

CASEBOOK OF
**INDIGENOUS
BUSINESS
PRACTICES**
IN
AFRICA
VOLUME 2

An aerial photograph of a coastal region, likely in Africa, showing a mix of green vegetation, brownish terrain, and blue water. A large yellow circle is overlaid on the left side of the image, containing text.

TRADE,
PRODUCTION
AND FINANCIAL
SERVICES

EDITED BY **OGECHI ADEOLA**

Casebook of Indigenous Business Practices in Africa

The book 'Casebook of Indigenous Business Practices in Africa' has been long-awaited and stands out as one of the few publications that examines the origin and impact of African culture on successful business practices. This book provides a comprehensive depiction of the cultural characteristics, challenges, and orientations that have shaped successful African business practices. It articulates the enduring degree of timeless accomplishments identified across different segments, despite the interjection of Western approaches. Therefore, I highly recommend this book not only to scholars, but also to anyone who wishes to gain a deeper appreciation and understanding of Africa's dynamic indigenous business methods.

Dr. Clara Agomunso, Chief Operations Officer,
FirstBank Democratic Republic of Congo (DRC)

Casebook of Indigenous Business Practices in Africa: Trade, Production and Financial Services – Volume 2

EDITED BY

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University of Kigali, Rwanda*



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INVESTOR IN PEOPLE

To Dayo and Tochi Adeola, the strokes of many pens are insufficient to describe my deep appreciation for your love, support and encouragement as I envisioned and then embarked on this journey of documenting indigenous business practices for posterity and a sustainable future in Africa. Daalu! E se!

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Preface

Indigenous knowledge, long embedded in Africa's business practices, has been attracting interest in recent years as a valuable resource towards the growth and advancement of the African economy. The continent's long history of entrepreneurial trade, production and financial services is evident in cultural and economic clusters and social networks. Africa's diverse history and culture differ not only across regions but also among nations in the same region and even between communities in the same country. The social networks of indigenous business ideas, educational systems and financial management through which identities are established are held together by the culture and customs of each ethnic community. Within this diversity of cultures and traditions are some fundamental commonalities, such as principles of brotherhood, humanity and community support. If properly harnessed, these forms of social capital can propel economic growth and sustainability in the continent. Ubuntu is a primary example of a traditional African concept that embodies these important attributes.

This second part of a two-volume edited book explores Africa's indigenous knowledge and business practices in production, trade and financial services that drive the development of the continent. Case studies provide insights into unique indigenous business methods that can be adopted, innovated or incorporated into modern-day business systems. The importance of indigenous African practices as workable business applications tools is presented to business actors, financial institutions, foreign enterprises, regional governments, policymakers and other stakeholders, based on case study findings reported in these chapters:

Indigenous Black Soap (Oşę Dúdú) in Southwest Nigeria
Preparation for Business Negotiation at the Livestock Auction
Market in Tanzania: The Case of Maasai Livestock Traders
Sustainability of Indigenous Butchery Business in Ghana
What is Peculiar in the Sustainability Practices of Indigenous
Female Business Owners in Uganda?
Control/Management Practices and Performance of Small
Congoese Enterprises
The Ecosystem of Indigenous Savings and Credit Associations in
Sierra Leone
Structure of Indigenous Savings Groups in Nigeria: Cases and
Implications for Business Actors

Exploring the Financial Literacy of a Chama Women's Group in Rural Western Kenya

Rotating Stokvel Model for Entrepreneurial Success in South Africa: Validation of Constructs From a Case Study

Internationalisation of Indigenous Agribusiness in Africa: The Case of JR Farms in Rwanda and Zambia

African and foreign scholars will discover how some of the continent's unique indigenous business models have been incorporated into the curricula of business schools in Africa and around the world. New or expanding enterprises aiming to enter or grow in the African market will find useful reference guides for developing sustainable businesses that appreciate and comply with cultural practices, enabling them to create unique value for consumers. The book also identifies the role of business actors in developing indigenous business orientations while offering carefully considered suggestions for all stakeholders – government, educational institutions, entrepreneurs and researchers. The significant contribution of each chapter is to advance knowledge about the economic and social value of indigenous practices in Africa. However, any progress that can be made towards achieving this goal must begin with a clear conviction among Africans that indigenous practices embedded in their culture are valuable and should be leveraged.

Acknowledgement

The editor acknowledges all the authors who embarked on this journey with her to document the indigenous processes, practices and business heritage across Africa, for posterity and to portray the uniqueness of the continent's indigenous enterprises. Thank you for this critical step towards establishing Africa-centric business models through the identification of traditional prototypes and sustainable practices embedded in culture, norms and values.

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Chapter 1

Introduction to Casebook on Indigenous Business Practices in Africa – Volume II Trade, Production, and Financial Services

Ogechi Adeola

Abstract

Africa's history of trade, production and financial services that propelled the continent's economic systems existed long before an era of colonisation commonly recognised as beginning in the nineteenth century. By the time the decolonisation of a majority of African countries was achieved in the mid-twentieth century, the African economic identity had been, to a great extent, relegated by Westernised methods and orientations. Today, Indigenous practices are once again resurfacing in Africa's ongoing search for sustainable development, with increasing calls to resuscitate and incorporate these age-long business orientations. This introductory chapter provides readers with a synopsis of all the themes of this second of a two-volume edited book with a focus on the philosophies and practices of Indigenous businesses, which, if successfully explored and scaled up, would make significant contributions to Africa's economic infrastructure.

Keywords: Africa; production; trade; financial services; Indigenous business; casebook

Introduction

The value of Indigenous knowledge cannot be overestimated. Indigenous peoples' interactions with their natural, social, cultural or economic resources provide knowledge that is capable of promoting sustainable growth (Tharakan, 2015). Recent calls for Indigenous solutions to Africa's myriad challenges have prompted researchers, educators, and business leaders to revisit and explore Indigenous practices that have the potential to propel the continent's social and economic

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development, particularly within less-developed nations (Adeola, Uzo, & Adewusi, 2020; Aluko, 2018; Olutayo, Akanle, & Fadina, 2017; Tharakan, 2015).

Despite existential proof of the potential of Indigenous practices in providing solutions to many societal challenges, there is still a perception that these Indigenous methods are inferior, especially in comparison to Western ideologies (Briggs, 2005; Moyo, 2009; Moyo & Moyo, 2017). As a result, most Indigenous business knowledge related to production and financial practices on the continent has been gradually phased out, with very little remaining. Western practices have left an indelible footprint on the continent of Africa, drastically disrupting Indigenous businesses, production and financial services, contributing to the slow pace of growth on the continent. Oluwabamide (2015) identifies the lack of adequate research on the awareness and importance of Indigenous practices as one of the many reasons for Africa's Westernisation.

Against this backdrop, this book aims to fill a vacuum in the research regarding the use of Indigenous African practices, especially as they relate to trade, production and finance, in solving socio-cultural challenges prevalent in Indigenous cultures across the continent. The use and appreciation of these practices are essential for all stakeholders, especially business enterprises, in pursuit of the continent's goal of being among the top economies in the world.

An array of seasoned African authors and professionals, with diverse research interests and academic and practice backgrounds on the continent, have contributed to this book. They provide perspectives on Africa's Indigenous trade, production, and financial services practices. The authors engage in discussions about both existing and innovative practices, igniting new ideas and insights on how to amplify Africa's Indigenous traditions and enterprises.

This volume advocates for technocrats, business enterprises, scholars, researchers, educators, legislators and other stakeholders to harness Indigenous knowledge and commit to deliberate analyses of made-in-Africa methods, adopting research methods unique to the continent's resources and cultures rather than treading the research paths marked by Western methodologies. It should be noted, however, that this book does not seek to dismiss or overlook the merits of Western methods of investigation, a proven training ground for many African economic and social advisors. Rather it seeks to challenge those at the helm of affairs in Africa to promote research into Indigenous practices and methodologies, endeavours that will contribute to the growth and development of the continent.

Research into Africa's Indigenous practices will involve not only sifting through extant literature to consolidate prior research but also performing qualitative exploration across Africa's four regions to identify current practices and variances to ensure universality. In this regard, the authors have employed a variety of data-gathering approaches to capture the various features of Indigenous production, finance and trade practices in Africa, and in their bid to ensure their research is representative and captures Africa's unique characteristics, provided a qualitative exploration of Indigenous business models.

This volume begins with a look at the influence of Africa's cultural and Indigenous knowledge on the adoption of Indigenous business practices. Next,

there is a discussion on the theory of Indigenous knowledge systems in Africa. The chapter concludes with a synopsis of the book's contributions.

Culture and Indigenous Knowledge in Africa

Unquestionably, culture plays a central role in the application of Indigenous knowledge to Africa's trade, production, and financial services. Culture is a way of life that describes the identity, values, life orientation and distinct characteristics of a set of people. Research on South Africa (Bray & Els, 2007; Mangaliso, 2001), Botswana (Hanson, 2008), Kenya (Jackson, Amaeshi, & Yavuz, 2008), Mauritius (Zafar, 2011), Nigeria (Igwe, 2022) and other African countries has shown that Indigenous African practices are capable of being efficient, innovative, enterprising and forward-thinking. Unfortunately, an emphasis on Western methodologies has suppressed Indigenous cultures rather than appreciating their economic and social value. Traditional Indigenous cultural values are often undermined and labeled as insignificant, wrong-headed, primitive, conservative and unscientific compared to the modern values of Europeans and their associates (Igwe, 2010).

The diverse Indigenous knowledge practices found among Africa's business management, education, finance, health and manufacturing sectors reflect the continent's cultural diversity. This is why it is important to look at Africa as not only a continent with many countries but also a home for many cultures (Ovadje, 2016; Oyewunmi et al., 2021). According to Igwe (2022), even within the same African culture, differences exist in some business practices, education systems and financial systems. As a result, no single culture or Indigenous knowledge practice is universally applicable to all African countries; each culture has value and can boost the continent's economy when properly harnessed. The African continent is blessed with abundant Indigenous knowledge and is unarguably resource-rich, given its abundant human and natural resources. However, the ample Indigenous knowledge and practices are not commonly known or even acknowledged. Western research dominates global management scholarship (Boshoff, Adeola, Hinson, & Heinonen, 2022; Tsui, 2004).

The quest for solutions to Africa's numerous challenges should be sourced from within, rather than 'depending on' Western methodologies. As Indigenous knowledge is culturally relevant, promoting any one method of investigation as universal is very limiting (Mkabela, 2005). Western concepts and methods are often inadequate, and in some cases, completely misaligned, when it comes to comprehensively understanding different social-cultural issues in Africa. As Asante (1987, p. 168) suggests, true universality can only be achieved when we acknowledge and appreciate the truth derived from specific cultural experiences. Some African scholars (Mkabela, 2005; Mpofo, 2011; Bame Nsamenang, 2006; Ntumngia, 2009; Pence & Nsamenang, 2008; Tanyaniwa & Chikwanha, 2011) are re-evaluating Western theories to incorporate African realities, asserting that Africa's Indigenous knowledge can enrich current Western knowledge. Indigenous knowledge has ground-breaking potential because it offers an understanding

of how cultural influences are a valuable and endless source of information (Bray & Els, 2007).

Africa's development initiatives will entail Indigenous approaches that differ from Western practices, a growth pattern that can be observed when most developed economies worldwide find value in their Indigenous traditions (Bray & Els, 2007). It is now imperative for Africa to adopt a mindset of thinking globally while acting locally. In essence, Africa should strive to find solutions to its challenges from within the continent, leveraging its own resources, knowledge, and expertise.

The Theory of Indigenous Knowledge Systems in Africa

World Bank (1998) defines Indigenous knowledge as 'local knowledge specific to each culture and society'. It is a 'form' of knowledge passed down over generations to define a community's experiences and traditional interactions with its environment. Indigenous knowledge encompasses virtually every field of human endeavour. It varies significantly from community to community but serves as a common advantage in its ability to address challenges and solve problems unique to each community (Briggs, 2005). Contrary to popular opinion, Hoppers (2002) states that Indigenous knowledge is not static but rather innovative as it evolves over the years in response to changes. Wane (2002) also highlights the dynamic nature of Indigenous knowledge by pointing out that Indigenous forms of knowledge evolve over time, an important aspect of cultural change. According to Wane, learning old knowledge leads to discovering new knowledge, making Indigenous knowledge more dynamic. Barnhardt and Kawagley (2005) 'discussed' the persistence and validity of Indigenous knowledge:

Indigenous peoples throughout the world have sustained their unique world views and associated knowledge systems for millennia, even while undergoing major social upheavals as a result of transformative forces beyond their control. Many of the core values, beliefs, and practices associated with those worldviews have survived and are beginning to be recognized as being just as valid for today's generations as they were for generations past. The depth of Indigenous knowledge rooted in the long inhabitation of a particular place offers lessons that can benefit everyone, from educator to scientist, as we search for a more satisfying and sustainable way to live on this planet. (p. 9)

Indigenous knowledge was defined by Masango (2010) as 'the sum total of all beliefs and skills founded on past experiences and opinions that people hold and use', and by Olaide and Omolere (2013) as 'an essential component of global knowledge'. Indigenous knowledge derives from deep, comprehensive and shared beliefs and rules about physical resources, social norms, health, ecosystems, cultures and the sources of livelihood of people who interact with the environment

(Olaide & Omolere, 2013). These definitions express recurring themes of ‘people’ who hold a ‘belief or knowledge’ over a ‘lengthy period of time’ in a specific ‘geographical location’. Knowledge associated with specific cultures and locations has been repeatedly argued to have the potential to not only stimulate development but also sustainable development.

Indigenous knowledge defines the history, identity and social and economic values associated with specific people. For James D. Wolfensohn, President of the World Bank, ‘Indigenous knowledge is an integral part of the culture and history of a local community. We need to learn from local communities to enrich the development process’ (Gorjestani, 2004, p. 265).

Some Indigenous concepts, philosophies and systems described in this book include the Ubuntu Philosophy, Ethno-finance/Ethno-Manufacturing System, Indigenous Production and Trade in Africa, and Indigenous Practices and Philosophies in Financial Services. A brief description of each follows:

i. *The Ubuntu Philosophy*

The Ubuntu business philosophy of South Africa, a classic example of Indigenous knowledge, corroborates the insights from World Bank President, James D. Wolfensohn (stated above) on the role of Indigenous knowledge in enriching the development process. Ubuntu, the most prominent of African philosophies, originated in the pre-colonial era but resonates with current day-to-day life (Mangaliso, 2001) and is the foundation of the emerging concept of African Management (West, 2014). Ubuntu philosophy is premised on Afro-centric kinship values, emphasising compassion for humans, oneness and group cohesion (Boshoff et al., 2022; Chigangaidze, 2021). Ubuntu is etymologically referred to with the description ‘I am, because you are’. The core values and orientations associated with Ubuntu are that individuals’ existence lies in brotherhood. This ideology is reflected in their business models as they act on the ideals of helping others, making sure others thrive and acting on the Ubuntu philosophy that one’s achievement is linked to the achievement of others – a social contract of mutual cooperation. Therefore, Ubuntu has provided a social and economic orientation that is capable of driving financial practices in the continent, if well implemented. The rotating Stokvel enterprise discussed below demonstrates aspects of this philosophy.

ii. *Ethno-Finance and Ethno-Manufacturing*

Africa is a continent of 54 countries with diverse cultures and various regional economic blocs. Africa’s Indigenous financial and manufacturing systems are as diverse as the continent’s cultures (Yülek & Yeda, 2018). People manage their finances through various age-long systems and engage in manufacturing that aligns with the practices and customs of their locality (Bray & Els, 2007). This cannot be over-emphasised in an emerging global knowledge economy where a country’s ability to build and mobilise knowledge capital is just as crucial for long-term development as the availability of physical and financial capital (Gregersen & Johnson, 2009).

Incorporating finance (e.g. savings and lending) into the definition of Indigenous knowledge will result in Indigenous financial knowledge systems. Financial knowledge systems, or ethno-finance, and manufacturing, or ethno-manufacturing, are classified as sub-systems of Indigenous knowledge systems (Bray & Els, 2007). These systems have transformative potential because they provide a comprehensive understanding of cultural processes and legitimate and limitless sources of information (Bray & Els, 2007). The information gained through ethno-finance/-manufacturing will enable Indigenous people to become a part of a new knowledge economy that will act as a crucial driving force in the future and help boost Africa's economy. Unfortunately, the vital features of these concepts have not been adequately harnessed because of insufficient research documentation and the presence of Western cultural influences. Bray and Els (2007) argue that proper documentation and incorporation of ethno-finance/manufacturing as a subsystem of Indigenous knowledge will attract a wide range of limitless possibilities in Africa's economic outlook.

iii. *Indigenous Production and Trade in Africa*

Africa's prospering Indigenous production occupations and trade practices, sources of livelihood for tribes and communities, have been in existence for a long period of time. Africa is notable for food production, with different tribes and countries actively involved in the agricultural sector. For instance, in Senegal, West Africa, farming is the country's primary economic activity; 77.5% of the population are farmers who depend on and cultivate peanuts (*Arachis hypogaea*) and cotton (*Gossypium barbadense*) (Faye, 2020). In Senegal, cash crops are grown for export, while pearl millet (*Pennisetum glaucum*), sorghum (*Sorghum bicolor*), maize (*Zea mays*) and cowpea (*Vigna unguiculata*) as food crops (Faye, 2020).

In the Southern Africa region, there is a significant investment in goat rearing, with an estimated 70% of goats maintained under traditional management systems (Monau, Raphaka, Zvinorova-Chimboza, & Gondwe, 2020). Though challenged with poor infrastructure and a lack of defined marketing channels with multiple breeding objectives, this practice still provides a source of sustainable living, financial stability and resources in poor households, and holds a vital place in the African culture (Monau et al., 2020). Similarly, there are several African countries, including South Africa, Kenya and Ghana, that have become market leaders in vegetable exports.

Another Indigenous production model is black soap making in Ghana and Nigeria. Popularly called *Ọṣẹ dúdú*; the black soap originated in Nigeria (Adewusi & Akanle, 2020). *Ọṣẹ dúdú*, an age-long Yoruba trade product in West Africa, offers health and economic benefits. *Ọṣẹ dúdú* production and trade among the Yorubas have gradually diminished and been substituted with foreign brands (Adewusi & Akanle, 2020), but the production-to-trade network among the Yorubas is an Indigenous model that needs to be revisited because of its proven social and economic success.

iv. *Indigenous Practices and Philosophies in Financial Services*

Origin: African people have historically demonstrated their management practices and philosophies with epoch-making initiatives such as the massive engineering of pyramids in early civilisations in the Mali and Songhai Empires (Oghojafor, Alaneme, & Kuye, 2013). Researchers have found evidence of double-entry bookkeeping in ancient Egypt (Farag, 2009). Pre-colonial East and West Africa conducted trade that for centuries was a centrepiece of the societal fabric, complete with Indigenous currencies and market systems (Stiansen & Guyer, 1999). History clearly shows that monetisation of the African economic system began far before the advent of Europeans (Adebayo, 1994).

The pre-colonial market in Africa had a basic production system determined by the essential values rooted in the social structure (e.g. redistribution, prestige and gift exchange) (Turyahikayo-Rugyema, 1976). Markets in Africa originated from barter, followed by a progression from a monetised exchange to commercialisation involving long-distance trade in the nineteenth century. Some of the features of these Indigenous African trade and production systems were the use of trade finance, trade credit, currency, wealth accumulation and redistribution (Ojera, 2018). Instead of the Western financial management practice of viewing a firm as the unit of analysis, the Indigenous production units merged around family work, communal work and village work with no cash involved (Eze, 1995). Indigenous African businesses were informal and focussed on village, communal or family welfare. These African practices, unlike Western practices, are not codified but orally transmitted across generations through storytelling and communal interactions (Afro-Centric Alliance, 2001).

Compared to the pre-colonial era, contemporary financial management in Africa has a number of ills: inefficiency (Mutenheri, 2003), poor access to finance (Afrikstart, 2016), weak legal regulations, poor investor protection and information accessibility (Uyar & Kuzey, 2014). Yet, studies such as Eze (1995) have opined that colonialism disrupted the Indigenous systems in Africa, and thus fuelled what may be termed 'colonised African management'. In response, Oghojafor et al. (2013) argued that although African management practices had survived through tortuous colonialism, economic exploitation and cultural annihilation such that trade finance, wealth accumulation and redistribution continue as modern financial practices in Africa, they are severely tinted with Western paradigms.

This question needs a research-based response: Can the solutions to problems arising in the implementation of contemporary financial management across the continent be found in Indigenous African philosophy? For example, the response to inadequate finance for SMEs may be found in the Ubuntu philosophy, based on Indigenous African solidarity finance systems such as communal financial institutions (Ojera, 2018). Communal financial institutions found across Africa include Etibe, Esusu, and Osusu (Nigeria), Chama and Harambees (Kenya), Xitiques (Mozambique), Susu (Ghana), Chilemba and Dajanggi (Cameroon), Gamiayah (Egypt), Ungalebo and

Stokvel (South Africa), Chilimba (Zambia) and Chiperegani (Malawi). These examples demonstrate that pooling funds to support initiatives is well-ingrained in the African philosophy (Afrikstart, 2016). Case studies have found examples of these Indigenous financial practices across the continent:

Practices: There are notable and successful Indigenous financial practices across Africa. For instance, Indigenous savings associations are ubiquitous and important to the growth of the informal economy but have not been sufficiently harnessed by enterprises despite the opportunities they provide for investment, social cohesion and livelihood to the associations' members. Indigenous savings groups existed in Africa even before the introduction of formal banking institutions (Adeola et al., 2022). Known by different names, these groups exist in Africa as ROSCAs (rotating savings and credit associations) and accumulating savings and credit associations (ASCAs) and cooperative societies, which, in some cases, are not regulated. In Nigeria, Table 1 outlines the various names of ROSCAs across ethnic groups in the country.

In Sierra Leone, traditional savings plans, or 'Osusu', and credit associations are largely unions with common economic goals. Individual savings plans become a resource to meet members' financial needs, including asset acquisition, emergency expenses or starting a business. These Indigenous financial practices help foster inclusive growth, particularly in the informal sector.

In South Africa, the rotating Stokvel enterprise, a traditional credit association, has helped many businesses establish financial stability with savings plans created to support entrepreneurs (Iwara et al., 2021). The benefits of the rotating Stokvel enterprise for business financing among business actors in Africa are discussed in this book.

Table 1. ROSCAs Across Nigeria's Ethnic Groups.

Name	Tribe	Region
Esusu	Yoruba	South-western Nigeria
Isusu, oha, ogbo	Igbo	South-eastern Nigeria
Etibe	Ibibio	South-South Nigeria
Oku	Kalabari	South-South Nigeria
Asun	Ishan	South-South Nigeria
Etoto	Ibibio	South-South Nigeria
Osusu	Edo	South-South Nigeria
Adashi	Hausa	Northern Nigeria
Dashi	Nupe	North Central Nigeria

Source: Adeola et al. (2022, p. 196).