

Three challenges of expanding your business in Africa

By [Bruce van Wyk](#)

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Africa is rising. According to the latest figures in the 2016 [African Economic Outlook report](#), annual GDP growth rose to above 5% between 2001 and 2014. While growth slowed slightly in the past couple of years as a result of the recession, the trajectory is expected to rise by 4.5% in 2017.



Nairobi, Kenya. Source: ©Oleg Znamenskiy via [123RF](#)

It's good news for the continent and multi-national businesses are sitting up and taking notice. Companies are increasingly expanding their businesses across Africa to take advantage of lucrative opportunities. Unfortunately, expansion plans can be thwarted by a lack of knowledge or on-the-ground support. Unless your company prepares its HR and payroll processes carefully, it could face severe legal penalties.

African expansion plans are most commonly challenged by the three following factors. Overcome them and your new offices will open far more successfully.

1. Geography

Africa is a vast continent of 54 countries. Its level of infrastructure varies from country to city to community but often, huge tracts of land separate villages in outer lying regions from anywhere else. Distances are long and urban traffic is very congested. When traveling, always give yourself more time.

Many foreign businesses make the mistake of assuming that what works in one African country will work in another. Each country has its own languages, laws, regulations and traditions. Any cultural misstep, even if accidental, can upset your expansion plans quite significantly. It takes specific experience and knowledge to successfully navigate these local customs – while staying compliant. Bear in mind that you need to tailor your approach according to the country you're in: most boardrooms in Botswana and South Africa may speak English but they are very different countries so do your research.

2. Language

Not everyone speaks English in Africa – in fact, French would be far more useful. However, no matter how proficient you

are in those two languages plus Portuguese, there are about 1500-2000 African languages still spoken today. Before arriving in a new city or town, make sure you know what the main local language is and employ a translator if needs be.

Over and above language, it pays to recognise important gestures and customs – and know how to respond. Africa is powered by relationships; putting a cultural foot wrong can do long-term damage to your local network and delay your new office from getting up and running.

3. Information

Important legislative information can be hard to come by. In some countries, only one hard copy of local tax regulations exists. Other countries have more sophisticated digital infrastructures and certain data is available online. Either way, accessing the information is only half the challenge, so it's worth working with a local partner who can navigate the relevant halls of power.

Once the necessary documents have been sourced, the information needs to be double-checked for veracity. Any interpretation issues, due to a difference in opinion or language, can affect your compliance. It's crucial that your company adheres to local legislation and sets up its new offices in line with the law of each country it operates in – and then stays informed. Local laws are often updated and a charge of non-compliance could be laid if you don't make the required amendments in good time.

Service providers are generally available to help companies overcome these challenges in each country. Their support however, focuses mostly on a specific country and doesn't typically offer a cross border solution. For a business operating in more than one country, this can become an administrative headache. Ideally, you want to work with one local partner that has the experience and resources to cover the whole continent.

Opening new offices in new countries is an exciting but challenging process. To ensure that your African expansion strategy is smooth and rewarding, have a good partner on your side to help you stay compliant and successful.

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