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Review

China - Africa culture differences in business relations

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With the Chinese rapid industrial development, there became a need for importation of oil and minerals (that is, iron ore, bauxite, nickel, copper), which Africa have in great quantity. For that, China now becomes Africa's second largest trading partner after U.S. As a result of this, bilateral trade with Africa reached $114 billion in 2008, up from $65.9 billion in 2007. This was as a result of the government's "going global policy", which encouraged Chinese companies to become multinationals, and therefore supported a rise in China's foreign direct investment (FDI) in Africa to $5.4 billion in 2009, up from a negligible amount just a decade ago. In spite of Africa – China relationship, there appears to be culture related differences which need to be studied for greater mutual understanding. The objective of this topic therefore, is more or less to minimize misunderstandings through an awareness of the priorities and expectations of business partners for greater world economy. In so doing, this study was able to discuss some differences in Africa and Chinese business cultures. It therefore explained the connection between culture and business. It went on to clarify the differences between China and Africa by focusing on Hofstede's four cultural dimensions: power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance and Bond's dimension about long-term/short-term orientation also called "Confucian dynamism". The paper tried to explain their cultural differences in business strategies, conflict management, decision-making risk-taking/risk-avoiding, decision-making, work-group characteristics, and motivation systems. It made it known that whereas Chinese has something to do with guanxi (relationship) that helps them not to lose face in business, African never think of such. The paper concludes that knowing another culture is a legitimate concern of businesses. More than that, it is essential. Those who make effort to understand another culture gain knowledge about how to behave in that culture. Otherwise, if one knows what people value and understand their attitudes, one would not unintentionally do something that offends and diminishes one's chances for business success.

Key words: China – Africa, culture, differences, business, relations, guanxi.

INTRODUCTION

China's rapid growth has transformed its relationship with Africa. Industrialization has boosted China's import demand for oil and minerals (that is, iron ore, bauxite, nickel, copper), which Africa can satisfy. China is now Africa's second largest trading partner after U.S; bilateral trade with Africa reached $114 billion in 2008, from $65.9 billion in 2007. The government's "going global policy", which encouraged Chinese companies to become multi-nationals, has supported a rise in China's Foreign Direct Investment (FDI) in Africa to $5.4 billion in 2009, up from a negligible amount just a decade ago. The current China-Africa relationship could be described as "commodities- for- infrastructure", although a shift to broader cooperation on development is now evident. In spite Africa – China relationship, there appears to be culture related differences which need to be studied for greater mutual understanding.

What does culture have to do with business? Many business majors and practitioners immersed in questions of financial forecasting, market studies, and management models have turned aside from the question of culture and how it affects business. Nevertheless, more and more organizations are finding themselves involved in communication across cultures, between cultures, among Cultures (Cohen, 1991); because they are doing business in foreign countries, perhaps, or because they are sourcing from another country, seeking financing from another country, or have an increasingly multi-cultural workforce.

The globalization of the world economy, on one hand, has created tremendous opportunities for global collaboration among different countries (Levitt, 1983); on the other hand, however, it has also created a unique set of problems and issues relating to the effective management of partnerships with different cultures. It can also be observed that most of the failures faced by cross-national companies are caused by neglect of cultural differences.

With the increasing importance of the China market in the world economy, many businessmen rushed into China to explore business opportunities. It was reported that the great barriers caused by cultural differences like difficulty of communication, higher potential transaction costs, different objectives and means of cooperation and operating methods, have led to the failure of many Sino-foreign cooperation projects. Here are some issues on "how to understand China" and "how to settle business" with Chinese people.

Predominantly, motivated by the quest for material inputs (oil and other primary commodities) required for its infrastructural investments and booming manufacturing sector, Chinese presence in Africa is rapidly growing (Mitchell, 1999). The rapid growth and significance of enhanced Chinese participation in Africa has important implications while talking about cultural aspects.

To clarify the differences between China and Africa, this study will focuses on (Hofstede's, 1991), four cultural dimensions: power distance, individualism/ collectivism, masculinity/ femininity, and uncertainty avoidance and Bond's dimension about long-term/ short-term orientation also called "Confucian dynamism". Hofstede is one of the first to adopt a pragmatic problem-solving approach in the field and relates culture to management. He defines culture as a kind of "collective programming of the mind, which distinguishes the members of one category of people from another" (Hofstede, 1980). He explained that culturally-based values systems comprised four dimensions: power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance. Bond (1989) in a further research discovered another dimension called long-term/short-term orientation.

China and Africa differ greatly with regard to their economic systems, political systems, social values, and laws, despite the substantial changes that have occurred in China during recent years. Some differences can be found according to Hofstede's (1998), studies on culture differences. First, in terms of power distance, China is centralized (though it has shown some tendency toward decentralized power) while Africa is relatively decentralized. In high power distance cultures, authority is inherent in one's position within a hierarchy (Mbigi, 1994). There are strong dependency relationships between parents and children, bosses and subordinates and a significant social distance between superior and subordinate. In low power distance or power tolerance cultures, individuals assess authority in view of its perceived rightness.

Secondly, one notice in both cases that contrary to western countries which have a strong individualism (Adler, 2001). China and Africa have a strong collectivism. Individualism-collectivism refers to the relative importance of the interests of the individual versus the interests of the group. In collectivistic societies, the interests of the group take precedence over individual interests (Beamer, 2003). People see themselves as part of in-groups and the in-groups look after them in exchange for their loyalty. In individualistic cultures, the interest of the individual takes precedence over the group's interest.

Thirdly, Africa has higher value than China in masculinity, which indicates that Africa is medium mascu-linity while China is medium femininity. Masculinity-femininity or goal orientation pertains to the extent to which "traditional" male orientations of ambition and achievement are emphasized over "traditional" female orientations of nurturance and interpersonal harmony. Cultures differ on what motivates people to achieve different goals (Robert, 2004). Cultures of the aggressive goal behaviour type (masculinity) value material possessions, money, and assertiveness whereas cultures of the passive goal behaviour type (femininity) value social relevance, quality of life and welfare of others.

Fourthly, China and Africa have higher values for uncertainty avoidance unlike the West. This shows that in both sides, people are relatively risk-avoiding while western people are relatively risk-taking.

Uncertainty avoidance captures the degree to which individuals in a culture feel threatened by ambiguous, uncertain, or new situations. Cultures are characterized as either high or low on uncertainty avoidance (Prime, 1994). Whereas low uncertainty avoidance cultures prefer positive response to change and new opportunities, high uncertainty avoidance cultures prefer structure and consistent routine.

Last, Africa has a short-term orientation while China has a long-term orientation. It has to be mentioned here that Chinese starts to plan today for whatever they want in fifty years ahead. Also called "Confucian dynamism", this last dimension assesses a society's capacity for patience and delayed gratification. Long-term oriented cultures (China and Hong Kong) tend to save more money and exhibit more patience in reaping the results of their actions.

Short-term oriented cultures (African countries) want to maximize the present rewards and are relatively less prone to saving or anticipating long term rewards (McCoy, 1995). It has been widely accepted that cultural differences greatly affect human thinking and behaviour and thus business organizations in which people interact on the basis of shared values. Management is embedded in a wider societal setting, and is heavily influenced by local historical and cultural norms (DiMaggio and Powell, 1983). The significant differences between Africa and China seem to affect some aspects of their business management practice.

CULTURAL DIFFERENCES IN BUSINESS STRATEGIES

Because entrepreneurs mature within a societal context, their attitudes toward cooperation are likely to be influenced by the underlying values of their society (Weaver, 2000). As discussed previously, Africa and China have a strong collectivism. People depend more on groups or institutions to determine what they should do and emphasize loyalty to the group. They are more likely to cooperate with others to avoid risks and reduce responsibilities.

However, due to the medium masculinity, Africans sometimes are reluctant to cooperate because their masculine culture view cooperation in general as a sign of weakness and place a high value on independence and control. In the process of cooperation, Chinese tend to pay more attention to relationships (McLeod, 1988). This study have to mention that the term "guanxi" which in English means relation or connection, is at the center of businesses in China. "Guanxi is an interactive and intricate relational network that connects mutual responsibilities, trusts, and understanding with relevant people within the social settings" (Anedo, 2011).

In Weaver's studies (2000), this study found that entrepreneurs from societies that are masculine and individualistic have a lower appreciation for cooperative strategies as compared to entrepreneurs from societies that are feminine and collectivist in nature.

CULTURAL DIFFERENCES IN CONFLICT MANAGEMENT

In order to solve conflicts, Chinese and Africans have different ways. For Chinese where harmony and personal relationship are very important, they do not like open conflict; therefore they use indirect ways to work out problems. Anytime there is conflict, they use the authority to end up with it or settle things in private. This is why Confucianism is referred as "… a social philosophy which emphasizes that the importance of interpersonal relationship and harmony, are predetermined and or voluntary, during the social life of human beings" (Wank, 1996: 820-838). Negotiation and compromise are determinant for them in this case. Contrary to them, Africans managers like Europeans or Americans, will directly confront problems and bring them out in the open.

To resolve problems, everybody is involved in order to bring rational arguments and ideas to suggest solutions. We can notice that Chinese avoid this method (Storey, 2000) because for them that will create disagreement which is very undesirable. African managers are reluctant to devote their time and efforts together in solving business conflicts. Other people's help is needed. In contrast, according to Bond (1991), the strong collective orientation and uncertainty avoidance values in China encourage Chinese managers to use indirect forms of influence that involve the assistance of a third party. Indirect forms are used by Chinese managers to deal with a difficult or controversial request. In this way, they avoid losing face or damaging "guanxi".

CULTURAL DIFFERENCES IN DECISION-MAKING RISK-TAKING/RISK-AVOIDING

Chinese and African managers differ in their attitudes toward risks when they make decisions for their different values in uncertainty avoidance. Chinese managers with a high uncertainty-avoidance lack adventurous spirit (Storey, 2000) and the sense of risks. Immediate decisions which make them lose the opportunity to compete in a market are avoided in the case they feel the circumstance is uncertain. Most of the time, they want to be safe by taking less risky decisions.

For African managers, it is almost the same. Middle and lower level supervisors are less willing to make decisions without deference to superiors. The result is that decision-making takes much longer than anticipated and requires more input from players at various social and professional levels. Uncertainty avoidance measures for Africa indicate low risk taking and a resistance to change which can further delay projects which encounter problems mid-cycle.

Levels of participation in decision-making

The decision-making process involves making sense of ambiguity and taking risks (Jackson, 1993). The decision maker is working on the information available about what has already happened, what is assumed to have happened or is happening. The second aspect is future oriented. A risk is being taken because one is applying a perspective based on (often assumed) knowledge of the past, and projecting this to what might happen in the future if a certain course of action is followed.

Chinese managers or African managers have different level of participation in decision- making. In China, decisions are participatory. Employees accept decisions handed down by their supervisors. Because of their unquestioning attitudes towards their supervisors, they resist participation in decision-making. In Africa, managers make individual decisions. They do not consult with others but can defer to their supervisors. They value personal equality.

To summarize, this study can say that Chinese managers adopt the no participatory approach to decision-making. The decisions come from the higher superiors to the subordinates. However, since the reforms in China, things are changing. More and more, participatory decision-making is starting to be used in a certain number of companies.

CULTURAL DIFFERENCES IN WORK-GROUP CHARACTERISTICS

The first difference about the work-group characteristics is the concept of "brotherhood, network, family feeling" which is at the heart of all Chinese interactions. In African business style which is quasi the western business style, managers focus on the deal, the possibilities, the risks and so on. There is less focus on the people they are doing business with.

They may encourage their group members to learn from each other, to focus on task rather than on social and interpersonal relations, and to build the confidence required for superior performance. They make difference between personal relationship and work. In China, it is the opposite. Chinese managers may initially focus more effort on building social and interpersonal relations (guanxi) before entering into business or contractual relationship.

They would like to spend time developing and maintaining guanxi during the process of interaction and consider it as a prerequisite to do business. What sort of person you are is more important than what you do? A good deal of time is spent exploring people's characters. People want to know your background, your family situation, your likes and dislikes. A good deal of business is conducted in banqueting halls. Chinese believe a person's true character comes out during these moments. The only purpose during these meetings is to see a person's other side, the human side. If they are comfortable with you, and if they think they can trust you, that you can be invited to "join the family", you and your business are made. Chinese managers are not interested in short term; they want long, life-long business relations.

However, as the economy has become increasingly marketized, privatized and competitive, the value and effectiveness of the Guanxi system has greatly deteriorated. In industries that have been substantially deregulated or privatized, or where there is vigorous competition, business is business, and Guanxi has been neutralized or marginalized. Relationships or connections now resemble that which we find elsewhere.

CULTURAL DIFFERENCES IN MOTIVATION SYSTEMS

In business contexts, the motivations of employees, partners, superiors, contracted, social associates, and members of a society spring from cultural values, or what people think is important. In order to understand how to do business with members of another culture, it is necessary to understand what motivates them, to know where to begin and what you need to cover all necessary bases.

According to Aguinis (2002), employees can be rewarded according to their performance (principle of equity), equally (principle of equality), or based on their needs (principle of need). In general, the equity principle is common in individualistic cultures while the equality principle is widely used in collectivistic cultures. Pay for performance and pay equity are the two main differences in motivation systems. From the 1950s until the 1980s, every aspect of China's economic activity was planned, controlled and operated by the government.

There was no private ownership of any property or asset, and, consequently, no profit motive for individuals or enterprises. The government would allocate everyone a pre-defined slice of the "big pie." If anyone wanted more than what was allocated to him/her, it meant circumventing that system and getting someone in that "allocation chain" to provide a special favour. People were obliged to sacrifice their individual interests for those of the society.

Cooperation, interdependence, group goals that create group harmony are applied in China. The sense of belonging and devoting to the group are important for Chinese people (Song, 2004). Focusing on the view that one's success is mainly based on group work; they believe that one cannot claim the reward just for oneself. Contrary to what some Chinese researchers argued on this part, this study can say while setting salaries Chinese managers will not pay more attention to the working experience and academic qualifications of employees. In that case, the equality principle is reflected in the motivation system. This is one of the Chinese secretes in industrial growth as observed by Anedo (2011).

For African managers, individual achievement is important. They are expected to achieve success only by their individual efforts (Dia, 1991). Value competition, achievement and personal goals are their main motivations in order to have plans to recognize their individual contributions. Their success relies on their own efforts. Talents and work performance of the employees will be considered by their superiors for salary increases and promotion.

CONCLUSION

As a result, understanding other cultures is more important than ever. If we consider that people from the same economic, political, and cultural background have problems communicating effectively; we can appreciate the difficulties and challenges that people from diverse cultures face when trying to communicate. Misunderstandings will always be a part of cultural aspects. The objective of this topic is more or less to minimize misunderstandings through an awareness of the priorities and expectations of business partners.

In this period of Globalization, examination of cultural factors and the subtle ways in which culture affects business practices and patterns of market behaviour should command increased attention from businessmen. (Adler 1991) Companies need to think outside the proverbial box when formulating their business strategies and when collaborating and forming business partnerships. As sometimes companies move to do business in other countries, a greater sensitivity to culture will be required and an understanding of cultural realities should facilitate business transactions.

Knowing another culture is a legitimate concern of businesses. More than that, it is essential. Those who make effort to understand another culture gain knowledge about how to behave in that culture. Otherwise, if you know what people value and understand their attitudes, you will not unintentionally do something that offends and diminishes your chances for business success. This was why Shanahan says, “Not everything African is bad. Let us understand Africans and see how to convert them” (Kalu, 1980). In today’s global business-es’ context, the winners are not those who study the markets they deal with even if it’s important, but those who study people they deal with.

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