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Drivers of change or cut-throat competitors?

Challenging Cultures of Innovation of Chinese and Nigerian migrant entrepreneurs in West Africa

Dirk Kohnert¹

Abstract: The remarkable influx of Chinese migrant entrepreneurs in different West African countries in recent years has been met with growing resistance by established local entrepreneurs. Whether the former have a competitive edge over the latter because of distinctive socio-cultural traits, or whether the Chinese supposed effectiveness is just a characteristic feature of any trading Diaspora, is open to question. This exploratory study of Chinese and Nigerian entrepreneurial migrants in Ghana and Benin tries to answer this question. Apparently, the cultural motive powers of migrant drivers of change are not restricted to inherited value systems or religions like a protestant ethic or Confucianism, but they are permanently adapted and invented anew by transnational networks of migration in a globalized world. There is no evidence for a supposed superiority of Chinese versus African innovative cultures of entrepreneurial migrants. Rather there exists an enhanced innovative capacity of a trading Diaspora in general *vis-à-vis* local entrepreneurs, regardless of the background national culture in which it is 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 under the impact of globalization. Often both groups act rather complementary. This contributes under certain conditions even to poverty alleviation in the host country.

Keywords: Trading Diasporas; international migration, entrepreneurs, culture, innovation, SME, Africa, China; Cotonou; Accra; Nigeria

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

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1. Cultures of Innovation: review of concepts

The upsurge of Chinese migration to Africa in the past decade drew considerable public attention already some years ago, largely unnoticed by the outside world. Scholarly interest in this phenomenon, which will be summarized below, is of more recent nature. A decisive question was (and still is): do these new Chinese migrants constitute the much required drivers of change in Africa (cf. Mohan and Tan-Mullins 2009)? Intimately related to this question is a second one: does there exist any significant difference between the innovative drive of Chinese and African migrant entrepreneurs? The comparative study of cultures of innovation of Chinese and Nigerian entrepreneurs in Benin and Ghana envisaged in this article addresses the general question of socio-cultural roots of development and its perpetual adaptation to the actual setting of informal institutions in which they are embedded. A holistic understanding of the linkage between culture and development is the underlying rationale of the concept of Cultures of Innovation, as developed by UNESCO (2004), and scholars such as D'Orville (2004) and others (cf. Kohnert 2006). Schumpeter's distinction between 'innovation' and 'invention' is crucial in our understanding of Cultures of Innovation as it focuses on the dissemination and implementation process of inventions, driven not just by the strong will of an individual charismatic entrepreneur, but stimulated by the economic, political and cultural institutional framework of a society as constituent of innovations, i.e. the implementation and dissemination of inventions (cf. Schumpeter 1934 [1912]; Swedberg 2002). Thus, Cultures of Innovation constitute informal institutions, which are often based on shared values or value systems. They fulfill important roles of orientation, motivation, coordination, and legitimization regarding the actual performance of innovation processes (cf. Heidenreich 2001). 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, influenced by globalization and transnational networks and social spaces (cf. Featherstone 2007; Hahn and Klute 2008; Pries 2001; Robertson 1995; Sassen 2001; 2006). Further on, 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 (cf. Meagher 2007;

2005). Therefore, due regard must be paid to the fallacies of methodological nationalism (cf. Beck 2007; Chernilo 2006).

For our purpose, Cultures of Innovation are defined as relatively stable modes of cognition, behavior and social organization, directed towards development². Notably within the framework of African cultures, an unjustified reduction of cultural economics to a culture of Western standards of reason and rational choice, against which Stephen Marglin and others already cautioned (cf. 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 it, as Max Weber's famous thesis about the protestant ethic as spirit of capitalism already suggested. A more recent proof has been provided by a case study of new Christian and Islamic movements as modernizing forces behind Nigerian informal entrepreneurs (cf. 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 (cf. Meagher 2009a). Within the field of politics, the sovereign National Conferences which mushroomed in Francophone Africa as driving belt 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 (cf. Kohnert 2006).

Cultures of Innovation of migrant communities 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 advance of the concept of ethnic or cultural entrepreneurship is the introduction of a transnational dimension (cf. Zhou 2004: 1054-60, 1066). The latter suggests that migrant entrepreneurs are characterized by a 'mixed embeddedness' in distinctive spheres of cultures: their own 'traditional' one, that of transnational migrant networks and of the host community, and of formal vs. informal institutions (cf. Volery 2007: 35). This transnational dimension has also been underlined in the critique of methodological nationalism concerning migration theories (Beck and Beck-Gernsheim 2008; Wimmer and Schiller 2002; Sassen 2006). In any case, trading diasporas, to become effective and

² The concept of 'development' in our understanding 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).

sustainable, need an ideology, a symbolic blue-print for their organization, as Abner Cohen rightly asserts in his seminal publication on the cultural strategies of trading diasporas (cf. Cohen 1971). This ideology is most often based on the creation of myths of belonging, including rules of rewards and sanctions. All this developed in "a long process of trial and error, of cultural innovations and of mediation and symbolic formulation" (cf. Cohen 1971: 276).

2. Comparative studies of Chinese and African business cultures in Sub-Saharan Africa

2.1 Review of literature

The remarkable growth of Chinese-African trade in the past ten years has drawn a lot of scholarly attention. Already in 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 (cf. Lyons and Brown 2009; Goldstein *et al.* 2006). In 2007, China became the second most important trading partner of Africa, just behind the USA and before France (cf. Bertonecello and Bredeloup 2009: 45). Most studies focused so far on macro-economic or political effects of the circulation of goods and capital on this new 'silk road to Africa' (cf. Broadman 2007). The accompanying circulation of labor received less attention.

Yet, a large-scale immigration of Chinese entrepreneurs into Africa went along with the soaring trade figures. Up to one million Chinese flocked into Africa within the past ten years, although an exact count of the population is not possible because of the irregular status of most immigrants (cf. 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 early 2000s out of geopolitical and ideological concern, facilitated the outward movement (cf. Mohan and Kale 2007:16). In any case, this influx resulted already in a exceedingly visible Chinese presence, particularly in African capitals, and more recently also in 'resource frontier zones', e.g. of the oil-rich Niger Delta, the Zambian or Congolese Copperbelt, or flanking newly established Chinese 'silk roads' in Sub-Saharan Africa. Other landmarks of growing Chinese presence are the veritable China-Towns of Lagos (cf. Akinrinade and Ogen 2008), Johannesburg or Cape Town.

Apparently, the growing Chinese Foreign Direct Investment (FDI) in Africa involved primarily small and medium enterprises (SMEs), which are said to be driven by a strong entrepreneurial spirit and ethos (cf. Gu 2009: 574). By now, even Chinese management consultants for Chinese SMEs tour Africa regularly. 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, were already envied by their Western peers for their outstanding success (cf. Blume 2008). Up to now, most scholarly studies focused on macro or national levels of analysis (cf. Broadman 2007; Asche&Schüller 2008). However, to the ordinary public in Africa, Chinese presence is most remarkable in the local market, notably in its incorporated form as cheap consumer goods, affordable also to the poorer sections of the population, but also as Chinese migrant entrepreneurs. A growing number of more recent case studies on this development from various African countries are available by now, as will be shown in the following. However, a major scholarly question remains unsolved (cf. 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 been discussed controversially among scholars and politicians (cf. Asche and Schüller 2008 for an overview). There are strong indicators that African infant industries are deemed to lose from the tremendous growth of China's cheap consumer good exports, notably textiles, footwear, and other low-price non durable consumer goods. One visible sign was the gradual displacement of clothing exports of African countries. (Gu 2009; Sylvanus 2009; Akinrinade and Ogen 2008). This has got already negative effects on manufacturing terms of trade of the nascent African export industry (cf. 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, in view of weak nascent local industries. According to them, competition is rather between Chinese and African traders importing similar goods from China (pp. 33-36). Both trading communities have their own structural advantage. Whereas Chinese traders dispose generally over more efficient supply-networks in China, African importers, obviously more familiar with local custom and trade enhancing informal institutions, apparently still guard a competitive edge concerning the distribution network and small

retail sale in their home country, notably in the hinterland. According to Dupré and Shi, this constitutes a division of labor rather than rivalry between Chinese and local traders in the domestic market, at least in Benin and Mali (cf. Dupré and Shi 2008: 38).

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

However, in what respect and under what exact conditions both groups compete or complement one another, and in how far Chinese migrant entrepreneurs are more efficient and innovative than their African competitors remains an open question. This will be investigated in the following exploratory study based on a review of literature by focusing on a small but important part of the universe of Chinese and African trading diasporas in West Africa. The example of migrant entrepreneurs in the capitals of Benin (Cotonou) and Ghana (Accra), both intimately linked to the regional super-power Nigeria in various ways, serves as a first rapprochement to answer these questions: Cotonou, as a transit hub for the mainly informal trade with Nigeria, and as a cradle of mushrooming informal institutions of both immigrant groups; Accra as an emerging regional sub-power alongside Nigeria in Anglophone West Africa. A survey of literature as well as the analysis of data available in the Internet on the comparative characteristics of innovation cultures of both ethnic migrant communities constitute a preliminary base for further hypotheses generation and testing of the hypotheses formulated below.

The first working hypothesis is that the competition of Chinese and Nigerian migrant entrepreneurs does not necessarily lead to the suspected cut-throat rivalry or hostility under the impact of globalization in general and in view of the recent worldwide financial crisis in particular. Under certain conditions, it may spurn the development of specific but complementary cultures of innovation. A strong capacity of adaptation to the rapidly changing living conditions and business opportunities in their host country is a base for survival and success for both groups of migrants. Nevertheless, according to my second hypothesis, their business strategies and modes of survival differ significantly, with due regard to the demands of both their home community, the transnational Diaspora as well as the host country in that they are meant to integrate. Thirdly, the cultural underpinnings of migrant drivers of change are not restricted to, nor necessarily dominated

by inherited customs or religions, like the revival of Confucianism (cf. Pairault 2007), Pentecostalism (cf. Kamphausen 2000) or Vodun. They are permanently and creatively adapted and invented anew by transnational networks of migration in a globalized world in order to suit the specific needs of these migrant communities. However, up to now there is only scanty evidence available, and if discussed at all in scholarly sources, the issue remains debatable.

The relative performance, success and linkage of business networks of Chinese and African entrepreneurs are apparently controversial issues. Nevertheless, most scholars agree that the remarkable entrepreneurialism shown by overseas Chinese in Africa (and elsewhere) is rather due to their specific networks, adapted to the requirements of globalization, and not to cultural characteristics like Confucianism (cf. Mohan and Kale 2007: 2, 7-8; Ho 2008). In fact, the Chinese Diaspora is not at all homogenous. Although there are traits of a common cultural heritage, this fact is overlaid by language and regional distinctions (e.g. 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 cf. Bourdarias, 2009). Nevertheless, the economic dynamism shown by this Diaspora is said to wield a disproportional impact in Africa, and this much more concerning 'development' in general than concerning economic growth (cf. Mohan and Kale 2007: 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 instead of the other way round (cf. Bourdarias 2009: 18-19, based on a prolonged field study in Mali).

According to Deborah Bräutigam, who did 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." This is said to be mainly due to the lack of supportive investment policies of African countries and the high degree of informality of African trade that is said to limit indigenous networks. Contrary to African business networks, Chinese ones "facilitated the 'flying geese pattern' of industrialization" (Bräutigam 2003: 452, 454-55, 465-66).

Based on comparative studies of Chinese and African business cultures in Kenya, Alexandra Gadzala (2009: 205-06) maintains as well that Chinese *guanxi* networks of SMEs preserve 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, an effective inter-ethnic concertation and the forging of horizontal ties of African entrepreneurs. The latter however is said to be typical for Chinese SMEs because of its cultural homogeneity, although this hinders the ability to connect with partners beyond their immediate networks on the other hand (Gadzala 2009: 206). Because *guanxi* networks are based on inter-personal trust within highly circumscribed exclusive networks, maintenance of ones own 'face' is said of much greater importance than in African networks. Moreover, Chinese trust relations are characterized by the abiding nature of long-term obligations, compared to the alleged immediacy generally expected in African networks (cf. Gadzala 2009: 205-06).

Yet, the alleged differences between Chinese and African cultural networks as described by Gadzala are questionable. Much of the particularities of distinct *guanxi* networks described by her, in actual fact strongly reminds of the long-standing scholarly discussion of African ethnic patronage relations too, which are neither primordial nor divisive, but continually adapted to modern requirements and guided by a sophisticated social fabric of both bridging and bonding, alleviating cross-cultural exchange (cf. Meagher 2005: 227). This corresponds with the view of those China Watchers who contest that *guanxi* is something unique to Chinese culture. They rather consider it to be little more than a Chinese word for social networks and social capital to be found in the informal sector of all developing societies (cf. Gold *et al.* 2002: 3). In addition, it is by no means clear to what extent those *guanxi* networks are liable to change and if they adapt to new local environments (cf. Gold *et al.* 2002: 4). Nor is it clear how they impact on African networks under the prevailing conditions of globalization. This concerns notably the question whether a merger of the positive business enhancing aspects of both cultures gradually takes place, or whether there exist reinforcing, neutral or negative effects of Chinese ventures on African' business practices (cf. 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 faster than local African firms. They argue that Asian minority entrepreneurs dispose of informational and financial networks that provide

better access to credit, information, and technology for members of these networks compared with their African counterparts. Again anecdotic evidence of the supposed superiority of *guanxi* networks serves as argument for the differential advantage of Chinese entrepreneurs in Africa (taking the example of Kenya, cf. Ramachand and Shah 1999: 74).

Storey and others suppose on the contrary a cross-cultural diffusion of management practices (Storey *et al.* 2008: 464). In their view, Asian business networks like the *guanxi* are bound to mix with similar African cultures in a globalized world. They hold that African management has always been largely cross-cultural management out of necessity, in view of the rich and diverse cultural heritage of African ethnic groups and their intimate historic linkages. Reportedly, the notion of the South African *ubuntu* for example, meaning '*I am who I am through others*' serves as indicator of cross-cultural diffusion – in contrast to exclusive social networks like the Chinese *guanxi*, or self-centered credos of Western cultures, notably the Cartesian doctrine *cogito ergo sum* or Smithsonian economics that focus on the supposed benevolent macro-economic impact of individual egoistic actors. Although the concept of *ubuntu* is not known in all parts of Africa, similar visions of communal humanism exert a strong appeal for advocates of a multi-cultural African renaissance (Storey *et al.* 2008: 464). However, Claire Adida cautions against premature hypotheses of 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 too close cultural similarities between immigrants and host society rather worsen immigrant-host relations and social integration. Host country citizens tend to reject those migrants they fear will easily blend in and compete all the better for scarce resources (cf. Adida 2008).

3. Chinese migrant entrepreneurs in West Africa: drivers of change?

3.1 Chinese migrant entrepreneurs in Ghana

Chinese migration to Ghana has a long history. It started already 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 of an English speaking Commonwealth member (cf. Ho 2008a: 9-10; Ho 2008:

55-56; Mohan and Tan-Mullins 2009: 598). As elsewhere in Africa, however, the substantial influx of mainland Chinese only began in the late 1990 for reasons mentioned already above. Nowadays, there live between 6,000 and 20,000 Chinese in Ghana, mainly in the coastal urban areas of Accra, Tema and Takoradi (cf. Mohan and Tan-Mullins 2009: 591)³. For most Chinese migrants, moving abroad signified progress and modernity, because they wanted to distance themselves from cultural practices, traditions and politics at home, thought to be at cross with an enlightened (Western) imagination of modernity, shared by these migrants. But the recent rise of China as major global player, applying as well 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 newly opened option for circular migration should still enhance the propensity to migrate to Africa.

However, the innovative drive of the first waves of Chinese entrepreneurial migrants in Ghana up to the 1980s, focusing on the manufacture and service sector, was already beyond question. These migrants were true global acting entrepreneurs. They were keenly aware of, and switching between temporary lucrative business opportunities and facilitating national policies, including (illegal) foreign exchange transactions, as shown by detailed case studies by Conal Ho, which can not be presented here because of lack of space (cf. Ho 2008: 57-71). These cases demonstrate at the same time that individual innovative agency and profit orientation does not necessarily contribute to the wealth of a nation, as Adam Smith thought.

Whether the new wave of overwhelmingly small-scale Chinese entrepreneurs in Ghana shares the same innovative drive is an open question. Certainly, the massive inflow of FDI and the growth of Chinese imports in Ghana already mentioned, was also beneficial for them. But in the meantime, the business climate in Ghana had changed considerably, among others because the legal framework for expatriates became more restrictive, competition grew stronger, and disposable resources of the newcomers were considerably lower than in the past. All together impacted also on the effectiveness of their own trading networks, last but not least because of heightened suspicion of Chinese migrants *vis-à-vis* outsiders – even of 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 were entailed (cf. Ho 2008: 60-61).

³ Most of them work under irregular conditions, which is why more exact estimates are not available.

If one would believe the local media, especially the Ghanaian tabloid press, most Chinese entrepreneurs in Ghana are involved nowadays – certainly to a differing degree – in irregular activities. Notably in illegally retailing, which is apparently often covered by a shop fronted by a Ghanaian counterpart (cf. Liu 2010:193, 196). In recent years, Chinese entrepreneurs also entered small-scale gold mining, locally known as *galamsey*. Small-scale mining was legalized in 1989 by the small-scale mining law. However, 95 percent of it remained informal activities in which an estimated 50,000 to 100,000 workers, mostly Ghanaian but also foreign, earn their living, notably in the Western Region. Chinese gold miners, sometimes backed by local traditional chiefs, entered the trade in providing funding and employing heavy equipment for illegal mining operations under the guise of providing services to small-scale miners⁴. This threatened Ghanaian miners who lacked the resources necessary to parry Chinese competition⁵.

Incidentally, there were by no means only Chinese who violated these regulations, major culprits convicted in 2007 came also from Nigeria, India, Germany, Netherlands (Baah *et al.* 2009: 97, fn 10). Yet, beside Chinese traders, Nigerians were actually most often targeted by the taskforce of the Ghana Investment Promotion Center (GIPC) against illegal retail trading⁶. In principle, Chinese and other foreign nationals are nowadays allowed in manufacturing, the service sector, or wholesaling. In order to protect the national labor market, the Ghana Investment Promotion Act of 1994 (Sec. 17 to 19) reserves retailing up to a certain volume for Ghanaians only (cf. Baah *et al.* 2009: 97)⁷. Ghanaian entrepreneurs increasingly complained because of alleged 'dumping'⁸, e.g. of flooding the market with cheap counterfeits made in China, of transferring investments in manufacture contrary to the law in trading companies, of transgressing the restrictions for

⁴ cf. Adam, Basiru (2009): Ghana: investors turn illegal miners. *Public Agenda* (Accra), 27 July 2009. - "Illegal mining: 7 Chinese grabbed", *Daily Graphic*/Ghana, 9 February 2010; - "Illegal mining deprives state of revenue", 27 November 2009, www.graphicghana.com; 23.04.10; - Marfo, Kwame Asiedu (2009): Foreigners Take Over Galamsey. 21st August 2009, <http://www.graphicghana.com> ; 23.04.10.

⁵ A similar development has been observed by A. W. Gadzala (2010: 41, 53) in Zambia.

⁶ In November 2007 about 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 (cf. "GIPC to meet aggrieved traders", myjoyonline.com, 11/29/2007; 'Nigerian traders protest application of law', myjoyonline.com, 11/30/2007)

⁷ The Ghanaian investment code stipulates that foreigners who want to engage in retailing have to register with the Ghana Investment Promotion Centre (GIPC) with a minimum capital of US\$ 300,000. In addition, they should employ at least 10 Ghanaians. In November 2007 the Ghana Union of Traders (GUTA) urged members of parliament to review the investment code in order to raise the minimum investment to one million US\$, and the number of Ghanaians employed to 25 (cf. Kokutse, F. (2008): Ghana: 'You have to speak up when competition destroys you'. IPS, 31.07.08). However, nothing changed up to date.

⁸ "There were significant complaints about Chinese companies taking their products as well as those of Ghana Textile Printing Company (GTP) and dumping them on the Ghanaian market through the neighbouring Togolese port at Lomé" (Madichie/Saeed, 2010).

foreigners concerning retailing, or because of lack of respect of labor rights. The Ghana United Traders Organization (GUTA), the representation of Ghanaian retailers and petty traders, protested against the alleged impunity of perpetrators and exerted increasing political pressure on the Government. Chinese investors in Ghana, on the other hand, were concerned about a worsening policy environment (cf. Baah *et al.* 2009: 98). Other Chinese businessmen in Ghana were troubled by 'cultural barriers' of collaboration, e.g. the alleged lax work ethic of their Ghanaian laborers or employees who often disappeared without permission for funerals, marriages or other family events (cf. Mohan and Tan-Mullins 2009: 596). All these tendencies together might be interpreted as sign for a growing social and political confrontation between Chinese and African entrepreneurs.

However, encounters of Ghanaian and Chinese entrepreneurs on the micro-level are not at all characterized just by fierce competition, envy or enmity. Relations are shaped to a great deal by particular situations and contexts, fluctuating in space and time, as well as by real or imagined social boundaries. This has been aptly analyzed by Jing Jing Liu in her comparative study of encounters of Chinese and Ghanaian entrepreneurs in Makola Market, Accra (cf. Liu 2010). There, innovative drive and 'resourcefulness' is reserved neither exclusively to Chinese nor to Ghanaian identities, but ascribed to both, depending on the conditions. Under certain perspectives, Chinese traders may view their counterparts in a very positive light, notably in comparison with other Africans, even stressing their shared work ethic as helpful and hard working humans, when compared e.g. to Kenyans (Liu 2010:197). On the other hand, Ghanaian small-scale entrepreneurs may feel themselves culturally closer to the Chinese, who are not above working and living under the same precarious social environment side-by-side with their African counterparts, compared with for example Lebanese traders, although the latter may be seen as more intimately integrated into their host society (cf. Liu 2010: 196-97).

3.2 Chinese migrant entrepreneurs in Benin

Chinese entrepreneurs, workers and academics have been present in Benin already for about three decades. This has been interpreted as a side effect of good diplomatic relations between Peking and the Marxist government of Mathieu Kérékou (1972-1989)⁹. However,

⁹ "China built the Benin Friendship Stadium in 1982, followed two years later by the Manucia factory for making cigarettes and matches. From May 1987 to April 1993, China and Benin were partners in the Associated Benin Textiles Industries (SITEX). [In November 2004, SITEX was declared bankrupt and

as elsewhere, the boom of Sino-Benin business relations started only about ten years ago. According to informed estimates, just some 700 Chinese lived in Benin in the early 1980s, but their number increased to 1,000 in 2.000 and more than 2,700 in 2004.

In the early 2000s, China became the second biggest trading partner of Benin (after Nigeria and France, cf. Mounmouni 2010: 35). In 2008, it accounted for 40 per cent of its imports and about 21 per cent of exports (mostly cotton; cf. EIU-Benin country report Jan. 2010: 22). Chinese imports to Benin (740 m. US\$) surpassed that to Ghana (660 m. US\$) already in 2005 (cf. Chaponnière 2006: 5). However, most of these imports were re-exports directed towards the big Nigerian market. Cotonou has been an international trade hub, notably for Nigeria (but also for land-locked neighboring Sahelian countries) at least since the times of the Nigerian import substitution and indigenization policies in the 1970s and 1980s (cf. Igué/Soule 1992). Benin is renowned as a model of trans-border parallel trade in Africa. Already in the 1980s, the latter was portrayed as indigenous solution and popular resistance to bad governance even by World Bank reports – inspired by the liberal doctrines of global free trade - although its development effects have been always controversial (cf. Meagher 1997). Growing popular resentment against Chinese traders in Nigeria in the 2000s reinforced this kind of trans-national shadow economy. The Nigerian state resorted to non-tariff trade barriers, including import restrictions and the (temporary) closure of the China Town in Lagos in 2006 (cf. Ogen 2008: 93, 96) because of alleged harmful practices of counterfeiting, smuggling and 'dumping' of low-priced or unfit consumer goods 'made in China' on the Nigerian market. These measures made re-exports – including large-scale smuggling from Cotonou – even more attractive, not only for inventive Chinese traders¹⁰. Enhanced personal security for expatriate businessmen in Cotonou, as compared with Nigerian cities, like Lagos or Port Harcourt, which are notorious for a high rate of violent crime, was another reason for preferring cross-border

closed. Only thanks to massive government involvement and BOAD funding, it resumed production but under-capacity, D.K.]. China also built the Lokassa hospital for them in 1997." (Lafargue, 2005: 1). – These early investments were complemented more recently by the impressive large building of the Centre chinois de développement économique et commercial (Ccdecb) in Cotonou (quartier Ganhi, inaugurated in December 2008 by the head of state Boni Yayi), the Confucius Institute at University of Abomey-Calavi in Benin, inaugurated in September 2009, the Centre Culturel Chinois in Cotonou (actually the first centre in Africa, founded already more than twenty years ago in 1988), and the Chinese University Hospital in Parakou (provincial capital of Northern Benin) under construction.

¹⁰ "Unrecorded cross-border trade of Chinese goods between Benin and Nigeria appears to be a major enterprise, employing thousands on both sides of the border. [Interview with Bashir M. Borodo, president of MAN (Manufacturers Association of Nigeria) Kano, March 2009]. The unrecorded trade also presents lucrative rent opportunities for corrupt officials on both sides of the border, which is one reason why smuggling has continued despite repeated official declarations of intent to bring it to a halt. [Interview with Nigerian journalist, Lagos, March 2009]". (cf. Mthemba-Salter, 2009: 11).

trade with Nigeria (cf. Dupré and Shi 2008: 20). Only 36 percent of Chinese migrant entrepreneurs in Cotonou, interviewed by Dupré and Shi (2008: 29) in 2008, confirmed to focus their activities on the local or national market of Benin (compared with 80 per-cent in Mali). A sample survey of Chinese migrants in Benin, conducted in early 2008 by Mathilde Dupré and Weijing Shi (Sciences Po, Paris), contained first detailed descriptive information on Chinese migrant entrepreneurs on the micro-level (cf. Dupré and Shi 2008).

The Chinese Diaspora in Benin is not at all homogenous, even if its members maintain cordial terms among one another. They demonstrate an astonishing capacity of adaptation to local conditions in spite of the apparent language problems. Their stalls or shops are often situated side by side with that of local African traders, and many Chinese shop owners even lodge in their working place or close to the neighborhood (cf. Dupré and Shi 2008: 14-18). The difference in culture and language nevertheless remains a problem, although many Chinese migrant entrepreneurs try to speak French (about 80 percent) or even Fongbé (about 23 percent), the vernacular of Southern Benin. Chinese employers of local labor often deplored the low level of education and lack of professional rigor of their African employees, whereas the latter complained about closeness, lack of trust or bad labor relations (cf. Dupré and Shi 2008: 34). According to G. Mounmouni, Chinese employers in West Africa (and elsewhere) practice a traditional minded top-down approach of management, characterized by massive prerogatives towards African workers: They are assumed to be lazy, lack ambition and need to be controlled and coerced to deliver their maximal effort; this apparently applies also to Benin. As a consequence, most Chinese managers miss many possibilities to make good use of the potential of creativity and engagement of their local African workforce (cf. Mounmouni 2010: 29). However, whether this traditionally minded attitude applies also to small-scale Chinese migrant entrepreneurs, who mostly employ just family labor, and only if needed an African counterpart, or one to two additional local workers, is open to question.

On the other hand, as overall in Africa (cf. Sylvanus 2009), entrepreneurs from Benin complain about the alleged 'disloyal' competition of the Chinese made cloth (including illegal copying of designs), made responsible for the ailing textile industry. Many Benin entrepreneurs see this as an anachronism in view of the fact that their country is the second largest cotton producer in Sub-Saharan Africa. Certainly the crash of two major textile factories SITEX and CBT at Lokossa, both joint ventures of Benin and China, mismanaged and incapable to withstand the pressure of cheap imports of Chinese

clothes, intensified these fears¹¹. This is why Benin businesspeople consider China both as a "predator and partner of Benin's textile industry" (cf. Mounmouni 2010: 37). Many vendors of textiles on Cotonou's large international Dantokpa market are as well at cross with their Chinese (and Pakistani) competitors who also engage in retailing¹². Notably, because they allegedly import Chinese made counterfeits of textile trade-marks, such as *Vlisco*, *Super Wax* or *Mandras*, or smuggle textiles from neighboring Togo (cf. Mounmouni 2010: 35)¹³. Another concern was the increasing smuggling of timber to China, cut illegally and thus contributing to the unsustainable deforestation of Southern Benin. Although the Government of Yayi Boni suspended timber exports in the meantime, some Chinese from Cotonou are allegedly still engaged in this irregular trade, taking advantage of the porous frontier with Togo (cf. Mounmouni 2010: 37).

Nevertheless, as elsewhere in Western Africa, the division of labor between Chinese and African entrepreneurs in Benin is rather complementary than competitive. Whereas the Chinese profit from lower transaction costs for the import of goods, e.g. because they are inserted in more performing business networks in China, their African counterparts dispose more efficient distribution networks on the demand side, notably in retail trade and in the countryside (cf. Dupré and Shi 2008: 38).

4. Nigerian Migrant Diasporas in West Africa: Agents of Change?

Nigerians (estimated at about 150m in 2008) account for more than half of the total population of West Africa. Therefore, it is not surprising that the country has a long and dynamic emigration history. Hausa, Igbo and Yoruba long-distance traders from regions which nowadays constitute Nigeria played a decisive role in the trans-regional networks of migrant entrepreneurs since pre-colonial times all over West Africa (cf. Meillassoux 1971; Cohen 1971; Forrest 1994). Most of the international migration in the sub-region is

¹¹ Dossa, Colbert (2010): Le textile Béninois dans l'impasse: Vers la disparition totale du tissu béninois. *Journal Dignité Féminine* 21/03/10; L'@raignée - presse, <http://www.blessnet.com/heberg/laraignee> ; accessed: 29.04.10.

¹² Retailing was practically forbidden to foreign traders under the Marxist Kérékou regime (1972-89) in order to create employment and to protect local petty traders. After economic liberalization, introduced by the new parliament subsequent to the democratic transition in 1990, all discriminatory measures between national and foreign traders were annulled by law (09-005 Act of 15.05.90). In 2001, because of increasing pressure of local textile traders, the government banned again foreign traders from retailing (cf. Mounmouni 2010: 35).

¹³ Vidjingninou, Fiacre (2007): Les commerçants béninois digèrent mal la concurrence chinoise. *Aujourd'hui la Chine*, <http://www.aujourdhuilachine.com> , accessed: 30.04.10.

embedded in the informal sector, which causes a lack of exact data on the stock and flow of Nigerian migrants in different West African countries. At least case studies of Nigerian entrepreneurial migrants are available, e.g. for Benin (cf. Martineau 2009 and below), Cameroon (Lawal 2008; Nkene 2003; Weiss 1998), Ghana (cf. Antwi Bosiakoh 2009; Adida 2008; Eades 1993; and below), Niger (Youngstedt 2004), and within Nigeria (Meagher 2005). They generally attest to an astonishing capacity of adaptation and integration as well as a remarkable propensity for change and innovation, as will be shown in the following examples of Ghana and Benin.

4.1 Nigerian migrant entrepreneurs in Ghana

The first wave of Nigerian immigrants in Ghana was attracted by gold and diamond mining in the 1920s, and later on by the growth of the cacao cash crop economy, but also by a common colonial language and other cultural similarities. According to a Ghanaian census of 1948, about 46,800 Nigerians lived in Ghana; their number rose to 100,000 in 1959 (cf. Afolayan *et al.* 2008: 10) and 300,000 in 1969¹⁴ (Eades 1993: 1). However, most of the entrepreneurial migrants had to leave in 1969 because of restrictive immigration laws introduced by the Ghanaian government, as will be explained in more detail below. According to World Bank estimates, there lived some 56,000 Nigerians in Ghana at the end of the 1980s¹⁵, a total that tripled again in the past two decades. According to joint estimates of the World Bank and the University of Sussex, the stock of Nigerian migrants in Ghana is at present about 160,000¹⁶.

The history of Yoruba immigration to Ghana is probably one of the best documented case studies of the growth and (sudden) decline of a Diaspora of enterprising Nigerians in Africa: Between the first and second World War

"groups of enterprising Yoruba traders from a few towns in Western Nigeria had established a remarkably successful trading network throughout the Gold Coast (Ghana). Using information, skills and capital generated mainly within the family,

¹⁴ Out of a total of an estimated 300,000 persons of Nigerian origin in Ghana in 1969, 150,000 were Yoruba, 92,400 Hausa and 21,000 Igbo (cf. Eades, 1993: 200, fn.1).

¹⁵ Cf. Table 1 in: "Atlas on regional integration in West Africa", ECOWAS-SWAC/OECD, 2006:12; <http://www.atlas-ouestafrique.org/spip.php?article55>.

¹⁶ cf. World Bank 2009, website: <http://econ.worldbank.org/>...; Table 1: Bilateral estimates of migrant stocks.

what grew to become the largest groups of immigrant traders in the country had spread to even the most remote rural areas, becoming a powerful force in the Ghanaian markets." (Eades 1993: cover text).

However, the domination of central institutions of Ghana's trade by these 'Lagosians', as Yoruba immigrant traders were commonly called in Ghana, was met by growing resentment against strangers. The latter culminated in the "Alien Compliance Order" of 1969 that ordered all irregular migrants to leave Ghana at short notice. Thus, almost all of the 150,000 Nigerian Yoruba living in Ghana at that time were expelled within two weeks (cf. Eades, 1993: 1, 196, 200).

Eades' account 'from below' of Nigerian Yoruba entrepreneurs, both men and women, in Northern Ghana is most illustrative. It highlights that these immigrants were quick to respond to new economic opportunities and incentives, even in remote areas and in most unusual settings over a period of six decades. Many of them draw value from their own resources, relying extensively on low cost family rather than wage labor, and created flourishing enterprises, without demanding public subsidies. In short, they were inventive agents of change, pursuing development strategies, although they were certainly focused primarily on their own benefit (cf. Eades 1993: 107-139,196).

Nigerian migrant associations, which are most often intimately related to their place of origin, played a central role in the orientation of their members, in organizing and improving their livelihood, and in facilitating their integration into the host society. As a rule, these trans-national social networks did not aim explicitly at enhancing economic development. Yet, they became, in the pursuit of their social activities, effective development agents in Ghana, as demonstrated by a case study of Nigerian migrant associations in Accra by Thomas Antwi Bosiakoh (2009: 1, 13-14). These migrant associations could be regarded as an expression of a specific culture of innovation of entrepreneurial Nigerian migrants in Ghana, which gave them a competitive edge *vis-à-vis* their Ghanaian competitors. However, those hometown associations are no specific Nigerian cultural strategy of the organization of trading diasporas. They are common to other African, or even Chinese migrant entrepreneurs.

However, the agenda and vision of development of Nigerian migrants did not always match with that of the Ghanaian state or of the ruling power elite, as the expulsion of 'aliens' in 1969 demonstrated. The general cultural proximity of Nigerians compared with Ghanaians may have added to growing hostility between Nigerian immigrants and their

hosts, because the latter feared that this closeness could make them redundant even more easily, as Claire Adida suggests (Adida 2008). Political pressure of interest groups for the exclusion of foreigners in the 'national interest' is nothing new, but apparently it celebrates a revival with the spread of a new nationalism all over Africa (cf. Kohnert 2007).

4.2 Nigerian migrant entrepreneurs in Benin

The presence of Nigerians in Benin dates back to pre-colonial times when the Yoruba kingdom stretched over territories, which were later on divided by colonial frontiers between French Dahomey and British Nigeria. Although the colonial powers tried to restrict trans-border trade as far as possible for particular reasons, it never ceased, although it became illegal. After the Second World War, Nigerian migrants settled mainly in the urban centers of Cotonou and Porto Novo, the economic and political capitals respectively of Dahomey (renamed Benin in 1972). The exact number of migrants is not known. Nowadays, estimates of Nigerian migrants in Benin (in 2005) range from 51,780 to 205,512 (cf. Martineau 2009: 243).

Most immigrants remained closely attached to their hometown identity. Nevertheless, cultural strategies to integrate themselves into the host society differed significantly according to ethnic group and respective political conditions. Whereas migrants from the Nigerian town Offa, who for example choose to live in Cotonou, preferred to become Benin citizens, the migrants from Oyo, Ede or Ibadan, choose to remain Nigerian, although many of them lived already for generations in Dahomey/Benin (cf. Martineau 2009). In any case, the strong symbolic relation of the Yoruba trading diasporas in Benin with their ancestors' hometown constituted a distinctive cultural trait which contributed to the innovative drive of Nigerian entrepreneurial migrants, similar to that of their counterparts in Ghana mentioned before. This has been aptly demonstrated by a recently published case study of Nigerian trading diasporas in Benin by Jan-Luc Martineau who underlines once more the crucial fact that the cultural identity of these trans-national social ethnic trading networks is permanently adapted to the actual needs of all concerned (cf. Martineau 2009). At the same time, competing ethnic networks of the Benin Yoruba jealously watched any move of their Nigerian counterparts that could endanger their claim to the right of the first-comer and rightful owner of the cultural heritage of their nation.

5 Articulation of trading diasporas' innovative cultures in West Africa

Do Chinese entrepreneurial migrants in Africa outperform African trading diasporas in relation to individual economic success or even concerning their impact on development? Do there exist significant differences in the innovative drive of either group, and if so, what are its underlying reasons? Do specific cultural traits of Chinese migrant networks favour their economic competitiveness compared with 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 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 fellows than the ordinary human being that stays at home to earn its living.

Next to nothing is known about the relationship of Chinese and African entrepreneurial diasporas in their common host countries, let alone on the articulation of their cultures of innovation. This question is still *terra incognita*, awaiting meticulous empirical investigation. In the meantime, we have to rely on more or less founded anecdotic evidence and speculation. Both groups are perceived by their local competitors, and increasingly by the national tabloid press, as strangers, if not intruders. In view of increasing xenophobe tendencies of the politics of belonging in Western Africa, it makes apparently little difference whether they live already for generations in their host country and have acquired its nationality, like Nigerian migrant traders in Benin. Possibly, the latter profit from close cultural similarities with the local population, notably if they belong to the same or related ethnic groups as the Nigerian Yoruba in Benin. This may facilitate among others the entrance into or collaboration with networks of ethnic entrepreneurs – not necessarily of the same ethnic group - of their African host community. At least, case studies about Igbo entrepreneurial migrants and their links with Hausa and Yoruba migrant traders in Nigeria, characterized by longstanding relationships of trust and cooperation (cf. Meagher 2009), point in this direction. On the other hand, Adida (2008) maintains that too close cultural identities rather arose suspicion and rejection by local rivals. In short, it is by

no means certain that African migrants get a general premium in local estimation *vis-à-vis* Chinese migrants just because of their Africanity. After all, African identity is a social construct, periodically invented and adapted anew according to circumstances and needs. Thus, Benedict Anderson's (1991) renowned concept of the imaginaries of Nationalism as invented community applies to the notion of Africanity as well. It even stretches beyond people and includes the identity of goods as well, as Nina Sylvanus (2007) aptly demonstrated, taking the example of Chinese made counterfeit 'African-wax' cloth in Togo.

If all boils down to the question of cultural differences, we may be inclined, in view of the paucity of data on the articulation of Chinese and Nigerian entrepreneurial diasporas, to take as an approximation the relationship of Chinese entrepreneurial migrants in Nigeria with their local counterparts. A few case studies have already been made in the latter field (cf. Ogen, 2008; Atomre *et al.* 2009; Obiorah *et al.* 2008; Kitching and Woldie 2004). They all point in the same direction, namely that there are no robust indicators that prove distinctive cultural factors specific to either Chinese or Nigerian culture as a whole, independent from space and time, which could explain its different performance. Quite to the contrary, it has been shown above that Nigerian migrant entrepreneurs in Ghana have been over decades at least as performing as Chinese migrants nowadays. But even if such unique national innovation cultures do exist in their respective home country, this would not necessarily mean that they act in a similar way under foreign conditions, e.g. uprooted and transplanted in trading diasporas acting in a foreign cultural environment, far away from their customary cultural home.

Alternatively, we could investigate as a second proxy for the articulation of Chinese and Nigerian entrepreneurial diasporas, the relationship of Nigerian migrant entrepreneurs in China with their local Chinese counterparts, which is just the inverse of the first proxy. In fact, there is an increasing number of African, notably Nigerian migrant entrepreneurs in China¹⁷. The few available studies on this relative new phenomenon (cf. Bertoncetto and Bredeloup 2009: 55-60; 2007; Rennie, 2010; Onos, 2009) again do not deliver any clues about the superiority of a national Nigerian (or Chinese) innovation culture, although in this respect *guanxi* networks have been mentioned again as peculiar Chinese cultural

¹⁷ According to informed estimates there live actually between 20,000 and 120,000 Africans in the Guangzhou region alone. Again reliable data are lacking because of the irregular status of most African migrants (cf. Bertoncetto and Bredeloup 2009: 55).

trait to be observed by African entrepreneurs (cf. Horwitz *et al.* 2005), a notion which is highly controversial, as explained above.

In short, in order to make a methodically sound comparison of different ethnical groups of migrant entrepreneurs and to discern eventually their distinctive innovative cultures, it will be imperative to make evaluations on a level playing field. This is, both ethnic trading diasporas should be studied at the same time, implanted in an identical foreign environment (host country) to allow for meaningful comparisons, last but not least, in order to reduce as far as possible – often unknown external intervening factors. All this, to stress it again, should be done with due respect to the trans-national 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 possible counteracting influence of other significant factors. The most significant one is probably the global trend for neo-liberal economic and political reforms in the past decades by the international donor community, combined with state neglect notably in Africa, which both shape the performance of entrepreneurial networks in complex interactions (cf. Meagher 2010: 166).

6 Conclusion

Chinese and African entrepreneurial diasporas are culturally distinct from their society of origin as well as from that of their host community. A strong capacity of adaptation to the rapidly changing living conditions and business opportunities – not just in their host country but on a global scale - is a precondition for success for both groups of ethnic entrepreneurs. Nevertheless, their business strategies and modes of survival differ significantly, with due regard to the demands of both the host country and the respective transnational Diaspora in that they are embedded. Although most of these entrepreneurial diasporas are not as homogenous as thought off at first sight, but characterized by significant divisions according to class, gender and even ethnic composition, they more often than not develop their own distinctive culture. This common culture is not just an ideology which welds together a moral community (cf. Cohen, A. 1971: 266-67), i.e. a culture of identity acting as a kind of glue for the different factions of the Diaspora, to bridge or hide their internal divide. Under certain conditions it also becomes an enabling

culture of innovation that provides its members with a distinctive drive for change and modernization. This may include a remarkable capacity for institutional innovations across kinship and community frontiers, similar to that observed by Kate Meagher in her study of Igbo entrepreneurial networks and their liaison with other ethnic trading diasporas, contributing to a nation-building 'from below' in Nigeria (cf. Meagher 2009: 35). However, this seems to be no unilateral path-dependant development, let alone a planned process, but the result of a long path of trial and error. Further more, although most cultures of trading diasporas have a distinctive creative impetus which stimulates ingenuity, change and an entrepreneurial spirit, not all of them are at the same time innovative, i.e. embedded in social processes and networks that effectively disseminates particular inventions. And even if so, they are not necessarily development orientated in the sense mentioned above.

Notwithstanding, a growing divide of current Chinese entrepreneurial diasporas (or of Nigerian entrepreneurial migrants in Ghana in the 1960s) on the one hand, and their rival groups of local entrepreneurs on the other, instigated by the identity politics of a new nationalist elite keen to consolidate its power and resources, there is a long-standing effective collaboration at the grass-root level between the different trading diasporas. The latter is based on a division of labor and on the comparative advantage of the innovation cultures of each group. Last but not least, this contributed also to nation wide poverty reduction, notably in providing cheap basic consumer goods even to the most remote corners of the hinterland.

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