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We are not so different: A comparative study of employment relations at Chinese and American firms in Kenya

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ABSTRACT

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ONE OF THE MOST COMMON CRITIQUES of China in Africa is that Chinese firms exploit local laborers and undermine labor standards. Are Chinese employers actually worse to their African workers than other foreign employers? This paper explores the extent to which labor conditions at Chinese firms in Kenya are a function of firm nationality, as opposed to other characteristics like industry, firm size or length of time operating abroad. To do so, we interview managers at Chinese and American firms operating in and around Nairobi, Kenya, investigating the question: in what ways do Chinese employers relate to Kenyan labor differently than American employers? Through a comparison of Chinese and American management practices and attitudes, we find that “informality”, at the heart of critiques of Chinese management practices, is not uniquely Chinese but rather relates to various firm characteristics. Moreover, we find that many Chinese and American managers hold similar attitudes towards the qualities and limitations of their Kenyan employees — although they express these attitudes in different ways. In conclusion, we argue that researchers and practitioners looking to address labor issues at Chinese firms in Africa must attempt to unpack the variation among Chinese companies, and place employment relations at particular firms within broader contexts.

INTRODUCTION

DO CHINESE EMPLOYERS TREAT THEIR AFRICAN WORKERS worse than other foreign employers? One of the more common and enduring critiques of China in Africa, prevalent in both popular and academic discourses, is that Chinese firms exploit local laborers and undermine labor standards. Reified by political and economic elites (primarily) from Western countries, and diffused by media around the globe, this critique has become a seemingly indisputable characteristic of Chinese firms operating in Africa.¹ Chinese bosses, the dominant narrative suggests, are “the worst.”²

However, claims that Chinese firms or managers are exploitative are invariably presented within limited context. This is not to deny the substantial, well-founded evidence of poor conditions and strained labor relations at many Chinese firms operating in Africa.³ Nevertheless, are the poor labor conditions necessarily explained by the particular nationality of the manager or the firm? Or do other characteristics of a firm explain labor conditions—e.g., the industry, the size of the firm or the length of time operating abroad? For instance, rigorous studies have demonstrated that working conditions at Chinese copper mines in Zambia, however inadequate, are no worse than at other foreign or locally owned mining companies.⁴ In another case, a study found that while living and working conditions at a Chinese firm in Ghana were previously poor, the unionization of workers led to significant improvements.⁵ A lack of contextualization allows the narrative of an exploitive Chinese manager to thrive and leads commentators to overlook (or ignore) a series of plausible countervailing variables.

This study is an attempt to explore some of these overlooked variables; to add context and nuance to the dominant depictions of Chinese labor issues in Africa by providing a comparative perspective. We use Kenya as a case study. To do so, we incorporate firms from another country (the United States) playing an increasingly important role in Kenya’s economy, yet fueling less controversy. Specifically, we ask: in what ways do Chinese employers relate to local Kenyan labor differently than American employers? If Chinese labor conditions are different, or in fact worse, than other foreign counterparts, why is this the case?

Through a comparison of Chinese and American firms, we find that the informality at the heart of critiques of Chinese management practices is not uniquely Chinese but rather related to a variety of firm characteristics. We also find that while Chinese and American managers express their perspectives on Kenyan labor in sharply contrasting ways, these different expressions rest upon shared sentiments about qualities—and limitations—of the local workforce. At firms of both nationalities, these managerial attitudes manifest in similar ways, underpinning latent tensions between foreign employers and local employees across the board.

The potential of foreign investment to catalyze sustainable, equitable economic development in African countries is significant, but limited by conflict between foreign employers and local laborers, among other factors. This study will add depth and clarity to the tensions between foreign employers and local employees in Kenya. In addition, the findings will inform recommendations for how government ministries, labor unions, employment associations and policymakers should engage Chinese companies to realize the full potential of emerging investment flows.

METHODS

THIS PAPER DRAWS ON FIELD RESEARCH conducted in Kenya between February and April 2016. The project grows out of the researchers' frequent interactions with labor disputes officers from the Kenya Ministry of Labour, Social Security, and Services, and visits with Chinese firms in and around Nairobi that have experienced labor conflicts. Many Chinese managers informally interviewed perceive conflict with their employees as an unavoidable characteristic of operating in Kenya, and were curious about how firms from other countries manage, alleviate or avoid these conflicts.

Based on preliminary observations, we hypothesized that there are indeed substantive differences in the way that Chinese and American companies relate to local Kenyan labor, when controlling for industry, size, length of operations and corporate structure.⁶ In particular, we explored two levels of difference, which we refer to as “institutional” and “interpersonal.” Institutional factors include a firm’s hiring and recruitment policies and strategies, human resource structures, wage and benefits, termination practices, and skills training programs. Interpersonal factors⁷ focus on managerial attitudes towards local laborers and corporate “localization.”

This research is located in Kenya, an increasingly important destination for both Chinese and US investment. Particularly since 2006, reported Chinese investment

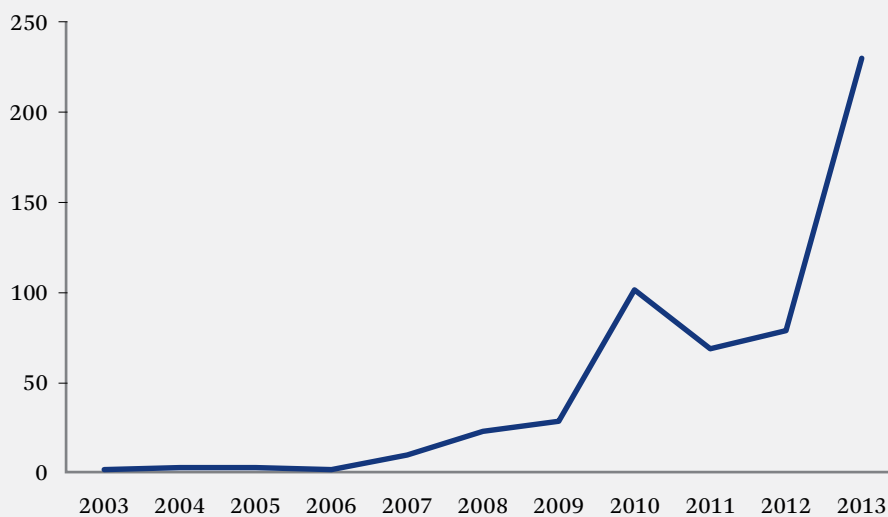
flows to Kenya have been on the rise (Figure 1), as have Chinese business registrations — by 2014, there may be as many as or more than 386 registered Chinese companies.⁸ Labor conflicts have grown apace; as much as 20 percent of strikes recorded between 2009–12 involved Chinese parties, significantly higher than the relative percentage of Chinese firms.⁹

Kenya is simultaneously emerging as a critical location for American investment in Africa. Since Chinese investment flows began escalating in the mid 2000s, they have greatly outpaced flows from the US, most of which, between 2006–2011, were devoted to the banking sector.¹⁰

By October 2015, comparatively few American businesses had set up shop

in Kenya — only about 35 firms were registered through the Kenyan Investment Authority.¹¹ However, since 2014, the pace of investment has been quickening and the sectoral destinations diversifying.¹² American business leaders have repeatedly indicated interest in expanding investment in a range of industries, including agribusiness, energy, infrastructure and health, citing Kenya’s desirability as a location for an African headquarters and service hub for multinationals.¹³ These investments have not

Figure 1: Reported Chinese FDI flows to Kenya (Millions US\$)



Source: 2013 Statistical Bulletin of China's Outward FDI Flows by Country and Region

been without labor related controversy; most prominently, in August 2016, drivers of American-based company Uber went on strike to protest a fare reduction.¹⁴

To compare institutional and interpersonal factors at American and Chinese companies in Kenya, we utilize a qualitative, comparative case study methodology. We conducted in-depth semi-structured interviews with managers and executives at 20 foreign-owned firms — 9 American and 11 Chinese (See Appendix).¹⁵ Originally, we planned to create matched pairs of American/Chinese-owned companies that are similar in terms of industry, size, length of operation and type of investment. However, in the process of securing and conducting interviews with American firms in particular,

we found many employers unwilling to speak with us, or uncomfortable sharing specific human resource and operations related practices or issues. As a result, we composed a sample comprising two groups of foreign firms that we were able to gain access to, American and Chinese. While containing major differences, these collections of companies are comparable in their diversity (Figure 2): both groups contain firms operating in a variety of industries (with some overlap), and range in scale and structure, from subsidiaries or branches of large transnational corporations (TNCs) operating in many countries around the world, to small and medium-sized enterprises (SMEs), only registered in Kenya, which we refer to as “translocal.”¹⁶ Both groups also include firms that are just starting up and others that have operated for decades in the East African nation. Notably, while Chinese firms in Kenya and, more generally, in Africa, are often accused of importing Chinese labor, both groups similarly employed an average of around 80 percent local staff.

As Figure 2 reveals, there are also substantive differences in the summaries of American and Chinese companies.

Most notably, the largest Chinese firm interviewed employs tens of thousands of people, while the largest American firm only a couple hundred. This and other differences are representative of discrepancies in American and Chinese firms in Kenya more broadly. The Chinese sample includes five firms involved in construction

Figure 2: Summary Statistics of Chinese and American owned companies in Kenya

	Chinese	American
Number of companies	11	9
Industries	Construction; Logistics; trade/merchandizing; ICT/Technology; Tourism	Logistics; Energy; ICT/Technology; Finance; Renovation; Insurance
Total Employees	Range: 16 - 30,000 Median: 70	Range: 3 - 220 Median: 26
% Kenyan Employees (average, mean)	78%	82%
Years since est. in Kenya	Range: 1–30 Median: 10	Range: 1–54 Median: 6
Corporate Structure	Transnational: 6 Translocal*: 5	Transnational: 5 Translocal: 4

* We use the term “translocal” to identify firms that are started, owned and/or run by foreign nationals, and may have a board of advisors in a foreign country, but are exclusively registered locally, in Kenya.

projects, representative of the fact that, by 2016, a large percentage of Chinese firms was involved in building up Kenya's connective transportation networks and Nairobi's expanding skylines. In contrast, few, if any, American firms are directly involved in construction of infrastructure or buildings.¹⁷ Instead, the American sample includes firms involved in services, technology and renewable energy, representing the industries in which American firms play a relatively larger role. The implications of these differences for employment relations will be discussed in our analysis.

Several limitations of our methodology should be acknowledged. The researchers recognize that the selected cases do not constitute a representative sample of all Chinese or American companies in Kenya, not to mention Africa. Some of the discrepancies in the two groups of companies are likely a consequence of sampling biases, due to limitations in which firms the researchers were able to gain access to. Further, given the small sample size of our study, we will not have enough systematic data to address causality—e.g. which factors (cultural, linguistic, institutional, etc.) have a statistically significant impact on the prevalence and intensity of disputes. Instead, this project is exploratory, investigating the complex multi-dimensional factors that influence employment relations and precipitate disputes. In doing so, we hope to peel away biases, and direct readers and researchers to pertinent questions and issues that require further systematic investigation. Finally, although the researchers endeavored to validate the claims of managers by interviewing local employees at each of the companies visited, it was frequently not possible to do so.

In the same vein as Giese (2014) and others, the authors of this paper find it important to emphasize that taking a critical look into labor practices at Chinese firms is not to deny the complaints or felt experiences of any person in Kenya or beyond; it is rather simply an attempt at more nuanced, contextualized understanding, with the aim of limiting conflicts in the future.¹⁸ The necessity of a critical attitude will become clear when the existing literature on Chinese labor relations in Africa is examined in the following section.

LITERATURE REVIEW

THE EFFECTS OF CHINESE FOREIGN DIRECT INVESTMENT IN AFRICA

FDI CAN PLAY A CONSTRUCTIVE ROLE in the economic growth of a developing country. The direct and indirect impacts of FDI are a subject of significant study—although much has been focused on developed countries.¹⁹ Host countries have increasingly sought to attract FDI as part of national development strategies. In addition to capital and finance, potential benefits include transfers of technology, knowledge spillovers to local firms and access to foreign markets through the networks of the foreign firm.²⁰

FDI has been a small but rapidly growing modality of Chinese economic engagement with African countries. While China's volume of trade with the continent exceeds every other country, China's FDI stock is still dwarfed by that of others. By the end of

2011, China's share of Africa's total FDI stock was only 2.3 percent (based on reported figures); however, China's investment in Africa has been growing rapidly, particularly since 2000.²¹ According to official Ministry of Commerce (MOFCOM) statistics, by 2013 firms of Chinese origin had established more than 2,600 overseas enterprises on the African continent.²² While the slowing of the Chinese economy at the end of 2015 and beginning of 2016 has cast doubts on the future rates of growth, many indications, including President Xi Jinping's commitments at the 2015 Forum on China-Africa Cooperation (FOCAC), suggest that Chinese outward investment to the continent will continue to expand. A MOFCOM press release in May 2015 noted that FDI to Africa was likely to pick up in 2015 after a drop in 2014.²³

These expanded flows present opportunities for African host countries to help realize development objectives. Several studies have observed cases in which Chinese firms have transferred technology and management techniques to local firms or otherwise improved local processes in various African countries — evidence of a so-called “flying geese” FDI paradigm. However, these cases have also raised a series of constraints that limit the positive externalities of Chinese FDI, including infrastructure deficiencies, poor governance and inhospitable regulatory environments.²⁴ Among these, labor conflicts have and will continue to constrain the magnitudes and the impacts of Chinese FDI. For instance, labor disputes were among one of the factors that led to the shutdown of the Mulungushi Textile Factory, a Chinese-Zambian joint venture, in 2006.²⁵ In order to inform policies that would minimize these conflicts in the future, the existing knowledge on Chinese labor relations in Africa needs first to be parsed for empirical realities.

FROM IDEOLOGICAL TO EMPIRICAL DEPICTIONS OF CHINESE LABOR PRACTICES IN AFRICA

CHINA'S RAPIDLY EXPANDING ECONOMIC PRESENCE on the African continent has been met with a cacophony of criticisms. Exploitative Chinese labor practices is one of the more durable refrains, and a fixture of negative discourses about China's role in Africa. A 2011 Human Rights Watch (HRW) study has played a particularly significant role in its prominence.²⁶ The study, titled, “You'll Be Fired if You Refuse,” details alleged human rights abuses at four Chinese-run mining companies — subsidiaries of the state-owned enterprise, China Non-Ferrous Metals Mining Corporation (CNMC). Drawing on field research, HRW concludes that Zambians, “suffer from abusive employment conditions that fail to meet domestic and international standards and fall short of practices among the copper mining industry elsewhere in Zambia.” Specifically, miners at these Chinese companies reported poor safety and health conditions, as well as excessive hours of work. The report attributes these conditions to apathetic managerial attitudes: “[Chinese firms] tended to treat safety and health measures as trivial.” HRW further finds that the Chinese firms curtailed union activities, proactively stymying any reaction to their poor practices.²⁷ At the time of the report's release, the Chinese in Zambia were already the target of racialized media attacks. The report fanned the flame, fueling a

flurry of criticism targeting overseas Chinese in Africa, in Zambia and beyond. The report has since become a cornerstone of negative discourses about China in Africa.²⁸

A less inflammatory study implemented by the African Labour Research Network (ALRN), a group of trade union based research organizations, provides the most extensive descriptions of labor relations at Chinese companies across the African continent. The book explores labor practices at a variety of Chinese firms in ten African countries, each country case authored by a union researcher from that country utilizing an array of methodological approaches. Reflecting on the jumble of country cases, editors Baah and Jauch identify “common trends at Chinese business in Africa”

including: “tense labour relations, hostile attitudes towards trade unions, various violations of workers’ rights, poor working conditions and several instances of discrimination and unfair labour practices.”²⁹ Their findings (released in 2009) set the stage for the HRW report and provided a foundation for generalized claims that Chinese employers are worse to their African workers than other foreign employers.

Analysis of these criticisms of Chinese labor practices is less common than articles that reference them. Yan and Sautman provide the most head-on challenge in a meticulous, book-length critique of the HRW report.³⁰ They find that the main claims of the report are empirically inaccurate, and based on an unsound methodology. Labor conditions and practices at CNMC are bad,

they conclude after thorough investigation, but no worse than those at other foreign mining companies in Zambia. Many of the methodological confusions highlighted by Yan and Sautman are also present in the ALRN study, including, most prominently, considerable interview subject selection biases. One author, for instance, conducted interviews exclusively with subjects who were dismissed from Chinese companies, a population sample that is likely to have a particular (negative) predisposition. Further, few of the authors of the ALRN study were able to interview Chinese employers, confining their analyses to the comments of workers.

Absent a strong empirical basis, Yan and Sautman suggest that HWR’s decision to single out CNMC is politically, ideologically and racially motivated.³¹ In a later piece, Yan and Sautman go so far as to argue that claims like these are “part of a larger discourse designed to estrange Africans from Chinese and thus advantage the West in what elites perceive as competition with China.”³² This claim resonates with several other scholarly critiques of the negative discourse about China in Africa: Breslin and Taylor, for instance, argue that US diplomatic invocation of China’s human rights abuses in Africa are underscored by angst relating to economic competition with China.³³ Much of the existing knowledge on Chinese labor practices in Africa seems to be rooted in ideological rather than empirical description.

Another limitation of the literature is that many of the accounts of labor practices are derived from analysis of large-scale Chinese enterprises, often those engaged in major construction and mining projects. These fail to capture the heterogeneity of

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Chinese actors operating in Africa. Many of the case studies in the ALRN report, for instance, draw sweeping conclusions about all Chinese firms in Africa based on investigations of large construction projects: in Ghana, the Bui Hydro Power Plant and the Essipon stadium; in Angola, a major stadium and Highway Luanda Lobito project; and in Zambia, the China Geo-Engineering construction company. Indeed, the HRW-inspired condemnations of Chinese labor practices in general are often based on the organization's investigation of the conditions at mining companies.

Lee, and Brooks, in analyses that are methodologically and empirically compelling and add interesting perspectives to the issue, similarly focus on labor issues at major Chinese textile or mining projects in Africa.³⁴ As Giese observes, a “focus on large-scale enterprises practicing an industrial division of labor has taken center stage...”³⁵

Giese thus enhances the discourse by exploring the interactions between Chinese small-scale enterprises (traders) and their Ghanaian employees. Treating his Chinese subjects as “social beings in a foreign situation who hold perceptions of vulnerability,” he finds that labor conflicts are often borne of divergent cultural interpretations—like the role and responsibilities of an employer to provide for employees

beyond salary.³⁶ Lee similarly explores the “diverging worldviews” that shape encounters between Chinese managers and local employees.³⁷ In doing so, Giese and Lee humanize the “exploitative Chinese boss”, singled out and vilified in both the HWR and ALRN reports, explicating some of the interpersonal contexts that inform conflicts between Chinese employers and African employees.

The increasingly contextualized depiction of Chinese employers in African countries will further benefit from a comparative perspective, built upon this foundation. Existing research fails to provide convincing evidence linking the poor labor conditions to the particular “Chinese-ness” of the management or particularly Chinese practices. Even Jauch, an editor of the ALRN report, elsewhere argues that, “Chinese business mostly adhere to a familiar, neocolonial pattern of resource extraction, labor exploitation, and infrastructure projects...”³⁸ Empirical issues aside, he implicitly compares Chinese practices with the “neocolonial” practices of other actors, likely referring to those from the West. Lee explicitly makes this connection, arguing that the decline in labor conditions at a major textile mill and a mine following Chinese investment “is driven by a capitalist logic of accumulation and is not a uniquely Chinese practice.”³⁹ Jauch, Lee and others expound positions critical to foreign investment, industrialization and capitalism more generally, implicating Chinese companies only in their propagation of these (non-Chinese) modalities, processes or systems. This critical position is important to consider;⁴⁰ however, it fails to elucidate the apparent prevalence of labor disputes at Chinese companies in, for instance, Kenya. Nor does this critique offer much immediate insight into how conflicts between Chinese laborers and African employees might be mitigated. Comparing management practices and attitudes at a variety of American and Chinese firms begins to shed some light on these two questions.

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EXISTING ANALYSIS OF LABOR RELATIONS AT FOREIGN ENTERPRISES IN KENYA

THE LITERATURE ON KENYA'S INWARD FDI IMPACTS is still catching up with the country's rapid emergence as a popular destination for foreign capital.⁴¹ Studies focused on labor issues relating to foreign investment are scarce; there are, however, two notable studies focused on labor relations at Chinese companies in Kenya. The first is from the 2009 ALRN report. Jane Masta, a researcher at The Central Organization of Trade Unions (COTU), describes the deplorable labor conditions that she finds at Chinese companies in Kenya in the following terms:

The dehumanising treatment being meted out to workers [at Chinese companies] in Kenya is reminiscent of conditions of work in pre-industrial revolution Britain. In Kenya, workers' health, safety and dignity are being violated despite the existence of new labour laws. The Chinese bosses violate workers rights with impunity.

Masta supports this conclusion by citing an incident at the Chinese-owned Rubber Products Company. When in September 2007 their factory caught fire, 29 workers died because of company policy to "lock the workers inside the factory at night without any outlet in case of emergency." A government-led panel of inquiry found that management did not comply with all relevant safety regulations. In addition to this case, she describes a slew of violations at Blue Wave Group of Companies (BWGC), including a failure to provide employment contracts, maternity pay and transport. She also finds that when workers demanded unionization, the entire workforce was dismissed. Her findings therefore align closely with those of the HWR piece. Based on these two cases, she draws generalized conclusions about "Chinese bosses."

However, systematic research is required to understand whether these employment practices are characteristic of Chinese companies in Kenya (and beyond). In other words, the question remains, are the bosses cited by Masta representative of Chinese managers in Kenya? Further, while her analysis raises important issues, her investigation fails to even attempt an understanding of the socio-cultural or economic contexts from which they emerge. In particular, the lack of Chinese voices and perspectives in her analysis obscure the individual motivations that might lead to these undoubtedly destructive practices.⁴²

Kamoche and Siebers seek specifically to interrogate these motivations, also focusing on the Kenyan context. In doing so, they contribute much needed empirical data by examining the perceived experiences and attitudes of both Chinese employers and Kenyan managers/employees. Their analysis uncovers several themes, some of which shine light on labor tensions and poor conditions at Chinese firms in Kenya and beyond. Of particular relevance, they highlight the consequences of cross-cultural differences (echoing Giese's findings in Ghana and Lee's in Zambia), aggravated by communication issues, and Chinese firms' reliance on what they refer to as "low-cost employment strategies."⁴³

Building on these findings, our study will seek to contribute further to the emerging body of empirical observation and analysis of labor issues within African-Chinese engagement. We add a comparative perspective, which allows us a vantage point from which to challenge ideologically, racially or otherwise-motivated conclusions about Chinese practices by considering countervailing explanations. To do so, the subsequent sections explore and unpack similarities and differences between management practices and attitudes at Chinese and American firms operating in Kenya.

ANALYSIS

BETWEEN AND AMONG OUR SAMPLES of Chinese and American firms operating in Kenya, we found considerable variation in how managers engage and encounter Kenyan workers. It is important to note, first of all, the substantial differences between the practices and attitudes within the groups of American or Chinese companies. Unsurprisingly, the small start-up, struggling to stay afloat, run by an American who recently graduated from university manages its employees differently than a well-established subsidiary of a American-based Fortune 500 multinational. Likewise, the trading company owned and run by a young Chinese couple bears little resemblance to the state-owned conglomerate, with headquarters in Beijing and operating across the globe. On the surface at least, there are also overarching discrepancies between the Chinese and American groups. Of particular importance, the group of Chinese companies tends to operate with greater informality. Similarly, Chinese managers expressed more openly negative, stereotypical opinions of Kenyan workers than American counterparts. These apparent differences plausibly, in part, explain why Chinese bosses seem to be, and feel themselves, embroiled in more frequent conflict with employees.

However, upon closer investigation, we found similarities between both the management practices and attitudes of particular American and Chinese firms. The following sections will tease out and begin to explore these commonalities, demonstrating how some characteristics associated with exploitative Chinese firms are present at some American firms, and not at other Chinese-owned counterparts. In the first section, we parse the official and unofficial practices and policies—the institutional frameworks mediating labor relations—of Chinese and American firms, highlighting the degree to which informality of Chinese firms is a function of firm characteristics other than nationality. In the subsequent section, we tease out resemblances between the attitudes of some Chinese and American managers towards Kenyan employees, which manifest in similar national/racial divisions at companies of both nationalities. In conclusion, we speculate why, given these similarities, (official) labor conflicts at Chinese-owned companies seem more common—when asked if former employees had ever registered a dispute with the Ministry of Labor, seven Chinese managers (63 percent) reported that they had, compared with only one American manager (11 percent).

INSTITUTIONAL FACTORS

In comparing the official and unofficial practices that mediate employer-employee relations at American and Chinese companies, we found expected differences and unexpected similarities (Figure 3). As a group, Chinese companies tended to operate with more extensive degrees of informality than American companies — doing business without formal policies governing HR management. Five of the eleven Chinese firms interviewed described not signing employment contracts with employees, or at least not with their Kenyan employees. Virtually every American firm interviewed, in contrast, claimed to sign formal contracts with every employee. On the other hand, American and Chinese management had similarly limited or non-existent

engagement with, or understanding of, Kenyan labor unions.

Informality is central to critiques of poor Chinese employment practices, as explored in the literature review. Masta and others specifically identify the lack of formal contracts, limited employee union participation, and apathy for (or ignorance of) formal regulations as evidence of the exploitive nature of Chinese management. In doing so, these researchers explicitly or implicitly draw upon a broader critique of global “casualization” or “informalization,” in which business owners are increasingly hiring employees on a casual or informal basis as a strategy to maximize profits.⁴⁴ As mentioned, at first glance our interviews revealed undeniable manifestations of informality at Chinese firms — more prevalent and deep, it seemed, than at American firms. Drawing conclusions

about Chinese managerial practices solely from these particular incidences of casualized labor, however, obscures the range of practices at the Chinese firms, institutional similarities between some Chinese and American firms, and, critically, common characteristics of firms that tend to institute the most informal procedures.

Namely, Chinese firms that operate with the greatest degree of informality tend to be concentrated in the construction industry. Indeed, four out of the five Chinese firms engaged in construction projects do not formalize relations with employees. One engineering firm in particular epitomizes Masta’s concerns of casualization, and the conflicts generated by, or in the contexts of, informality. As explained by the firm’s project manager, a Chinese national overseeing her second multi-year development

Figure 3: Select institutional characteristics of American and Chinese firms

	Chinese	American
‘Employment contracts with all employees’	5/11	9/9
‘Dedicated HR staff/department’	6/11	6/9
‘Formalized capacity building programs’	2/11	4/7*
‘Any employee participation in unions’	4/11	1/9

* Two interviewees did not provide an answer to this question.

in Kenya, requiring written contracts is simply “too troublesome” [tai mafan]: “Our laborer turnover is far too great, and the time is not enough.” The project required over five thousand workers and technicians; yet, she complained, laborers would show up one day and disappear the next. On the previous project she managed, the firm did “go through the trouble” of signing contracts, but with limited effectiveness, she felt.

As the logic of “casualization” implies, various practices of this particular firm were explicitly rationalized as strategies to cut costs (and maximize profits)—often at the expense of employees. For instance, the project manager leaned in to describe how one could “cleverly avoid [qiaomiao de bimian]” paying minimum wage by negotiating wage rates with each employee. (She did claim that her company provides other legally required benefits including health care, social security, and overtime pay). Furthermore, Kenyan labor law mandates that employees need to be converted to a contracted employee after three months of continuous work; to prevent this, the interviewee (along with other Chinese and non-Chinese project managers we spoke with), described how they would fire and then rehire employees before that period was reached.⁴⁵ For many managers, this regulation was not even an issue: casual workers would rarely show up to work for continuous integrals. When terminating employees, in a concerted effort to “avoid paying [the] one month’s salary” required by law in lieu of notice, she “exclusively utilize[d] summary dismissals”, usually reserved for egregious or legal offenses. These cost-cutting practices are symptomatic of deeper institutional informality: despite the sizeable workforce, the company did not include a human resource department or dedicated personnel. The project manager was responsible for overseeing thousands of employees, as well as keeping costs down (Firm C10).

While not to the same degree, the employment practices at other Chinese-managed construction sites exhibited some of the same informality. Two other firms (one private, the other state-owned)—both engaged in considerably smaller-scale developments—require long-term (and Chinese) employees to sign contracts. They do not allow short-term Kenyan employees, the majority of their workforce, to do the same (Firm C8; Firm C6). The young HR manager of a third firm with an abundance of casualized labor explained that this was simply how her company is used to doing things: “Personally, I really would like to sign formal contracts with our employees. But because this is the long term practice of the company, I have not interfered” (Firm C5). These firms similarly tended to rely upon barebones HR management structures. The executive at a site employing 70 workers explained that he “did not need” dedicated HR staff: “we [Chinese managers] get along incredibly well with local employees” (Firm C6). These cases exemplify “low-cost employment strategies,” which Kamoche and Siebers (2015) identify as a “dominant theme” of Chinese firms in Kenya. Project managers and company executives at both state and privately owned firms deem formalized employment practices non-essential.

However, this informality does not characterize the entirety of Chinese-owned firms operating in Kenya’s construction industry. The HR manager of the firm employing the largest number of Kenyan employees, a Harvard-educated lawyer, carefully and

knowledgably expounded the management practices that were part of corporate policy, explaining: “We strictly adhere to the requirements of law and unions [...] For instance, [providing] overtime pay. This is something that not many Chinese companies can do.” In addition to formal contracts, employment relations are mediated by an extensive HR management structure: every “section” of the company has its own specialized HR department, led by one Chinese and one Kenyan manager. When firing employees, a moment of pronounced employment friction, the firm goes through the process

Beyond the construction industry, and when we incorporate American firms into our analysis, we find that the degree of (in)formalization of HR management practice seems to be a function of multiple firm characteristics, rather than just firm nationality.

mandated by law (including three warning letters). According to this young manager, the company’s insistence on formalization is related to its status as a state-owned enterprise: “For some private enterprises, they might not pay mind to this; but then, they are not afraid of being sued by the labor bureau, and they also do not need to consider international reputation.” The formalized processes and practices, and extensive knowledge of local labor law he demonstrated, could also be related to the amount of time the firm has operated in Kenya; during that time period, the company has encountered numerous labor conflicts.

Beyond the construction industry, and when we incorporate American firms into our analysis, we find that the degree of (in)formalization of HR management practice seems to be a function of multiple firm characteristics, rather than just firm nationality. For instance, the barebones structures, and the absence of policies, mediating employment relations at small or recently established Chinese firms resembled those at American “start ups” of a similarly scale and experience. The smaller, translocal American firms we interviewed employed few or no dedicated HR staff, due to financial constraints, or the perception that doing so was not necessary. Two of the smallest firms (Firm A13; Firm A15), both of which have been operating for less than two years, and employ 4 and 21 people respectively, do not have any dedicated HR staff: “We are not big enough. Maybe when we grow,” said the manager of a firm that carries out home renovations (Firm A13). A tech firm that has been operating for five years and has 50 employees has only one HR manager: “We need to hire more. But at the moment we cannot afford it,” (Firm A17). By way of comparison, the smallest Chinese company we interviewed, a logistics firm of just 16 employees (Firm C1), and a small tourism firm with 25 employees, both employed a Kenyan HR manager. The only Chinese firm outside the construction industry without dedicated HR staff was a small 22 person trading company. This absence is likely related to the lack of managerial experience of the Chinese husband and wife owners. She explained, disconcerted: “We once hired an HR manager, but all of the other employees opposed this. So we had the employees select a leader and paid him more. But this just created conflicts. Eventually we gave up on this strategy”(Firm C2).

Small American and Chinese firms demonstrated other informal characteristics often associated with exploitative Chinese companies. Bosses of both nationalities exhibited little knowledge of legally required procedures for terminating employees.

A young American co-founder's explanation of an employee she recently fired exemplifies the informal way in which several handle termination:

The last guy [we fired], we had no process for firing him. And we are really thankful that he really got why we were firing him. For this one that we are [firing now], I already sent her warning emails. So I just sat down with her and sternly told her, 'you are not really performing', and ended up just telling her I was going to fire her (Firm A15).

In these organizations, benefits were also allocated on an ad hoc basis. The above interviewee described the flexibility of her policy: "Anytime anyone wants to buy a laptop or something that would help them at work, they would pay half of it up front, we would help them pay the other half up front, and we'll deduct it from their salary" (Firm A15). Similarly, one Chinese manager explained: "All [an employee] needs to do is speak up and they will get benefits" (Firm C6). Both interviewees had limited understanding of local labor laws. Thus, while informality is generally ascribed to Chinese companies, small American firms led by managers and executives who have little experience running a company, not to mention in a foreign country, often similarly addressed issues and developed policies only in reaction to issues that arose.

The informality of translocal SMEs becomes particularly apparent when these are contrasted with the institutional frameworks of large transnational entities. The subsidiaries of large transnational Chinese-owned corporations that we interviewed, including a major technology firm and the construction company described above, both have specialized HR departments and managers. Several large American TNCs and one Chinese TNC subcontract or outsource some hiring and other basic employment processes (Firm A12; Firm A19; Firm C11)—a practice that is increasingly common in Kenya. Managers at these companies had concrete policies and procedures, based on local regulations, mandating termination and benefits, which serve to smooth potential tensions. At one major American multinational, the interviewee described how when the company fired someone, they were always able to provide a "soft landing" (Firm A16), helping them find another job and providing compensation.

Large transnational firms, Chinese and American, have the resources and experience to develop more sophisticated HR systems than translocal SMEs; however, even these firms have not eliminated labor tensions. Indeed, transnational HR management strategies in some cases seemed unable to adequately address the local needs or complaints of employees. For instance, several large American corporations maintain a single in-country HR "representative," rather than a manager, who reports to an office in South Africa or England (Firm A14; Firm A19; Firm A18; Firm A17). The comments of employees at two of these firms reveal tensions produced by this organizational system:

Conversations relating to HR take a long time to resolve. [The regional office] does not understand the particular requirements in country. There is this overriding assumption that Africa is a country (Firm A16).

Large transnational firms, Chinese and American, have the resources and experience to develop more sophisticated HR systems than translocal SMEs; however, even these firms have not eliminated labor tensions.

It's awful. We are mired in bureaucracy. [...] When you compress the layers, you kind of get cut off. [This is] the cost of efficiency (Firm A17).

In pursuit of corporate efficiency, these firms scaled down their local HR staff, producing tensions between employee and employer that in some way resembled those at small translocal firms.

Other characteristics generally associated with casualized practices of Chinese firms were present across the spectrum of companies, and perhaps relate to doing business in Kenya. For instance, the majority of foreign firms, both American and Chinese, relied primarily on informal, low-cost recruitment practices. According to the manager at one TNC, “Most employers do not spend on recruitment. The labor pool is so educated, we can have our pick of anyone” (Firm A17). Small and medium sized American firms similarly rely almost entirely on word of mouth or recommendations, although one (Firm A18) mentioned that they occasionally use a recruiting agency, as do most of the Chinese firms. A few of the bigger Chinese and American firms (e.g. Firm A19; Firm C10), engaged local universities as recruitment channels.

In particular, while lack of union participation at Chinese firms is often read as an indication that the Chinese “curtail participation” in unions, only one American firm had any employees that were part of a union (and she was not even sure if those employees had officially unionized). Several American managers, particularly those “in tech,” explained that this was because of their sector:

In our industry, because people are generally better paid, [unions are] not usually much of an issue. Our [company] is generally open minded, so if someone comes to talk to me about, hey, I really need a raise, or hey, I really need this, I will try to find a way to make it happen. And if I cant, I'll tell them honestly, hey, we just don't have resources right now. And they get it, they wont complain about that. (Firm A15)

We were actually discussing this over lunch! In Kenya, only if you are in construction — casual labor — or even in manufacturing, the technicians are in a union. This is something that we should think about (Firm A16).

Others seemed to have no knowledge of unions in Kenya at all; when asked, one interviewee shouted to her Kenyan assistant, “They do not have unions in Kenya, do they?” (Firm A17). In fact, the only interviewee who claimed that the entirety of the workforce was unionized worked at the major Chinese construction conglomerate. Three of the other Chinese firms in construction claimed to have, at least, “some” employees participating in unions (although these unions likely did not have the approval of the 50% + 1 employees required for the union to be formally recognized in Kenya). These managers claimed that employees often do not want to participate given the union fees. Misunderstandings about unions, our research suggests, is not limited to Chinese management, but extends to Kenyan employees and American managers. Drawing generalized conclusions about Chinese exploitative management practices based on the informality at particular Chinese-owned firms in Kenya thus distorts

the realities on the ground. In addition to firm nationality, variation in HR structures and policies seems related to the size, corporate structure, length of operation, and, critically, industry. It is conceivable that the reason that Chinese companies tend to be associated with more labor conflicts than other foreign firms in Kenya has to do with the fact that Chinese companies tend to be concentrated in the construction industry. Indeed, when visiting the Nairobi County labor disputes office in October 2015 and then again in April 2016, virtually all of the more than ten open cases against Chinese firms appeared to be related to construction projects.⁴⁶

That casualization tends to be more prevalent and extensive at firms involved in construction projects is perhaps not surprising. This is neither particular to Chinese firms, nor the Kenyan contexts. As Kwan and Ofori observe: “In construction there is still a predominance of informality, personal relations, community-like networks and the acceptance of verbal decisions.”⁴⁷ Furthermore, before Chinese firms gained prominence in Kenya’s construction sector, other foreign MNCs played a major role — and were similarly affected by management-related issues.⁴⁸ That said, the informality of Chinese construction firms — where manifestations of “low cost employment” strategies are perhaps the most extensive — generate and exacerbate tensions in an industry that is predisposed to labor issues. This is particularly the case given the large, less-educated work force involved in these projects, as compared to, for instance, a tech company.

INTERPERSONAL FACTORS

THE FORMAL AND INFORMAL PRACTICES that mediate employment relations are shaped by the attitudes, beliefs and perceptions of employers. To embellish their description of exploitative Chinese managers, the HWR depict the apathy of Chinese managers to the wellbeing of their employees. Others argue or imply that essentializing Chinese racism towards Africans motivates exploitation.⁴⁹ Our interviewees made comments that might be interpreted as evidence of Chinese racism. However, the sentiments about qualities of the Kenyan workforce that underpin these comments, and how those were then actualized at many firms, bore similarities to the attitudes of some of the American interviewees, suggesting that a focus on “Chinese racism” is misguided or misleading.

As might be expected, Chinese managers often interpreted and articulated their experience of Kenyan workers in explicitly racial terms, in contrast with the comments and opinions of American managers.⁵⁰ Utilizing tropes that have been well recorded and contextualized elsewhere, these Chinese bosses described their Kenyan employees — often referring in general terms to “black people [heiren]” or “locals [dangdiren]” — as lazy, shameless, inefficient, or untrustworthy.⁵¹ The following comments typify the stereotypical demonization of laborers common among those we interviewed:

Black people are unreliable. They do not have enough of a sense of responsibility and morals (Firm C3).

Locals' capacity is insufficient. They cannot close a deal. They work inefficiently, always delaying. They are too lazy (Firm C1).

Locals are very apathetic. If they have an opportunity to be lazy, they will be lazy. They are not accustomed to working overtime, but after some time will slowly acclimate to an environment or be fired for their unwillingness to work overtime (Firm C9).

Kenyans like to do things lazily, and are not very efficient (Firm C8).

The interviewees voiced these opinions nonchalantly, or even indignantly. Several managers provided accounts of incidents in which they felt extorted, cheated, or lied to, by their employees, state officials, or union representatives as justification for their attitudes, revealing the perceived "position of vulnerability" from which many Chinese in Kenya operate.⁵² A few others whispered these critiques, implicitly acknowledging that such generalizations are not proper. The young, US-educated HR manager (Firm C10) sought to differentiate himself from his compatriots, explaining: "I have a more positive attitude because I think I understand local culture. Locals, I respect them, often make jokes with them. [...] Other Chinese people cannot joke with you. Work is master. Locals, if you really understand them, it's no big deal." Yet, shortly after this comment, he took refuge in similar stereotypical portrayals of Kenyans, and struggled to come up with positive attributes.

On the surface, this language starkly contrasts with that of American managers we interviewed. When asked to describe their experience working with Kenyans, Americans were more likely to begin with a description of their Kenyan employees and colleagues as hardworking, intelligent or collaborative. For instance:

Kenyans are really hard workers. They do not complain as much and are much more satisfied with what that have (Firm A20).

Kenyans are incredibly hardworking. If only the government could get out of the way [the economy could really excel] (Firm A12).

[My experience working with Kenyans] has been quite enjoyable, although I do not think my employees would say the same thing about working with me. I often meet smart people (Firm A18).

Americans did, however, experience challenges with their Kenyan employees, which often resonated with those of Chinese counterpart. Several interviewees expressed frustration with issues of punctuality, and struggled with how to effectively motivate their Kenyan employees, although this did not lead them to explicitly draw conclusions about "black people" in general.

The manner in which Americans discussed their issues with Kenyan employees also contrasted with that of Chinese managers. The American manager of the renovation firm, whose work brings him into contact with employees similar to those who might work on Chinese construction projects, most directly echoed the language of some of the Chinese interviewees, joking: "Kenyans have problems with a poor work

ethic. They feel oppressed by work” (Firm A13). The rest of the interviewees were less direct, occasionally regulating their speech or walking back criticisms. The young co-founder of a small translocal firm struggled out loud with whether certain qualities pertained to a particular colleague or Kenyans in general: “I do not want to associate [that problem] with Kenyan culture, but...” (Firm A15). The reflexive nature of many of the American interviewees set them apart from Chinese counterparts.

We found that the prevailing attitude that Kenyans are lazy and untrustworthy among Chinese employers led them, at times, to consciously or unconsciously treat local employees unequally — what Sautman and Yan (2016) refer to as the “racialization of labor.”⁵³ Most prominently, this was evident when managers cited the trope that Kenyans are *bukaopu* [untrustworthy/unreliable] to justify limits of workforce localization. While 78 percent of all of the employees at Chinese firms interviewed are reported to be Kenyan, middle and upper level management positions tend to be occupied by Chinese nationals, with few exceptions. A subsidiary of a Chinese state-owned TNC employs a Kenyan General Manager and Sales Manager; both were poached from other foreign multinationals. The two of them, however, report to three Nairobi-based Chinese managers who maintain ultimate decision-making power. Owners and managers of small and medium-sized Chinese firms in particular openly described limits to their willingness to localize the staff, blaming Kenyan “qualities”:

We have already cultivated local management but will not let locals touch the critical parts of the company (Firm C2).

We have no plans to cultivate local management. The large amount of money in [this industry] is too much. The large majority of black people are not trustworthy (Firm C3).

In the future, we hope to have local managers. Their salary is lower and they are better at managing locals. But they need to be reliable. And the risk is relatively high. It’s easy for collusion to happen (Firm C5).

The lack of trust that Chinese managers feel towards Kenyans (or that they ascribe to “black people” in general) is actualized in corporate structures that maintain Chinese managers in decision-making positions.

Attitudes about the inadequate work ethic or quality of Kenyan employees similarly underpin wage gaps between Chinese and local employees at some firms (four interviewees acknowledged a wage gap, the others did not). The founder and CEO of a small, privately owned tech firm explained, “There is a difference between local and Chinese wages. But it is based on skill. Locals’ salary is not necessarily lower” (Firm C7). While the company has no explicitly discriminatory wage policies, in practice, his opinions that locals “are less efficient” and “are not suited for fast paced work” effectively results in an unequal distribution of positions and salaries, favoring Chinese employees. Another explained that, “Chinese are paid more than locals but more is expected of them,” including putting up with “harsher” treatment by bosses

(Firm C3). Her differing expectations for Chinese and Kenyan workers similarly informed an unofficial pay gap.

Crucially, however, the Chinese racialization of local labor is often ‘non-essentializing.’⁵⁴ Chinese employers qualified description of the inferior “quality” of locals with explanations of the systemic causes for these deficiencies, rather than describing traits as inherent or essential. As one puts it, “I think there is no difference between peoples.

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They are equally intelligent. It cannot be said that a country is more backwards, its just particular people in a country are not okay. Often this is the result of institutional, historical variables” (Firm C4). Managers variously identified the education system, a lack of training, the legacy of colonization and even “Africa’s warm, rich climate” (Firm C6), as causes for perceived flaws of black employees. As such, most of the managers subsequently emphasized the importance of “proper” or effective management styles, attitudes, regulations or training, or being able

to identify and develop “high potential” Kenyans. Even the manager with the most overtly racialized rhetoric explained: “There are reliable locals. The critical thing is how a boss uses [his or her employees]” (Firm C3).

Of particular relevance for this study, we found that the racialization of Kenyan labor is not uniquely Chinese. Attitudes expressed by some American interviewees — namely, in discussions of a “talent gap” in Kenya — while couched in non-racialized language, similarly seemed to (in)form national/racial divisions in the firms they managed. “Kenya is starved of talent,” the CEO at a tech firm explained, as justification for her decision to hire North American or European “expats.” She explained:

I think diversity is important. I think that is why we are bringing on more expats. Not to say we want a fully expat staff. Up until now, I’ve been really focused on how do we, even within [our firm], upskill our employees, so we are bringing them to the next level, and wherever they go after [our firm], they will always be rockstars. But in order to do that, we need people who have the relevant experiences, and the right skill set in order to translate that skill set to our employees (Firm A15).

After nearly two years of operating in Kenya, she has concluded that Kenyans do not possess “the relevant experiences” or “the right skill set,” and so she looked abroad. “Talent is incredibly difficult to find here,” concurs another American executive manager, who has been in the country for several years longer, and similarly described the benefits of bringing in foreign talent (Firm A18). While expressed in non-racial language, his claim relies upon generalized assumptions about local workers that are not so different than those expressed by (and expected of) Chinese bosses.

It is important to note that these sentiments may be rooted in empirical realities. While it is beyond the scope of this paper to explore the basis for claims about a talent or so-called “skills gap,” it is incisive, first of all, that several other American and

Kenyan managers contest this assumption, arguing that the “talent gap” is imagined or exaggerated, and suggest that it reveals implicit biases towards Kenyans (Firm A12; Firm A14; Firm A17): “It’s bullshit. Part of the problem here in Kenya is that managers don’t want to develop their own employees. They are worried about their own job. There are a lot of really talented people here. There is nothing wrong with them,” one American theorizes (Firm A17). More importantly, we observe similarities between the sentiments behind discussions of a lack of talent and those held by Chinese managers about the “quality” of Kenyan workers.

Like at Chinese companies, these attitudes actualize in unacknowledged, and perhaps, unwitting, hierarchies in the workplace, at several American firms. Even at companies that are predominantly Kenyan, executive roles and strategic decision-

making tended to be still concentrated in the hands of the North American employees—expected behavior at Chinese firms, and associated with depictions of exploitative Chinese bosses. This became a source of frustration for an American manager of a translocal firm with 90 percent Kenyan staff: “There are even Kenyans in management positions...but [the American executives] don’t want to hand over any strategy or decisions. The decision makers are all Americans” (Firm A20). In informal conversations, Kenyan employees of several American firms interpreted this phenomenon by racializing their employers, concluding that their bosses preferred to bring (white) “expats” into management roles rather than promoting Kenyans. “Why are we not getting promoted? Is there no talent

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here?” the American manager of a small firm (Firm A18) recalls his staff demanding of him. Further, when, on advice of their Board of Advisors, his company fired a “bunch of lower level people—no managers were touched,” and only Kenyan employees were affected, the staff perceived the decision to have racial motivations.

These attitudes may contribute to a wage gap between local and foreign employees at American firms, as well. In Kenya, the issue of “expatriate” wages came to the fore in April 2016, when the country’s NGO board published a circular noting: “International staff [working in the non-profit sector] earn 4 times more than what Kenyan nationals earn for the same job with comparable skills and qualifications.”⁵⁵ While this notice was focused on the NGO sector, and was widely criticized by Kenyan civil society,⁵⁶ our interviews suggest an undeniable (even uncontroversial) gap at many American firms between local and foreign employees—although interviewees were less willing than Chinese counterparts to go into specifics. Several American managers and executives readily provided rationalizations for why foreign employees are often paid more than local employees even, in some cases, for the same work—citing discrepancies in skills or experience, but also raising the extra fees required for relocation. One of the interviewees in our sample, a man who works at a US government contractor, receives substantial financial bonuses for working “in an conflict area” (Firm A12). While these reasons may be economically rational, they are not

significantly different than those of Chinese managers. If the worldviews of Chinese managers informed inequities at Chinese firms, we found some evidence that this also occurs at some American firms.

It is worth noting that the divisions of position and pay were not evident at all American-owned companies. One of the interviewees, a mid-level manager and the sole foreigner at a subsidiary of an American multinational, described how the company had always had a Kenyan executive, and that he had tremendous influence in shaping the organization, ensuring that Kenyans were prioritized (Firm A17). Another employee at a different American multinational described how executive leadership positions were determined “based on qualifications rather than nationality”: the highest position was previously occupied by a Kenyan, but now was led by a Nigerian. Indeed, tensions between foreign and local staff seemed less prevalent at the major multinationals, which had considerable resources to devote to hiring, training and retaining local staff. Managers at smaller American firms explained that they simply could not afford to hire or retain talented Kenyan, thus provided one possible explanation for discrepancies in the perception of a “talent gap” among interviewees.

Managerial attitudes towards Kenyan employees, and the manner in which these were expressed, undoubtedly differed between Chinese and American firms. Some differences are potentially significant: Chinese managers tended to draw upon negative stereotypes, whereas Americans did not. While Chinese attitudes were more homogenous, there was considerable diversity among the perspectives of American interviewees, who also tended to be more reflective or critical, at least in our interviews. However, Chinese and some American managers seemed to share underlying sentiments about the quality and limitations of the Kenyan labor force or Kenyan workers, ultimately with important implications for employment relations.

CONCLUSION

OUR RESEARCH SET OUT TO EXPLORE DIFFERENCES in the ways Chinese and American bosses relate to their Kenyan employees. In the process, we found commonalities between, for instance, the practices and policies of an American energy start up and a small Chinese owned trading firm. We also identified shared refrains among the remarks of an eccentric executive of a privately owned Chinese construction firm and the ambitious American co-founder of a growing tech company. Given these commonalities, the question remains: why do labor conflicts seem to be particularly prevalent and pronounced at Chinese firms in Kenya?

Part of the answer relates to the politicization of the Chinese in Kenya, which may contribute to the exaggeration of labor conditions at Chinese firms. In Zambia, local politicians and media have at times fanned the flames of local anti-Chinese sentiment by evoking and reifying the popular depiction of poor “Chinese” labor practices.⁵⁷ This is less common in Kenya; yet, claims that Chinese employers exploit their laborers have salience in popular discourse. The potential impacts were manifest in August 2016, when young Maasai men protested in southwestern Kenya at a Chinese run

construction site, targeting and injuring several Chinese employees. A few weeks earlier, local media criticized a Chinese company slated to build a coal plant on Kenya's coast following an announcement that the company would bring over 1,400 Chinese workers (even though it would still satisfy legal localization requirements). "We are already paying a lot of money to Chinese for these infrastructure projects including repayment of loans, we cannot also create manual labour for them when we have Kenyans who need jobs," Kenyan journalist James Mbugua opined.⁵⁸ In contrast, when drivers for American-based Uber protested a price reduction the same month, neither local media nor the protesters focused on the nationality of the company or connected Uber's action to that of any other American or foreign investor.⁵⁹ The particular politicization of Chinese labor issues, feeding on global negative discourses of China in Africa, likely contributes to a distorted understanding of labor issues at Chinese companies in Kenya: the expectation that Chinese bosses are the worst shapes the impressions and encounters of employees, unions, government officials and other actors.

This explanation, however, only goes so far: politicization does not fully explain the disproportionately high incidence of strikes at Chinese companies, reported in Industrial Court statistics. Nor can issue of representation entirely explain the perception of Ministry of Labour disputes officers or Chinese managers that conflicts

are more common at Chinese-owned firms than other foreign firms. Our investigation suggests that these observations are at least in part related to the fact that many Chinese-owned companies in Kenya are involved in construction. The informal, low-cost human resource management practices that seem to be more common (although not ubiquitous) at Chinese construction firms, exacerbating tensions in an industry that is involved a form of production with a relatively

high propensity for conflicts. Researchers should control for industry in investigations of Chinese practices and attitudes, to further elucidate characteristics that are linked to firm nationality. In Kenya, efforts to improve labor relations at Chinese firms by government bodies, unions or civil society could be tailored to firms in construction industry. These initiatives would do well to acknowledge the heterogeneity of Chinese firms, even within a given industry, and attempt to draw positive case studies and models from other Chinese firms that have managed to formalize and minimize conflict.

Managers and executives at firms not involved in construction—in tech, logistics and trading—also reported more frequent employment conflict than American counterparts. When asked if former employees had ever petitioned the Ministry of Labour disputes officers or other state officials, seven Chinese interviewees reported that they had, compared with only one American manager. Instead of institutional or attitudinal differences, our interviews suggest that this could in large part related to communication issues. The difficulties described by Chinese bosses in communicating

Virtually every interviewee—Chinese, American and Kenyan—identified communication as a challenge to employment relations in Kenya.

with their Kenyan employees might exacerbate tensions that are in fact ubiquitous at foreign firms.⁶⁰

Virtually every interviewee — Chinese, American and Kenyan — identified communication as a challenge to employment relations in Kenya. Managers at American firms contrasted the “aggressive, blunt” feedback style of American corporate culture with the “in-direct,” “non-confrontational,” or “vague” manner considered to be characteristic of Kenyan work culture. Likewise, several Chinese managers noted, as one put it, “In Chinese culture it’s okay to be harsh. With Kenyans, you have to be particularly delicate [wenrou]” (Firm C3). Yet, for interviewees at American firms, these barriers are often overcome: managers cultivate different communication styles in their employees, and adapt their own mannerisms and expectations, or employees just become acculturated: “My team has gotten used to me,” the manager at a major transnational explained (Firm A17). In contrast, for Chinese managers, communication difficulties were considered immutable: “The world of black people, we can never really understand,” lamented a downtrodden young business owner (Firm C2).

Linguistic barriers likely contribute to this discrepancy: Chinese managers cited a lack of English capacity among Chinese staff as a source of communication difficulties; Americans mostly focused on cultural barriers. As a result, latent tensions may manifest more severely as conflicts or complaints, or be less effectively resolved, at Chinese companies than American ones. This plays out when employees were terminated. While some American and Chinese firms utilized similarly informal termination practices, the latter more often resulted in complaints, due perhaps to discrepancies in the (perceived) ability to communicate. As one American manager explained, when she was firing an employee, “he really wanted to stay with the company but we made him realize that if you are letting us down as a team, you are not actually furthering the mission. And I think he really got that” (Firm A15). Her ability to convince her former employee may have prevented what, at a Chinese firm, might have precipitated to a dispute.

With a few notable exceptions, many Chinese and American firms are relative newcomers to the Kenyan economy. Recent rapid expansion of Chinese FDI, and less rapid but increasing American FDI, suggest that companies tied to both countries will be increasingly important players in the future. In order to realize the full social and economic benefits of FDI, an empirically based understanding of causes and contexts of labor conditions and conflicts is required. Assuming that Chinese bosses are worse to their African workers than other foreigner bosses obscures critical nuance; Chinese companies are “seen as the origin of the negative outcomes rather than a symptom of wider systemic issues.”⁶¹ Researchers and practitioners looking to address labor issues at Chinese companies must attempt to appreciate and disaggregate the variation of experiences and conditions enveloped in this category, and seek to place these phenomena within broader context. ★

APPENDIX

Summary Characteristics of Interviewed Firms (organized by workforce size in Kenya)						
Firm	Industry	Number of Employees (Foreign)	Number of Employees (Kenyan)	Size (% Local)	Transnational/ Translocal (Privately Owned/ State Owned)	Years Since Est. in Kenya
Chinese Firms						
C1	Logistics	4	12	16 (75%)	TNC (POE)	3
C2	Trade	2	20	22 (90%)	TLC (POE)	23
C3	Tourism	6	19	25 (80%)	TLC (POE)	10
C4	Trade	12	23	35 (66%)	TNC (SOE)	5
C5	Construction	20	20	40 (50%)	TLC (POE)	20
C6	Construction/ Hospitality	6	64	70 (86%)	TLC (POE)	1
C7	Technology	30	60	90 (67%)	TLC (POE)	2
C8	Construction	20	200	220 (91%)	TNC (SOE)	1
C9	Construction	300	5,000	5,300 (94%)	TNC (POE)	14
C10	Construction	~1,000–2,000	~30,000	30,000 (95%)	TNC (POE)	30
C11	Technology	500–600	Unknown	Unknown (60%)	TNC (POE)	18
American Firms						
A12	Logistics	1	2	3 (66%)	TNC	6
A13	Renovation	2	2	4 (50%)	TLC	2
A14	Technology	1	5	6 (83%)	TNC	1
A15	Technology	3	18	21 (85%)	TLC	1.5
A16	Technology	3	27	30 (90%)	TNC	Unknown
A17	Insurance	1	53	54 (98%)	TNC	54
A18	Technology/ Finance	3	47	50 (94%)	TLC	5
A19	Technology	Unknown	Unknown	100+ (Unknown)	TNC	12
A20	Energy	20	200	220 (90%)	TLC	6

ENDNOTES

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