

An Exploration of Chinese Foreign Direct Investment in Africa from Ethical and Cultural Perspectives

Yongsheng Guo, Mirza Muhammad Naseer, Xiaoxian Zhu

Abstract—This study explores the perceptions and conducts of Chinese foreign direct investment (FDI) in Africa from ethical and cultural perspectives. It offers a better understanding of how ethical and cultural factors affect Chinese investment in Africa and how the investment projects performed in Africa from both Chinese investors and African stakeholders' perceptions. It adopted a grounded theory approach and conducted 30 in-depth interviews with corporate managers. Grounded theory models are developed to link the ethical and cultural factors, actions, and consequences. Results reveal that some ethical concepts like the unity of humans and nature, benevolence, virtue and responsibility, and cultural traits including propriety, righteousness, sincerity, equilibrium, long-term orientation, and principles affect Chinese investors when making investments in Africa. Most Chinese investors harmonize with local managers, cooperate with each other, and are gentle and courteous to partners. They take stable and steady actions and invest in infrastructure and agriculture projects and adopt a virtue governance system in the organization. This study finds that consequently, Chinese investors and local partners take complementary advantages, make achievements sequentially, and therefore both sides can win. They recognize great potentials and make sustainable development in Africa to achieve the Great Together in the future. This study proposes a Chinese ethics and governance system including economic, social, and political perspectives and compares it with alternative systems. It makes implications to the world island theory and propose suggestions to solve the Clash of Civilizations problem.

Keywords—Foreign Direct Investment, Ethics, National Culture, China, Africa.

I. INTRODUCTION

CHINA has increased the FDI to Africa since introducing the Reform and Open-up policy in 1978 and joining the World Trade Organisation (WTO) in 2001. Although COVID-19 pandemic had a significant impact on FDI in Africa with 16% drop from \$47bn in 2019 to \$40bn in 2020, according to the UN Conference on Trade and Development [1], China continues to heavily invest across African countries. According to the China-Africa Economic and Trade Relationship Annual Report [2], Chinese direct investment rises in 16 African countries by creating 25 economic and trade cooperation zones and attracting \$735bn billion at the end of 2020. Africa will offer huge opportunities for foreign investors and [1] predicts that by 2030, Africa will be a market with 1.7bn population and \$6.7trn-worth consumer and business spending and increase to

\$16.1trn by 2050.

On 1 January 2021, 54 African countries participated the African Continental Free Trade Area (AfCFTA) – the world's biggest free-trade area which provides foreign investors a global platform. In African countries, macroeconomic policies are improving, and liberalisation of services sectors and infrastructure development will help to attract significant foreign investments. Reference [2] argues that China will dominate the landscape of FDI in Africa during the next decade. More than 2,000 Chinese companies have invested in Africa. Currently, 90% of them are private companies investing in agriculture, food processing, entertainment, real estate, and finance, rather than the state-owned companies in energy, transportation, and infrastructure. For example, according to Investment Monitor Report [5], about 35% of Chinese FDI were invested in the construction sector in 2020.

FDI inflows make contribution to income rises, international trade and the invigoration of the industrial economy. For example, China's FDI stock tolled \$110bn in 2019 and made over 20% of Africa's economic growth [6] and created more than 170,000 jobs according to Financial Times. Chinese enterprises helped to establish an upstream-downstream-integrated industry chain in many African countries, thus transforming resource advantages into economic growth opportunities. However, some scholars proposed some problems that China takes the form of high-profile natural resource deals in countries with poor governance records, for instance, Angola and Sudan [7]. Chinese FDI causes environmental issues for example, that China state-owned oil companies are active throughout the continent and one-third of Africa's power grid and energy infrastructure has been financed and constructed by state-owned Chinese companies since 2010. Moreover, China Labour Watch reported human rights violations concerning Chinese migrant workers abroad such as refuse to give adequate medical care and rest, force workers to overwork and delay wage payments etc. [8]. Furthermore, there has been concerns of Neo-Imperialism and Debt-Trap Diplomacy that China's bank lending purposefully traps governments to gain strategic opportunities.

The Chinese cultural concepts of 'Yi' and 'Li' are widely discussed when making investment. Li means Profit, and Yi is the process of earning profit. These concepts are similar to the principle of fairness and embedded in the debate between profit

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maximisation and ethical investment, which is also related to the creditability and reputation of an investor and the success of an investment project. This paper aims to explore the operations and performance from the perspective of ethics and culture.

The objectives of this research are to identify Chinese ethical values and cultural traits, to explore the actions and interactions that the investors take in the implementation of projects and management of the organization, and to find out the consequences, and finally to make implications to theories, policies, and practices.

To achieve these objectives, we developed a theoretical framework from data to link the ethical factors and cultural traits to decision-making and operational process, and the consequences or problems of investment projects. Moreover, this study compares Chinese ethics and governance systems with alternative systems. Finally, we make implications to the historical and geographical theories and propose that Chinese ethical and cultural system might be a solution to the problems.

In the section that follows, we review relevant literature and discuss the theories of FDI and national cultures. Section three discuss the research methods in data collection and analysis. Findings are presented in section four with key theses and data evidence. Finally, we conclude the study with some theoretical implications and suggestions the problems.

II. LITERATURE REVIEW

A. Foreign Direct Investment

FDI is defined by the United Nations as “an investment reflecting a lasting interest and control by a foreign direct investor, resident in one economy, in an enterprise resident in another economy (foreign affiliate)” [9]. According to neo-classical economists, foreign capital flows and FDI help developing nations close the savings gap [10]. As a result, we anticipate money to move from industrialized to emerging nations, as the Heckscher-Ohlin approach to trade has evolved [11]. This is because money is limited in developing world, which should result in attractive investment possibilities. Now, geographical benefits are at the heart of investment decision-making. Thus, the geographical decision is impacted by the firm's motivational behaviour. Reference [6] emphasizes the critical impact of geographical benefits in the decision-making approach of investors. International business economists such as [13] used an eclectic framework for FDI, the Ownership-Location-Internalisation (OLI) framework, to demonstrate the advent of multinationals. This notion is widely regarded as the gold standard for explaining the appearance, structure, and location of FDI in recent years. International trade, investment location, monopoly and internalisation advantages, and ownership advantages are all incorporated into the paradigm. Three factors drive production internationalisation: “ownership advantages” (O), “location advantages” (L), and “internalisation advantages” (I). According to Dunning [14], all of these three advantages are critical in determining the structure and size of FDI. This theory can be used to explain trade flows as an alternative to classical trade theories. Additional than disparities in factor endowments and factor

pricing, the theory recognises that there are other motivations for FDI. As a result, in addition to the standard comparative advantage paradigm, it incorporates growing returns, imperfect competition, and product differentiation. The earliest attempts to incorporate horizontal and vertical multinationals into trade theory were undertaken by [15] and [16]. This idea emphasizes the importance of institutions in attracting FDI. According to [17], FDI inflows are a result of competitiveness or a game between several governments and institutions who make the rules of the game. In accordance with this, [18] argued that organisations are becoming more significant in appealing FDI inflows. The institutional FDI fitness hypothesis is related to the institutional theory proposed by [19]. The idea emphasizes the necessity of governments playing an active role in attracting FDI by pursuing economic and public policy initiatives.

B. The Reasons for FDI

Because it is extremely steady and ubiquitous part of inflows of the foreign capital, FDI inflows have expanded dramatically in developing nations [20]. According to [21], FDI inflows have the ability to generate jobs, raise productivity, transfer skills and technology, promote exports, and help developing countries maintain long-term economic growth and development. As a result, developing nations and emerging market economies are increasingly seeing FDI as a supplier of modernisation, economic development, investment, growth in income, and job creation. The more the capital investment in an economy, the better its prospects, making FDI a major source of capital investment and a driver of an economy's future growth rate. Through the technological spill over effect, FDI may increase energy effectiveness, lower environmental toxic waste, minimise resource intake and unanticipated output in the course of industrial production, and boost industrial green competitiveness [22]. Reference [23] was the first to propose the notion of FDI quality, arguing that by utilising FDI quality, host nations may gain benefits and advantages. According to [24], the quality of foreign investment has a decisive influence in enhancing energy efficiency. Tiwari et al. [25] argued that FDI quality had favourable externalities. Low pollution, low energy consumption, and high efficiency are common characteristics of FDI, which benefits host nations' industries through technological spill over effects, demonstration effects, and industry correlation effects. Reference [26] studied FDI, trade openness, economic growth and equity market for 16 Asian economies with the help of Panel Quantile Regression (PQR) and concluded that through the encouragement of investment activities in lower-income Asian nations where money is scarce, FDI stimulates the use of renewable energy.

C. Ethics and FDI

The contemporary trend of globalisation has increased aggression for FDI amongst the developing nations, and all players must change their attitudes, policies, and structures. National governments, international entities, business, labour, civil society, and the media all play key roles. Profit-focused opportunism and short-term endeavours are a lesser extent satisfactory, bringing firms those can engage in such strategies

into disrepute and making them targets for a technology-enabled global community of NGOs and activists. The prominence of approaches those not only increase the value but also have an advantage to future economic and social improvements is growing. Profit-seeking, such as offering high-end eco-tourism destinations or luxury goods to a rich clientele and make use of a portion of the proceeds to deal with issues of social disparity, will not suffice. Attaining the demands of top-level customers of the pyramid is turn out to be fewer valuable than meeting the demands of bottom level customers of the pyramid and the growing ranks of middle-class customers with comparable goals to their foils in developed countries. It also appears that the planet has begun to commit to a set of principles and values. Fair globalisation entails incorporating these values into the global economic integration process. In the most persistent and labour-intensive kind of international commerce, the tension between lucrative business and ethics comes to a head [27]. FDI ethical and economic viewpoints sometimes occur in conflicting contexts [27]. Arguments are divisive about the benefits of FDI and global commercial venture for economic and social development in developing countries [28]. Notwithstanding the social and economic emphasis in international business ethics, experts have yet to adequately investigate a number of FDI-related issues. The impact of FDI on the overall welfare of host nations, the influence of democratic principles and legal rights on attracting new investment partners and employment, and the significance of host countries' economic development are essential considerations. As a result, businesses and legislators frequently find themselves in ethical quagmires, making commercial choices and enacting legislation without fully comprehending the ethical implications of their actions [29]. The researchers are invited to contribute to the answers to these unresolved questions.

D. Nation's Culture and FDI

When it comes to FDI, a country's culture is just as crucial as its growth, ethics, and development. Cultural rationalizations for overseas investments have emerged and gained traction during the previous decade. However, in its current condition, the literature is still restricted, not only in terms of the number of research, but also in terms of the extent of our perception of the influence of culture on these overseas investments [30]. In international strategy, a lot of attention has been paid to national culture, and it has been found to have a big impact on both managerial and economic results. There have been a lot of people interested in how individuals from different backgrounds interact with each other. Many studies have focused on the challenges, negative vibes, and difficulties that come from meeting people from different countries e.g. [31]-[33]. However, a few studies have shown that meeting people from different cultures can have a positive effect [34], [35]. Reference [36] have faith in culture influences conventional institutions, analysed the impact of culture ["in-group collectivism and future orientation, taken from the GLOBE dataset" [37]] on conventional institutes, and also the consequences of conventional institutions on inflows of FDI, as

one of the few papers to do so. The findings show that formal institutions have an impact on both culture and FDI, but there is little prove that culture has an impact on FDI [38]. The impact of the latter on multinational corporations has been extensively researched. According to [39] cross-border cooperative ventures are more likely to fail as cultural distance grows. Cultural remoteness, according to [40] and [41] has a detrimental influence on the survival rate of foreign companies. Reference [42] argued that cultural differences are important deterrents for investors after studying foreign portfolio investment trends. However, not all research considers cultural differences to be a bad thing. Cultural differences, according to [29], actually improve the success of cross-border acquisitions by providing a new set of business practises ingrained in acquired units. Reference [40], related to culture and FDI, stated that individualism, masculinity, and uncertainty avoidance are cultural dimensions that have a weaker influence on inward FDI, whereas power distance and indulgence have a stronger influence. References [41] and [42] did one of the most well-known studies of cultural differences. Hofstede argues that culture is collective programming of the mind distinguishing the members of one group or category of people from others [42]. This then gives rise to business practises that are based on cultural values [42].

E. Conclusion

According to the prior literature, the role of ethics and national culture on FDI was highlighted by the researchers. According to [21], the literature on cultural explanations for foreign investments is still limited, not only in terms of the number of studies, but also in terms of the intensity of our awareness of the influence of culture on foreign capital. Previous research focused on cultural differences and how they affect FDI, but it did not look at other factors that could show how a multinational company interacts with its host culture [43]. Therefore, in this study, both the important prospects of ethic and nation culture are studied together to add value to the existing literature.

III. RESEARCH METHODS

This study adopts a qualitative approach, follows an inductive process, and draws on the interpretive and constructivist traditions [44]. This research attempts to explore the Chinese FDI in Africa to gain a better understanding of the phenomenon from ethical and cultural perspectives. A grounded theory approach [44] is employed in which researchers spoke with the practitioners involved. The study data were systematically collected and processed through open, axile and selective coding and then grounded theory models are developed from primary data. This study utilizes semi-structured interview as a main method to collect qualitative data. The number of sample cases is based on a concept of theoretical saturation that is no additional information can be found to develop the properties of the conceptual categories. The interview questions include "what are the reasons for investing in Africa", and "how to make investment decisions and how to implement the projects", and "what are the

consequences of Chinese FDI in Africa”. These broad questions enable the respondents to freely share their perceptions and experiences.

30 interviews were conducted with Chinese investor and local African partners or managers through face-to-face meetings in Nigeria, Ghana, telephone conversations and online Team conferences in 2021 (Appendix 1). The interviews were audio recorded and transcribed to ensure the accuracy of the interview data. Interview data were anonymous as some private information and sensitive opinions involved. At the first stage, five pilot interviews were conducted in Nigeria. When the categories emerged from the data analysis, more interviews were conducted to increase the diversity of the sample and to strengthen the properties of the categories. The research findings were presented by using a paradigm model in which the theoretical concepts and categories were interrelated. The themes were explained, and interview data were used to support the finding [39].

IV. FINDINGS

The grounded theory models illustrate the findings, in which Chinese ethics and cultural traits influence the actions and consequences of Chinese FDI in Africa. The context sets the stage for the central phenomenon and the process links causal conditions, actions and consequences.

The model (Fig. 1) shows that the context of this study is made up of Chinese FDI in Africa and the central phenomenon in this investigation is Chinese ethics. The cultural factors influencing investors’ perceptions and actions include propriety, righteousness, sincerity, long-term orientation, and principles. The actions include harmonization with local managers, cooperation with team members, being courteous to partners, taking stable and steady actions and investing in infrastructure and agriculture and establishing a virtual system in the organization. Consequently, both Chinese investors and local partners take complementary advantages, make achievement sequentially, both sides can get benefits, and they identify great potentials, make sustainable development, financial to achieve the Great Together.

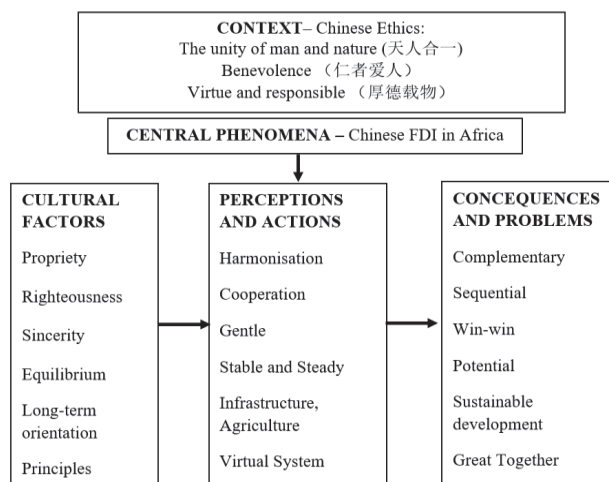


Fig. 1 A grounded theory model of Chinese FDI in Africa

A. Context - Chinese Ethics

A set of moral principles or values show how Chinese people treat the nature, other people, and themselves, and guide their perceptions and build the rules of conduct in their whole lives. These perceptions were influenced by the social environment during the long history and developed through education, observation, and reflection from behaviour.

The Unity of Human and Nature (天人合一)

Chinese people believe that everything was born from the Tao and human beings is one part of the nature. They always pursue the harmony of human being with nature as the ultimate state of living. People need to respect the nature and follow the natural laws. A Chinese shares his understanding from an ancient book “Tao Te Ching” or “The Book of The Way”.

“The Tao produced one; one produced two; two produced three; three produced all things (Ch 42). Man takes his law from the earth; the Earth takes its law from Heaven; Heaven takes its law from the Tao. The law of the Tao is it being what it is (道法自然) (Ch 25). Therefore, we should respect the heaven and the earth and obey the natural law.” (No 6)

Benevolence (仁)

Most Chinese interviewees believe that we should treat people equally and love other people. A Chinese interviewee explained the concept of benevolence in “Book of Mencius” and the golden rule of Confucius (500BC).

“Benevolence means loving the people (仁者爱人)

Those who love people are always loved by others, and those who respect people are always respected by others. Therefore, we should love and respect other people and let this to guide our behaviour. What you do not want done to yourself, do not do unto others.” (No 5)

Virtue and Responsibility (德)

The interviewees argue that people should treat themselves carefully and responsibly. People may have sins and virtues but should cultivate their virtues. For example, a Chinese interviewee shares the arguments in the book of “The Book of Changes” or “Yi Jing” and explain the virtue from Zhu Xi's “Connotation of Four Books”.

“Just like the earth, which is generous and peaceful, a man of virtue should have ample virtue and accommodate all things (厚德载物. Virtue is that you done it right from your true heart. Therefore, we should learn to manifest our bright virtue, to love people, to try our best.” (No 8)

B. Causal Condition: Chinese Cultural Traits

The cultural factors are those characteristics based on Hofstede’s cultural dimensions that lead to the occurrence of the actions and consequences. In this study they refer to those factors that cause Chinese FDI in Africa.

Propriety (礼)

About two thirds of interviewees think that they adopt propriety when design the organization considering the power

of distance. Propriety means a customary rite or ceremony in their daily life. For example, an interviewee argues that.

“Traditional Chinese adopt propriety (礼), and we have some conventionally accepted standards or rules of behaviour which are conventionally considered to be correct, good or appropriate to the purpose or circumstances. These standards are used to clarify someone’s position, power, and responsibilities in order to achieve harmony between people. In Confucian Analecta, in practicing the rules of propriety, it is harmony that is prized.” (No 2)

Righteousness (义)

80% of Chinese interviewees believe that they work together as a team and need to help each other. The group members need to be righteous bearing this mind of collectivism and if anyone betray the group, he/she would be kicked out of the team. For example, a young male manager shows his idea.

“Mencius said, I like life, and I also like righteousness. If I cannot keep the two together, I will let life go, and choose righteousness (舍身取义). Righteousness means it should be and it is appropriate. This is a virtue of a group (群善). We should be loyal to friends and remain faithful to our team members. We have codes of brotherhood which guide our conducts.”

Sincerity (信)

Most interviewees express that in Chinese culture sincerity goes first. People value modesty and humble and dislike arrogant and prejudice. We should sympathize and help weak people rather than discriminate and bully them. For example, a female interviewee shares her perceptions from the “Tao Te Ching”.

“The female always overcomes the male by her stillness. Stillness may be considered a basement ... the great state must learn to abase itself (Ch 61). So, it is that the sage, wishing to be above men, puts himself by his words below them, and, wishing to be before them, place his person behind them... Therefore all in the world delight to exalt him and do not weary of him. (Ch 66).” (No. 4)

Equilibrium (中庸)

Chinese people try to avoid uncertainty but understand that nothing is absolutely certain and no risk no return. Chinese investors are not risk seekers and do not make aggressive investment. They are a little bit conservatism but would like to take actions to achieve equilibrium. For example, a middle-aged Chinese investor conveys that.

“Confucius’s grandson Zi Si said: perfect is the virtue, which is according to the Mean! When achieve equilibrium and harmony, a happy order will prevail throughout heaven and earth, and all things will be nourished and flourish. Equilibrium means being without inclination to either side and admitting of no change.” (No 12)

Long-Term Orientation (长远)

Ninety percent of investors would adopt a long-term orientation, and they would consider the benefits broadly and think about the future. When they make investment decisions, they would consider the benefit in the future or from following up projects, even if the project currently is not profitable. For example, an old gentleman who had been in Africa for 15 years expressed:

“Chairman Mao says, ‘Looking at scenery, take a long-term perspective with a broadened horizon’. The Chinese Ambassador to Ghana Wang writes an article ‘Dust will settle as we go along. I am confident with the future, and I need to build a strong foundation for the future. The Chinese government established great friendship with Africa 50 years ago and now we feel their passion when we come.’” (No. 7)

Principles (信条)

60% of interviewees argue that there are some fundamental principles when we discuss the cultural dimension of indulgence versus restraint, which refers to the degree of freedom that societal norms give to citizens in fulfilling their human desires. They would keep traditional Chinese cultural principles in their daily life, which will influence their investment decisions.

“A Chinese proverb says that gentlemen love wealth, and they make their wealth in just and ethical means. I hate those businessmen or companies that cheat, make fake products and harm others to benefit themselves. ‘Good things don’t go out, bad things spread for thousands of miles’ and nobody would never work together with them. I have my bottom lines and I would never do anything that against my principles.” (No. 14)

Perceptions and Actions

The perceptions of the investors are influenced by the ethical and cultural factors and guide the investors to take actions. The perceptions and actions include harmonisation, cooperation with partners, be courteous to people and making stable and steady progress, investing in infrastructure and agriculture, and building a virtual system in the organization.

Harmony (和)

Most interviewees say they would like to be harmony with their managers and local workers. Different companies may have different organization structure and governance system but they perceived that harmony is the most important concept in their life. For example, a very experienced general manager expressed that.

“Confucius said ‘Gentlemen live in harmony with others but don’t wallow in the mire with others.’ You Zi said ‘When putting standards of morality into practice, the important thing is harmony.’ Meng Zi says ‘Harmonious is the ultimate Dao of the world. Reaching harmony, heaven and earth take their proper places and the things of the world are nurtured.’ We live in harmony with people.”

Cooperation (合)

Most interviewees say they would like to cooperate with partners and work in a team. Most of the time we cannot complete a project by one person or by ourselves and we need to cooperate with people who have different knowledge and skills. In Africa, we need to cooperate with African government local community and African workers. For example, a middle-aged branch manager says that.

“Cooperation initially means close together and then expanded the meanings to united and integrated. It was one of the annual words in 2021. In Chinese culture we talk about harmony and cooperation. Harmony is the pre-requisition, causal condition, and foundation. If you cannot live in harmony with other people, how can you cooperate with them? Confucius said, ‘when three are walking together, I am sure to find teachers among them.’” (No. 1)

Gentle (柔)

70% of the interviewees would like to treat their colleagues gently and build a relaxing working environment. Gentle means soft and flexible and people can adjust themselves to adapt to the changing environment. Many companies established a flexible (柔性) corporate culture to improve the flexibility, adaptability, creativity and efficiency of the company. All team members should have similar values and recognise the importance of flexibility. The leaders would adopt a gentle type of management which emphasise two ways communication and involve team members in decision making. For example, a general manager shared his opinion that:

“Lao Zi says ‘the soft and the weak will overcome the hard and the strong’ (Ch 36). He gives an example ‘nothing in the world is as soft and weak as water, yet for attacking the hard and the strong, nothing works as well. This is because water is too soft and weak to be altered’ (Ch 78). We are working with different people, and we should use flexible ways to manage them. We are facing an ever-changing environment we need to use flexible methods to deal with the changes.” (No. 8)

Stable and Steady (稳健)

More than half of the interviewees claim that they are conservatist and would undertake lower risk investment projects and make slower progress. Stable and steady are the main features of their investment behaviour. For example, a senior executive from a well-developed company shared his experience.

“Confucius said, ‘do not pursue speed only ... If you pursue speed only, usually you cannot attain your objective’. Similar proverb says, ‘haste makes waste’. Lao Zi said ‘a tree too big to embrace grows from a tiny shoot; A terrace nine-stories high rises from piles of earth; A journey of ten-thousand miles begins with a single step.’ we would like to take lower or middle level risk investment projects and go step by step to make stable and steady progress.” (No. 14)

Infrastructure and Agriculture (基建农业)

More than half of the interviews from small and medium enterprises (SME) argues that they invest in infrastructure and agriculture industries. They found there are many opportunities in these areas and Chinese investors build competitive advantages using their technology, skills and working experiences. Most African countries are agricultural countries, and they have excellent natural conditions although some agricultural technology needs to be improved. Chinese companies can help to improve the productivity and international trade. For example, an owner of a small agricultural companies shares his experiences at the interview:

“Clothing, food, housing, and transportation are our fundamental needs. ‘People take food as their heaven’ or ‘hunger breeds discontentment’. There are some challenges in Africa. Firstly, the productivity level is very low as they need better products and skills. Secondly, African people need more international trade to sell abundant fruit, vegetable and grain and buy those food they do not produce. We can help them to improve productivity and mutually help to make up what the other lacks. For example, some fruits are abundant in Africa but very rare and popular in China. We collect them under the trees and make a little processing and then sell very well in China. Moreover, accommodation and transportation like house, road and railway need to be improved in Africa. During the past forty years, Chinese companies have accumulated great experience and developed great capacity even over the domestic market needs for example too much steel and cement. We have plenty of building materials and many well skilled and experienced workers.” (No. 21)

Virtual Governance (德治)

About 60% of interviewees argue that they adopt a virtual system in their organizational management. Scientific management or rule-based system may be suitable for high technology manufacturing companies in developed countries. But in Africa people are simple and honest and prefer humanised management. In Chinese long history, there has been a tradition of “rule by man” or “governance by virtue” system and the interviewees found that it works well with local African workers. People are emotional and you will need to make friends with them, although some senior managers emphasize disciplines in their day-to-day operations. For instance, a senior executive officer conveys that.

“‘People are not grass or trees but creatures with emotion.’ We do not treat people as robots but human beings. We make friends and become brothers or sisters. African people had been treated unfairly and inhumanly in the history and we had similar experience during the past years. We understand each other and take care of each other. Kindness is always returned tenfold. ‘People respect me one foot, I respect others ten feet.’ We believe that we treat them kindly, and they will make great effort and return on investment. Apart from basic rules and regulations African workers are independent and manging

themselves.” (No. 10)

C. Consequences

Ethical perceptions and cultural traits may affect investors' actions and organizational behaviours which are result in some consequences. The interviewees share their experiences and identify some outcomes of Chinese FDI in Africa. Interviewees recognise that China and African countries have complementary resources and advantages. Chinese investors conducted a series of investment projects and have sequential outcomes and accumulate returns during a long period of time. Both parties can win and get benefits from the investment projects. The investors recognise the great potentials of African and look forward to future opportunities. There has been sustainable development of Chinese investment in Africa in terms of economic, social, and environmental performance. In the Chinese ethics and culture, a great together is the ultimate aim of the economic and social development all over the world and Chinese FDI make contribution to achieve this target.

Complementary (互补)

Most interviewees admit that China and African countries have complementary sources and advantages. Both parties would like to cooperate with each other and take advantage of different sources. After thirty years economic growth, China has accumulated great productivity capacity, skills and experiences and Africa has advantages in labour premium, consumer market growth, natural resources. Both parties have complementary advantages and can cooperated each other to make a great achievement. For example, an owner of a private company shares his opinion.

“A Chinese proverb says that ‘Lean from each other’s strengths and complement each other’s weaknesses.’ Africa has a bright future, like China 40 years ago. There are millions of young, strong, hardworking people, rich natural resources, a fast-growing consumer market. However, China will become an aged society because of the ‘one couple one child’ policy and the labour cost increased quickly these years. Moreover, China will import more goods and products than export them and Africa can take advantage of this opportunity. Africa becomes a good destination for investing capital, building factories, and seeking business partners. In Chinese culture we have concepts like inclusivity, tolerance and reconciliation, and we can establish good partnerships with African partners.” (No. 3)

Sequential Return (顺序)

About half of the interviewees argue that they do not expect to make good fortune within one night but gradually they will make more and more return on investment. There must be many challenges or risks when they set foot on the land of a new country and communicating with new people with totally different languages, social customs and habits. They believe that after a period of accommodating they can build seamless links and establish close relationships as thick as thieves. Chinese people have strong survivability and adaptation

capability. For example, a top-level manager shares his experience.

“The idea of Karma is one of the ancient Chinese doctrines. A Chinese idiom says, ‘Sow melon and you get melon, sow beans and you get beans.’ ‘As you sow, so shall you reap. One must live with the consequences.’ We believe that we work sincerely with others and will get good outcome. Moreover, A Chinese poem sings that ‘plan a grain of millet in spring, harvest ten thousand seeds in autumn.’ ‘As distance tests a horse's strength, time reveals a person's heart.’ People need a long line for big fish. We will need a long period of time to get good return and we will have a bright future in Africa. Actually, we are getting benefits now as we built good reputation since 1950s” (No. 4)

Win-Win (双赢)

Most interviewees expressed that Chinese investors and African partners will have a win-win relationship. Firstly, Chinese companies need natural resources and raw materials to produce products and Africa can provide. Secondly, Chinese companies have over productivity capacity and Africa can digest. Thirdly, Chinese companies need more labour but they cannot get enough low-cost labour in the Chinese labour market. Fourthly, African food and agricultural products are very popular in China and African companies can sell these products to China and increase their foreign reserve. African companies need financial resources, technology, skills and management experience and Chinese companies can support. Last but not the least, African countries have huge demand in infrastructure and household goods and China has great capability in construction and manufacture. They can work together and get what they need respectively. For instance, a manager in a construction company expresses that:

“Mencius says that ‘it is much more joyful to share the joy than enjoy alone.’ We believe that ‘friendliness is conducive to business success’ and both parties can win through mutually beneficial cooperation. In practice, Monism holds that ‘love without distinction but of mutual benefit.’ If our partners cannot get fair benefits, they would not cooperate with us for a long period of time. If we are in an arrogant country with unfriendly people, we will avoid their pride and prejudice and leave the country. Fight or flight!” (No. 9)

Potential (潜能)

70% of interviewees believe that the next arising area will be Africa. They compare China with Africa and believe that China's development road map will make implications for Africa. Firstly, the population of Africa is 1.4 billion with a majority of young workers and just like China 40 years ago. African people are intelligent and working hard and, most importantly, they are eager to change and to get a better life. Secondly, Africa will become more politically mature, end the wars and civic conflicts, and develop their legal and judiciary systems. Thirdly, Africa has vast tracts of unutilized land and significant mineral and energy resources. Last but not least,

there are many African people learning knowledge and skills and many foreign investors and managers working in the continent, which provide necessary financial resources and management experiences. For example, a private company owner shares her observation.

“Fortune and misfortune come in three-year cycles. Every dog has its day.’ Africa is a dragon hiding in deep water, one day it will soar up into the sky. ‘Right time, right place and right people are three key factors that impact on your success. ‘Africa has got good factors for success, and we can make contribution by providing financial and human support. This is the most important one factor according to Mencius and hopefully we are the right people.” (No. 9)

Sustainable Development (持久)

More than half of the interviewees realized social and environmental problems and agree to the UN sustainable development goals. The investors would like to develop a long-term business strategy and to get a bigger pizza by cutting the pizza fairly now. A good reputation may need decades to build but could be destroyed with one unethical activity. Moreover, environmental issues need to be addressed in the very beginning rather than repeat the lesson of “treatment after pollution”. Clean energy needs to be used and African has rich waterpower and abundant solar power while China has advanced technology in utilising solar power and great capability in building waterpower stations. If we build manufacturing companies in Africa, we need to consider environmental factors. An interviewee who is working in an energy company his perceptions and experiences:

“Chinese ancestors said that ‘do not fish by draining the pond and do not hunt by burning the forest’. We need to consider sustainability and do not run out of all resources and sacrifice our next generations. Do good thing and accumulate virtues and ‘one good turn deserves another’. ‘The laws of Nature govern all things and that man must seek harmony with the Nature.’ We have experienced heavy pollution in China ten years ago and we took great effort to deal with environmental issues. We suffered a big loss and it cost us a lot. we should learn from lessons and do not repeat the mistakes in Africa. Since last year, China would not build any new coal power stations in foreign direct investment projects.” (No. 14)

Great Together (大同)

60% of interviewees believe that the world will become better and better in the future and ultimately it will be a sweet home for everybody including African people. In Chinese culture globalism is a fundamental concept and has two meanings. Firstly, everybody in the world agrees to some common or universal values but tolerates other different values. Secondly, acephalous society is the best status where there is no leader in the international community.

“Confucius says ‘when the Great Dao prevail, the world is for everyone’. In the book of changes ‘we see no leader in a host of dragons, which is great’. Lao Zi says that ‘do

things without violate the natural law, everything will be in great order’. A Chinese proverb says that ‘peace reigns throughout the world but only the ignorant people disturb it themselves’. If we respect the nature and respect other people and take good care of ourselves, the world will be getting better and to achieve a perfect dynamic equilibrium.” (No. 15)

V. CONCLUSION, LIMITATIONS AND RECOMMENDATIONS

A. Conclusion

This study identifies Chinese cultural traits according to Hofstede’s cultural dimensions in Table I. A theoretical framework (Fig. 1) is developed from primary data to provide a picture of Chinese FDI in Africa from ethical and cultural perspectives, which links cultural factors as causal conditions, actions in operational process, and consequences. The ethical concepts provide a foundation and context, and cultural traits influence the actions of Chinese investors when making investments decision in Africa and implementing the projects. Most Chinese investors harmonize with local African partners and cooperate with each other to implement investment projects. Chinese investors are gentle and courteous to partners and adopt a virtue governance system in the organization. The investors identify great potentials in Africa, make sustainable development, to achieve the goal - the Great Together - an ideal society, which is also an ultimate level of ethical development.

This study proposes a Chinese ethics and governance system (Table II) including economic, social, and political codes of conduct and compares it with alternative systems. There is no fundamental conflict between these systems. Chinese system emphasizes economic cooperation but does not exclude competition, which combines fiscal and monetary policies in macro-economy with free market mechanisms in micro economy; it prefers fairness to freedom, which argues that human rights match responsibilities and sometimes people need to sacrifice self-freedom to achieve collective freedom; it pursues social justice instead of equality as there are different personalities and group characteristics and people need to take advantage of different potentials; it aims to achieve social harmony and reduces conflicts instead of requiring universal love between individual people. In human nature people put different levels of emotion in building relationships. It adopts a benevolence system in which leaders are selected in different ways rather than one person one vote, and teamwork replaces personal responsibility. Leaders love their people and take care of collective interests and balance individual benefits. Chinese system is more principle based. In addition to basic legal rules, people constantly brighter their virtues and develop a virtue system.

This study makes implications to the Clash of Civilizations theory [46]. Because of different beliefs and values between different cultures and nationalities, there are conflicts between different civilisations. The concept of inclusivity in Chinese culture, and the past achievement and historical experience, endow China to have the qualification to tolerate and include different perspectives and solve the conflicts to achieve a

political unity - Homogenization [47]. This paper found that the development of cross continental transportation, including ocean powers [48], international trade and investment enables close connection between Asia, Europe, and Africa, and makes implication to the World Island theory [49].

B. Limitations and Further Studies

There are some limitations in this study and some areas may need more research. Firstly, this study conducted a small number of interviews and therefore there is a problem of generalizability. A quantitative study could be undertaken in the future by using other methods like questionnaires to expand the sample size. Secondly, more problems or difficulties could be identified from the study as this study mainly focuses on intended or positive consequences. Interviews would like to talk more about good points rather than bad experiences. Future research can also investigate Chinese FDI in other nationals for example in Middle East and European countries with different ethical and cultural characteristics.

APPENDIX

TABLE I

HOFSTEDE'S CULTURAL DIMENSIONS (2010) AND CHINESE CULTURAL TRAITS

Dimensions	Chinese cultural traits	Interpretation
Power Distance	Propriety	A customary rite or ceremony
Individualism Versus Collectivism	Righteousness	Teamwork or help each other
Masculinity Versus Femininity	Sincerity	Modesty and humble.
Uncertainty Avoidance	Equilibrium	Being without inclination to either side and admitting of no change.
Long- Versus Short-Term Orientation	Long-term orientation	Looking broadly and to the future
Indulgence Versus Restraint	Principles	Be responsible or self-discipline

TABLE II

A CHINESE ETHICS AND GOVERNANCE SYSTEM

Principles and conducts	Alternatives	Chinese
Economic	Competition	Cooperation
Social	Freedom	Fair
	Equality	Justice
Political	Fraternity	Harmony
	Democracy	Benevolence
	Legal system	Virtual system

TABLE III

CHINESE HISTORICAL AND GEOGRAPHICAL DEVELOPMENT

	Alternatives	Chinese
Historical	Civilization	Culture
	The Clash [46]	Homogenization [47]
Geographical	Heartland theory [49]	River - Continents - Oceans
	Ocean power [48]	Belt and Road

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