

RESEARCH ARTICLE

Dragon's Abacus: Developmentalist Strategy and Economic-Social Consequences of Chinese Companies in Africa

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Abstract

This study attempts to find out why Chinese companies boosted African economy through investment there while received negation evaluations generally. Different from the three existing views, "neocolonialism", "state capitalism" and "continuation of inefficient aiding policies", in this paper, a new explanation based on developmentalist strategy and group interaction was proposed: the developmentalist strategy formed domestically by Chinese companies effectively resolved the benefit disagreement in interaction with different social groups, however, it no longer applied in a cross-cultural context, and thus triggered complicated "economic-social" consequences and negative evaluations.

Keywords: Africa • Chinese companies • Developmentalism • Benefit disagreement • "Economic-social" consequences

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Today, whether you are in Accra, the capital of the “Gold Coast” by the Gulf of Guinea, or Kigali, the capital of the “country of a thousand hills” in the hinterland of the African continent, you can see a lot of China without any difficulty “Traces” of existence. In the past decade, China’s direct investment in Africa (FDI) has experienced small-scale fluctuation to huge growth¹, and in 2018 it became the world’s fifth largest investor in Africa with FDI Stock 46 billion US dollars (UNCTAD, 2020), in which investment from private sectors took up 55% of the total by the end of 2011 (Shen, 2013), and has kept strong momentum till present. Although China has not driven African countries to comprehensive industrialization, Chinese investment has played a prominent role in boosting GDP growth (Doku, Akuma, & Owusu-Afriyie, 2017; Megbowon, Mlambo, & Adekunle, 2019).

Contrary to the macro vision of “mutual benefit and win-win cooperation”, we found in Ghana and other countries that Chinese companies encountered impediments and blames of various kinds in Africa during operation, especially reflected in the highly variant attitude of different social groups toward Chinese companies: after gaining the support of decision makers to enter Africa, the interaction and friction with bureaucrats and traditional authorities, as well as the disapproval of local employees and community residents, have shaped the “commonly recognized dilemma” faced by Chinese companies: Since Chinese investment based on mutual benefit apparently boosted economy in Africa, Chinese companies are still unable to obtain extensive social support, why Chinese companies are confronted with such constraints in operation according to usual practice? At the beginning of December 2019, in the office of a private Chinese-funded enterprise’s branch in Africa, President Mr. D once told us:

For Chinese companies in Africa, many people hold the view that, yes, we went here for money, but the experience and operation of the Chinese people can bring economic development to you, why you are not so cooperative?... It (the reason) is complicated, we cannot deny the fact that all Africa people hope to boost economy, however, people at different levels would hold different views. Although we should focus ourselves on the local government, that is far from enough.

Thus, the following questions are raised in this paper: *Why Chinese companies can reach a consensus on “development and mutual benefit” with the decision-makers of the home country and gain support, but are rebuffed by other social groups with varying degrees? What are the “economic-social” consequences would be generated when Chinese companies attempted to partially copy the domestic operation mode? What are the effects of such consequences on different social groups of host countries? If there are apparent negative consequences, can they be interpreted as “neocolonialism”, predatory development or state capitalism?*

1 According to data of China’s Ministry of Commerce, during 2010 and 2016, the amount of China’s FDI in Africa fluctuated around US\$3 billion. It started to upsurge in 2017 and reached 5.39 billion US dollars in the following year.

Literature Review: Neocolonialism, State Capitalism, or Continuation of Aid Policies

The fast-growing Chinese companies' activities in Africa and the consequences aroused widespread attention in the international academic community, and experts of various disciplines offered inspiring interpretations from their respective perspectives. This article will make comments on the three mainstream theories and point out their respective explanatory mechanisms and defects and demonstrate the necessity of introducing a new perspective.

Chinese Investment is the Means of Neocolonialists, Thus Incurred the Support of Some Current Political Rulers and Wide Resistance from the Society?

The first category of views emerged in the form of ideological disputes, emphasizing companies swarming into Africa is China's interference or control over the state sovereignty of African countries through business strategies, as a manifestation of neocolonialism or even neo-imperialism, therefore they were confronted with resistance by the progressive forces in the international and local communities. From "oil diplomacy" (Giry, 2004; Taylor, 2006) and "ecology destroyer" (Bosshard, 2008) to "pure imperialism" (Hilsum, 2006) or "neocolonialism" (Larmer, 2017). It was pointed out by such academic voice that, all kinds of social blame are the resistance of the African countries to the interference of "neocolonialism."

Explaining the problems caused by Chinese companies from the perspective of neocolonialism at least has the following defects: first, this concept cannot precisely describe the purpose and behavior of Chinese companies. "Neocolonialism" (Nkrumah, 1965) refers to the control of original colonial countries in the postcolonial era by the imperialism through indirect means, to realize the continuous control by the colonial power. However, even large-scale Chinese state-owned companies in Africa are far from reaching the level of "capital monopoly" or "control by colonial power" (Li, Zhao, & Li, 2015), let alone the majority of small and medium-sized private companies. Second, the blame on Chinese companies is separated and based on specific context, and most criticisms involve specific issues in the interaction, rather than merely control and plunder. A theoretical framework that can precisely describe the behaviors and consequences of Chinese companies is the premise of analysis.

Chinese Investment is a Representative of Neo-capitalism, and its Unique Management Model is the Source of Criticism

The second view believes that Chinese companies in Africa has inherited the characteristics of new-capitalism in China and its operation mode is the direct cause of social contradiction. Lee (2017) believes that, Chinese companies in Africa (1) has the dual motive for accumulation of economic benefit and political influence, which

would easily trigger dispute on the political intention of investment; (2) by adopting strict organizational system, such as centralized residence of employees and working process control², they hindered work force and spatial mobility, which would easily bring about “enclave economy” and violation of labor rights; (3) the top-down atmosphere of “enduring hardship” and “collective asceticism” in them would induce cultural conflicts or disputes on human rights and race discrimination.

The above-mentioned field observations reflect the facts of Chinese enterprise in Africa. However, there are some questions to be explained: if the behaviors of state-owned companies and private companies in Africa are similar, can we believe that the capitalist model of China takes state politics as the orientation? Why the Chinese and African employees hold different views on the question of labor force control? Is it caused by cultural difference or some other factors? Third, why are Chinese companies actively promoting compliance operations on the one hand, but on the other hand they regard some local rules as “obstacles in development” and even escalate to cultural discrimination? It is believed in this article that starting discussions from the perspective of labor process or capital operation model just scratches the surface, while it is key to reviewing the cognitive and behavior pattern formed in the development of Chinese companies.

Chinese Companies Means the Continuation of Aid Policy to Africa, While Improper Economic Involvement Hinders the Economic Development

The third view believes that Chinese investment in Africa experienced a continuous process from “offering aid to facilitating development”, however, due to its failure in driving economic development in all-around way, it has not gained extensive social acknowledgement. According to Brautigam (1998; 2009) who has long been concerned about China’s aid to Africa, the Chinese government in the Mao era facilitated the development of African countries through central planning. The approach of offering aid shaped the way and fields of Chinese investment since the reform and opening up. Although China has been trying to mobilize the vitality of companies under the framework of state aid, it has not yet created sufficient development dividends.

The views above have obvious problems. The intensity of investment in Africa by Chinese companies has been greatly reduced, even the state-owned companies engaged in infrastructure and energy development are highly market-oriented, let alone the rush of private companies. Second, although they have not yet promoted industrial modernization (Megbowon, Mlambo, & Adekunle, 2019), its positive role in stimulating development has been very prominent (Parks & Strange, 2014). Third, the criticisms encountered by Chinese companies are not purely directed to economic sectors, but more to rules, cultural conflict and psychological identification. It is believed in this paper that, the embarrassment met by the “dragon” in Africa is not a “gift” of

2 There are similar findings in other studies (Ren & Pan, 2006).

misunderstanding (2009), but the consequence of the “abacus” repeatedly failed in the interaction in the hope of “win-win” cooperation.

Theoretical Perspective and Analysis Method

By taking developmentalism as the core perspective, in this article, an analytical framework between interaction rules and consequences for Chinese companies under different social conditions was established. We attempt to illustrate that, from the discussions in western comparative political economy to the successful practice in East Asia, developmentalism has experienced evolvement at different stages. In making the China’s economic miracle, the government and companies formed new interaction relation based on developmentalism, and shaped the cognition and behaviors of the latter. When they stepped on the continent of Africa, the original operation mode was faced with brand-new challenges and the unique “economic-social” consequences in interaction with different social groups triggered different evaluations.

From “A Developmental State” to “China Miracle”

For lack of strict definition, the academic community generally believes that “developmentalism” comes from the discussion of the relation of comparative politics on social structure, social order and economic development (Wiarda, 1985); its classical propositions include how the political structure (or social system) affects the economy (Lipset, 1981), and how economic development brings about democracy (Almond & Powell, 1978). However, the paradigm of “late development” represented by Japan and the four Asian tigers forced the original problem consciousness to transform from “single-line evolution” to a more basic aspect: exploring the positive role and possible model of government in development, i.e. the so-called “developmental government” theory (Johnson, 1982). Different from neoliberal economics, which emphasizes the spontaneous regulatory role of the market, this theory focuses on industrial policies and emphasizes that developmental governments can get rid of the shackles of multiple social forces and interest groups, and use authoritarian politics and technocratic models to set strategies and mobilize resources, and ultimately achieve rapid development (Amsden, 1989; Wade, 2004). With the progress of research, “developmental government” can gradually get rid of local style and become a theory and political guideline that covers multiple states. It implies an extremely attractive possibility: the backward countries can achieve leapfrog development through political construction and industrial policy selection. Therefore, similar views can be seen in the strategies of African political leaders (Malunda & Musana, 2012). In the development of globalization, it constitutes a prerequisite for Chinese capital to enter Africa on a large scale.

It is worth noting that although China is often regarded as a successful model of “developmental government”, it has its unique features in terms of pattern and historical

origin. Gao (2006) pointed out that, the new developmentalism represented by China has significant differences from the classical developmentalism. The characteristics of different stages of globalization and the historical legacy of policy making thoughts of different countries urged the “positive and promising” governments of the two countries to take totally different development paths. To be specific, in the rising stage of globalization where neoclassical economics prevails, and affected by the open tradition represented by the westernization movement, the Chinese government adopted the pattern of actively introducing foreign-funded companies, participating global industrial division and driving economic growth by outward processing trade.

Another aspect of the “Chinese miracle” that differs from the classic interpretation of “developmental government” lies in the benign interaction between the state, market, and society, which can serve as an important annotation for the contemporary version of developmentalism (Evans, 1997). Zhen et al. (2016) pointed out in the analysis of Yiwu small commodity market that the epitome of China’s “economic miracle” is not the product of the country’s brilliant decision-making from a single side, but the local government’s constant transformation and shaping of its role in economic development, and the result of mutual promotion of market construction. In other words, a strong government can better implement its own will, but it still needs to adapt to the constantly changing market conditions and cooperate closely with social forces including business entities and guild organizations to achieve development (Zhen, 2020). On this basis, the following conclusions can be drawn: First, Chinese-style new developmentalism highly relies on “development-oriented government”, but its mechanism is not to fully control to achieve overall planning, but to rely on efficient governance to timely adjust the relationship between the state and the market— From a micro point of view, it is a benign government-enterprise relationship; secondly, it is in this continuous government-enterprise interaction that Chinese companies have formed a development-oriented cognition and behavior model, and tend to ignore the differentiation of social groups; third, in addition to maintaining adaptive interaction with the government, companies also need to build and rely on non-market relationships to coordinate internal and external parties.

Needless to say, Chinese companies have also given rise to much disharmony in the local area, but when developmentalism (and even “development must pay”) becomes the basic consensus³ of the whole society, and decision makers at all levels have greater control over society, even There are differences of interest between companies and different groups, and their interaction will be greatly simplified, and stable expectations and results will be formed in the continuous symbiosis (Table 1).

3 The author came to a similar conclusion in a study on the trend of individualization of Chinese youth: despite the lack of labor protection, job instability, and weak social security, they still tend to regard it as a necessary contribution to national development, and hope for the improvement in the “thriving-self” (Roulleau-Berger & Yan, 2017).

Table 1
Interaction Law, Interest Differences and Interaction Results between Chinese Companies and the Social Groups in China

| | | Government decision-makers | Administrative bureaucrats | Employees and community residents |
|--------------------------|--------------------------|---|---|--|
| Chinese companies | Interaction law | Actively respond to the development orientations of governments of all levels, and adjust in due time | Concern about policies and regulations and social-economic consequences that are valued by decision makers, and ignore the non-central work of the government and general social evaluations, be skillful in handling problems with unofficial regulations of the Chinese style | Ignore variant appeals and interest loss, and interpret them as “the price of development” to gain government support. |
| | Interest differences | Basically no interest differences ⁴ | Almost no interest differences between core departments; occasionally some differences between marginal departments, but they don't pose a threat to the companies under the coordination of decision makers. | There are often differences of interest, which are manifested in the form of labor disputes and environmental pressures, but they can be resolved under the coordination of decision makers. |
| | Interaction consequences | Obtain shelter and help from governments of all levels through increasing GDP and taxation | On the whole, it can guarantee smooth operation and get assistance from the administrative department, and only encounter setbacks when it causes major social impact. | It can ensure the overall smooth operation, and only encounter setbacks on issues that arouse the attention of decision makers. |

Although there may be differences in interests among different social groups, and there is also a risk of equilibrium breakdown at a specific time or on a specific cause, the interaction rules and corresponding results of the companies are generally stable. The reason is that developmentalism has shaped the legitimacy consensus among all social groups, and has received positive posterior feedback in the sustained economic growth.

Interaction between Chinese Companies and African Societies and Its “Social-economic” Consequences

For Chinese companies, the strategies of specific “developmental governments” have become “filters” for investment. Unlike the overall equilibrium situation in domestic China, when they interact with different local social groups per existing rules,

4 There is no such a case that no interest differences exist between Chinese companies and decision makers, but such differences will be eliminated in constant interaction: on the one hand, the strong government control will force companies that affect their development and social stability demands to withdraw from the market; on the other hand, companies will also actively adjust under the premise of maintaining development to cater to the government’s interests.

there can be a vast difference between the resultant “social-economic” consequences and assessment (Figure 1).

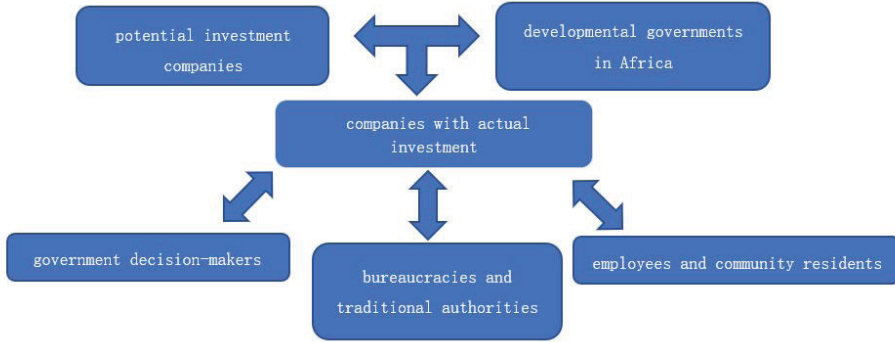


Figure 1. Investment options and interaction with social groups of Chinese companies in Africa.

Specifically, the interaction between Chinese companies and decision-maker groups is relatively simple. In the case of large deviation, the companies will adjust or withdraw on their own initiative⁵. Generally, there have been constant frictions in communications between Chinese companies and the bureaucracy groups and traditional authorities, which have become one of the important sources of international public criticism. Interaction between Chinese companies and the general public, including employees and community resident groups, is an even more complicated case. The fact that the general public is basically in a voicelessness status hinders the interaction optimization of Chinese companies to some extent and may result in the accumulation of social conflicts.⁶ (See Table 2)

5 Of course, information asymmetry or even information insufficiency often exists in the above game playing processes. Comparatively speaking, destination countries can make selections based on strategic needs and company conditions, but companies (especially small or medium-sized ones) often lack sufficient knowledge of such factors including industrial development conditions, political situations, and social environment.

6 Companies of different industries, (ownership) natures and scales have their own emphasis while interacting with local social groups. Take our surveys in Ghana as an example, large state-owned/central companies engaged in infrastructure construction especially need to keep close contact with policymakers and bureaucratic groups, and actively deal with the relationship between them and the employees and the community. Small or medium-sized civilian-run companies engaged in agriculture or services do not need to keep direct contact with decision-makers, but need to deal with public relations issues that bureaucratic groups can influence, and labor relations or community conflicts, etc.

Table 2
Rules, the Divergence of Interests, and the Interaction Results of the Interaction between Chinese Companies and Different Levels of Society of African Countries

| | | Government decision-makers | Bureaucracies and Traditional Authorities⁷ | Employees and Community Residents |
|--------------------------|------------------------|---|---|---|
| Chinese Companies | Interaction Rules | Actively respond to governments' development orientation, and make timely adjustments or withdraw from the markets. | Focus on policies, regulations, and socio-economic consequences that policymakers of China and Africa value, while ignoring non-central work of the governments and general social assessment. | Ignore the diverse demands of this group and damages to their interests, try to interpret it as a price that must be paid for economic development, to gain support from decision-makers. |
| | Diversion of interests | Diversion of interests is non-existent. | There exists a clear divergence of interests, which is the result of many aspects, such as differences in rules and differences in cultural identity, and are difficult to be resolved through coordination of decision-makers. | There exists clear divergence of interests, which is the result of many aspects, such as differences in cultural customs, and psychological identity, and are difficult to be resolved through coordination of decision-makers. |
| | Interaction Results | Gain support from the government by increasing GDP, taxation, and employment. However, constrained by the political system, governance capacity, and development level, the support is limited. | Unable to independently cope with the influence of bureaucracies, informal rules, or local traditions, leading to increased operation costs, and being forced to withdraw from the market in severe cases. | Social conflicts accumulate due to a feeling of low development gains, leading to rising operation costs and being forced to withdraw from the market in severe cases. |

It is therefore not difficult to discover through comparison, that when Chinese companies interact with different social groups in Africa following the domestic rules, the occurrence of negative consequences is understandable. Firstly, the divergence of interests between Chinese companies and multiple social groups not only remain, but are even more complicated and diverse compared with those in domestic China. Operators find it difficult to pick up suitable solutions in the existing “Cultural Tool-kits”, or even lack a sufficient understanding of the problems. Secondly, even though various groups in African society long for the dividends of foreign investment, they are still far from reaching a consensus of “price must be paid for development”. The feeling of distrust caused by cultural differences and a colonial history further amplifies the negative impacts of divergence of interests, and ultimately cause destructive consequences to operations. It is especially important to note that policymakers in African countries are not equipped with the strong governance capabilities that the Chinese government possesses. In cases of divergence of interests between Chinese companies and different social groups, the government is not only incapable of

7 In many African countries including Ghana, the modern state system and the traditional chief system exist. Various traditional authorities have a huge impact on business operations and have formal legality.

intervening in coordination to ensure the normal operation of the company, but will even put pressure on the company due to the pressure of elections. This is a difficult situation that Chinese operators are equally unfamiliar with, and cannot get rid of.

Following the above thoughts, we will analyze two Chinese companies investing in Ghana. The selection of cases is based on the following considerations: (1) National characteristics level. As a relatively open economy in West Africa, Ghana has attracted a considerable amount of Chinese investment and is typical in the region in many aspects including political structure, economic strategy, policy environment, and social structure; (2) Enterprise level. In addition to factors of ownership and industry, we have focused on selecting diversified interactive examples, to show the complexity of cultural context and differences of interests to the greatest extent.

When Chinese-style Developmentalism Meets a Divided Post-colonial Society: Chinese Companies in Ghana

Historically known as the “Gold Coast”, Ghana is located in West Africa, bordering the Gulf of Guinea to the south. In 1957, Ghana gained independence from British colonization and The Republic of Ghana was established three years later. After that, Ghana underwent decades of political turmoil and military rules, before a multi-party democratic system was first implemented in 1992. The many years of colonial history have had a significant impact on Ghanaian modernization. The British created a single-product economic system centered on cocoa, all the while vigorously working on infrastructure construction. More importantly, the political structure and educational system established by the colonists have helped make a democratic society the cornerstone of modern Ghanaian politics (Li, 2013). In the 1980s, the government of Jerry John Rawlings launched the Structural Adjustment Program, which successfully helped Ghana achieve its economic development and become one of the few African countries to have achieved the United Nations Millennium Development Goals (MDGs) (Diao et al., 2019). Nevertheless, the country is still currently heavily burdened by high debts and unemployment, and the gap between rich and poor is huge. The academia calls this phenomenon the Ghanaian Paradox (Mills, 2018).

When Chinese operators arrive in Ghana, they are faced with a world that looks similar to their home country but is different. The economy that urgently needs to be developed and the ambition of decision-makers makes them feel like having returned to China decades ago and strengthens their belief in the existing models. In the meanwhile, the complex influence of historical and cultural differences keeps appearing and disappearing, becoming the roots of most setbacks.

Chinese Companies vs. State Decision-makers: Successfully Catering to Development Demands

Multi-party competition causes policy fluctuations. But Ghanaian policymakers, on the whole, agree with the necessity of the government guiding development, and actively introduce foreign capital in key areas, which provides convenience and motivation to Chinese companies. Based on developmental consensus and industrial tendencies, Chinese companies can make use of upper-level interaction rules they are familiar with to reach a win-win situation with decision-makers, and smoothly adapt to discontinuities caused by elections.

Multi-party Democratic System: Relatively Stable Political Situations and Policy Fluctuations Coexist: Ever since Ghana introduced the multi-party democratic system in 1992, the New Patriotic Party (NPP) and the National Democratic Congress (NDC) have been taking turns to govern the country. Although the two parties are very cautious in formulating policies, they cannot avoid economic policy fluctuations. Take the various infrastructure construction contracts led by the government as an example. Since contractors often have close ties with the ruling party, entangled interests not only lead to inefficiency but also makes it difficult to obtain support from the opposite party. Surveys have revealed that companies of multiple countries have encountered business termination after a change of government, and the resulting high debts and bankruptcy risks have made investors hesitant.

Compared with their European and American counterparts, Chinese operators are relatively more adaptable to this situation. In the course of ups and downs in their course of development, they have formed the habit of being highly sensitive to and actively adapting to political situations. As a feature shared by Chinese companies at different levels, this de-ideological flexibility ensures their smooth interaction with the upper class.

Economic Policies: Attract Foreign Investment in Key Industries and Improve Domestic Industries: The difference in ideology does not affect the two parties' priority to development and their active embracing of the outward economy. After the first Forum on China-Africa Cooperation, Ghana has adopted a more welcoming attitude towards Chinese investment⁸. In the past 20 years, the trade between China and Ghana has been growing rapidly, reaching 7.254 billion US dollars in 2018⁹.

Of the many projects introduced by foreign investment and cooperation projects, projects of power facility construction are particularly eye-catching. Like most African countries, Ghana has power shortages, which has seriously affected people's lives and

8 Interview: The Forum on China-Africa Cooperation will provide Ghana with a good opportunity to expand markets <https://news.sina.com.cn/w/2003-11-19/14211147291s.shtml>

9 Relevant data are from the Ministry of Commerce of China: <http://www.mofcom.gov.cn/dl/gbdqzn/upload/jiana.pdf>

industrial development. Successive governments have always attached great importance to this issue. Currently, there are seven foreign-invested independent power stations (equal to the number of state-owned power stations) in Ghana, with investors including companies from Europe, the United States, China, Japan, South Korea, and other countries¹⁰. The AP power plant, which this research mainly focuses on, ranks first in turns of power generation capacity. Modern agriculture is another important field for attracting foreign investment. From relying on food aid before the 1980s to achieving 77% food self-sufficiency today (Li Anshan, 2013), the development of agriculture in Ghana is closely related to multilateral international assistance (Yaro et al., 2017). Nowadays, the Ghanaian government has begun to focus on building agriculture into a modern economic sector characterized by high productivity, complete value chain, and extensive added value (Teye & Torvikey, 2018), with a particular emphasis on the introduction of advanced technology and management models from foreign countries (Diao et al., 2019).

The interest demands of decision-makers aspiring for development coincide with the business goals of Chinese companies. On the one hand, the industrial tendentiousness of foreign investment continuously identifies the most suitable Chinese companies to stay in Ghana. On the other hand, their predominance in dealing with political fluctuations are also guaranteed.

Interactive Example: The “high-level route” of the AP Power Plant and the Kong Castor Company Takes in Ghana: Chinese companies have been entering Ghana in large numbers since 2000, and China became Ghana’s largest trading partner in 2015¹¹. For most companies, it is most critical to be in line with national policies. The AP Power Plant, which is located near the Tema Industrial Park, has been taking the high-level route. In 2005, Togbe Afede, President of The National House of Chiefs and the highest chief of the Volta region, led a delegation to visit China, where he reached a preliminary cooperation intention with a state-owned energy company. After field study, the company invested more than 500 million US dollars to build the AP Power Plant with 560 MW gas turbine combined cycle power generation. From the first contact in 2005 to the commencement of the first phase of the project in 2008 and the second phase of the project in 2016, the AP Power Plant successfully underwent two party changes and received continuous support. J of the company stated the correct attitude towards handling political changes and the good results:

We have always stayed out of the competition between local political parties, without being involved in such affairs. We attach great importance to both parties, NDC and NPP because we are critical to the stability of electricity supply to the Ghanaian society. We contribute to more

10 <https://www.gipcghana.com/press-and-media/downloads/promotional-materials/16-energy-sector/file.html>

11 Relevant data are from the Ministry of Commerce of China: <http://www.mofcom.gov.cn/dl/gbdqzn/upload/jiana.pdf>

than 20% of the daily electricity consumption in Ghana. In case our power plant fails to operate smoothly, the entire Ghanaian society will collapse. This is one of the reasons why we can keep a foothold in Ghana.

Similarly, the entry process of the civilian-run company Kong also has something to do with high-level interaction. Mr. W, the founder of Kong, is one of the leading figures in China's castor oil industry. He initially participated in an effluent treatment project undertaken by a state-owned enterprise in Accra and got acquainted with the Deputy Minister of Health of Ghana, who was also a local chief of Nkoranza County in the central Brong Ahafo Region. After exchanging on the profit mode and the value of planting technology, the chief helped W establish the Kong Company in 2015 and W began to promote castor plantation in villages near the county.

Chinese Companies vs. Bureaucrats and Traditional Authorities: Struggling to Adapt Between the "Interstices" of the System and Local Rules

As the main objects of daily interaction with companies, bureaucrats and traditional authorities also recognize the significance of foreign investment to development, though differences with Chinese operators cannot be bridged. The institutional "interstices" caused by a colonial history is reflected in the differentiated interests and rule preferences of the bureaucratic groups. The traditional authorities represented by the chief system means the complex balance of interests between the state and local communities. All of these have constituted a difficult situation that Chinese companies find difficult to deal with and an important source of negative judgment.

"Unpredictable" Bureaucrats: The System "Interstice" of the Post-colonial Era: Studies point out (McDonnell, 2017) that Western colonists left African countries with a kind of "interstitial bureaucracy", which is characterized by a fractured state of partial systems not matching the local societies. The organizational characteristics are that certain bureaucracies have high autonomy, with the power to appoint personnel independently. The work motivation of officials not only comes from economic security or life-long positions but more from the pride of practicing "advanced" rules. Ghana is a typical example of such a type of country.

Surveys find that the incoherence (institutional interstices) between policymakers and executive bodies is manifested in the coexistence of a large number of formal and informal westernization rules. The root lies in the differentiation of bureaucratic groups. On the one hand, technocrats of the departments of finance, environmental protection, law, and international cooperation normally have the experience of studying in Europe or the United States. The elite background, combined with Western education, has helped create their awareness of modern rule and universal values. They recognize the development brought about by Chinese companies, but despise and oppose them

to replace the general rules with the Chinese model. On the other hand, bureaucrats from grass-root administrative departments, such as industry and commerce, taxation, and police are well versed in and practice informal rules. They also recognize the dividends brought by Chinese companies but look forward to reaping gray benefits from them rather than providing assistance.

For Chinese companies that are accustomed to obtaining bureaucratic support, the situation of system legitimacy left by a colonial history mixed with local rules often make them perplexed: When they interact by Chinese rules, they will be faced with laws, regulations, and industry standards as stringent as that of Europe. When they interact by general laws and regulations, they will encounter completely unfamiliar local practices in cross-cultural conditions.

The Chief System: A “shadow government” that Balances National and Local Interests: As the most typical traditional authority in Ghana, the chiefs have been playing a decisive role ever since ancient times (Abotchie, 2016). The Constitution of Ghana, 1992 further guarantees that the chief system can operate side by side with the modern government and constitutes the backbone of the power stratum with professional bureaucrats. More than that, chiefs of many regions hold important government positions concurrently and control the actual power directly (Gyampo, 2008).

To Chinese companies, the influence of the chief system is mainly two-fold: the de facto control of land and local coordination. After reaching an agreement on land use with the government, formal approval from the chief is also needed. When business activities are resisted by the community, the coordination of a chief is more important than laws. Similar to the bureaucratic system, the chief system has its own “interstitial” structure. The chief authority has a staggered power distribution on the levels of state, provinces, cities, or even village complexes. Although partially incorporated into the modern rule of law, it has retained a strong sense of traditional clans, making the process of interest interaction extremely complicated and lengthy.

Based on this, it is understandable why Chinese operators who are “skilled in making use of informal rules” seem to have lost this ability in Africa: when faced with language and cultural barriers, they cannot turn to understand and adapt to local rules; the blind expectation for decision-makers or regulations makes them tend to ignore and reject traditional authorities; the high initial interaction cost further exacerbates the alienation between the two and creates a vicious circle.

Interactive Example: The “Compliance” Game Dilemma of Two Companies: The huge pressure from investment deemed it necessary for the AP Power Plant to integrate into the local institutional environment, though the existence of “interstices” still caused it to encounter incomprehensible troubles. In 2015, AP Power Plant planned

to launch a coal-fired power generation project in Ghana's industrial city of Takoradi. Despite having received clear support from top leaders of the country, it was still aborted because the Ministry of Environment insisted on European emission standards, triggering controversy. Mr. P, who was in charge of strategic planning, recalled the situation of that time:

The attitude of the Ministry of Energy and the Ministry of Environment is: although we are under-developed, we still require high emission standards. If you want to project to go on, you have to meet the requirements. Nowadays, a group of elites in Ghana's government bodies graduated from universities in the West, and there are many NGOs of Western countries operating in Ghana. Information on the projects is to be published in the newspapers and other media, while the government has to hold accountability. However, as a matter of fact, what sense does it make to them whether they meet modern or post-modern standards in terms of the environment?

Interaction with traditional authorities also has its twists and turns. The AP Power Plant made use of its ties with a national chief and successfully launched a wind power project in Tema. However, when later development was planned in adjacent areas, it failed due to opposition from local chiefs. The AP Power Plant has not suspended interacting with traditional authorities, but the complex interest structure has forced it to narrow the investment areas to avoid collisions with local regulations.

By contrast, the Kong Company is more representative of the experience of small and medium-sized private companies-their complete ignorance of the "interstice" of the system and resistance to traditional authorities has led their operation into a dead end. Mr. W and S, a Ghanaian person-in-charge hold that the castor plantation project can bring benefits to local communities. With support from local chiefs, operations in compliance with laws and regulations should be carried out smoothly. However, in the face of a large number of "incomprehensible informal operations", they thought it was due to either "blatant corruption" or "specifically bullying the Chinese." The two operators refused to negotiate with local administrative departments and insisted on defending their rights by the formal rules they understood, ultimately resulting in very negative results. In early 2020, a fired employee stole a company truck. More than ten days after S reported the theft, they failed to get a response from the police station. They had no choice but to turn to a local chief, who they had not contacted for a long time for help in coordination¹². Regarding the clear evidence of this "corruption," the police chief provided a completely different explanation:

Your company has been here for three or four years, and you live just behind our police station office, yet you haven't even visited me once. All I know is that a few Chinese people are here, and I have no idea what you do here. And you never visited us during holidays such as Christmas. It is not an appropriate way to do business.

¹² Actually, the chief did not try his best to help Kong Company. The final resolution plan was rather sloppy and caused considerable losses. The chief explained that he had not received enough respect, since the company never interacted with him after it began operation locally.

Even in some areas of China today, the way that the Kong Company interacts with the backbones of the local society is unwise. Chinese operators who have experienced the “normalization” of China’s economy should understand the significance of complex game playing to the survival and development of companies. However, in cross-cultural contexts, this is often overlooked, and the resulting conflicts often become direct reasons for company termination. One month after the truck theft, Kong dismissed all employees and exit Ghana. For a rather long time at least, the negative image of Chinese operators will linger among Nkoranza’s elite groups.

Chinese Companies vs Employees and Communities: Value Conflicts and Trust Crisis That are Difficult to Handle

The colonial history has shaped the complicated psychology of the Ghanaian masses towards outsiders: Though they look forward to development, value conflicts and trust crisis coexist. When Chinese companies operate by the rules of economic efficiency, they often encounter completely different understandings from their employees and the community residents. The habitual ignorance of the diverse demands of the silent masses does not affect superficial interaction, but the fragile equilibrium often bursts after the accumulation of contradictions.

Legacy of A Colonial History: When Western Values Encounter Chinese-style Development: The colonial history is a social change for Ghana. It helped create a group of professional middle class with western education in the country’s coastal towns and make western values take root (Watson, 1984). When they encounter China, which is completely different, a sense of distrust is deeply rooted. An, a local artist who is hired to paint murals at the AP Power Plant said:

I never believe what the Chinese newspapers or TV say. It cannot be true news. Just as when the Covid-19 epidemic first broke out in Wuhan, some doctors encountered this problem when spreading information. Even if the development(model) of China is truly effective, it is not acceptable to me.

The Western values have also deeply affected the Ghanaian people’s views of happiness. In their opinion, welfare, respect, equality and development opportunities, etc. are as equally important as economic income. Even though the country and some elite groups hold the idea that “a price must be paid for development”, it is far from becoming a mainstream view. Compared with differences in traditional cultures, this is even more difficult to be understood by Chinese companies, and is often the basis for judging local employees as ‘lazy’, and community residents as ‘ignorant’.

To sum up, the preconceived ideology makes the interaction between Chinese companies and the grassroots society passive in the first place. Even if the Chinese companies have brought about development dividends, more input is needed to reverse

the existing views. The habitual ignorance of the diverse demands of the public has further strengthened this prejudice.

The Impact of Early Foreign Investment: Distrust of Expected Profits: As latecomers, Chinese companies also need to cope with the negative impacts caused by the early incredibility of foreign investment. During our survey of Kong Company, a local interpreter told us a typical story: cashew trees, which can now be seen everywhere in the countryside of Ghana, are in fact cash crops introduced by Indian businessmen twenty years ago. In the beginning, the purchase price of cashews was as high as 30 Cedis¹⁶ per pound, attracting a large number of farmers to plant it. As the production increased, its price has fallen to 5 Cedis per pound. Due to the high cost of land readjustment, most farmers have no choice but to give up other crops that generate higher income and barely maintain¹³. The direct consequence of such experiences is that Ghanaian farmers no longer trust the “expected benefits” promised by foreign capital. On the one hand, they will not be fully committed when the result is uncertain. On the other hand, they are extremely sensitive to other costs or problems caused by companies.

Unlike the image of “Chinese robbers” brought about by gold diggers (Liu Shaonan, 2014), the negative impact of the above results is more far-reaching. In the experience of the “Chinese Miracle”, one of the reasons that the social cost of development is tolerated by the grassroots society, is the good expectations from continued growth. When all hope is gone, it will be difficult for Chinese operators, who are also regarded as “white man”¹⁴ to gain trust in interaction. If they exit the market as a result, any bad behavior aftermath will strengthen the existing cognition of the public, creating a negative cycle of self-fulfilling prophecy.

Interactive example: The Fragile Equilibrium Between Two Companies and the Grassroots Society: Providing a good salary and a superior working environment, AP Power Plant has always been a popular choice for Ghanaian graduates from prestigious universities. However, the segmentation between China and Ghana and the negative impact of the career glass ceiling always exists. For “convenience of management,” companies have separate living areas and administrative systems for employees of the two countries, creating an internal segmentation of “space-system”. Such a system did not receive obvious criticisms in the beginning. However, with the Covid-19 epidemic getting worse, the already existing mental segmentation has been made public. Chinese employees are extremely angry at the local colleagues entering their exclusive sports venues in violation of company rules. Meanwhile, the latter has

13 Cedi is the currency of Ghana. 1 Cedi equals about 1.2 RMB yuan, which fluctuates according to international exchange rates.

14 There is a similar case of Dutch businessmen failing to promote sunflowers, which also caused huge losses to local farmers.

also broken the silence, and begun to express their dissatisfaction with the “discriminatory treatment”. When the efficiency rules of scientific management meet value issues, interactions have become unsustainable.

Greater friction comes from hindered promotion, which local employees call “the colored glass ceiling.” Except for the posts of few department deputy chiefs that are held by Ghanaian employees, almost all middle and high-level management positions of the AP Power Plant are held by Chinese. For this arrangement that violates the principle of “localization”, the reason, according to the Chinese chief of the planning department, is that locals lack the ability of overall thinking and are not up to complicated management work.

“Black” employees are just stubborn. We have been in Ghana for over ten years, and the gas generator sets have also been in operation for more than ten years. However, up to date, not one Ghanaian employee is capable of assuming the responsibilities of a duty officer. You know why? It is just that their brains are too straight to make twists. I don’t mean they are stupid. There is no problem teaching them to deal with a single incident. You just need to tell them that somewhere a hole needs to be filled, or a loose screw needs to be tightened. However, in case of a major problem with the generator set, such as a sudden shutdown, when many aspects need to be considered, they can not handle everything because they are not thoughtful enough. Such is the experience of dealing with problems that I have summed up after more than ten years of work here.

However, as local intellectual elites, the Ghanaian employees not only consider themselves fully qualified for “multi-threaded” tasks, but have the abilities far better than some of the Chinese¹⁵ that “have parachuted” to the company. What follows is a high brain drain rate. Local employees, after having accumulated certain work experience, will quit for state-run power plants of Ghana or foreign power plants, and often get promoted to important positions quickly. It is worth reflecting that during the two types of conflicts above, the AP Power Plant stick to the “efficiency” principle. When issues such as equality and personal development have become important interest demands of interactive objects, the method to achieve “efficiency” also needs to be adjusted accordingly, instead of falling into the existing model myth.

Compared to the power plant, Kong faces a more ordinary community residents-Ghanaian farmers. A lack of trust and unclear unexpected returns, have made Kong continuously suffer setbacks in operation. Based on the local soil and climate conditions, during the promotion, the company promised farmers an income of at least 500 Cedis per acre. S, the person in charge of the company, thought that the underprivileged local farmers should go all out for this considerable income. But things turned out differently. The Ghanaian farmers have not formed the habit of careful planning like Chinese farmers. Foreign agricultural promoters who frequently break their promises have also

15 Ghanaian farmers regard light-skinned foreigners (including Westerners, East Asians, Indians, etc.) as “white man”.

exacerbated the trust crisis. As a result, local farmers held a “try-out” attitude towards promotions and incentives. After receiving free castor seeds, the farmers often chose infertile blocks at the corner for plantation, without any field management. Especially to S’s anger and puzzlement, when the farmers learned that Kong would pay a return visit to assess the harvest, they often reacted in astonishment, saying “How on earth are you still here?”

Even though the final income is pitiful, the farmers have not suffered a great loss. It is only that the existing idea of “foreign investment equals fraud” is further reinforced in the community, compelling Kong to frequently change areas for promotion. Unable to sustain continuous losses, the company withdrew from the Ghanaian market after three years. Just before the exit, S still believed that the root cause of failure is the ignorance and laziness of the Ghanaian farmers.

They are simply lazy, stupid, and unpunctual. They don’t listen carefully when we teach. They will nod and say “I know, I know,” even though they have not learned anything. What do they know? Noting at all! The government officials are a bunch of hooligans, who knows nothing but asking for tips. When they meet the Chinese, they will keep on asking for money. Aren’t they bandits and robbers? I find no points or value at all in association with them. For one thing, I don’t speak their languages. For another, what do you think I can learn from them?

Conclusion and Discussion: Development Consensus and Adaptation Problems in the Context of Globalization

Through analysis of the interaction between Chinese companies and different social groups in Africa, the paper has answered why they still receive split and negative social assessment, while they significantly stimulate economic development.

These companies have established a set of behavior patterns in China that meet and adapt to the economic development demands of decision-makers; that deal with bureaucratic groups and regulatory authorities “selectively and informally”; and that ignore the damaged interests of employees and community residents and diversified demands in the name of the cost of development. Although some problems have been caused, they still manage to maintain rapid development. The structural support conditions are: developmentalism has become the basic consensus of the whole society, and some contradictions are resolved endogenously; a strong government can handle divergence of interest with its powerful control, and simplify the difficulty of interaction between companies and different social groups.

When Chinese companies bring the existing models to Africa, the dominant consensus on development and coordination guarantees disappear simultaneously, and the divergence of interest between companies and different social groups continue to be enlarged. Although entry opportunities and priority can be secured by catering to

national strategies, it is difficult for the game playing with bureaucracies and traditional authorities to achieve equilibrium by relying solely on development consensus. The silence of employees and community residents has helped Chinese companies increase their belief with their original models, and made them give up self-optimization based on understanding diverse demands and cultural differences, leading to the accumulation of contradictions.

The interpretation framework adopted in this study has the following advantages: Firstly, it is centered on developmentalism as a core and has summarized the commonalities of Chinese companies' behavior patterns, helping to understand the consensus confusion of Chinese operators. Secondly, it examines the formation mechanism of developmental cognition and actions of Chinese companies with thinking of historical institutionalism and helps understand the reasons why Chinese companies cannot (or refuse to) optimize from the realistic perspective of doers (rather than the ought-to-be perspective of non-standard study). Thirdly, it starts with the comparison of structural support conditions and discusses the different "economic-social" consequences of interaction of interests between Chinese companies and social groups of China and Africa. This makes the theory more general and empirical and helps to conduct a comparative analysis of the cases of operation of Chinese companies in other countries.

Based on this research, three mainstream interpretations can be revisited. Firstly, to view the disputes caused by the Chinese companies in Africa as resistance to neocolonialism, not only misreads its purpose and behavioral logic but also simplifies the conflicting groups and the situational complexity. The resulting closed economic policies are detrimental to many parties that aspire for development. Secondly, there is a certain rationality to explain Chinese companies being excluded as the product of specific business patterns. However, using capitalism as the core concept does not help to understand the reasons why the equilibrium between the two parties is reached or broken and may result in another ideological battle of "either this or that". Lastly, even as the author of *The Dragon's Gift* has hoped--Chinese companies completely get rid of the foreign aid model and enter Africa with a fully market-oriented attitude, the current disputes cannot be resolved.

It has become the consensus of contemporary development research that mutual embedding and adaptation of the market, country, and society is the necessary condition for the success of a "developmental government". The stories of Chinese companies in Africa have revealed another important proposition: when the entity of a mature "economic-social" unit leaves the original environment, the strategies which are originally helpful to achieve "maximum benefits" are very likely to encounter challenges and lead to complicated unintended consequences. Furthermore, the more unique the

native environment, the more difficult it is for the business entity to adapt to the new environment after migration, and the less likely a win-win situation can be achieved for all parties. In the post-Covid-19 era, whether the wave of globalization is suspended or continues, this will remain the common challenge shared by all countries and companies trying to integrate into the global economy for development.

Notifications: According to data of China's Ministry of Commerce, during 2010 and 2016, the amount of China's FDI in Africa fluctuated around US\$3 billion. It started to upsurge in 2017 and reached 5.39 billion US dollars in the following year.

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