

Postcolonial Sub-Saharan¹ State and Contemporary General Business Environment. Selected Issues

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Abstract

Purpose: The paper presents the results of a qualitative analysis of selected aspects of general business environment. The author strives to answer the following question formulated in the context of postcolonial deliberations: has the general business environment been affected by European colonialism?

Methodology: Semantic and semiotic analysis of primary sources (statistical data and research findings formulated by international organisations, such as the World Bank, OECD, UNIDO) and secondary sources (scientific and research studies of Polish and foreign authors based on primary sources); literature review.

Findings: In the postcolonial perspective, qualitative analysis shows neither a positive nor a negative impact of colonialism on the contemporary general business environment. If certain signs of its deterioration are observed, they are mostly due to the erosion of state capacity, whose origins can be traced back to the Berlin Conference.

Originality: Papers on Postcolonial Management and Critical Management Studies (CMS) bridge the gap in literature pertaining to management issues, especially in Poland. Due to their interdisciplinary nature, Postcolonial Management and CMS cover a broad range of research areas (i.e. theory of state and nation, sociology, economic history). They pertain to both economics and management, and are therefore difficult to classify.

Keywords: Sub-Saharan Africa, general business environment, postcolonial state; family-run Micro, Small and Medium Enterprises (MSMEs); Foreign Direct Investment (FDI)

JEL: H70, M2, N17, N47, O10, O44

¹ The paper does not refer to the Republic of South Africa.

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Introduction

The field of *Critical Management Studies* and *Postcolonial Management* grew out of a critical political and philosophical approach, according to which at a certain point of capitalism development in the nineteenth-century Western Europe, economic³, social⁴ and political⁵ circumstances allowed Europeans to engage in colonial expansion (here: in Africa)⁶. Societies and their organizations (e.g. states) were subjugated. They became subordinated, along with the continent's natural resources ("reservoir of raw materials") to the needs and purposes of the empire.

The actual consequences of colonialism and those ascribed to it by researchers, both positive and negative, have been reflected in the postcolonial perspective. The end of the colonial era and the emergence of an independent African country did not, however, close this chapter of human history. Even though 54 years (1960–2014) have passed since the ground-breaking 1960, "the year of Africa", when 17 countries – Gabon, Congo, Cameroon, Central African Republic, Chad, Niger, Mali, Togo, Senegal, Mauritania, Nigeria, Burkina Faso, Madagascar, Democratic Republic of the Congo, Somalia, Dahomey (Benin) and Côte d'Ivoire gained independence, one event continues to adversely affect the functioning of many of them.

Zones of influence of colonial powers (state borders), set at the Berlin Conference in late 1884 and at the beginning of 1885, have been maintained to the present day. They

³ Towards the end of the nineteenth century, the "colonial fever" was intended to mask and compensate for domestic policy failures of European states. Economic bottlenecks, rising unemployment, increasing reserves and excess of capital that could not be productively invested, the closing of borders in order to prevent the import of goods were all symptoms of the crisis of the capitalist economy and of capitalism itself (Fieldhouse, 1973, p. 10, 45; Gann and Duignan, 1970, p. 117; Toro and Toro, 1995, p. 103).

⁴ In 1880, imperialism, nationalism and chauvinism were so insignificant that could not have prompted colonialism in Africa. The latter was due rather to the inherent human tendency to expand (Gann and Duignan, 1970, p. 70; Fieldhouse, 1973, p. 71). The period of conflicts and of the internal breakdown of many social organizations in Africa (1877–1878) favoured the colonial expansion (the Mande rose against the Tukulor, the Ashanti against the Fante and the Baganda against the Banyoro) (Ajayi and Crowder, 1974, p. 448; Adu Boahen, 1990, p. 18 et seq.). Alliances with Europeans salvaged many tribes. If it had not been for the British and the establishment of the protectorate of Northern Rhodesia, the Barotse would have faced an uprising of slaves. In East Africa, the Marealle and the Kibanga living in the vicinity of Lake Tanganyika favoured the presence of Germans in order to protect themselves from enemies. British "protection" was chosen of their own accord by the Ngwato, the Lozi, the Sotho, the Tswana, the Swazi, the Hlubi, the Senga, the Mpondomise, the Shona, the Tonga, as well as a number of poor tribes – vassals of the Zulu, the Ndebele, the Bemba, the Yao and the Nguni (Ajayi and Crowder, 1974, p. 408; Crowder, 1968, p. 10; Adu Boahen, 1990, p. 27, 76, 101).

⁵ Eurocentrism, imperialism and diplomatic measures through which dominance was gained over a defined territory and its population (Fieldhouse, 1966, p. 208; Gann and Duignan, 1970, p. 199; Prasad, 2003, p. 193).

⁶ In the second half of the nineteenth century, colonialism was endorsed by sciences and philosophy, as well as Darwinism (Charles Darwin's opus "The Origin of the Species" was published in 1859). The colonial expansion of the European master race became rationalized and legitimized as a "civilizing mission". The theory of superiority of European culture based on the works of Balzac, Baudelaire, Lautreamont and on the philosophy of Hegel also contributed to this general climate. It was supported by Orientalism – a set of views and cultural representations of the Orient and of non-Western cultures. As defined by Edward Said, it captures the essence of the approach of colonizers, who would suppress and degrade the culturally "lower" communities and their history (Boahen Adu, 1990, p. 11; Prasad, 2003, p. 10, 109, 130; Abrahamsen, 2003, p. 199; Frenkel and Shenhav, 2006, p. 855; Westwood, 2006, p. 96 et seq.; Fougere and Moulettes, 2006, p. 12; Hofstede and Hofstede, 2007).

were established against any geographical, ethnic and cultural criteria, creating an ethnic mosaic, separating friendly peoples and amalgamating hostile tribes and clans.⁷ In the postcolonial period, they provide an impulse to invert this order and seek revenge for the wrongs of the colonial period. It takes the form of separatist movements, coups and ethnic military conflicts⁸ (Gulczyński, 2004, p. 360; Harris, Moran and Moran, 2004, p. 561; Young, 2004, p. 44; Collier and Fosua, 2005, p. 109 et seq.; Bates, Coatsworth and Williamson, 2006, p. 35; Collier, Hoeffler and Rohner, 2008, p. 4; Long and Mills, 2008, p. 394 et seq.). Although their force is less destructive, they dismantle state institutions, generate chaos and bring about humanitarian disasters. The entire system of authority legitimacy becomes eroded, as well as the monopoly to represent the country on the international scene. It is evidenced by the persisting and significant number of “failed” states⁹ (Walle, 2001, p. 131 et seq.; Fukuyama, 2005, p. 55, 109 et seq.; Barbone and Sharkey, 2006, p. 10; Failed States Index 2004, 2009, 2013).

Economic and political instability, escalating impoverishment and insufficient effectiveness in the implementation of legal regulations in Sub-Saharan Africa meant that elements of general business environment formed a barrier hindering economic development. Entrepreneurs were forced to adapt to the existing conditions, and therefore many of them gave up any attempts at increasing their competitive power or at developing. In particular, family-run, micro and small firms would limit their economic activity, operated without registering their activity and carried out „under-the-table”¹⁰ transactions, equipping themselves with power generators in order to avoid the consequences

⁷ The territory of the Bakongo was divided between Angola, Zaire and Congo. The Ewe were dispersed between Ghana, Togo and Benin. The territories inhabited by the Somali were divided between Somalia, Ethiopia and Kenya; the Senoufo were dispersed between Mali, Côte d'Ivoire and Ghana. State territories are characterized by enormous disparities – some are unnaturally large (e.g. Sudan), others unnaturally small (Gambia or Lesotho) (Boahen Adu, 1987, p. 96; Fougere and Moulettes, 2006, p. 9).

⁸ In the 1990s, internal armed conflicts unfolded in Africa: in Chad, Liberia, Ethiopia, Somalia, Rwanda, Sierra Leone and Congo.

⁹ According to “Foreign Policy” (2004), the list of “failed states” in Sub-Saharan Africa included: Chad, the Democratic Republic of the Congo, Guinea, Liberia, the Central African Republic, Rwanda, Sierra Leone, Somalia, Sudan, Côte d'Ivoire, Zimbabwe. Partially failed states: Ethiopia, Kenya, Tanzania, Uganda; potentially failed states: Angola, Cameroon, Mozambique and Nigeria. In 2008, the following were classified as failed states: Sudan, Zimbabwe, Chad, the Democratic Republic of the Congo, Côte d'Ivoire, the Central African Republic, Uganda, Nigeria, Kenya, Congo, Malawi, Guinea-Bissau, Cameroon, Burkina Faso, Equatorial Guinea, Rwanda and Togo. This situation did not change in 2009. In 2013, despite the reformist efforts in the countries of the region, many of them were classified as failed states, *inter alia* Somalia, the Democratic Republic of the Congo, Sudan, Chad, the Central African Republic, Zimbabwe, Côte d'Ivoire, Guinea Bissau, Nigeria, Kenya, Niger, Ethiopia, Burundi, Uganda, Liberia, Cameroon, Sierra Leone, Burkina Faso, Congo, Mali, Rwanda, Togo, Angola, Zambia, Equatorial Guinea, Mozambique, Gambia and Senegal.

¹⁰ Today, in the second decade of the twenty-first century, the market of non-cash settlements is becoming increasingly accessible thanks to information technologies. The number of mobile phone users has exceeded 700 million (as compared to only 10 million in 2000). With the construction and development of information systems and networks, e.g. by Ericsson and Asseco, the volume of trade supported by mobile devices is increasing. Mobile payments are gaining popularity, they provide users with a wealth of information, are functional, easily available and secure. They allow convenient access to financial resources anywhere and at any time, regardless of the opening hours of banks. In Tanzania, 38% of subscribers transfer money using mobile phones. Thanks to call centres, mobile phone users have easy access to weather forecasts and to information about the purchase price of agricultural goods on commodity exchanges.

of power cut-offs¹¹ (Kiežun, 1997, p. 34; Fosua, Nsouli and Varoudakis, 2001; Fosua, Mlambo and Oshikoya, 2001; Nsouli, 2004; Eifert, Gelb and Ramachandran, 2005, p. 7; Wang, 2007, p. 20; Ramachandran, Gelb and Eifert, 2009; World Development Report 2009, World Bank 2009a). Despite an improvement of the business environment, high cost of connection to the grid and of energy itself, as well as frequent interruptions in power supply continue to haunt the region (even though they often result from infrastructure shortcomings and natural barriers) (IMF, 2013b, p. 34, 62; IBRD/IMF, 2013c, p. 64; IBRD/IMF, 2014, p. 50 et seq.).

Even in 2012, the region was considered the least favourable for economic activity (in terms of starting a business, receivables collection¹², real estate registration, foreign expansion; inefficient judicial system, corruption) (SABER, 2012, p. 42; IMF, 2013a, p. 12, 14). In countries such as Chad, Niger and Rwanda, the financial system remains thin. According to the available data, Sub-Saharan Africa was the region with the lowest level of investor protection in 2013. Lesotho, Burundi and Rwanda had the most developed and favourable legal regulations (IBRD/IMF, 2013c, p. 79, 80; IMF, 2013a, p. 34).

Post-colonial Sub-Saharan country

Gaining independence did not guarantee peace and order in the country. Forecasts formulated by K. Nkrumah proved inaccurate: he claimed that the regain of independence was synonymous with a victory in the political war. The Prime Minister of Nigeria Alhaji Abubakar Tafawa Balewa was also wrong in his belief that after the demise of colonialism, Africans would regain their citizenship, country, flag and national anthem, and that unity would be conducive to the establishment of a state. None of this has happened, though. Many nationalists and representatives of the Pan-African movement were wrong (McEwan and Sutcliffe, 1965, p. 205; Herbst, 2000, p. 112; Chafer, 2002, p. 345–351; Young, 2004, p. 29, 30–33; Biney, 2009, p. 82–90). In 1979, during the summit of the Organization of African Unity, a crushing thesis was formulated, according to which Africa was unable to achieve either major growth or prosperity

¹¹ For instance, in 2005, private power generators provided 40% of electricity in Nigeria. A kilowatt-hour obtained in this manner was three times more expensive than a kilowatt-hour acquired from a state supplier. In 2006, as many as 87% of companies operating in Uganda claimed that power outages were a major obstacle to an effective operation. In the Sub-Saharan region, the annual number of power failure days in 2009 was estimated at 56. As a consequence, entrepreneurs lost the equivalent of 5.6% of their sales (IBRD, the World Bank 2009a, p. 267).

¹² Credit bureaus play an important role: they check the creditworthiness and supply working capital (IBRD/IMF, 2013c, p. 72). In terms of credit information assessment, countries of Sub-Saharan region rank very low. In 2013, Benin, Burkina Faso, Guinea-Bissau, Niger, Mali, Senegal, Côte d'Ivoire and Togo scored 1 (lowest) on a scale of 6 (IBRD/IMF, 2013c, p. 75, 76). As of June 2013, credit bureaus operate in only 11 countries in the region (IBRD/IMF, 2014, p. 95).

(Young, 2004, p. 37; Agenor, 2008, p. 57). At the heart of these problems were negative features of the post-colonial state: 1/ absence of efficient state administration¹³; 2/ corruption and nepotism; 3/ shortage of trained and experienced staff; 4/ underdeveloped economic infrastructure; 5/ low level of social infrastructure; 6/ lack of modern political culture; 7/ weakness of the state¹⁴, which had become instrumentalized and “appropriated” by social groups (such as clans) striving to maximize their control over the national wealth (Walle, 2001, p. 131 et seq.; Beck, 2001, p. 604; Harris, Moran and Moran, 2004, p. 552; Trzciński, 2006, p. 77; Cho and Kirwin, 2007, p. 1–4; Ngozi O-I, 2007, p. 2, 12; Lavalée, Razafindrakoto and Roubaud, 2008). In everyday practice, a return to the colonial type of governance was observed. The state was moving away from its citizens (Young, 2004, p. 23–27). This became evident in countries European colonial powers had been replaced with the rule of African dictators and autocrats¹⁵ (Bayart, 2000, p. 224–226; Fukuyama, 2005, p. 42 et seq.). Even studies published in 2006 pointed out to the „disintegration” of the post-colonial state and the imbalance among three fields of power: „the state”, „the market” and „society” (Tulder and Zwart, 2006, p. 40, 42).

The influx of investment capital towards minerals and strategic raw materials of Sub-Saharan Africa took place under unfavourable business conditions. High investment risk did not prevent multinational corporations from reaping huge profits. Politics often supported investment capital by treating even the most bizarre regimes as „outposts” of the ideological struggle. Foreign capital did not demand that African states carry out institutional or political reforms. It was only the democratization process, strengthening of cooperation with international organizations and ambitious reform

¹³ Research conducted by J.W. Fedderke in 2008 and by A. Alesin in 2002 indicate that the income in the national economy depends on the physical capital (tangible assets), human capital, labour and the quality of state institutions: $Y = F(K, L, R, H)$, where Y is income, K – tangible assets, H – human capital, L – labour, R – the quality of institutions (Fedderke and Luiz, 2008, p. 650). The quality of state institutions is essential to creating a favourable investment environment, business environment and a competitive national economy (Ramirez and Tsangarides, 2007, p. 6).

¹⁴ The patrimonial form of autocratic government – also referred to as the economy of affection (between the client and the patron) – is on the rise. It had been widely used in the feudal structure of the pre-colonial state; today, in the postcolonial period, it ruins the effectiveness of administrative structures of the state by making them inert and unable to drive the country towards development (Mkandawire, 2001, p. 298; Walle, 2001, p. 53; Fukuyama, 2005, p. 31–32). Clientelism and patrimonialism, along with fantasies of autocratic rulers created a pernicious precedent of engaging the state and using public property for irrational investments, the so-called white elephants that lead the country towards a financial disaster (Young, 2004, p. 40; Easterly, 2008, p. 64).

¹⁵ Authority that is eccentric, full of clichés and grotesque strives to meet its own hedonistic needs. It appropriates state resources in order to secure its own material gains. It manifests authority in an ostentatious and theatrical manner (e.g. the Bokassa, the Mobutu and the Amin). It is referred to as “la simulance” (authority based on appearances). There are no lofty ideas behind it; traditional ideals, such as “Bula Matari” (crasher of rocks) in Congo devalue and lose their social role when confronted with grotesque rulers (Kabila) (Young, 2004, p. 24–25). Ruling elites in post-colonial countries are characterized with “ideological vacuum” (Mkandawire, 2001, p. 295). State authorities establish connections with the informal market; thus, a shadow state is born (Duffy, 2005, p. 1 et seq.; Chrisman and Parry, 2000, p. 83–84; Burnell, 2001, p. 239; Walle, 2001, p. 109).

plans that made many governments aware of the beneficial effects of foreign capital¹⁶. Revival began after several “lost decades” and was stimulated by international organizations, which wrote off debts of African countries and extended grace periods for foreign debt, which in many cases proved impossible to service.

Today, many economies from the region have been recording unprecedented growth despite their high political risk statements and widespread poverty.

In 2012, Sub-Saharan Africa grew at the rate of 5.5% of GDP; the previous decade brought a one-third growth of GDP per capita (CEED, 2013, p. 15 et seq.).

In 2001–2010, Angola, Nigeria, Ethiopia¹⁷, Chad and Rwanda were among the fastest growing countries in the region. Their investment attractiveness has been increasing faster than political changes take place; social development and the effects of political and structural reforms become visible (CEED, 2013, p. 51). Literature analysis shows that the post-colonial “ghosts” (often the effects of the Berlin Conference), such as the terrorist attacks in Boko Haram (Nigeria)¹⁸, Mungiki sect in Kenya, internal conflict following the elections in Côte d’Ivoire¹⁹, the conflict in the province of Katanga in the Democratic Republic of Congo (the DRC)²⁰, the collapse of Somalia, the conflict in Mali, the conflict in the Central African Republic – contemporary examples of the political instability in the region from 2010 until today – reduce the inflow of resource-seeking FDI²¹. According to data from 2012, Somalia, the DRC, Central African Republic,

¹⁶ A rapid flow of capital is used to finance domestic investments aimed at infrastructure development and fight against HIV/AIDS. The implementation of the NEPAD strategy objectives by 2015 seems increasingly feasible in certain countries.

¹⁷ Ethiopia was not a European colony.

¹⁸ The death of the Nigerian President U. Yar’Adua in May 2010, and the prospect of political and religious divisions resulted in terrorist attacks. Political stability and the quality of the business environment were undermined (deterioration of good governance aspects: security and law enforcement, economic potential, human rights). The country ranked seventh in the World Terrorism Index (SABER, 2012, p. 13, 14, 25, 28). In 2012, Nigeria ranked 131 (out of 185) in terms of ease of doing business.

¹⁹ Events in this country had an impact on the political situation in West Africa. The defeat of President L. Gbagbo in the elections in November 2010 sparked unrest and violence. In the subsequent period of six months, nearly 3,000 people were killed. Further conflicts unfolded in early 2013: the establishment of a new government by President Ouattara and the authority of the militia and the army over rebel groups of Gbagbo supporters coming from Ghana and Liberia. The civil war destroyed the country’s infrastructure. In 2012, the country ranked 177 in terms of ease of doing business (eighth from the bottom of the list) (SABER, 2012, p. 13, 18, 20, 53). The armed conflict in late 2010 undermined economic growth prospects for 2011 of both the country itself and other Member States of WAEMU (the country’s share in the GDP of this group stands at approximately 30%) (IMF, 2012, p. 10).

²⁰ The political situation in the countries of Central Africa was unstable. The victory of the ruling parties in elections in the Republic of Congo and in Equatorial Guinea (with a score of 99%) suggested election fraud. Rebel Tutsi soldiers (the M 23 group) operated in eastern parts of the DRC, menacing the economic hub, i.e. province of Katanga. The participation of neighbouring countries, namely Rwanda and Uganda supporting the Hutu, in the ethnic conflict brings to mind the 1994 genocide.

²¹ For instance, a source of tensions in Equatorial Guinea was a conflict within the ruling family, between the son of the president Teodoro Obiang Mangué and other members exercising control over militarized services. The country, defined as “not free”, is one of the most difficult places in which to conduct business activities. This is due to numerous barriers: starting a business, investor protection and the tax system. Natural gas and rainforest wood attract foreign direct investments (FDI) (SABER, 2012, p. 44 et seq.).

Nigeria, Côte d'Ivoire and Chad are most at risk (CEED, 2013, p. 10 et seq., 18 et seq.). Political immaturity of many countries in the region manifests itself through postcolonial hybridity, which is more dangerous than absolute power. It creates uncertainty within the political environment and forms the most serious barrier to business. Governments open their countries to foreign capital, encourage investment, but changes do not go beyond the statistical GDP growth. High economic growth in the region observed in 2004–2013 and in 2014 (estimates) is due to the results of fragile countries (e.g. 7% in 2012) (IMF, 2013a, p. 2, 9). The attitude towards investment consortia is sometimes based on unclear rules (e.g. in the delta of the Niger River) and economic growth is not reflected in the standard of living (e.g. Nigeria). The Republic of Congo is considered as country that is “not free” and unfavourable to business operations (according to *Doing Business*, it ranks 183 out of 185), despite of its GDP of USD 13.7 billion and 4.9% growth in 2012, 71.3% of the population lives below the poverty line (SABER, 2012, p. 50 et seq.). In these countries, stability today does not mean stability tomorrow (CEED, 2013, p. 54 et seq.).

General business environment

Business-friendly environment facilitates the effective operation of private sector entities²² and stimulates economic growth. Family-run micro, small and medium enterprises (MSMEs)²³ are important for the development of entrepreneurship and the generation of national income. They are more efficient in creating jobs, innovation and development (Gibson and Vaart, 2008, p. 3). To operate, however, they need a favourable business environment (IBRD/IMF, 2013c, p. 15, 19, 21). Studies have shown a close correlation (at the level of 0.83) between the country's *Doing Business* rating and the World Competitiveness Index developed by the World Economic Forum.

Every organization is subject to different processes and to influences of its environment. It may be external, but affects the results of its operations. It imposes limits and forces the organisation to adapt – otherwise, it cannot survive²⁴ (Kieżun, 1997, p. 11, 13, 26, 37; Hatch, 2002, p. 69; Hatch and Cuncliffe, 2006, p. 65 et seq.). In the Sub-Saharan

²² Approximately 90% of jobs in developing economies are created here.

²³ MSMEs – micro, small and medium enterprises; this term does not really reflect the situation in the sub-Saharan region. No medium-sized enterprises operate in the region (with the exception of South Africa). This feature is referred to as the “missing middle” (Kayanula and Quartey, 2000, p. 9; Gibson and van der Vaart, 2008, p. 10).

²⁴ Sensitivity of an organization to the influence of the environment depends on the demand for resources (resource dependence theory). These are, for instance, raw materials, labour, capital, equipment and knowledge. They are controlled by business environment, and therefore the latter also has an impact over the organization (Hatch, 2002, p. 80).

region, MSMEs operate without connections to government officials, “big” capital and their corruptive mutual relationships. They do not have the bargaining power typical of large privatized companies, whose operations are of import for the government. They do not benefit from tax cuts, the granting of concessions or other privileges aimed at facilitating economic activity (Gibson and Vaart, 2008, p. 10; *Internalization of Cameroonian...*, 2009, p. 53). They are sensitive to negative factors originating from the business environment, such as: 1/ transaction costs²⁵, 2 / low level of education; 3 / infrastructure shortages; 4 / lack of guarantee of compliance with the law; 5 / lack of transparency of the privatization process and investors’ inability to decide about the business strategy, 6 / lack of stability and transparency in politics, 7 / economic instability, 8 / poor legal regulations, 9 / poverty (Pigato, 2001, p. 2 et seq.; Dupasquier and Osakwe, 2005, p. 14; Kauffmann, 2005, p. 1; USAID, 2005, p. 6–19; AfDB, OECD, UNDP, UNECA 2011, p. 13, 71). Consequently, the informal sector is thriving in many low-income countries. It is the case of family-run micro enterprises engaged in trade and services, which are not able to afford to register their business activity (IMF, 2013a, p. 12, 14).

General business environment is the area on which an organization has no influence²⁶ (Buchholz, 1989, p. 184 et seq; Certo, 2000, p. 168 et seq.; Nowakowski, 2005, p. 100; Schermerhorn, 2008, p. 43 et seq.). It is created by the state, through its institutions and the work performed by the government²⁷. Legal regulations adopted by the state ‘accompany’ organizations at every stage of their lifecycle, from the very beginning (registration) to their final stages (deleting an organisation from the register of businesses) (IMF, 2012, p. 72; IBRD/IMF, 2014, p. 2, 11). The efficiency of the legislative process, the quality of legislation and its enforcement all combine to determine the efficiency of the state. Therefore, its role is considered to be pivotal for the development of the private sector and support for entrepreneurship (Porter, 2001, p. 230 et seq.; Hatch, 2002, p. 81; Fukuyama, 2005, p. 21, 38).

²⁵ In 2000, the World Bank calculated that the cost of transport in importing activities in East Africa and West Africa are approximately 70% higher than in developing Asian countries. In countries without access to the sea, it were more than 100% higher. In the mid-1990s, the cost of internal transport in Côte d’Ivoire was 200-300% higher than in the countries of Southeast Asia (Ngowi, 2001, p. 11). Even in 2009, the World Economic Forum referred to very high invisible costs of doing business in Africa; these costs are not directly linked to the activities of the organization, but must be incurred in order to allow the entity to operate. This expenditure accounted for an average of 25% of sale proceeds. These expenses did not contribute to increasing the volume of production or the organization’s assets (Fosu, Nsouli and Varoudakis, 2001, p. 28; WEF, World Bank, 2009, p. 83 et seq., 97).

²⁶ The following elements: 1/ economic, 2/ technological, 3/ educational, 4/ cultural, 5/ legal, 6/ political, 7/ sociological, 8/ demographic, 9/ natural.

²⁷ The state: 1/ contributes to the creation of specialized factors of production, 2/ avoids intervention in the market of production factors and the money market, 3/ imposes quality standards for products, safety and environmental protection, 4/ creates incentives to invest in innovation and human capital, 5/ supports free competition, 6/ relinquishes trade control. As the sovereign, the state is an important partner for companies and their managers. A variety of economic measures contribute to improving business environment, for instance the introduction of a market economy (Tanzania), deregulation of prices (Uganda), the application of grace periods and debt cancellation, and structural reforms (IMF, 2013b, p. 40 et seq.).

Many governments understood this relationship. Among 50 economies that, since 2005, have introduced ground breaking reforms to improve their business environment, one third are Sub-Saharan. In 2004–2012, 98% of the region's economies carried out at least two reforms. Nevertheless, according to *Doing Business's* category of "Ease of doing business", out of 185 countries, only Mauritius (which ranked 19), Rwanda (52), Botswana (59), Ghana (64), Namibia (87) and Zambia (94) were among the first hundred economies on the list. The subsequent country ranked 120 and their highest concentration was observed between 170 (Gabon) and 185 (Central African Republic). Their legal and political institutions are flawed and weak; the administrative decision-making process is costly and long (IBRD/IMF, 2013c, p. 1–9). In 2006–2013, the majority of reforms aimed at improving the reliability of trade and the implementation of agreements were carried out. Contractual rights are difficult to enforce, particularly in the Central African Republic, Benin and Angola – in 2013, they ranked 177, 178 and 183 respectively. On the other hand, the creation of economic and commercial courts has significantly improved the situation in the DRC, Ghana, Lesotho, Mozambique, Nigeria and Rwanda. The average time necessary to resolve a dispute is 5 months (IBRD/IMF, 2013c, p. 90–92).

According to data available in June 2013, Mauritius (20 among 189 economies), Rwanda (32) and Botswana (56) were the friendliest countries for entrepreneurs in the region. The majority of countries scored very low: Kenya (129), Burundi (140), Tanzania (145), Nigeria (147), Côte d'Ivoire (167), Angola (179), the DRC (183), the Central African Republic (188) and Chad (189). In 2012–2013, Sub-Saharan Africa was among the leaders in terms of successful implementation of structural and constitutional reforms (IBRD/IMF, 2014, p. 1–8). Their effect is visible in the "guide" on the quality of the business environment – Ibrahim Index of African Governance (*2012 Ibrahim Index of African Governance*, p. 3). Theoretically, from the point of view of an investor, an important category is the Safety and Rule of Law Index, indicating an efficient, fair and accessible judicial system, which is institutionally independent, apolitical and transparent²⁸. Other components include property rights, levels of corruption and bureaucracy, personal security and political stability. Another important category is Sustainable Economic Opportunity, relating to the freedom of establishment for all citizens, the

²⁸ An efficient system of economic courts means the shortening and simplifying of procedures, and reducing their cost. It contributes to increasing trade security, curbing the functioning of informal systems and increasing confidence in state institutions. Electronic records of unreliable contractors and the computerization of courts help achieve this objective. Rwanda and Tanzania are two examples from the region. Both rank high on the *Doing Business* list, in the category of "ease of contract enforcement" (IBRD/IMF, 2014, p. 66–69). In 2011, the average time of economic dispute resolution in Côte d'Ivoire (in Abidjan) was approximately 770 days. By mid-2013, it had shortened to about 585 days (IBRD/IMF, 2014, p. 111). The establishment of separate commercial courts, *inter alia* in Cameroon, the DRC, Ghana, Rwanda and Nigeria helped many entrepreneurs to pursue their claims; consequently, the average settlement time had been reduced by 2.5 months (IBRD/IMF 2014, p. 112).

government's ability to pursue stable economic policies, attention to the development of economic potential and providing appropriate infrastructure. The most important sub-category of political and economic factors, combining the multiplicity of political and economic factors, is the "Business Environment" (*2012 Ibrahim Index of African Governance*, p. 4, 5, 26).

In 2006–2011, at the regional level, Central Africa, Southern Africa²⁹ and West Africa made progress in improving management principles and practices. The latter's achievements were particularly striking in the "Security and Rule of Law" category (*2012 Ibrahim Index of African Governance*, p. 11). Central Africa clearly lagged behind the average for the continent in all categories and sub-categories of the Index – it ranked last. East Africa ranked 4 in 2012, but last (5) in the "Public Management" subcategory. According to a study conducted in 2013, this situation has not changed (*2013 Ibrahim Index of African Governance*, p. 16).

Individually, in 2000–2011, Angola, Congo, the DRC, Rwanda and Zambia were among the countries that had improved their management quality. Since 2006, analyses had shown its deterioration in Kenya and Nigeria. In 2012, it was among the ten African countries with the lowest quality of management (*2012 Ibrahim Index of African Governance*, p. 2). Individually, in the "Security and Rule of Law" category, the DRC ranked 48, Chad – 45, Angola – 40, Congo – 39, Rwanda – 31 (out of 52). In terms of Sustainable Economic Opportunity, the DRC ranked 50, Chad – 44, Angola – 33, Congo – 36, Rwanda – 11 (out of 52) (*2012 Ibrahim Index of African Governance*, p. 19, 27). According to the 2013 statement, Botswana and Mauritius ranked highest in terms of Safety and Rule of Law, while Ghana ranked 6, Senegal – 15, Rwanda – 26, 37 Angola – 37, Chad – 46 and the DRC – 51 (*2013 Ibrahim Index of African Governance*, p. 18). The National Security component including, among others, conflicts along country borders, the incidence of armed conflicts and the government's involvement in armed conflicts showed in 2013 that Rwanda – the leader in reforming the business environment – ranked 49 (between Mali – 48 and the DRC – 50). Chad ranked 40, Senegal – 34, Angola – 26 and Ghana 16 (out of 52) (*2013 Ibrahim Index of African Governance*, p. 21). Mauritius and Botswana were leaders in the Sustainable Economic Opportunity category, followed by Rwanda – 8, Senegal – 12, Ghana – 13, 36 Angola – 36, Chad – 45 and the DRC – 46 (out of 52) (*2013 Ibrahim Index of African Governance*, p. 26, 27). In the Business Environment subcategory, Rwanda³⁰ ranked 2 (!) between Mauritius and Botswana;

²⁹ Southern Africa was the leading region.

³⁰ New management patterns in the economy and the reconstruction of the political system initiated in 2000 allowed Rwanda – a country with a recent history of war – to become a leader in terms of improving business environment (IMF, 2013b, p. 32). New priorities were set, namely health care, education, infrastructure and the development of the financial sector institutions. Since 2004, business environment

Senegal ranked 8, Ghana – 18, Angola – 33, Chad – 41, the DRC – 49. In the Infrastructure subcategory, the DRC ranked 52 (last), Chad – 46, Nigeria – 44, Senegal – 35, Rwanda – 29, Angola – 24 and Ghana – 20 (*2013 Ibrahim Index of African Governance*, p. 28, 29).

Over a period of one year – from June 2012 to June 2013 – 31 out of 47 sub-Saharan economies implemented at least one reform aimed at improving the business environment. In total, 66 reforms were carried out in the region (*Doing Business 2014 Fact Sheet: Sub-Saharan Africa*, 2014, p. 1). Rwanda, Burkina Faso, Burundi, Mali, Ghana and Côte d'Ivoire were among countries that achieved the best results. Angola's reforms of the administrative requirements for businesses willing to engage in foreign trade resulted in further complicating (!) procedures and increasing the number of official documents required in import and export activities (IFC/the World Bank, 2014, p. 1, 2). Nevertheless, along with Rwanda, Burundi, Sierra Leone and Liberia, the country is listed among those that have progressed the most through the implementation of reforms (*2013 Ibrahim Index of African Governance*, p. 10).

Foreign direct investment

Theoretically, the quality of the business environment can be evaluated further by analysing the inflow of foreign capital. It is a simple relationship – friendlier business environments attract greater FDI inflows³¹. Elements of business environment further evidence the investment attractiveness of a country (Bennett, 2005, p. 7 et seq.; Lasserre, 2007, p. 162 et seq.; Cavusgil, Knight and Riesenberger, 2008, p. 428; Luthans and Doh, 2009, pp. 262; Ajayi, 2006, p. 16 et seq.). Practice does not seem to confirm this.

In 2000, the inflow of FDI capital to Africa was estimated at less than 1% of the global FDI value; in 2001, it stood at 2.3%³² (Cleeve, 2009, p. 235). In 1999 and 2000, the greatest

elements have been improved, including access to credit, business establishment procedures, foreign trade, court proceedings in economic cases. In 2005, contract law was reformed. Since 2007, the World Bank's *Doing Business* recommendations have been used as reference for further reforms. Rwanda Investment Promotion Agency was established to ensure better coordination of the process of improving the quality of the business environment. In 2005–2012, 26 reform packages were implemented; for instance, in 2006, the export procedure required the submission of 14 documents and lasted 60 days; in 2013, the above were reduced to only 8 documents and 29 days. The waiting time for connection to the electric grid was reduced to 30 days (IBRD/IMF, 2013c, p. 40, 65 et seq.). Rwanda's progress in improving the business environment and the macroeconomic stability has been recognized by *The Economist*, which referred to the country as the "Singapore of Africa" (IBRD/IMF, 2013c, p. 38).

³¹ FDI inflows to Kenya decreased under the influence of the precarious situation before the elections in March 2013. Political risk associated with the new government translated into an economic risk related to the country's economic policy, the exchange rate of the Kenyan shilling and rising energy prices (SABER, 2012, p. 63).

³² In 1980-1998, the growth rate of FDI in Africa stood at 59% – the lowest among all regions of the world: Europe, Central Asia, East Asia, South Asia, Latin America (Bennett, 2005, p. 2). The average annual inflow of FDI to the region of sub-Saharan Africa in the 1970s was estimated at USD 907 million. In the 1980s, it was USD 1.3 billion and in the 1990s – USD 4.3 billion. Between 2000 and 2002, it amounted to USD 9.3 billion (Wallace, 1999, p. 83 et seq.; Moss and Ramachandran; Shah, 2004, p. 3).

inflow of foreign capital in the sub-Saharan region was recorded in Angola (in 1999, nearly USD 2.5 billion, in 2000 – approx. USD 1.75 billion), and Nigeria (USD 1 billion in 1999 and 2000) (*US foreign direct investment in Africa...*, 2004; UNIDO, 2002, p. Vii, 1; UNCTAD, 2008, p. Iii). In 2001 and 2002: Angola – respectively USD 2,148 million and USD 1,312 million, and Nigeria – USD 1,104 million and USD 1,281 million. An alarming observation was data from Sudan, sinking under the weight of humanitarian disasters, which ranked 7 (!) according to UNCTAD, with FDI valued at USD 574 million and USD 681 million respectively. Chad, which in 2001 attracted no foreign investment, received a total of USD 901 million a year later, following the discovery of oil in the valley of Lake Chad (SI Ajayi, 2006, p. 148). Countries recently ravaged by war and carrying reconstruction in the post-colonial phase, such as Angola, the Democratic Republic of Congo or Sudan, manage to attract some investment despite their risky business environment. The availability of oil, gold, and minerals of strategic importance (e.g. uranium or cobalt) always encourage resource-seeking type of investment, which – even in entirely destroyed economies and in close proximity of humanitarian disasters – always bring a return on investment. In 1991–1996, the average return on American investment in the countries of Asia and Pacific stood at 21%, 14% in Latin America and 16% in other developing countries. In Africa, it was as high at 30% (Ajayi, 2006, p. 207).

The primary sector has retained its dominant position and remains the major source of public revenue in many countries (Mengistu, 2009, p. 14). In 2006–2008, among sectors of national economy in sub-Saharan Africa, mining had the largest share in the world market – 3.8% (The World Bank, 2011, p. 13). It did not change in 2003–2012. More than 72% of FDI in Africa benefitted the sectors of mining, natural gas, oil and other raw materials (including strategic minerals). Data from 2011 evidence the failure to see investment potential in human capital³³, knowledge, research and development sector. USD 25 billion was invested in resource seeking, but only USD 7.7 billion in ICT and USD 1.4 billion in the financial sector (CEED, 2013, p. 23–26, 45). Colossal amounts are invested in infrastructure in order to overcome spatial and natural barriers. According to World Bank estimates, these investments totalled USD 930 billion in 2010 (The World Bank, 2010, p. 7).

³³ Nigeria is an example. Even though raw material economy results in growth rates that stand at approximately 7% of GDP per year, poverty is spreading. In early 2012, it was estimated at 61% of the country's population – more than 100 million people in Nigeria live below the poverty line (BBC News 13 February 2012).

As the United States and the euro zone slowly recover from the financial crisis, developing countries lose foreign capital, which “returns” to its owners (in 2012, FDI inflows declined by 6.6%). In the Sub-Saharan region, an increase in FDI inflows by 5.5% has been recorded. Investments have mainly benefitted the mining sector, due to the long-term nature of this type of investment and its resistance to short-term economic fluctuations (IMF, 2013a, p. 1).

Due to China’s and India’s unrelenting demand for raw materials (resource seeking FDI) in 2011 and 2012, provided the region with 5% GDP growth in countries with strategic raw materials, particularly crude oil³⁴ (e.g. Angola, Chad, Niger), even though the countries were classified as LDC, HIPC, “failed states” or low-income states (Côte d’Ivoire, the DRC, Rwanda, Sierra Leone). GDP growth was impressive (e.g. 7.1% in 2010, 6.5% in 2011 and 6.2% in 2012). It brought about an improvement in terms of current account items, reinvestment in infrastructure and much needed diversification of the economy³⁵ (IMF, 2012, p. 1, 3–4, 59–60; IMF, 2013b, p. 16).

The inflow of capital³⁶ has been and is likely to remain, at least in the near future, the most important source of financing for those economies of the region that rely on raw materials³⁷; for many, it shall provide an opportunity to improve their current account items³⁸. It has already been proven that the region manages to effectively eliminate the effects of natural disasters, drought in the Sahel region and floods in Nigeria (IMF, 2013b, p. 12).

³⁴ In 2012–2013, oil prices rose by 20%.

³⁵ However, the dependence of oil exporting countries, which manifests itself by the correlation of China’s domestic investment in fixed assets growth by 1 percentage point with the Sub-Saharan region’s export growth by 0.8 percentage points, makes one wonder about growth prospects in the event of growth slowdown, a decrease or a shift in demand in China (IMF, 2013b, p. 2–5, 10–13).

³⁶ The growth of FDI inflows to Uganda in 2012 (USD 2 billion) stood at 152% compared to the previous year (USD 792 million). The country received more foreign capital than Kenya, which was the consequence of finding new reserves of natural gas and crude oil (SABER, 2012, p. 73). In 2010–2012, FDI inflows into Mozambique represented 23.8% of GDP and in Ghana – 8.1%, (IMF, 2013b, p. 59). In 2011, Ghana’s growth rate stood at 8% of GDP, which was due to the influx of FDI, two thirds of which benefitted the oil extraction sector. The mining sector attracted FDI to Zambia. In 2012, its value was estimated at 5% of GDP. It was not only the result of the rising prices of copper on the international market, but also of a convenient business environment (IMF, 2013b, p. 72, 73).

³⁷ *Inter alia*: Angola, Burkina Faso, Cameroon, Côte d’Ivoire, the DRC, Ghana, Nigeria, Senegal and Uganda.

³⁸ Thanks to foreign capital, Sierra Leone and Mozambique managed to deal with their deficits amounting to 21% and 26% of GDP respectively (IMF, 2013a, p. 9, 10).

Conclusions

Colonialism in Sub-Saharan Africa has had both positive³⁹ and negative⁴⁰ consequences. W. Rodney's extreme view only takes into account the negative effects ("one-armed bandit"), which have impacted nearly all the spheres: economic ("poverty trap" and "blind spot" of development), social, cultural and political. They have adversely affected the state, its economic system and institutions. For many decades of the postcolonial period, the quality of the exercised power struck countries off the list of reliable investment partners, pushing them to the background of the global socio-economic system; they were ruled by sovereigns that instil fear even among their own citizens (Mazrui Ali, 1980; p. ix; Boahen Adu A., 1987; p. 94; Bayart, 2000, p. 217; Easterly, 2008, p. 17–30; Luthans and Doh, 2009). The consequence of this situation were several "lost decades", although not all of these negative aspects can be attributed to colonialism (Kolasinski, 2011). Today, the rediscovery of the region's investment attractiveness and the commodity boom, again, are often compared to the colonial period and to sino-colonialism.

Directions of FDI and disparities in capital allocation (resource, market, asset, efficiency) resemble the patterns typical of the colonial economy, when only raw materials were exploited in "enclaves" of economic growth without spill-over effects. At present, many claim that the investment boom is due to attempts at gaining access to minerals at an attractive price, while the sole purpose of many investments (e.g. in infrastructure) is to facilitate it (CEED, 2013, p. 57).

Despite enormous efforts expended in the region, even the leading countries, such as Rwanda (the "Singapore of Africa"), Botswana, Mauritius and Ghana (in January 2013, the New York Times announced that Accra was one of the world's most favourable places to do business), the quality of the business environment still creates barriers, if not for foreign, then certainly for domestic investors (i.e. the costs of starting a business).

³⁹ It stimulated industrialization, the development of mining and agriculture, the construction of roads, bridges, railways, transport hubs, dams on rivers, sea and river ports. Between 1880 and 1939, over 50,000 km of railway lines and more than 650,000 km of roads were built in African colonies. European technologies and construction methods (e.g. bricks), thus far unknown in Africa, were used. New crops and cereals were introduced. Europeans helped Africans to understand processes that had already been scientifically tested in Europe, for example soil erosion and desertification processes. Schools and hospitals were established. Many diseases in humans and animals that had been ravaging villages and the landscape were eliminated. Colonialism contributed to the creation of the national state with fixed borders.

⁴⁰ *Inter alia*, the exploitative model of the colonial economy: changing the structure of crops, agricultural and food coercion aimed at meeting the needs of the empire – monoculture for export purposes; enclave-based socio-economic development; destruction of traditional socio-cultural systems (including the depreciation of the traditional role of the leader and of women in the community, undermining traditional religions and beliefs).

In other countries, for instance those that rank lowest in the Ibrahim Index, the situation is critical (e.g. Chad, Central African Republic).

Any discussions in the postcolonial perspective require an answer to the question about the signs of the impact of modern European colonialism on the Sub-Saharan country and their negative impact on the establishment of the latter.

The political regime of the post-colonial state, inclined towards dictatorship or military government instituted following a coup or a civil war – and the resulting unfavourable business environment, are not the consequence of colonialism⁴¹. Neither can it be held accountable for the type of economic system, established in the past and still in place today in some countries, the type of economic system in which the undemocratic ruler (providential man, guardian, father, guide) remains in authoritarian and dictatorial control of its resources and decides on the redistribution of resources generated in the economy (restricted economic freedom and unfavourable business environment) (Kolasinski, 2011).

On the basis of the analysis of the available literature, I claim that the observed signs of the impact of European colonialism on the postcolonial Sub-Saharan state are related to the provisions of the Berlin Conference. The zones of influence of individual colonial powers set at the time in the form of state borders remained until the post-colonial era, and are still visible today. As a result, internal and international conflicts in many countries of the region persist (warring groups move easily across borders). If the legitimacy of the government can be undermined by an armed group, the political stability of the country is illusory. The sociocultural hybridity of the colonial period, attempts at adaptation and assimilation (“black skins, white masks”) have recently transferred into the political and economic sphere. Among the fragile countries in the region (IMF, 2012, p. 6), it means a successful attempt at encouraging the inflow of foreign capital, which stimulates economic growth. This takes place in the framework of unclear relations between authorities and the investor, which is combined with the uncertainty of everyday life, poverty of 60% of the population (e.g. poverty zones in Kenya and Nigeria) and MSMEs functioning mostly in the shadow economy. The impact of colonialism on such a state and on its business environment is overlooked until the explosion of an ethnic or religious conflict rooted in the colonial period.

⁴¹ State appropriation, ousting democracy from the political and economic life, use of public funds as one's own, clientelism, patronage and corruption are all associated with hierarchical forms of social organization in tribes and clans, and with the feudal state of the pre-colonial period. At the time, traditional African religions, for example *vodun* in Benin, promoted dictatorial regimes.

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