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International Perspectives from Culture and Society

Trust and Trade

INTERVIEW WITH KINGSLEY OMEIHE

What role does trust play in trade relations?

Kingsley Obi Omeihe and Jurgen Moises

Why is trust so important in trade relations?

As we all know, trust is crucial to relationships in general. But trust comes with inherent risks and potential doubts. Even with written contracts, there's no absolute guarantee that business people won't engage in opportunistic behaviour. So the role of trust is to simplify these complex relationships and potentially mitigate the associated risks.

Trust can have various connotations. What does it mean in Nigeria and other African countries?

The Igbo in Nigeria refer to trust as “ntukwasi obi”, which can mean faith in a person's reliability or abilities, or knowing one another's expectations. Similarly, the Ghanaian words for trust, “ahotosoo”, “gyedie” and “twere”, refer to dependability, faith and reliability. So in this context, trust is based on a set of social relations that provide information about the trustee's reputation – and sanctions when trust is breached.

“ Distrust casts a long shadow.

It is often said that Nigerian politics is corrupt and the state institutions dysfunctional. How are trust and trade possible there?

The development of Nigeria and many African countries has been hindered by weak institutions such as the courts, the police and the electoral commission. Many Nigerian traders operate in the informal sector. In my research, I have found that many of these entrepreneurs rely on a range of indigenous institutions such as family and kinship, religion and cultural associations, to fill the existing gaps. Furthermore, several indigenous market associations have developed to accommodate the specific needs of African entrepreneurs. These associations provide fruitful opportunities for improving market agreements. They control prices, market entry and access to new markets. They work for the common good of their members.

How do you explain the widespread distrust of institutions in Nigeria?

Distrust arises when trust is broken or violated. The truth is that widespread distrust is far more harmful than one-off breaches of trust. Because once distrust is in place, it casts a long shadow on subsequent interactions, which makes it difficult to restore relationships with the people. The recent elections in Nigeria have demonstrated what comes of distrust: people would rather sever relations with untrustworthy leaders and look for leaders they can trust.

Shaping Nigeria's future

Not only are you a university lecturer, but you've also worked in the fashion industry and you advise start-ups. What's your experience of the young generation and what's your outlook on Nigeria's future?

There's this exciting momentum within Nigeria's young start-up and arts scene. We are truly witnessing the emergence of a new Nigeria, powered by its most enterprising generation yet. These young people are already making waves on a global scale in fields

such as academia, entertainment, sports, business and technology. And in my interactions, I have found that many of these young entrepreneurs are motivated by the desire to make a positive impact on society. Nonetheless, they are not naive about the challenges facing Nigeria.

Do you share the young people's optimism?

With its young population, vast natural resources and strategic location, Nigeria's potential for rapid, transformative development is undeniable. But to achieve this goal, many systemic challenges will have to be confronted. More importantly, the tribal, ethnic and religious tensions fuelled by self-seeking politicians must be overcome. Nigeria's youth have a crucial role to play in shaping the country's future. And they have actually already begun doing so.

Bio

Kingsley Omeihe is an Associate Professor of Marketing and Small Business at the University of the West of Scotland and President of the Academy for African Studies (AFAS), a network of scholars dedicated to African development. His focus is on trade relations in his native Nigeria. And his latest book is called "Trust and Market Institutions in Africa".

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