

Abstract:

The failure of structural adjustment programmes to promote industrialisation in Africa may be at least partly explained by the fragmentation of African business systems. In Africa, the parastatal, foreign-dominated formal and indigenous informal sectors are poorly integrated, largely as a result of the institutional environment in which they have developed. The lack of supportive financial, state and social institutions inhibits trust and accountability, and impedes the access to capital, labour market flexibility, and sub-contracting, which are needed for modern industrial development. More research is needed, both detailed studies of business systems in individual African countries, and cross-country comparisons of the linkages between the economy and the wider social and institutional environment