

# The Problem of Precarious Work: Chinese Companies in Africa.

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CHANGES IN AFRO-SINO LABOUR RELATIONS

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## ABSTRACT

Recently, a huge number of Chinese large state-owned enterprises, private owned enterprises and small-to-medium-sized companies are moving to invest in Africa. Reports say China is now Africa's largest trading partner. Also, Africa has become China's major importer, the second largest overseas project contracting market and the fourth largest investment destination. According to data from the Ministry of Commerce of China, from 2009 to 2012, China's direct investment in Africa increased from \$1.44 billion to \$2.52 billion, with an average annual increase of 20.5% and the stock increased 1.3 times from \$9.33 billion to \$21.23 billion. The growing presence of Chinese enterprises in Africa attracted public attention to their employment practices. Critics especially the Western and US social mediablames Chinese Foreign Investment Enterprises (FIEs) and Foreign Development Investment(FDI) for hiring a low percentage local workers,( because they import their work force and material from china), for not providing standard working contracts for the few local workers they hire, for paying low wages, having precarious working conditions,and providing little or no training to African workers, for not building permanent and long term enterprises that can develop African, for poor dormitory living conditions and facilities. Addressing these issues, this article with the aid of material from authors like Prof.Ching Kwan Lee, Prof Tang Xiaoyang, Katy Ngan, and Prof Pun Ngai will first examinehow Chinese companies' carry out employment practicesin Africa and how they treat workers without sufficient knowledge of local labor laws. This article will also try to explain reasons for no contracts and precarious Labor and also try to seek some measure that Chinese can use to make work in Chinese companies in Africa less precarious. Barriers like, the difference in language, culture, religion and values contribute to the misunderstanding between the Chinese employers and local employees.Types of precarious labor conditions include cases of low salary below the minimum wage standards and unfair termination, lack of holidays, no housing and at times poor housing conditions, lack of work insurance, lack of medical care and other benefits.

**KEYWORDS:**China, Africa, FDI, FIE, Labor Relations, Non-standard work, Contracts.

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## I. INTRODUCTION

For severalyears the pull and push factors for capital flow has made working conditions of workers in most part of the world especially in Africa very precarious.(Goldstein et al., 2006; Broadman, 2007 Kaplinsky et al.,2007, Asche and Schüller, 2008). "By "precarious work" I mean employment that is uncertain, unpredictable, and risky from the point of view of workers", ( Arne L. Kalleberg)<sup>1</sup>. The problem of precarious work in Chinese Companies in Africa has been given many names by various authors. For example Prof Lee in her article "Raw Encounters: Chinese Managers, African Workers and the Politics of Casualization in Africa's Chinese Enclaves" says Western and US media call it "Chinese Imperialism", while she calls it "the Politics of Casualization". Elizabeth George in her own article: "Non-standard work and workers: Organizational implications"<sup>2</sup> calls it Non-standard work because workers and employers do not sign any official contracts or documents under the Labor Law Systems in African countries. All these names are used to explain the problem of insecure employment which is common in most Chinese companies in Africa. They are used to explain the fact Chinese companies move to invest in Africa; they sign legal contracts with the Governments of African countries but literally avoid signing standard contracts with African workers (local workers) because of language, cultural,

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<sup>1</sup>Precarious work, insecureworkers : Employment Relations in Transition, American Sociological Review, 2009, Vol.74 (February: 1-22).

<sup>2</sup> Conditions of Work and Employment Series No. 61

religious, behavior/work attitude, lack of trust, short term development plan and lack of skill reasons. On the other hand, a question is been raised on “how are Chinese company jobs beneficial to African workers?” Workers in these atypical forms of employment share the same disadvantages that include low and unsecured wages, few benefits, lack of collective representation and no job security. Workers continue to work without social security (no pension, health and unemployment insurance), no rights to holidays, without protection against dismissals, without vocational training, with little or no health and safety working conditions, coupled sometimes with a situation where no trade union representation exists. Usually, these workers receive little or no support from their own governments and they tend to look for different means like strikes and grass field campaigns against their government and state leaders to fight for their stable working rights. We are going to discuss what some authors say about Chinese employment and precarious work in Africa, using some examples.

### **HOW CHINESE COMPANY MANAGERS TREAT AFRICAN WORKERS**

Prof. Lee uses words like «casualization and precarious employment» to describe the working relations between Chinese managers and African workers. To her casualization as a result of non- standard jobs is a very important issue discussed among African workers because to African factory and mine workers a permanent job means secure and high income, access to medicine, a good and formal contract which could be used as collateral to obtain bank loans for life and death emergency.<sup>3</sup>The Chinese politics of Casualization bring additional plight to African workers because they could not get this kind of permanent jobs in Chinese factories. Prof. Kwan uses the Chambishi mine on the Zambian Copperbelt and the Tanzanian-China Friendship Textile Mill in the port city of Dar es Salaam as examples to explain the « politics of casualization » used by the Chinese Companies in Africa. Both Zambian and Tanzanian witnessed and resisted very casual treatments and precipitous aspects of employment in Chinese companies. These forms of employment lead to very wild strikes in both cases. Through these strikes, Zambian Copper mine workers seem to have successfully halted the tendency of casualization and were able to sign collective agreements with Chinese managers. But this was not the case with Tanzanian textile workers. So the question is how did the Zambian mine workers succeed to get permanent and pensionable jobs with Chinese managers?

In trying to answer this question, Prof. Kwan divides this paper into 3 parts. The first part highlights the historical, political, economic parallels across the 2 cases by providing a baseline of comparison. The second part of the paper discusses the divergent behavior and mentalities of Chinese managers and African workers. The third part talks on how through grass-root militancy, Zambian mine workers use the rich National resources to influence National politics and a hike in copper prices in the global market to end the Chinese Politics of Casualization.

To Prof. Tang Xiaoyang, in his article “Do Chinese companies in Africa benefit African workers?” claims that Chinese companies in Africa do not take permanent African workers because there are claims that Chinese companies import work force to easily complete their work before pressing date lines are baseless and false. He argues that African and Western critics are apparently unfamiliar with this Chinese business model of employing large numbers of Chinese and African workers at the same time, using Chinese to train African labors on site and then replacing the Chinese finally with Africans. They protest the sudden influx of Chinese workers without seeing the whole picture or the long-term trend. To him it is true to an extent that there is an influx of Chinese workers but he argues that from some statistics the percentage of work force for both Chinese and African workers are have no big differences for example in 2007, Angola Ministry of Finance published a report, which listed the composition of employees in thirty infrastructure projects realized by Chinese companies. Out of in a total of 3136 employees, 1872 were Angolans, making up 59.7 percent of the entire work force. In this case, the proportion of Chinese workers is still relatively high, over forty percent, because of the pressing deadline of project completion and the lack of skilled labor in post-war Angola. In Ghana’s Bui dam, the Chinese constructor Sino-hydro hired 560 Ghanaians and 110 Chinese workers as of July 2008. The construction of Chinese-funded Imboulou dam in Congo Brazzaville involved as many as two thousand Congolese, four hundred Chinese and twenty Germans.<sup>4</sup> Prof Tang is keen to say that what real matters is what the Chinese do on the field and not what others think because even without contracts As noted before, the use of more local workers may also be beneficial for business development. That is to say, it’s possible to realize mutual benefits for Chinese enterprises and local communities. Both sides just need to understand each other’s interest and seek an economically viable approach together and work using the “win

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<sup>3</sup>Ching Kwan Lee, *Raw Encounters: Chinese Managers, African Workers and the Politics of Casualization in Africa’s Chinese Enclaves*

<sup>4</sup>African Studies Quarterly |Volume 16, Issue 3-4| December 2016.<http://www.africa.ufl.edu/asq/v16/v16i3-4a8.pdf>

win” attitude. I say Prof. Tang paints a good picture but unfortunately this is not what African workers want, because to an African a good job means a permanent contract with job security and social benefits.

When talking about the labor issue of the Chinese companies, Chinese managers in Kenya complained that they do not sign standard work contracts with African workers because local workers do not take their jobs seriously and skip working days at will so signing contracts with them will mean taking them to court all the time and off course Chinese managers are not familiar with courts procedures in African countries. According to an article on “China Africa Project Email Newsletter” written by Zhicong Deng in July 2014, as a measure to solve this problem between Chinese managers and African workers, a Kenyan local journalist Tony (alias) mentioned that, “local employees often complain about the long working hours, low salary and the racial discrimination in the Chinese companies. Also, the cultural and linguistic gap between China and Africa contribute to certain misunderstanding between the Chinese employers and local employees.” He believed Chinese companies should be more active to contact local African media houses with local translators and let the local people understand more about the operation and enterprise culture of the Chinese companies to build mutual understanding and trust.

### **REASONS FOR NO CONTRACTS AND PRECARIOUS WORK IN CHINESE COMPANIES IN AFRICAN**

**Chinese mentality of hard work and development:** According to Professor Tang, the main reason for poor working conditions are partly related to the issue of labor costs. Most Chinese managers want to minimize cost so; some Chinese companies reduce their expenditure on employees’ welfare such as food, transportation, and healthcare and expect more working hours to maximize production. To him it’s an issue of work culture and should not be totally criticized as exploitation or cruel treatment of African workers. Since most of Chinese expatriates, including senior executives, live and work under similar conditions. Unlike Western expatriates who usually stay in exclusive villas and apartments, Chinese often sleep in barrack style dormitories. They work with local workers side by side. Almost every Chinese views the harsh conditions as necessary costs for development. To Chinese workers there is no problem eating bitterness for the development of one’s country but this is not the case with African workers who want to work less but want brighter futures. But when the working conditions become too bad for example workers cannot get medical assistance and labor protection during working hours due to negligence. For example, after China Non-Ferrous Metals Company (CNMC) took over Zambia’s Luanshya mine in 2008, there were on average three accidents per week even though the Zambia has very strict rules for the protection of workers. The irony is Chinese managers felt very comfortable with this frequency because it was far more less than the frequency in companies in China<sup>5</sup>.

**Lack of skilled labour:** most Chinese managers discover that most African workers lack skilled labour for high ranking company positions so meanwhile they are in need of urgent skilled labour. Even when they decide to train Africans to acquire skilled labour for long term projects, they discovered that most African workers left their companies after the training. These are some of the reasons why Chinese managers do not sign contracts. On the other hand this is because of low wages.

**Low wages:** when workers are trained in other foreign companies in Africa, when they become skilled after training or longevity at service, their salaries are increased and they see reasons to continue working. This is not the case with Chinese companies because to an extent, Chinese managers consider training African workers as favour and not a working right. It is considered by most workers that Chinese companies pay the lowest wages.

In another development, in the training process, communication is a major barrier. Most of Chinese technicians do not speak English well, let alone French, Portuguese, Arabic, Swahili, or other languages spoken in Africa. They rely on interpreters to convey their ideas to local workers, or just use simple words and gestures to demonstrate skills. It is not surprising that the tutors and the apprentices often misunderstand each other. Local workers mechanically follow the gestures without understanding the point. They may easily make mistakes when situations changes.<sup>^</sup>

These are some of the reasons why writers like Matthias Busse, Ceren Erdogan, (both from Ruhr-University Bochum) and Hennen Muhlen from University of Hohenheim, Chinese foreign investment and aid in Africa do not seem to have an impact on growth and development of the Continent.

### **SOME MEASURES CHINESE COMPANY MANAGERS IN AFRICA ARE TAKING TO MAKE WORK LESS PRECARIOUS FOR LOCAL WORKERS.**

According to Western critics, Chinese companies in Africa are really not contributing sufficiently to the African society through corporate social responsibility programs, and some suggested that African

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<sup>5</sup>Tang Xiaoyan. 2016, Does Chinese Employment Benefit Africans?

governments should intervene to enforce greater corporate social responsibility. To them, Chinese companies should initiate training programs in their companies that will contribute to local development including environment protection, decent working conditions, human rights, relations with local communities, local companies and manpower, training programs, and reinvestment of profits. In my opinion, in order to defile their critics, Chinese managers are working very hard towards integrating into African Law code system and respecting some of the local laws too. They have come up with some important measures which include;

Chinese managers now train local managers for both long and short term projects, because it is only by this means that the company management can easily integrate with the local community and integration fosters understanding of both parties. These local managers are used to explain the project plan to local workers and the community so that there can be discipline at work.

They have also started using the “reward system” to attract local workers hard work. Reward system includes career development for assiduous workers, promotion to administrative post, monthly/yearly bonuses, further studies to universities in China and frequent financial support to worker’s personal issues. For example, Prof Tang in his article mentions the case of Jack Hong, a manager of Hazan Shoes, which invested six million dollars to set up a factory in Nigeria, told me that the company had realized the problem of unstable local staff. Not being able to elevate the overall salary level, Hazan chose to identify a small group of core staff members and pay particular attention to their career development. According to Hong, these core workers were selected by their motivation for work, capability of learning and reliability. For the selected employees, the company provided higher wages as well as special opportunities for career development, such as promotion to management positions, company-sponsored education and other incentives. Good measure to foster local management and better understanding of Chinese projects. This is just one of many examples of the how Chinese managers in Africa try to improve the working condition of local workers. This is connected to their work culture known as “guanxi” which is based on closed relationship lines.

The Chinese resorted to organized discipline groups which can be compared to “activists” during the Danwei system in China. These discipline groups explain work task to other local workers and they are in charge of maintaining discipline amongst workers. All workers with problems at work have to pass through this discipline group before it reaches the Chinese managers. These groups also help Chinese managers to intensively supervise the technical and mechanical work of all workers and make sure all is well since the Chinese style of industrialization is related to large scale production. Chinese are known for their work discipline and local African workers are expected to learn the Chinese way of work.

## **II. CONCLUSION**

Chinese investment in Africa mostly dates only from 21<sup>st</sup> Century, workforce localization and treatment has been mostly questionable from the outset. Recently, it seems to get better day by day and now it’s well-advanced. Almost all Chinese enterprises and projects in Africa, regardless of size, have a good number of Africans for their workforce with precarious working conditions which are not easily corrected due to the factors mentioned above. Much variation exists, but the mean African proportion seems to be in the mid-80s percent. To an extent the Chinese investigators are doing business in Africa, are contributing to the development of the country through the direct and indirect creation of employment opportunities for local communities. However, others have contended that the type of jobs created are of low quality due to low wages, poor living and working conditions and lack of social facilities.

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