

2/2022: The role of the African diaspora in the internationalisation of German companies in Africa

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Introduction: Economic and political relevance

According to statistics from the German Bundesbank, there were less than a thousand German companies that invested directly in Africa in 2019. Africa's share of German exports is 1.8%; only 1% of German exports go to sub-Saharan Africa (cf. GTAI, 2021). German companies, which are normally very export-oriented, are thus underrepresented on the African continent.

In this article we want to look at the reasons for this underrepresentation from the perspective of the African diaspora in Germany, whose share of the total population is interestingly also estimated between 1 and 2% (cf. Afrozensus, 2020). The question behind our research is how the issues of „promoting German economic activities in Africa“ and „African diaspora in Germany“ can be linked in order to identify future potentials and challenges and address them in politics, business and society. This contribution is an abridged version of a detailed study linked at the end of this article, which we highly recommend reading for a broader understanding¹.

With this study, we have broken new ground and are filling a research gap, which is why we have chosen an explorative approach and a qualitative research methodology. This allows us to comprehensively explore the research field around the African diaspora in Germany empirically and at the same time to place the topic of the internationalisation of German companies in a theoretical conceptual framework. This enables us not only to reveal deep insights into the everyday life of companies and the perception of the diaspora, but also to provide clear results that are equally supported

by theory and empiricism. This is the basis for our recommendations for action to all actors in this environment - companies, diaspora, political actors and also society as a whole. The foundation for this is formed by qualitative interviews with seventeen members of the German diaspora in Germany who are active in German-African business relations. Their quotes form the core of our study and can be read there in detail.



Presentation of the study within the framework of the „African Studies Meets Practices - Symposium in Memory of Franz Ansprenger 2022“ under the patronage of former Federal President Prof. Dr. Horst Köhler on 7 September.

The research began by taking stock of how German policy currently promotes German economic activities and what role the African diaspora plays here. The support measures by the Federal Ministry for Economic Cooperation and Development (BMZ) and the Federal Ministry for Economic Affairs and Climate Action (BMWK) are manifold, but apart from some special diaspora/migration programmes of the BMZ², we cannot identify any explicit involvement of the diaspora in the implementation or conception of measures for economic promotion. It seems to be up to the implementing agencies (e.g. Business Network Africa, Network of Foreign Chambers of Commerce, IHK Network Office

¹ All references and sources can be found in their entirety in the study.

² The BMZ's programs „Migration & Diaspora“ (PMD) and WIDU.africa are two examples.



Africa, GTAI, AWE, etc.) to decide to what extent they integrate the diaspora.³



Discussion under the title „The African Diaspora: the untapped potential for German companies in Africa“ as part of the „Ansprenger Symposium“ 2022.

Theoretical embeddedness

We anchor the conceptual framework of our study in the research field of international business (sometimes also called international management), which as a sub-discipline of economics and business is characterised by a multidisciplinary approach to the questions of the international development of companies and countries. We focus here primarily on the internationalisation process theory (Uppsala model) including dynamic capabilities, with a particular emphasis on social and cultural capital as well as discourse-based approaches. Other relevant subtopics of internationalisation in this context are trust building, knowledge transfer and competence development to identify opportunities. These theoretic concepts are presented in detail in the study.

As a short theoretical abstract of the research object, it can be said that the successful internationalisation of companies in unknown markets (which in this case include African countries) depends above all on access to local knowledge, on the basis of which decisions about further engagement are made. Knowledge is created through learning processes and trust, the development of which, especially in

³ Further analyses and comments on the involvement of the African diaspora in other ministries, e.g., Federal Ministry of Education and Research (BMBF) or Federal Foreign Office (AA), can be found in the study.

emerging markets, strongly depends on the dynamic (management) capabilities of an organisation. For this, it is crucial not only to sense new opportunities in an explorative way and to seize them flexibly, but at the same time to exploit existing resources. In this strategic trade-off, managers do not act rationally in the sense of a homo oeconomicus, but are socially and culturally shaped (for example through discourses or biculturalism), which has an impact on their perception and decision-making processes.

Empirical approach and modelling

Against this theoretical background, we ask ourselves how the African diaspora perceives the activities of the companies and what role their members play there. For this purpose, we transcribed the interviews, coded them, analysed and interpreted them through an inductive approach. This resulted in the following subsections, which illustrate the role of the African diaspora in the internationalisation of German companies in Africa:

- a) What is the current engagement of German companies in Africa from the perspective of the diaspora? Which internal and external factors are relevant?
- b) What concrete contribution can members of the diaspora make or are already making to internationalisation in companies?
- c) How do members of the diaspora see their individual roles and the position of the African diaspora as a whole? How are they perceived in Germany?
- d) How does the African diaspora assess the measures to promote German economic activities in Africa - especially with regard to the involvement of the diaspora?
- e) How is the involvement of the African diaspora at private and public level to be assessed in comparison to other countries, especially France?



As already mentioned, the quotes from the diaspora are the core of the study, on the basis of which a model created. This shows how the inclusion of the diaspora can lead to the achievement of international competitive advantages when entering the market in African countries. Unfortunately, for reasons of space, the quotes cannot be reproduced here, but the resulting model and the above-mentioned points will be explained below before we go into the general recommendations for action.

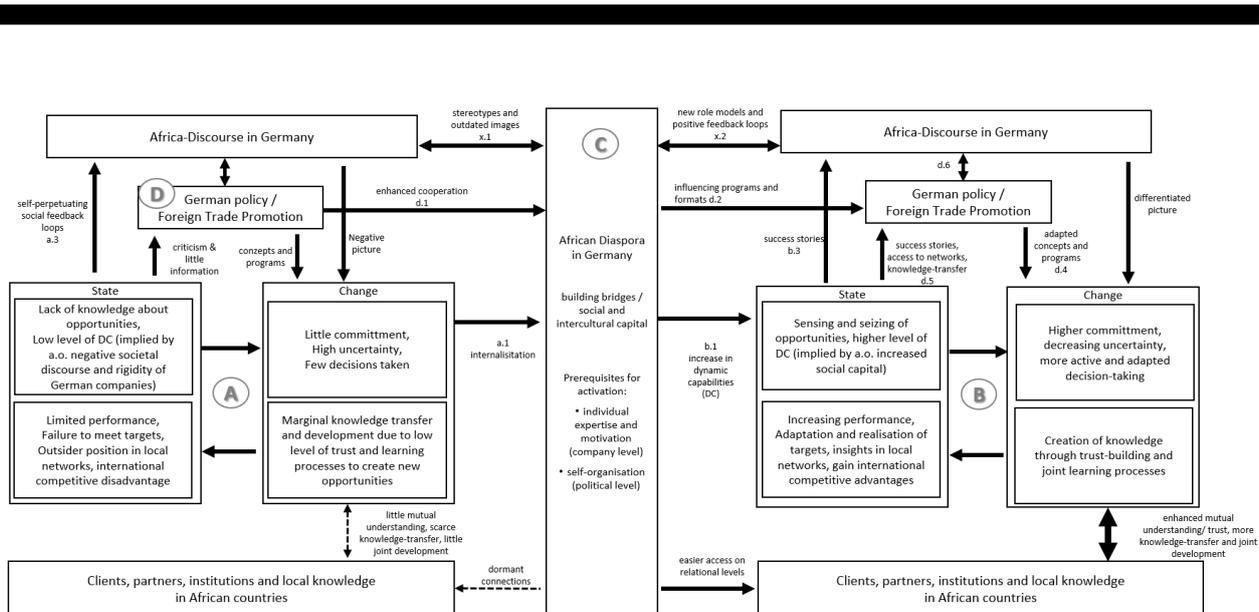
adaptation of business models happen in African markets. There is a certain lack of knowledge in German companies, which leads to low commitment and decisions characterised by uncertainty with regard to the African markets.

„A very big problem is that product decisions are made in Germany without even asking the local (African) market here. [...] And then you wonder. Then the products comes here and no one buys it.“ (Interview No. 10)

Lack of knowledge, uncertainty and rigidity in German companies

Based on the empirical data we have mapped the current engagement of German companies in Africa from the perspective of the diaspora into the theoretical internationalisation model in terms of the Uppsala paradigm on the left-hand side of the model. It became clear that the market approach of German companies in terms of product decisions and distribution structures often follows the familiar thought patterns and experiences from existing markets. Only very little strategic modifications and individual

The underlying reasons for the ignorance are, among others, a missing access to market information and low knowledge transfer in the internationalisation process. Furthermore, the image of Africa conveyed in society also influences the cognitive perception (e.g. risk perception) and thus the decision-making processes of managers. Together with the currently rather marginal importance of African business, this leads to the fact that it is very difficult to implement structural changes, product adjustments, etc. in German companies and that only few opportunities arise for creating, sensing and seizing new opportunities. This



The model shows the status quo of the internationalisation process of German companies in Africa without including the diaspora (left-hand side) and the potential impact (right-hand side) after successful internalisation of the diaspora in private and public organisations.



results in a limited performance and often an international competitive disadvantage compared to companies in other countries.

„Anything structured is usually very difficult to change for German companies. Whenever that is something that requires time, effort, money, you usually can see people are reluctant to change.“ (Interview No. 11)

Added value of the diaspora

The arrows in the centre of the model show the process of engaging the diaspora. The interviews illustrate that members of the diaspora show individual communication strategies and a high level of personal commitment in order to sensitise colleagues and superiors to African markets as well as to introduce concrete adaptations to business models, such as adapted technical solutions, new distribution channels, digital marketing or alternative financing solutions. In addition, they show alternative forms of access to and processing of information which increase the success of market penetration for the German companies.

„We benefit from a high level of trust and thus easier, faster access to ministries, authorities and companies [...]. If this is handled responsibly, both with the German and African partners, the ‚bridging role‘ can actually be applied here for a win-win.“ (Interview No. 3)

The key to the easier access lies in the biculturalism of the diaspora, which is a great advantage for building relationships and trust while remaining a professional business-orientation. Thus, members of the diaspora have a great benefit of the doubt in the African countries, which gives them access to the networks and institutions. In the German business community, there does not yet seem to be an overarching recognition and visibility of the potential of the diaspora, but there is a slowly growing awareness and interest in using the added value that diaspora Africans bring in the form of intercultural capital (in addition to professional qualifications). Individual factors are often decisive in recruitment, because

reservations or false expectations towards the African diaspora on the part of German companies are still strongly influenced by the Africa narrative in society and are also partly based on a lack of information and a lack of engagement with the detailed backgrounds of the individuals. Many stereotypes, racist tendencies and the lack of knowledge about Africa already mentioned above are reflected here.

Self-perception and self-organisation of the diaspora

In addition to the individual self-image of the diaspora members (biculturalism and intrinsic motivation as basic prerequisites for the successful use of intercultural competence in the internationalisation process of companies), the collective self-image or rather self-organisation of the diaspora also plays a role for being included in political decision-making processes. Here it became clear that there is no collective understanding or organisation of the African diaspora in Germany with regard to a joint economic engagement. The reasons for the lack of organisation are manifold and lie first of all in the heterogeneity of the African continent (different countries of origin), but also in the different interests (cultural, political, social, economic) and also the different generational perspectives.

„The diaspora is in itself very heterogeneous and usually not organised.“ (Interview No. 1)

In the latter case, it is not so much the age of the people that counts or difference between first and second generation living in Germany, but also the different circumstances for which the persons came to live abroad (as a student, refugees or out of private or economic reasons). Together with personal characteristics, all these aspects have an impact on the motivation for a (non-)commitment of the diaspora. In addition, the young generation lives in a new, digital and globalised world. The heterogeneity can therefore not be defined one-dimensionally, but produces a multi-layered African diaspora, which



nevertheless always finds a common identification in the African continent.

International comparison and political context

The interviews further show that especially in our neighbouring country France, there is not only a numerically very strong but apparently also more active diaspora than in Germany, which is among other aspects of course also due to the historical connections to Africa. However, also in other European countries or in the United States, both the public discourse and the political and economic involvement are on a different level.

"I think Germany is still behind in terms of giving equal opportunities. [...] It is difficult for you to find a job if you are not a German. That is the honest truth." (Interview No. 16)

On the right-hand side the model shows the effects that the involvement of the diaspora has on the internationalisation process. Companies benefit from an increase in dynamic capabilities, higher commitment, adapted strategic decisions, increased knowledge transfer and, ultimately, better performance and an international competitive advantage.

The inclusion of the actor „German policy/ foreign trade promotion“ in the model is based on the statements on the assessment of public measures of economic promotion in relation to Africa. The public measures taken by German ministries, institutions and business associations to promote foreign trade with and in Africa are partly assessed very critically by the diaspora. However, the focus here is not on the content, but on the involvement of the diaspora in these activities. In this context, it is acknowledged that there has been progress in terms of diversity in German-African forums or conferences in recent years. However, there is still a quite dualistic view present when inviting panelists from the African continent to present the African perspective and, on the other hand, using „bio-Germans“ to represent the German businesses. The differentiated and possibly integrating perspective of the diaspora is mostly ignored.

In addition to this aspect of visibility and presence, a much more important concern becomes clear in the interviews, namely the desire to have a real say in the conception of events and in the content of programmes and initiatives. The ideas and approaches for improving individual measures on the part of the diaspora are numerous, focusing primarily on local needs in the African countries and the economic sustainability of the projects from a German and African perspective.

Recommendations for actions

Our recommendations for action to stakeholders in business, politics and society are based on the findings of the empirical analysis and theoretical classifications and show that there is a need for action at all levels.

For German companies, internalising the diaspora can be seen as key to increasing their competitive edge in Africa. Here, the diaspora provides many proposals for adapting existing business models and offers access to local networks and information, which is crucial for identifying and exploiting new opportunities. Companies are well advised to rethink their own perceptions, challenge the Africa narrative and make decisions with an open mind, flexibility and courage in order to be able to benefit from the potential of African markets.

*„There would be no significant development if we try to develop a region without the people who come from there.“
(Interview No. 13)*

In this context, we should also not forget that it is not only German companies that are in international competition for market shares in Africa. Germany as a nation is also fighting for geostrategic advantages on the African continent. Through a serious dialogue and sincere participation in decisions that affect the interests of their countries of origin, the African diaspora could play an important role here in opening doors or simply providing advice. The prerequisite for this is the will to implement pragmatic approaches to solutions in a



multidisciplinary cooperation between the ministries BMWK, BMZ, BMBF and AA⁴.

The organisation of the diaspora itself also plays a decisive role for a successful integration into public decision-making structures. The key actors of the African diaspora in Germany must be identified and empowered as competent stakeholders. These contact persons can then enter into dialogue with German business and politics in order to develop practical solutions, subsequently communicate these to the community and implement them decentrally in the existing networks. In order to be heard as a strong voice vis-à-vis companies, associations and ministries, it will be crucial to combine the expertise of organisations and individuals who have already gained experience in cooperating with economic and political actors.

Proposals for implementation

For a moderation of the dialogue between business, politics and diaspora and to accompany the implementation of concrete measures, we recommend the establishment of a permanent working group with „bio-German“ and diaspora representatives from science, business and politics. In this committee, concrete projects could be developed and implemented (e.g. a multilateral platform solution), feasibility studies could be elaborated and potential measures from politics and business could be reviewed for their effectiveness and/ or tokenism.

An important role of this working group would also be public relations, which can be used to form a differentiated picture of Africa in German society. The focus should be on Africa's economic potential and innovative strength and promote the transfer of knowledge from Africa to Germany. The portrayal of diaspora Africans as successful business people and economic and/ or political experts might also bring new role models into the public consciousness.

⁴ In the study you will find further details on the recommendations for action to include the diaspora in the individual areas of education policy, foreign (trade) policy, economic policy and development policy.

Closing argument for a new Africa narrative

As it clearly emerges from the interviews and as shown in the model, the Africa narrative prevailing in Germany has a great significance for individual decisions and collective patterns of perception in business, politics and society. In addition to the subject-related conceptualisation and derivations in terms of the internationalisation of German businesses, it is therefore important to us to emphasise the importance of social discourse once again. Of course, the problems and difficult conditions under which parts of the population in Africa lives should not be ignored. However, it is also the complexity of the local reality that gives rise to the innovative strength and performance of the people, which we could use much more in Germany in the form of the African diaspora.

The full version of the study in German can be downloaded on the [website of the German Africa Foundation](#). The full English version will be available there soon, too.

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