

The Role of Culture in Doing Business in Africa

By Navin Ravindran, June 2016



Culture refers to the accepted norms and values and rational behaviour of groups. It's "How we do things!" Countries, as well as people within the country, may operate differently according to beliefs, values, norms, morals and attitudes.

Understanding and being sensitive to the local "culture" is a critical factor for any organisation to succeed, especially in international business. What works in your country might not work well in another, and could even be interpreted as an

insult! And in our role as a stakeholder in the organisation, it's important to raise the awareness of cultural issues within our organization beyond the factual cultural information obtained

While doing business, there should a conscious attention to behaviour, ethics, etiquette visions, working style, beliefs and habits. The cultural nuances that affect organisations obviously go beyond the ability to greet or choose the correct gift. The issues related to the culture's time orientation, whether it's at an individual level or collectively as a society, not to mention conflict assumptions and non-verbal communication, all affect the understanding(s) across the table, as well as the chances of being understood. It helps make us knowledgeable about the questions to ask, not the answers.

An Africa Perspective

The effects of colonialism past and present are visible all over Africa. It is not an overstatement when Edem Kodjo, author of 'Africa Tomorrow', describes the condition of an African as "torn away from his past, propelled into a universe fashioned from outside that suppresses his values, and dumbfounded by a cultural invasion that marginalises him. The African,... is today the deformed image of others."

The contributions and cultural influences stemming from Africans have been greatly undermined in schools worldwide. As is the case in the distant memory of colonialization, enslaved Africans were forced to abandon traditional customs, camouflage spiritual rituals, and perish cultural artefacts. *However, lifestyle from traditional folklore, practises of worship & healing, cuisine to song and dance is not only prevalent in today's society, but have a widespread, deep-rooted impact throughout the world; though largely unnoticed.* It's therefore important to understand the cultural diversity of Africa.

Cultural diversity is a central part of the African collective identity. This central aspect has not always proven to be a blessing for Africa in dealing with itself and also in its encounter with the rest of the world. This is due to, among other things, the fact that the intrinsic African identity is dominantly an ethnicised cultural diversity. This implies that respective African cultures are bonded and integrated, mostly within particular groups, and hence emphasises more on the local context at the expense of the collective Africa perspective.

According to Richard Bell in his "Understanding African Philosophy" (2002), the African "regional cultures were broken up and destroyed (or at least radically altered) primarily by the European and Islamic incursions going back some 500 years. The slave trade, introduction of new diseases,

forced colonization, foreign language and religious impositions, and new administration threw most of the continent into social, religious, political, and cultural confusion. Some of these regional cultures once had great civilizations and kingdoms, but a minimum of texts survived to record their ideas and achievements. What remains of them are fragmentary pictures: icons from ritual life, histories of smaller communities passed on orally....”

According to Chibueze C. Udeani’s “Cultural Diversity and Globalisation” (2007), in the age of globalisation, it’s a fact that “local contexts in the world are getting dissolved into a worldwide network of interaction under the influence of technology... It is therefore all the more necessary to pose the question of cultural diversity and globalisation from an African perspective”.

Cultural diversity here has to be seen and understood from two sides:

- the diversity within the African cultural landscape; and
- the diversity of cultures with which Africans are now being more intensively confronted within the process of globalisation.

Business & Social Culture in Africa

Africa is 30 million square miles. It covers the same surface as 13 countries - including the United States, China and India - and the whole of Eastern Europe and in all kinds of riches, especially in raw materials such as platinum, cobalt, uranium, tantalum, gold, diamonds and oil. There is hardly an agricultural product that cannot be grown in Africa. Africa’s arable land for food security is reported to be the largest in the world.

A glaring example of the riches of Africa is the Democratic Republic of Congo, the country of Patrice Lumumba. Economic experts have pronounced that, when developed, Congo alone can feed and provide electricity for the whole of Africa.

In Africa, social and business culture reflects the past colonial history to a very large extent, with the African identity playing in the background. Doing business among the same ethnic African groups is prevalent with the propensity to 'network,' much before the word came to be used as a verb. The psychological orientation here is 'n-affiliation,' which is characterised by a need to belong to a group and readiness to help each other within that group.

There are many factors that must be considered in order to successfully conduct business in a marketplace foreign from your own. Learning the language and translating or localizing the approach is an important step, but so is understanding the customs and etiquette of that market.

Social culture

Increasingly today the slow pace and underdevelopment of the African continent can be traced to the gradual degradation and loss of “African” culture (read values and morals). It’s said that the so-called contemporary development called values, norms and morals does not take place in a vacuum, but in what the human does with his/ her immediate habitat.

We must note that values, norms and morals are universal assets in understanding and defining culture; which do not change easily. In Africa we have specific values associated with some group of people, but these may solely be the material or visible culture, such as food, clothing, housing, drumming and dancing, and art. The values and morals are abstract and invisible (non-material) such as respect, love, marriage, taboos, laws, kindness and worship and is prevalent in the background, visible to a select few outsiders.

In Africa, social culture reflects the past colonial history, along with the civilisation that existed centuries before. Broadly we can divide this vast land today into three groups, i.e. Anglophone countries (English speaking), Francophone countries (French speaking), and Lusophone countries (Portuguese speaking), excluding the Arab-influenced North Africa.

At the same time, the old beliefs and witch craft, supernatural beings and ancestral spirits still practised, promoted very strong and healthy relationships among the communities. For instance, in Nigeria, the belief in the role of the Ogun and the God of Lightning and Thunder are paramount in controlling crime and corruption.

The belief in witch-craft still influences the traditional healing and medication practices in the treatment of various ailments and diseases in the society. The beliefs also promoted good kinship and cordial interpersonal relations and respect for elderly, kindness and habit of sharing, compliance with social norms, taboos and totems, and control of deviant behaviours in the society.

As a visitor in Africa, one is therefore broadly exposed to three distinctive components of the people inhabiting present-day Africa: (1) traditional Africans who are yet little affected by modernization (thereby socialising among the same ethnic people), (2) transitional Africans, and (3) modern Africans (foreign educated, well-travelled and socialising using modern tools). Hence, the social cultural set up in Africa is quite diverse and varied and not static, and has been impacted upon by both internal and external forces.

Business culture

Conducting business in Africa requires the social cultural awareness and effective cross-cultural communication skills. What might be acceptable in SE Asia, for example, may be unacceptable in Africa. Do not expect French or Portuguese speaking business people to speak to you in English even if they understand it. Business objectives may be the same, but ways of implementation and communication differ greatly.

While in Singapore, PMETs focus on producing quick and tangible results in their work; the experience in Africa, on the other hand, differs. The pace of doing things is slower and the outlook is often long-term. It's therefore normal, being used to the efficiency of Singapore system, to develop a sense of frustration by not understanding the local business practices. Do kindly note that the African approach to decision-making does not mean that local business people are unable to make quick decisions. Far from it; what it shows is the cultural significance of consensus and consultation, which tends to guide the decision-making process in Africa's group-oriented cultures.

Building relationships

As seen in SE Asia, socialising is key and builds personal trust, which is a prerequisite to doing business.

However, in Africa most of the times it's difficult to see the dividing line that determines where socialising ends and where business begins. Sometimes it takes a backyard barbeque or a couple of visits to the village for a meal or getting acquainted before you are offered any water or tea or even start discussing business. Some outsiders have misinterpreted these as being rude and viewed leisure to mean African laziness. Fact is leisure and socializing form the foundation that is key to group solidarity that is important to Africa. Some examples-

- When entering a social function, shake hands with the person to your right and then continue around the room going from right to left. Say good-bye to each person individually when leaving.
- The West African handshake - where the middle finger snaps the middle finger of the person you are shaking. The louder the snap, the better, and it is acceptable to try the snap a second time if you miss it.
- The most common greeting is “How are you?” or “Bonjour”, “Jambo”, or in the country’s local language, which is generally said immediately prior to the handshake.
- Always greet people first when you enter an area. Otherwise, you may wonder why people are just looking at you when you enter a room. They are waiting for you to offer a greeting, which will be received with a big smile and a warm reply.
- Direct, “let’s get to business” conversation is considered rude. Always exchange pleasantries and inquire about family before beginning to transact any business. Even if you are just purchasing vegetables!
- When in rural areas and small villages, a visit to the local chief is the first stop you should make. When in the presence of the chief, remove your hat, keep your hands out of your pockets and do not cross your legs.
- In the countries with colonial pasts, European etiquette is socially acceptable. For example, English manners in Kenya and Nigeria and Dutch manners in various parts of South Africa.
- Soft handshakes are common across Africa. In Muslim countries, such as Morocco, men may hold handshakes so long that they become handholds.

A Country-Level Example: Africa Versus SE Asia from a Singapore perspective

(Using the CAGE Distance Framework by Pankaj Ghemawat)

CAGE is an acronym for four broad components of distance: Cultural, Administrative, Geographic and Economic.

Companies routinely overestimate the attractiveness of foreign markets. Dazzled by the sheer size of untapped markets, they lose sight of the difficulties of pioneering new, often very different territories. The problem is rooted in the analytic tools (the most prominent being country portfolio analysis, or CPA) that managers use to judge international investments. By focusing on national wealth, consumer income, and people’s propensity to consume, CPA emphasizes potential sales, ignoring the costs and risks of doing business in a new market. Most of these costs and risks result from the barriers created by distance.

“Distance,” however, does not refer only to geography; its other dimensions can make foreign markets considerably more or less attractive. The CAGE framework of distance presented here considers four attributes: cultural distance (religious beliefs, race, social norms, and language that are different for the target country and the country of the company considering expansion); administrative or political distance (colony-colonizer links, common currency, and trade arrangements); geographic distance (the physical distance between the two countries, the size of the target country, access to waterways and the ocean, internal topography, and transportation and communications infrastructures); and economic distance (disparities in the two countries’ wealth or consumer income and variations in the cost and quality of financial and other resources). This framework can help to identify the ways in which potential markets may be distant from existing ones. The more marked the differences, the greater the distance between the countries.

Africa Versus SE Asia from a Singapore perspective

Level of Attractiveness (Distance)	Cultural Distance	Administrative (Political) Distance	Geographic Distance	Economic Distance
External Distance (difference between countries)	<ul style="list-style-type: none"> - Different languages, ethnicities, religions - Different style in national work systems - Varied social norms 	<ul style="list-style-type: none"> - Common coloniser - Limited shared regional trading bloc (Ecowas, Uemoa, Sadac) - Different monetary and political associations - Political hostility - Institutional weakness 	<ul style="list-style-type: none"> - Physical distance - No common land or water borders - Different time zones, climatic conditions - Lack of sea or river access - Weak communication or transportation links 	<ul style="list-style-type: none"> - Differences in consumer incomes - Differences in availability of human, financial and natural resources - Difference in organisational capabilities, distribution network
Internal Distance (attributes of each country)	<ul style="list-style-type: none"> - Insularity - Traditionalism - Spiritualism 	<ul style="list-style-type: none"> - Lack of membership in international organisations - Government involvement is high leading to high sunk costs for business - Lack of clear defined Government policy frameworks - Societal conflicts 	<ul style="list-style-type: none"> - Geographic remoteness - Large land area - Poor infrastructures 	<ul style="list-style-type: none"> - Small economic size, income per capita - Low levels of monetisation - Limited infrastructure and communication network
External Distance (difference between countries)	<ul style="list-style-type: none"> - Linguistic & ethnic homogeneity - Diaspora - Strong National identity (in food, products features, standards) 	<ul style="list-style-type: none"> - Ease of doing business though there is absence of colonial ties - Enclaves - Political Friendship (ASEAN) - Lower long-run risk? 	<ul style="list-style-type: none"> - Close to each other - Alliances to Europe & US markets - Superior ports, other infrastructure - East Asian production network 	<ul style="list-style-type: none"> - Larger markets size - Foreign companies as export bridges - Robust domestic and export sectors
Internal Distance (attributes of each country)	<ul style="list-style-type: none"> - Difference in social norms are limited - Different religions, multi racial society 	<ul style="list-style-type: none"> - Membership with international organisations - Robust legal and security system - Strong Government rules & regulations 	<ul style="list-style-type: none"> - Shared boundaries - Well connected internally - Strong financial sector 	<ul style="list-style-type: none"> - Relatively higher disposable incomes - Labour inputs & productivity - Capital available

Conclusion

Understanding cultural differences is critical to the success of companies engaging in international business. A society's culture affects the political, economic, social and ethical rules a company must follow in its business dealings within that country.

A society or country's culture reflects its values, beliefs, behaviours, customs and attitudes. Culture is learned behaviour that is transmitted among people within a country to another. The elements of culture are interrelated and reinforce each other. It's important to note that these elements are adaptive, changing as outside forces influences the country. Hence, there are many factors that must be considered to successfully conduct business in Africa as mentioned in the article.

Religion influence attitudes towards work, investments, consumption, laws and responsibility for one's behaviour. Language is another cultural element since it allows people to communicate with each other. Learning the language and translating or localizing the approach is an important step that can be noted. In conclusion, the CAGE framework provides an important learning to identify the potential of Africa from an outsider's perspective. It helps international companies to recognise these elements of culture and understand the attributes of the primary national culture, as well as the subtle subcultures in a country to succeed.

This article was written specifically for the NTU-SBF Centre for African Studies by Navin Ravindran, VP Sales of Aluzinc Asia (Pte) Ltd. and published on Africabusiness.com