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# PARTNERSHIPS IN AFRICA

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## Partnerships, business and culture

Partnering is, of course, inherent to business life. With almost every business activity, individuals and teams must find ways to work together, and agree on how to provide or receive products and services. Every organisation embodies a partnership personality of sorts, that we call the organisation culture. Edgar Schein, the father of organisation culture, defines it as the 'way we do things around here'. The culture of an organisation is a tacit partnership agreement between all who work there that serves to define how to get along and how to get things done.

We know how difficult it can be to bring about necessary change in the culture of an organisation. Schein explains why, by referring to three layers of culture. While the top layer contains what is more visible and more easily understood (the artefacts, strategy, systems and structure), much of what holds the people in the organisation together is found in the two less conscious and less defined layers (which are about the values and attitudes, and the underlying assumptions, respectively). The internal partnership that underpins the organisation culture includes these intangible values and attitudes, and those underlying assumptions or taken for granted beliefs about how employees agree to behave when they engage together at work.

Partnerships between organisations pose an additional set of challenges for business leaders, which go beyond trying to position organisational culture in alignment with the operating strategy. These new challenges include effective negotiations and contractual agreements, but for the partnership to be successful and sustainable, other elements are also needed. Shared values across organisations, a degree of trust and goodwill, regular communication, and an ability to see how both parties benefit from the partnership, will all also help to set business partnerships up for success.

## Partnership dynamics in Africa

For organisations aspiring to partner with other entities in Africa, across regions, countries and cultures, where legislation, and business and social values vary from place to place, the challenges are even more complex. Africa is possibly the most richly diverse continent in the world, with 54 countries spread across vast geographies and many languages and local cultures.

As the least developed and industrialised continent, it also poses many particular infrastructure and logistics challenges. The most obvious of these is the challenge of transportation. Poor roads and no significant cross-border rail facilities make it all the harder to do business on the continent.

Over the past six months my consulting work with various organisations has taken me into all the main geographic zones of Africa – North, East, West and South. Working in Nigeria, Senegal, Sudan, Tanzania, Kenya and South Africa, I have had the opportunity to engage with business leaders from at least half of the 54 countries that make up the continent. In these engagements, business leaders have, without exception, been focusing on the strategic challenges of building effective partnerships for sustainable success. And in all cases, the challenges and growth opportunities in Africa have been about building effective partnerships across countries and regions on the continent.

## Ten challenges to partnership success in Africa

1. <u>Access</u>

The simple reality is that Africa covers a vast geography, includes over 225 cities, with mostly difficult or expensive options for access. A flight from Dakar to Dar Es Salaam across the breadth of Africa is over 6,700km, while that between Cape Town and Cairo, spanning the length of the continent, is even longer. There are too few hubs, too few flights, poor roads and no significant inter-country freight rail facilities. The transport corridors of the continent are effectively clogged, too expensive or non-existent.

2. Technology

Unquestionably, modern technology is allowing both businesses and individuals to leapfrog many of the challenges arising from difficult access and poor infrastructure. Cell-phone companies are facilitating innovative virtual connections that are in some instances replacing traditional ways of doing business. This is particularly apparent in East Africa with Safaricom and M-Pesa, which is effectively replacing the need for traditional banks across a range of consumer services.

Yet slow broadband speeds remain a threat to effective partnerships in Africa. Virtual conferencing, and online trading, interaction and communication are compromised by limited broadband access. South Africa, positioned as Africa's most developed and largest economy, has had one of the slowest average broadband speeds compared to the other countries on the continent. Fortunately, South Africa appears to be catching up fast. According to Akamai Technologies[1], South Africa's peak average Internet connection speed was beginning to exceed 8Mbps in 1Q 2013.

3. Infrastructure

Africa is attracting more foreign investment capital than ever before. Large-scale infrastructure projects are evident all over the continent, largely fuelled by discoveries of oil and gas. This has introduced new opportunity and complexity into the partnering landscape, with BRICS countries, China in particular, funding many infrastructure development projects. While there

[1] 1Q 2013 State of the Internet Report, http://businesstech.co.za/news/broadband/42702/broadband-speeds-how-does-sa-stack-up/

may be more cash injected into the Africa economic-landscape with big foreign company players, there are new business expectations and new culture and language dynamics at play.

4. Language

There are over 2100 languages spoken on the African continent. The language of business may be English in most cases, with French, Portuguese, Swahili and Arabic also dominating in some countries and regions, but operational partnerships may require a deeper understanding of local languages spoken by workers, stakeholders and customers.

Understanding the local language is a critical first step to integrating into any culture. Partnerships between organisations where different languages are spoken need to overcome this hurdle to build relationships and avoid misunderstanding.

5. Culture

There may be 54 countries in Africa today, but there are many more established cultures and tribal traditions. Prospective business partners need to orientate themselves to a myriad of local culture customs, especially at the start of a business or partnership relationship. Greeting rituals, hospitality expectations, religious practice, local cuisine and attitudes to alcohol consumption are just a few elements of local culture worthy of some investigation.

6. Political instability

Any business partnership in a foreign country carries greater risks and uncertainties. Legislation is likely to differ, and business rights may not be as clearly assured. Political instability has been cited as a major risk for business in Africa. In the last few decades there has been a promising shift towards democracy and constitutional government, but the Arab Spring in North Africa has introduced new uncertainty.

Much of East Africa is at peace and prospering. Ruanda is cited as a model example of how government and business can work together for rapid growth and development. Public-private partnerships in Kenya also appear to be bearing fruit. Yet there are significant risks in the Horn of Africa. Somalia is a no go zone for most business activity, and Sudan remains embargoed by many countries and governments. Nigeria, despite its large economy, poses many unique difficulties for business, and some regions are considered to simply be too risky and ungovernable.

7. Social norms

Businesses used to trading in more developed countries cannot assume that the same social norms will apply in all parts of Africa. Consumer credit terms cannot be negotiated on the same basis as may apply in South Africa or developed countries, for example, because collections processes cannot be as easily enforced. The home addresses or registered domiciles of customers are not necessarily fixed and traceable in many locations, and legislation may not support companies wanting to get local customers to settle their debts. Also, local credit card usage is not nearly as prevalent in many parts of Africa.

8. Living conditions

If the business partnership requires staff to relocate to other cities in Africa, then it is worth investigating the living conditions that prevail in any target African city. While there are comfortable middle-class suburbs in many of Africa's many cities, other unexpected discomforts can make life miserable for ex-patriots.  North Sudan is an alcohol-free country. Lagos has no effective distributed water or sewage system, and bore-water quality can be very poor.

Traffic jams and air pollution beset many big African cities, and most suffer from an electricity supply system that is often erratic.

9. Corruption

Corruption and bribes are unfortunately endemic in many countries on the continent. While good governance and business practice are becoming more commonplace in many African countries, the expectation of a bribe and other forms of corruption can compromise the business partnership. Clear shared business values and standards need to be established upfront between business partners to avoid compromising circumstances later on.

10. Attitude

Perhaps the biggest complaint made by many local businesses engaging in partnerships with companies from South Africa or other parts of the world is the perceived unwillingness of the foreign partner to listen and learn about local norms, and adapt business practice accordingly. There are many stories told about very successful South African companies failing in other parts of Africa for this reason. On the other hand, there are also great successes reported by those companies who do learn how to integrate and incorporate local intelligence and know-how into their larger Africa operations.

The complaint about developed world arrogance is one that must be taken seriously when engaging in a partnership in Africa.

**The future is with Africa**

Despite the risks, uncertainties and challenges, there can be no doubt about the huge opportunities and promise awaiting those prepared to partner effectively in Africa. Sub-Saharan Africa, representing the large majority of countries on the continent, is experiencing rapid economic growth, with annual rates exceeding 5%.

There is an abundance of untapped enthusiasm, energy, goodwill, intelligence and skill amongst the billion inhabitants of the continent. One only needs to experience Africa as a businessperson or traveller to appreciate why it is so compelling to be a partner in Africa’s growth.

And then there is the sheer, breath-taking natural beauty of the continent. Whether you be taking in the unspoilt horizon at a beachfront restaurant on the western-most point of the continent in Dakar, or overwhelmed by the astonishing sunset skies gracing the east-coast city of Dar Es Salaam, it is not difficult to appreciate why it makes sense to devote time, energy and passion to Africa.

About the author

Dr Grant Sieff is CEO of the IC Growth Group, a research, strategy and leadership development consultancy. He teaches at leading business schools as a visiting professor and senior lecturer. Grant has worked as a vice-president for Citibank in Australia and a partner for Accenture. He consults to leaders at the top levels of organisations across African continent and abroad.

IC Growth Group (icgrowth.co.za) has initiated an Africa-based research, market insight and strategy development online portal, dedicated to development and growth in Africa (africamarketinsight.co.za). Grant can be contacted at grant@icgrowth.co.za or on +2721 462 7902.