

DOING BUSINESS IN AFRICA: OPPORTUNITIES AND NEGOTIATION

Doing business in Africa is becoming increasingly attractive and easy for Western companies that are identifying new opportunities on the African continent. For this reason, both European countries and the United States are implementing policies to access African markets, although China is the main investor and supplier on the continent. Chinese strategy has consisted on investing in the primary sector (mainly mining) to obtain raw materials and to supply mass consumption products and medium technology.

In addition to the reforms that most African countries have been implementing over the last decade, there are several reasons for Western companies to consider this continent their target market in the coming years.

- **Population growth:** Africa's population (currently 1.3 billion) is expected to double by 2050.
- **Sustained economic growth:** according to International Monetary Fund forecasts, average growth in Sub-Saharan Africa over the next three years will be over 5% per annum.
- **Assumable country risk:** the French insurance company COFACE gives several African countries (Côte d'Ivoire, Ghana) a country risk rating of B, which makes it possible to insure both investment and export operations.
- **Formation of a middle class:** in addition to South Africa (the most advanced and leading country in the region), there are other countries such as Angola, Nigeria and Senegal, with a growing middle class that is in a position to purchase imported products.
- **Preferential financing:** Africa is the continent that has the most financing from multilateral institutions (World Bank, African Development Bank, etc.) to undertake investment projects in infrastructure, energy, environment, agriculture, training, etc.
- **Geographical proximity:** for European countries, especially Mediterranean countries, Africa is a close continent in geographical terms compared to Latin America or Asia.

However, despite all these incentives for doing business and invest in Africa, it is very important to understand and keep in mind that the African business culture is really different from that of the Western world, although the business elites of African countries have been educated in Europe, mainly in the United Kingdom (East African countries) and France (West Africa).

When negotiating with African, Western companies must take into account five relevant aspects that are discussed below.

USE OF TIME

Time is one of the few things in abundance in Africa. Showing haste can provoke rejection or mistrust. There is a concept of the past and the present, but not of the future. Negotiators concentrate on what is happening now, at mostly in the short term. Business planning do not exist. Issues must be dealt with on a one-to-one basis, otherwise a lack of seriousness may be conveyed.

PERSONAL/PROFESSIONAL RELATIONSHIPS

Work is not the focus of life in Africa; personal and family life takes precedence. The foreign negotiator must spend time developing personal relationships. There is a high degree of formality, but also of hospitality. The foreign executive should not show superiority and should not mention Africa's backwardness, as Africans are very proud of their countries. Given that many of the transactions in Africa are aimed at the public sector, it is necessary to establish a network of contacts with officials in government ministries and companies, or to reach them through local agents and representatives with the appropriate connections.

COMMUNICATION GUIDELINES

Communication in Africa is "high context", indirect and not very expressive. Education and etiquette are highly valued; professional titles are used in presentations. Africans are very careful in their comments: they often tell their interlocutors what they think they want to hear so as not to make inconvenient remarks. On a personal level, Africans are rather reserved; they do not convey too much emotion or express thoughts on deep subjects. They prefer to keep the conversation on a superficial level. It is not appropriate to enter into political or religious conversations as this could offend the sensitivities of the other party.

CONCESSIONS AND AGREEMENTS

In most African countries, especially in former British colonies (Nigeria, Kenya) concessions are made slowly during the negotiation process. The essential aspect of the negotiation is the price. A common tactic used by buyers is to ask for price reductions is to mention competitors' offers. The request for concessions uses direct language, and it is usual that the conceding party shows an attitude of displeasure. Contracts do not have much value and are therefore not very detailed. Personal relationships and verbal commitments are more important. Weak judicial systems make it difficult to bring claims for the breaching of contract clauses.

Decisions in Africa are made in an authoritarian and centralised manner by the head of the organisation, sometimes referred to as the Big Man. Authority is not questioned. Loyalty and trust between managers and employees is highly valued and plays an important role in decision-making. The norms derived from tribal culture can be more important than the rules set out in the country's legal codes.

If one looks at the map of Africa, it seems that the territorial division of countries was made by drawing straight lines or by geographical features (rivers, mountain ranges), rather than according to the historical circumstances of each country. Thus, the different cultures that condition the negotiating style of African executives must be associated more with ancient kingdoms or tribes (there are more than 3,000 of them) than with national borders. African culture is a strange mix of ancestral customs and Western values inherited from the colonial era, with significant differences between countries.

DECISION MAKING

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Extensive information on doing business in Africa can be found in the following Business Negotiation Guides:



[Business Negotiation Guide in Angola: Culture & Etiquette](#)
[Business Negotiation Guide in Egypt: Culture & Etiquette](#)
[Business Negotiation Guide in Kenya: Culture & Etiquette](#)
[Business Negotiation Guide in Libya: Culture & Etiquette](#)
[Business Negotiation Guide in Senegal: Culture & Etiquette](#)
[Business Negotiation Guide in South Africa: Culture and Etiquette](#)



[Pack 10 Business Negotiation Guides in African and Arab countries](#)

[How to Negotiate Successfully in 50 Countries \(eBook\)](#)

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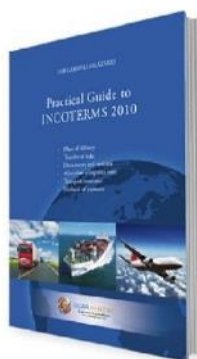


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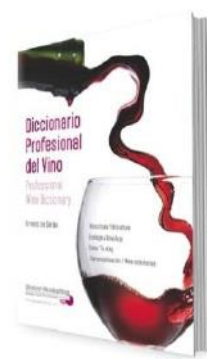
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