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Culture and economic development in Africa – opportunities and challenges


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Abstract

This paper forwards the view that some aspects of African culture enhance economic development on the continent while other aspects tend to constrain development. By drawing on the extant literature on culture and development, the paper discusses the manner in which economic activities are organised in Sub-Saharan African countries and the impact of these processes on their overall development. We argue that insight into the development-constraining attributes of African culture will help policymakers and business people design policies and strategies that will improve the overall performance of African economies.

Key words: Culture, economic development, business development, entrepreneurship, Africa
1. Introduction

There is a general agreement among economic sociologists that culture influences economic growth and development (Fukuyama, 2001; Nee and Opper, 2012). The understanding is that all economies are structurally embedded in socio-cultural networks, and the relational constituents of culture such as norms, values, social attachments and general inter-personal processes contribute to the growth potentials of economic systems and entrepreneurial activities in different societies (Granovetter, 1985). Some of the seminal contributions to this perspective come from scholars such as Weber (1904), McClelland (1961), and Fukuyama (1995, 2001). In Weber’s view, Protestantism in general (and Calvinism in particular) was one of the reasons why capitalism succeeded in the West since it encouraged adherents to enjoy less and save more. Building on this argument, Fukuyama (1995) suggests that there are two avenues through which culture influences economic growth: first, through social virtues that creates trust and facilitates exchange relationships; and second, through achievement motivation that stimulates entrepreneurship. Similarly, Harisson (2006) draws a distinction between progress-prone cultures and progress-resistant cultures. To him progress-prone cultures are characterized by high emphasis on work/achievement, moderate level of frugality, moderate risk propensity, acceptance of competition and emphasis on innovation as well as advancement based on merit. Progress-resistant cultures do the opposite.

In spite of its long history of academic interest, the culture-economic growth nexus has not received significant attention among scholars of economic development in Sub-Saharan Africa (SSA). Several scholars have therefore indicated the need for such a focus (see for example, Serageldin and Taboroff, 1994; Ntibagirirwa, 2009; Kuada, 2015). This paper contributes to
filling this knowledge gap by providing some insight into the manner in which economic activities are organised in SSA and the impact of these processes on economic development. It also provides perspectives that can inform both policy and practice as well as guide future research in the area.

The rest of the paper is structured as follows. Section 2 introduces the concept of culture and its constituents while section 3 discusses the relationship between culture and economic development. Section 4 offers some insight into the influence of culture on economic development in SSA, focusing attention on issues such as familism, non-kin relations, institutional capabilities, religion and trust. Section 5 draws attention to some of the economic growth-oriented changes taking place within African cultures, while section 6 discusses the policy, strategy and research implications of the issues addressed in the paper.

2. The concept of culture and its constituents

Culture is usually described in the anthropological and sociological literature as a system of socially transmitted behaviour patterns that serve to relate human communities to their environment and to order relations among individuals (Kluckhohn and Stroodtbeck, 1961; Geertz, 1973; Harris, 1997). Thus, Gullestrup (2006:57) defines culture as “a society’s conception of the world as well as the values, moral norms, and actual behaviour … which people take over from a preceding generation and pass on to the next generation; and which in various ways make them different from people belonging to other societies”. Building on this definition, we can explain culture in terms of the following seven functional characteristics (Mazrui, 1980). First, culture provides lenses of perception, i.e. a way of looking at reality that a
given society has constructed over time through its processes of socialization. Second, it provides standards of evaluation of values such as good, evil, beauty, and legitimate acts. Third, it conditions motivation of individuals in a given society to act or refrain from acting in a particular manner. Fourth, it provides a medium of communication and defines the rules of communication within a given social context. Fifth, it provides a basis of stratification, a pecking order in society – thereby defining status, rank and class. Sixth, it shapes the patterns of production and distribution of economic wealth and resources in a given society. Seventh, it defines identity, determining those who belong to in-groups and those who are outside.

A key concept in most cultural theories is “value”. Smelser (1963:7) defines values as “beliefs that legitimize the existence and importance of specific social structures and the kind of behaviour that transpires in social structures”. In simpler terms, values define the “dos and don'ts” in any given society and therefore serve as a compass that guides individuals’ lives as members of a given society. In this way, values tell people what to expect from others in their society and why, thereby furnishing them with a degree of mastery and confidence in most social situations. Although values have cognitive dimension (helping individuals to make judgements), in practice, they are usually emotionally charged beliefs that are notoriously resistible to rational analysis. The same behaviour may invoke opposing interpretations in different societies and possibly at different points in time in the history of a given society - each interpretation being legitimized and jealously guarded. For example, spanking a child for misconduct is regarded as an obligation of elders and parents in certain societies, while other societies abhor such a conduct even from parents.
Culture also defines interpersonal relationships that are based on a set of shared assumptions that have proved useful in solving problems that people in a given society face at different points in time. For this reason, some scholars see culture as undergoing an unceasing process of social transformation, implying that the realities accepted by members at any particular time may be continually undermined by on-going acts of social transformation (Benson, 1977). Leaning on this understanding, Alvesson (2013) argues that culture is not simply a homogenous social phenomenon but an emergent, dynamic, and situationally adaptive mechanism of socialization and change. This means culture may allow differences and dissensions between and among individuals and groups to flourish within societies and hence nurture creativity without threatening the core fabrics of the societies.

Cultural dynamism may produce two kinds of changes: either a cultural modification (i.e. incremental or marginal changes in the surface layers of the culture without any immediate disruption of the underlying value systems), or a cultural transformation that produces radical departures from hitherto prevailing values. The nature and tempo of change that takes place in a society will depend on the manner in which the power constellations in the society are reshuffled. That is, within every social structure, there are powerful groups that tend to support or impede the change process. Where newly introduced perceptions run counter to the interests of the dominant groups, the latter are likely to frustrate the change process by imposing and enforcing their conception of reality on others and by structuring the network of relations to their advantage, thereby maintaining a superficial stability that camouflages any tendencies of alienation that the culture may harbour. Such internal struggles for power and domination can be detrimental to a society's development but can also open up for the introduction of new ideas and methods within
the focal environment (Kuada, 2015). Thus, cultural change may either expand or constrain individuals’ aspiration horizon and accordingly influence their degree of economic engagement.

3. Culture-economic growth nexus

What then is the role of culture in an economic growth and development process? As noted earlier, cultural attributes such as belief in the importance of individual effort, trust, commitment (i.e. outside close family relations), autonomy, ethic of hard work, and thrift are important for enterprise development and economic growth (Lucas, 1988; Romer, 1990). These attributes provide a collective motivation for people to do things better, faster and more efficiently and to suspend immediate pleasures in order to invest their resources in economic growth-enhancing activities (Hyden, Court and Mease, 2003). For example, societies that place emphasis on honest behaviour and diligence find their members developing trusting and enduring business relationships that reduce transaction costs and ensure sustained business performance as well as higher levels of economic growth (Maridal, 2013).

Growth-enhancing cultural attributes are normally reflected in institutions that reproduce and convey progress-prone norms, rules, conventions, and habits that help contain socially undesirable consequences of unguarded market systems. In this way, they level the playing field for all stakeholders and help expand the circle of opportunity for a majority of people in a given society (North, 1990; Hollingsworth and Boyer, 1997). Following this understanding, Acemoglu and Robinson (2012) classify institutions into two broad categories – inclusive or extractive institutions. They argue that inclusive economic institutions create the incentives and
opportunities necessary to harness the energy, creativity and entrepreneurship in society. Such institutions also protect private property rights, enforce the principles of rule of law and maintain predictable enforcement of contracts. Extractive institutions do the opposite—i.e. those who control such institutions use their power to extract incomes and wealth from one subset of society to benefit a different subset (usually, the governing elite). Harrison’s (2006) progress-prone and progress-resistant cultures therefore find their parallels in Acemoglu and Robinson’s inclusive and extractive institutional categories. Progress-prone cultures give life to inclusive institutions while progress-resistant cultures cultivate extractive institutions. The central argument is that without development-oriented values and mindsets, nations will find it difficult (if not impossible) to develop efficiently and that some sort of cultural change will be needed in these nations in order to reduce poverty (Grondona, 2000).

4. Impact of culture on Africa’s economic development

The relevant question to ask is whether the dominant cultural attributes in SSA are prone or resistant to economic progress. The literature addresses this issue by discussing four main characteristics of SSA culture—i.e. kinship structures and relationships, non-kin relationships, institutions, trust mechanisms, and religions. These are discussed in details below.

Familism

In African societies, the family is the primary social unit in relation to individuals (Assimeng, 1981, 1989; Gyekye, 1996). Individual members of the family are bound to one another by the collective moral rules and obligations of the family. The family therefore limits, influences and, in some situations, determines the individual’s activities in society. The division of labour and
distribution of power within the family are determined by age (seniority), the size of financial contribution, genealogical placement and gender. Poverty and inequalities in income distribution in African societies further accentuate the need for relying on the traditional family structures and the acceptance of moral obligations to help the less advantaged family members. Sociologists use the term “familism” to describe these relationships.

Familism, as explained above, influences cultural transmission, attitudes to knowledge acquisition and personality development. It therefore has indirect influences on human development and entrepreneurship. For example, children reared within such family structures are hardly encouraged to take initiatives over and above those required for doing daily routine chores. Major decisions in life, including the choice of mates and childbearing, are all collectively discussed and agreed upon. Most often, the views of the elders in the family carry the greatest weight. The risk of making a wrong decision is shifted from the individual to the family, which collectively shoulders much of the negative consequences of decisions made. Those who go against the collective decisions are likely to receive only a reluctant and minimal assistance if their own choices produce undesired consequences.

Familism and ethnic relations tend to be a major source of economic resources for some entrepreneurs and promote human capital development in Africa (Kuada and Buame, 2000; Beuving, 2004). Many African managers, public officers, and scholars have received their education through the collective financial contribution of their extended families and, in some cases, from the whole clan. However, these contributions impose huge social obligations on the recipients. Paying hospital bills or funeral expenses or providing initial working capital for
small business formation of family members are popular examples of these obligations (Kuada, 1994).

Some scholars argue that the communitarian and family-dependent African cultures may promote corruption and therefore can constitute a drag on economic efforts (Lipset and Lenz, 2000). The argument is that since family members are most likely to have access to funds accumulated by the relatively more industrious among them, this discourages people to make efforts to save for future investments – e.g. starting their own businesses (Moore, 1997). Furthermore, those who start new businesses may quickly find that they are overwhelmed by financial demands from extended family members and this may lead to the collapse of their businesses (Kuada, 2009). Apart from this, some business-owners find themselves to be under immense, constant pressure to hire family members. Some of the family members are hired even when there are no jobs for them. However, since these family members come easily to the jobs and take their job security for granted, they scarcely feel obliged to improve their skills or do a good job (Kuada, 1994; Etounga-Manguelle, 2000). Naturally, this attitude negatively affects the performance of the businesses.

**Non-kin Relations**

In addition to the constraining influences outlined above, strong family and ethnic ties also tend to discourage Africans from developing trust-based non-kin relationships (Fafchamps, 1996; Kuada, 2019). Trust deficiency is therefore viewed as one of the major impediments to economic growth in Africa. For example, Fafchamps (1996) found in his empirical investigation of the operational environment of manufacturing firms in different African
countries that most business relationships were characterised by distrust. In trust-embodied economic environments, interacting partners are willing to suspend their self-interests, thereby reducing monitoring and other similar costs of transactions. In trust-deficient economies, there is a short-term temptation to deviate from agreements and to engage in opportunistic behaviour, thereby creating self-perpetuating distrustful relationship among people. In other words, businesses tend to engage in arm's-length, spot-market types of transactions rather than entering into long-lasting contractual relationships (Whitley, 1994; Maridal 2013).

Furthermore, the general preference for kinship-based relationships in African economic environments means that business people’s access to new information and ideas is limited, hence limiting innovative capabilities of the businesses. The argument that strong family and ethnic ties can constrain access to new ideas and information is supported by cognitive dissonance theory, which holds that individuals are more willing to expose themselves to information that is consistent with their beliefs or decisions than they are to information that conflict with their beliefs or previous decisions (Granovetter, 1973). This means that information from family members may be perceived to be more reliable than information obtained from sources outside the family. However, such information may lack newness and therefore direct business owners to new growth opportunities.

**Institutional capability**

The ability of institutions to facilitate growth also depends on the degree of trust that key actors within the society (including businesses) repose in the institutions. Nevertheless, public institutions are considered by businesspeople in Africa to be excessively bureaucratic and
managed by corrupt and poorly motivated officials who deliberately impede rather than facilitate business activities (Kuada, 2015). The low level of trust between public institutions and the business communities has its roots in the post-independence economic policies pursued in many African countries. The adoption of neo-Marxist policies in countries such as Ghana (under Nkrumah), Tanzania (under Nyerere) and Zambia (under Kaunda) meant an unflinching reliance on the state machinery for resource generation and distribution and a glaring political mistrust of private capitalism (Hug, 1989; Hutchful, 2002). This policy made individuals passively dependent on the state as a major employer and dispenser of social goods and services and has compelled nascent entrepreneurs to seek protection from highly placed public officers (Lewis, 1994; Gibbon, 1996). Since top leaders in many of these institutions are better able to frame “the rules of the game” to protect their own privileges or, in many cases, to ignore the rules they themselves have framed, the institutional environments within which fragile African businesses operate are characterized by high levels of uncertainty that impede rational decision making (Haruna, 2009; Kuada, 2015).

**Religion and economic activities**

Religion’s impact on economic activities in Africa is mixed. For most Africans, religion is a collective and social undertaking (with solidarity undertones) rather than a private personal phenomenon (Assimeng, 1981, 1989). Collective worship provides an important instrument of socialization, mutual concern and trust. It brings together persons from the entire status spectrum of societies. The affinity that membership of a parish carries tends to create a sense of obligation and an inclination to help. Nascent entrepreneurs are therefore able to discuss their business ambitions, ideas, experiences and problems with members of their churches. Previous studies have shown that parish members have been willing to facilitate contract negotiations
and/or patronize products and services of entrepreneurial parish members or provide other kinds of moral support to young business owners (Kuada and Buame, 2000). These relationships have been able to facilitate the flow of new ideas and information that open up new opportunities for growth-oriented entrepreneurs (Noland, 2003; Kuada, 2009). Following Noland (2003:2), “religious groups could also provide for extra-legal means of establishing trust and sanctioning miscreants in intra-group transactions, again reducing uncertainty and improving efficiency, especially where civil remedies for failure to uphold contracts were weak.”

However, religious considerations can have negative influences on key economic decisions of individuals. Strong believers may see their growth prospects as depending more on “the will of God” than on their personal decisions and efforts. Similarly, the intellectual appeal of such management principles as planning, organizing, directing, coordinating and controlling could be weak, since they are not perceived as guarantees for excellent business performance. When plans fail due to "unforeseen factors", some African managers may quietly contemplate the "hidden hands" of evil forces or the displeasure of their family gods. For some, the dual allegiance to mystical forces and the "rationality" of management principles can result in divided attention and lukewarm implementation of corrective proposals (Kuada, 2015, 2019).

5. The changing African culture

Fortunately, human beings are not blank sheets on which culture writes its scripts. Due to their cognitive endowments, individuals are scarcely passive recipients of culturally prescribed "realities". As people develop their own internal rules of behaviour and reorganize their
worldviews in fundamental ways they tend to effect changes in their cultures. This explains the growth enhancing cultural changes that some African countries are currently experiencing. Young Africans are exhibiting a tendency to question some of the central cultural values transmitted to them by earlier generations and to define themselves in opposition to these values (Kuada, 2015). Some of the changes are triggered partly by the continent’s increasing integration into the global economy, combined with the younger generation’s willingness to embrace new technologies. Manifestation of these changes can be noticed in the political and media landscape as well as in business practices. Najam and Kariuki (2010:5) summarize the political and institutional changes in the following words:

The military coups of the 1970s and 1980s are now aberrations rather than norms. Elected democracies, even if imperfect ones, have begun to take root across the continent. The media is also freer. Public outcry against corruption is louder and efforts to curb it are becoming more common, even though not always successful. Overall, the trend in governance moves towards improvement, although slowly and with many pockets of serious concern within and across countries on the continent.

Technological developments in some high-growth African countries (including rural electrification that is facilitating knowledge dissemination through radio and television transmission) have also introduced changes in individual mindsets and behaviours. Internet access is increasing in public domains; mobile telephones are reaching out and family members outside SSA speak with their relatives in remote parts of Africa on frequent basis and convey new perspectives to them. For example, in Kenya, the mobile phone has become a preferred mode of money transfer competing effectively with conventional banks (Kuada, 2018). It has also been noted that middle income population segments are growing in nearly all African countries resulting in household spending projected to increase from $860 billion in 2008 to $1.4 trillion in 2020 (McKinsey, 2010). These developments have tremendous positive implications for economic growth in SSA.
These trends mark a sharp break from the past when efforts to change cultures in Africa have been met with immense resistance. As noted earlier, where proposed cultural changes run counter to the interests of the dominant groups in a society, the latter have been eager to frustrate the change process by imposing and enforcing their conception of reality on others, and by structuring the network of relations to their advantage (Kuada, 2015). These types of resistance seem to be weakening. Most SSA societies are now rewarding individual economic and social achievements and innovative individuals have emerged as heroes and heroines in their countries. These individuals are willing to adopt innovative approaches to the mundane African problems that capture their attention; building what they can in the present with the available resources, but with an eye toward the future. They tend to think out-of-the-box; sometimes even rejecting the presence of a box. They are mindful of tension and conflicts between the older generation’s wish to maintain failing traditional systems compared with their own zeal to adopt new strategies that promise a way out of the doldrums. They exhibit inner strengths and tact in navigating and negotiating the conflicts they experience in their endeavours and serve as bridges between the past, present and the future of Africa. In a word, they are building the Africa of tomorrow.

We have noted earlier that the pervasiveness of distrust and limited information flow among African businesses result in low levels of innovation, and a strong aversion to engage in joint ownership arrangements (e.g. joint-ventures), even if business owners judge such arrangements to be of importance to the growth of their enterprises (Kuada, 2009). This is also

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1See Kuada (2015) for illustrative evidence of these changes.
changing. McDade and Spring (2005) observe that a “new generation” of entrepreneurs are emerging in several African countries. They describe this new group of entrepreneurs as business globalists who organize a system of business enterprise networks consisting of national, regional, and pan-African organizations. The networks are characterized by high degrees of interaction within social and business relationships, as well as “the use of modern management methods and information technology, trust among fellow members, transparent business practices, advocacy on behalf of the private sector, and commitment to increasing intra-African commerce” (ibid, p.17).

6. Policy and Research Implications

The discussions presented above have important implications for economic policy and business strategy development. First, granting that socio-cultural and the institutional imperatives in SSA tend to be more growth constraining than growth enhancing, African countries need to develop civil societies and institutional mechanisms that emphasize behavioural skills of self-motivation, persistence, cooperation, team building, and ability to manage risk and conflict. These attributes have been found to be growth enhancing in most countries (Harisson, 2006). Such changes will improve the institutional capabilities of individual countries and reduce the resource disadvantages that African firms experience within the domestic and global business environments. They will also enable some firms to compensate for their shortcomings in

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2The formation of African enterprise networks began in 1993 with the formation of the West African Enterprise Network (WAEN), followed in 1998 by the East African Enterprise Network (EAEN) and Southern African Enterprise Network (SAEN). Each regional network is comprised of national networks. WAEN consists of national networks from 13 countries in West Africa, EAEN has seven in East Africa, and SAEN has 12 in southern Africa. A regional enterprise network was not established in Central Africa because of the ongoing conflict in the Democratic Republic of the Congo. In 2000, the pan-African Enterprise Network (AEN) was formed.
technology and market sophistication through institutional innovation (Paldam and Gundlach, 2008; Rodrik, 2008).

Second, each country has its own unique institutional history. Thus, policy prescriptions for a given country at a given point in time must be anchored in an understanding of its situation at that point in time as well as how it got there, not only recently, but also on a historical time scale. In other words, policymakers must bear in mind that what is good for one phase of the development process may be bad for the next phase. Thus, one must not expect all SSA countries to follow one simple development recipe. The fact that they are faced with different challenges at different points in time means they need to adopt different policies and strategies at different stages in their developmental trajectory. Their cultures must also change accordingly to facilitate the desired developmental path.

Third, the paper forwards the view that while the family remains a key source of resources, family obligations can be predatory as well. That is, families can act as brakes on the growth of entrepreneurial activities. The superior performance of new entrepreneurs may therefore require shifts in the ordering of family relations during the initial stages of the enterprise. An earlier study in Ghana has shown that some of the successful entrepreneurs were either the only children of their parents (and have therefore escaped the burden of caring for their siblings during the formative stages of their businesses) or decided to “de-link” themselves from the family while their businesses were young (Kuada and Buame, 2000). Those entrepreneurs who deliberately disconnected themselves from their families came back to the family fold when their businesses have gained a stronger economic foundation and could withstand the predatory
tendencies of their families. Business owners may therefore design alternative strategies for managing their family obligations.

In terms of research, the discussions suggest that since cultural differences influence the successful absorptive mechanisms in different societies, the modalities of creating and managing such creative spaces require good knowledge of culture at both national and community levels. Said differently, we need comprehensive empirical investigations into how culture influences growth in different SSA societies in order to provide policymakers with full intellectual legitimacy to pursue policies along these lines. Furthermore, the discussions invite a deeper understanding of the institutional framework within which the different SSA economies can thrive.

7. Conclusion

A key argument and conclusion in this paper is that culturally prescribed behavioural characteristics such as high family expectations and pressures to redistribute resources even before they are generated, weak non-kin relationships and networks, and high incidence of institutional, inter-firm and personal mistrust remain dominant in SSA economies. This cocktail of factors raises the overall cost of establishing and managing new businesses and therefore constrains overall economic development in Africa.

Fortunately, development-friendly cultural changes are taking place in SSA. Young Africans no longer mechanically follow the moral norms or rules endorsed by the leaders and elders of communities to which they belong. Rather, they interpret these rules and norms in ways that are most likely to fulfil their personal goals in life. These changes do not necessarily require a total
replacement of existing values and a loss of a society’s original identity. Rather, they require insightful reflection over existing rules and modifications of the less positive elements of behaviour without a radical transformation of the core values. It is conceivable that the emergent changes will be more rapid in some countries than others due to differences in the degree to which the change-determining factors are allowed to exert their influences in the different countries.
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