the firm level along with data from institutional environments are required. To identify the causal mechanisms behind the firms' development the following methodological design is applied (see Sayer 2000, Dobson 2001, Danermark et al. 2002, Durand and Vaara, 2009).

The different elements of the design will be undertaken in four main phases:

1) Exploratory step, including A) Refinement of the common theoretical framework with specific focus on singling out analytical categories and hypotheses that will be used to structure the subsequent data collection and analysis, integrating resource, capability and knowledge based theories with institutional and state-business relation theories focusing on the external environment of firms. B) Mapping of the registered companies in the agribusiness and the second key sector in each country (manufacturing of food processing machinery in Kenya, tourism in Tanzania and mining in Zambia). Agribusiness is a sector with a high employment potential and where upgrading of processes is regarded as a key step towards increasing value added and is given high priority in all three countries. The strategic sectors have high importance to economic growth and employment; however they represent quite different opportunities and challenges with respect to their integration in the local economy and their market orientations. Formal registration of enterprises in developing countries is often insufficient, which implies that comparisons and triangulations of firms listed by different sources are necessary⁴. In addition, data from the national institutions cross-country firm databases and in particular the World Banks Enterprise Survey will be used, supplemented with the UNIDO's African Investor Survey and the Centre for the Study of African Economies at the University of Oxford firm datasets. The mapping provides an overview of firms in the selected sectors and will also serve as a source of the selection of successful firms⁵ (the case studies see below). Thus, determination of the case firms' uniqueness or representativeness - and the overall validity of the study – is enhanced, and C) Generation of secondary data on enterprise, industry and institutional trends in business sector development (see the information presented in the attached Country Study documents in Annex B, and points 3B and 3C below identifying the important formal and informal institutions).

2) Extensive step: Firm surveys of all the African/local firms identified through the mapping (step 1B) with more than 20 employees and more than five years of existence since establishment⁶. The survey will provide the firm specific data on to what extent and in what ways' firms have been successful. The survey will reveal initial explanations and the factors that can contribute to the success/lack of success in the selected sectors, and will along with the data from step 1C enable drafting of the country background papers (see below under outputs).

³ The project emphasizes non-positivist causation dealing with social phenomena in open systems.

⁴ For details, see the Country Study documents, Annex B.

⁵ The World Bank Enterprise Survey for instance, includes several proxies for success, including 1. Age of operation; 2. Employees at operation; 3. Turnover; 4. Internationalization; 5. Financial strength.

⁶ For details, see the Country Study documents, Annex B.

3) Intensive step: A) Case study selection based on the mapping, secondary data and survey results. 84 firms in total (32 firms in Zambia and Tanzania and 20 in Kenya) are selected based on degrees of success, half of them being 'more successful' and half of them being 'less successful' according to the defined indicators of performance (see above). B) Data collection with case firms through semi-structured interviews with owners/managers of the case businesses. The overall purpose is to identify the causal and more specific explanations of to what extent and in what ways' firms have been successful compared to the survey, hence identifying firm strategies and their ways of adjusting to changing contexts and business climate. Questions focus on firm histories (including turning points experienced by firms in the past, such as shifts in resources, market behaviour, strategic direction or international trade policy), resources, capabilities, and their market-, institutional- and personal linkages (formal and informal), including to local authorities, business associations, local firms and regional/global value chains. (see below on point 4). C) Semi-structured interviews with representatives of key institutions on policies, market conditions and firm linkages. 3B and 3C will be followed up annually during the rest of the project period (see 4A).

4) Abductive and comparative step: Consolidating findings by conducting comparative (cross-sectoral and cross-country) studies of selected sectors in the three countries, making statistical and analytical generalizations and by extracting firm strategic and policy implications from the study relating to the particular sectors and countries. A) Theoretical assessment step: Based on the findings from the case studies, we can assess our theoretical model and to what extent the model and main proposition is appropriate. We then test the (refined) model and our theoretical understanding of success and proceed retroductively by repeating steps 3B and 3C through the project period (year 2, 3, 4 and 5). We hereby generate dynamic trajectories of firm cases based on firm historiography and longitudinal firm data. All in all, these steps will enable answering RQs 1, 2, 3 and 4. B) Thematic comparison step: Employing a common framework across the three countries will enable i) Cross-sectoral and cross-country examination of the material to test the explanatory power of the theoretical framework against the identified business events, patterns, trajectories and institutional contexts, including the state-business relations in the three countries. By way of varying sectors and countries we identify the explanatory power of the sector and country contexts respectively (answering RQ 5b and 5c), and ii) Comparisons of firm strategies over time, within and across sectors and countries aims at testing the longitudinal element of the explanatory model (answering RQ 5a).

In sum, we will argue that construct validity in the project is secured adequately by mapping success at various levels and using various indicators and applying triangulation of data generating methods which also increases reliability. Internal validity is build by way of establishing a theory-based analytical framework integrating 'competing' explanatory factors (theory triangulation), then making statistical analysis of variable variance of survey data, and finally conducting pattern-matching of multiple cases cross-sectional, cross country, and longitudinally. External validity is achieved by selecting case companies from the mapped population of companies thus being able to account for possible selection biases. By comparing across sectors and countries, partly generalisable patterns of successful practices and their drivers will emerge.

The strategy for capacity building includes five elements: 1) The close collaboration between researchers from the North and the South will increase the research capacity of all involved. The fieldwork will be carried out in collaboration between the SSA and Danish project members in all three programme countries and the coordination between countries and studies will add to the capacity building. 2) The training of two post docs (Kenya) and five PhD scholars (who will all spend two-three periods of time at the Danish research institutions during their studies) will

contribute to the research capacity of partner institutions. Along with 21 Master students, the PhD scholars and the post docs will constitute a new generation of researchers and experts on firms and private sector development that, together with the other programme members, will form a network of researchers specialized within this field in SSA. 3) The workshops, with associated PhD seminars, will facilitate North-South, South-South, and North-North networking and cross-country collaboration. Here, in particular the PhD students⁷ will have the possibility to present their project ideas, methodological and theoretical issues and empirical findings and raise issues for discussion in a supportive academic environment and eventually present and defend their PhD thesis. 4) The research output will strengthen the position of project members in relation to national and international research funding agencies. Accordingly, the institutions are expected to be able to deliver higher quality teaching, extended and higher quality research (measured in number of publications and increased ability to attract funds). 5) The policy engagement and outputs (interviews, press releases, briefs and workshops) will enhance the linkages between researchers, domestic and international policy makers as well as domestic business communities.

Main activities, outputs and dissemination strategy

Activities

In addition to the above mentioned research and capacity building activities, the project will include four types of events (workshops and conferences) in order to facilitate the collaboration among the members, to discuss the research findings and to disseminate the results through engagement with other researchers and interested stakeholders.

As for the internal process of the project, including the management and coordination, joint and individual country workshops will be held. 1) *The three joint workshops* planned at strategic points in the project are central to facilitate collaboration and capacity building between the project participants. The joint workshops will provide the opportunity to discuss, theoretical issues, fieldwork methodologies, and present and discuss the ongoing research. Working papers and conference papers will be circulated between project members no later than one month prior to each workshop and will act as important indicators that the project is on track. A number of the papers will subsequently be developed into papers for publication. 2) *The country workshops* are planned to happen three-four times in the individual countries as part of the ongoing planning and execution of the research activities. The workshops will be coordinated with the Danish partners' field work in the countries as a means to ensure coordination between the overall research questions of the project, the comparative elements and the country projects. As for the external process, 3) international workshops/conferences and 4) stakeholder/policy workshops will be held (see below under outputs).

Outputs and dissemination

The programme will generate new knowledge on a) the relationship between local firms and institutions, b) how the interaction impact on strategizing of local firms, and c) the contributions of the firms to the economic development and employment in SSA countries. A range of outputs and a dissemination strategy that targets both academics and policy makers will be followed. Academically, six main types of output (A-F) will be produced: **A)** Single and jointly authored papers (at least 20) will be published in international peer reviewed journals (e.g. World Development, European Journal of Development Research, Journal of World Business and Journal of Modern African Studies). Some of these will be country based studies whereas others will draw on the findings from more than one country. **B)** Working and conference papers (at least 20). **C)** An

⁷ And to some extent the Master students too.

overview of current knowledge and trends concerning the mapping of successful SSA firms and the private sector development in the project countries will be presented in three country background papers. **D)** A series of firm case studies appropriate for use in teaching at business schools, if possible as an edited book collection through a reputable publishing company. **E)** One international conference will take place in Copenhagen (in mid 2015), where the findings from the programme will be disseminated and discussed with other researchers and interested stakeholders. Special tracks will be arranged at the 2014 annual conference that University of Dar es Salaam Business School hosts. **F)** Five PhD Scholars and 21 MSc/MA students are graduated and two post docs have been promoted.

As for the policy/stakeholder audience three types of output will be produced: As the central theme of the research project is of direct interest to policy makers, i) a number of press releases and ii) (at least) six policy briefs (on how firms and institutions interact and influence private sector and economic development) will be drawn up. They will benefit from the high number of interactions that will take place with relevant stakeholders in the field (like policy makers, businesses (individual and associations), consultants, researchers, and NGOs (the key persons, businesses and institutions, as perceived according to Kenyan, Tanzanian and Zambian government strategies and the Danish/Danida priorities)). Furthermore, iii) one policy/stakeholder workshop will be held in each country (towards the end of the project) in order to engage in dialogue with the above mentioned stakeholders.

A website will be established at the start of the project which will be an important source of information about the project to external parties, including serving as a site for the dissemination of country background notes, working papers and conference papers, and for the internal exchange of ideas between project members.

Project organisation and work plan

The project is based at the Centre for Business and Development Studies (CBDS), Department of Intercultural Communication and Management, Copenhagen Business School (CBS), led by Associate Professor Søren Jeppesen. As the *Project Coordinator* he is responsible for the overall smooth-running of the programme. He will guarantee the project output as well as the delivery of annual project and financial reports generated by the *Country Coordinators*.

Close collaboration between the Project Coordinator and the Country Coordinators (Dorothy McCormick, Lettice Rutashobya and Godfrey Hampwaye) will ensure the concurrent coordination of plans and activities. The Country Coordinators are experienced research project managers and will be well assisted by their respective institutions, handling the projects, the PhD and the Master studies. The country projects will be closely aligned (see the Annexes), including the PhD studies. Three joint workshops are planned at regular intervals where plans and progress will be discussed and output evaluated against the agreed milestones (see above and the Gantt diagram, Annex E). The country workshops will take stock of the progress, discuss experiences to date and plan for the coming activities. Further, management and coordination will take place between the SSA partner institutions through email communication, flash meetings, and video conferences.

Finally, the Danish researchers will join the country teams, take part in the field work and country workshops/meetings (Lotte Thomsen (Assistant Prof. at CBDS, CBS) as part of the Kenyan team; Michael W. Hansen (Assoc. Prof. at CBDS, CBS) and from 2013 Thilde Langevang (Assistant Prof. at CBDS, CBS) part of the Tanzanian team; and Søren Jeppesen and Peter Kragelund (Assistant Prof. at Dept. of Society and Globalisation, Roskilde University, as part of the Zambian team). Søren Jeppesen and the Country Coordinators will be responsible for the cross-cutting, comparative elements and methodology at the firm and institutional levels.

Work plan: The project will run from 1.1.2012-30.6.2016. The general overview of the work plan (activities) and milestones is presented in the attached Gantt chart (Annex E). The detailed work plans for each country can be found in the Annex F.

Lead applicant

Søren Jeppesen is an Associate professor in Business and Development Studies at the Copenhagen Business School (CBS) and the Chairman of the Association of Development Researchers in Denmark (FAU). He is a business-economist by training, graduated from the Copenhagen Business School in 1991 and has since 1998 been employed at CBS with research and teaching in the fields of development and business strategies in developing countries and emerging markets. He has extensive experience from managing programmes with national and international partners including 1) Coordinator of “The International Research Network on Business, Development and Society (BDS) (2007-2010), 2) Part of DK management group of the large research project “Youth and Employment: The Role of Entrepreneurship in African Economies”, funded by FFU, including partners in Ghana, Uganda and Zambia (2009-2013), and 3) “Africa Enterprise Center Development Curriculum and Training of Trainers” project funded by International Finance Cooperation (IFC) including six universities in Ghana, Kenya, Rwanda and Tanzania (2007-2009 – together with Prof. Henrik Schaumburg-Müller, CBDS).

He has considerable field experience in Africa and Asia. He supervises Ph.D.-researchers and Master students in the field of firm strategies and development, and coaches Assistant Professors as part of their pedagogical training at CBS. On the practical side he has for the past 20 years been working as consultant for national aid agencies, consultancies and NGOs including assignments on responsible supply chain management, private sector development and CSR in developing countries. Further information on Søren Jeppesen, the other key researchers and the institutions involved are found in the Annex D (CVs and Institutional Expertise).

Risks and assumptions

It is the assumption that given all project members, including PhDs and Master students, perform according to the plans, are capable of producing the mentioned outputs and will be assisted by firms and other stakeholders, then the objectives can be realised. Given the experience of the project team, the risks are considered to be low.

Effects

The project is designed to contribute to the theoretical and practical understanding of the strategies (successful and less successful) of local SSA firms and the interplay between firms and institutions – how the firms shape their business conditions and vice versa. Moreover, the joint research project will promote cross-learning and capacity development among the partners in the network of SSA and Danish researchers and graduating five PhD scholars and 21 Master students from the SSA universities. Identifying, characterizing and explaining strategies of local firms in key priority sectors will enable firm managers, policy makers and practitioners to formulate strategies, policies and initiatives, which are expected to enhance current private sector development thinking and accordingly contribute to economic development, employment and growth in the three countries. Furthermore, investigating the mentioned issues will allow the project to address ongoing debates on e.g. the linkages between local and foreign firms, the missing middle, and the importance of local, regional and global value chains.