

The challenges of doing business in Africa



By [Jaco Cronje](#)

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Recently released facts and figures regarding industrial, business and economic growth in Africa paint an optimistic and encouraging outlook. However, to see only a buoyant picture would be exceedingly one-sided. Reality and challenges need to be faced and a balanced perspective reached.



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Upbeat prospects

With regard to facts and figures, he refers to the African Economic Outlook (AOE) Report 2014, which states: "Africa's growth is projected to accelerate to 4.8% in 2014 and 5 to 6% in 2015, levels which have not been seen since the global economic crisis of 2009. Africa has weathered internal and external shocks and is poised to achieve healthy economic growth rates."

Pervasive challenges

Against this encouraging backdrop are however pervasive challenges. The numerous challenges include under-developed financial sectors, poor infrastructure, lack of first world technology and trends, bureaucracy, issues pertaining to public/private co-operation, corruption and political instability, to name but a few.

Pertaining to all these factors is a more general issue, this being lack of understanding of Africa's culture. It is vital to gain an understanding of the local culture, context, facilities and means, take these factors into consideration and adapt accordingly. This ranges from cultures as diverse as language barriers to means of transport which are completely different from those in first world countries.

It is necessary to adopt a different strategy to each individual country, as there is a tendency to group all African countries into the same category.

While there are indeed similarities, there are also significant differences from country to country and region to region, and it is essential for any executive doing business in Africa to understand how these similarities and differences will impact on their business.

Technical challenges

- Locally supported technology solutions are not linked to global trends.
- There is a lack of infrastructure and technology. However many countries in Africa are able to leapfrog earlier development in other countries through the intelligent application of new technologies.
- Environmentally sustainable engineering lags behind as a result of the additional costs to achieve such measures.
- African political rallying focuses on power struggles missing out on a combined endeavour to improve infrastructure and technological advancements.
- Procurement processes are conducted differently.

Technology companies spend money on training, trade shows and proof of concepts in the West while not supporting the developing countries. As a result, the understanding of latest technologies and implementation thereof lags behind the rest of the world.

Appropriate steps

To make a success of the potentially upbeat scenario, industry and business players should take into account and welcome the current opportunities. From here on out they should be totally committed to gaining knowledge and experience of the challenges inherent in industrial development in Africa, and consistently and purposefully deal with and work through them.

Industrial progress can translate into positive trends such as creation of sufficient jobs and a significant improvement of quality of life throughout Africa. The overall result could be rewarding industrial and economic growth prospects and development of infrastructure to the benefit of all.

It is crucial that a win-win situation be achieved by both those pursuing business opportunities across borders as well as citizens resident in countries belonging to the greater African continent.

ABOUT JACO CRONJE

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