

New Business in Africa: China Shop Owners in Southern Africa

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Place of fieldwork: Botswana and Namibia

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- Research background

Since the 1990s, the number of China shops have increased in Botswana and expanded from the cities to the rural areas. The booming of China shops created jobs for Botswana citizens and lowered the cost of provisions for the daily needs of the local people. However, in recent years the shops have not only been criticized for flooding the local market and for their involvement in numerous conflicts with local people about labor and service issues, but have also faced strong regulations in an increasingly hostile climate.

According to a statement by the Chinese Embassy (Feb. 1, 2008), Sino-Botswana trade relations between China shops and local society have improved quickly over the past several decades; these improvements have been based on principles of sincere friendship and mutual benefit. Kalusopa (2009) states that the booming of China shops created approximately 5,000 jobs for Botswana citizens, and has lowered the cost of products necessary for the daily needs of the local people. However, shops have recently begun to face strong regulations in an increasingly hostile climate (Mmegi, 2009-01-27). As mentioned above, the local newspaper Mmegi (2009-11-13) reported that Chinese merchants were involved in numerous conflicts with the local government and people on various issues, such as legal disputes over trading permissions with the government, communication and labor issues with local employees, and service and quality issues with local customers. There seems, therefore, to be a large gap between the perspectives of the Chinese government and local media, as well as the perspectives of the local people and the Chinese merchants.

- Research purpose and aim

Previously, the researcher conducted interviews and observed relationships between Chinese merchants and local people to explore the reasons for trade conflicts. However, the data from interviews has been criticized for lacking balance because of the amount of focus that was given to Chinese merchants. The focus of this study has been broadened and the researcher has gathered more data from the local people in order to avoid the pitfall of the previous study and balance the representation of opinions from both sides. This broadened focus enables the researcher to analyze the reasons behind the conflicts from different perspectives.

Second, Carling and Haugen (2005) and Dobler (2009) have mentioned how China shops' geographic expansion has greatly influenced market saturation. However, detailed data concerning

factors that influence the expansion of shops and management models has not been collected. In this research, the researcher visited Chinese owners of chain shops dispersed in cities and rural areas to collect data on the locations of the chain shops, and to interview managers in order to learn about and collect data on the management models of chain shops.

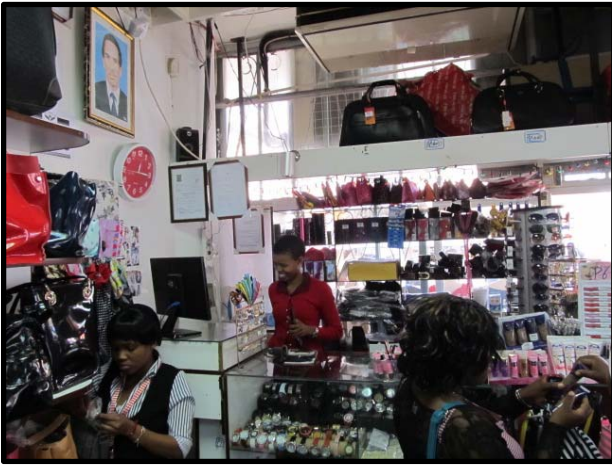


Fig. 1- Local assistants work in a China shop.



Fig. 2- A China shop in new shopping mall.



Fig.3- China shops in Chinatown in Namibia



Fig.4- China shops in a rural area

- Results and achievement by fieldwork

By gathering data about trade and employment relationships from both Chinese merchants and local people, the researcher was able to analyze the reasons behind conflicts in an objective manner. First, cheap Chinese merchandise attracts many local customers; however, the cheap goods are, unfortunately, of a generally poor quality. This causes problems for Chinese merchants when they must address customer complaints due to the poor quality of the goods. Second, theft conducted by local employees and their reluctance to work have been considered by Chinese merchants as the top two factors that worsen relationships between local people and Chinese merchants. On the other hand, extended working hours and cultural and language barriers are problems that local employees have identified as factors that influence negative relationships with Chinese merchants. Generally speaking, the employer-employee relationships between Chinese merchants and local employees are better in rural areas than in cities.

When tracing the developing process of China 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 consume old stock that cannot be sold in cities. While Chinese merchants enjoy peaceful business environments in rural areas, they also complain about the monotonousness of daily life. Furthermore, when Chinese merchants open their chain shops, they invite their relatives from China to look after the business. These relatives are usually encouraged to open shops far away, so as to avoid competition among relatives, and to explore new business markets for the future.

During this field research, the researcher found that there are Chinese merchants migrating between Botswana and Namibia. When Botswana trade regulations became more stringent this year, many merchants who had relatives in Namibia moved their shop to Namibia to maintain their business. This sort of migration is made possible because Chinese merchants change their merchandise to fit to the needs of their customers according to different areas and business environments; the merchants' willingness to change their business strategies due to their educational background and local connections also assists with this sort of migration. Last but not least, prosperous business locations change frequently due to the fluctuation of trade regulations and diplomatic relationships with neighboring countries; these sorts of changes may also be considered as contributing factors to the migration of Chinese merchants. This phenomenon is outstandingly obvious in recent years, especially in the border trade zone.

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

- Implications and impacts on future research

Input from both Chinese merchants and local residents helped the researcher to understand the relationship between Chinese merchants and local residents in a comprehensive way. The researcher would like to prove the findings of this research by conducting future field research that focuses on interviewing members of the official authorities, such as police and governmental officers. The merchants' migration has been a new discovery during this research. In order to explore how Chinese merchants maximize their business profit by migrating, the researcher would like to conduct further fieldwork to learn more about trade laws and regulations regarding Botswana and neighboring countries.

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