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Workforce Localization among Chinese State-Owned Enterprises (SOEs) in Ghana

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Chinese state-owned enterprises (SOEs) have gradually localized their workforce since they began operating in Ghana in the 1980s. Examining their workforce localization patterns, the Chinese SOEs in Ghana appear to be diverse in their business practices and highly autonomous from the Chinese state. Our hypothesis on the substantial autonomy of Chinese SOE overseas subsidiaries, which is consequent to the lack of management control from the Chinese central authority since the Chinese economic reform, contrasts the dominant assumption in the China–Africa debate, in which Chinese SOEs are depicted as closely linked to the Chinese state and/or as the arms of the new Chinese policy in Africa. The workforce localization process of Chinese SOEs in Ghana is largely determined by factors like profit maximization objective, market competition and political pressure. The localization experience is similar to those of Western companies in Africa where complete workforce localization takes a long time to achieve.

Introduction

During our fieldwork in Ghana, country directors of Chinese state-owned enterprises (SOEs) expressed their intention to hire as many locals as possible. Rather than just a discourse, they consider that workforce localization (属地化/本土化) is necessary for different reasons ranging from reducing labour costs to adapting to local political contexts. Nevertheless, the human resources localization pattern—degree, motivations and strategies—is non-linear and varies from one SOE to the other. Each of the Chinese firms seems to have its own localization formula influenced by its specific internationalization trajectory and experience in Ghana.

Viewing the workforce localization practice from a bottom-up perspective, it appears that Chinese SOEs in Ghana enjoy a high degree of managerial autonomy in their business operation. This observation is certainly not in line with the prevailing view in which Chinese SOEs are usually depicted as a state apparatus and an executor of the new Chinese policy in Africa.

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Our hypothesis on the substantial autonomy of Chinese SOE overseas subsidiaries does, however, correspond with the literature on Chinese SOEs in China, which, in general, highlights the lack of management control from the state authority since the beginning of the reform in 1978. This loose control continues to be a subject of debate. Different Chinese newspapers published several articles before the 18th Chinese Communist Party Congress (November 2012) calling for strengthening control of SOE overseas businesses.[1] State ownership does not necessarily signify an effective state control of the SOEs. Nevertheless, studies of China and Africa still pay scant attention to this dimension.

Focusing on workforce localization, the objective of this article is to provide a disaggregated perspective of how the internationalization process of Chinese SOEs is taking place in Ghana.[2] The Chinese state alone is far from the only actor that shapes the process. The difference of localization practices suggests that the SOE subsidiaries themselves are among the drivers framing the process in which the 'vision' and personal experience of the country directors (who are Chinese) are also determinants.

In addition, the local (national)[3] context certainly influences the business practices of Chinese SOEs in Ghana. Although China is a powerful actor in the African continent, scholars recently pointed out the importance of the local agency in the China–Africa encounter.[4] We will see later how localization strategies of Chinese SOEs are adapted to respond to forces from local politics and Ghanaian employees.

This article is based on our ethnographical research in Ghana, using semi-directive interviews and participant observation along with secondary resources. On top of two long field studies in Ghana, our research experience on Chinese SOEs in China and shorter visits in other West African countries provide empirical reference for comparison. The outcomes of several years of research allow us to propose this bottom-up vision of the Chinese presence in Africa.

The article will first give a brief summary of Chinese SOE reform and SOE internationalization in Ghana. It will then explain diverse localization patterns in several sectors in which Chinese SOEs are active, especially the construction and telecommunication sectors, and for each type of employee as well as the current limits for SOEs to implement workforce localization in Ghana.

China reform and internationalization of Chinese SOEs in Ghana

SOE reform: changing relationship with the Chinese state

State-owned enterprises have been a major target in China's economic reform since 1978. During the first phase of the reform between 1978 and 1993, the SOEs were

1. Bao Chang, 'SOE urged to manage overseas businesses', *China Daily*, (17 October 2012).
2. This article will include Huawei Technologies, which is in fact not a state-owned enterprise but a wholly employee-owned company though many question if it has a close link with the Chinese government; see http://english.caixin.com/2010-08-11/100169742.html.
3. In this article, we use 'local' to refer to Ghana and Ghanaian instead of 'national' to avoid causing any confusion.
4. Giles Mohan and Ben Lampert, 'Negotiating China: reinserting African agency into China–Africa relations', *African Affairs* 112(446), (2013), pp. 92–110.

granted managerial autonomy in developing new market-oriented business, though they continued to play significant social roles in urban China. Until 1993, a state worker could not be laid off and SOEs not only had to secure existing posts but also provide new jobs to the urban population. Before the social security system reform, the SOEs provided a retirement pension and access to medical care to a large part of the urban population. Continuing to bear social costs, SOEs contributed to a smooth transition during the first decade of the reform.[5]

Nonetheless, the managerial autonomy of SOEs encouraged rent-seeking behaviour as managers were rewarded for their success, but were not penalized for their failure in meeting targets. Most financially profitable businesses have been absorbed by newly created subsidiaries of SOEs. Social burdens (retired workers' pension, redundant workers, etc.) and business debt were kept in the original SOE and the most profitable business was transferred to subsidiaries that progressively took up their autonomy. In such a way, many SOEs have been 'eaten' by their subsidiaries that led to an informal privatization.[6]

Weak control and the continuous social burden of the Chinese SOEs in the first phase of the reform led to the financially poor performance of many state enterprises. In 1996, the Chinese government adopted the policy 'keep the large and let the small go' (抓大放小), in order to reinforce and concentrate control on enterprises in strategic sectors.

To 'keep the large', the largest Chinese SOEs at the national level were merged into groups. This merging process still continues and has resulted in 113 groups today.[7] These groups, which are also called 'central enterprises' (中央企業), are now under the supervision of the SASAC (State Assets Supervision and Administration Commission). These groups can often take advantage of a monopoly position and still benefit from preferential access to credit.

The rest of the SOEs were 'let go'—sold or leased—and have undergone diverse corporatization processes, modelled from Western-style corporations.[8] Many SOEs were also transferred to be under the supervision of provincial governments.[9] At the same time, the provincial governments also tried (but with lesser funds) to build up smaller groups by merging enterprises in the same sector. Therefore, apart from the national industrial groups under the supervision of the Chinese central government (SASAC), many smaller groups are supervised directly by provincial governments. In order to compete with the centrally controlled (and protected) groups, the provincial groups have quickly developed their international business. Nowadays,

5. For example: Barry Naughton, *The Chinese Economy: Transition and Growth* (London: MIT Press, 2007).

6. Antoine Kernen, *La Chine vers l'économie de marché. Les privatisations à Shenyang* (Paris: Karthala, 2004).

7. For a list of the Chinese Central SOEs, see http://www.sasac.gov.cn/n2963340/n2971121/n4956567/4956583.html.

8. Yi-min Lin and Tian Zhu, 'Ownership restructuring in Chinese state industry: an analysis of evidence on initial organizational changes', *The China Quarterly* 166, (2001), pp. 305–341.

9. Antoine Kernen, 'Shenyang: privatisation in the vanguard of Chinese socialism', in Beatrice Hibou, ed., *Privatising the State* (London: Hurst, 2004); Jean C. Oi, 'The role of the local state in China's transitional economy', *The China Quarterly* 144, (1995), pp. 1132–1149; Jean C. Oi, 'Patterns of corporate restructuring in China: political constraints on privatization', *The China Journal* no. 53, (January 2005), pp. 115–136; Ross Garnaut *et al.*, *China's Ownership Transformation: Process, Outcomes, Prospects* (Washington, DC: World Bank, 2005).

some Chinese provincial groups are often more internationalized than the big centrally-controlled groups.[10]

The outcomes of this second phase reform were not only establishing industrial groups at the central (national) and provincial levels, but also selling and closing thousands of small SOEs. This restructuring process resulted in massive lay-offs—around 35–40 million people lost their job during this process.[11] The Chinese state enterprises as a whole have become a much more economic-oriented entity whereas their previous social responsibility has largely diminished.[12]

Even though Chinese SOEs are still ‘state-owned’, the role of the ‘state’ has largely evolved in terms of ‘ownership’ and ‘control’. The multi-shareholders ownership structure of Chinese SOEs has transformed the relationship between the central state and the Chinese SOEs. Even for the central SOEs which are under the direct supervision of the central state through SASAC, how the co-existence of enterprise autonomy and central control can function is also questioned.[13] The provincial SOEs under the supervision of provincial governments maintain an even more distant relationship with the central state as the provincial governments have been granted a greater autonomy in managing provincial economic sectors.

First SOEs in Ghana—construction sector as pioneer in the 1980s

The oldest SOE remaining in Ghana is the China State Hualong Construction Engineering Co. Ltd, which entered the Ghanaian market for the construction of the Chinese Embassy. Its parent enterprises are a provincial one from Gansu province and the China State Construction Engineering Co. Ltd. The latter is one of the four Chinese SOEs which received authorization in November 1978 to operate overseas. At the beginning of the reform, the Chinese government adopted a policy for internationalization and outward investment.

> In November 1978, the Central Committee of the CCP and the State Council jointly approved the establishment of the China State Construction Engineering Co. Ltd which specialized in overseas engineering and construction works and labour services. In 1979, three other such companies were sanctioned by the State Council. They were the China Civil Engineering and Construction Corporation, the China Road and Bridge Engineering Co. Ltd. and the China Complete Set Equipment Import Export Co Ltd.[14]

The previous international experience gained through implementing Chinese aid projects in the Mao era and the international project bidding opportunities made the construction sector an ideal sector for selection to develop business abroad since

10. As per the Engineering News-Record (ENR), numerous Chinese provincial groups are among the top 225 International Contractors; see http://enr.construction.com/toplists/Top-International-Contractors/001-100.asp.

11. Li Peilin, ‘The professional reintegration of the Xiagang: a survey in Liaoning province underscores the importance of vocational training courses’, *China Perspectives* no. 52, (April 2004).

12. Yingyi Qian and Jinglian Wu, ‘China’s transition to a market economy: how far across the river?’, in Nicolas. C. Hope, Dennis Tao Yang and Mu Yang Li, eds, *How Far Across the River? Chinese Policy Reform at the Millennium* (Stanford, CA: Stanford University Press, 2003).

13. Kjeld Erik Brødsgaard, ‘Politics and business group formation in China: the party in control?’, *The China Quarterly* 211, (2012), pp. 624-648.

14. Eunsuk Hong and Laixiang Sun, ‘Dynamics of internationalization and outward investment: Chinese corporations’ strategies’, *The China Quarterly* 187, (2006), pp. 610–634.

the first day of the reform.[15] These four pioneer enterprises have undergone restructuration and merging since then, but they still remain important international contractors in the construction sector.

Since the 1980s, Chinese construction SOEs have been using international cooperation projects as a stepping-stone to enter the international market. Though first projects can be Chinese cooperation projects, it is not rare that a SOE enters into a country market through projects financed by other governments and institutions. The China Water & Electric Corporation (CWE) moved to Ghana by winning a Japanese-supported assistance project in the early 1990s.[16] Afterwards, it obtained a water-well digging project financed by Germany and Denmark, and more recently projects of highway construction and rural electrification supported by the Ghanaian and Qatari governments. Likewise, some Chinese companies have obtained projects from other international organizations like the World Bank.

In Africa, most of the Chinese SOEs are in fact provincial SOEs. This is especially the case in the construction sector—in Ghana, 11 out of 20 Chinese companies in the sector are provincial, many from interior and relatively poor provinces such as Gansu (甘肃), Shaanxi (陕西) and Jiangxi (江西). Examining closely the business profile of these non-coastal provincial enterprises, the African market represents an important market for their overseas business and even as part of their core business. However, these provincial enterprises usually get lesser support from the Chinese central government. In fact, the only concrete 'help' the provincial groups can receive from the Chinese government is to obtain a Chinese cooperation project as an internationalization stepping-stone. In the construction sector in Ghana, this is the case for seven provincial groups and for all (two) centrally controlled groups.

After the initial cooperation project, the SOEs' subsequent projects are usually non-Chinese financed projects. They have to obtain them through open bidding, in which price and quality are the primary factors rather than diplomacy. During the three decades, China State Hualong Construction Engineering Co. Ltd, for instance, has been involved in numerous projects financed by the Ghanaian government, other donors, international institutions and private companies. The Chinese SOE overseas subsidiaries have been in direct competition with foreign competitors in the continent since the 1980s.

Fishery and telecommunication sectors. Apart from the construction sector, the rest of the Chinese SOEs in Ghana are active in the fishery and telecommunication sectors. The Shandong Fishery and the China National Fisheries Corporation (CNFC)[17] expanded their business in Ghana by establishing a joint venture company with Ghanaian fishery companies under the Chinese technical cooperation programme.[18] In Ghana, there are a few state-owned and private Chinese fishing companies. All of them operate in partnership with local companies. In Ghana, the

15. Jean-Paul Larçon, ed., *Chinese Multinationals* (New Jersey: World Scientific, 2008).

16. Interview with the Director of the China Water & Electric Corporation Ghana, the Ghanaian branch of the China Water International, 4 February 2010.

17. The CNFC set up business in West Africa starting from 1985. See Zhu Xiaolei, 'CNFC: 25 years' fishing and shrimping in Africa', *Africa Magazine*, (31 May 2011).

18. Interview with the manager of a Chinese state-owned fishery enterprise in February 2010.

fishing business is reserved for Ghanaians; foreign companies can participate through partnerships with local fishing companies in the 1990s.[19] Therefore, in terms of ownership, the Chinese SOE fishery subsidiaries in Ghana are not purely Chinese.

The two main Chinese telecommunication companies entered the Ghanaian market around the mid-2000s, but are mainly involved in projects with private and multinational telecommunication operators. The largest Chinese telecommunication company in Ghana is Huawei Technologies, which is an entirely employee-owned company, though some suggest that the company has close ties with the Chinese government.[20] The second largest telecom company is the state-owned ZhongXing Telecommunication Equipment Corporation (ZTE), but about 70% of its shares are traded publicly in the Shenzhen and Hong Kong stock exchange markets.[21]

The impact of the going out strategy policy

The 'going out' strategy (走出去) was officially proposed for implementation in the report of the Tenth Five-Year Plan for National Economic and Social Development in 2001[22] as an outcome of China's entry into the WTO. The 'going out' policy encourages Chinese companies to look for business opportunities overseas, by simplifying the procedure and softening the control on overseas investments. The Chinese enterprises responded quickly because international opportunities are more attractive than those available in China. Chinese outward investments grew rapidly from 2.5 billion in 2002 to 84.2 billion in 2012.[23] Simplifying outward investment procedures is one more step towards the marginalization of the role of the Chinese state on its economy. The Export Credit Agency was created at the same time as the policy adoption, however it is nothing unique, as most Western countries also possess similar institutions.

Accompanying the 'going out' policy is also a significant increase of Chinese cooperation projects in Africa, following the establishment of the Forum on China–Africa Cooperation (FOCAC) in 2000. In Ghana, more than ten Chinese SOE arrived after 2000 through winning Chinese cooperation projects. Unlike some Chinese SOEs that came earlier for a cooperation project but left immediately upon termination, Chinese SOEs now had a clearer intention to stay and to prospect for business opportunities following their first contract in Ghana.

The first Chinese state-owned enterprises arrived in Ghana in the early 1980s, two decades before the 'going out' policy was formalized in 2001. Around 25 Chinese state-owned enterprises are currently operating in Ghana; six of them arrived before the liberalization of the overseas Chinese investments. Therefore, one of the real impacts from the introduction of the 'going out' policy is the increasing competition

19. According to the Ministry of Food and Agriculture of Ghana, see http://mofa.gov.gh/site/?page_id=6133.
20. See http://english.caixin.com/2010-08-11/100169742.html.
21. See http://www.forbes.com/sites/simonmontlake/2012/11/29/crossed-lines-zte-gets-tangled-in-u-s-china-telecom-gear-cold-war/, http://www.theregister.co.uk/2012/09/30/inside_huawei/.
22. The report is available at: http://www.gov.cn/english/official/2005-07/29/content_18334.htm (accessed 17 June 2013).
23. UNCTAD, *World Investment Report 2013*, available at: http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx (accessed 13 September 2013).

among Chinese companies that often have similar levels of technique and cost advantages. It is common for our interviewees to highlight the fierce competition among Chinese companies who are always the ultimate competitors of each other in the price-cutting race, for example when bidding for construction projects. For those arriving earlier than the official adoption of the policy, especially the provincial SOEs, with lesser financial resources and central state support in, for example, winning Chinese cooperation projects, they make use of their local experience to better tune their business strategy including a higher degree of workforce localization in competing in the open market.

Strategies of workforce localization

In this part of the article, we will analyse the workforce localization patterns especially in construction and telecommunication sectors, in which Chinese firms employ a large amount of workforce. Through examining the localization strategies we will see that the local context, among other factors, also plays a significant role on the usage of the local workforce in Chinese SOEs.

First, we will focus on the labour-intensive construction sector, where the degree of localization seems to closely link with the business duration of a SOE in Ghana. We will then focus on mid-level employees including supervisors, technicians and engineers. Even if a good part of them are still Chinese, SOEs both in construction and telecommunication sectors are making an effort in localizing much further. What's more, some Chinese SOEs have already localized management staff. It appears that those Ghanaian managers are in general in charge of the public relations of the company at the local level.

Building up the team: manual and skilled construction workers

Since the arrival of the China State Hualong Construction Engineering Co. Ltd in the 1980s, the manual construction workers have always been locals. Cost saving is no doubt a primary reason for using unskilled construction workers. In 2010, Ghanaian unskilled construction workers received around 100 Ghana cedi per month[24] (around US$70), while the salary in China is probably four time more—RMB 2,000 (around US$300), without taking in account transportation costs and living expenses.

For new Chinese construction companies in Ghana, it takes time to build up a team and train local workers. To overcome these difficulties, Chinese SOEs tend to bring more Chinese skilled workers at the beginning. The Sinohydro Corporation, building a hydroelectric dam since 2008, has not yet developed its own team—the proportion of Chinese staff is around 15%.[25] It is a much higher percentage compared to companies with a longer experience in Ghana. A pioneer SOE, for example, the China State Hualong Construction Engineering Co. Ltd, has only 6% that are Chinese in its total workforce—about 100 Chinese for 1,500 locals. The large majority of its

24. This was the general salary level of Chinese companies in early 2010, when 1US$ was equal to 1.45 Ghana cedi. The minimum wage set by the Ghanaian government was 2.5 Ghana cedi per day during the same period.

25. The company hires over 1,500 local workers (85% of the total workforce) and brings around 250 Chinese technicians and managerial staff.

local workforce were unskilled workers that have been trained for different tasks and to operate Chinese machines. Undoubtedly, those machines with instructions and labels written only with Chinese characters are impossible for non-Chinese workers to handle at the beginning. The Chinese construction SOEs usually provide on-the-job training to Ghanaian workers. At first, the Chinese skilled workers supervise or work together with a few local workers until the latter can work independently. Therefore, the degree of localization of construction workers tends to increase proportionally with the SOE's business duration in Ghana, as the Chinese firms gradually find or more often train local construction workers to replace the Chinese skilled workers.

Hire foreign workers or outsourcing. Apart from training local workers itself or bringing expensive Chinese skilled workers, an alternative is to hire cheaper foreign workers. This is the case for the Sinohydro Corporation as it is difficult to find local workers that can handle some specific tasks for their hydroelectric dam.[26] They employed 60 Pakistani technicians on the dam construction: 'We cannot find locals who know how to use our machines. They [Pakistani technicians] worked with us for our projects in Pakistan. They are good and cheaper than Chinese'.[27] The use of Pakistani technicians shows, once again, the pragmatism of Chinese companies. Without taking into account the political/social question of employment in China but rather considering in terms of labour cost and capacity that fit the company's needs, this central 'state-owned' enterprise chose to use technicians from another nationality. This reflects the fact that financial benefits are a much higher priority than national social issues in the reformed state-owned enterprises.

Another option to build a local team is to sub-contract to local companies. Even though the China International Water Electric group (CWE) entered the Ghanaian market in 1992, it still outsources part of the project tasks to local companies. The Chinese employees focus on coordinating and managing the project. The ratio of its Chinese staff to local workers and technicians is around 1:10, a ratio close to those SOEs that have been operating in Ghana for a long time.

The CWE subcontract policy is not only useful to avoid dealing directly with a large amount of local workers, but also the company can concentrate on developing its business advantage. As the Managing Director Mr X said 'the Ghanaian government thinks our project management skills are good', which is a good point for the SOE as it is mainly a contractor for Ghanaian ministry projects.

Similarly, in telecommunication sectors, Zhong Xing Telecommunication (ZTE) chooses not to hire construction workers directly. The telecommunication company focuses on their core technological competencies and outsources construction work to other companies, either Chinese or local. The subcontractors are in charge of the building of telecommunication infrastructure like laying underground cable. ZTE keeps in its own hands the more technological work. Moreover, ZTE's Chinese subcontractors may also further subcontract their work to local companies.

One of the advantages of subcontracting is to save training cost in a context where the turnover rate of local labour is high. The newly trained local technicians do not

26. The second hydroelectric dam in the country; the first one was built in the 1960s.
27. Interview with the Administrative Manager on 25 December 2009.

necessarily stay in the same company. 'Local staff know nothing when they start to work with us at the beginning. After training, they are qualified. Some of them move to work for other companies since the salary will be higher once they possess the technique' said Mr Z,[28] a Chinese project manager of an experienced provincial state-owned construction company. Therefore, Chinese companies need to provide incentives like promotions to keep those workers who are able to master the technology and train new workers, like in Mr Z's company: 'Some local workers have been working for us for more than ten years. They become the backbone of local staff and are promoted to supervise and train other locals'.[29]

The other main advantage is to avoid dealing with labour issues in an unfamiliar socio-political context. In Ghana, the labour law gives workers the right to set up a union when the number of employees is over 15.[30] It is also common that companies negotiate an annual collective contract with their labour union, listing clearly the remuneration and benefits details that are usually improved every year. Nevertheless, an annual contract does not guarantee that workers are always happy with the agreed conditions throughout the year. Labour unions sometimes organize strikes near project delivery deadlines, thus increasing their bargaining power as the employer does not have time to replace them with another team. The company is forced to negotiate and in most cases gives a wage increase. A labour strike took place in the Sinohydro Corporation (a company without subcontractors) because the workers were unsatisfied with the year-end bonus. 'The Chinese doesn't give bonus, but we worked well and there was no problem in the whole year so the labour union asked 1.5 time [of salary] for bonus' said the local union chairman.[31] Eventually, the company gave a bonus of 1.2 times in order to resume work. By outsourcing project tasks, the cost related to the labour conflicts is shifted to the subcontractors. Moreover, if the subcontractor is a local company, Chinese companies believe that negotiations or conflicts would be easier to be handled by Ghanaians.

Apart from cost saving. The localization of unskilled labour for Chinese companies in Ghana is nothing unique in the continent. A study of Chinese construction companies in Angola, Sierra Leone, Tanzania and Zambia shows that it is common for a Chinese company to employ locals for over 80% of its total workforce.[32] Cost minimization is a widely shared motivation in localizing workforce, but compliance to investment law also plays a role. According to the Ghana Investment Act, one of the requirements of setting up a business in the country is to employ at least ten Ghanaians.

Cost saving has been a justification in the debate over the large number of Chinese workers who were employed in Africa.[33] However, political incentives of the host countries and business reputation are more important reasons. As Tang

28. The name is fictitious as per the anonymity request of the interviewee.
29. Interview on 28 January 2010.
30. According to the International Labour Organization (ILO), available at: http://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158898/lang--en/index.htm (accessed 11 July 2012).
31. Interview on 25 December 2009.
32. Centre for Chinese Studies of the Stellenbosch University, *China's Interest and Activity in Africa's Construction and Infrastructure Sectors* (Stellenbosch University, November 2006).
33. Chris Alden and Martyn Davies, 'A profile of the operations of Chinese multinationals in Africa', *South African Journal of International Affairs* 13(1), (2006), pp. 83–96.

illustrates,[34] more Chinese technicians were recruited in cooperation projects in order to keep on schedule. Political interest is huge around those highly publicized projects which helps to image the African government's capacity in serving its people (while the work is outsourced). The infrastructure projects, usually widely publicized, serve as a landmark in the SOE's résumé which contributes to a good reputation in order to gain other contracts later. Chinese workers are certainly more expensive than Ghanaians but the SOEs consider the extra money well spent. Beside the deadline question, Chinese cooperation contracts usually offer a good profit margin.[35] Hence, bringing more expensive but better-qualified Chinese technicians is still affordable. Through these projects, the companies will be able to become more familiar with the Ghanaian business environment and progressively use local workers more extensively.

Ghanaian or Chinese foremen?

Many Chinese companies in Ghana consider that the relationship with local workers is important but not easy to master. In the absence of a common language, exchange between Chinese and locals—especially manual workers—is difficult. It often relies on body language, which sets a limit to communicate more complex instructions that potentially leads to cultural misunderstanding. For Chinese supervisors in construction sites, maintaining a special relationship with certain employees is essential. 'Occasionally, I give them a cigarette or a drink, and they help me transmit orders to others' said a Chinese chief technician. The Chinese bosses learn to react positively to various demands from their local employees:

> It is important to give them small gifts sometimes, not only on the occasion of marriages, births and funerals, but also when a child must go to hospital or if the price of certain commodities increases too much. After they are happy and work better.[36]

'Locals manage locals'. Mr R., the Managing Director of an experienced provincial construction company, considers that the lack of mutual understanding is a source of work inefficiencies and conflicts. After living for 20 years in the country, he explains why 'Chinese' encountered difficulties in handling local employees:

> First, Chinese look down on locals. Second, Chinese consider that locals are thieves. (. . .) Third, Chinese believe that if they treat locals well, like giving them gifts, locals should be grateful and work harder, but the locals don't keep it in mind. For them, we, the white, ought to give them presents.[37]

This is why Mr R. adopted the strategy of 'locals manage locals' which is believed to be a comparative advantage to newly arrived Chinese companies.

34. Xiaoyang Tang, 'Bulldozer or locomotive? The impact of Chinese enterprises on the local employment in Angola and the DRC', *Journal of Asian and African Studies* 45, (2010), p. 350.
35. For Chinese aid projects, payment is made directly by the Chinese government. According to interviews, delay and sometimes long delays in payment are common if it is done through local government.
36. Several Chinese interviewees have raised this point.
37. Interview on 21 January 2010.

Mr R. explained:

> To have a good local worker management system, we have promoted a group of local workers to supervisor positions. Today, some of them have been working for us for more than ten years. Although they have low education level, their operating technique is excellent [. . .] Those newly arrived Chinese construction companies have not yet developed a proper management system. It is why, labour conflicts occurred in Sinohydro.

The Corporation is part of a Chinese central SOE group that is also among the top 500 world companies according to *Fortune* magazine.[38] The SOE started its operation in Ghana by winning a hydroelectric dam project financed by a Chinese loan. However, it is so far the Chinese SOE which has had the most labour conflict issues reported in the media.

Respond to political pressure. Wider localization—hiring proportionally more locals—is also a response to political pressure. The Ghanaian authority requests that Chinese companies give as many jobs to Ghanaians as possible. To 'encourage' localization, the Ghanaian Immigration Department has tightened its measures on issuing working visas to foreigners in recent years. According to the Ghana Investment Act, an initial maximum immigration quota of four persons is set for an investment capital of US$500,000 or more.[39] Old Chinese companies said that this regulation was applied loosely before; however, now getting a visa has become one of the major obstacles to doing business in Ghana.

The Chinese Director of a state-owned fishery company that started operating in Ghana in the early 1990s told us how his company responded to the localization call of the Ghanaian authority:

> We have now around four–five Chinese staff and 20 Ghanaian staff per ship and we have eight ships. Before we had 13 Chinese per ship. However, the Immigration Department wanted us to leave the locals more jobs and they thought 13 Chinese per ship was too many. So now, jobs are left to locals, because after years, we had trained also Ghanaian workers to take up those jobs. Our Chinese captains have returned back home. Those staying are the very important crew members.[40]

'Chinese supervisors are always needed'. The strategy of 'locals manage locals' is adopted in some but not all Chinese SOEs and most of them do not want to implement it completely. Chinese staff may still occupy certain positions in the long run. The Chinese companies are ready to pay much more to keep some Chinese workers. A SOE subsidiary director put it more explicitly: 'if there is no Chinese supervising, the locals will do nothing, even though they have good techniques. They will work only when there is someone there to supervise'.

Moreover, 'unjustified and frequent absence' or 'locals often don't show up to work for a few days after receiving salary' are also among the common complaints.

38. Sinohydro belongs to the group China Power which ranks 390 on the list of Fortune 500 in 2012; see http://money.cnn.com/magazines/fortune/global500/2012/full_list/301_400.html.
39. Ghana Investment Act, Section 18, Part II, Article 30.
40. Interview on 6 March 2010.

Some Chinese managers seek to manage their staff in a paternalistic way. They learn to show their concern for the everyday problems confronted by their local employees. For instance, if a Ghanaian employee needs to borrow money, Chinese bosses will lend some and deduct it from the next month's salary of the worker or set up a repayment scheme deducting a fixed amount from their salary each month. A Chinese manager said:

> Personally I always lend money to local workers, but only to those who are obedient [to work order]. We deduct their debt bit by bit like 20 cedi from the salary per month. But you know they won't be able to pay them off before asking for the next credit again.[41]

Training local technicians and engineers

The Chinese SOEs find it difficult to find qualified and affordable technicians and engineers locally. Suitable ones usually have high salary expectations and prefer to work for multinational companies from developed countries or abroad. Most of the engineers in the construction and telecommunication companies are still Chinese. The ratio of Chinese staff in the Huawei Technologies Co. Ltd, which is 50%—only half of the 300 employees are local[42]—indicates the difficulties in hiring local technicians and engineers. Considering that the African market is increasingly important for them, Chinese SOEs started to formalize training programmes to guarantee their supply of cheap local technicians and engineers in the long run.

Nevertheless, Huawei's localization is going to expand in the next few years according to the Huawei human resources manager. When we met, he was sitting in front of his desk with piles of filled application forms and he explained, 'we are in the process of recruiting a few hundred graduates from universities in Ghana for our new projects. We will take people from all kinds of majors and train them'. The eagerness to replace Chinese staff is obvious due to the high expat cost, as the monthly salary of a mid-level Chinese staff member working in West Africa is around 30,000 RMB (US$4,500). The expat package includes three sets of return flight tickets to China per year, another set for leisure travel within Africa, insurance coverage, accommodation, meals and the expense of hosting family members. Hiring a local engineer reduces all expenses into a much lower salary. In order to retain trained local staff, Huawei has a training and loyalty programme for its local employees in Africa. After the first year working in a Huawei African subsidiary, the employees can have, for example, the opportunity to spend one month in its Shenzhen's headquarters.

Across the African continent, Chinese telecommunication firms have set up programmes for young or future IT professionals. Huawei in Tanzania, for example, has launched programmes to improve learning infrastructures in some primary and secondary schools and to provide free ICT training to excellent university students.[43] Another company, ZTE, has set up four training centres in the continent

41. Interview on 24 January 2010.
42. This ratio does not include the outsourcing part of a telecommunication project in which labour is mostly local. Chinese telecommunication companies subcontract construction work of a project to others while they themselves mainly take care of technology-related work.
43. 'Huawei launches "ICT Star" program for Tanzania education', *China Daily*, (16 November 2012).

(Algeria, Egypt, Ethiopia and Ghana) to train local ICT professionals.[44] All these efforts can help both train local IT professionals working for them in the future and build a socially responsible image. In addition, the two companies have recently started to offer internships to African students in China and may even provide scholarship to Africans in the future.

Apart from the fact that Chinese SOEs also take part in the selection of the African students that will receive scholarships to study in China,[45] some of them are now setting up special scholarships themselves for African students, like China Geo-Engineering Corp., an experienced SOE in Ghana for more than 15 years, which has regularly sent its Ghanaian staff to China for training. Last year, the construction subsidiary sent 13 Ghanaian managers and 22 technicians to follow management courses or professional construction training courses for between three and six months.[46] Similarly, the China Road and Bridge cooperation launched a five-year programme last year to send students from Congo Brazzaville to study civil engineering. The programme objective is to provide 100 engineers for the SOE working in the country.[47]

Toward management by Ghanaians?

During his speech at the company Christmas party, the Managing Director of Huawei told his staff: 'I'm happy with the business performance and revenue, but I'm not very happy to see so many Chinese here. There should be more Ghanaians here. It is a Ghanaian company'.[48] Even if the Chinese telecommunication companies in Ghana actively promote a socially responsible image,[49] recruit and train local technicians, they seem less in a hurry to localize their management level. It is true that many of their business partners are private and more internationalized. Having less political pressure to localize, they emphasized the difficulties and the cost of this process in our interview, as indicated by a ZTE manager:

> our company encourages localizing of our staff. But I believe it will be difficult to achieve in a short run. Local staff has lower technique and education level compared to the Chinese. [. . .] Project managers of our branches in India and Middle East countries are locals. In Ghana, management is still Chinese.[50]

We have been told that local managers with suitable profiles are usually schooled in developed countries and ask for a higher salary than a Chinese manager. It seems also that the Chinese telecommunication companies are not yet ready to pay an African manager more than a Chinese one. They prefer paying more to hire Europeans

44. See http://www.zte.com.cn/cn/about/corporate_citizenship/enriching_life/200812/t20081208_349647.html, http://www.zte.com.cn/cn/press_center/press_clipping/200903/t20090331_343720.html.
45. Interview in Xian with former ZTE employees in West Africa.
46. See http://africa.chinadaily.com.cn/weekly/2013-05/31/content_16550644.htm.
47. Interview in Xian with the person in charge of the programme.
48. As recited by an Huawei staff member.
49. See, for example, the website of Huawei on corporate citizenship: http://www.huawei.com/en/about-huawei/corporate-citizenship/index.htm.
50. We found that, for example, Ghanaians worked in the management level in the ZTE in Benin.

or Asians who speak English fluently to communicate with clients and are able to demonstrate the international character of the company. For instance, Juan,[51] an Asian who speaks fluent English but not a single word of Mandarin, has been working as a project manager in a Chinese telecommunication company in Ghana for several years.

In contrast, the Chinese construction SOEs with longer experience in Ghana have a clear strategy to localize their management staff. Are they more than the 'interpreter' or 'ambassador' of a Chinese company? As far as we know from our field studies, the exact role and decision-making power of those local managers remains limited as they essentially play a role in enhancing external and internal relations.

The Chinese managing directors we interviewed considered management localization generally as an essential strategy to make their business more successful. A construction SOE director said in an interview: 'Now our bidding team consists of Ghanaian staff only and no Chinese at all'. He was proud because not every Chinese company was able to develop its own local team. This would require, for instance, that Chinese management be able to communicate fluently in English and have enough trust in their Ghanaian colleagues, which is still uncommon. Most of the Chinese management in the newly arrived SOEs we met in Ghana have a very basic level of English.

In the same construction company, Sunny, the local general manager, has to accompany his Chinese colleagues to attend meetings with Ghanaian ministries to discuss the company project proposals. He said:

> After we had have meeting, the ministries people called me to ask if the Chinese company was OK or not. It is because Chinese and Ghanaians don't understand each other [. . .] I usually have to develop a good relationship with ministries in order to understand what they want on projects [to be bid for] and let ministries to better know our companies. Then, I pass information on to our bidding team.

The country director of that company was very happy to have localized its bidding team, 'in 2005, our total contract value was US$50 million. Now five years later, it is US$150 million'.[52]

Sunny received tertiary education in the United Kingdom where he also worked for several years upon graduation. Then, he got a job offer as the General Manager of his current Chinese employer. He admitted that he hesitated over whether to work for a Chinese company, though he was very interested in returning to work in his home country. Sunny's hesitation highlights the fact that Chinese companies are usually not the first choice for foreign-trained Ghanaian professionals. Emmanuel,[53] an ex-senior official in the Ghanaian government and now a businessman, received a scholarship to study in China 20 years ago and has never worked for Chinese companies since his graduation. He explained: 'like most of my fellow scholarship receivers [who also studied in China], we do not want to work for Chinese companies, because we don't want to become just an interpreter'.[54] Having a conservative image, the career

51. The name is fictitious as per the anonymity request of the interviewee.
52. Interview on 6 April 2010.
53. The name is fictitious as per the anonymity request of the interviewee.
54. Interview on 3 November 2010.

prospect in a Chinese company remains an important question. In the context of a shortage of high skilled professionals, Chinese companies have to compete with other Western multinationals.

To illustrate further, the same Chinese SOE in which Sunny is the Ghanaian General Manager, has two offices in Accra—one is 'official' and another is rather 'invisible'. The official office is situated in a busy commercial building in central Accra. Local management staff work and receive visitors in this office. The other one, located in an expat residential area, is an enormous house compound where all Chinese staff work and live. It has a big courtyard as a parking area with cars and drivers waiting for service and numerous domestic helpers and cooking staff to take care of the Chinese team. The Chinese Managing Director usually goes to the local office in the morning and spends the rest of the day in the house.[55] Apparently, the local staff office is a window to the public. Administration and communications with the headquarters in China all take place in the Chinese house and in the Chinese language. There is no sign outside indicating this big but invisible company office and only insiders know the address. Without investigating further the purposes behind these double management offices, their existence already indicates that local management is not yet totally integrated.

In general, Ghanaian management staff in Chinese companies often take up positions related to 'external affairs', such as accounting, sales, customs clearance, human resources that have to deal with authorities or local partners and employees. These Ghanaians definitely help the Chinese companies to build a more socially responsible image and convince others that the Chinese companies are reliable partners and employers. Until now, the degree of management localization and the function of local managers has been limited. Certain positions, such as in finance, will probably never be passed to locals. A Chinese staff member commented: 'like many foreigner companies, we don't want to leave certain sensitive works like finance, accounting, to others [non-Chinese]'. It is not unusual to have both Ghanaian and Chinese auditors in a Chinese company. The Ghanaian ones are responsible for dealing with the local authority and the Chinese ones are usually supervisors, responsible for internal management and communication with the Chinese headquarters.

In addition, it is also not surprising that experienced Chinese SOEs in the construction sectors are the most active in promoting management localization to improve their image, as one of the main channels to get construction project is through open bidding. The localization of management staff shows how more experienced Chinese SOE subsidiaries adapt to the changing local environment, fierce competition and public pressure aroused by the arrival of more Chinese companies in recent years.

SOE country directors: internationalization or personalization?

Paradoxically, those Chinese directors active in promoting the localization discourse may be themselves a barrier for further localization. Whereas most Chinese

55. All the Chinese staff, including the Chinese director, live in the same house compound.

interviewees complain about the 'terrible' living environment and suffer from separation from their family, particularly children who are being schooled in China, these Chinese directors and their senior management have been staying in Ghana or Africa for over 10–20 years. Evidently, the company headquarters prefer that the senior Chinese staff continue to stay abroad. Apart from the difficulty of getting qualified personnel to work in Africa, the local knowledge and network accumulated by these experienced branch managers are also hard to replace.

Mr X, one of these directors, said:

> I have been here for 18 years. I didn't imagine that I would stay for a long period of time. I was 28 years old when I came [1992]. In 1996, I was already promoted to Deputy Managing Director [in Ghanaian branch]. I felt that I could fully demonstrate and utilize my language skills and ability. Here there are a lot of development opportunities. It is what we say 'how big you want your business to be, it will be'.

He was then promoted to Managing Director in his Ghanaian branch. Under his management, the construction company in Ghana has diversified business in other sectors including manufacturing, real estate and hotels. He was recently promoted as one of the five vice-presidents of the headquarters of the Chinese provincial SOE. Nevertheless, he continues to stay in Ghana where he obtained his career success and in which he has extensive knowledge and a personal network.

Therefore, returning to China is less tempting for these Chinese directors. In their late 40s or 50s, after a prolonged career in the continent, they realize that not only their Ghanaian experience is not transferable to China, but also their loose personal network in China becomes much less resourceful. They will not have the same status and advantages. When working in Ghana, their salary is several times higher than in China, together with accommodation, cars, domestic helpers and drivers provided and all expenses covered by the company. Nonetheless, senior management in the state-owned Chinese enterprises in Ghana usually avoid giving an exact figure on their remuneration. The ownership of these Chinese branches has been transformed following the restructuring process of state-owned companies in China. Senior staff are now both employees and shareholders of many of the Ghanaian branches. As long as the branch can fulfil the business target set by the headquarters, they have a large autonomy and flexibility. The personal financial benefits obtained are definitely not for disclosure[56] but it could be significant enough to delay their return to China.[57] For example, the total responsibility of the company directors on financial performance also leaves them some flexibility in managing things such as gifts, commission and rebates that are useful in conducting business in Ghana, where many business-related transactions like salaries and bonuses are still in cash.

56. As Cyril Lin, 'Corporatisation and corporate governance in China's economic transition', *Economics of Planning* 34(1–2), (2001), pp. 5–35 said: 'many [Chinese] companies do not disclose annual salaries of their general managers. A significant proportion of total income accrues in non-monetary form [. . .] and other fringe benefits. Since such benefits are a hidden "black box", they are not publicly disclosed'.

57. Naughton, *The Chinese Economy*, p. 321, indicates that managers of state-owned companies in China have enjoyed 'an extraordinary degree of independence'. Overseas managers enjoy even an larger degree of business liberty.

Apart from economic advantages and professional opportunities, these Chinese branch directors without a privileged social background in China find themselves promoted to the elite group and are among the most influential Chinese businessmen in Ghana. On Sunday, in the bar of the golf club, they exchange business updates with other SOE managers and rich Chinese private entrepreneurs, sometime joined by the Chinese ambassador. From time to time, the discussion comes to rating the golf clubs of other African countries they have visited during holidays and they make jokes of themselves regarding how unaffordable it is to become a member of a golf club in China. It is in Ghana that they learn and play golf for the first time in their life. Many newly arrived Chinese SOEs' management staff learn to bring back a full set of golf equipment when they return from China the next time. While they are conscious that their status is limited to Ghana, if they manage to stay long enough, they could take early retirement in China. Financially speaking, they often say: 'one year in Ghana, a few years in China'. Chinese management staff in Ghana are university graduates, but from less prestigious universities, and they are originally from interior and poorer provinces. We seldom see Chinese staff coming from more affluent places like Beijing, Shanghai or other rich coastal cities. This background limits their opportunity to penetrate into elite/powerful circles in China that play an essential role in a decent career development. Without an influential network or rich family, working in Africa becomes a career opportunity although the continent is the least favourable destination. A few Chinese interviewees described:

> capable Chinese don't want to go to Africa. People want but cannot go to Africa because they don't have the capacity to work in Africa [e.g. education level, language ability]. Those really come to work in Africa are people who are capable but unable to have ways to succeed in China.

Probably, 'good' Chinese prefer working in China than in developed countries[58] let alone in 'terrible' Africa.

Mr Y, in his mid-30s is relatively young compared to directors of other SOEs. He told us that he hesitated over whether to pick up a job in Spain obtained via his uncle, who had been living there for many years, or stay with his current job in Ghana, but that returning to China was not on his list. Inspired by Western culture and lifestyle, the job opportunity in Spain was an interesting personal experience. What refrained him was that he would be earning much less than he does in Ghana, though he said he has already finished paying off the loan on his apartment in China after working for several years in Ghana. But he believed that should he take the Spanish job it would be difficult to support his current lifestyle. His favourite activities in Ghana are dining in high-end Western restaurants, spending weekend nights in bars and discos that are attended by well-off young locals and Western expats, and travelling in European countries during his annual vacation.

58. In an interview with the BBC *Business Daily Programme* on 10 May 2011, Nandani Lynton from China Europe International Business School in Shanghai said: '"Good" Chinese often don't want to go off as expatriates, because they also rely on their personal networks. They're afraid that if they get sent abroad for three or five years, their personal network will disintegrate. Many of them see it as possibly missing better opportunity at home and they don't want to go'.

The financial returns of working or doing business in Africa are attractive. However, generally speaking, Africa still remains a less favourable destination for Chinese as political instability raises safety concerns as highlighted by Zerba.[59]

Since 2011, the Chinese state and companies have finally become aware of the importance of promoting their localization efforts to demonstrate that they are operating in a socially responsible manner in Africa.[60] According to the *China Daily*, the overseas operations of Chinese companies have created over 800,000 local jobs in host countries.[61] In the African continent, the large Chinese MNCs, like Huawei and ZTE, employ around 37,000 Africans including in management positions.[62]

Localization versus 'Africanization'

In African studies, the term 'localization' of employment is not common but a similar practice does exist in the continent. During the decolonization process, for example, 'Africanization'[63] was a strong feature. In Ghana, the civil service has been Africanized much more quickly than in the business sector due to the fact that no penalty would result from non-Africanization and the lack of trust of local staff in Western companies. However, in responding to public pressure on Africanization, Western companies still recruited some local management staff just for 'window dressing', to improve their image.[64]

One of the early works by the French sociologist Bruno Latour[65] analysed the discourse of European managers and Ivorian workers regarding the local work competence in a context where Europeans still dominated in the company management in Africa in the 1970s. Though the study took place over 30 years earlier, similar racialized discourses were given by Europeans on Africans, and by Chinese on Africans, for example, about Africans being 'lazy',' dishonest' and 'incapable'. On the other hand, Africans complained that those European managers were not able to return to their home country to work and so had to make themselves irreplaceable and continued to propagate the stereotype. What we would like to stress here is that even if the encounter of China and Africa can often be unique, there are a lot of similarities when we compare with the previous experiences of other foreign companies and nationals in the continent.

59. Shaio H. Zerba, 'China's Libya evacuation operation: a new diplomatic imperative—overseas citizen protection', *Journal of Contemporary China* 23(90), (2014), doi: 10.1080/10670564.2014.898900.

60. Kingsley Edney, 'Soft power and the Chinese propaganda system', *Journal of Contemporary China* 21(78), (2012), pp. 899–914.

61. Ding Qingfen, 'Creating jobs seen as key responsibility', *China Daily*, (6 September 2013).

62. *Ibid*.

63. Mokubung O. Nkomo, 'A comparative study of Zambia and Mozambique: Africanization, professionalization, and bureaucracy in the African postcolonial state', *Journal of Black Studies* 16(3), (March 1986), pp. 319–342.

64. The public sector in Ghana took a few years after independence to be completely Africanized. However, there was still a significant expatriate presence in the private sector in Ghana in the 1980s. Stephanie Decker, 'Postcolonial transitions in Africa: decolonization in West Africa and present day South Africa', *Journal of Management Studies* 47, (July 2010), p. 5.

65. Bruno Latour, *Les ideologies de la compétence en milieu industriel à Abidjan*, Centre de Petit Bassam, Science Humaines, Série Etudes Industrielles, 9 (1974).

Since the arrival of the first Chinese construction SOEs in Ghana in the 1980s, local manual workers have formed the core workforce and, progressively, more Ghanaians were trained to replace the Chinese skilled workers or technicians. This first stage of localization was essentially driven by an economic motive, as bringing Chinese workers abroad is much more expensive.

The localization of mid-level employees takes more time and recently SOEs have begun to make more of an effort to intensify localization at this level. The economic factor is also important as the introduction of the 'going out' policy intensifies competition among Chinese SOE overseas subsidiaries. The African continent was initially the main overseas market for less privileged provincial SOEs in the 1980s and 1990s. However, turning to the new millennium, much larger SOE groups, including those central groups, have started to see Africa as a new strategic market. These groups are financially and politically much more powerful than their pioneers.

Facing more and stronger competition, Chinese SOEs established earlier (mainly from the construction sector) have had to adapt their business strategies including a higher degree of localization (localization of mid-level and management), which is one step forward in the internationalization process. With a longer experience in Ghana, they have obtained an organizational capacity in having trained technicians and local managers to improve their image and to better manage local workers. These older SOE subsidiaries in Ghana are proud of the fact that labour strikes occur only rarely in their enterprises but regularly in a newly arrived central group for example.[66] A closer relationship with the Chinese central state does not automatically produce the best master of micro-management of daily affairs and local public relationship in their Ghanaian branch.

Similar to the 'Africanization' during the decolonization period, the political context plays a role in shaping localization strategies. In a recent *China Daily* article, the journalist stresses the recent change in the legislation of many countries in Africa in order to promote localization, particularly in aid projects.[67] In the same article, the managing director of the Ghana branch of the China Geo-Engineering Corp, an advocate of workforce localization, advises, 'it means that Chinese companies need to move up a notch and start additional training programs for local workers, rather than depend on Chinese personnel for all technical and management problems'. The poling change indicates that the Ghanaian government, like many other governments in Africa, has to show publicly that they are actively taking action in this politically sensitive topic.

Since 2011, the Chinese Embassy in Ghana has started to publicly stress the importance of workforce localization. Nevertheless, directors of experienced Chinese SOEs in Ghana already shared their localization strategies and experiences during interviews conducted between 2009 and 2010. Therefore, workforce localization is not a top-down political initiative. This internationally-recognized and socially sound business strategy was first successfully adopted by certain SOE subsidiaries and then translated into an official discourse of 'best practice'. In the context of the controversial Chinese presence in Africa, the Chinese authority started to openly

66. See for example http://tain.ghanadistricts.gov.gh/?arrow=nws&read = 34415.
67. Zhong Nan, 'Mining for talent in Africa', *China Daily Africa Weekly*, (31 May 2013).

encourage its companies to create jobs to Africans. Hence, the increasing coverage in the Chinese state media (like the *China Daily* cited several times in the article) of the localization practice of Chinese companies in Africa serves as both encouragement and propaganda. As noted by Zhao, it can be seen as part of Beijing's recent efforts to readjust policy and 'insensitive business practices' in order to mitigate and improve the negative Chinese image in Africa.[68]

Nevertheless, complete localization of Chinese SOEs in Ghana is not going to take place in the near future. This is not only the case in Ghana, but also across the globe. Even though personnel localization is considered to be a key element for successful internationalization, it remains one of the major weaknesses of Chinese companies.[69] The ways in which the Chinese SOEs overseas organize, operate or communicate with the public still remain in Chinese and Chinese-oriented hands (Chinese headquarters, government and media). Their transformation into true multinationals will take time to achieve.

68. Suisheng Zhao, 'A neo-colonialist predator or development partner? China's engagement and rebalance in Africa', *Journal of Contemporary China* 23(90), (2014), doi: 10.1080/10670564.2014.898893.
69. Larçon, *Chinese Multinationals*.