

# ENTREPRENEUR LEADERSHIP, ADAPTATION TO AFRICA, ORGANISATION EFFICIENCY, AND STRATEGIC POSITIONING: WHAT DYNAMICS COULD STIMULATE SUCCESS?

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## ABSTRACT

*The purpose of this research is to determine the salient factors in the African business context that can support companies to be successful. This research aims to categorize the key success factors among different factors such as adaptation, efficiency, leadership and strategic positioning by using data from a survey on entrepreneurs in Burkina Faso. The approach is quantitative and founded on the onion model. The results show that entrepreneur leadership and adaptation to the African context are the main factors for business success. Thus, the suggestion is that companies should adapt to the African context realities while promoting entrepreneur leadership skills for a better management and to improve their profit, performance, and thus gain a tremendous success.*

**Keywords:** Success Factors, Business, Companies, Adaptation, Efficiency, Leadership, Strategic Positioning, Africa.

## INTRODUCTION

Companies that are operating in the African context face many challenges that sometimes affect their success, both at their national level but also at the international level. The study references on business success factors popularized by Porter (1996) arguing that business success depends on various factors mainly external to the company. However, many other authors have deepened the concept of key success factors and analyzed how to make company resources and skills match them.

The influence of factors related to the environment of the company, which he defines as external, as well as those related to the organisation and management of the company, which he defines as internal. While authors, believe in a greater relevance of internal factors rather than external factors to achieve business success. 32 success factors for entrepreneurs including adequate CRM or high-quality products. Points to the difficulty in the applicability of certain success factors to companies of different fields or countries. Works provide a trend that is more adapted to the internal elements of business organisation and management and the personal aspects of the entrepreneur. Indeed, works confirm the relevance of jointly analyzing internal and external factors that affect business success, with internal factors being relevant over external ones.

In general terms, the bibliography focuses on studying 7 factors to treat business success, which are Market, product strategy, Industrial Structure, Type of Organisation, Characteristics of the entrepreneur, Financial Aspects and finally, Human Capital, team management and direction.

Other authors have dedicated themselves to studying variables related to the market, the sector and the product the strategy and the businessman.

In one of the least developed countries of Africa (Weber, 2018), where it is common to confuse the company with the employer's assets, the employees with the extended family (Carbonell et al., 2020), and where corruption is present to distort both the supply and demand rules, it is not possible to analyze the success of an African company based on the same factors as in the developed world (Kamdem et al., 2020).

Starting from the diamond key factors developed by Porter (1996), the HRV growth determinants and the Pestel graph, we assume that the key success factors we have to study are Leadership, Adaptation to Africa, Efficiency and Strategic Positioning. Carbonell et al. (2020) show that the companies in the context are using traditional methods and disregarding the modern methods of recruitment. Another contribution also shows that management practices in the African context are still in an old-style framework and that there is to mix it with Western management practices. In the same line Nassè (2019) shows that African companies need a hybridization of management practices to the within the context by adapting the Western management theories into the context.

Till now, no research has tried to make a comparison between adaptation, efficiency and strategic positioning in order to find out the best factor that really suits with the African companies' success. Thus, the present study is seeking to establish such a comparison and to bring out some recommendations for managers.

The main objective of this research is to examine the interactions between adaptation, efficiency, leadership, strategic positioning, and companies' success in the African context

## LITERATURE REVIEW

### Concepts

The review of the literature is to put a light on the different concepts of the topic and the underpinning adaptation theory.

### Leadership

For Nassè (2019) leadership is the capacity of a management capacity that aims at achieving some challenging goals, take fast and decisive action when needed, through outperformance against the competition. Leadership is the art of motivating a group of people (employees, suppliers, customers, partners) to help to the growth and profitability of an enterprise, by leading them into productive behaviors and sharing with them the will of achieving common goals. With personality and psychology, leadership is the most important characteristic of the entrepreneur. Leadership taken as a success factor is considered an intrinsic element of the company as it corresponds to the management performance of the employer and his/her influence on the human resources of the company. For King (1990) leadership is creativity and successful performance in terms of management.

## **Adaptation to Africa**

The concept of adaptation has been viewed by the fact of adjusting western management theories to the African context what seems to be a hybridization of management theories. It is also a process of change management by which a company becomes better suited to a particular business environment or business context (Nassè, 2016). For its part, Adaptation to Africa is influenced by the characteristic aspects of African culture, and in particular our case study which is Burkina Faso. Adaptation in the African context is characterized by the diversity of African culture contexts (Carbonell et al., 2021). This is a hybrid blending of both different management practices and theories.

## **Organisation Efficiency**

Organisation efficiency is required in all the aspects of management practices and it consists of giving a high level of results with a small level of assets (Carbonell et al., 2021). Organisation efficiency refers to its ability to reach some planned objectives while using the minimal expenditure of resources. This concept is related to all the modern management practices, and particularly to human resources management. At a technical level it could be focused to the obtention of the highest possible outputs with the least possible inputs. But according to Williamson (1999) an efficient organisation implies that there is no other possible alternative realizing more net gains.

## **Strategic Positioning**

The concept is concerned with the way in which a business as a whole distinguishes itself in a valuable way from its competitors and delivers value to specific customer segments (Wickham, 2001). Strategic positioning (organisation behavior towards the market) is to the company what the personality is to the individual. For Porter (1996), strategic positioning is about the controllable comparative advantage of a given company as compared to its competitors. Strategic positioning as a factor based on the organisation behavior towards the market that supports business success. Porter (1996) defined strategic positioning as a given comparative advantage that a company has as compared to the competing firms in its sector.

## **The Success Factors in the African Context**

The least developed countries of Africa are where it is usual to confuse the company with the employer's assets, (Weber, 2018), the employees with the extended family (Carbonell et al., 2020), and where corruption is present to distort both the supply and demand rules, it is not possible to analyse the success of an African company based on the same factors as in the developed world (Kamdem et al., 2020).

Success Factors have been defined and popularized by Porter (1996) diamond model. We take also in account the HRV growth determinants modeled by Rodrik et al. (2005) and the Pestel graph, and we assume that the key success factors we have to study are Leadership, Strategic Positioning, Efficiency and Adaptation to Burkina Faso, as we present in the following Table 1.

Based on Hampel-Milagrosa et al. (2015) onion model, we see a 4 skins model from core

(entrepreneur leadership) to external skin (environment), at each level different problems meet generic solutions and key success factors. In our onion model, we focus on identifying the relevance of 4 key success factors that influence business success and their correlation with the economic sector and the level of sales of the enterprises of Burkina Faso.

The first key success factor we define is Entrepreneur Leadership, the founder of the company and the core of the onion. Secondly, strategic positioning corresponds to enterprise identity (and differentiation from competitors). Thirdly, organisation efficiency is the key success factor related to enterprise management characteristics, our intermediate onion skin. Finally, adaptation to Africa is the key success factor linked to the business environment, the external skin of the onion (concerned by competitors' rivalry, economic policy and corruption, partners and local human resources behaviors).

<b>Onion Model</b>	<b>Problems</b>	<b>Solutions</b>	<b>Key Success Factors</b>
Core of a startup	Lack of: technology, finances, human resources, customers...	Hard work and exemplary behavior	Entrepreneur Leadership
Enterprise identity	Absence of entry barriers. Opportunism	Competitive intelligence	Strategic positioning
Enterprise management characteristics	Expensive and limited financing. Phony infrastructures	Modern management	Organisation efficiency
Business environment	Corruption and market barriers. Human resources management	African management	Adaptation to Africa

Source: Field data from Africallia 2018 survey.

## **Adaptation Theory**

According to the adaptation theory businesses or companies will adjust how they operate or how they function in term of management, in an effort to keep up with the challenging and changing market conditions, shifting environment factors or competition. The theory of adaption is assumed by some authors such as Levinthal (1997), Ansari et al. (2010), Nassè (2020), Eggers and Park (2018), Aldrich et al. (2020).

## **BURKINA FASO AND AFRICAN CONTEXT**

### **General Presentation**

Burkina Faso is a landlocked country located in the heart of West Africa. Among African economies, IFC (2019) reveals that Burkina Faso deals with an extreme poverty index of 40%, and the following Table 2 presents some of the key magnitudes of the country.

Concept	Data
Total Population	2018: 19,751,535 inhabitants
Gross Domestic Product (GDP)	2018: 14,442 USD Million
GDP per capita	2018: 650 USD
Life expectancy at birth	2018: 61.17 years
% of salaried workers	2018: 12.91%
Value added in% of GDP	2018: Agriculture 29%, Industry 20%, Trade and Services 43%
Adults illiteracy rate	(aged +15) 2018: 58.78%
Human development Index	0.423. Ranking 183 out of 189
Total population with electricity	2017: 17.5%
University students	2019: 0.66% of total population

Source: Collier and Ragoussis (2019), UNESCO (2019).

## Enterprises

Traore (2012), General Secretary of the Maison de L'Entreprise of Burkina Faso, indicates that the mortality of companies is 38% after 3 years of life and points that of the various causes of bankruptcies, financial problems are the most common reason for this with 55%. In Burkina Faso the lack of guarantees among potential debtors and the difficulty of funds recovery in case of failure, explain the scarcity of loans given by banks. That is why the cost of credit is there higher than that of all the neighboring countries of the UEMOA, and from them, more than 70% are for less than 1 year. They also tell that the credit granted by banks to realize productive investments and to finance exports is only 8.4% of the total (Figure 1).



**FIGURE 1**  
**BUSINESS CREATION BY SECTOR IN BURKINA FASO**

Source: Kormodo (2018)

Kormodo (2018) states that 109,103 companies have been created in Burkina Faso from 1933, but only 6,418 of them declare an annual turnover of more than 1 million XOF (1,500 €) and 82% of them are small individual companies.

However, many of them were no longer operational in 2018 (individual companies do not have the legal obligation to declare the closure of their activity) or moved to the informal sector, in order not to pay taxes. Useful official statistics to measure enterprises success are then nearly impossible to find.

## METHODOLOGY

### Research Hypothesis

Among the 4 Key Success Factors of African enterprises, the factor “Adaptation to environment” is the most important for African entrepreneurs.

It indicates that there are African management rules that everybody has to understand before to start a business in this continent. To test this hypothesis, we start from the categorization of our sample of interviewed entrepreneurs. Being able to build results referring to the sector in which they develop economically and the turnover they handle annually.

### Design of the Survey and Sample Description

We have exploited the advantages of conducting our own survey (Linares Fontela, 2003), which are precision, the possibility of classification, and the obtention of valuable conclusions. The survey is carried out at the Africalia 2018 Forum event held in the city of Ouagadougou, Burkina Faso, from February 21<sup>st</sup> to 23<sup>rd</sup>, 2018. Africalia has received 449 participants, from 22 countries, but most of them African entrepreneurs. The event serves as a business platform managing 5,461 B2B meetings among the participants to boost business activities on the African continent. A survey is carried out among the participants of the Africallia 2018 Forum, obtaining 114 valid results from businessmen from Burkina Faso. This survey examined apart sociodemographic data (country, economic sector, turnover, sex, age, year of starting, equity obtained, etc) many affirmations (corresponding to the 4 key success factors) relatives to the management behavior in their business. In addition, information is obtained on the different sectors of activity surveyed that are identified and grouped into 4 category: agricultural-industrial, construction, commerce and services. Likewise, the turnover expressed by the entrepreneurs was broken down into 5 brackets from which to choose; 0 - 19 million, 20 to 50 million, 51 to 500 million, 501 million to 3 billion and more than 3 billion. This stratification made it possible to identify small, medium and large companies.

### Measuring Tool

<b>Variable</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Accumulated Percent</b>
<b>Sex</b>				
Female	24	21.1	21.1	21.1
Male	90	78.9	78.9	100
Total	114	100	100	
<b>Age</b>				
25-35	28	24.6	24.6	24.6

36-45	57	50	50	74.6
46-55	28	24.6	24.6	99.2
56 and above	1	0.8	0.8	100
Total	114	100	100	
<b>Economic Sectors</b>				
Agroindustry	23	20.2	20.2	20.2
Construction	11	9.6	9.6	29.8
Commerce	27	23.7	23.7	53.5
Services	53	46.5	46.5	100
Total	114	100	100	
<b>Turnover</b>				
0 - 19 million	29	25.4	25.4	25.4
20 - 50 million	33	28.9	28.9	54.4
51 - 500 million	13	11.4	11.4	65.8
501 - 3000 million	31	27.2	27.2	93
3000 million and above	8	7	7	100
Total	114			
Source: Field data from Africallia 2018 survey.				

The measure of this study is to exploit the advantages of carrying out a survey (Linares Fontela, 2003), namely precision, the possibility of classification and obtaining valuable conclusions. It is based on the conduct of a personal survey, asking 34 questions in which socio-demographic data such as; age, sex, country of origin shown in Table 3. Then, questions are asked about the characteristics of the company; legal form, position in the company, turnover, sector of economic development, etc. To measure key success factors, related statements are measured using a 9-point Likert scale. All of the statements have been broken down and categorized according to the key success factors considered in this research.

### Investigation Process

This exploratory study uses statistical solutions of IBM-SPSS products and services for the analysis of data obtained from the surveys. The sample size is made from the 441 participants at the Africallia 2016 congress, with 114 respondents, and the maximum error of 9.25% (Ganassali, 2009; Hejase & Hejase, 2013).

### Ethical Issues

The respondents answer to the questions without anonymously (Nassè, 2020). The data in Table 4 gathered from them is for purpose of the present research.

## RESULTS

**Table 4**  
**RESULTS BY ECONOMIC SECTOR**

	<b>Leadership</b>	<b>Adaptation to Africa</b>	<b>Efficiency</b>	<b>Strategic Positioning</b>
Agroindustry	7.97	7.36	6.48	6.1
Construction	6.77	7.01	7.5	6.1
Commerce	6.74	7.08	6.81	6.43
Services	7.24	7.33	6.85	5.98
Total	28.72	28.78	27.64	24.61

Source: Field data from Africallia 2018 survey.

For categorization by sectors, the key success factor with the greatest value is adaptation to Africa, highlighting the agro-industrial sector, followed by the service sector. In Table 5 Leadership is a second important aspect, following an order of valuation by sector of agroindustry, services, construction and finally trade.

Efficiency is in a third assessment, where the service sector stands out by its preference, followed by trade, agro-industry and construction. Finally, strategic positioning is one of the least valued aspects by sector. Here, it is the commerce sector where this key success factor prevails, followed by agro-industry. On the other hand, for the categorization by turnover, Efficiency emerges as the most valued key success factor, for entrepreneurs who manage turnover in excess of 51 million to over 3 billion.

**Table 5**  
**RESULTS BY TURNOVER**

	<b>Leadership</b>	<b>Adaptation to Africa</b>	<b>Efficiency</b>	<b>Strategic Positioning</b>
0 - 19 million	8.1	7.59	6.03	5.31
20 - 50 million	7.99	7.44	6.47	5.84
51 - 500 million	6.29	6.74	7.15	6.48
501 - 3 billion	6.71	7.55	7.53	6.78
3 billion and above	5.41	6.65	8.62	7.39
Total	35.2	35.87	35.8	31.8

Source: Field data from Africallia 2018 survey.

Leadership is the most valued aspect according to this category, highlighting globally entrepreneurs who manage turnover below 50 million. The least valued aspect is the strategic positioning, in particular for entrepreneurs whose turnover is less than 19 million. But, Adaptation to Africa is the most important factor if we consider the sum of the indicators given by all company sizes, even closely followed by Efficiency.



## DISCUSSION

Previous research in the same context have shown that the eradication of corruption is the key success factors for African companies. For some other authors the eradication of insane business practices and the eradication of fraud are some key factors for success (Nacoulma et al., 2020; Nassè, 2019). According to some authors it is rather the management methods that should undergo through hybridization process for companies to get a full success (Illa, 2012; Nassè, 2019). Recent research also has shown that the recruitment methods are very traditional, and they do not help towards the companies' economic growth (Carbonell et al., 2020).

However, these authors explain that when companies grow, they replace traditional recruitment methods by modern ones, which leads to better economic results. These findings are coherent with ours, as optimal human resources management is a part of organisation efficiency.

Nevertheless, it is found in this research that there are important sectoral differences combined with an evolution of the success factors in relation with the size of the Company. It appears that leadership is a more important key success factor than environmental adaptation (to the African context) for small enterprises.

But when leadership is not taken in account, adaptation to Africa is the more important success factor for small companies (Carbonell et al., 2021). In the other side, efficiency followed by strategic positioning are the key success factors for the largest companies. If considering only the totals, Adaptation to Africa is the most important success factor among the 4 analysed in our model, and our hypothesis is verified: there are African management rules that everybody has to understand before to start a business in this continent.

## CONCLUSION AND RECOMMENDATIONS

The present research has helped to make a literature review on some management concepts such as adaptation, efficiency, leadership and strategic positioning. Leadership in the management of companies in the African context remains one factor that can contribute to companies' success this research enriches the management literature by adding facts and arguments to improve business behavior in Africa, showing the importance of the 4 key success factors analysed: leadership, adaptation to the African context, organisation efficiency and strategic positioning.

The companies face hard competition, unfair practices (Nassè, 2019) as well as the challenge to apply Western management theories in the context of Africa. We find that leadership and adaptation to Africa are the most important success factors for small companies, in all economic sectors, that is for most of the African companies (because there are not many big ones), and that once a company attains a critical size, other success factors (efficiency, strategic positioning) become the most important.

First all related to the personality of the entrepreneur, and then linked to the adaptation to his environment. When finally, they arrive to a critical size, they depend more of the performance of the organisation and the technological and commercial strategies, because key success factors for international competition have to be under Western World standards.

### Recommendations for Entrepreneurs

Become more skilled in modern management and strategy is crucial for those African entrepreneurs who want to improve efficiency and strategic positioning, in order to grow more

their company. If that is not possible, as Carbonell et al. (2020) suggest, appropriate recruitment of university staff could help. The knowledge on how to deal in Africa is even more important but learn about it concerns only foreign entrepreneurs. It is good for companies to adapt their management practices in the African context (Nassè, 2019; Carbonell et al., 2021) but companies should adopt and manage their leadership to achieve some good results.

### Recommendations for the government of Burkina Faso

The article suggests that as business success depends on modern management skills, promoting business management studies will be useful for the health of existing companies and to future ventures.

### Recommendations for researchers

This study relies on the perceptions received from the survey carried out. It would have been more convincing to have contrasting quantitative data on the companies interviewed (number of workers, exact turnover, and international trade) before the survey. It would also be useful to check the validity of the findings of this study in other countries in Africa.

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