


G I G A *Working Papers*

German  Institute of Global and Area Studies
Leibniz-Institut für Globale und Regionale Studien

GIGA Research Programme:

Socio-Economic Challenges in the Context of Globalisation

**Are the Chinese in Africa More Innovative than the
Africans?**

**Comparing Chinese and Nigerian Entrepreneurial Migrants'
Cultures of Innovation**

Dirk Kohnert

No 140

July 2010

GIGA Working Papers serve to disseminate the research results of work in progress prior to publication to encourage the exchange of ideas and academic debate. Inclusion of a paper in the Working Papers series does not constitute publication and should not limit publication in any other venue. Copyright remains with the authors.

GIGA Working Papers

Edited by the
GIGA German Institute of Global and Area Studies
Leibniz-Institut für Globale und Regionale Studien

The GIGA Working Papers series serves to disseminate the research results of work in progress prior to publication in order to encourage the exchange of ideas and academic debate. An objective of the series is to get the findings out quickly, even if the presentations are less than fully polished. Inclusion of a paper in the GIGA Working Papers series does not constitute publication and should not limit publication in any other venue. Copyright remains with the authors. When working papers are eventually accepted by or published in a journal or book, the correct citation reference and, if possible, the corresponding link will then be included on the GIGA Working Papers website at <www.giga-hamburg.de/workingpapers>.

GIGA research programme responsible for this issue:
Socio-Economic Challenges in the Context of Globalisation
Editor of the GIGA Working Papers series: Bert Hoffmann
<workingpapers@giga-hamburg.de>

Copyright for this issue: © Dirk Kohnert

English copy editor: Melissa Nelson
Editorial assistant and production: Silvia Bücke

All GIGA Working Papers are available online and free of charge on the website
<www.giga-hamburg.de/workingpapers>.

For any requests please contact:
E-mail: workingpapers@giga-hamburg.de
Phone: ++49 (0)40 - 4 28 25 - 548

The GIGA German Institute of Global and Area Studies cannot be held responsible for errors or any consequences arising from the use of information contained in this Working Paper; the views and opinions expressed are solely those of the author or authors and do not necessarily reflect those of the Institute.

GIGA German Institute of Global and Area Studies
Leibniz-Institut für Globale und Regionale Studien
Neuer Jungfernstieg 21
20354 Hamburg
Germany
E-mail: info@giga-hamburg.de
Website: www.giga-hamburg.de

Are the Chinese in Africa More Innovative than the Africans?

Comparing Chinese and Nigerian Entrepreneurial Migrants' Cultures of Innovation

Abstract

The remarkable influx of Chinese migrant entrepreneurs in West Africa has been met with growing resistance from established African entrepreneurs. Whether the former have a competitive edge over the latter because of distinctive sociocultural traits or whether the Chinese's supposed effectiveness is just a characteristic feature of any trading diaspora is open to question. This comparative exploratory study of Chinese and Nigerian entrepreneurial migrants in Ghana and Benin provides initial answers to these questions. Apparently, the cultural stimuli for migrant drivers of change are not restricted to inherited value systems or religions, such as a Protestant ethic or Confucianism; rather, they are continually adapted and invented anew by transnational migration networks in a globalized world. There is no evidence of the supposed superiority of the innovative culture of Chinese entrepreneurial migrants versus that of African entrepreneurial migrants. Rather, there exist trading diasporas which have a generally enhanced innovative capacity vis-à-vis local entrepreneurs, regardless of the national culture in which they are embedded. In addition, the rivalry of Chinese and Nigerian migrant entrepreneurs in African markets does not necessarily lead to the often suspected cut-throat competition. Often the actions of each group are complementary to those of the other. Under certain conditions they even contribute to poverty alleviation in the host country.

Keywords: trading diasporas, international migration, entrepreneurs, culture, innovation, SMEs, Africa, China, Nigeria, Cotonou, Accra

JEL Codes: F22, J61, O15, R23, M14, N85, N87, Z13

Dr. Dirk Kohnert,

an economist, has been deputy director of the Institute of African Affairs (IAA) at the GIGA German Institute of Global and Area Studies in Hamburg, Germany since 1991. Before this he worked as a lecturer in development planning and as a senior development expert in several African countries. He has published numerous books and academic journal articles on economic, social and cultural development; planning; and evaluation.

Contact: kohnert@giga-hamburg.de

Website: <http://staff.en.giga-hamburg.de/kohnert>

Zusammenfassung

Sind Chinesen in Afrika innovativer als Afrikaner?

Innovationskulturen chinesischer und nigerianischer unternehmerischer Migranten in Westafrika

Der bemerkenswerte Zustrom von Kleinunternehmern aus China in Westafrika stößt auf wachsenden Widerstand bei etablierten afrikanischen Unternehmern. Ob erstere einen Wettbewerbsvorteil gegenüber letzteren aufgrund bestimmter soziokultureller Merkmale haben, oder ob die vermeintliche größere Effektivität der Chinesen nur ein charakteristisches Merkmal jeder Handels-Diaspora ist, ist eine offene Frage. Diese vergleichende Erkundungsstudie chinesischer und nigerianischer Kleinunternehmer in Ghana und Benin liefert erste Antworten. Offenbar ist die kulturelle Motivationsgrundlage unternehmerischer Migranten als Triebkräfte des Wandels nicht auf tradierte Wertesysteme oder Religionen wie die protestantische Ethik oder den Konfuzianismus beschränkt; vielmehr wird sie im Rahmen transnationaler Migrations-Netzwerke in einer globalisierten Welt ständig neu definiert und angepasst. Es gibt keinen Beleg für die angebliche Überlegenheit chinesischer gegenüber afrikanischen Innovationskulturen unternehmerischer Migranten. Eher existiert, unabhängig vom Rahmen der nationalen Kulturen in die sie eingebettet sind, eine erhöhte Innovationskapazität von Handels-Diasporen gegenüber lokalen Kleinunternehmern im Allgemeinen. Außerdem führt die Rivalität chinesischer und nigerianischer Migranten auf afrikanischen Märkten unter dem Einfluss der Globalisierung nicht notwendigerweise zum angenommenen halsabschneiderischen Wettbewerb. Oft ergänzen sich beide Gruppen. Dies trägt unter bestimmten Bedingungen sogar zur Armutsminderung in den Gastländern bei.

Are the Chinese in Africa More Innovative than the Africans? Comparing Chinese and Nigerian Entrepreneurial Migrants' Cultures of Innovation

Dirk Kohnert

Article Outline

- 1 Introduction
- 2 Comparing Chinese and African Business Cultures in Sub-Saharan Africa: Literature Review
- 3 Chinese Migrant Entrepreneurs in West Africa
- 4 Nigerian Migrant Diasporas in West Africa
- 5 The Articulation of Trading Diasporas' Innovative Cultures in West Africa
- 6 Conclusion: The Comparative Value of Trading Diasporas' Innovative Cultures in West Africa

1 Introduction

The upsurge in Chinese migration to Africa over the past decade began drawing considerable local attention some years ago but went largely unnoticed by the outside world. Scholarly interest in this phenomenon, which is summarized below, has been more recent.¹ My first question is thus as follows: Are these new Chinese migrants the much-required drivers of change in Africa (Mohan and Tan-Mullins 2009)?

Intimately related to this is a second set of questions: Is there any significant difference between the innovative drive of Chinese and African migrant entrepreneurs? Do Chinese entrepreneurial migrants in Africa outperform African trading diasporas in terms of individual

¹ Paper presented at the 17th ISA World Congress, Gothenburg, Sweden, July, 11–17, 2010. Thanks for valuable suggestions go to Bert Hoffmann, Jann Lay, Ulrike Schuerkens, Karsten Giese and Melissa Nelson. The responsibility for any fallacies or inaccuracies in the paper remains with the author.

economic success or even in terms of their impact on development? Do there exist significant differences in the innovative drive of either group, and if so, what are the underlying reasons? Do Chinese migrant networks have specific cultural traits that favor their economic competitiveness relative to African cultures? Or is the supposed effectiveness of Chinese migrant entrepreneurs, admired by some groups and envied by others, just a characteristic feature of any trading diaspora? Are its members perhaps more inclined—or forced, according to their circumstances—to be innovative drivers of change, if only in order to survive in a foreign, sometimes even hostile social environment? After all, economic migrants are perceived by most people worldwide as more enterprising and adventurous than the ordinary human being who stays at home to earn his or her living.

The third set of questions is as follows: What kind of linkage or relationship (if any) exists between both migrant groups? That is, how do the two groups interact? Do they fight or ignore one another, or do they meet each other on a level playing field? Does the supposedly cut-throat competition, including all its allegedly negative effects on indigenous development in Africa, exist, or are both groups rather complementary?

All of these questions are investigated in the following exploratory study, based mostly on a review of the literature, which is focused on a small but important part of the universe of Chinese and African trading diasporas in West Africa, a center of attraction for Chinese migrants in the past decade.² The following comparative study of migrant entrepreneurs in the capitals of Benin (Cotonou) and Ghana (Accra), both intimately linked to the regional superpower Nigeria in various ways, provides initial answers to these questions. Cotonou is a transit hub for the mainly informal trade with Nigeria and a cradle of the mushrooming informal institutions of both immigrant groups; Accra is an emerging regional subpower alongside Nigeria in Anglophone West Africa. The study simultaneously addresses the general issue of the sociocultural roots of development and the perpetual adaptation of these roots to the actual setting in which informal institutions are embedded.

A holistic understanding of the linkage between culture and development is provided by the underlying rationale of the concept of cultures of innovation, as developed by UNESCO (2004) and scholars such as D'Orville (2004) and others (Kohnert 2006). Schumpeter's distinction between "innovation" and "invention" is crucial to our understanding of cultures of innovation as it focuses on the dissemination and implementation of inventions,

² In a second stage, empirical case studies within the framework of a larger research project will generate a more robust database for analysis. The database will include empirical analysis of the multifaceted interaction of these innovative cultures, both among themselves and with the cultural environment of the host countries, with regard to their potential for innovative impulses. In addition, the question of the stratum-specific characteristics of cultures of entrepreneurialism, as well as possible gender-specific elements within and beyond cultural borders shall be taken into account. ('Entrepreneurial Chinese Migrants in Urban West Africa – The Impacts of Intercultural Interaction'. Proposed research project, GIGA Hamburg, 2011–13).

processes that are not just driven by the strong will of a charismatic individual entrepreneur but also stimulated by the economic, political and cultural institutional framework of a society (Schumpeter 1934 [1912]; Swedberg 2002). Thus, cultures of innovation are informal institutions, which are often based on shared values or value systems. They fulfill important orientation, motivation, coordination, and legitimization roles in the actual performance of innovation processes (Heidenreich 2001; Shane 1993; Hofstede 2003). The concept provides a methodological framework for the delimitation and analysis of elements and strategies of innovative cultural agency. Cultures of innovation depend on space-, time- and context-specific frameworks. They are a significant part of multiple modernities, which are influenced by globalization, transnational networks and social spaces (Featherstone 2007; Hahn and Klute 2008; Pries 2001; Robertson 1995; Sassen 2001; 2006). The innovative cultures of migrants are shaped by the changing requirements of informal institutions in their respective African host communities, to which they have to adapt in order to survive (Meagher 2007; 2005).

For our purposes, I define cultures of innovation as relatively stable modes of cognition, behavior and social organization which are directed towards development.³ Within the framework of African cultures, the unjustified reduction of cultural economics to Western standards of reason and rational choice, against which Stephen Marglin and others have already cautioned (Marglin 2009: 295-296; Kohnert 2007), should be avoided.

Examples of cultures of innovation are to be found in different realms: religion is obviously one of them, as Max Weber's famous thesis about the Protestant ethic as the spirit of capitalism suggested. A more recent example is provided by a case study of new Christian and Islamic movements as the modernizing forces behind Nigerian informal entrepreneurs (Meagher 2009). Ethnic networks of migrant entrepreneurs or the cultural foundations of trading diasporas as drivers of modernization are other examples, as demonstrated in another study on Igbo informal enterprise and national cohesion from below (Meagher 2009a). Within the field of politics, the sovereign National Conferences which mushroomed in Francophone Africa as drivers of transition in the early 1990s represented another innovative culture, although the outcome was not always that convincing, as in the model case of Benin (Kohnert 2006).

Migrant communities' cultures of innovation are often embedded in the broader social setting of "ethnic entrepreneurship" (Volery 2007: 30-31). However, both concepts are clearly distinctive in scope, aim, and methodology. The most notable conceptual advantage of the concept of ethnic or cultural entrepreneurship is the introduction of a transnational dimension (Zhou 2004: 1054-60, 1066). The latter suggests that migrant entrepreneurs are characterized by a "mixed embeddedness" in distinctive cultural spheres: their own "traditional" cul-

³ Our concept of "development" follows a holistic approach, as presented by Amartya Sen (2004: 2,3): "In one form or another, culture engulfs our lives, our desires, our frustrations, our ambitions, and the freedoms that we seek. The freedom and opportunity for cultural activities are among the basic freedoms the enhancement of which can be seen to be constitutive of development" (Sen, 2004:3).

ture, that of transnational migrant networks and of the host community, and that of formal versus informal institutions (Volery 2007: 35). This transnational dimension has also been underlined in the critiques of methodological nationalism with respect to migration theories (Beck and Beck-Gernsheim 2008; Beck 2007; Chernilo 2006; Wimmer and Schiller 2002; Sassen 2006). In any case, trading diasporas, in order to become effective and sustainable, need an ideology, a symbolic blueprint for their organization, as Abner Cohen rightly asserts in his seminal publication on the cultural strategies of trading diasporas (Cohen 1971). This ideology is most often based on the creation of myths of belonging, including rules regarding rewards and sanctions. All this has developed through "a long process of trial and error, of cultural innovations and of mediation and symbolic formulation" (Cohen 1971: 276).

The article's conceptual framework or methodology is based on a comparative approach and a literature review. The latter has been complemented by an analysis of data available in the African media and on the Internet on the comparative characteristics of the innovation cultures of both the African and the Chinese ethnic migrant communities. Taken together, this information constitutes the basis for hypotheses generation and testing.

In order to perform a methodologically sound comparison of different ethnic groups of migrant entrepreneurs and to discern their distinctive innovative cultures, it is important to make evaluations on a level playing field. That is, both ethnic trading diasporas should ideally be implanted in an identical foreign environment (host country) and studied at the same time in order to allow for meaningful comparisons and, last but not least, to reduce as far as possible the often unknown external intervening factors. In general, to stress it once again, one should pay due attention to the transnational social spaces in which these migrant networks are embedded. Assessing and isolating the impact of cultures of innovation on development becomes even more difficult in view of the possible counteracting influences of other significant factors. The most significant of these factors is probably the global trend of neo-liberal economic and political reforms in recent decades, promoted by the international donor community, combined with state neglect, most notably in Africa, both of which shape the performance of entrepreneurial networks through complex interactions (Meagher 2010: 166).

My first working hypothesis, derived from the following literature review, is that the competition between Chinese and Nigerian migrant entrepreneurs does not necessarily lead to the suspected cut-throat rivalry or hostility, which is supposedly reinforced by the impact of globalization in general and the recent worldwide financial crisis in particular. Under certain conditions, competition may spur the development of specific but complementary cultures of innovation. A strong capacity to adapt to the rapidly changing living conditions and business opportunities in their host country is the basis for the survival and success of both groups of migrants. Nevertheless, according to my second hypothesis, the business strategies and modes of survival of these two groups differ significantly according to the demands of their home community, the transnational diaspora, and the host country in which they are meant to integrate. According to my third hypothesis, the cultural underpinnings of migrant

drivers of change are not restricted to, nor necessarily dominated by, inherited customs or religions such as the revival of Confucianism (Pairault 2007), Pentecostalism (Kamphausen 2000), or Vodun. They are permanently and creatively adapted and invented anew by transnational migrant networks in the globalized world in order to suit the specific needs of these migrant communities. However, until now there has only been scanty evidence available to prove these points, and if they are discussed at all in scholarly sources, the issue nevertheless remains a source of debate.

The article is structured according to the three sets of key questions mentioned above, with a regional focus on West Africa: Following the literature review in the second section, I analyze the first question, whether the new Chinese migrants in Africa are to be considered as drivers of change, in Section 3, using the example of Chinese entrepreneurial migrants in Ghana and in Benin Republic. In Section 4 I then undertake a comparison of the Chinese and Nigerian trading diasporas—again in Ghana and Benin. The linkage or interaction between both migrant groups is discussed in Section 5, and this discussion is followed by a conclusion.

2 Comparing Chinese and African Business Cultures in Sub-Saharan Africa:

Literature Review

The remarkable growth of Chinese-African trade in the past ten years has attracted a great deal of scholarly attention. As early as 2006, an OECD study envisaged the new Asian giants—China and India—as growth models for Africa, although it cautioned about possible negative effects on resource allocation, governance (rent-seeking), and poverty reduction (Lyons and Brown 2009; Goldstein et al. 2006). In 2007 China became Africa's second most important trading partner, just behind the USA and before France (Bertoncello and Brede-loup 2009: 45). Most studies have so far focused on the macroeconomic or political effects of the circulation of goods and capital on this new "silk road to Africa" (Broadman 2007). The accompanying circulation of labor has received less attention.

Yet the soaring trade figures have been accompanied by the large-scale immigration of Chinese entrepreneurs into Africa. Up to one million Chinese have flocked to Africa within the past ten years, though an exact count of the population is not possible because of the irregular status of most immigrants (Lessault and Beauchemin 2009; Mohan and Kale 2007: 9-10). Undoubtedly, the deregulation of China's emigration legislation and of private labor recruitment in the first decade of this century due to geopolitical and ideological concerns facilitated this outward movement (Mohan and Kale 2007:16). In any case, this influx has already resulted in an exceedingly visible Chinese presence in Africa, particularly in the capital cities and more recently also in "resource frontier zones"—for example, the oil-rich Niger Delta and the Zambian and Congolese Copperbelt region—or flanking the newly established Chinese "silk roads" in sub-Saharan Africa. Other landmarks of the growing Chinese presence

are the veritable Chinatowns of Lagos (Akinrinade and Ogen 2008), Johannesburg, and Cape Town.

Apparently, the growing Chinese foreign direct investment (FDI) in Africa has primarily involved small and medium enterprises (SMEs), which are said to be driven by a strong entrepreneurial spirit and ethos (Gu 2009: 574). Now even Chinese management consultants for Chinese SMEs regularly tour Africa. Some, like Wang Wenning, one of China's most important executive consultants, and incidentally director of Africa Invest, the only Chinese consultancy firm dealing exclusively with Africa, are envied by their Western peers for their outstanding success (Blume 2008). Until now most scholarly studies have focused on macro or national levels of analysis (Broadman 2007; Asche and Schüller 2008). However, to the ordinary public in Africa the Chinese presence is most remarkable in the local market, not only in the form of cheap consumer goods, which are affordable even for the poorer sections of the population, but also in the form of the Chinese migrant entrepreneurs themselves. A growing number of more recent case studies from various African countries on this development are now available, as the following discussion shows. However, two major academic questions remain unsolved (Mohan and Tan-Mullins 2009): Could these Chinese entrepreneurial migrants provide an example of an innovative spirit which could boost sustainable economic growth in sub-Saharan Africa? Do Chinese migrants in Africa act as agents of development, or are they just another facet of the plundering of African resources by old and new global players?

Differing answers to this question have fed a contentious debate among scholars and politicians (see Asche and Schüller 2008 for an overview). There are strong indicators that African infant industries are destined to lose out due to the tremendous growth in China's cheap consumer goods exports, particularly textiles, footwear, and other low-priced nondurable consumer goods. One visible sign has been the gradual displacement of clothing exports from African countries (Gu 2009; Sylvanus 2009; Akinrinade and Ogen 2008). This has already had negative effects on the nascent African export industry's manufacturing terms of trade (Kaplinsky 2008). However, Kernen and Vulliet (2008: 33) maintain, based on field studies in Mali and Senegal, that in the majority of African countries Chinese goods (still) compete not so much with local products but with competing imports due to the weakness of the nascent local industries. According to the authors, competition is instead between Chinese and African traders importing similar goods from China (*ibid.*: 33-36). Each trading community has its own structural advantage. Whereas Chinese traders generally have more efficient supply networks in China, African importers, obviously more familiar with local customs and with trade-enhancing informal institutions, apparently still have a competitive edge concerning the distribution network and small-retail sales in their home country, most notably in the hinterland. According to Dupré and Shi, these differences represent a division of labor rather than a rivalry between Chinese and local traders in the domestic market, at least in Benin and Mali (Dupré and Shi 2008: 38).

Nevertheless, there is a growing reserve among African stakeholders vis-à-vis this remarkable incursion by Chinese migrant entrepreneurs. African traders' associations, for example, are increasingly exerting political pressure on their respective national governments to demand protectionist measures, against both Chinese migrants and goods made in China (for example, in Nigeria, Senegal and Togo; Bertoncello and Bredeloup 2009: 52-53; Sylvanus 2009; Mohan and Kale 2007: 15-16; Akinrinade and Ogen 2008).

The relative performance, success, and business network integration of Chinese and African entrepreneurs are apparently controversial issues. Nevertheless, most scholars agree that the remarkable entrepreneurialism demonstrated by overseas Chinese in Africa (and elsewhere) is due to their specific networks, adapted to the requirements of globalization, rather than to cultural characteristics such as Confucianism (Mohan and Kale 2007: 2, 7-8; Ho 2008). In fact, the Chinese diaspora is not at all homogenous. Although there are elements of a common cultural heritage, this commonality is overlaid by language and regional distinctions (for example, Canton Chinese versus Mandarin), as well as class, gender, and age differences. In addition, "the shift in global capitalism towards 'flexible accumulation' has produced complex business networks which exploit increasingly fluid 'comparative advantages' of multiple sites" (Mohan and Kale 2007: 8; for Mali: Bourdarias 2009). Nevertheless, the economic dynamism shown by this diaspora is said to have a disproportional impact in Africa, and this impact concerns "development" in general much more than simply economic growth (ibid.: 6; Bräutigam 2003). In general, Chinese migrant entrepreneurs have a more pronounced self-esteem as agents of modernization and development vis-à-vis their African counterparts (Bourdarias 2009: 18-19, based on a prolonged field study in Mali).

According to Deborah Bräutigam (2003), who undertook comparative field studies on Chinese business networks in Mauritius and Eastern Nigeria, "research on indigenous business networks in sub-Saharan Africa suggests that they are less likely than European or Asian networks (in Africa) to provide the kind of credit, information, and examples that can launch an entrepreneur into manufacturing" (ibid.: 452). This is said to be due mainly to the lack of supportive investment policies in African countries and the high degree of informality of African trade, which limits indigenous networks. Contrary to African business networks, Chinese networks have "facilitated the 'flying geese pattern' of industrialization" (ibid.: 454).

Based on comparative studies of Chinese and African business cultures in Kenya, Alexandra Gadzala (2009: 205-06) maintains that Chinese *guanxi* networks of SMEs have a competitive edge over their Kenyan counterparts. The manifold ethnic divisions of African countries and subsequent cleavages between ethnic groups preclude, so it is said, effective inter-ethnic collaboration and the forging of horizontal ties among African entrepreneurs. The latter, however, are said to be typical of Chinese SMEs because of their cultural homogeneity, although this homogeneity in turn hinders the SMEs' ability to connect with partners beyond their immediate networks (ibid.: 206). Because *guanxi* networks are based on interpersonal

trust within highly circumscribed exclusive networks, the maintenance of one's own "face" is said to be of much greater importance than it is within African networks. Moreover, Chinese trust relations are characterized by the abiding nature of long-term obligations, as opposed to the supposed immediacy generally expected in African networks (ibid.: 205-06).

Yet the alleged differences between Chinese and African cultural networks as described by Gadzala are questionable. Many of the particularities of distinct *guanxi* networks she describes are strongly reminiscent of the long-standing scholarly discussion about African ethnic patronage relations, which are neither primordial nor divisive but instead continually adapted to modern requirements and guided by a sophisticated social fabric of both bridging and bonding, which aids in cross-cultural exchange (Meagher 2005: 227). This corresponds with the view of those China watchers who contest the argument that *guanxi* is something unique to Chinese culture. They consider it to be little more than a Chinese word for social networks and social capital, both of which can be identified in the informal sectors of many developing societies (Gold et al. 2002: 3). In addition, it is by no means clear to what extent these *guanxi* networks are liable to change or whether they adapt to new local environments (ibid.: 4). Nor has the way in which they influence African networks under the prevailing conditions of globalization been investigated. The latter question concerns the question of whether a merger of the positive business-enhancing aspects of both cultures gradually takes place, or whether Chinese ventures have reinforcing, neutral or negative effects on African business practices (Pratt 2009: 40).

In a study based on data from the Regional Program on Enterprise Development including Kenya, Zambia, Zimbabwe, and Tanzania, V. Ramachandran and M.K. Shah (1999) arrive at the conclusion that overseas Chinese (or Indian) entrepreneurs in Africa start out larger and grow significantly more quickly than local African firms. The authors argue that Asian minority entrepreneurs have access to informational and financial networks that provide better access to credit, information, and technology for their members than those of their African counterparts. Again, anecdotal evidence of the supposed superiority of *guanxi* networks serves as the argument for the differential advantage of Chinese entrepreneurs in Africa (taking the example of Kenya, see Ramachand and Shah 1999: 74).

In contrast, Storey and others assume that there is a cross-cultural diffusion of management practices (Storey et al. 2008: 464). In their view, Asian business networks such as the *guanxi* are, in the globalized world, bound to mix with similar African networks. They hold that African management has out of necessity always been largely cross-cultural in view of the rich and diverse cultural heritage of African ethnic groups and their intimate historical linkages. Reportedly, the South African notion of *ubuntu*, which means "I am who I am through others," serves as an indicator of cross-cultural diffusion—in contrast to exclusive social networks like the Chinese *guanxi* or the self-centered credos of Western cultures, particularly the Cartesian doctrine *cogito ergo sum* or Smithsonian economics, which focus on the supposedly benevolent macroeconomic impact of selfish individual actors. Although the

concept of *ubuntu* is not known in all parts of Africa, similar visions of communal humanism hold a strong appeal for advocates of a multicultural African renaissance (Ibid.). However, Claire Adida (2008) cautions against premature hypotheses regarding easy cross-cultural exchange among different ethnic groups with similar cultural traits. Based on fieldwork among Nigerian immigrants in Accra and Niamey, she concludes that overly strong cultural similarities between immigrants and a host society tend to worsen immigrant–host relations and social integration. Host-country citizens tend to reject those migrants whom they fear will easily blend in and thus better compete for scarce resources.

3 Chinese Migrant Entrepreneurs in West Africa

3.1 Chinese Migrant Entrepreneurs in Ghana

Chinese migration to Ghana has a long history. It began in colonial times and blossomed during the early days of Ghana's independence, when Chinese citizens, mainly from Hong Kong, were lured by the Nkrumah government and its promise of a flourishing economy in the English-speaking Commonwealth country (Ho 2008a: 9-10; 2008: 55-56; Mohan and Tan-Mullins 2009: 598). As was the case elsewhere in Africa, however, the substantial influx of mainland Chinese only began in the late 1990s, for the reasons mentioned above. Today between 6,000 and 20,000 Chinese live in Ghana, mainly in the coastal urban areas of Accra, Tema, and Takoradi (Mohan and Tan-Mullins 2009: 591).⁴ For most Chinese migrants, moving abroad has signified progress and modernity; they have aimed to distance themselves from the cultural practices, traditions, and politics at home, which they have viewed as being in opposition to an enlightened (Western) imagination of modernity which they themselves share. However, China's recent rise as a major global player, which is also obeying the rules of global capitalism, could convince them to consider returning home eventually. They may take it as an indicator that China's "anachronistic" values are beginning to fade out (Ho 2008: 52-53). This new option for circular migration should nonetheless still enhance Chinese entrepreneurs' propensity to migrate to Africa.

However, the innovative drive of the first waves of Chinese entrepreneurial migrants in Ghana until the 1980s, focused on the manufacturing and service sectors, is beyond question. These migrants were truly globally active entrepreneurs. They were keenly aware of, and switched between, temporary lucrative business opportunities, including (illegal) foreign exchange transactions, as shown by Conal Ho's detailed case studies, which cannot be presented here because of a lack of space (Ho 2008: 57-71). These cases also demonstrate that self-interested individual agency and profit orientation, even when they are innovative, do not necessarily contribute to the wealth of a nation as Adam Smith thought.

⁴ Most of them work under irregular conditions, which is why more exact estimates are not available.

Whether the new wave of overwhelmingly small-scale Chinese entrepreneurs in Ghana shares the same innovative drive as its predecessors is not known. Certainly, the massive inflow of FDI and the growth of Chinese imports in Ghana mentioned above has also been beneficial for these migrants. However, the business climate in Ghana has changed considerably, among other reasons because the legal framework for expatriates has become more restrictive, because competition has increased, and because the disposable resources of the newcomers are considerably lower than in the past. Taken together these factors have also impacted the effectiveness of the migrants' own trading networks, not least because of heightened suspicion on the part of Chinese migrants vis-à-vis outsiders—even those from their own country—in view of the class divide between different networks of Chinese immigrants and the informal business transactions in which most of them are involved (Ibid.: 60-61).

If one were to believe the local media, especially the Ghanaian tabloid press, most Chinese entrepreneurs in Ghana today are involved—certainly to differing degrees—in irregular activities, most notably in illegal retail, which is apparently often covered up by a shop fronted by a Ghanaian counterpart (Liu 2010:193, 196). In recent years Chinese entrepreneurs have also entered into small-scale gold mining, known locally as *galamsey*. Small-scale mining was legalized in 1989 by the Small-Scale Mining Law. However, 95 percent of such mining activities—through which an estimated 50,000 to 100,000 workers, mostly Ghanaian but also foreign, earn their living, particularly in the Western Region—have remained informal. Chinese gold miners, sometimes backed by local traditional chiefs, have entered the trade by providing funding and employing heavy equipment for illegal mining operations under the guise of providing services to small-scale miners.⁵ This has threatened Ghanaian miners, who lack the resources necessary to challenge the Chinese competition.⁶

Incidentally, it is by no means only the Chinese who have violated Ghanaian regulations restricting the activities of expatriates; major culprits convicted in 2007 also came from Nigeria, India, Germany, and the Netherlands (Baah et al. 2009: 97, fn 10). Yet besides Chinese traders, it is Nigerians who have actually been targeted most often by the Ghana Investment Promotion Center's (GIPC) task force against illegal retail trading.⁷ In principle, Chinese and other foreign nationals are now allowed to be active in the manufacturing, service, and wholesaling sectors. In order to protect the national labor market, the Ghana In-

5 See Adam, Basiru (2009): Ghana: investors turn illegal miners. Public Agenda (Accra), 27 July 2009; "Illegal mining: 7 Chinese grabbed," Daily Graphic/Ghana, February 9, 2010; "Illegal mining deprives state of revenue," 27 November 2009, www.graphicghana.com (23 April 2010); Marfo, Kwame Asiedu (2009): Foreigners Take Over Galamsey, 21 August 2009, <http://www.graphicghana.com> (23 April 2010).

6 A similar development has been observed by A. W. Gadzala (2010: 41, 53) in Zambia.

7 In November 2007 approximately 200 angry Nigerian businessmen stormed the Joy FM offices complaining about unfair closures of their business, which according to them contravened ECOWAS protocols on free trade. The Nigeria Union of Traders in Ghana (NUTAG) backed the protest (see "GIPC to meet aggrieved traders," myjoyonline.com, November 29, 2007; "Nigerian traders protest application of law," myjoyonline.com, 30 November 2007).

