

Building Closer Economic Ties between China and Africa: Small Traders Operating in China

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Abstract

There are an increasing number of small African traders operating business in China and developing the "China-Africa Supply Chain." While this has contributed to the China-Africa relationship and the "globalization from below phenomenon," there is surprising little research that has been undertaken to explore and analyze this development. In this study, we investigate how small African and Chinese traders engage in business, including managing cross-cultural communications and adapting to social norms, cultural values, and new institutional environments. Our findings indicate that agile and flexible small traders using traditional values and strong networks can thrive within globalization. Small African and Chinese traders in China expect to endure as global exporters and, by doing so, are strengthening ties between China and Africa.

Introduction

The increasing volume and value of trade and direct investment has transformed the economic relationship between China and Africa. By the end of 2012, the total value of export and import between China and Africa reached US\$198 billion.¹ China direct investment in Africa reached more than US\$3.2 billion at the end of 2011.² Manufactured goods made up 54% of China's total merchandise exports to sub Saharan Africa in 2000 and in 2013, during which time it had almost doubled each year growing from US\$1,960 million in 2000 to US\$38,272 million in 2013.³

One of the significant elements contributing to closer economic ties between China and Africa is the increasing number of individual African and Chinese traders in China exporting household goods to Africa.^{4,5,6} This so-called 'China-Africa Supply Chain' contributes significantly to the China-Africa relationship and the "globalization from below" phenomenon. However, little is known about the methods and resources used by these small business entrepreneurs to overcome challenges and difficulties they face in developing and operating their businesses in China. This paper aims to contribute to filling this research gap. By carrying out research fieldwork in two different periods, we interviewed a total of 26 small African and Chinese traders in the city of Guangzhou, China, who conduct export trade from China to Africa. We find that they adapt in their own way to the social norms, cultural values and institutional environment of Guangzhou. They retain their traditional values, build networks within their own culture, specialize in certain customers and customer needs, and build strong cross cultural networks. Together with shippers, African and Chinese traders sustain global transactions secured by low cost and credible commitments created through community networks and family links.

We begin this paper with a brief history of early trading and migration between China and Africa. We then shift our focus to the relevant literature, before describing the research design and methodology. After presenting the detailed results of our interviews, we conclude the paper by presenting our findings and discussing the implications of the research.

Background and Research Questions

Early African and Chinese contact and migration

The Indian Ocean trading community, which was originally privately controlled by Muslim traders from Persia, continued from the seventh to the seventeenth centuries and ranged from east Africa through the Bay of Bengal into Southeast Asia, Japan, Korea and China.⁷ Remarkably, these intense trading activities did not bring Africans to China. Chinese communities did, however, become established in Southeast Asia over this period.⁸

The earliest undisputed report of Africans in China occurs in Macau in the sixteenth century with the Portuguese maritime ascendancy and the slave trade. In the early seventeenth-century Macau had a noticeable African component to its population.⁹ While these first arrivals may have begun in Macau,¹⁰ they soon reached Hong Kong, Guangzhou and other ports in southern China.¹¹

The recent growth of African trading communities in China commenced when African traders previously located in Southeast Asia moved to China following the Asian financial crisis in 1997-98 and the political and economic engagement of China with Africa.¹² Some African traders in China relocated from Southeast Asia and the Middle East, and others arrived from Africa as students and traders. The African presence in China now rivals that of the early Muslim traders. As in previous eras, the durability of these global ventures depends upon Chinese policy and the ingenuity, competitive advantages, and values of the African and Chinese traders.

Recent trend of global cities, business migrants and networks

Guangzhou, located on the Pearl River Delta and the capital of Guangdong province in South China, is a transport hub and trading port. Guangzhou has attracted a large number of business migrants from Africa, many of whom visit the city several times a year to conduct export trade from China to Africa.^{13,14} A substantial number of Chinese small traders in Guangzhou, and in Africa, are also engaged in this trade. These African traders in Guangzhou have been the subject of several studies.¹⁵⁻²¹ Lyons, Brown & Li cite Karim who suggested that "grassroots," low to middle-income, networks within diaspora communities are introducing an internationally mobile population which is creating inter-regional and global trade connections to worldwide markets.^{22,23} Mathews & Yang argue that the African traders in China bring low-end globalization to Africa through access to low cost Chinese manufactured goods.²⁴

Lyons, Brown & Li examine recent migrant diaspora in Guangzhou and classify them as an enclave while Bodomo categorizes them as a social and cultural bridge which fosters cultural adaptations in business practices, language, foods and inter-marriage.^{25,26,27} Lyons, Brown & Li argue that African traders, who have difficulties obtaining residency visas, appear less likely to live in the Chinese community, eat Chinese food, learn Chinese, or to make long-term investments or homes in China.²⁸ Both Bodomo and Lyons, Brown & Li note that Chinese traders adapt to African bargaining practices, learn English, serve African foods and may inter-marry.^{29,30}

In addition, Lyons, Brown & Li note that value chains depend on networks of trust linking agents at nodes located between supplier and consumer.¹²

African traders visiting and trading in Guangzhou have networks of trust in Africa, and build local trading networks in China to source manufactured goods for export to Africa.^{32,33} Since 2011 more Chinese have opened shops in Guangzhou to sell to visiting Africans.³⁴

Haugen notes that African and Chinese traders are strengthening trade between China and Africa. She explores the competitive, complementary and cooperative relationships between Chinese and African traders.³⁵ Chinese have competitive advantages in negotiating lower prices from suppliers and in obtaining travel visas and residence permits in China. Africans, on the other hand, have competitive advantages in understanding customer preferences in Africa, enabling them to obtain higher prices and avoid African perceptions that Chinese goods may be inferior. In Africa, the Chinese traders tend to specialize in high volume, cheaper Chinese products, taking advantage of their purchasing advantage, while the African traders tend to specialize in higher quality goods, often purchased in China as seconds, taking advantage of their better market understanding.³⁶

These differences create opportunities for cooperation between Chinese and African traders.³⁷ Such inter-ethnic partnerships lack the protection of formal trading institutions to sanction breaches of trust, but rely on bonding social capital created between partners through experience. Family ties are seen to make good trading relationships.^{38,39}

To date, the research on Africa-China trade through the engagement of small African and Chinese traders provides a limited of these trading relationships. Such issues as the personal factors determining business success, how business engagement is influenced by cross-cultural issues in general and underpinning traditional cultural/value systems in particular, and the influence of external social/business environments and governmental support. To address these research gaps this paper will focus on the following key questions: How do personal factors influence small traders' business operations and network building? What cultural/value systems play an important role in their business engagement? Is local government and community support required for successful business operation? In the following sections, we explain the research design and methods and then introduce our case study profiles.

Research Design, Methods and Case Profiles

As the role of small African and Chinese traders in the development of trade from China to Africa is under-specified and affected by context, we adopted a qualitative research design. Such a research approach allows a holistic and in-depth investigation of learning patterns and approaches with explanations from diverse angles.⁴⁰

As this is an exploratory research project we undertook a semi-structured approach in the interviews in Guangzhou, the capital city of Guangdong Province. We chose this area as Bodomo and Lyons, Brown & Li have observed African traders relocating there from Southeast Asia, at least since the Asian financial crisis of 1997-98.⁴¹⁻⁴⁴ To ensure consistency in the data we developed an extended interview guide seeking personal details (including usual living place, education, languages and traditional values), previous work history and period in current trade, current business in Guangzhou (including goods and services traded, suppliers, markets and customers served), the important goals and purposes of the business, the position in the value chain, perceived values of and relationships with suppliers and customers, current observations on the social/business environment and local government support in Guangzhou, and expectations for the future and changes which might extend the life of the business

The sample was obtained by approaching English speaking African or Chinese traders in the vicinity of the Tian Xiu building in Guangzhou, where African and Chinese traders gather for business.⁴⁵ Two rounds of interviews were conducted face-to-face. The first round was in May 2013. This was followed by a second round in September 2013. Most of the interviews were held in the Tian Xiu building (affectionately known as African House). Most of the African traders met in the Café on the ground floor of this building to discuss business, and buy food and hot beverages. The duration of the semi-structured interviews ranged from 45 to 60 minutes. The interviews were used in conjunction with a questionnaire.

The snowballing method of data collection was used to gain access to more interviewees. At the end of an interview we asked the participant to recommend to us another trader(s) that we could interview. We were then able to contact the suggested trader(s) and arrange an interview with them - we were using their networks to get more participants for the project. Two rounds of interviewing yielded 26 completed and detailed responses from 14 African and 12 Chinese traders (see Table 1).

Table 1 provides the details of respondents' age, marriage status, education background, language capability and religious affiliation. Among the 14 African traders, three groups could be established. Group One included more experienced African traders with prior business activities and a longer operating history in Guangzhou, who sell to visiting African traders in Guangzhou or supply African or Chinese wholesalers and retailers in Africa. Group Two was smaller in number (i.e., A3 & A7) and could be classified as visiting traders. They were younger and less experienced with less prior business activities and shorter operational history in Guangzhou. They have been visiting Guangzhou for a relatively short period and buy from

other African traders such as those in Group One and from Chinese traders who are specialized in serving visiting Africans. Group Three included a small number of shipping agents who provide air, sea, land and integrated logistics services for other traders. Among the 12 Chinese traders, they include both locals and domestic migrant traders, all have several prior businesses experiences and all sell services to visiting Africans using their cross-cultural business capabilities in languages and business practices. In addition, there are four shipping agents who provided the logistics and transportation services to these African and Chinese traders.

Table 1. The Case Profiles

Code	Origin	Personal traits	Business experience
A1	Mali	Age: 30-34 Sex: M Married (2 wives) 6-11 years education Speaks: English, French Muslim religion	2 prior business experiences. Current: buying from supplier & sells wholesale to family business in Africa & visiting African traders; Range: mid quality textiles, electronics, bikes, cosmetic; Purpose: developing stable long-term business, supplying African family business; Market: West & East Africa; Has traded for 7-15 years; Satisfied and expecting another 10+ more years.
A2	Mali	Age: 40-49 Sex: M Married 6-11 years education Speaks: English, some French Muslim religion	2 prior businesses & 1 prior shop assistant experience. Current: Wholesaler, buying from manufacturers & wholesalers, selling to visiting African traders; Range: high quality clothes & accessories, mid quality textiles; Purpose: developing stable long-term business and assisting traders in Guangzhou; Market: West, East & North Africa; Has traded for 3-6 years; Satisfied and expecting another 10+ more years.
A3	Zambia	Age: 30-34 Sex: M Married 12 years education Speaks: English Christian religion	1 prior business experience. Current: buying from manufacturers & wholesalers & selling to African retailers and to government of Zambia; Range: High quality textiles; Purpose: developing stable long-term business, supplying African family business; Market: East Africa; Has traded less than 1 year; Satisfied and expecting 10+ more years.

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A4	Tanzania	Age: 40-49 Sex: M Married 6-11 years education Speaks: English, poor Cantonese Muslim religion	2 prior business experiences. Current: buying from manufacturers & wholesalers & selling to a retailer & seldom to a wholesaler in Africa; Range: high quality household furnishings & electronic goods; Purpose: developing stable long-term business, supplying African family business; Market: East Africa; Has traded 3-6 years; Satisfied and expecting 5-10 more years.
A5	Ghana	Age: 40-49 Sex: M Married 12 years education Speaks: English, passable Mandarin, Cantonese Christian religion	3 prior teaching jobs. Current: buying from manufacturers & wholesalers & selling to visiting African traders; Range: high quality garments & accessories, mid quality textiles; Purpose: develop stable long-term business and assist traders in Guangzhou; Market: West Africa; Has traded 3-6 years; Satisfied and expecting 5-10 more years.
A6	Cameroon	Age: 35-39 Sex: M Married (to Chinese) 12 years education Speaks: French, English, Mandarin, poor Cantonese Christian religion	3 prior teaching jobs: 2 in Africa & 1 in China. Current: buying from manufacturers & wholesalers & selling to a wholesaler in Africa; Range: high quality household furnishings, mid quality textiles & garments; Purpose: developing stable long-term business, supplying African family business, assist Guangzhou traders; Market: West Africa; Has traded 7-15 years; Satisfied and expecting 10+ more years.
A7	Uganda	Age: 30-34 Sex: F Not married 12 years education Speaks: English Christian religion	2 prior shop keeping experiences. Current: buying from manufacturers & wholesalers, selling to a wholesaler and a retailer in Africa; Range: high quality garments & accessories, mid quality textiles; Purpose: developing stable long-term business, supplying African family business; Market: East Africa; Has traded 1-2 years; Satisfied & expecting 5-10 more years.

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A8	Nigeria	Age: 35-39 Sex: M Married (to Chinese) 12 years education Speaks: English, some Cantonese and Mandarin Muslim religion	1 prior business and 1 prior teaching experience. Current: buying from wholesalers & manufacturers, selling to visiting African traders; Range: high quality electronic goods, mid quality household furnishings; Purpose: developing stable long-term business and assisting Guangzhou traders; Market: West Africa; Has traded 7 to 15 years; Satisfied and expecting 10+ years.
A9	Kenya	Age: 30-34 Sex: F Not married 13-15 years education Speaks: English & some Cantonese Christian religion	1 prior business experience. Current: Cargo shipping agency business between China & Africa; Purpose: developing stable, long-term business assisting traders; Market: China & East Africa; Has traded 3-6 years; Satisfied and expecting 5-10 more years.
A10	Congo	Age: 40-49 Sex: M Not married 13-15 years education Speaks: French, English, some Cantonese & Mandarin Muslim religion	No prior business experience. Current: Luxury shipping to Africa (whole region); Purpose: developing stable long-term business & assisting traders between China and Africa; Market: China & Africa; Has traded 7-15 years; Satisfied & expecting 10+ more years.
A11	Mali	Age: 30-34 years Gender: Male Marital: Married Education: 13-15 years Speaks: French, English No religion	Prior work: 2 teacher Current: Buy for family retailer in Africa Range: Textiles, garments, accessories Purpose: Fund return home, supply family business Market: West Africa, seldom North Africa Trading: 3 to 6 years Expecting: Satisfied; 10+ more years
A12	Senegal	Age: 35-39 years Gender: Male Marital: Married Education: 13-15 years Speaks: French, English Religion: Muslim	Prior work: Shop keeper, Assistant Current: buy for family business in Africa Range: garments, textiles, toys Purpose: Fund return home, supply family business Market: West Africa Trading: 2 years Expecting: Satisfied; 10+ more years

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A13	Cameroon	Age: 35-39 years Gender: Male Marital: Married Education: 13-15 years Speaks: French, English, passable Mandarin Religion: Muslim	Prior work: Transport miscellaneous, transport office Current: Shipping agent to visiting Africans, wholesaler in China Range: Garments accessories, textiles, household furnishings Purpose: fund return home, stable long term business, assist Guangzhou traders Market: West Africa, East Africa, seldom North & South Africa Trading: 3-6 years Expecting: Satisfied, 10+ more years
A14	Angola	Age: 40-49 years Gender: Male Marital: Married Education: 13-15 years Speaks: English, passable Cantonese Religion: Christian	Prior work: Transport office, transport office, transport office Current: Shipping agent Range: Air, Sea, Land, Integrated logistics Purpose: Fund return home, assist Guangzhou traders Market: East and South Africa, seldom North and West Africa Trading: 3-6 years Expecting: Satisfied, 5-10 more years
C1	Guangzhou China	Age: 40-49 Gender: Male Married 12 years education Speaks: English, Cantonese, some Mandarin No religion	3 prior experiences: 2 building worker & 1 trader. Current: buying from wholesalers & manufacturers, selling to visiting African traders; Range: mid quality textiles, electrical & electronic goods; Purpose: developing long-term business and assisting traders in Guangzhou; Market: West Africa; Has traded 3-6 years; Very satisfied and expecting 10+ more years.
C2	Hubei China	Age: 35-39 Gender: Male Married 12 years education Speaks: Some Mandarin, good Cantonese & English No religion	3 prior trade business experiences. Current: buying from wholesalers & manufacturers, selling to visiting African traders; Range: mid quality textiles & garments; Purpose: developing long-term business & assisting traders in Guangzhou; Market: West Africa; Has traded 3-6 years; Satisfied and expecting 10+ more years.

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C3	Guangzhou China	Age: 40-49 Gender: Female Married 12 years education Speaks: Cantonese, English, some Mandarin No religion	3 prior shop keeping experiences. Current: buying from wholesalers & manufacturers, selling to wholesalers in Africa & visiting African traders in Guangzhou; Range: high quality hair extensions; Purpose: developing stable long-term business & assisting traders in Guangzhou; Market: West Africa; Has traded 7-15 years; Very satisfied and expecting 10+ more years.
C4	Hubei China	Age: 30-34 Gender: Female Not married 12 years education Speaks: Cantonese, English, some Mandarin No religion	2 prior shop keeping experiences. Current: sell to wholesalers in Africa & visiting African traders in Guangzhou; Range: high quality garments & accessories, mid quality textiles; Purpose: developing stable long-term business & assisting traders in Guangzhou; Market: East Africa; Has traded 3-6 years; Very satisfied & expecting 10+ more years.
C5	Yiwu China	Age: 25-29 years Gender: Male Marital: Married Education: 12 years Speaks: Mandarin, English, passable Cantonese No religion	Prior work: Shop assistant, Trader Current: Sell to visitors from Africa, seldom to wholesaler in China Range: textiles, garments accessories, toys Purpose: fund return home, stable long term business Market: East Africa, West Africa, seldom South Africa Trading: 1-2 years Expecting: Very satisfied; 10+ more years
C6	Guangdong China	Age: 20-24 years Gender: Female Marital: Married Education: 13-15 years Speaks: Mandarin, English, Swahili. No religion	Prior work: Textile company, Shop assistant Current: Sells to visitors from Africa Range: Textiles, garments accessories Purpose: Stable long term business Market: East, West, North, South Africa Trading: 3 to 6 years Expecting: Very satisfied; 10+ more years
C7	Guangdong China	Age: 40-49 years Gender: Male Marital: Married Education: 12 years Speaks: Cantonese, English No religion	Prior work: Shop assistant, shop keeper Current: Sells to Africans visiting China Range: garments accessories, textiles, toys Purpose: Stable long term business Market: West Africa, East Africa, seldom North Africa Trading: 7-15 years Expecting: Very satisfied, 10+ more years

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C8	Guangdong China	Age: 35-39 years Gender: Female Marital: Married Education: 13-15 years Speaks: English, passable Mandarin No religion	Prior work: Family shop assist, family shop assist Current: Sells to Africans visiting China Range: Textiles, garments accessories Purpose: Stable long term business Market: West Africa, East Africa Trading: 3-6 years Expecting: Very satisfied, 10+ more years
C9	Guangzhou China	Age: 40-49 Gender: Male Married 12 years education Speaks: Cantonese, Mandarin, English No religion	3 prior business experiences. Current: arranging shipping services for traders in Guangzhou; Range: shipping services to Africa; Purpose: developing stable long-term business & assisting traders in Guangzhou; Market: West, North & East Africa; Has traded 7-15 years; Very satisfied & expecting 10+ more years.
C10	Shandong China	Age: 30-34 Gender: Female Not married 13-15 years education Speaks: Cantonese, Mandarin, English No religion	2 prior shop keeping experiences. Current: buying & selling shipping services; Range: arranging shipping services to Africa; Purpose: developing stable long-term business & assisting traders in Guangzhou; Market: East and West Africa; Has traded 3-6 years; Very satisfied and expecting 10+ more years.
C11	Guangdong China	Age: 35-39 years Gender: Male Marital: Married Education: 13-15 years Speaks: Mandarin, English No religion	Prior work: Transport office, Shop assistant Current: Shipping agent, Air, Sea, Integrated logistics for wholesalers in Africa and China, African visitors in China Range: Garments accessories, electric electronic, textiles, household furnishings Purpose: Stable long term business Market: East and West Africa, seldom North and South Africa Trading: 3-6 years Expecting: Very satisfied; 10+ more years
C12	Guangdong China	Age: 25-29 years Gender: Female Marital: Married Education: <5 years Speaks: Cantonese, English, passable Mandarin No religion	Prior work: Family shop Current: Shipping agent, Air, Sea, integrated logistics, always East and West Africa, usually North and South Africa Range: Garments accessories, Textiles Purpose: stable long term business, assist Guangzhou traders Market: Wholesaler in China or visiting African Trading: 2 years Expecting: Very satisfied, 10+ more years

Results

The results are based on participant interview responses, participant observation, and ethnography which explores and describes individual traits,

culture and behavior. The major findings and outcomes are presented in sections according to our research questions with particular interests on issues such as personal traits and business experiences of small African and Chinese traders; traditional values, networking and business success, and local institutional support for developing sustainable business among small traders.

Personal traits and business experiences

Personal life trajectory and experience of dealing with cross-cultural communications enable the African traders to build strong networks with other African and Chinese people. For example, as an experienced African trader in Group 1, A1 has strong personal ties in Africa and established friendships in China with Africans and Chinese people and business is going well. His two wives run shops in Africa. He has social capital with Africans and Chinese in China and with families in Africa. His commitment to Guangzhou may be contingent on how well he does in business. He has developed a sustainable, competitive advantages of market knowledge in Africa and has strong business networks in China as expressed below:

I have two wives – one in Bamako, Mali and the other one in Dar es salaam, Tanzania. In fact, I do not live in Guangzhou. I live in Yiwu – I only come here to do business. I also travel to West Africa and East Africa regularly for business and to see family and friends. It was hard when I first came to China, but I am much happier now because I have both Chinese and African friends, and I am doing well in business. My wives run retail shops in Mali and Tanzania – business is going well.

A2 is another experienced African trader and has established good wholesale trading relationships with suppliers in Guangzhou. He has seen the business opportunity of new African traders coming to Guangzhou and has used his social networks with Chinese suppliers as a strategic advantage in assisting new and visiting African traders in Guangzhou as he claimed:

I am a wholesaler and I live in Guangzhou most of the time. The wholesale business restricts my movement to Mali, where I come from. I started working in retail business, but moved into wholesale because I wanted to be of assistance especially to new African traders (retailers and wholesalers) coming to Guangzhou. I think I have succeeded in business because I have made good friends with Chinese and Africans along the way. These personal relationships are very important especially when one is far away from their motherland.

In contrast, A3 is a less experienced African trader in Group Two and has gradually been building social networks in China by learning language and finding relationships with trustworthy suppliers as well as developing connections with an established businesses and government in Zambia. The social environment is difficult for this less experienced visiting African trader:

I am from Zambia and have been coming to Guangzhou for just a year now. I do not have friends here. Most of the African traders here are from West Africa – I am not friends with them. It is good to have a neighbor to talk to (he was referring to the interviewee who was born in Tanzania, a neighboring country to Zambia). I plan to continue coming to China for business for a long time and would like to learn the local language in Guangzhou, which will help my business operations.

Chinese traders can use their social capital in China to achieve a strategic advantage in purchasing goods from Chinese suppliers and can build social capital and develop new networks with African traders by learning their language. For example, C1 purchases goods from local Chinese manufacturers and wholesalers and sells them to visiting African traders. By using his English-speaking advantage C1 has developed a strong business operation by building social networks with African traders who are reliable and honest. He claimed:

I sell mainly textiles and electronic products to visiting African traders. Most of them come from West Africa. I have been in this business for over 3 years now. I deal with African traders who are reliable, honest and pay for the goods on time. Language is not a problem because I can speak English and most of the African traders speak English. A few of them speak Cantonese, which make it easy to communicate. I have even become friends with some of them. They are nice people once you get to know them.

Another Chinese trader, C4, has developed social capital in Africa and China by using her travel experiences and language skills. A competitive advantage in purchasing in China, values of honesty and trust, combined with good relationships with visiting African traders and traders in Africa underpin her business:

I have been selling garments and accessories to visiting African traders as well as wholesalers in Africa for over 3 years now. I went into business

after I had travelled to Africa, mainly South Africa and East Africa. Apart from my Cantonese language, I also speak English, which makes it easy to communicate with African traders and most of them speak English. Learn[ing] language is very important for communication. I have good African friends. They are honest, and I trust them. I hope they trust me too. It is important to have African friends as well as Chinese friends. This is good for business and relationships.

In the process of developing new business networks between African and Chinese traders, language becomes one of the most important factors. A number of traders from both sides emphasized the importance of understanding each other's language as well as the way of communications and developing friendships. As A4 stated during the interview:

I have been coming to Guangzhou to buy goods for 3 years now. My Cantonese is poor, but I want to learn the language. Relationships between African and Chinese traders are very important. Relationships should be based on trust, honesty, and mutual respect.

Another example is A5 who has built social capital and Chinese business partnerships by learning the language of Chinese traders:

I was a teacher before I tried my hand in business back in Ghana, my home country. In doing business, language is important. I speak Mandarin and Cantonese at a passable level. Being able to speak their language is an advantage because, in general, Chinese people do not speak any language other than their own. I find I build trust with Chinese business partners as well as make friends with them because I speak their language.

Other cross-cultural engagements also help develop new business networks. For instance, A6 has built social capital by marrying a Chinese lady and welcoming her mother into their home. This trader earns respect by learning Cantonese and Mandarin, by expressing values of honesty and by conducting profitable operations, thus overcoming social resistance to African traders in the local environment. A6 explained during the interview:

I am a successful businessman now, married to a Chinese lady and we have a daughter. I adore my daughter – she means the world to me. My mother-in-law lives with us, as much as she was initially strongly opposed to me courting her daughter, let alone to marry her. You see, when I came

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to China more than a few years ago there was much racism then. Things have improved somewhat, although there is still racism. In terms of business, Chinese people are good to do business with – they respect you if you have money and are honest. I think they worship money! Local Chinese here in Guangzhou speak Cantonese and many do not even speak Mandarin, whereas I do speak a bit of Mandarin (I am also fluent in Cantonese, French and English) – so I am better than them.

As for other Chinese traders, developing an understanding of the African traders' mindset and languages is equally important. For example, C2 sells goods purchased in China to visiting Africans and indicates the potential growth in this trade. He seeks to create awareness of African culture in China as a means to improve the treatment of Africans in Guangzhou as he claimed during the interview:

I sell textiles and garments to visiting African traders. Most of them are from West Africa. The trade with Africa is growing and I hope it continues to grow in future. China-Africa festivals will help create awareness of African culture in the local Chinese community. This will help build good relationships between Africans and Chinese. Most Chinese people, including officials who deal with Africans, know nothing or very little about Africans. Often Africans become victims of ignorance.

The overall situation is that the small traders from both sides are eager to develop long-term, sustainable business networks among themselves. For most Africans visa renewal conditions compel them to leave mainland China frequently. Africans with more experience living and trading in Guangzhou develop better communication skills and stronger business networks with both Chinese and other African traders. But less experienced African traders are just beginning to develop business networks in China with the experienced African and Chinese traders who specialize in serving visiting Africans. Half of the African traders supply family businesses in Africa and enjoy excellent knowledge of the African market. On the other hand, the Chinese traders understand manufacturers and suppliers in China and are experienced and specialized in dealing with African traders. Traders build cross-cultural engagement by learning languages, developing friendships, and even intermarrying. Engagement could be strengthened by cross-cultural events, such as a China-Africa festival, and better cultural awareness training and education.

Cultural/value systems influence on network building and business success

We asked traders how often they pay another person in China to help them to find a supplier, negotiate a contract, inspect goods or arrange shipping to Africa. Only one African trader paid others to assist in finding suppliers. No trader paid for assistance in negotiations or inspecting goods. Five Africans paid for assistance in shipping goods to Africa. With one exception, traders relied completely on their own networking in China to find suppliers. All traders personally negotiated a contract and inspected the goods.

Generally speaking, these traders are capable of building a network of personal relationships with their suppliers. In order to understand the relationships between business success, networks and values, we asked each trader to describe a selection of their suppliers and customers who they knew well. The selection included suppliers and customers who were African or Chinese, and who were expected to succeed or to fail. We asked the traders about their perceptions of the values (trust, honesty, and reliability) of their selected suppliers and customers, and whether the values influence the business engagement with them. An overwhelming indicator was a strong network involving trust.⁴⁶ Based on this foundation, honesty is nominated as a factor aligned with business success, and dishonesty aligns with failure.

In cross-cultural business relationship building, both African and Chinese traders emphasize the importance of traditional values, particularly honesty and reliability. By identifying traditional values from both sides and entering into discussions of important matters (i.e., negotiations), these traders were able to build trust with suppliers and customers. In addition, traders also learnt by experience and by networking with trusted other suppliers and customers as to who they should trade with. Trading with a successful supplier or customer may provide the trader with access to business best practices. A positive initial contact may lead to socializing and/or to an initial and experimental transaction. A successful transaction may be followed further transactions and a stronger and more trusting relationship.

Local institutional support for developing sustainable business

During the interviews, every trader mentioned the support of people from home as the main source of help for small traders starting out in business in Guangzhou. All the African traders complained about the lack of help from local officials, communities and people. Both the African and Chinese traders had difficulty finding suitable accommodation.⁴⁷ None of the Africans found it easy to make friends or to find people who would help with getting temporary Hukou registration (temporary residence), renewing visa, or

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finding housing. Some African traders and all Chinese traders mentioned helpful taxi drivers, helpful people in restaurants and helpful shop keepers, but very few others. The most helpful people for all traders, both Africans and Chinese, are people from their home countries or regions. Finding African friends is very important to all traders in this new environment. The situation could be even harder for single women as claimed by A7:

I am a single business woman from Uganda. It is hard doing business here for a single woman, but I am hanging in there. I have been coming here to buy goods for nearly two years now. I do not speak Cantonese, which is limiting. However, there are more Chinese people speaking English now than in the past. I am an active member of the Ugandan community in Guangzhou. This is important for my own sense of belonging and peace of mind especially because I am single and on my own. People from my home country are very helpful.

African traders in Guangzhou face difficulties dealing with local police who conduct aggressive visa and passport checks. Africans face possible deportation if they fail to renew their visas. Visa renewal is only available outside mainland China. Which forces traders to travel to Hong Kong to renew their visas.

The lack of understanding between African traders and local police has increased tension leading to demonstrations. As A4 claimed "Chinese government officials, especially immigration staff and the police, should rethink how they treat Africans and stop their heavy-handed approach in their treatment of Africans." As a Chinese trader, C2 also claimed "It is important that Chinese officials treat Africans well. If they break laws then they should be treated according to the law, but fairly."

Despite their difficulties all respondents were satisfied with the social and business environment in Guangzhou and most intended to continue trading for more than ten years. All interviewees wanted more African friends, and all but a few wanted lower cost trade goods, transport and storage and housing. Visa and residency rules were important problems for African traders. Most thought cross-cultural festivals would not be very important improvements to the business environment in Guangzhou, although they would improve relationships with the wider Chinese community.

Discussion

In this paper, we have explored the phenomenon of "globalization from below" in which small African and Chinese traders export household goods from Guangzhou to Africa. Three important findings stand out. First, we

found that the traders are not a homogeneous group, but possess a variety of personal traits and business experiences which they use to develop the skills and social capital to manage across cultures. We broadly identified a number of small traders' groups among African and Chinese traders who have different life trajectories, business experiences and cross-cultural communication capabilities, including the language skills. One finding stood out: the more experienced traders are at conducting cross-cultural business, the better were their language skills and the more capable they were in building strong business and cultural ties.

Second, we found that most African and Chinese traders identify their key trading partners as those with whom they have built trusted relationships using traditional values of honesty, caring and reliability. For these traders, the expectation that a trading partner will succeed in business is a less reliable guide to the selection of trading partners than the perceived value of honesty. The moral behavior of a trading partner helps develop trust, a long-term business partnership and success.

Third, we found that both African and Chinese traders rely largely on social capital and networks to support their businesses in Guangzhou. They build their businesses by finding common cultural grounds, adopting similar business practices and common languages, learning about each other through travel, business, discussion of important matters and even cross-cultural marriage. In addition, their business sustainability relies on the local government and community support and currently, this is one of the key weaknesses of business environment in Guangzhou.

Implications for business practices

This study, although exploratory in nature and limited in scope, has several implications for business practices. First, personal traits and business experiences of small African and Chinese traders were found to significantly influence their current business operation and network building. In our case studies, both African and Chinese small traders were eager to develop long-term sustainable business networks with each other. The more experienced and successful African traders in Guangzhou had better communication skills and networks with both Chinese and other African traders. Less experienced African traders in Guangzhou would rely on other experienced African traders and to a lesser extent on Chinese traders who specialize in serving visiting Africans. Both African and Chinese traders used multiple ways of engagement, including learning other languages, developing friendships with each other, and even marrying. At the individual trader level this suggests that training in language, communication skills and cross cultural engagement will assist in building stronger social bonds among these

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traders. Other activities, such as cross-cultural events, will assist in building longer term and more positive forms of engagement between African and Chinese traders.

Second, our case studies also demonstrated a number of common grounds for both the Africans and Chinese traders to engage in business transactions. For instance, achieving common goals and developing win-win outcomes have been seen as the foundation for building a long-term business relationship. Similar important aspects, such as family ties, kinship, engaging more experienced traders (i.e., following the advice from wise elders at home in Africa), and the key elements of traditional social values (i.e., honesty, caring and reliability), positively influence the relationship building between small African and Chinese traders and their suppliers and customers.

Third, a common problem was the lack of support from the local government agencies and communities for new arrivals in Guangzhou. On arrival in Guangzhou, almost all the African traders encountered difficulties and a lack of support from the local governments, officials and people in Guangzhou. Harassment by the local police, difficulty in getting visa renewals, problems in finding accommodation all add to the negative experiences of African traders living in Guangzhou. If the region wishes to develop further trade with Africa there will need to be improved support from local institutions and the community so as to allow small African traders to operate sustainable businesses in Guangzhou.

Conclusion

This research suggests that agile and flexible small traders using traditional values and strong networks can thrive within globalization. Small African and Chinese traders in China expect to endure as global exporters and are strengthening ties between China and Africa. African and Chinese traders learn from each other, identify common values and apply those values in overcoming differences in their daily business. They challenge global corporations by finding less costly ways to conduct transactions using informal credible commitments to sustain trade. Governments and communities can also play a positive role to encourage citizens and visitors to build global businesses by addressing policies affecting their business activities as well as housing and travel needs.

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Endnotes

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