Welcome to

Doing Business In Africa
(with special focus on Nigeria)

with

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About the Cubein platform
It was designed to help European SMEs with business and innovation in emerging markets.

CUBE IN was set up by a consortium of experts in the fields of cultural differences with the involvement of SME support and innovation agencies. CUBE IN is fully financed by the European Commission.

About the Learning Circles.
Organised by the high profile consultancies ICUnet AG and Hofstede Insights. They are targeted at decision makers of SMEs from specific industries, and they take place either in Europe, in one of the emerging economies, or virtually. Participation is free of charge for SMEs. A selection process ensures that places are reserved for SMEs with the highest potential to succeed. Upcoming learning circles are announced on cubein.eu.
Some practical information

**MICROPHONES MUTED**
Your microphone will be muted to ensure the best sound quality during the webinar.

**QUESTIONS TO ME**
If you have a direct question, please use the chat window.

**GENERAL QUESTIONS**
If you have a question that everybody could benefit from - use chat box to address everybody.

**Q&A PHASE**
At the end of the webinar there will be time dedicated to your issues and questions (if not answered before).
ABOUT OKEY OKERE

• Experienced Knowledge Services Professional with nearly two decades’ experience with several Nigerian firms.

• Has provided consulting and advisory services for businesses in Nigeria and other parts of Africa.


• Associate Partner, Hofstede Insights. CEO of Hofstede Insights Nigeria, the group’s first country office in Africa.

• MBA (Magna Cum Laude) from Business School Netherlands. Currently conducting doctoral studies at the same university.
“**WHAT** Managers do is the same the world over.. **HOW** they do it is embedded in their tradition and **culture**”

*Peter Drucker*
“WHAT you want to do is WIN BUSINESS and find the right Partners.

HOW you achieve that has a lot to do with the TIME and INVESTMENT you make in Understanding target culture”
Culture is “the collective programming of the mind which distinguishes the members of one group or category of people from another.”

Professor Geert Hofstede
The Hofstede 6-D Model

6 Basic Dilemmas

- **HIERARCHY VS EQUALITY**
  - Handling inequality
  - Power Distance
  - PDI

- **INDIVIDUALISM VS. COLLECTIVISM**
  - Dependence on Others
  - IDV

- **PERFORMANCE VS. CAREING**
  - Sources of Motivation
  - Masculinity vs Femininity
  - MAS

- **UNCERTAINTY AVOIDANCE VS. LET IT BE**
  - Dealing with the Unknown
  - UAI

- **FLEXIBILITY VS DISCIPLINE**
  - Time Perspective
  - Long Term Orientation
  - LTO

- **INDULGENCE VS RESTRAINT**
  - Dealing with natural drives
  - IVR
AFRICA: THE LAST FRONTIER
Africa: overview

Nigeria: high level details

where necessary
WELCOME TO AFRICA

- Population of 1.3 Billion (approx)
- 54 sovereign countries (+9 territories and 2 disputed/unrecognized countries)
- Middle Class – as defined by the African Development Bank (AfDB) – around 34% of the population (around 400 Million)
- GDP ~ US$3.52tr.
- Wide spread poverty, but with amazing growth opportunities. Average growth around 5.5% p.a.
- Main official Languages are English, French, Arabic, Portuguese and Spanish (language use based on colonialism and other historical factors)
- Youngest population on earth (median age is 19, 63% >25 years)
- 2nd largest continental landmass.
- Most diverse continent (1,500 local languages and ethnicities)

Issues with conflicts and terrorism in certain areas; but usually not as bad as reported
AFRICA : THE “GUN”

- Nigeria + South Africa + Egypt
- 43% of Africa’s GDP
- 27% of the population
- Most influential countries in their regional blocks
- Most attractive business hubs
- By sheer size, Nigeria remains the most important focus
NIGERIA

- Population of 198 million (approx.).
  - Very young population (median age is 17, 63% >25 years)
- American-styled presidential democracy
  - Bicameral parliament (Senate 109, and House of Representatives 360)
  - 36 states (elected governors) + one Federal Capital Territory (in Abuja, appointed administrator)
- GDP ~ US$380bn.
  - Currently experiencing slow growth but has huge long-term potentials.
  - Per Capita $1,800 p.a.
  - Wide spread poverty. Home to the largest number of the world’s poorest people. (80 million people below the poverty line)
  - Middle Class <25% of the population (around 50 Million)
  - Crude Oil accounts for 75% of export revenues
- Almost equally split between Islam & Christianity
- History of terrorism in the North-east (Boko Haram), and until recently conflicts in the Niger-Delta (South-South)

Official Language English, but there are almost 300 different ethnicities (each with different native languages), broadly grouped in to 6 zones. Tribal & Religious identity is strong.
Two “Africas”: Two systems - Traditional vs. Modern

- Traditional African Society & Modern society exist side-by-side
- Product of colonialism
- Affects all aspects of life:
  - Weddings
  - Laws & Law enforcement
  - Governance
  - Medicine & Healthcare
  - Business rules & etiquette

In several instances, you have to fulfil the requirements of both systems
Your Africa strategy has to take this into account
Africa: Politics & Governance issues

- Poor governance is a major issue in Africa.
- Democracy is still a relatively new concept. Some elected rulers have been in power for 30+ years.
- Cultural Dimensions might explain this situation. Most African countries are PDI+ & IDV-.
- Rule of law is seldomly equitably applied.
- Peaceful change of government to different political parties, is often rare or violent.

You need to think through how to navigate these issues.

Good idea to stay “neutral” and “fly below the radar” and/or get “strong” local partner(s).
Nigeria: Governance issues

- Nigeria is facing an election in February 2019.

- It’s likely going to be a tussle between Atiku Abubakar (former Vice president, 1999-2007) and former military dictator / elected incumbent president Mohammadu Buhari.

- Nigerian polity and governance is fraught with corruption.

- Efforts being made to sanitise the system, but rule of law is still a major issue.

- Both Candidates are Northern and Muslim.

- A lot will depend on 2019 elections. Difficult to project the election results.

Like with the rest of Africa, Good idea to stay “neutral” and “fly below the radar” and/or get “strong” local partner(s).
Africa’s infrastructural challenges are enormous. Businesses that need strong supply chains (esp. retail businesses) tend to be the most affected.

Businesses entering Africa have to think of how to:
- Circumvent infrastructural gaps
- Build supply chain resilience to their own advantage

The same is true in Nigeria.
- Erratic grid power supply meets less than 20% of actual estimated demand.
- Public transport is inadequate and/or unsafe.
- Roads are insufficient and poorly maintained.
- Rail networks have changed very little since colonial times.

Infrastructural challenges also create opportunities for businesses.
Poverty: Africa’s burden

- What can we sell to the poor?
- How should we package it?
- Consider unitisation?*

![Poverty Pyramid Diagram]

*Image Source: BearingPoint
## Other notable challenges

<table>
<thead>
<tr>
<th>Environmental challenges: Desertification in west and southern Africa</th>
<th>Food security, major issue</th>
<th>Terror, Conflicts &amp; Crime</th>
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Image Source: Sahara Green Company; businessandeducation.ng; dailypost.ng
Some of the Upsides...

- **Mineral rich**
- **Amazing people**
  - Mostly very welcoming to visitors
- **Future Market**
  - The youngest continent
- **Rapidly embracing technology**
  - Esp. mobile technology

Image Source: africanleadership.co.uk; awaytoafrica.com; Travellingsolemates.com; theconversation.com
BUSESINESS AND TRUST

TRUST - the basis of all successful business

• WINNING BUSINESS means WINNING TRUST

• Its impact is on communication, work place etiquette, meeting etiquette, organisational hierarchies, repeat business and future relationship

• It is important to be prepared

• Across Africa, winning trust depends on understanding & respecting local cultures
Culture Iceberg

Symbols
Heroes
Rituals

attitudes

Values

VISIBLE

NOT EASY TO SEE

Image Source: Ralph A. Clevenger/CORBIS / Triple Ethos, LLC
THE "CULTURALLY SAVVY" PERSON

- Understands the differences between individual vs. Group
- Be open minded and aware of differences
- Must Be adaptable and able to accept Changing Reality (remember Traditional vs. Modern)
The Hofstede 6-D Model

6 Basic Dilemmas

HIERARCHY VS EQUALITY
Handling inequality

INDIVIDUALISM VS. COLLECTIVISM
Dependence on Others

PERFORMANCE VS. CARING
Sources of Motivation

UNCERTAINTY AVOIDANCE VS. LET IT BE
Dealing with the Unknown

FLEXIBILITY VS DISCIPLINE
Time Perspective

INDULGENCE VS RESTRAINT
Dealing with natural drives
MOST AFRICAN COUNTRIES

- PDI+
- IDV-
- MAS-
- UAI~
- LTO-
- IVR+

NIGERIA

- PDI++ (80)
- IDV- (30)
- MAS~+ (60)
- UAI~ (55)
- LTO-- (13)
- IVR++ (84)
Nigeria scored high on the Power Distance dimension.

This means that hierarchy is accepted & expected; viewed as normal ... even good

This also means that rank and status affect all business interactions. Seniority is valued but Designation is revered.

Subordinates usually defer to their boss; in turn, the boss is supposed to look after their needs.

**Rule # 1: The Boss is always Right!**

*(Even when he is Wrong ...)* – This is true, especially in “Traditional Africa”
Nigeria has a low score for Individualism, it is mainly a Collectivist Culture.

Life is structured around the multiple in-groups; typically, this is the extended family, close friends, tribes, religious groups, colleagues, business relationships etc.

Individuals have responsibilities to their group and they are obliged to show loyalty and sacrifice for the well being of the group, knowing that in return, the group will show this same loyalty to them.

To act in contravention to the Groups’ interests brings shame, loss of face and can result in ostracization of the guilty party.
Takeaway!

Given the high score for Power Distance and the low score for Individualism, one key learning takeaway is that personal and business relationships tend to intertwine with no clear defining boundaries.

You must establish a personal relationship and show that you are dependable, before you can do business. Investing time getting to know potential business partners is essential to getting a contract. Socializing outside the work place is essential in building this trust.

RESPECT THE HIERARCHY and work with the little power centers

Furthermore, it is important to note that perhaps the strongest filial connections in (esp. traditional) Nigeria are Family (and Friends), Ethnicity & Religion.
Nigeria scored medium-high on the Masculinity/Femininity dimension, indicating that the society values the symbols of success and achievement. Competition is seen as a regular aspect of life.

It is therefore important to project achievement and success when bidding for or chasing business.

Status symbols like cars, expensive lunches, “power-dressing” are important in Nigeria. Also, depending on the type of business you do, (esp. international) degrees / certifications / awards / recognitions etc. matter.
Nigeria has a medium score in Uncertainty Avoidance, indicating that the country is largely comfortable with a certain degree of ambiguity in everyday life.

It is common to see Nigerians ingeniously discovering loopholes or shortcuts to legally (or sometimes, illegally) circumvent due processes.

In Nigeria, we often jokingly say “Idea is need” (sic). This implies that you don’t need to know everything. Only basic knowledge (or even an idea of the basic knowledge) is what is required to win the contract or get the job done.

Some implications are queue jumping, not following rules and regulations properly. These are evident in the chaotic driving and traffic conditions in many Nigerian cities. It also implies a high tendency to falsify certificates & documents (choose contractors and staff carefully)
Nigeria scored low in Long-term Orientation but high in Indulgence. These two dimensions make sense when considered together.

It is not common to see many Nigerians focusing on immediate gains. A certain bank in Nigeria, almost went bankrupt when they introduced credit cards in the late 2000’s, focusing on the mass market. Several Nigerians quickly became overburdened with credit card debt and the bank ceased credit card issuance. Currently, most Nigerians have only debit cards, but not by choice. Access to bank loans is tight, largely because of economic reasons, but also because, there is a history of abuse when access is liberalized.

Similarly, the culture is largely indulgent. Indulgent cultures tend to exhibit a higher level of subjective well-being (“happiness”). Despite all its troubles, Nigeria regularly ranks amongst the happiest countries in the world. This has implications for business as well. Nigerians will enjoy luxury goods and services whenever they can afford it. The country has been long associated with luxury consumption of goods and services.
Fruitful cooperation with Nigerians

• Relationships are **VERY** important. Prepare to spend time cultivating them. In Nigeria, even if you have a strong brand, you are only as strong as your network. **Invest heavily in personal relationships**, in gift-giving, learning about the other person. Nigerians are mostly outgoing people and they are friendly (especially when business is concerned). Relationships can give you access that merit won’t

• Respect the hierarchy, but at the same time, **build multi-layered relationships**. Extend conviviality (as much as possible) down the ranks. This will ensure that the “group” will look favourably in your interest.

• Be prepared for heavy bureaucracy – but also for suggestions on how to avoid it/cut corners. Nigeria ranked 145th in the ease of doing business index. A lot of this is tied up in unnecessary red tape.

• **Expect hard bargaining and negotiations**. The average Nigerian believes that they can always get a deal, so leave room in your pricing for negotiations. Also think of ethical ways to sweeten deals.
Winning a business assignment goes hand in hand with winning trust and building a relationship – it takes time to build these.

Nothing is ever completely finished. It is common to see clients (especially larger ones) asking to renegotiate after the deal has been “closed”.

Try to find the network; if you come in as a recommended and trusted party, things will move faster and smoother.

Be prepared to be price competitive and offer a strong value proposition.

Think through how you can circumvent the infrastructural challenges.
Marketing & Sales
Remember the two “Africas”: Traditional vs. Modern

- Identifying who you want to sell to, will go a long way to determining how you will sell to them.

- Traditional Africa likes the unstructured open-air markets, modern Africa will be found in the mall.
Unitization

- Packing products into smaller units to break into the “poor market”
- Can this idea be applied into services? Banking? Insurance? Tech?

Image Source: Carrygomarket.com; naijapillemagazine
E-Commerce is growing fast!
Meetings and Negotiations
Setting a meeting

PDI+  IDV-  MAS+

- Who to approach – relative position
- Clarity on what value you bring
- Do you have contacts?
- A confirmed meeting is **NOT** confirmed till you reconfirm it
Who should meet and who should go

**Aim high to top management level** – lower level managers *do not make decisions* about new partners, sales, purchases

Important people only meet important people. Send the same level negotiator (PDI+).

Meeting may not start on time – prepare to wait

Expect several rounds of meetings before a decision is made
How to dress for business meetings

- Formality is safe in first meetings
- A lot depends on the industry you are selling to! You need to try to mirror them in dressing (the two Africas creates a bit of challenge here)
- You can’t go wrong if you...
  - Wear a formal business suit and tie (except when you are dealing with informal or blue collar settings)
  - Appropriate formal dress or suit for women
  - For ”modern Africa” a smart casual jacket and trousers for men will do
- Usually on fridays, most African offices dress down... Here you can connect and impress your hosts / clients by wearing the local African styles (they love it)
Greetings in first meetings

- Handshake (if a woman, wait till she offers her hand)

- No hard and fast rule for exchanging business cards, but best to wait until you are asked... however, you can also ask for their cards, politely.

- Addressing the attendees:
  - Best to go with formal title Dr., Chief, Prof., Mr. (last name) or, Ms. (last name) unless invited otherwise
  - Rule of thumb: Address the senior person (age-wise or role-wise) with their titles or as “sir” or “madam” unless otherwise indicated
Small talk to create a positive atmosphere

• Football
  • Africans in general and Nigerians in particular are football addicts
  • It’s not ”soccer” to them, it’s football
  • If you can, learn about the Super Eagles (Nigeria’s National team), they are one of the country’s largest sources of pride
  • Also study the English Premier League. (Many Nigerians are raving fans of english teams)

• Enquire about local foods & drink and sample them (warning: Nigerians usually love hot & spicy foods)

• Arts & Entertainment: Music & Movies (in Nigeria, Nollywood)

• Family
After meeting

• Follow up with email – thanking them for their time and enlisting action items from both parties

• FOLLOW UP!
5 KEY TAKEAWAYS

• Africa is a land of contrasts - rule of thumb: NEVER ASSUME AND ALWAYS RECONFIRM

• Be open, patient and focused on the long term

• Even after attending this webinar and several others, it is recommended that you take the time to observe, ask and learn while in different localities in Africa and/or Nigeria

• In Africa, generally, and in Nigeria in particular, relationships and social status trump merit
  • Find local partners or advisors to help you with this area.

• FOLLOW UP on important tasks
Questions?
Thank You!

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Additional resources

Read more about Nigeria & Africa on CUBE IN
Next Webinar

How to manage across cultures: Cultural Intelligence as the key to success.

Tuesday April 10, 2018 - 15:00 to 16:00 CEST
Hofstede Insights has spent over 30 years helping some of the world’s largest organisations transform their intercultural and organisational challenges into business success stories, and translating academic research into applicable solutions.

We also offer high quality education and certification in the field of culture and management based on academic research and practical experience.