

# New Business in Africa: Chinese Merchants in Botswana

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Place of fieldwork: Botswana and Namibia

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- Research background

Since the 1990s, the number of China shops<sup>1</sup> have increased in Botswana and expanded from the cities into the rural areas. The booming of China shops has created jobs for Botswana citizens and provided cheaper daily needs for the local people. However, the shops are not only criticized for flooding the local market and their involvement in numerous conflicts with the local people about employment and service issues, but also face strong regulations in an increasingly hostile climate in recent years.

According to a statement by the Chinese Embassy (Feb 1, 2008), Sino–Botswana trade relations have improved at a very fast speed over the past several decades and have led to several relations between China shops and the local society. Kalusopa (2009) states that the booming of China shops created about 5,000 jobs for Botswana citizens, and provided cheaper daily needs for the local people. However, the shops face strong regulations in an increasingly hostile climate in recent years (Mmegi Online Newspaper, Jan 27, 2009). As mentioned above, the local newspaper, Mmegi (Nov 13, 2009) reported that Chinese merchants were involved in numerous frictions with the local government and people on various issues, such as legal frictions over trading permissions with the government, communication and employment issues with local assistants, and service and quality issues with local customers.

- Research purpose and aim

First, previous research has conducted interviews and made observations on relationships between Chinese merchants and the local people in order to explore the reasons of trade conflicts. However, the interview data from the Chinese and that from local people contradict each other; thus, it was difficult to distinguish the truth from the interview data alone. In this research, the researcher gathered voices from the local government and Chinese business leaders in order to analyze the reasons behind the conflicts from different perspectives.

Second, Carling & Haugen (2005) and Dobler (2009) have mentioned the great influence caused by the geographic expansion of China shops, which relates to market saturation. However, detailed data concerning the factors influencing the expansion of shops and the management model remains unexplored. In this research, the researcher visited the shops in rural towns that have been visited in the previous research, to check the changes in the shops and to interview the managers to figure out how trading policies and diplomatic relations influence the movement of these shops.

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<sup>1</sup> Both the local population and the Chinese merchants operating in Botswana employ the term “China shop” to describe their businesses. Approximately 99 per cent of China shops in Botswana are Chinese-owned and generally sell goods made in China to African customers.



Fig. 1- Shopping mall in a poor area



Fig. 2- China shop in poor area



Fig. 3 Shopping mall in a rich area



Fig. 4 Shops in a rich area

- Results and achievement by fieldwork

Through gathering the voices of the local government and Chinese business leaders about the trade and employment relations between the Chinese merchants and local people, the researcher managed to analyze the reasons behind the conflicts objectively. First, the government starts to restrict the license of Chinese retail businesses since the local government encourages foreigners to invest in manufactory and industry, instead of running retail businesses, which is prioritized for local people. Second, theft by local assistants is a sign to inform the Chinese boss that the salary is too low to sustain their lives, and confirms that they have to give themselves a little “bonus” to survive. The majority of local people do not commit to their jobs in China shop due to the bad image of China shop and the lack of skill transformation through such jobs. Local people take the job for survival, but do not consider it as their career. Generally speaking, the frictions between Chinese merchants and local people are caused by the poor management and the nature of the China shops. Despite the contribution China shops have made to local society over the years, the model of China shops does not fit the developing vision of Botswana.

When tracing the developing process of Chinese chain shops in rural areas, the researcher found that opening chain shops in rural areas is a business strategy adopted by Chinese merchants to avoid competitive business environments and to push old stock that cannot be sold in cities. During this field research, the researcher

visited the shops in border areas and found that there are Chinese merchants migrating between Botswana, Namibia, and Zambia. When the trade regulations got strict in Botswana this year (2014), many merchants with friends in Zambia took the opportunity to research the market in Zambia, and then, moved their businesses there if found feasible. Besides, in a small border town named Katima, between Namibia and Botswana, the number of China shop grows to 40 this year (2014) due to the tight competition in surrounding areas. Last but not least, even prosperous business locations get saturated very soon. Chinese merchants in Botswana, Namibia, and Zambia have family chains and friend links that help them comprehend the business situation in neighboring countries. Once they hear the business situation is better in neighboring countries, they use their connections to find a way out of the existing scenarios.

During the researcher's stay in Botswana, she was invited by a member of the Africa-China Research Group at the University of Botswana. She presented her research results during their regular meeting and received many comments and encouragements from the faculties at the University of Botswana.

- Implications and impacts on future research

The voices from local government and business leaders helped the researcher to understand the relationship between Chinese merchants and local society in a comprehensive way. In the next field research, the researcher would like to gather more data concerning the trade policy change over the years. Furthermore, the merchants' migration has been a new discovery during this research. The researcher would like to learn more about the trade laws and regulations about Botswana and neighboring countries in order to explore how Chinese merchants maximize their business profits by migrating in the next field research.

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