Central And Eastern European Companies in Africa. The Case of Hungarian Businesses

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Abstract: The aim of this study is to explore the factors that determine whether Hungarian companies will succeed or fail in African markets. The research was based on interviews with 28 Hungarian companies/enterprises, one export expert, and five foreign economic attachés and diplomats working in Africa, which mapped the motivations, strategies, and experiences of market entry. According to the results, market entry was primarily driven by the saturation of European markets, the need for growth and diversification, and the foreign policy direction of the "Southern Opening". The key to success can be traced back to four factors: market knowledge and preparedness, adaptability, trust-building, and long-term commitment. The majority of Hungarian companies entered through direct export or local distributors, while the main obstacles were in the areas of human resources, financing, cultural differences, infrastructure, and political risks. The research showed that long-term success requires a complex, integrated support system that provides financial, cultural, technological and political tools. Future research directions of the study include sector-specific studies, longitudinal analyses, comparisons across Central and Eastern European countries, and a deeper exploration of the effects of the political and diplomatic background.

Keywords: Africa, Hungarian companies, market entry, foreign trade, business culture, support systems, small and medium-sized enterprises

JEL Classification codes: F23, F14, M16

INTRODUCTION

The aim of this study is to contribute to the understanding of the opportunities and constraints for Hungarian companies in entering markets outside Europe, especially in Africa. In the past decade and a half, one of the central elements of the Hungarian foreign trade strategy has been the diversification of export markets and at the same time the reduction of excessive economic dependence on the European Union. In this context, the "global opening" policy was first born, then the "eastern" and "southern opening" policies, the latter of which aimed to strengthen economic and diplomatic relations primarily towards the Middle East, the Balkans and Africa.

The "Southern Opening" policy was announced by the Hungarian government in 2013 with the aim of expanding trade relations, developing investment opportunities and deepening political cooperation. The basic idea of the strategy is that Hungary's long-term growth requires access to new, dynamically developing markets. According to the government's approach, Africa is a promising target in this regard: its rapidly growing economies, young population and

expanding middle class offer new export and investment opportunities. The Minister of Foreign Affairs emphasized in 2015 that "Hungary has entered the global competition for the leading position in economic cooperation with Africa at the right time" (Külgazdasági és Külügyminisztérium, 2015). In implementing this foreign policy direction, the government launched a number of diplomatic and economic initiatives – supporting business forums, delegations, infrastructure and education projects – aimed at facilitating market access for Hungarian companies (Morenth & Tarrósy, 2012).

However, the statistical data so far do not show a clear increase in Hungarian-African foreign trade relations. In accordance with the government announcements made in 2013, it would have been realistic to expect an increase in the African relationship. Nevertheless, Hungarian product exports to Africa clearly decreased from 2012 to 2020, then showed weak growth, but did not reach the 2011 level even in 2024 (Annex 1, Figure 1). In line with this, Africa's share in total Hungarian exports has been continuously decreasing: in 2024 (0.66%) it did not even reach half of the 2012 value (1.55%) (Annex 1, Figure 2). A more favorable picture can be seen in terms of service exports, as the sale of Hungarian services to Africa more than doubled from 2017 to 2024 (Annex 1, Figure 3). In the same period, a clear increase can also be seen in terms of direct capital investment, although the proportion of investments made by Africans in our country far exceeds the Hungarian data (Appendix 1, Figure 4). However, it should be noted that in many cases, the amount for a given year and/or country is not public in the data available in the MNB database, but is marked with a "c" (confidential). This allows us not to see the full picture of the size of Hungarian capital invested in Africa.

The uncertainty surrounding the success of the southern opening, arising from the above data, provides the subject of this study: what will make Hungarian (or other East-Central European) businesses successful or unsuccessful in Africa?

In order to fill the gap presented above, the qualitative research underlying this study was conducted by interviewing 28 Hungarian enterprises, an export expert with African experience, and 5 diplomats serving in foreign service in Africa between March and June 2025. The motivation behind the research work was to identify Hungarian companies that are successfully or unsuccessfully trying to enter the African market - which may seem absurd to the average, non-Africa-focused researcher or reader (based on the author's own experiences and external feedback) -, to summarize and structure their experiences and further needs, and to formulate conclusions and recommendations from all of this. The information and findings in the study may be useful for other Hungarian and Central and Eastern European enterprises that wish to enter the African market, as well as for government policymakers and the academic research community.

The study is structured as follows. The next chapter summarizes the available literature in Hungary and in the region. This is followed by the presentation of the research methodology and the size and industry characteristics of the responding companies. The research results are then presented in the following order. First, this chapter discusses the respondents' motivations for entering the African market, their typical entry strategies, and the challenges they experienced during market entry. It then describes the specificities of the African market compared to other export markets, and in a short excerpt, presents the processes taking place in the region regarding consumer needs and market structure through the changes in the Nigerian market. This is followed by a discussion of the central question of the study, i.e. what are the determining factors for the success of entering the African market. Then, the additional support needs expressed by the respondents are summarized. The study concludes with a summary and conclusions.

1 LITERATURE REVIEW

There is little research on this topic at both the Hungarian and regional levels, especially empirical studies focusing on corporate experiences. Although the Hungarian literature regularly emphasizes the potential of African markets (e.g., Ejalu, 2007; Suha, 2007, 2011; Lakner, 2012; Morenth & Tarrósy, 2012, 2013; Neszmélyi, 2017; Tarrósy & Marsai, 2024), no analysis has been conducted so far that would specifically explore the African experiences, success factors and failures of Hungarian real economy actors. Regional literature also shows a similar pattern. Economic and business research on Africa originating from Central and Eastern Europe is still relatively limited, but there has been a growing interest in this topic in the past decade. Most studies – similar to this study – are from Polish colleagues (e.g., Rynarzewski et al., 2016; Rostowska, 2013; Polus, 2016), who focused on the opportunities and constraints of Polish companies in Africa, highlighting the continent's economic potential – for example in the infrastructure, energy, ICT and agricultural sectors – while also underlining institutional and structural obstacles such as corruption, bureaucracy and political instability. Wąsowska et al. (2024) specifically analysed Polish companies' entry into the African market, showing that the keys to their success are adaptability, personal connections and a "non-colonial" narrative. Other research (Marinov, 2017; Rudincová, 2019; Chmiel, 2018) examined the regional level of the V4 and Bulgaria and Romania's engagement with Africa, which are typically low-intensity, ad hoc and lacking strategic coordination. Overall, there has been little comprehensive, comparative research in the CEE region on how companies can succeed in Africa; the existing literature focuses more on case studies, economic diplomacy gaps, and corporate adaptation.

2 METHODOLOGY

The research underlying this study sought to answer the question of what makes Hungarian companies successful or unsuccessful in entering the African market. To do this, on the one hand, it was necessary to gather Hungarian companies and experts who have African experience and are open to participating in the research. On the other hand, it was necessary to compile an appropriate questionnaire that covers the aspects related to the topic and possibly related aspects. A total of 28 companies, businesses and one export expert with African experience, as well as 5 foreign economic attachés and diplomats who are active or have previously been active in Africa, were interviewed. The selection and availability of specialist diplomats proved to be particularly fortunate in that the African continent was almost completely covered both in a linguistic-cultural sense (English, French, Portuguese-speaking areas) and regionally (North, West, Central, South Africa). The set of questions for companies consisted of 15 questions, and 7 questions for diplomats.

The collection of potential responding companies was based on an internet search, the researcher's previous experiences and the recommendations of individual respondents (snowball method). During the internet search, public participant and speaker lists of previous Africa-themed events (Budapest Africa Forum, Africa Expo Budapest, Hungarian-Africa Week), the membership list of the African branch of the Hungarian Chamber of Commerce and Industry (MKIK) and relevant newspaper articles were processed. Thus, an initial list of 94 companies was compiled. After examining the websites and contact details, it turned out that a number of companies, approximately 20%, no longer exist, are inactive or irrelevant. The companies remaining in the sample were contacted by e-mail and telephone, with multiple follow-ups, reminders and callbacks if necessary. The diplomatic specialists were contacted partly on the basis of personal acquaintance, publicly available e-mail addresses and with the help of the Africa department of the Ministry of Foreign Affairs.

A small part of the interviews was conducted in person or by telephone, the majority were conducted online (MS Teams). Before the interview, the respondents were informed about the purpose of the research, the voluntary nature of the responses and the exclusion of financial compensation in exchange for the responses. Furthermore, the respondents had to state whether they personally or the company they represent could be named in the study published based on the research, and whether they would allow the interview to be audio-recorded. Accordingly, the list of respondents can be seen in Appendix 2. The answers to the questions were written down during the interview, or in some cases by listening to the recording again. The interview recordings were then deleted by the author. The notes were summarized, thematically grouped and analyzed partly with the help of artificial intelligence (OpenAI, 2024).

The respondents represent a wide spectrum of industries: from traditional agricultural and food companies to modern IT, cybersecurity, defense and energy sectors to healthcare and services. The length of time in operation varies significantly, with some companies dating back centuries, such as water exploration or the poultry industry, while others are relatively young, operating for 10-20 years, such as IT, consulting and digitalization. Based on the respondent sample, the companies have an average of 20-30 years of experience, which allows them to develop long-term business strategies, while younger companies also provide flexibility and quick adaptation to changing market environments.

The number of employees and turnover of the companies also show a large variation. The largest companies employ up to 400–500 people, their annual turnover ranges from 61.5 to 130 million euros, while medium-sized companies have 200–350 people and an annual turnover of 7.7–20.5 million euros. Smaller companies employ 50–100 people, their turnover ranges from 1 to 3 million euros, and micro-companies and startup-type companies have 4–30 people, their annual turnover ranges from 77000 to 1.54 million euros, and operate primarily in service or innovation-oriented areas. Many companies focus on export-oriented or international markets in the long term, which is relevant for the research, as the experience, industry concentration and international presence of the companies fundamentally influence the mapping of challenges and opportunities in the sub-Saharan market.

3 RESULTS AND DISCUSSION

This chapter summarizes Hungarian companies' experiences in entering African markets, covering motivations, entry strategies, challenges, success factors, and support needs.

3.1 Motivations

Hungarian companies' motivations for entering African markets reflect a combination of economic pressures, strategic considerations, and personal ambitions. A key driver is the saturation of European and other developed markets, which pushes firms to seek new opportunities in less competitive environments. As one respondent noted, "the saturation of EU markets forced us to look for new directions" (R3), while another emphasized that "it is much more difficult to thrive in Europe and America. The future is in Africa" (R33). This creates a strong incentive to pursue geographic and economic diversification, with several companies aiming to spread risks and build a more balanced international presence, often building on earlier experiences in regions such as the Middle East (R7).

At the same time, Hungary's foreign policy orientation, particularly the "opening to the south," has provided an enabling framework for expansion. Companies in sectors such as water, agriculture, and technology have benefited from this shift, with institutional support playing a tangible role - "the Ministry of Foreign Affairs helped a lot" in establishing connections (R10). Alongside this, technology export and professional relevance are important motivations: firms see African markets as offering strong demand for cost-competitive, adaptable solutions,

including "special technology development in an unsaturated market" (R6) and products that are "very adequate for the local market" (R10).

Beyond purely economic considerations, personal and emotional factors also shape decisions. Some companies are motivated by the desire to rebuild historical ties (R1), while others are driven by ownership commitment or curiosity, including "a desire for adventure and a willingness to take risks" (R3). The perceived attractiveness of the business environment further reinforces these motivations, with respondents highlighting "liquid demand" and favourable conditions in certain markets (R7), as well as general "business potential" (R22). In some cases, companies also perceive greater recognition and respect in African markets, as reflected in the remark that "even the Arabs give them more respect" (R17).

Finally, practical considerations such as manageable time differences also contribute to the appeal of the region. Overall, Hungarian companies' engagement with Africa is shaped by a combination of push factors, such as saturated home markets, and pull factors, including growth opportunities, lower competition, supportive policy frameworks, and individual motivations.

3.2 Entry strategies

Hungarian companies typically enter African markets through direct exports and local distributors, minimizing risk and avoiding major investments. As one respondent noted, "being out there and selling directly as a Hungarian is difficult" (R4), making local intermediaries essential. These partnerships—often built over 2–3 years with significant upfront costs—are commonly initiated through trade events, B2B meetings, FTAs, and increasingly digital channels (e.g., YouTube-based outreach, R23).

State and diplomatic support is a key enabler. Embassies, FTAs, and HEPA frequently facilitate entry, as illustrated by the experience: "we started doing business in Kenya on the recommendation of the Ministry of Foreign Affairs" (R5). Intergovernmental agreements and tied aid projects can further accelerate market access "a tied aid loan… helped a lot… we won a tender in 2023" (R18). FTAs also support market validation, with "fact-checking through FTA in Nigeria" highlighted as valuable (R6).

More advanced entry modes show mixed results. Joint ventures are often challenging due to legal, financial, and trust issues, though success is possible with strong partners (e.g., EXIM-backed financing in Ghana, R2). As one respondent summarized: "I usually recommend starting with direct exports, the second step being the JV. Local knowledge… is the most important thing" (R33). Subsidiaries are rare, with failures attributed to high costs and uncertainty ("the subsidiary did not work out", R4). In some sectors, firms use hybrid models such as licensing or local production ("premix – Coca-Cola model", R28).

Overall, Hungarian firms rely on low-risk, partnership-based entry strategies, supported by state institutions and gradually deepened through trusted local relationships.

3.3 Challenges in African market entry

Human resource and management constraints

One of the most frequently recurring elements of the company interviews was the lack of human resources. Recruiting the right professionals and sending them to Africa for a longer period of time is a serious problem for companies. As one respondent put it, "it is difficult to find people to live in Africa permanently" (R1). This reflects not only the difficulty of professional, but also of psychological and cultural adaptation: for many Hungarian employees, the African living environment, the different infrastructure and the security risks act as a deterrent.

Human barriers also hinder the process of technology transfer. According to the experience of another company: "Our technology was unknown abroad (in Ghana) until now. Therefore, it was very difficult to train the operating personnel. We had to involve several domestic external experts. The operation is still managed by a Hungarian colleague abroad." (R2) This clearly shows that local knowledge building is essential for the sustainable operation of the transferred technology, but the conditions for this are often lacking.

The use of local labour is also not without its problems. Several respondents reported that the fragmentation of the labour market and the fluctuating level of education create uncertainty. As one interviewee put it: "If you employ someone who is more educated or smarter, it can be dangerous. If you don't, you have to tell them everything. It's hard to keep them in check." (R24) The structural problem behind this statement is that the trust, competence and communication gap between management and local labour causes serious organisational difficulties.

A further consequence of the limited human presence is the lack of personal representation. "Hungarian corporate presence does not always have representation, HR capacity, because the cost implications are too high." – stated one of the respondents (R30). The lack of local management capacity therefore represents not only an operational but also a strategic obstacle. Another interviewee succinctly summarises this as follows: "We are not out there long enough." (R18). The lack of human factors is therefore one of the most critical constraints to a successful presence in African markets.

Cultural differences and trust challenges

The distrust and communication difficulties arising from cultural differences were echoed in almost every interview. Several respondents emphasized that the time required for business processes, the dynamics of negotiations and the pace of decision-making differ significantly from European practice. As one respondent put it: "The sales cycle is much longer than here. In Africa it is at least 1–1.5 years. So, it is a significant challenge to maintain the motivation of the customer." (R4).

Building trust and overcoming cultural distance is a long process, for which a formal contractual relationship is not enough. One respondent put it perceptively: "A white person can work with a white person. This can only be achieved after years of work a continent away." (R9). This experience highlights the importance of cultural mediation and social embedding, which cannot be replaced quickly.

Cultural differences are often associated with security or psychological fears. For example, respondent 17 stated: "I didn't dare go because of security concerns... They were nice, but I felt like they saw money in me.... Their mentality is different, they do business differently. But it's not necessarily wrong how they approach it." These observations show that cultural differences are not necessarily negative but require conscious adaptation and an empathetic attitude.

Interestingly, however, the perception of Hungarian companies is not always unfavorable. According to one respondent: "Our faces are white, that's good – they don't like the Chinese anymore." (R22). A neutral, non-colonial historical background can therefore be an advantage in some markets, as Hungarian companies do not identify with former colonialist actors.

Financing and payment problems

Lack of financial background is one of the most serious barriers to entering the African market. The majority of respondents named "lack of free capital" and "low risk appetite" as the primary obstacles (R1). This indicates that the financing structure of Hungarian companies is not suitable for serving long-term, high-risk markets.

Foreign exchange exposure and exchange rate fluctuations are also a serious problem. According to one respondent: "The exchange rate risk is a significant challenge. The buyer should be able to manage this, but this (Africa – the author) is not a sophisticated market. Therefore, the Hungarian seller has to find a solution." (R23). The lack of payment discipline causes further uncertainty, as one interviewee succinctly summarized: "They deliver the product and the partner does not pay." (R30). Such experiences often lead to lasting distrust among Hungarian companies and withdrawal from the market. For example, Respondent 6 noted that several Hungarian companies block African applicants based on IP address.

Corruption, opacity and bureaucratic obstacles

Corruption and institutional opacity in African markets are serious barriers to market entry and long-term business presence. Several interviewees emphasized that informal decision-making mechanisms often lie behind formal procedures. "I spoke to relevant managers and colleagues in vain. I felt as if they didn't listen to me properly. In the end, the companies that were connected to decision-makers at a high level were awarded the contract." (R12).

Political uncertainty and the unpredictability of power changes are additional risk factors. "The approach is completely different, it is not worth cooperating with the public because it is uncertain how long they will be in power." (R18). Another respondent described the lack of transparency in decision-making as follows: "The relationships are not clear and the relationships in the intertwining of business, bureaucracy and government are not transparent." (R24)

Excessive bureaucracy and regulatory difficulties are also frequently recurring complaints. "Excessive bureaucracy and overregulation are costly and time-consuming. Product registration is not transparent." (R31). Another interviewee summed up, "it seems as if they don't want these (foreign – the author) companies to come here." (R33). All this suggests that the formal institutional environment in many cases hinders rather than supports the entry of foreign, especially small and medium-sized enterprises.

Logistical, technological and infrastructural difficulties

Physical transport, technological compatibility and infrastructural deficiencies also pose significant obstacles for Hungarian companies. One respondent expressed this well: "In many cases, I have found that it would be worthwhile to oil the system, otherwise the traditional schedule can be extended" (R7). This sentence refers not only to logistical slowness, but also to the implicit presence of informal "oiling the system" – i.e., corrupt practices.

The specific use of local infrastructure is illustrated by the example of Respondent 20: "Locals use the infrastructure and devices for different purposes (e.g., charging their mobile phones from the aggregator)." This observation clearly shows that technological systems often do not work as intended, and adaptation to local usage habits is essential.

At the same time, providing ongoing technological support and servicing can also be a competitive advantage. "We have to convince the customer that our service is more profitable with ongoing support. If necessary, we will send spare parts within 24 hours." (R23). This type of service-based business model can help build trust, but it can only be implemented with an adequate logistical background. The logistical difficulties were summarized by Respondent 32 as follows: "Logistics is a significant challenge: it is difficult to deliver the machines."

Language and communication barriers

Language and communication barriers are one of the most tangible manifestations of cultural differences. According to several respondents, linguistic diversity makes not only negotiations but also everyday work difficult. "French is a big challenge" (R17) – one of them noted, while others referred to the difficulties of understanding caused by the African English accent (R26). In Portuguese-speaking areas, the situation is further complicated: "Portuguese as a language

barrier, English is scarce locally" (R32). However, communication is not only a linguistic challenge, but also a cultural one: Hungarian companies often negotiate in a direct European style, which in the African context can come across as impolite or impatient. Accordingly, one of the keys to successful communication is an adaptable, empathetic and culturally sensitive negotiation style.

Security and political risks

Political instability and personal security are also key risk factors, according to the responses. The failure of several projects can be traced back to the volatility of the political environment. "One project failed due to political instability" (R8). Personal security also often limits the willingness of decision-makers to travel: "I didn't dare to go because of security concerns" (R17).

3.4 Conditions for successful entry into the African market – empirical experiences

Based on the results of the research, the success of Hungarian companies' presence in Africa depends mainly on four factors: preparedness, flexible adaptability, trust-building, and long-term commitment. According to the interviews, African markets offer both promising opportunities and significant challenges, the management of which depends on the strategic and cultural maturity of the companies.

The importance of market knowledge was emphasized by almost all interviewees. According to the responses, Hungarian companies often underestimate the complexity of the local environment and therefore make wrong decisions in the initial phase. As one interviewee put it: "Most people think that everything is cheap and easy in Africa – but it is the other way around." (R16) However, market knowledge does not only mean understanding prices, regulations or consumer habits, but also a thorough mapping of social norms, business culture and decision-making mechanisms. According to another respondent, "it is worth dedicating at least six months to field survey, relationship building and partner verification before entering the market." (R27) These experiences indicate that local presence and personal relationships carry much more weight in African markets than in other regions.

Product competitiveness is a basic condition for success, but for Hungarian companies in African markets, it is not primarily price competition, but price-value ratio and reliability that provide an advantage. "Our success is partly product-specific, because we operate in an oligopolistic market in a global sense... And we are good at this." (R1) According to several interviewees in the research, the key to long-term market success is for companies to offer not only competitive prices, but also real added value. "The main question is what is the plus that makes your product special?" – said one respondent (R28).

Leadership commitment and personal presence proved to be the decisive factor in most cases. In African business culture, personal relationships and leadership-level participation are the most important tools for building trust. "The decisive factor is the leadership intention. Is the Hungarian CEO willing to get on a plane and go out, even several times." (R19) – was stated in one interview. According to the interviewees, a patient, long-term approach is essential: "If you don't see the money in the first year, it doesn't mean you're doing it wrong – it just means you're in Africa." (R14) This mental adjustment is one of the most important conditions for success in the continent's business environment.

Cultural sensitivity and adaptation to local norms are also key. African business practices are much more informal and personal than European ones: for partners, the human quality of the relationship is often more important than the legal details of the contract. "They appreciate it when we don't present ourselves with a big vest, but show that we have to adapt." (R18) However, cultural misunderstandings carry a serious risk. "Hungarian businessmen can be offended by seemingly impudent price offers that only come from the local bazaar culture."

(R29) The lessons learned from the interviews are that successful companies are those that respond flexibly to local customs and are able to interpret the cultural layers of communication.

Persistence and the degree of risk-taking are crucial for long-term success. Several interviewees highlighted that expecting quick results in African markets almost always leads to failure. "In Africa, the concept of time is different: what takes half a year here is two years there." (R13) Companies that are able to think long-term, build gradually and treat initial losses as strategic investments have a better chance of surviving. "For many people, this (African market conditions – the author) is not comfortable: that is why you can beat the competition by taking risks and being adventurous." (R22)

The role of local partners is particularly important in the African business environment. Most Hungarian companies do not have a direct market presence, so local intermediaries, distributors and consultants are the primary point of contact with the market. "You need someone local who understands the system, knows the people and can explain why things are happening." (R6) However, partnerships are of a dual nature: if trust and communication are lacking, the relationship can quickly become empty. "If you don't meet with them regularly, they will simply forget." (R9) Several people also highlighted the importance of political connections: "You need political connections permanently – it is unavoidable." (R11)

Lack of financing is one of the most frequently mentioned obstacles. African partners often require pre-financing or deferred payments, which is difficult for capital-poor SMEs to secure. "If you don't have the money to start, forget it." (R33) State financing instruments, such as EXIM Bank or HEPA programs, provide important assistance, but respondents say they often respond too slowly to market needs: "State support is good, but it is too bureaucratic and slow. By the time it reacts, the market has already left." (R15)

Overall, a successful presence in African markets does not depend on a single factor, but on a combination of strategic thinking, personal relationships and cultural sensitivity. According to the experiences of companies, those that can survive on the continent are those that plan for the long term, are able to create local value and accept that the African business environment operates according to its own timeline, logic and trust system.

3.5 Support needs

Development of financial and export financing background

Most respondents highlighted that the competitiveness of Hungarian companies is fundamentally limited by the less favourable export financing environment than is available internationally. Several suggested that Hungarian export credit structures should be adapted to the practices of international competitors, typically with an interest rate of 2–3% (R1). Several stressed the need to expand financing sources and strengthen the role of EXIM Bank. For example, one respondent highlighted: "EXIM Bank's role is important in factoring, i.e. the buyer does not have to pay us immediately, but EXIM will have to pay within a year" (R23). Others also stated that small companies currently have difficulty accessing EXIM funds (R9) and that the structures are "not tailored to the African market" (R31).

According to respondents, the Hungarian government should follow the practice of Western countries, where companies "go to Africa with development aid" and can promote their exports through "tied aid loans" (R15). Several indicated that Hungary is not currently a member of international development banks – such as the African Development Bank. Development Bank or the Asian Development Bank – joining which "would be a great help to all sectors" (R26). The lack of financial support not only hinders market entry but also the maintenance of a long-term presence.

Clustering and joint action on foreign markets

The importance of cooperation and a collective export strategy was frequently mentioned in the responses. According to the respondents, export clustering would be particularly beneficial for Hungarian companies, enabling joint operations, joint conference and exhibition presence, as well as support for entering foreign markets and project preparation (R2, R5).

Several people suggested that the Hungarian state create country-focused clusters, for example, with the cooperation of 10–15 companies in a selected African country. As one respondent put it: "We should choose 2–3 countries and focus on them, create clusters focused on that country" (R24). This idea is also reinforced by the idea that "the African market is incredibly large. With a little effort, we could bring in a project so big that everyone would have plenty of it" (R10).

Many respondents also formulated specific operational suggestions related to clustering, such as the concept of a "Hungarian sample container", which would allow Hungarian products to appear in a joint groupage shipment on target markets, creating a reference and an opportunity to introduce themselves (R28). Similarly, many urged financial support for trips, exhibition participation and joint stands (R21, R30, R31, R33).

Cultural and business preparation

There was a strong consensus among respondents that the lack of market knowledge, training and knowledge transfer is a major obstacle. Several suggested that a comprehensive education and outreach program be established in cooperation with HEPA, EXIM and the Ministry of Foreign Affairs to help companies prepare for market entry, understand tax and legal regulations, and conduct market research (R3, R10, R16, R32).

One of the keys to a successful presence in Africa is deep cultural and business knowledge, without which Hungarian companies often encounter misunderstandings or distrust. Several respondents emphasized the need for cultural education, including knowledge of religious, social and communication norms. As one of them put it: "For example, topics related to death. What is appropriate and what is not? How do we show our respect?" (R4).

Others highlighted the need to understand local customs and behaviour patterns: "Sometimes he invites his whole family to a business dinner and you can pay for the check. You think he's rude, but it's just a local custom" (R9). These examples clearly show that cultural preparation is not just a matter of politeness, but also a basic condition for business success. Several suggested that the experiences of Hungarian professionals already working abroad should be collected and structured, and that training programmes offered to businesses should include an introduction to business culture and negotiation style (R9, R10, R17).

One respondent also highlighted that "it wouldn't hurt if we appeared a little better in world politics", as African partners are often distrustful of Hungary (R18). According to the experience of others, "Hungary is not considered a good letter of recommendation" (R22), which further reinforces the need to develop national image and diplomatic relations. Respondent 23 put it this way: "If I were to look at what is published about Hungary in the international press, I wouldn't invest here either. But you don't just have to watch CNN."

They also considered language training important, especially knowledge of English, French and Portuguese, which is essential in the African business environment (R32).

Technological adaptation and local presence

The need for technological adaptation is also a determining factor according to several respondents. Since the African market creates specific environmental and technological conditions, Hungarian companies should receive support for site-specific developments and testing projects. According to one respondent, "for example, it is not possible to develop a

machine for prickly pear or cashew nuts in Hungary – therefore, support would be needed for the development of market-specific technology" (R6).

Others emphasized responding to local infrastructure conditions, such as developing diesel-powered equipment in the event of unstable power grids. Local testing, demonstration and registration are also key (R11), as is funding for "continuous physical presence" which can be "the key to success" (R25).

Political and diplomatic support

Support and diplomatic presence are essential for entering the African market. Hungarian companies "need to integrate into local politics – state, NGO, EU" (R11) and "should find their way back to large international aid organizations" (R18). Market presence and political relationship building are related: "Hungary should work its way into a given country. A medium-sized or small company cannot do this alone" (R24).

Several people called for government guarantee programs, federal commitment, or, for example, state accession to international animal and plant health conventions, as without political support, companies find it difficult to build lasting relationships (R20, R28, R31).

CONCLUSION

This study examined the success and failure factors of Hungarian companies in African markets based on interviews with firms, experts, and diplomats. Market entry is mainly driven by saturated European markets, diversification needs, and the Southern Opening policy, alongside opportunities in technology export, lower competition, and personal motivations. Companies typically adopt low-risk entry modes (exports, local partners), often supported by state institutions.

Success depends largely on human, cultural, and institutional factors, while key challenges include skills shortages, cultural differences, financing constraints, weak infrastructure, and political and business risks. Long-term success requires local presence, trust-building, adaptability, and strong partnerships, with quick returns rarely achievable.

Although African markets offer opportunities such as less competition and more flexible business environments, they require patience and strong relationship management. Four core success factors emerge: market knowledge, flexibility, trust-building, and long-term commitment.

A major constraint is insufficient financial and institutional support; improvements are needed in export financing, clustering, training, and diplomatic backing. Future research should focus on sector-specific analyses, longitudinal studies, CEE comparisons, and the role of political, cultural, and financial factors.

Overall, sustained success requires a coordinated support system addressing financial, institutional, cultural, and strategic dimensions.

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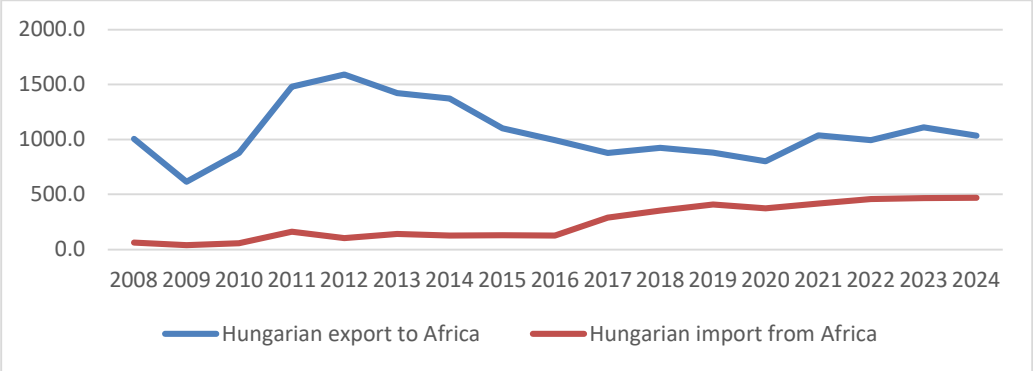
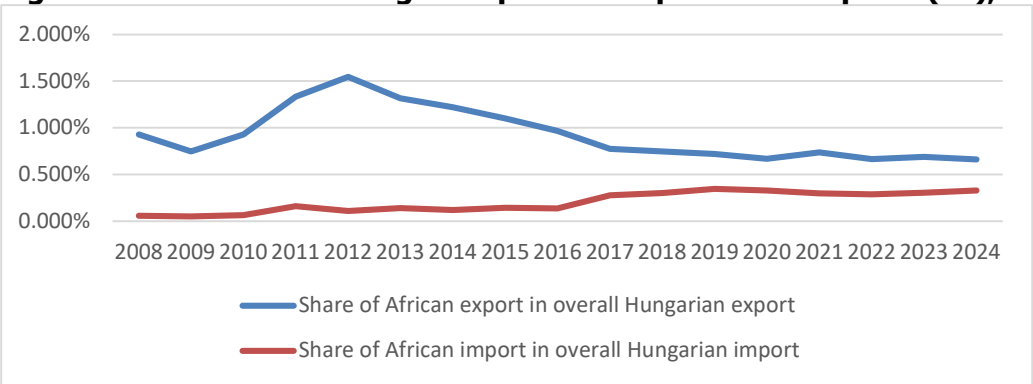
ANNEX 1

Fig. 1 Hungarian product exports and imports to and from Africa between 2008 and 2024, (million USD)



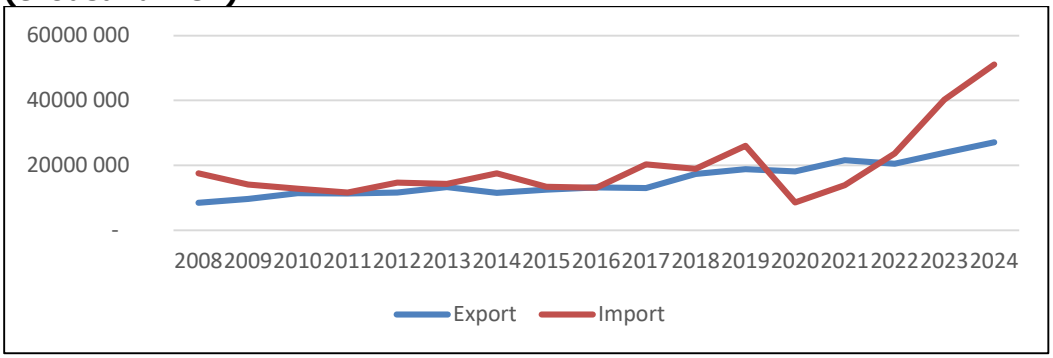
Source: Author's calculation based on data from the Hungarian Central Statistical Office

Fig. 2 African share in Hungarian product exports and imports (%), 2008-2024



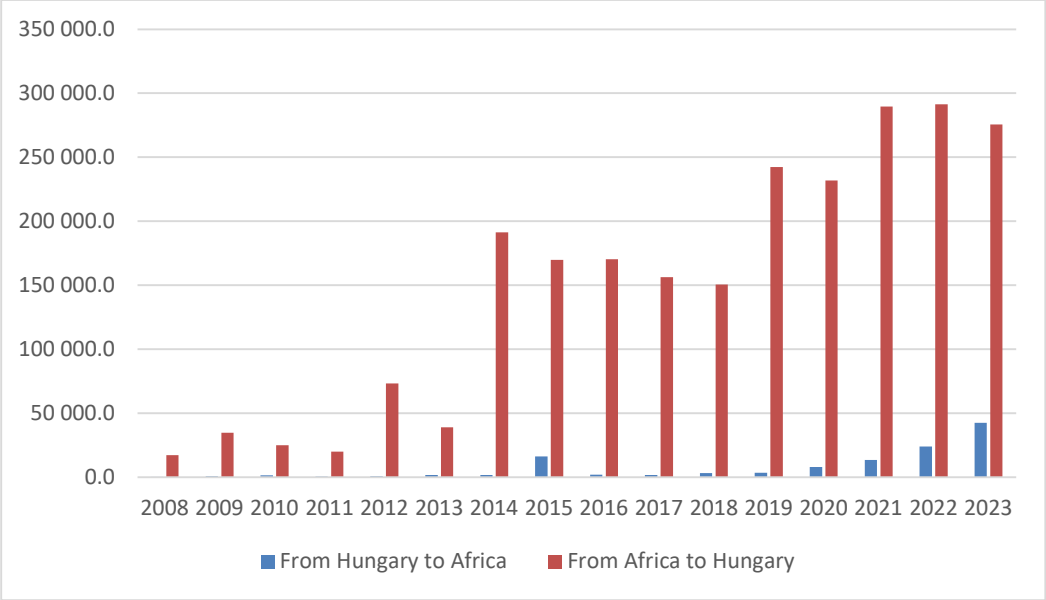
Source: Author's calculation based on data from the Hungarian Central Statistical Office

Fig. 3 Hungarian service exports and imports to and from Africa, 2008-2024 (thousand HUF)



Source: Author's calculation based on data from the Hungarian Central Statistical Office

Fig. 4 Stock of direct investments between Hungary and Africa, 2008-2023 (million HUF)



Source: Author's calculation based on data from the Hungarian National Bank

ANNEX 2

List of respondents and their scope of activities

Respondent's name	Area of activity
AAM Ltd.	IT consulting and services
ACPM IT Ltd.	IT consulting and services
Agrofeed Ltd.	Animal feed production
Anonymous respondent	Export expert
Anonymous respondent	Food industry machinery manufacturing
Anonymous respondent	Livestock trade
Anonymous respondent	Animal health
Anonymous respondent	Distribution of agricultural machinery
Anonymous respondent	IT services, software development
Anonymous respondent	Agricultural technology production
Anonymous respondent	Food industry machinery manufacturing
Anonymous respondent	Security printing, printing industry
Anonymous respondent	Agricultural technologies and agricultural -input production
Anonymous respondent	Business consulting
Anonymous respondent	Vegetable variety innovation and breeding; seed production
Bábolna TETRA Ltd.	Poultry farming
Bay Zoltán AKKN Ltd.	Research, innovation
Care All Ltd. / Itinerary	Information technology, software and system services
Carinex Ltd.	Defense and security industry, cybersecurity

Respondent's name	Area of activity
Celitron Medical Technologies Ltd.	Waste management, environmental technology
Control - X Medical Ltd.	Medical manufacturing
Greentechnic Hungary Ltd.	Renewable energy, solar system design and construction
LogSol Ltd.	Production of energy supply systems and generators
Magnus Aircraft Ltd.	Aircraft -and aircraft manufacturing
Pureco Ltd.	Water purification, water management technologies
RÉV Group Holding Ltd.	Industrial production, trade
Sanatmetal Ltd.	Medical device -manufacturing
Diplomat 1	North Africa
Diplomat 2	Francophone and North Africa
Diplomat 3	Central Africa
Diplomat 4	West Africa
Diplomat 5	South Africa
VIKUV Water Research and Drilling Co. Ltd.	Water drilling, water exploration
Vitafort Agro Asia Ltd.	Agricultural -and food industry development