INTEGRATING ETHICO-CULTURAL DERIVATIVES FOR SUSTAINABLE GLOBAL SMES: A CASE-STUDY OF AFRICA AND ASIA

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Abstract
One of the key variables in the analysis of small and medium enterprises (SME’s) is the influence of ethico-cultural derivatives and its impacts on overall global business growth and development. The paper highlights some essential ethico-cultural derivatives that have influenced small and medium enterprise (SME) operations both in Africa and Asia. The paper posits that despite the uniqueness and the importance of these ethico-cultural derivatives in SMEs activities across the two regions, the exigencies of global SMEs development has make it imperative to have an SME ethico-cultural meeting points for sustainable global SMEs. The paper identifies how ethico-cultural variances in Africa and Asia SME operations can be integrated and harnessed for effective inter-regional growth as prelude to globally sustainable SMEs.

Keywords: Ethico-Culture, Environment, SMEs’, Asia, Africa Sustainable Development.

Introduction
The influence of ethico cultural derivatives for effective business practices have long been established by scholars and researchers Enderle.(1996), Bakereta (2006). Researchers have also uncovered how enabling ethico-cultural derivative is capable of influencing the growth, effectiveness and sustainable development of SME activities. Culture in its simplest definition refers to totality of way of life of people. Other definitions of culture based on different interpretations Clifford Geertz.(1973) include; a way of thinking, feeling and believing; a mechanism for the normative regulation of behavior, a set of techniques for adjusting both to external environment and to other man. The key features of culture include language, thought-
forms, artifacts, environment and the totality of what makes life meaningful to a group of people in a social context (Kroeber & Kluckhom, 1963).

Following the position of anthropologist Kroeber, (1932); Prawda, (2008) defines culture as consisting of behavior acquired and transmitted by symbols which constitutes distinctive achievements of human groups including their embodiment in artifacts and attached values which ultimately comes in the form of products of actions or elements of future actions. This definition conforms to observations by Gustav Johada (2012). In a research analysis conducted, Sebastia R., Chris. C, Marku. P. (2009) asserts that there are different levels of culture. There is micro-culture. Micro culture is peculiar only to a group of people such as small communities or cities in a social context. In his report, Dodi, (2009) asserts that managing organization requires understanding of the micro level of culture within the context of wider culture.

As each group interacts in order to achieve wider interactive understanding, it’s important that each group of advance their respective realm of cultural understanding in relation to other group. By so doing, the hitherto micro-culture is expected develop to a level it commands wider societal understanding and possible global acceptability. Culture in this sense could cover aggregate value system of larger community such as a country or even the entire globe at large.

Business operational practices are extensions of cultural embodiments. To a large extent, business operational policy, organogram, structure and style have ways of being dictated by the clutches of cultural imperatives. In other words, culture affects businesses practices in general. Culture influences what business do. It also dictates what business produce. For instance, what business produce are what people in a particular socio-cultural context needs. The way business produce and the people that are engaged in the production processes are all rooted in ethico-cultural clutches of business operating environment. The feedbacks systems of business entity are usually designed so as to monitor how people in a socio-cultural environment. Feedbacks are used to determine business future course of action. All these go to show that businesses are heavily influenced by the clutches of their respective enabling ethico-cultural environment.

SMEs are more affected and influenced by ethico cultural environment. Richard & Roger (2002) in their work observed that cultural identity is imperative to SME’s development. The result of study by Panida et al (2011) has shown that cultural factors have critical effects on innovation and growing capacity of SMEs particularly in Thailand. The basic truth is that culture has a way of affecting operations of SME practices more intensely. Because of size and operational procedures SMEs are inextricably tied unto their respective ethico-cultural derivatives. For instance, a small-scale business in a Nigerian small community is expected to exhibit unique cultural identity of the operating environment such as the one that sees workers in the enterprise as family members who should not be subjected to tight, logistics and employment rules. So also, a small-scale business in China should see “quanxi” as essential to doing business. An average SME in America, is expected to display excessive monetization in business inter or intra transactional behaviors that is in tandem with America hyper individualistic ethico cultural derivation. All these attest to the fact that socio-cultural environments play dominant roles in shaping SMEs operations in a given ethico-cultural context.

As a result of this, it will not be out of place to affirm that SMEs have local characteristics. SMEs are products of their immediate locality and environments. The immediate operating environment of a given SMEs goes a long way in shaping their identity and characteristic features. That is why it has become easy to identify SMEs’ by their respective local environment. It is also possible to delineate SME based on national, regional or continental context in terms of orientations. Hence it is possible to talk of Africa SMEs, Asian SMEs, American SMEs, or Australian SMEs etc.
This reality however, does not foreclose the existence of global SMEs. SMEs are critical to global economy. OECD reports categorize SMEs as essential catalysts for growing world economy, this is because they provide leeway towards more responsible and inclusive globalization because of their innovative nature. OECD asserts that there are new global SMEs booming activities that have been contributing to global economic development. Global SMEs are SMEs that think global but act local. There are SMEs that have been able to operate above the limitations of cultural dichotomies. These are achievable by opening up avenues for global understanding of other culture through cultural meeting points for beneficial business exploits. In the case of Asia and Africa, the continents paraded various forms of SMEs with unique ethico-cultural derivatives. But as the urge for global market expansion becomes intensified, efforts should be made for SMEs ethico-cultural dichotomies to give way for wider cross-cultural understanding as a prelude to successful global SMEs expedition.

The study reviews the characteristic features of African and Asia SMEs against the backdrop of their ethico-cultural derivatives. It discusses the implications of ethico-cultural derivatives on Asia and African SMEs for global SMEs expedition and some of the way by which Asian and African SMEs ethico-cultural variances can be harnessed towards enhanced global SMEs activities.

**Key ethico-cultural derivatives of SMEs’ practices in Africa and Asia**

**Asia Ethico-Cultural Derivatives of SMEs Practices**

Asia is one of the peculiar continents in the world. The continent has unique socio-cultural characteristics in continental sense. There are various cultural features and attributes which are peculiar to Asia. On this, Cliffs (2001) asserts that if business men from other parts of the world are keen on building strong business relationship and successful partnership Asia, it is important that such businessmen understand the dos’ and don’ts of cultural derivatives that have infiltrated business practices. He noted that the influence of ethico cultural derivative is strong in Asia. There are so many ethico-cultural variances in Asia. The ethico-cultural variances differ from one Asian country to the other which makes it complex.

Amidst the existing ethico-cultural complexities across Asian countries, it is however possible to observe some widely accepted cultural themes and commonalities within which there are cultural agreements. The subsisting cultural agreement often goes a long way to enhance social harmony. The ethico-cultural engendered social harmony that resulted from agreements across Asia belief system in the region often act as super structure for common human understanding in activities particularly business. This has also led to evolution of some elements of cultural homogeneity within the continent. Some key areas of Asian cultural homogeneity that have implications for general business practices particularly SMEs are as follows:

**The Asian social life**

Asia maintains unusual social cohesion when compared to the relative independence of the western world. In Asia, premium is placed on social interdependence and social collectivism. People are deeply involved with one another. The caste system notwithstanding, members of the same family in Asia are emotionally interconnected. It is therefore not surprising that most economic and business activities are deeply encapsulated in social nexus. The implication of this is that family business remain an essential feature of Asian life particularly SMEs’. Practices Manfusa. & David (2011) asserts that it should not surprise a foreign business man that while transacting business with an Asian business partner, the daughter, son or wife of the Asian business partner is also being carried along at every level of business transactions.
Corruption

Corruption is an important ethico-cultural norm that infiltrates business practices in Asia. Although corruption is generally seen as an unorthodox way that involves manipulating established due process in order to achieve narrow or selfish objectives. (Alemazung J.A 2010). Corruption nevertheless has become an integral part of Asian life. It permeates every fabric of Asian life. Corruption is mostly aggravated in Asia by continuous interface between business and politics. It is therefore not out of place in Asian culture to demand for and receive bribe in order to facilitate business deals. Corruption cost has therefore become an important cost which must be directly or indirectly added to total cost of business operation in Asia by SMEs’ operators.

Religion

The religious life of Asian region is whitewashed with absolute syncretism. There are various religious practices. These include Buddhism, Christianity, Islamism, and Confucianism among others. Most religious perspectives integrate core-traditional philosophical concepts. The Asian example is a classical case-study in religious tolerance. This is important because in certain parts of the world, religious consideration may act as basis for establishing business relationship with people. In Asia, businesses are more tolerable of each other’s religion. Religion is not a barrier to striking good business deals. However, like other parts of the world with sympathy and sensibility for religion of hosts, Asian business partner often sees religion as added impetus for good business relationship.

Quanxi.

Although, in some parts of Asia, “Quanxis” is seen as corruption, but in China, it is seen as an alternative means of facilitating business transactions. Quanxis is an open door network that is based on relationship in order to make things work especially if there are impediments. It also involves developing connections, social network or special inter-personal relationships that create easy avenues and leverage for access to power, social status or resource transmission. Jim Steven, (2010) affirms that Quanxis is a strong ethico-cultural derivative that affects business activities in Asian continent particularly SMEs practices. Quanxis also have the capacity to influence and business certifications. It often helps to confer advantage of personal connection in modern Chinese business practices. Other specific cultural norms that have infiltrated and influenced business practices in Asia as highlighted by Cliff Stoneman (2001) Yeung (2007), Yandong (2008) include:

- Meeting Decorum.
- Appropriate strength of handshake.
- Business attire.
- Exchange of Business cards.
- Gift-giving.

There are other practices idiosyncrasies and gestures which may affect intra and inter SME business relationship. Due to the uniqueness of Asian ethico-cultural characteristics (Mohammed & Donald 1997, Cotton, 2013).enjoins anyone who is doing business in Asia should avoid touching anyone on the head; signaling or pointing to someone with a finger; putting on offensive colour and pointing foot or the sole of shoe at anyone. The above are indices and clear evidences of cultural superstructures that inform, shape and influence SMEs business practices in Asia.

African ethico-cultural derivatives of SMEs’ practices

Africa, like the Asian continent is also homogenous. This is in view of fact that the continent experienced colonial incursion that threatened her traditional or cultural uniqueness (Gann.L.H. & Peter.D 1970, Rod. A 2004); Africa has been able to maintain some uniformity in terms of cultural
uniqueness. Africa has cultural resilience, despite the contacts between Africa and the rest of the world, particularly the West as a result of colonialism. African still paraded some cultural identities, which are interpretable from the material, institutional, philosophical, creative and social aspects. (Wahab et’al 2012). Some of the homogeneous African ethico-cultural effects that have material and significant implications for SMEs business practices are as follows:

**Social life**
The African social life is highly cohesive. It is based on extended family system. Concerns and passion for each other extends well beyond the nuclear family set up. African society has deep societal connection. The continent practices strong extended family systems that are laced with social interpretations. Despite the fact that extended family system in Africa is being weakened by effects of culture contacts and emerging dynamics of economy however, (Wahab.E.O. et’al 2012) in their study observes that the social fabric of African life is made up of limited contradictions. In other words, Africans place emphasis on social cohesiveness, communication and inter personal relationship despite the advent of neo-liberal economic systems. Due to African high sense of tolerance, foreigners are usually allowed to exhibit whatever form of traits that they may deem fit without any offence. Hence the continent is highly receptive and hospitable to all forms of foreign overtures particularly those with business undertone. There is however African concerns and demand for appropriate consideration on issues of resources and environment which makes African see themselves as key stakeholders.

**Material aspect**
The material aspect of African ethico-cultural life finds expressions in various accomplishments and other unique practical features that are characteristic of African society. Africans are predominantly into agriculture; but more recently, the continent has made efforts to diversify into human resource development; trade and full exploitation of natural resources. The African society also paraded so many resources, most of which have not been fully maximized. The material aspect is influenced by traditional African worldview. There are peculiar African ways of doing things. Africans are proud of their styles of life, artifacts etc. African holds her material aspects with much relish and pride.

**African Institutional Life**
Ironically, most institutional frameworks that characterize African society have disintegrated over time and are not functioning properly. The politico-legal and regulatory frameworks are very weak. Rod (2004), Asolo (2006). This is due to the ills that are associated with institutional corruptions such as socio-political and economic arrangement in which government plays dominant role; stunted bureaucracy and inequalities. The effects of this are institutional corruption, ineffective and malfunctioning infrastructures. Most foreign business enterprises have capitalized on this situation to engage in various untoward business activities. Some of the negative activities that have blossomed as a consequence of weak institutions include environmental degradation, dumping of substandard goods, tax evasion, unethical personnel policies etc. Asolo (2005). This has continued to send signal of a continent where corruption drive business etc. It is however a thing of delight that the situation is gradually changing due to deliberate socio-economic reform policies such as privatizations; economic competition and other allied policies in some African nation states. The reforms may not have changed things more rapidly in the way it should, but it is a significant sign post of activities.

**African Religious, Philosophical and Ethical Value System:**
Africa has diverse religious characteristics. Christianity, Islamism and African traditional religion are the dominant ones. The traditional social cohesive nature of Africa also gives room for socially
inclined morality that emphasizes honesty, virtue of hard work and being noble. These virtues constitute essential cultural sensibilities that are tangential to successful business practices. The African ethico-philosophical life style is one that is based on the sanctity of human life, respect for constituted authority, and social ownership of means of production. It is also based on the belief that every member of the society is his brother’s keeper. Africans are downright hospitable. With colonial experience, there have been gradual re-modifications due to culture contact. Nevertheless, Africa is still able to maintain some cultural homogeneity that is potnet in the way they influence business practices. Some specific traditional norms in African culture that impacts SMEs business practices include:

- Business meetings with strong social attachment.
- Tolerance in every form.
- African traditional hospitality.
- Belief in equity.
- Gift-giving as part of African culture.
- Strong attachments to local environments and resources.

**The Implications of Asia and Africa Cultural Uniqueness for SMEs’ Global Practices**

It is quite obvious from the above expository that ethico-cultural identities play essential roles in shaping SMEs practices both in African and Asian continents. The implication is that business expedition in both continents presupposes that SMEs practices are tied to important effects of their unique ethico-cultural derivatives. Ethico-cultural derivatives shall continue to influence SME practices into the foreseeable future not only in Africa and Asia but across other continents in the world. (Roger et’al 2000, Manfusa & David. L 2011).

Global inclined SMEs’ must be aware of the available cultural facts in each of the continents. This awareness is necessary as a way of understanding certain behavioural patterns that are peculiar to each continent. Such knowledge is a sine qua non for sustainable global business SMEs expedition within and across the continents. (Tiang. G. and Trotter. D. 2012). It has also become imperatives in the current dispensation due to expanding global SME exploits where the whole world has literally become potential market for SMEs. Improved communication, technology modern financial intermediation systems have all combined to make SMEs operation in global context easier. Hence the need for adequate understanding of the cultural sensibilities that makes up each continent of SMEs operation.

Another overriding implication of Asia and Africa ethico-cultural uniqueness is that for SMEs to experience successful business exploits in each and across each of the regions, SMEs operators should endeavour to demonstrate appropriate cultural sensibility. They should acknowledge adequate understanding of subsisting culture of their operating environment Each SME is now required to live out each others’ cultural realities as a prelude to successful expedition in intra and inter regional SMEs’ business transactional activities. In this sense, it has become pertinent for African suppliers to Asian market to understand and practice Asia decorum as part of SMEs competitive strategies. A Chinese SME practitioner in Africa should be prepared to display with dexterity, African idiosyncrasies as he attempt to establish acceptable presence for his products and services. All these have become necessary in the context of Asian/African business integration and interplay. Interchangeably, the African business entity that is also desirous of operating in Asia continent should endeavour to understand and appreciate Asia ethico-cultural sensibility. The critical implication is that for Asian and African SMEs that engage in global business activities beyond their individual regional confines, there is urgent need for ethico-cultural integrations towards successful business operations.
Asian and African SMEs’ in the furtherance of international business practices would need to showcase acceptable cultural norms and practices of their respective cultural world in order to achieve success in international SME’s market place. Apart from the fact that globalization has become unstoppable Lampe (2005); it has also provided veritable avenues for expansive market for SMEs activities beyond their immediate local regional or continental confines. With globalization continents of Asia and Africa possess strong inter- regional and global market opportunities that can be optimized through adequate understanding of each others’ cultural derivatives for sustainable global SMEs’ operations.

There is therefore the need for enhanced ethico-cultural understanding particularly on areas of cultural meeting points that have provided essential cultural superstructure towards successful and sustainable global SMEs activities. The global business scene has different cultural benchmarks which are anchored on global best practices. The benchmarks of global business scene are global best business practices in which there are common understand beyond country and regional level. The global business scene also features shared values for effective business practices. It has certain values on which there are uniform understandings to some extent. For Asia and African SMEs to effectively participate in global business scene, they need to harness and integrate their basic ethico-cultural derivatives in a way that accommodate exigencies of global business practices.

**How to Harness and Integrate Asian and African Ethico-Cultural Variances for Enhanced Global SMEs Activities**

There is no doubt that Asia and Africa paraded various cultural norms. In international business arena, activities are operated across cultural barriers. The global business scene assumes different culture of some sort. The global culture of business operations has evolved as a result of amalgamation of cultural-meeting points Nigel (2010). Activities in global context (business, politics, security, health science etc.) are based on certain degree of mutual understanding in international context.

In order to attain this level cultural norms that are sustainable in the context of emerging global practices are aligned. In global political realm for instance, there is global understanding which emphasizes core global culture of democracy, human rights and the rule of law as global political core-values. In business, (Asolo Adeyeye, 2005) asserts that there are emerging global business ethical order. Some of these global business ethico-cultural orders evolve as a consequence of interplay of inter-regional cultures that are more favourable to sustainable business activities in global context.

This is a major challenge for both Asian and African SMEs. Therefore there is need for SMEs in the two continents to show case their respective business ethico cultural derivatives in a way that could boost their competitiveness in global SMEs market place. The culture of Quanxi in Asia and Africa related trade cultural ethos for instance, would need to be strengthened and properly developed in consonance with global business moral order. It has also become apparent for SME practitioners in each continent that certain cultural tendencies and other practices are copiously required in global market place in view of the emerging rules of global business moral order. Some of activities that must be embarked upon in order to align Asian and African ethico-cultural homogeneity towards enhanced Global SME’s activities are highlighted as follows:
First, each region (Africa and Asia) would need to embark on conscious efforts at promoting their respective business ethico-cultural norms for increased understanding. Majority of cultural norms in which there are understandings across each region should be paraded as core-business development strategies in global reckoning. In other words, core value such as African notion of honesty, hard can be integrated with Asian notion of positive Quanxi as collective templates for sustainable inter-continental and global business operations.

Secondly, common values across the Asia and African continents should be made to acquire the character of “minimal moralia”. The “minimal moralia” in the words of (Lessinnger.K.M. 2003) arises as a consequence of integration of core-values in which there is universal understanding. There is need to develop pools of minimal moralia from existing avalanche of Asian and African business ethico-cultural derivatives. The emerging minimal moralia should thereafter be internalized into operational practices of SMEs across each region. This can be achieved by allowing the production policies, marketing and financial strategies of Asian and African regional SMEs to acquire the marks of minimal moralia. The minimal moralia would acts as collective benchmark for sustainable inter-continental cum global business socio-cultural code of practices.

Finally, in the quest for sustainable participation in international SMEs activities, Asian and African SMEs need to align their cultural value-systems for collective understanding. The resultant ethico-cultural alignments would need to be show-cased as competitive strategies in the emerging business moral order for sustainable global SMEs’ practices. In international reckoning for instance, the key attributes for Asia/Africa business operations may require the inclusion of the virtue of honesty, consistency, respect for family ties, zero corruption and excellent intra and inter transactional behaviors as core business-values rather than other ethico-cultural tendencies upon which they have no meeting point. The implication of this is that, a new vista of international opportunities has opened and the search for alignments of international socio-cultural benchmarks for business practices has intensified particularly as it concerns SMEs global activities, alignments of operating values of Asia and Africa are veritable avenue for effective and smooth in road to effective global SMEs business activities.

**Conclusion**

As the concern for streamlining ethico-cultural derivatives for business practices becomes essential ingredient for operations in global business scene due to the imperatives of globalization, SMEs’ operation across regional demarcations into global activity need to collapse their hitherto ethico-cultural differences so as to properly fit into the exigencies of global SMEs practices. Despite the fact that Africa and Asia SMEs practices are configured by their regional ethico-cultural derivatives, a comparative analysis indicates that these derivatives can be integrated as springboard for sustainable global SME activities in an international business terrain that has gradually evolved a global business moral order.

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