

# China Shop Businesses in Gaborone, Botswana: A Study of Interactions with the Local Community

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## Abstract

*This paper reports empirical research on Chinese owned retail shop (China shop) businesses in Botswana and their interactions with the local community. It examines the challenges that Chinese merchants face when conducting retail business in Botswana, and how they cope with such challenges. It also analyzes the social and economic impact of Chinese owned retail shops in the country. Data were mainly collected through participant observations, in-depth interviews and, to a lesser extent, through conversations with Chinese merchants and local people in the shops. The paper argues that due to a saturated market, language and culture barriers, Chinese merchants face various difficulties in keeping their businesses going. In terms of impact, generally speaking, Chinese retail shops contribute to local communities by alleviating poverty and increasing employment opportunities, as well as motivating local people to start businesses themselves.*

## Keywords

China shop, Botswana, Chinese merchants, business challenges, business strategies

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## Introduction

China shop is the term used in Botswana, both by locals and Chinese merchants to refer to shops owned by Chinese people and sell merchandize made in China. China shops in Africa have attracted local and international attention, and have become a popular focus for researchers (Brautigam, 2003; Carling & Haugen, 2004; Mohan & Kale, 2007; Sautman & Yan, 2009; Tanga, 2009). These shops provide affordable Chinese goods to African countries and create job opportunities for local people, but they also face challenges due to a poor reputation among the locals. China shops are seen as a threat to local retail businesses and, as such, are subjected to restrictive local governments regulations (Carling & Haugen, 2004; Dobler, 2009; Kalusopa, 2009). The challenges that they face and the interpersonal relationships between Chinese merchants and the locals make China shops an intriguing focus of research for linguists and those interested in employer-employee relations (Akhidenor, 2013; Deumert & Mabandla, 2013; Giese, 2013 and 2014; Giese & Thielb, 2014).

In Namibia, because of the competition created by Chinese entrepreneurs, Chinese businesses experience ever tightening regulations in an increasingly hostile political environment, and therefore their investment remains slow and extremely mobile (Dobler, 2009). Mauritius, in contrast, has a sizeable Chinese population and a policy environment that encourages investment, and this has led to transnational Asian entrepreneurs creating strong connections with local entrepreneurs, investing in joint ventures and forming a successful export-oriented industry (Brautigam, 2003). In South Africa, Chinese traders are not only in stiff competition with non-Chinese traders; they are also increasingly competing with other Chinese traders (Laribee, 2008). But Laribee (2008) points out that until local non-Chinese traders manage to control the entire supply chain to the same extent as the Chinese do, China shops will always have an edge over their local competitors.

In Botswana, Chinese wholesale and retail businesses have spread across the country and have gained popularity in both rural and urban centres. While they are appreciated for bringing job opportunities to the locals, the low quality of consumer goods (Zi, 2014) and the below par working conditions have given rise to complaints (Kalusopa, 2009). Sautman & Yan (2009) conducted a university-based survey in a number of African countries entitled “My view of Chinese small business in my country”. The study found that in Botswana most respondents saw the presence of Chinese small merchants both as a help and a source of problems for local people. Furthermore, the Chinese presence was perceived more negatively in Botswana than it is in other African countries<sup>1</sup>. Since 2009, the local media has reported regularly on the Government’s restriction of Chinese business (Bule, 2009; Gaotlhobogwe, 2009; Keoreng, 2009) and this has fueled negative perceptions about China shops and Chinese business. Youngman (2013, p.6) is of the view that the increased presence of Chinese construction workers and shop-owners after 2000 meant that community relations became more significant and tensions began to emerge, and these attracted negative media coverage.

Research on Chinese business in Botswana is scarce and most available articles focus on the perspectives of the local government and the media. As Youngman (2013, p.14) states, to date there is a lack of empirical information that can provide a reliable guide to those who wish to enhance the relationship between Botswana and China. He argues that to meet this knowledge gap, a wide range of studies is required to identify the challenges and opportunities in the relationship between Chinese traders and local communities in Botswana. This research provides an analysis of the China shop business, along with the voice of the Chinese merchants and local people who are directly affected by Chinese businesses. This study is informed by the “Contact zone” theory. Pratt (1991) uses “contact zone” to refer to a social space where cultures meet, clash, and grapple with each other, often in contexts of highly asymmetrical relations of power, such as colonialism, slavery, etc. In this study the theory is used to study the interactions between Chinese merchants and local communities in Botswana. China shop can be regarded as a “contact zone” where Chinese merchants meet local people face-to-face in a cross-cultural environment. This research examines the challenges that Chinese merchants face when conducting retail business in Botswana and how they cope with such challenges, as well as analyzing the social and economic impact of the China shops on local communities.

### **Methodology**

The research used a qualitative research design and qualitative data were collected in Gaborone from November 2011 to January 2012, September to November 2013, and from September to November 2014 (a period of 9 months in total). The author determined that there are 100 retail and 100 wholesale China shops in Gaborone. The data in this research were gathered from a sample of 81 Chinese merchants and 20 local assistants who work in China shops, altogether representing 67 retail shops and 14 wholesale shops in Gaborone. The China shops were randomly selected and their period of operation spanned from one month to more than 10 years. The selected Chinese merchants were visited several times and each visit involved participant observations and formal in-depth interviews and informal conversations. Mandarin was used when communicating with Chinese merchants and English when talking with the local people. Some simple Setswana greetings were used to break the ice. The opinions of three informants in the Chinese Embassy, four informants in Botswana Government departments, four informants in the University of Botswana and of two Chinese journalists were also gathered. Secondary data were gathered through local newspapers, namely, *MmegiOnline*, *The Monitor*, *Oriental Post*; and Government documents, from the Ministry of Trade and Industry as well as from the Central Statistics Office.

### **Background on Chinese merchants and China shops in Botswana**

Botswana and the People’s Republic of China established diplomatic relations in January 1975 (Embassy of China, 2008). As far back as the late 1980s, Chinese state-owned construction

firms came to Botswana to participate in the development of infrastructure. In 1999, the Chinese government initiated its "Going Global (走出去 *zou chu qu*)" strategy to promote Chinese investments and encourage Chinese brands to go abroad. This strategy brought an increased number of Chinese enterprises and companies into Botswana. Cooperation between China and Botswana on infrastructure development projects as well as investment ventures by these Chinese companies contributed to Botswana's development and created job opportunities for Botswana citizens (Embassy of China, 2008). After the completion of the projects, some Chinese discovered the market potential of Botswana and stayed on to run businesses. There were also some Chinese merchants who came from South Africa to seek a less competitive market in Botswana. Chinese merchants resident in Botswana estimate that there are currently about 10,000 Chinese in Botswana, a country with population of around 2 million. They estimate that there are approximately 1,000 Chinese owned shops distributed across the cities and rural towns and they sell goods made in China. As Ma Mung (2008) has stated, "soaring numbers of Chinese merchants have migrated on a global scale in conjunction with China's rising production of consumer goods". The majority of Chinese merchants in Gaborone are Fujianese (Table 1). Generally speaking, these merchants have received no more than middle level education. They cannot speak English, the language of official and business communication in Botswana. Most were born in villages and made a living by working in short-term construction projects or running small businesses before going to Botswana. Table 1 below provides the demographics by region and level of education of the Chinese owning businesses in Gaborone.

Table.1. Education level by region N=81 (field research data)

Region	Fujian	Jiangxi	Shandong	Other	Total
College	4	2	3	4	13
Middle	43	2	7	11	63
Elementary	2	0	0	0	2
Illiterate	3	0	0	0	3
Total	52	4	10	15	81

To understand these Fujianese merchants one needs to go back to the geographic location and historical background of the Fujian province. Fujian, lying on the east coast, has been

considered a battlefield in the event of a war breaking out between mainland China and Taiwan since 1949. As a result, it has received less investment from the Government of the People's Republic of China. The province has therefore suffered from lack of financial support from the central government, and was thus impoverished. However, it also experienced less administrative interference from the Government in the citizens' day-to-day lives compared to other provinces (Liu, 1992; Thunø & Pieke, 2005). Partly because of this, Fujian developed private enterprises much earlier than other parts of China, which is a significant factor in the large-scale emigration of the people from this area (Xiang, 2003). When China opened up to the world in 1978, the Fujian province became the first experimental economic zone targeted for modernization. Substantial autonomy was given to local authorities to open-up to foreign investment (Thunø & Pieke, 2005). It is believed that this promoted trading between the Fujianese and foreign investors. In recent years, and due to increasing foreign investment, the cost of living has risen significantly in Fujian (CTco1, 2011a; CTce79, 2011). However, the majority of young Fujianese are benefitting from running businesses abroad, leaving only small children and elders in the villages (CTco1, 2011a).

According to the researcher's conversations with some Chinese pioneer merchants (CTco132, 2011; CTco133, 2011; CTco134, 2012), Chinese wholesalers in Botswana go to China, especially to Yiwu (Zhejiang Province) and Jingjiang (Fujian province), to order merchandise and entrust export companies in China to ship the merchandise to South Africa. The shipments are delivered to Gaborone (the capital city) and Francistown (the second largest city), where two Chinese wholesale markets (both called *Oriental Plaza*) have been established. From the two wholesale markets, merchandise is further distributed to other cities and towns through retail trading activities conducted by Chinese and local retailers. Retail shops are dispersed among shopping malls in the cities and small towns. It is said that there is at least one China shop in every town of Botswana (Gaotlhobogwe, 2009). It can be said that retail shops are representing China, because for the local people a China shop is the place where they can readily interact face to face with Chinese people.

Most Chinese pioneer merchants came to Botswana in the early 1990s as adventurers. After settling down, they invited their family members to Botswana. When opening chain shops, they invited their trustworthy relatives and friends to help with running the businesses. These relatives and friends also hoped to have shops of their own in the future. Therefore, when sufficient resources were acquired and experience gained, they opened their own shops. This chain migration not only multiplied Chinese migrants but also contributed to an increase in the number of China shops. The chain migration observed in Botswana is very similar to the descriptions of China shops in other African countries such as South Africa (Laribee, 2008), Namibia (Dobler, 2009) and Cape Verde (Carling & Haugen, 2005).

The next section covers Chinese merchants' business experience in Botswana, focusing on their daily challenges.

## **The nature of challenges facing Chinese business**

This section discusses the nature of the challenges that Chinese merchants face in their daily business activities and how they interact with different stakeholders in their businesses.

### ***Competitive business environment***

In-depth interviews with Chinese merchants show that most Chinese retailers stock up goods from the same wholesale market in Gaborone. Because of this, the goods sold in most China shops are very similar. Profit margins in recent years have become narrower because most China shop owners are trying to set lower prices to attract local customers. As these China shops tend to be set up next to each other in the same shopping mall, Chinese merchants have become rivals. Some shops sell merchandise at a low price to attract customers and end up with very low profit margins as the following case illustrates:

Usually we sell goods at double their cost price. But these days we compromise too much. One day a customer bargained for a T-shirt sold at 89 Pula (13.5US\$), then I offered it at 69 Pula, but the guy still complained that it was expensive. When the guy finally bought it, I regretted that I had put the price so low. The profit has become so thin that we work hard for nothing (CTce79, 2011).

I observed that many shop owners do not put a price tag on the items they are selling and Chinese merchants and their local assistants only mention the price when asked. One merchant (CTco1, 2011a) shared the following story:

Last month the Chinese boss of a neighbouring shop came to ask me about the price of several newly arrived clothes in my shop, asking me to sell them at the same price as him in order to maintain a good relationship between the two shops. I agreed. But later I realized that although the newly stocked skirt had been hung up for a week, no customer had come to buy it. I then asked a new local assistant (whom the neighboring boss did not know) to check the price in his shop, only to find out that his price was 10 Pula (1.5US\$) lower than mine.

A price war gradually destroys the trust among Chinese retail merchants, since the tactics employed could be regarded as a hidden way to compete with other Chinese merchants while maintaining a façade of harmony. Most of the merchants in Botswana admit that, as merchants from the same foreign country, they try to be friendly with each other and consider themselves as compatriots. However, when facing stiff competition, they have to employ 'unorthodox' strategies to survive, and this leads to tensions. They manage to keep the tensions underground in most cases, but conflicts do surface sometimes. For instance, when there was a shortage of goods in the wholesale market just before Christmas, Chinese retailers were seen fighting each other for the few new stocks (CTco38, 2011). This does not necessarily mean that Chinese merchants do not get along; it simply means that they are trying to survive under

difficult conditions. To show that there is unity despite the price wars, many merchants share information through WeChat, although they seldom share business information with those who are not family members or close friends. Therefore, within the small Chinese community, the merchants try to be at peace with one another, understanding that it is wise to maintain a good reputation in the community. Although these price wars are seldom regarded as a serious issue by Chinese merchants, they do add pressure on the Chinese merchants to maintain the profit margin through other means.

### *Theft*

Chinese merchants invest much money and energy in theft-proofing their shops as a precaution against theft by both employees and customers. In spite of such precautions, a certain amount of loss is unavoidable every month (CTco74, 2011). On the basis of the researcher's observation of China shops, theft can be attributed to the following: first, China shops are usually filled with different kinds of merchandise in a limited space, which provides many opportunities to steal. On the other hand, South African brand shops are usually bigger and with well sorted goods on the shelves, so the employees can observe the activities of customers clearly in the shop. Secondly, Botswana continues to grapple with unequal distribution of wealth, and unemployment remains high despite its middle-income status (Kariuki et al, 2014, p.2); thus Chinese merchants perceive that some local people struggle to meet their daily needs, and so resort to shoplifting. Surprisingly, some Chinese merchants show understanding and sympathy toward shoplifters because they are of the view that shoplifters steal as a necessity due to their relative poverty. As one of them (CTco22, 2012) commented: "They need to steal something to survive. There are some goods stolen at my shop every month .... It annoyed me before, but now I consider it as charity." Whatever the attitudes of some shop owners, theft destroys trust in local people by the Chinese merchants, since the merchants now see every local person as a potential shoplifter and are cautious in their dealings with them.

Security cameras are reportedly used not only for scaring thieves away, but also for recording the activities of employees and the business situation in the shops. According to the Chinese shop owners (CTco12, 2011; CTco74, 2011), local assistants know the layout and management of the shop well and are in the shops for a long period of time every day, which gives them ample opportunities to steal. Some Chinese reported: "without solid evidence, it would be difficult to fire local assistants when we find their theft. The Chinese merchants perceive local assistants as having the ability to lie to the policemen. Therefore security cameras in the shop storeroom were set up to monitor the shop assistants (CTco12, 2011; CTco22, 2012)." Many Chinese merchants emphasized that they value a relationship of trust with their employees and admit that without the cooperation of a local assistant they cannot run their businesses smoothly. However, many of them reported that they were disappointed with their assistants, as the following comments indicate: "I tried to trust them, but they bite the hands

that feed them. I shared what I ate with him and took him with me wherever I went ... but one day I saw him stealing money from my daughter's wallet" (CTco134, 2012). "My local assistant was caught texting her relatives to steal things from my shop during the busy hour" (CTco22, 2012). According to one shop owner (CTce63, 2013), her assistants (CTbe65 and CTbe66) were fired one month after the researcher's first visit in 2013 because of theft. The assistants were reportedly caught by the shopping mall security personnel after trying to smuggle out a large amount of merchandise which they had stolen from the shop and hidden in a garbage box.

In Chinese culture, "theft" is considered to be morally wrong and stealing from the work place is regarded as betraying the employer's trust. Therefore, once local assistants are found stealing, they are most likely to lose the trust of their Chinese employers. This could explain why Chinese merchants had insisted on handling the cash register themselves before the computerised register system was adopted. Based on observations in 2011 and 2012, when few shops had adopted computerised cash register systems, Chinese merchants seldom entrusted local assistants with cash registers. With computerised registers, many local assistants are left in charge of the shops and the Chinese owners only come in to open and close the shops (CTbe10, 2014; CTbm61, 2013). Technology has thus helped China shops to facilitate cooperation between Chinese merchants and local shop assistants.

### ***Communication barriers and low employee motivation***

The field research revealed that most Chinese merchants in Gaborone could not speak English and did not know much about Botswana before arriving there. Many started learning English by memorizing the names of items in the shops and code-switched<sup>2</sup> when uttering the simplest phrases (Akhidenor, 2013). After several months working in a China shop, local assistants can understand commands from their employers by listening for key words. However, challenges in communication between Chinese shop owners and their local assistants persist. Even when Chinese shop owners have learnt some common words in English, their assistants often don't understand their meaning, and this results in misunderstandings. Some Chinese easily get frustrated when their communication with the assistants breaks down, as one Chinese shop owner recounted:

One day in winter, I told my local assistant that she could use the microwave to warm her lunch. Because the microwave was put on the shelf outside the toilet of my shop (that's the only place I can put it), she said I maltreated her, telling her to eat outside the toilet. I was badly hurt because my kindness did not earn reward but blame! (CTco1, 2011b)

Chinese people usually master some English soon after starting a business, but it takes time for them to express themselves clearly. Chinese merchants are frequently described as "shouting in the shop" and "talking rudely" by local assistants, which creates tension in their relationship (CTbe10, 2013; CTbe65, 2013). Furthermore, most Chinese merchants reveal

that once communication breaks down, they tend to keep to themselves and become depressed, assuming that their assistants look down upon them because of their poor English. Some local assistants, however, have indicated that they are willing to support the Chinese merchants to learn English. When asked about her communication with her Chinese boss, one local assistant, who had been working for a China shop for eight years, said: “My boss could not speak English very well at the beginning. I listed down common words for her to remember and suggested that she communicates with customers in English” (CTce139, 2014). One Chinese merchant (CTco138, 2011) reported that her local assistants were very helpful and treated each other like family. This indicates that language barriers can be overcome if both the Chinese merchants and their local assistants make the effort. With the local assistants’ help the Chinese owners can learn about the local culture and the business rules pertaining to the shops.

In terms of employee motivation and productivity in the work place, “lazy” is the word most frequently used by Chinese merchants to describe their local assistants. Local shop assistants are regarded as passive by most Chinese merchants. I observed that the local assistants moved slowly and reluctantly when asked to do something. They also chatted with one other at every opportunity. Chinese merchants reported that when it comes to busy seasons, such as the end of the month and Christmas, the shop assistants often make excuses to miss work, and this negatively impacts their businesses (CTco22, 2012 and 2014; CTco74, 2014; CTcof75, 2014). One merchant, who arrived in the country a decade ago, revealed that: “They know which day is busy in the shop and make many excuses for not coming to work ... ‘I have a headache’, ‘My mother died’; they dare make up any excuse!” (CTco22, 2012). Newly arrived Chinese people usually fail to understand why local people do not work as diligently as Chinese people do. After years of business experience in Botswana, they gradually come to realize that Botswana do not need to work as hard as Chinese people thanks to a good social welfare system. “We have to save money for the kids’ education and health care, but these are all free in Botswana. People here only need money to cover basic living costs; they don’t need to save money.” said one Chinese with admiration (CTco104, 2014). It seems that the dissatisfaction the Chinese merchants have regarding their assistants are due to a mutual lack of awareness of culturally grounded expectations (Giese, 2013), and this generally improves after years of interaction.

Chinese merchants consider local people’s “laziness” as a purely cultural issue, but are blind to the motivation of local assistants and how they value their job in a China shop. During the interviews a number of local assistants admitted that they did not view their job in the China shops as more than a temporary job (CTbe11, 2013; CTbe65, 2013; CTbe66, 2013). Complaints about long working hours and low salaries were also frequent (Bule, 2009; CTbe10, 2013 and 2014). Once they find opportunities to go back to school or get a job with a better salary they quit the job in the China shop. To some extent, the “laziness” and “reluctance” could be seen as a kind of “resistance” (Scott, 1987) from local assistants, used to express discontent

in employment relations or to negotiate for better treatment. However, many Chinese attribute their poor relationship with their local assistants to language and cultural barriers without examining their treatment of their employees. It is likely that this aspect is ignored on purpose, as the shop owners are unable to offer their assistants better conditions in such a competitive business environment, or they do not think their local assistants deserve better pay due to their poor practice at work. Therefore, it can be concluded that, although language and cultural factors negatively affect relations between Chinese and their employees, to some extent these barriers are simply used as an excuse by Chinese merchants to abrogate their responsibilities towards their employees.

### ***Local regulations and issues with authorities***

The regulations affecting Chinese businesses have been tightened in recent years due to local policy changes. Botswana has so far relied on imports, but in recent years the Government has established new policies to initiate business and manufacturing instead (Ministry of Trade and Industry, 2011). The Government, through the Economic Diversification Drive (EDD) and Citizen Entrepreneurial Development Agency (CEDA), provides a holistic approach to the development and promotion of viable sustainable citizen-owned enterprises in order to promote the growth of a vibrant and globally competitive private sector. In this political environment, many Chinese merchants are experiencing difficulties with government officials due to increased inspections targeting the sale of counterfeits, tax evasion and other illegal/informal business activities. The article “*Botswana government moved to ban Chinese trade in clothes*” which featured in the local online newspaper *MmegiOnline* provides some insights:

Botswana licensing department issues specialized licenses to protect local traders because the non-citizen investors are engaged in specialized trade, but Chinese traders exploited a loophole in the system, applying for licenses for almost anything that can sell in the same shop... With 654 China shops holding specialized licenses, the licensing department was forced to abolish the license system since May 2008. Chinese traders were given two years to rearrange their businesses or lose their licenses. (Gaotlhobogwe, 2009)

According to Chinese merchants this issue was widely reported in the local media and grabbed the attention of local society. Since then, China shops have frequently been inspected by city council officers and the police, and Chinese merchants have reported extortion, faultfinding and unfair treatment as stated below:

I was caught selling USBs [against the permit of his license] at my shop by a local policeman. I was supposed to pay a fine of 1000 Pula (125US\$). After negotiating, the policeman agreed to pardon me if I paid him 300 Pula (38US\$) (CTco1, 2011b).

Once a police officer came to my shop and said "I am hungry". I told him: "I cannot give

you money because you are an officer in a uniform. If I give money to you I would be bribing you. Both of us would be caught. If you come to me after I knock off the shop, we are friends, if you are hungry I can treat you to a meal ..." Then he smiled and left (CTco22, 2014).

In the beginning, Chinese businesses were not limited by governmental regulations as many Chinese businesses started out as street vending and remained so for a long time (CTco55, 2014; CTco93, 2014; CEco158, 2014). However, given the increasing number of Chinese businesses in recent years, the Government felt the need to reform them with regulations and inspections. To avoid conflict, some Chinese merchants would close their shops when they heard that the authorities would be coming (CTco34, 2011a and 2011b and 2012; CTco38, 2013). Upon realizing this, the officials started to inspect them randomly, resulting in more problems for the Chinese merchants (CEce157, 2012; Gcm162, 2014).

Generally, the Chinese take the attitude of "never trouble trouble until trouble troubles me", particularly when they are in a foreign land. Language barriers and ignorance of local regulations render Chinese retail merchants "silent"; they fail to make their voices heard or to protect themselves through legal channels (CEce157, 2012; CEco158, 2014). As I observed during the field research, running China shops is not easy and requires a considerable amount of time and energy. Therefore, once trouble comes to Chinese merchants, the first thing that they do is to find a short cut (for example, bribing law enforcement officers or using a personal relationship to get a special permit). For those Chinese merchants who run businesses in a foreign land it is easy to realize that there are some occasions when giving a gift surpasses spoken communication and cuts through barriers of language and cultural diversity (Dobler, 2009).

Chinese merchants generally admit that they are wrong to give money to local authorities when they are being extorted, as bribery encourages corruption. Due to the tightening of business regulations, some Chinese merchants seek loopholes to maintain their profits, and ignore the potential consequences of their actions, which may include damage to the reputation for the whole community and increasing regulations from the Botswana Government. Chinese merchants with years of business experience in Botswana may stand their ground and face inspections; however, the newly arrived Chinese merchants who fear the local authorities usually become victims of extortion (Zi, 2015, p.47).

### **Survival Strategies**

Given the competitive business environment in which they operate, Chinese retail merchants work hard to win customers and reduce costs by practicing business strategies based on their experience and resources.

### *Seeking New Markets*

The competition among China shops is partly due to the ever increasing number of shops and the similarity of the merchandise they are selling. In recent years there have been Chinese merchants who independently tried to ship original goods from China (CTce79, 2011; CTco104, 2014) or to open shops in rural areas in order to avoid the competition in the cities (CTco38 2012; CTco57, 2013). As stated in the last section, when the market becomes saturated, many Chinese merchants engage in a price war with one another. As CTco34 (2011b) said: “It’s stupid to start a price war with other Chinese. I ship unique goods here to create my own regular customers.” One merchant (CTco38, 2013) planned to visit a friend in Zambia during the Christmas vacation to ascertain whether there are any business opportunities there since Botswana has become too competitive. During a visit to Namibia in November 2013, the researcher was told that there were six Chinese families who had moved their business from Botswana to Namibia in 2013 due to the difficult business environment in Botswana. Chinese merchants seek potential opportunities and adopt creative and original business strategies to survive. Benefiting from a wide network of friends and relatives, Chinese merchants obtain information concerning trade policies in neighbouring countries, and they may opt to move to greener pastures when the situation allows them to. Furthermore, according to a Chinese informant, some pioneer merchants moved into textile industry in recent years because local policy encourages foreigners to invest in manufacturing industry to help with Botswana’s exports, rather than running small businesses which could be owned by Botswana people.

### *Improving Management*

The researcher found that the majority of the Chinese merchants interviewed had no business experience before opening shop in Botswana. After years of business experience, however, they have acquired knowledge and skills of how to improve their businesses. To avoid employer theft, many shops have set up a computerised cash registration systems before entrusting local assistants to handle the cash registers (CTco58, 2011; CTbm61, 2013). This not only safeguards against theft, but also provides opportunities for local assistants to learn some skills. In addition, some Chinese merchants have gone to South African brand shops (such as PEP and Ackermans) to consult the managers about business management (CTco38, 2014; CTco74, 2014). Furthermore, to improve the quality of service in the shops, some Chinese merchants set up connections with universities in China and hired English major graduates to run the shops while others entrusted long-standing local friends to manage their shops (CTco57, 2014). The benefits of improvements in technological and human resources are obvious as the following comments by the shop assistants and Chinese shop owners respectively show:

We are in charge of everything. Our boss only comes to the shop when he gets new stock. He treats us as friends and trusts us. I am happy with this job. (CTbm61, 2013)

We have no problem of communication with local assistants or customers. Our local manager has been appointed to take care of the business in the shop and we respect her. When we need to make decisions about how to arrange the goods, we consult her. (CTco58, 2011)

To most of the Chinese merchants, building a trusting relationship with local people sounds farfetched. But there are successful cases to prove that wise management strategies and efforts to improve interpersonal relationships make it possible to build relationships of trust with local people.

### ***Donation and other forms of charity***

Those Chinese merchants who benefited because they came earlier when the market was relatively unsaturated, and run stable businesses, usually face challenges with a more relaxed attitude. Many respond to the Chinese Embassy's call to donate goods to needy local people and to orphanages. Many "pioneer" Chinese merchants show their gratitude to local people through donations: "To be honest, people here have been very good to us. I came here empty-handed and now I have enough. I have a responsibility to help them." (CTco22, 2012) These Chinese merchants have gained a better understanding of the local society and now find living in Botswana a bit easier. They have widened their interests, consider their responsibility to the host society and care more about the reputation of the whole Chinese community, as one Chinese merchant leader put it:

We have to nurture a sense of "In Botswana, for Botswana" in our businessmen. Doing charity work helps us to improve our sense of well-being and express our gratitude to local people. So far, not every Chinese merchant can join us, because some have a loan to repay which they took out to start their business. We have to understand their situation. However, I encourage every Chinese merchant to join us for charity work, regardless of the sum of money he can donate. (CEco156, 2014)

Local newspaper *Mmegionline*, reports that Chinese merchants often get involved in charity work, donating to associations such as SOS Children's Village Association and SOS Tlokweng. The Chinese Ambassador encourages Chinese merchants to do more to show their appreciation to Botswana for creating a good living and business environment for them<sup>3</sup>. Doing charity is considered to be a way of repairing the reputation of Chinese merchants in Botswana and of creating a positive image of the Chinese working and living in Botswana. During the field work I observed that even without the call from the Chinese Embassy, most Chinese merchants were willing to support the local community and local employees by treating them to free meals and offering financial support. Many merchants share the attitude of one shop owner: "Although sometimes we have issues with local people, we shall do things according to our own conscience. We shall help them according to our ability because our lives are far

better than theirs.” (CTco74, 2014)

### **Social and economic impact of China shops on local communities**

For a long time, people who arrived from Europe and India played a crucial role in Botswana’s economy (Best, 1970, p.601). Before the arrival of Chinese retailers in Botswana, shops and stores were mainly concentrated in urban areas, selling items which were priced above what most people could afford. According to Bolaane (2007, p.164), China shops have brought convenience to consumers, particularly those in remote areas, and they play a role in containing prices. China shops have been helping to alleviate poverty by not only providing affordable Chinese goods, but by also providing job opportunities. Although the jobs offered by China shops have not been very much appreciated by the locals through the years due to limited skills transfer opportunities and low salaries, they have contributed to local unemployment reduction to some extent. Due to the high unemployment rate in Botswana, particularly among the youth, jobs in China shops have been sought by young females as a stop gap before they find an ideal job or go back to school.

Besides these obvious impacts, China shops have also motivated local people to start their own businesses. Chinese merchants have established a logistics chain for distributing Chinese goods, and this provides Botswana merchants with a variety of business ideas. In recent years, there have been more local merchants travelling to China as “suitcase traders”. Mathews (2011) argues that this represents low-end globalization - a globalization brought about by individual traders carrying goods in their suitcases back and forth from their home countries. As Mathews and Yang (2012, p.95) argue: “one essential economic role China plays today is in manufacturing the cheap, sometimes counterfeit, goods that enable Africa and other developing-world regions to experience globalization; the African traders who come to China help make this possible.” Furthermore, several pioneer Chinese merchants have attempted to establish manufacturing industries after spending a number of years obtaining trading experience and resources. Therefore, it is likely that there will be more Chinese shopkeepers-turned entrepreneurs in Botswana in the near future, which may contribute to local industry and manufacturing.

In recent years, the perception of China shops and of Chinese merchants in Botswana has generally been negative for various reasons. First, there is the competition that is created in a saturated market which compels the merchants to apply unorthodox strategies for survival, and this gives them a bad name. Second, the craving for Chinese goods has decreased since the last decade, which means that the benefit to local communities of having China shops is not as evident as it once was. Third, the aim of Government policy is to reduce imports and empower local entrepreneurs, which creates rivalry among Chinese merchants, particularly among retail merchants. Last but not least, the interactions in the “Contact zone” of China shops between Chinese merchants and local community are accompanied with some frustrations, some of

which were even used as negative news items (Bule, 2009) that led to the negative image of China shop business.

## **Conclusion**

Due to the rapid increase in the number of Chinese merchants and China shops in Botswana in the last few decades, the local market, especially the clothes market in Gaborone, has become saturated. The competitive business environment has turned Chinese merchants into rivals. Daily interpersonal interactions with local assistants and customers are not always good due to various business and social challenges. The handicap of language and the lack of knowledge about local laws explain the Chinese merchants' failure to protect their rights when there is friction with local people, especially local authorities. All of these challenges between Chinese merchants and local shareholders represent a contact zone, a cross-culture environment, where cultures meet, clash, and grapple with each other. As foreign bosses, Chinese merchants are challenged and rendered vulnerable (Zi, 2015), due to their limited language ability and cultural competence. Furthermore, locally grounded economic-cultural factors are not the only areas causing tensions in the work interactions. The Chinese employers in the study seem to have a lack of interest in how local systems of meaning unfold and are expressed on a daily basis (Codrin, 2014). Therefore, Chinese merchants' interactions with local community in China shop are hindered sometimes due to culture and language barriers, and even more due to misunderstanding of the thoughts and intents of local Batswana. To survive the stiff competition, various business strategies are adopted by Chinese merchants according to their business experience and financial situation. The Chinese merchants who have sufficient language ability and business experience in Botswana tend to act more effectively when compared to the merchants who have newly arrived in the country. However, confronted with tightened regulations and stiff competition, most Chinese merchants have started to look for a more conducive place or new field to do business.

Despite its negative image, the China shop has had an undeniable social and economic impact on the local communities. It has made daily goods affordable for Batswana, especially those living in the rural areas; it has provided more shopping choices to the locals, and assisted in curbing the rise of the prices of consumer goods. Chinese retail business has also contributed to the reduction of unemployment and the initiation of locally owned businesses. Finally, the arrival of Chinese merchants has contributed to the improvement of many Batswana's quality of life as they now enjoy goods that they could not afford before. China shops may disappear once local entrepreneurs are established and are able to compete with Chinese merchants. However, it may be expected that in a global market, the type of competitive business imported by Chinese merchants will only become more intense in Botswana along with an increased number of "contact zones" like China shops.

## Notes

- 1 Zambia, Sudan, South Africa, Nigeria, Kenya, Ghana, Ethiopia, and Egypt were on the survey list.
- 2 The practice of moving back and forth between two languages or between two dialects or registers of the same language.
- 3 *MmegiOnline*, 2008/3/14, Chinese donate to SOS village.  
<http://www.mmegi.bw/index.php?sid=4&aid=23&dir=2008/march/Friday14>

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