

## **Implementing Risk Management in the African Context<sup>1</sup>**

**Liz Dewing**

A recent Risk Doctor Briefing outlined the special challenges of introducing risk management in developing countries. Cultural factors affect expectations over what risks might exist, how important they might be, and what responses might be appropriate. Some large organisations have experienced problems when attempting to apply a “Western” approach to risk management in Africa, for the following reasons:

- **The “one Africa” delusion.** Organisations seeking to invest in Africa often start in countries they regard as “safer”, such as South Africa, then aim to branch out across the continent. But each African country has its own complexities in terms of local business culture, ethics and customs, even apparently “westernised” nations. We cannot transpose what is known about one country blindly onto another. Thinking that what works in South Africa will also work in West Africa is like setting up a base in France in order to exploit opportunities in Russia. There is no “one Africa”.
- **Flawed priorities.** Considerations like political stability and regulatory controls must inform the approach to entering a new market, but they may be less important in Africa compared to an established Western market. Depending on the nature of the business, it may be more relevant to consider factors like the socio-economic makeup of the population and the economic prospects of the country. For example, if a bank wishes to enter a country that lacks regulatory controls, instead of delaying entry they might seek to support and encourage the rapid formalisation of suitable regulation.
- **Preferring elephants to ants.** Western business tends to believe that anything worth doing is worth doing big. This can cause organisations to miss the opportunities presented by many people all doing something small, as is commonly the case in Africa. Efficient aggregation of a large number of individual or community efforts can compete strongly with traditional Western large-scale approaches. For example, the Sameer Agriculture and Livestock Limited (SALL) dairy in Uganda manages the largest milk collection network in East Africa, with more than 140,000 farmers each contributing milk from a few cows to the production process. The 2015 acquisition of SALL by a subsidiary of Danone recognised the sustainability of this highly distributed model.
- **Getting politics wrong.** After about three decades of what might be termed “post-independence”, Africa is moving rapidly to an era of genuine democracy. Elections may still be turbulent, and consistent ethics may be a challenge, but

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<sup>1</sup> How to cite this paper: Dewing, L. (2019). Implementing Risk Management in the African Context, Risk Doctor Briefing; *PM World Journal*, Volume VIII, Issue II (February).

transitions of power are more genuinely democratic, and corrupt dynastic succession is largely a thing of the past. Western businesses who think it will be helpful to work with “the Big Man” can find themselves unexpectedly excluded following an election, as old rules and agreements can be rewritten overnight. The experiences of KPMG and Bell Pottinger in South Africa are recent illustrations that friends in high places do not necessarily come with guarantees.

In addition to these common errors, other factors affect the way risk is viewed and managed in Africa, including the presence of China, the influence of the returning (highly educated and Westernised) diaspora, and recognition of the importance of meaningful Corporate Social Investment. It is not possible simply to transpose Westernised risk management into Africa. Ensuring successful risk-based thinking in Africa requires deeply localised insight. Organisations wishing to invest in the continent should consider engaging with local partners to gain a more complete understanding of the cultural context, rather than relying solely on their limited Western view of risk.

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*To provide feedback on this Briefing Note, or for more details on how to develop effective risk management, [contact the Risk Doctor \(info@risk-doctor.com\)](mailto:info@risk-doctor.com), or [visit the Risk Doctor website \(www.risk-doctor.com\)](http://www.risk-doctor.com).*

## About the Author



### **Liz Dewing**

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**Liz Dewing** is an experienced Consultant with over 28 years' experience in roles spanning Strategy Development, Project Resource and Change Management, Project Office Management, Business Analysis, Technical Writing, Training and Presentation. She has experience in both SME and Corporate environments including 13 years with Old Mutual during which she worked in IT, Strategy and the Mass Market.

Beginning with a BSc from WITS University with dual majors across Faculties in Computer Science and English, Liz is highly business literate with a good understanding of the business drivers and personnel challenges within both Corporates and SME's.

Capable of straddling the divide between Business and IT, Liz has always had a foot in both worlds. After a brief stint in hands-on development she progressed rapidly and has spent most of her career engaging with the Senior Leadership of organisations to effect business change. Her experience encompasses systems development, implementation and migration, strategic response initiation, major process improvement undertakings, and operating model development and transition.

A strong Communicator and Systems Thinker, in her last role with Old Mutual she was responsible for the Strategic Project Delivery Office of the Retail Mass Market Division for some 8 years. During this period she developed and implemented a revised standard Project Management Framework fully incorporating a Change Management Framework that represented a ground-breaking advance in the organisational approach to managing business change.

She is recognised for her strengths in people leadership and empowers others to manage effectively by being a strong sounding board and coach rather than by intervening unnecessarily. Liz also believes hard conversations are sometimes required to challenge thinking and test business decisions, and that conflict should not necessarily be seen as negative.

Most recently she has been engaged for a period of 2 years to assist an e-learning Vendor deliver an e-learning capability into the African footprint of one of the major Retailers. In her personal capacity Liz operates Magnetic North – a Consultancy specialising in Speech Writing, Public Speaking Coaching and Independent Facilitation. She is also a published Author, Professional Speaker and a past President of Cape Town Toastmasters Club.

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