Cross-cultural Management

Unit 7. Culture and business in Africa

The Maghreb

IMAGE HERE

Hofstede (Arab countries)

PD	AI	IDV	MAS
80	68	38	53

Highlights

- Honour, dignity and reputation are very important for Arabs. Avoid making anyone feel ashamed.

Behaviour

- Close relationships are sought, preferably without distance and intermediaries.

- Men hold a dominant role. Especially in Morocco and Tunisia, however, women are beginning to enter business and public life.

- Do not be surprised by delays.

- Meals are longer and taken later than in most European countries.

- Generosity, hospitality and patience are still values in these countries.

The Maghreb

Morocco

Enjoys a certain macroeconomic stability.

Has an oversized public sector.

Has an association agreement with the EU.

Holds attractive sectors for foreign investment.

Algeria

Is interested in attracting foreign investment. Now is the time not to fall behind.

Has a low country risk but there is a risk of contagion from revolutions in neighbouring countries.

Is negotiating to join the WTO (2021).

Tunisia

Is in political, social and economic transition after the 2011 revolution.

Was the first Muslim country to introduce gender parity in electoral lists.

Has high growth but also a high level of debt.

Has prospects for free trade with the EU in the medium term.

IMAGE HERE

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Morocco

Business culture in Morocco

- Morocco does not enforce *Sharia* compliant finance , the Islamic rule prohibiting the payment and receipt of interest. There is freedom to choose how to organize finances.

- It is a complex country that is full of contrasts. Ancient traditions coexist with modernity promoted by relations with the EU.

- It is an emerging market with high external openness. Foreign products are well known, so obsolete or low-quality products are not successful.

- The monarchy plays a prominent role in politics and business. However, despite article 23 of the Constitution, the image of the king is becoming 'de-sacralised' following the protests of 2011.

IMAGE HERE

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Morocco

Business culture in Morocco

- **Distribution channels are underdeveloped.** There are hardly any shopping malls. Small family shops with a wide range of products predominate. It is important to have an importer/distributor or a sales subsidiary.

Morocco Mall in Casablanca, opened in 2011

- Approaching the market requires time. You need to visit the country several times to establish personal contacts, which are made **face to face**. Written negotiation forms (letters, faxes, e-mails, contracts, etc.) are of little use.

IMAGE HERE

- Sincerity is appreciated. Avoid arrogance and submission. Moroccans don't like working with anyone who feels superior and doesn't appreciate their values. Submission is considered hypocritical and untrustworthy.

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Morocco

Business culture in Morocco

- There are big differences between the cities. **Casablanca** is the commercial and financial centre and home to the main multinational companies. **Rabat** is the administrative capital where public contracts are negotiated. Marrakech is a major tourist city, while Fez is famous for its craftsmen.

- In major cities both French and Arabic are spoken. In the north (Tangier and Tetouan) Spanish is also used. Negotiations are conducted primarily **in French**. Using certain words in Moroccan Arabic (Darigha) is appreciated.

- In business meetings don't start talking business immediately. You should discuss family, work and other issues before addressing business.

- The weight of the negotiation should fall on the visitors, Moroccans generally adopt a 'wait and see' attitude. The benefits of products need to be emphasized several times.

- **Price** is the essential aspect of trading. Once it's time to fix prices, Moroccans enter a bargaining process that requires sensitivity and respect. Try to avoid confrontation.

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Morocco

Business culture in Morocco

- Aggressive negotiation techniques are counterproductive. Especially in critical situations, you have to smile, adopt a friendly tone, and be pleasant.

- To succeed you need to create a climate of **trust** and seek a long-term relationship. **NO WIN-WIN.**

- Sensitive or difficult topics should always be dealt with personally and in unhurried fashion. Don't use media to solve such topics (always face-to-face).

- Decision-making is very hierarchical in both politics and business. It is essential to hold high-level meetings and establish relationships with the people who decide.

- There is a tendency to **improvise.** Trying to plan long-term relationships usually bothers them. We should insist on commitment and organization, while leaving some flexibility to address unforeseen situations.

- **Time is flexible**, especially when meeting deadlines. Rushing is believed to bring bad omens. Don't expect them to take the lead. The issues should be tracked and constantly revisited.

- Contracts are no different from those used in the EU. It is common to use lawyers to draft them.

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South Africa

IMAGE HERE

UBUNTU

Africa's role on the international stage was marginal and received little attention from investors until China arrived.

Companies that have invested in Africa have often lacked **competitiveness** due to the endemic low productivity. Implicit values in how the West does business are not aligned with African values.

Western business practices are based on individualism. The stakeholder-oriented mentality that prevails in the West does not work in societies with a **strong sense of community.**

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IMAGE HERE

Ubuntu philosophy is being applied to business management in an attempt to reconcile African values with effective management:

- This perspective is based on considering the **company as a community** rather than merely as a sum of individuals.
- The role of the company is therefore not to reward the interests of its individuals but to **reward the community** and the other communities it belongs to.
- The values that inspire their philosophy are **respect, humanity, compassion, sharing, and care for others.**

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IMAGE HERE

Introducing this philosophy is not without its problems. The collectivistic nature of African people may conceal the **dangers** that the sense of community is limited to a small group of individuals and that the interests of relatives or the ethnic group are placed above those of the community as a whole.

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