

# Business Borderlands: China's Overseas State Agribusiness

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**Abstract** In the context of widespread interests in China's agro-state-owned enterprises (SOEs), this article starts demystifying four narratives prevailing internationally. In this intellectual landscape, the article coins an innovative approach, 'farm as business borderland' to investigate an agro-SOE in Tanzania. Based on the ethnographic case study, the article presents the tensions arising between the case farm and its Beijing headquarters on the one hand, and between Chinese managers and local stakeholders on the other. The authors examine the reasons why the travelling business bureaucracy rationalities from Beijing to Tanzania works and how this is adapted locally in the farm's daily practices. The authors also explore why and how Chinese managers' footloose expatriate lifestyle is not as relevant as normally expected in constructing convergence with locals. Finally the article discusses the implications of the new approach on international development inquiry and global governance practices.

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## 商业边地：中国境外的国有农业企业

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在人们对中国国有农企的兴趣与日俱增的背景下，本文对国际上盛行的四种观点进行了解析。在此过程中，本文创造性地将农场视为一种商业边地，并以此视角来审视坦桑尼亚的一家农业国有企业。基于案例企业的民族志材料，本文分析了案例农场是如何一方面来回应总部的需求，另一方面又来面对当地的挑战的。本文探究了商业科层理性从总部漫游至案例农场后依然有效的原因，以及这种科层理性是如何根据当地农场的日常经营需求进行适应性调整的。本文还指出，中国海外经理人“落地不生根”的社会生活方式并不必然影响其与当地人的融合，因为其在工作上与当地入发生着密切的互动。本文的最后讨论了商业边地这个新概念在国际发展学术研究以及全球治理实践方面的意义和启示。

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## 1 Introduction

China's agricultural overseas investment by state-owned enterprises (SOEs) has attracted burgeoning international attention with its increasingly marked presence in the new century. It has stimulated the most hotly debated international imaginaries of China, the 'visible hands' behind its overseas expansion, along with a possible new variety of capitalism challenging the current international business regime and global governance (Alden and Davies 2006; Gill and Reilly 2007; Kaplinsky and Morris 2009), coupled with global food security, poverty reduction and land/resource grab issues (Bräutigam and Tang 2009; Cotula, Vermeulen, Leonard and Keeley 2009; Smaller and Mann 2009; Görgen, Rudloff, Simons, Ullenberg, Vath and Wimmer 2009; Hairong and Sautman 2010; Bräutigam and Zhang 2013; Buckley 2013), which all rank as the topmost issues of concern in the international media, academic and policy circles. Specifically, four primary narratives debating the nature and significance of China's SOE overseas investment, particularly agricultural investment in resource-abundant African and Latin-American countries, can be summarised as follows: China Inc., new coloniser, alternative developer and global system learner.

The first two interlinked framings prevail in Western mainstream media, regarding China as an economic and political competitor and threat to the established powers, as well as other developing countries. Gill and Reilly (2007) developed the concept of China Inc., indicating that Chinese SOEs are the agents or instrument to implement China's national security goals and strategies, rather than to simply pursue profits. Alden and Davies (2006) also claimed that political directives have influenced business strategies rather than the market imperatives of the SOEs. This strand of argument tends to examine China's SOE investment in a broader engagement portfolio, for example, Wolf, Wang and Warner (2013) from RAND coined the concept of 'FAGIA' (foreign aid and government-sponsored investment activities) to scope China's active engagement in other developing countries particularly for natural resources. Accordingly, China's SOEs have often been depicted as new colonials in other developing countries and rapacious exploiters lacking transparency and good corporate citizenship (Tull 2006; Zafar 2007; Fisher 2011).

Counter to the aforementioned 'devil' or 'evil' definition of China's state-owned overseas investment, the 'dragon's gift', a 'golden opportunity', 'promising new approach', or 'alternative development' has been created to present the opportunities that China's overseas investment may bring (Bräutigam 2009; Moyo 2009; Bräutigam and Xiaoyang 2011). Through demystifying 'rumours' and 'fictions', this strand of the literature discloses 'realities' and 'facts' of the complex and multifaceted nature of China's agricultural overseas investment by SOEs in particular (Bräutigam and Zhang 2013; Bräutigam 2013; Chintu and Williamson 2013). These rumours have been analysed to be produced by conspiracy-oriented interpretations as a new metaphor for China, and embedded in a discourse of negative characteristics attributed to authoritarianism (Hairong and Sautman 2012). By unpacking the ideological bias, China's SOEs are deemed more flexible, pragmatic, with longer-horizons and less risk-averse in developing local economics than their Northern counterparts (Kaplinsky and Morris 2009; Chintu and Williamson 2013).

The fourth strand of narrative regards China as a conscious or unconscious learner of the global system, rather than overturning the world order whether in a positive or negative way, considering China's 'going global' progress has been at a very infant stage.<sup>1</sup> Kaplinsky and Morris (2009) called it 'learning-oriented investments', Tang (2010) defined it as the 'experimenting processes of Chinese companies', in the 'raw encounters' described by Lee (2009). This stream of argument implies the open and constructive nature of the global system with multiple possibilities where China's overseas investment is embedded. For example, Hairong and Sautman (2012: 307) contended that while Chinese in Zambia and Africa, broadly, are not yet carrying out agro-imperialism at this stage, 'they will likely do so if Chinese leaders decide that this practice represents an international standard'<sup>2</sup>.

Overall, China's agricultural overseas investment by SOEs remains highly debatable, dominated by a macro level of policy or theory enquiry efforts, and mainly embedded in a broader concern of China's overseas engagement via South-South cooperation, normally mingled with the discussion on aid and trade. Penetrating the four

strands of narratives, China has been generally portrayed as a monolith, guided by strong policy directive and ruled by a central coordinating force in Beijing as China Inc., as previously indicated. However, as Taylor and Xiao (2009) argue, the term China Inc. is a mistaken identity, for China is not a unitary actor, particularly when China's continuous reforms diversify its social and economic structure to bring more cleavage between macro strategies and local actions based on people-to-people daily interaction.

Therefore, a more nuanced micro level of enquiry, seeing China's state-owned agribusiness overseas as travelling spaces or boundaries which link China's development trajectories and the local social fabrics in the host country, has been increasingly demanded. So far, however, little has been presented in this linkage perspective to unpack the daily interaction of China's agro-SOEs overseas with various stakeholders, at home and abroad, to grasp the subtle nature and significance of their overseas engagement, despite an increasing body of empirical researches, but there has been more on the relationship between Chinese managers and local labours (Lee 2009; Brooks 2010) or between Chinese managers and the Beijing headquarters (Hairong and Sautman 2010). The following questions need to be answered. How do the Chinese managers deal with the local settlement in the business operation on the one hand, and with the requirements from the Beijing headquarters on the other? What are the tensions and innovations that occur in their strategies to deal with challenges arising from the 'parallel worlds' (home and host)?

This article aims to address the aforementioned knowledge gap using a new concept of 'business borderland' through an ethnographic case study of a China state farm. It firstly introduces the concept of 'business borderland' and reviews China's agro-SOEs overseas, redefined in the last three decades of reforms to build the terrain for later discussion. With the lens of 'farm as business borderland', the article firstly explores the tensions between the case farm and its Beijing headquarters. Secondly the article starts to reveal Chinese managers' footloose lifestyle as being socially separated from local larger communities on the one hand, while in the meantime keeping professional ties deeply rooted in local social fabrics with intensive engagement

through work activities, on the other. In the last section of the article, we go beyond the case and discuss more broadly the implications of the business borderland to current international development thinking and practices.

## **2 Business borderland: China's agro-SOEs overseas redefined in reforms**

### **2.1 Conceptualisation of business borderland**

The concept of *borderland* partly came from transnational migrant studies, which have long been dominated by research examining movements of people going from South to North, from developing to developed, from poor to rich, and from the periphery or margin towards the centre (Park 2010). However, innovative perspectives need to be developed to reflect the new trends of transnational migrants, particularly previously concealed and recently resurging movements from South to South. In Chinese transnational migrant studies, comparing early traditional emigrants, who were basically initiated by individuals or families via social networks, to Southeast Asia (*xia nanyang*) since the 1850s, and then Chinese immigrants from Hong Kong, Taiwan and Southeast Asia to North American and other Western countries after the Second World War, the new migrants (*xin yimin*), particularly dominated by the entrepreneurial efforts of SOEs since the mid-1980s, are normally believed to be more footloose but have greater influence in determining the future pattern of China's overseas engagement (*ibid.*). For these newly arrived emigrants, the concept of *luodi-shenggen*, coined by Ling-chi Wang by indicating the planting of permanent roots in the soils of different countries, and the concept of 'Chinese diaspora' popularised with the growing impact of theories of globalisation during the 1990s, are not effective in capturing the essence of their daily business practices and its impacts on the international development landscape, as 'they have not yet planted any roots' (Park 2010: 459).

Therefore, Park proposed the concept of borderland to understand the transitional, unstable and fluid nature of the new Chinese emigrant (and those with whom they interact), in South Africa in his case, at a time when both countries are witnessing tremendous changes. 'A borderland is a vague and undetermined place... it is in a constant state of transition' (Anzaldúa 1987: 3). As Park elaborated, the concept could be both real and metaphorical,

with concern not just with the boundaries and the physical borders, but also with those contested spaces in-between the boundaries. It differs from the concept of *sojourners*, which focuses more on the temporary nature of the transition, and also differs from the notion of ‘migranhood’ proposed by Wang Gengwu, ‘referring to this life situation of home and nationality located spatially in between nations, locations and cultures’ (in Thunø 2007: 19).

However, Park’s concept of borderland is still at a pilot stage, and primarily supposed to explore issues such as identities, relations, cultures and languages that have emerged particularly in the intimate spaces of interaction such as the workplace, small and/or rural towns, and Chinatowns mainly in the South–South context (Park 2010). This article, moving forwards, applies the concept to empirically inquire into the overseas practices of Chinese agro-SOEs, specifically via examining Chinese overseas managers who act as a bridge or interface between China and the host countries, to understand how they construct and operate the in-between business space, and then to further explore the implications of the borderland to today’s burning issue of China’s overseas engagement dominated by business ties and economic activities.

## 2.2 Agro-SOEs overseas redefined in the reforms

As the first movers and the dominant players, China’s agro-SOEs have gradually established an overseas system since joint-venture practices based on earlier aid projects around the mid-1980s, and particularly in the last ten years with China’s surging OFDI to neighbouring Asian countries, South America, Australia, EU and Africa. At the central level, COFCO (*zhongliang*) and the China National Agricultural Development Corporation (CNADC) (*zhongnongfa*), among others, are the key figures accountable to the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, which was established in 2003 performing investors’ responsibilities authorised by the State Council, and supervising and managing China’s SOE assets. Both of the central national ‘large dragons’ have built overseas affiliates over the last decades. Besides, each province boasts its own agribusiness accountable to the provincial SASAC, among which the state farm system (*nongken xitong*) has played a pivotal role in terms of its assets,

investment scale and its politico-economic impacts. Statistically, in total 123 overseas branches or bases have been established by provincially-owned state farms from 28 provinces, autonomous regions and municipalities, with 32 in total ranking number one in terms of scale, and one third of all the 379 Chinese agribusiness overseas having a total of US\$3.3 billion of investment up to the end of 2013.<sup>2</sup>

So far, the agro-SOEs overseas, whether accountable to the central or local SASAC, along with Chinese transnational migrants working in host countries as senior managers or technicians, have received limited attention even in the Chinese media and academic discussions. Who are they? What is the governance structure and organisational culture in their parent company in China? What kinds of legacies are they taking in their adjustment to an alienating host context? The answers to the inquiries are shaping and influencing the contour, structure and direction of the business borderland in construction and operation. Hence, next we review the reform trajectory of China’s agro-SOEs to shed light on the terrain for later analysis.

China’s agro-SOEs used to be viewed as arms of the state to implement national strategies in the early years of New China, particularly during Mao’s command and planning era. For example, the state farm system (*nongken xitong*) was regarded as the ‘National Team’, and undertook a spearhead role in ensuring national food security and industrialisation. However, with the reform and open-door policy triggered in Deng’s era, a more flexible and diversified system has gradually been established with more autonomy empowered to farms. During the process, the contracted responsibilities (*chengbao*) were carried out to spur on the ownership and innovation of both farm managers and workers at the end of the 1980s. Subsequently, with the Socialist Market Economic System being formally announced to abandon the ideological barriers to fully develop private sectors, and the Company Law issued in 1993 to emphasise ‘clear property rights, clarified rights and responsibilities, separation between government and enterprise, and scientific management’, as well as downsizing policies with the principle of ‘seizing the big and letting the small go’ (*zhuada fangxiao*) initiated in Zhu Rongji’s Administration, the agro-SOEs have been reshaped from quasi-government agencies

to independent market players with a modern corporation governance structure to some degree.

As a whole, China's new SOEs have been established in the new century via various ownership reforms through contracts, shareholding or joint venture, and domestic and overseas M&A. For specific agro-SOEs, the public good and strategic nature of agriculture and thus the relatively conservative attitude towards market-oriented reform has resulted in an organisational culture of these enterprises being more a combination of both market and state-controlled, which will be presented in detail in the later analysis. How to further reshape these agribusinesses to enhance their global competence has been sustained in heated debates. Some believe globalisation itself brings opportunities for China to spur on reform further.<sup>3</sup>

### **3 Business borderlands in practice: an ethnographic case study of 'S' farm**

Over 50 years after independence, Tanzania has still been listed by the World Bank and Food and Agriculture Organization (FAO) as one of the least developed and food-deficit countries. In order to promote agricultural-based broad development through improving market dynamism, the Agricultural Sector Development Strategy (ASDS), prepared in 2001, has set the road map for the sector until 2025. The pro-investment environment has been enhanced by the Kilimo Kwanza Programme (Agriculture First) since 2009 to facilitate commercial financing, building public-private partnerships, providing fiscal incentives, removing market barriers and promoting investment in agriculture-related industries (Bräutigam and Tang 2012).

China State Farm, which was merged into CNADC as a secondary member company in 2009, started to invest in two abandoned sisal farms, Rudewa Estate and Kisangata Estate (later abbreviated to S Farm) in Morogoro, Tanzania in 1999. The farm was originally established during the colonial period, then nationalised and later privatised by the Tanzanian government in the 1980s. The main product of the farm is sisal fibre, which Tanzania has enjoyed comparative advantages since colonial times. The whole scale of the farm is 6,900 hectares, with only one third of the arable land being cultivated after almost 15 years of efforts. The farm has been regarded as one of the

most important local revenue generators, with cumulatively US\$1.2 million being paid to the local government up to March 2013. Over 1,000 local workers are employed on the farm, under the overall management of six to seven Chinese managers. They are predominantly male, mainly around 40–50 years old, with some staying on the farm for over ten years, and some newly arrived. Young staff around 25–30 years old join the group sometimes, but they come and go in waves after one to three years of sojourn on the farm.

#### **3.1 Farm as business borderland**

When S Farm is described in terms of its scale, products, people and contribution as in the previous section, its tangible presence is established. However, examining the farm and its daily operation as an open and highly fluid space constructed and reshaped by Chinese managers in balancing the requests of various groups of stakeholders, particularly those from Beijing headquarters and those from host countries with different backgrounds, ideologies, practices and techniques can open an innovative window to understand the complexity and significance of China's overseas business engagement. This perspective is called 'farm as a business borderland' in this article.

The perspective emerged from field study insights. In accumulating eight months of four research members living and even working with Chinese managers at the farm during 2011–13, the tension between the requirements of headquarters and the local specific context has been manifested almost every day in different ways, ranging from decisions on fixed assets disposition to farm scale expansion, from discussion on the necessities of corporate social responsibilities (CSRs) to local labour management rules. It stimulates our reflection on what the tension means for farm operations. Secondly, a particular day spurred the idea of seeing the farm as a stage or space for coordinating various levels of politico-economic and social relations. On that day, the farm had coincidentally been receiving intensive visits by various groups of stakeholders from local government agencies to machine accessory suppliers, from Tanzanian sisal farm managers to local farmers since early morning. In the busiest schedule, a call from Beijing arrived about a possible visit of President Xi to the farm during his trip to Tanzania in March 2013.

Through the improvisational performance of Chinese managers in responding to unexpected multiple demands in contested space and time, the farm as a business borderland played a representative role at micro-level of China–Africa cooperation at the macro level.

### 3.2 Travelling business hierarchy rationalities in localisation

Mr X is now sitting in his plain office, sighing deeply when he looks at the farm map in front of him. I ask him what the problem is. After some hesitation, he finally tells me a story about the invisible hand behind their daily operation, the parent company in Beijing. He and his team have actually touched on the topic many times before.

*Look, we submitted an application to Beijing for a dicotector machine three years ago. However, no confirmed response until recently I suddenly got a message from the headquarter that the machine is on the way to the Farm. What shall I do now? Things changed too much after three years. We do not need the machine any more as we have already solved the problem through renovating the obsolete machines. Now if we refused it, we would break the contract and have to pay costly penalty, which the headquarter will not like us to do absolutely; but if we accept it, it means waste, and additionally we need to prepare to reallocate it to another site in the farm. Lots of technical preparation work need to be done before the machine arrives in our already very tight schedule.*

‘But if you really do not need it, you can sell it to those who need to minimise the loss,’ I try to suggest. ‘No, we cannot. According to SASAC regulations in Beijing, we have no rights to dispose the state’s assets freely.’

The tension between the lag of bureaucratic decision-making at the Beijing office and the instant local operation of the farm in Mr X’s narratives is manifested on many occasions. In their knowledge, one reason for the tension is the insensitivity or even misunderstanding of the Beijing headquarters about the complex and different context of the farm operation in Tanzania. Mr Y, who may be one of the most active actors interacting with Beijing due to the financial connection, summarised the rupture in these details.

*The leaders in the headquarter are not sensitive to the different socio-cultural and, politico-economic context*

*of the business practices here. They think it is the same as in China. e.g. can you tell them frankly about the strike here? No. They will feel shocked, and promptly give you negative feedback. In their mind, strike means inharmoniousness and will damage China’s image overseas. But actually strike is very normal here. Also they are not clear about the labour law system of Tanzania which holds the principle of protecting the disadvantage labour, so the company cannot follow their experiences domestically practiced here. Also the hierarchy relationship between managers and administrative workers, e.g. drivers, is quite different. Can you imagine in China, as a senior manager, you need to bother to subsidise and prepay the driver for fuel charging in your business trip? ... Oh, you cannot just focus on your own work here. You need to be multiple functioning. e.g. today I was planning to tackle with financial data, but then I found no electricity for the computer. And then I found no cash, so now we are to Morogoro for cash, which is normally the work of cashier. The headquarter cannot understand my work and always asks why I should do all of these things? But if you do not do it, who do it? We are only six members here, particularly sometimes you are the only one left at farm, you need care about everything happening. Finally, in China, if you are manager, you just focusing on making plans and delivering them. But here is different. You also need check with the work. Once you have a rest, they will stop, or even steal tools at farm. The headquarter will not understand all this subtle differences, and thus deliver ineffective or even wrong decisions to us.*

To go beyond the ethnographic account to understand what the tension means for the farm’s local operation and how the farm will deal with the tension strategically or practically, we need to move back to the current structural relationship between the farm and its Beijing headquarters. As previously illustrated, after three decades of reform, China’s agro-SOEs have moved from socialist farms to commercial farms, with more autonomy decentralised from the state to the farm managers, from parent companies to subsidiaries, and from managers to workers level by level through various intra-corporate contracts on daily production, marketing and internal governance. The Western style of management governance structure as well as modern business values such as emphasis on efficiency, the responsibilities of roles, labour division and promotion based on performance have been widely accepted and

promoted. Meanwhile, some legacies of socialist farms are still deep-rooted in their daily practices via institutional settlements or cultural embeddedness; for example, the general managers are normally appointed by the top communist leaders, are subject to regular or irregular checks and supervision by government agencies, and there has been the establishment of sub-branches of the Communist Party of China down to the smallest section of the company. Generally, the management system embodies a merger of behaviours between modern business and traditional Chinese personalism (Yeung 2004: 43), which is still typically hierarchical, with innumerable layers between the lower and the higher levels particularly when compared to its international counterparts (Nolan 2012: 107).

As a locally registered company in Tanzania, S Farm enjoys much autonomy in daily practices such as the recruitment of local African managers and workers, and administration of promotions and salary, under the overall intra-corporate contract made between the general manager of S Farm and the its Beijing headquarters. According to the contract, in addition to targets in outputs, sales and assets value maintenance and appreciation, a fixed amount of profits will be submitted to the headquarters and the remainder, if any, will be averagely divided among the owners, the management and expanding the land areas or increasing sisal replant on the current lands, for example. It means that the Chinese management team in Tanzania will have the opportunity of profit sharing which enhances the motivation of their committee members towards the local business operation. However, for the disposition of fixed assets, a large amount of expenditure, such as for buying vehicles or machines and strategic decisions such as on scale expansion, the farm should report to the headquarters, and get final permission. Above all, the promotion of and bonus distribution for Chinese managers is strongly in the hands of Beijing headquarters, which creates a strong and pervasive travelling power of the business bureaucratic rationality from Beijing to Tanzania. Through the travelling rationalities, the headquarters creates the advantage of 'the universal over the particular, the traveled over the placed, the technical over the political, and the formal over the substantive' (Mosse 2011: 4).

In Mr X and Mr Y's narratives, some of the insensitivity or misconceptions of headquarters about the local context or practices are decisive, which means S Farm needs to follow the decision of headquarters according to the intra-corporate contract, for example, decisions on machine contracts; while some are suggestive, for example, headquarters' conception of the local daily interaction model between managers and the workers, as well as the division of responsibility among the Chinese managers. To this end, S Farm normally will find its own solutions which 'emerge from an internal historical process of trial and error and a political struggle' (Mosse 2011: 7), which will be analysed in the next section. However, under the pressure of the constructed travelling rationalities which is so strong and pervasive as previously described, the conception or misconception of Beijing headquarters, whether decisive or suggestive, will exercise strong impacts on the farm's daily operation directly or indirectly. With the skewed power structure in mind, the authors felt no surprise to find the 'good news' for S Farm on the official website of its parent company later in October 2013, announcing they:

successfully installed and operated the new dicotecator machine on the Farm after the local team, with meticulous planning and devoted preparation, actively communicated with the machine supplier and overcame various difficulties along the course with adaptation, as well as institutional and technological innovations' (China Africa Agriculture Investment).<sup>4</sup>

### **3.3 The socially footloose lifestyle in creating professional convergence with the locals**

When first received by Mr Z of S Farm at Dar es Salaam airport, I did not expect that we would almost be living in a constructed Chinese Nanniwan<sup>5</sup> in Tanzania for the coming months. In S Farm, we live in a Chinese compound with doors concealed far from the main road with no evident signal orientations along the way. We eat Chinese food cooked by the Chinese managers themselves in rotation with bowls and chopsticks brought from China, dressed with Chinese ingredients brought from China or bought from Asian supermarkets in Dar es Salaam, five hours' drive away. Sometimes on a business trip, they visit Chinese peers in Dar es Salaam to have dinner together, or are occasionally visited by

other Chinese peers. Seven days a week, they go to the farm at seven o'clock in the morning, a 15-minute drive by jeep, and are back at five or six o'clock in the evening. There is almost no entertainment except a television with China Central Television (CCTV) programmes and international channels, but normally only Chinese programmes receive some interest in the evenings. We all speak Chinese in the compound. Among the six or seven members, including one or two living in Dar es Salaam for marketing, banking or other issues, one can speak fluent Swahili; four of them can speak fluent English. Others can only speak very limited Swahili in order to communicate with local workers. Without bringing their families along, Chinese managers are allowed to have one month of leave back home in China annually in a three-year contract. Four of them have stayed on the farm for over one contract term. But obviously, when asked about a future scenario, all of them said they would return to China after the contract ended. The younger generation in particular have no plans for marrying and living a long time in Tanzania.

Dominated by all the Chinese elements in their daily lives, Chinese managers are normally believed to be socially separated from the everyday lives of the local people, as described as Chinese 'enclaves', 'outposts' or 'Chinese compounds' in isolation from the rest of the wider host community (Lee 2009). However, this insight is just one part of the story. Their professional lives have been deeply rooted in the local context over the past few decades, and this has created strong local embeddedness and convergence. Below are two episodes which we can look to on this subject.

**Episode 1:** On the stage, the Labour Union Chairman of S Farm is announcing the awards for 'model workers' this year. The model list is drawn up by the executive committee of the Labour Union in consultation with senior staff, and then submitted to the Chinese management team for approval. Even though the list is not fully compliant with Chinese criteria, which emphasises a hardworking and steadfast character, the Chinese managers endorse it in understanding that the list is drawn up based on the balance between large-family relations and working performance. From a local perspective, the former is even more important than the latter.

**Episode 2:** The Farm is celebrating a New Year's party. Over 700 local workers are invited to the party. Mr Z gives a talk in Swahili:

*The Farm existence is the result of China–Tanzania win-win cooperation. It is not temporary, but long-standing. It is a platform for mutual learning. In the last decade you all witness changes in both the Farm and the villages. In the future ten years, you will see more changes in the Farm, and your livelihood will be more secured. But all these depend on your hard work. No Pains, No Gains. This is similar to what God wishes to you. God would not give you food for nothing, but with conditionality of hard work. I also thank God, but not for he gave me the food, but for he gave me the opportunity to create my own life.*

The workers give him warm applause.

The most challenging topic for the Chinese management team in their daily operations is how to properly deal with the differences, culturally or institutionally, between the Tanzanian setting and their domestic experiences. They have the most intensive interaction with various local stakeholders to move the business operation forwards and upwards. During the last decades of staggering learning process, they have collectively accumulated experiences on how to tactically deal with the differences through trial and error. In episode 1, Chinese managers showed their respect to the local family culture and work ethic in endorsing the 'model worker list' with local criteria. However, in the second episode, Chinese managers tried to orient the local work ethic by identifying the relationship between hard work and better livelihood, and also to lead them to construct a vision into the next ten years. These two episodes, however, are just two of thousands of episodes revealing the interaction between Chinese managers and various local stakeholders, such as suppliers, local government agencies, local communities, local sisal or plantation associations in the last decades of struggling and mutual adaptation. Some episodes are even characterised by sharp conflicts and strong tensions, with key words such as anger, indifference, misunderstanding, fights, fire, prison and revenge. Nevertheless, when I asked the senior Tanzania manager 'How would the local Tanzanian respond if China's farm stopped the business and went back to China?', he quickly covered up his face and shook

his head strongly, saying, 'No, no, no. I cannot imagine it. They would cry. The farm means too much for them.'

The convergence constructed via Chinese managers' intensive professional engagement with local stakeholders, rather than through their individual social lives, entails more enquiry. This mode of expatriate lifestyle is derived from many sources. Firstly, it may originate from legacies of the aid principle in Mao's era with strict control of an individual's social life but with great encouragement to work together. Many of the overseas businessmen, particularly those who have stayed longer and with rich experiences of Tanzanian settlements are primarily aid workers in Tanzania. For example, Mr Z worked in Tanzania as an aid agro-technician. They received strict training for a month in Beijing before moving abroad on proper overseas behaviour such as dressing, talk, etiquette to avoid damaging the Chinese image. For safety reasons, both politically at national level in the Cold War context and physically on an individual level, overseas Chinese were reminded not to go down town or mingle with the locals. They were not even allowed to go outside of the workplace alone. Meanwhile, based on the principle of equality within aid ethics, Chinese experts are required to work with local workers. Secondly, the legacies of the Nanniwan spirit have been inherited well by China's farm system where most of the Chinese managers had originally worked. Their work ethics domestically, for example, managers working together with workers down to earth, are required to be extended overseas. Just as Mr Z summarised: 'Here in S Farm we need two important characters, i.e. capable of enduring hardship (*chiku*) and willing to endure the disadvantage (*chikui*), which stresses long-term benefits.' Lastly, but most importantly, as a Chinese agro-SOE, S Farm's collective social interaction with local broader stakeholders in activities such as building roads, schools, hospitals and churches has been disciplined and institutionalised by SASAC in the Corporate Social Responsibility Framework since 2008, which may diminish the importance of individual social interaction with locals to some degree.

#### 4 Conclusion and discussion

As China's overseas engagement gains increasing momentum, finding ways to remove the established international stereotypes about

China's overseas activities will be crucial for both China and those interacting with Chinese actors (Buckley 2013). Against the macro four general narratives of China's agro-SOEs overseas, this article, using the concept of business borderlands to investigate a farm case in Tanzania, reveals the significance of China's domestic business development trajectories and legacies to its overseas commercial operations, as well as the complexity of the embedded mechanisms of Chinese business in host countries at micro level. The linkage perspective displays the importance of understanding the parallel (home and host) settlement where Chinese overseas enterprises operate and the 'third bridging spaces' constructed and operated with transnational flow of capital, people, commodities, images, structures and culture encompassing business and economic activities.

The business borderland concept will serve as a powerful academic tool to compare the similarities and differences of China's agro-SOEs overseas engagement with earlier expansion of Western companies abroad, which is an important topic to be carefully examined. The elements such as the relationship between overseas companies and their headquarters (e.g. if state-owned, the travelling rationalities are stronger), the nature of the sector (some sectors are more labour-intensive and more place-dependent), as well as the home development trajectory and global context (e.g. the global context is quite different for today's Chinese overseas investment compared to earlier Western overseas exploration) are important in shaping various business borderland structures and dynamics. The travelling business bureaucracy rationalities and the socially footloose lifestyle in creating professional convergence with locals are quite unique in S Farm's case, but can be taken as a reference to evaluate other agro-SOEs, or other companies broadly. Additionally, the concept of the business borderland is conducive to understanding the fourth strand of narrative introduced at the beginning, that is, the view of China as a global system learner. The open and fluid nature of the business borderland provides spaces for multiple possibilities. China, both host country and people, as well as the established international dominant players in Western countries are shaping the structures and dynamics of the business borderland construction and operation in some way to different degrees.

At policy and practical level, the concept of the business borderland can enlighten the current globalisation management approach, which previously has been more focused on physical place-based and place-bound analysis, and particularly dominated by the methodologies based on physical nation-state boundaries. Rather, the concept of borderland reminds us to think more about the space of engagement

## Notes

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- 1 See, for example, Professor Xiaoyun Li, cited by Zhou Anan (2011).
- 2 Source presented by Xuegao Xu from the Rural Center for Rural Economy, Ministry of Agriculture, China in a Conference on China's Agribusiness Going Out, held in Beijing on 27 December 2013.

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- where the relationships of the local environment are embedded into broader sets of communication, encounters and interactions with the local people. Managing the business borderland will be a new challenge for the future of global governance, particularly when economic links among different physical places dominated by nation states become more and more prominent.
- 3 For example, Yuan Enzhen (2005).
  - 4 'Late model of Dicotector Machine is put into Operation in CAAIC-Tanzania Corporation', *China–Africa Agriculture Investment Company*, 22 October 2013, [www.caaic.com.cn/NewsInfo.aspx?Nid=10831](http://www.caaic.com.cn/NewsInfo.aspx?Nid=10831).
  - 5 Nanniwan is the most famous farm as the cradle of China's farm system (*nongken xitong*) originated in 1941 in Shuuanxi Province led by Brigadier Wangzhen. After five years of toil night and day on land reclamation and farming, the desolate wasteland was translated into a fertile farmland. Now Nanniwan is a nationally famous symbol representing the spirit of being hard-working, self-reliant, and 'onwards and upwards'.
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