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

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

Dirk Kohnert

**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, e.g. because of distinctive sociocultural traits is open to question. The question will be explored by a comparative study of Chinese and Nigerian entrepreneurial migrants in Ghana and Benin. Apparently, the cultural stimuli of 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. Trading diasporas 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.

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

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

### 1. Introduction: Key Questions and Review of Concepts <sup>1</sup>

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. A key question remains unsolved: 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: Do Chinese migrant networks have specific cultural traits that favor their economic competitiveness relative to African cultures? Is there any significant difference between the innovative drive of Chinese and

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African migrant entrepreneurs? Do Chinese entrepreneurial migrants in Africa outperform African trading diasporas in terms of individual economic success or even in terms of their impact on development? 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 (if any) of linkage or relationship exists between both migrant groups? 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, which is mostly based on a review of the literature, focusing 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. This comparative study of migrant entrepreneurs focuses on the (economic) capitals of Benin (Cotonou) and Ghana (Accra), both intimately linked to the regional superpower Nigeria in various ways. 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 sub-power alongside Nigeria in Anglophone West Africa. The study simultaneously addresses the general issue of the socio-cultural 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, 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; Hofstede 2003; Shane 1993). 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 2007; Pries 2001; Robertson 1995; Sassen 2001). 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 my purpose, Cultures of Innovation are defined as relatively stable modes of cognition, behavior and social organization which are directed towards development. The concept of “development” follows a holistic approach, as presented by Amartya Sen (2004: 2, 3). Notably 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), 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: 30-35). However, both concepts are clearly distinctive in scope, aim and methodology. Yet, both concepts unanimously emphasize the “mixed embeddedness” of migrant entrepreneurs in distinctive cultural spheres: their own “traditional” culture, that of transnational migrant networks and of the host community, and that of formal versus informal institutions. This transnational dimension has also been underlined in the critiques of methodological nationalism with respect to migration theories (Beck 2007; Wimmer and Schiller 2002). 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. 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.

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, supposedly reinforced by the impact of globalization in general and the recent worldwide financial crisis in particular. Under certain conditions, competition may spurn 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; Moyet 2005), 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 it is discussed at all in scholarly sources, the issues remain debatable.

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. 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 (Mohan and Kale 2007: 9-10). The easing of mobility restrictions in post-reform China (since 1984), along with rapid economic growth and growing inequality, induced by forces of globalization, greatly stimulated migration. The new Chinese international migration wave originated mainly in Southern China’s coastal regions. Fujian and Yunnan provinces became the leading emigrant-sending provinces in China by 2000. Particularly noteworthy was the shift from urban to rural areas among the emigrant population (Yim, 2008; Liang and Morooka 2004). 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). Until now most scholarly studies have focused on macro or national levels of analysis (Broadman 2007). However, to the ordinary public in Africa the Chinese presence is most remarkable in the local market. This presence is incorporated not only in cheap consumer goods, which are affordable even for the poorer sections of the population, but also in the great number of Chinese migrant entrepreneurs themselves on the streets of African capitals. 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 which I shall review in the following. 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). This has already had negative effects on the nascent African export industry's manufacturing terms of trade (Kaplinsky 2008).

However, Kernén 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 (pp. 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; Akinrinade and Ogen 2008; Bertoncello and Bredeloup 2009: 52-53; Mohan and Kale 2007: 15-16; Sylvanus 2009;).

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 (Ho 2008; Mohan and Kale 2007: 2, 7-8). 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). 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 (Mohan and Kale 2007: 6; Bräutigam 2003). In general, Chinese migrant entrepreneurs are said to have a more pronounced self-esteem as agents of modernization vis-à-vis their African counterparts (Bourdarias 2009: 18-19, based on a prolonged field study in Mali).

According to Deborah Bräutigam, 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." 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” (Bräutigam 2003: 452, 454-55, 465-66).

Based on comparative studies of Chinese and African business cultures in Kenya and Zambia, Alexandra Gadzala (2009: 205-06; 2010: 47) maintains that Chinese *guanxi* networks of SMEs have a competitive edge over their African counterparts. The manifold ethnic divisions of African countries and subsequent cleavages between ethnic groups preclude, so it is said, effective interethnic collaboration and the forging of horizontal ties among African entrepreneurs. The latter, however, are said to be typical of Chinese SMEs because of its cultural homogeneity, although this homogeneity in turn hinders the SMEs’ ability to connect with partners beyond their immediate networks (Gadzala 2009: 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 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 (Gadzala 2009: 205-06; 2010: 47).

Yet the supposed 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 those *guanxi* networks are liable to change or whether they adapt to new local environments (Gold et al. 2002: 4). Nor has it been investigated how they influence African networks under the prevailing conditions of globalization. The latter 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, Ramachandran and 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. Whether this holds also for the new wave of petty Chinese entrepreneurial migrants in Africa, most of whom originated in the poorer rural areas of Southern China (see above), is open to question. 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, Ramachandran 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 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 (Storey et al. 2008: 464). However, Claire Adida 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 (Adida 2008).

### **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; Ho 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)<sup>2</sup>. 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, who 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 rather enhance than restrict Chinese entrepreneurs' propensity to migrate to Africa.

The innovative drive of the first waves of Chinese entrepreneurial migrants in Ghana until the 1980s, which focused on the manufacturing and service sectors, is beyond question. These migrants were truly globally active entrepreneurs. They were keenly aware of, and switching 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). However, these cases also demonstrate that selfish individual agency and profit orientation is not necessarily development orientated and does not automatically contribute to the wealth of a nation as Adam Smith thought even if it is innovative.

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

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<sup>2</sup> Most of them work under irregular conditions, which is why more exact estimates are not available.

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 (Ho 2008: 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.<sup>3</sup> This has threatened Ghanaian miners, who lack the resources necessary to challenge the Chinese competition.<sup>4</sup>

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.<sup>5</sup> In principle, Chinese and other foreign nationals are now allowed to be active in the

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<sup>3</sup> See Adam, Basiru (2009): Ghana: investors turn illegal miners. *Public Agenda* (Accra), July 27, 2009; "Illegal mining: 7 Chinese grabbed," *Daily Graphic*/Ghana, February 9, 2010; "Illegal mining deprives state of revenue," November 27, 2009, [www.graphicghana.com](http://www.graphicghana.com), accessed April 23, 2010; Marfo, Kwame Asiedu (2009): Foreigners Take Over Galamsey, August 21, 2009, <http://www.graphicghana.com>, accessed April 23, 2010.

<sup>4</sup> A similar development has been observed by A. W. Gadzala (2010: 41, 53) in Zambia.

<sup>5</sup> 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*, November 30, 2007).

manufacturing, service, and wholesaling sectors. In order to protect the national labor market, the Ghana Investment Promotion Act of 1994 (Sec. 17 to 19) reserves retail up to a certain volume for Ghanaians only (Baah et al. 2009: 97).<sup>6</sup> Ghanaian entrepreneurs have increasingly complained because of alleged “dumping”<sup>7</sup> — for example, the flooding of the market with cheap counterfeits made in China; the transfer of investments in manufacturing into trading companies contrary to the law, the transgression of restrictions for foreigners in retailing, and a lack of respect for labor rights. The Ghana United Traders Organization (GUTA), which represents Ghanaian retailers and petty traders, has protested against the alleged impunity of perpetrators and exerted increasing political pressure on the government. Chinese investors in Ghana, on the other hand, have been concerned about a worsening policy environment (Baah et al. 2009: 98). Other Chinese businessmen in Ghana have been troubled by “cultural barriers” to collaboration, for example, the allegedly lax work ethic of their Ghanaian laborers or employees who often disappear for funerals, marriages, or other family events without permission (Mohan and Tan-Mullins 2009: 596). All these tendencies together might be interpreted as sign of growing social and political confrontation between Chinese and African entrepreneurs.

However, encounters between Ghanaian and Chinese entrepreneurs at the micro level are not at all characterized merely by fierce competition, envy, or enmity. Their interactions are shaped to a great deal by particular situations and contexts, which fluctuate in space and time, as well as by real or imagined social boundaries. Jing Jing Liu has analyzed this aptly in her comparative study of encounters between Chinese and Ghanaian entrepreneurs in the Makola Market in Accra (Liu 2010). There, innovative drive and “resourcefulness” is exclusively reserved neither for Chinese nor for Ghanaian identities but is rather ascribed to both, depending on the conditions. Chinese traders may view their counterparts in a very positive light, even stressing their shared work ethic as helpful and hard-working humans, particularly in comparison to other Africans, for example, Kenyans (Liu 2010:197). On the other hand, Ghanaian small-scale entrepreneurs may feel themselves to be culturally closer to the Chinese, who are not above working and

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<sup>6</sup> The Ghanaian investment code stipulates that foreigners who want to engage in retailing have to register with the Ghana Investment Promotion Centre (GIPC) with minimum capital of US\$ 300,000. In addition, they must employ at least ten 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 dollars and the number of Ghanaians employed to 25 (see Kokutse, F. (2008): Ghana: “You have to speak up when competition destroys you.” IPS, July 31, 2008). However, nothing has changed to date.

<sup>7</sup> “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, 2010:228).

living in the same precarious social environment side by side with their African counterparts, than to the country's Lebanese traders — although the latter may be seen as being more intimately integrated into their host society (Liu 2010: 196-97).

### 3.2 Chinese Migrant Entrepreneurs in Benin

Chinese entrepreneurs, workers, and academics have been present in Benin for about three decades already. Their presence has been interpreted as a side effect of good diplomatic relations between Peking and Mathieu Kérékou's Marxist government (1972–1989). However, as elsewhere, the boom in Sino-Beninese business relations started only about ten years ago. According to informed estimates, only 700 Chinese lived in Benin in the early 1980s, but this number had increased to 1,000 in 2000 and more than 2,700 in 2004.

In the early years of this century, Benin became China's second-biggest trading partner in Western Africa (after Nigeria, Moumouni 2010: 35). In 2008 China accounted for 40 percent of Benin's imports and approximately 21 percent of its exports (mostly cotton; EIU-Benin Country Report, Jan. 2010: 22). In 2005 Chinese imports to Benin (US\$740 million) had already surpassed those to Ghana (US\$660 million) (Chaponnière 2006: 5). However, most of these imports were goods for re-export directed towards the big Nigerian market. Cotonou has been an international trade hub, particularly for Nigeria (but also for the neighboring landlocked Sahelian countries), at least since the times of the Nigerian import substitution and indigenization policies in the 1970s and 1980s (Igué and Soule 1992). Benin is renowned as a model of transborder parallel trade in Africa. Already in the 1980s, this informal trade was portrayed as indigenous solution and popular resistance to bad governance. Even World Bank reports – inspired by the liberal doctrines of global free trade – praised it, although its development effects have been always controversial (Meagher 1997). Growing popular resentment against Chinese traders in Nigeria in the first decade of this century reinforced this kind of transnational shadow economy. The Nigerian state resorted to nontariff trade barriers, including import restrictions and the (temporary) closure of the Chinatown in Lagos in 2006 (Ogen 2008: 93, 96), because of the alleged harmful practices of counterfeiting, smuggling, and the “dumping” of low-priced or poor-quality consumer goods “made in China” on the Nigerian market. These measures made re-exporting — including large-scale smuggling

from Cotonou — even more attractive, and not just for inventive Chinese traders.<sup>8</sup> Enhanced personal security for expatriate businessmen in Cotonou, as compared with Nigerian cities such as Lagos or Port Harcourt, which are notorious for a high rate of violent crime, was another reason for these Chinese migrants to prefer cross-border trade with Nigeria (Dupré and Shi 2008: 20). Only 36 percent of Chinese migrant entrepreneurs in Cotonou interviewed by Dupré and Shi (2008: 29) in 2008 confirmed that the focus of their activities was on the local or national Beninese market (compared with 80 percent in Mali). A sample survey of Chinese migrants in Benin conducted in early 2008 by Mathilde Dupré and Weijing Shi (Sciences Po, Paris) contained initial, detailed descriptive information about Chinese migrant entrepreneurs at the micro level (Dupré and Shi 2008).

The Chinese diaspora in Benin is not at all homogenous, even if its members maintain cordial relations (Dupré and Shi 2008:29-30). The migrants arrived from 19 different Chinese provinces, although many come from the Wenzhou zone (Zhejiang province). More than half of the newly arrived had already established links to countrymen in Benin before their departure. The driving force behind the decision to migrate was overwhelmingly economic, not political. Apparently, Chinese migrants in Benin do not belong to the most impoverished social strata in China but rather to the (lower) middle class. About 48 per cent of them declared to save more than half of their income, which is most often remitted directly to their family at home in order to guarantee their children a better future (Dupré and Shi 2008:23-25). Most of them live in the economic capital Cotonou. However, they do not concentrate on certain 'Chinese quarters'. The Chinese demonstrate an astonishing capacity to adapt to local conditions in spite of the apparent language problems. Their stalls or shops are often situated side by side with those of local African traders, and many Chinese shop owners even lodge in their workplace or close to the neighborhood (Dupré and Shi 2008: 14-18). The differences in culture and language nevertheless remain a problem, though many Chinese migrant entrepreneurs try to speak French (approximately 80 percent) or even Fongbé (approximately 23 percent), the vernacular of southern Benin. Chinese employers of local laborers often deplored their African employees' low level of education and lack of professional rigor, whereas the latter complain about caginess, lack of trust, or poor labor

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<sup>8</sup> "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]." (Mthembu-Salter, 2009: 11).

relations (Dupré and Shi 2008: 34). According to Moumouni, Chinese employers in West Africa (and elsewhere) have a traditionally minded top-down management style, which is shaped by massive prejudices towards African workers: they are assumed to be lazy, lacking in ambition, and needing to be controlled and coerced into delivering their maximal effort; this apparently applies also to Benin. As a consequence, most Chinese managers miss many opportunities to make good use of the potential creativity and engagement of their local African workforce (Moumouni 2010: 29). However, whether this traditionally minded attitude is also held by small-scale Chinese migrant entrepreneurs, who mostly employ family labor — and only if needed an African counterpart or one to two additional local workers — is debatable.

On the other hand, as is the case overall in Africa, entrepreneurs from Benin complain about the allegedly “disloyal” competition generated by Chinese-made cloth (including the illegal copying of designs), which they hold responsible for the ailing textile industry (Sylvanus 2009). Many Beninese entrepreneurs see this as an untenable condition in view of the fact that their country is the second-largest cotton producer in sub-Saharan Africa. Certainly, the crashing of two major textile factories, SITEX and CBT, at Lokossa, both joint ventures of Benin and China which were mismanaged and incapable of withstanding the pressure of cheap imports of Chinese clothes, intensified these fears.<sup>9</sup> This is why Beninese businesspeople consider China to be both a “predator and partner of Benin's textile industry” (Moumouni 2010: 37). Many textile vendors at Cotonou's large international Dantokpa Market are as well in conflict with their Chinese (and Pakistani) competitors who also engage in retailing.<sup>10</sup> Particularly because both trading diasporas allegedly import Chinese-made counterfeits of textile trademarks, such as Vlisco, Super Wax, or Mandras, or smuggle textiles from neighboring Togo (Moumouni 2010: 35).<sup>11</sup> Another concern is the increasing smuggling of timber to China; it is cut illegally and thus contributes to the unsustainable deforestation of southern Benin. Although the government of Yayi Boni has suspended timber exports, some Chinese from Cotonou are allegedly still

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<sup>9</sup> Dossa, Colbert (2010): Le textile Béninois dans l'impasse: Vers la disparition totale du tissu béninois. *Journal Dignité Féminine*, March 21, 2010; *L'raignée presse*, <http://www.blessnet.com/heberg/laraignee> ; accessed April 29, 2010.

<sup>10</sup> Retailing was practically forbidden for 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, due to increasing pressure from local textile traders, the government again banned foreign traders from retailing (see Moumouni 2010: 35).

<sup>11</sup> Vidjinguinou, Fiacre (2007): Les commerçants béninois digèrent mal la concurrence chinoise. *Aujourd'hui la Chine*, <http://www.aujourdhuilachine.com> , accessed April 30, 2010.



engaged in this irregular trade, taking advantage of the porous frontier with Togo and Nigeria (Moumouni 2010: 37).

Nevertheless, the division of labor between Chinese and African entrepreneurs in Benin tends to be complementary rather than competitive, as is the case elsewhere in Africa. Whereas the Chinese profit from lower transaction costs for the import of goods, for example, because they are part of more effective business networks in China, their African counterparts have more efficient distribution networks on the demand side, particularly in retail trade and in the countryside (Dupré and Shi 2008: 38).

#### **4. Nigerian Migrant Diasporas in West Africa**

Nigeria, with a population of approximately 150 million in 2008, accounts 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 today constitute Nigeria have played a decisive role in the transregional networks of migrant entrepreneurs all over West Africa since pre-colonial times (Meillassoux 1971; Forrest 1994). Most of the international migration in the subregion is embedded in the informal sector, which means there is a lack of exact data on the numbers and flows of Nigerian migrants in different West African countries. Case studies on Nigerian entrepreneurial migrants are, however, available for Benin (Martineau 2009 and below), Cameroon (Lawal 2008; Nkene 2003; Weiss 1998), Ghana (Adida 2008; Antwi Bosiakoh 2009; Eades 1993; and below), Niger (Youngstedt 2004), and within Nigeria (Meagher 2005). They generally attest to these migrants' astonishing capacity for adaptation and integration as well as their remarkable propensity for change and innovation, as shown in the following discussion of Ghana and Benin.

##### **4.1 Nigerian Migrant Entrepreneurs in Ghana**

The first wave of Nigerian immigrants in Ghana were attracted by gold and diamond mining in the 1920s, and later by the growth of the cacao cash-crop economy. They were also drawn by the common colonial language and other cultural similarities. According to

the Ghanaian census of 1948, approximately 46,800 Nigerians lived in Ghana at the time; their number rose to 100,000 in 1959 (Afolayan et al. 2008: 10) and 300,000 ten years later (Eades 1993: 1).<sup>12</sup> However, most of the entrepreneurial migrants had to leave in 1969 because of restrictive immigration laws introduced by the Ghanaian government, as explained in more detail below. According to World Bank estimates, some 56,000 Nigerians lived in Ghana at the end of the 1980s,<sup>13</sup> a number that has tripled again over the past two decades. According to joint estimates of the World Bank and the University of Sussex, the number of Nigerian migrants in Ghana at present is approximately 160,000.<sup>14</sup>

The history of Yoruba immigration to Ghana is probably one of the best-documented incidences of the growth and (sudden) decline of a diaspora of enterprising Nigerians in Africa between the first and second world wars:

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, 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 Ghana's central trade institutions by these "Lagosians", as Yoruba immigrant traders were commonly called in Ghana, was met with growing resentment against strangers. The latter culminated in the Alien Compliance Order of 1969, which 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 (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 the fact that these immigrants were quick to respond to new economic opportunities and incentives, even in remote areas and in the most unusual settings, over a period of six decades. Many of them drew value

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<sup>12</sup> Out of the estimated 300,000 persons of Nigerian origin in Ghana in 1969, 150,000 were Yoruba, 92,400 Hausa and 21,000 Igbo (Eades, 1993: 200, fn.1).

<sup>13</sup> Table 1 in: "Atlas on regional integration in West Africa," ECOWAS-SWAC/OECD, 2006:12; <http://www.atlas-ouestafrique.org/spip.php?article55>.

<sup>14</sup> World Bank 2009 website: <http://econ.worldbank.org>; Table 1: Bilateral estimates of migrant stocks.

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 these migrants too were certainly focused primarily on their own benefit (Eades 1993: 107-139,196).

Nigerian migrant associations, which were most often intimately related to their members' hometown, played a central role in orientating their members, in organizing and improving these members' livelihood, and in facilitating their integration into the host society. As a rule, these transnational social networks did not aim explicitly to enhance economic development. Yet through their social activities they became effective development agents in Ghana, as a case study of Nigerian migrant associations in Accra by Thomas Antwi Bosiakoh (2009: 1, 13-14) demonstrates. These migrant associations can be regarded as an expression of Nigerian entrepreneurial migrants' specific culture of innovation in Ghana, something which gave them a competitive edge vis-à-vis their Ghanaian competitors. The strong influence of Nigerian (Neo-)Pentecostalism on the Nigerian Diaspora in Ghana which takes prosperity as a sign of faith and divine recognition (Moyet 2005: 476) may have added to its competitive advantage. This the more so, because the Pentecostal discourse in Ghana reveals the assumed special dangers inherent in commodities of strange origin, claiming at the same time to possess the remedy to overcome the ugly powers of globalization (Kamphausen 2000). However, neither Pentecostal orientation nor the use of hometown associations are specific Nigerian cultural strategies in the organization of trading diasporas. They are common to other African, and even to Chinese migrant entrepreneurs.

The Nigerian migrants' agenda and vision of development did not always match with that of the Ghanaian state or of the ruling elite, however, as the expulsion of the "aliens" in 1969 demonstrated. The general cultural proximity of Nigerians to Ghanaians may have added to the growing hostility between the Nigerian immigrants and their hosts, because, as Clair Adida (2008) suggests, the latter feared that this closeness could make them redundant even more easily. Political pressure on the part of interest groups for the exclusion of foreigners in the "national interest" is thus nothing new, but it is apparently undergoing a revival with the current spread of a new nationalism all over Africa (Kohnert 2009).

## 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 divided by colonial frontiers between French Dahomey and British Nigeria. Although the colonial powers tried to restrict transborder trade as far as possible, it never ceased, although it was made 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 at that time is not known. Estimates of the number of Nigerian migrants in Benin in 2005 ranged from 51,780 to 205,512 (Martineau 2009: 243).

Most immigrants remained closely attached to their hometown identity. Nevertheless, their cultural strategies for integrating into the host society differed significantly according to ethnic group and the particular political conditions. Major points of concern of the government in Cotonou were, on the one hand, the growing ethnicization of local politics in Nigeria during the past three decades and, on the other, mixed experiences with the politics of belonging and exclusion, for example, in the Côte d'Ivoire. Whereas migrants from the Nigerian town Offa (Kwara State), who choose to live in Cotonou, preferred to become Beninese citizens under the Marxist Kérékou regime, which discouraged geo-ethnic claims, migrants from Oyo, Ede or Ibadan chose to remain Nigerian, although many of them had already lived in Dahomey/Benin for generations (Martineau 2009: 248-257). In any case, the strong symbolic relationship of the Yoruba trading diasporas in Benin with their ancestors' hometowns constituted a distinctive cultural trait which contributed to the Nigerian entrepreneurial migrants' innovative drive, which was similar to that of their counterparts in Ghana mentioned before. This has been aptly demonstrated in a recently published case study on Nigerian trading diasporas in Benin by Jan-Luc Martineau, who once more underlines the crucial fact that the cultural identity of these transnational social ethnic trading networks is continually adapting to the actual needs of all concerned (Martineau 2009). At the same time, the competing ethnic networks of the Beninese Yoruba have jealously watched for any move by their Nigerian counterparts that could endanger their own claim as the rightful owners of their nation's cultural heritage.

## 5 The Articulation of Trading Diasporas' Innovative Cultures in West Africa

Next to nothing is known about the relationship between Chinese and African entrepreneurial diasporas in their host countries, let alone about 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 rather anecdotal evidence in order to arrive at some initial working hypotheses. Both groups are perceived by their local competitors, and increasingly by the national tabloid press, as strangers, if not intruders. In view of the increasingly xenophobic tendencies of the politics of belonging in Western Africa, it apparently makes little difference whether they have already lived for generations in their host country and have even acquired its nationality, like the Nigerian migrant traders in Benin. The latter may profit from significant cultural similarities with the local population, particularly if they belong to the same or to related ethnic groups, as the Nigerian Yoruba in Benin do. This may facilitate, among other things, the entrance into or collaboration with networks of ethnic entrepreneurs — not necessarily of the same ethnic group — from their African host community. Case studies about Igbo entrepreneurial migrants and their links with Hausa and Yoruba migrant traders in Nigeria, which are characterized by longstanding relationships of trust and cooperation (Meagher 2009), at least point in this direction. On the other hand, Adida (2008) maintains that cultural identities that are too similar actually generate suspicion and rejection on the part of local rivals. In short, it is by no means certain that African migrants receive a general boost in local estimation vis-à-vis Chinese migrants just because of their Africanity.<sup>15</sup> 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 also applies to the notion of Africanity. It even stretches beyond people and includes the identity of goods as well, as Nina Sylvanus (2007) has aptly demonstrated using the example of Chinese-made counterfeit “African –wax” cloth in Togo.

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<sup>15</sup> The growing xenophobia on the part of black South Africans against African immigrants in the past two years points in the same direction (Kohnert 2009).

If it 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 carried out in the latter field (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 the Chinese or the Nigerian culture as a whole, independent from space and time, which could explain the different performance of the two. Quite to the contrary, it has been shown above that Nigerian migrant entrepreneurs in Ghana have over decades performed at least as well as Chinese migrants today. But even if such unique national cultures of innovation do exist in the migrants' respective home countries, this would not necessarily mean that these migrants act in a similar way beyond their own national borders, for example, uprooted and transplanted into trading diasporas within a foreign cultural environment, far away from their customary cultural home.

Alternatively, in order to test the articulation of the Chinese and Nigerian entrepreneurial diasporas in Africa, we could take as a second proxy the relationships of Nigerian migrant entrepreneurs in China to their local Chinese counterparts, which is just the inverse of the first proxy. In fact, there are an increasing number of African, particularly Nigerian, migrant entrepreneurs in China.<sup>16</sup> The few available studies on this relatively new phenomenon (Bertoncello 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 *guanxi* networks have again been mentioned as a peculiar Chinese cultural trait which must be observed by African entrepreneurs (Horwitz et al. 2005), a notion which is controversial, as explained above.

## 6 Conclusion: The Comparative Impact of Trading Diasporas' Innovative Cultures in West Africa

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<sup>16</sup> According to informed estimates between 20,000 and 120,000 Africans live in the Guangzhou region alone. Again, reliable data are lacking because of the irregular status of most African migrants (see Bertoncello and Bredeloup 2009: 55).

Chinese and African entrepreneurial diasporas are culturally distinct from their societies of origin as well as from those of their host communities. A strong capacity to adapt to rapidly changing living conditions and business opportunities — not just in the host country but also 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 which they are embedded. Although most of these entrepreneurial diasporas are not as homogenous as they may appear at first glance, but are rather characterized by significant divisions according to class, gender, and even ethnic composition, they more often than not develop their own distinctive cultures. Such a common culture is not simply an ideology which welds together a moral community (Cohen 1971: 266-67), that is, a culture of identity that acts as a kind of glue for the different factions of the diaspora in order to bridge or hide their internal divides. Under certain conditions it also becomes an enabling culture of innovation that provides its members with a distinctive drive for change and modernization. This culture 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 liaisons with other ethnic trading diasporas, which contribute to nation building “from below” in Nigeria (Meagher 2009: 35). However, the growth of Cultures of Innovation does not seem to be a unilateral path-dependent development, let alone a planned process, but rather the result of a long path of trial and error. Furthermore, although most trading diaspora cultures have a distinctive creative impetus which stimulates ingenuity, change, and an entrepreneurial spirit, not all of them are simultaneously innovative, that is, embedded in social processes and networks that effectively disseminate particular inventions. Even if they are, they are not necessarily development oriented in the sense mentioned above.

Notwithstanding the growing divide between today’s Chinese entrepreneurial diasporas (or Nigerian entrepreneurial migrants in Ghana in the 1960s) on the one hand and rival groups of local entrepreneurs on the other — a divide fueled by the identity politics of a new nationalist elite keen to consolidate its power and resources — there has been long-standing, effective collaboration at the grassroots level between the different trading diasporas. This collaboration is based on the division of labor and on the comparative advantage of each group’s innovation culture. Last but not least, this cooperation has also

contributed to nationwide poverty reduction, particularly through the provision of cheap basic consumer goods to even the most remote corners of the hinterland.

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