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The Entrepreneurial Spirit of Taiwanese in Burkina Faso

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Abstract

Burkina Faso has no diplomatic relationship whatsoever with the People's Republic of China. Engaged in cooperation with Taiwan since 1994. Despite the absence of diplomatic relations between China and Burkina Faso, the Chinese presence has been increasing within the country. These Chinese multinationals have successfully penetrated the business sectors, while Taiwanese investment in Burkina Faso is still so weak statistically in comparison to that of China's business investors. This paper investigates to determine the factors contributing to the inarguably "low key presence" of Taiwanese business in Burkina Faso. This study may have the benefit of contributing positively toward motivating Taiwanese investment in Burkina Faso. In this paper, we will first have a brief introduction to how this proposed research undertaking will proceed, follow by a review of the published literature related to economic investment in the relatively small West African nation overall by both Taiwan and China. Then the explanation of the qualitative analytical methodology to be employed and discuss about interview method use and process to get the information from investors.

Keywords: The Entrepreneurial Spirit, Taiwanese, Burkina Faso

1. Introduction

Economic tidings have in recent years been good for Burkina Faso, the small landlocked West African nation that has since 2013 enjoyed a steady GDP growth of an average 6.5% per annum (World Bank, 2014). The potential for continued positive growth is stymied by the nation's relatively poor infrastructure, lack of indigenous energy resources, and fluctuations in the global price of gold. It is obvious that the nation demands international investment, a need that has been answered historically by French and Lebanese investors. In recent years, however, Burkina Faso has been the focus of multinationals from the People's Republic of China (PRC). These Chinese multinationals have successfully penetrated the business sectors, mostly in the importation of motorcycles, although they have made inroads into the telecommunications, healthcare, printing, hotel, and restaurant industries, to name a few.

That Chinese investors have made their presence more visible in West Africa is no surprise. What makes the penetration of PRC investors into the economy of Burkina Faso so unusual is that at present there are no official diplomatic ties between Ouagadougou and Beijing. Indeed, Burkina Faso maintains strong diplomatic links with the Republic of China (ROC) in Taipei, Taiwan, the

island territory that is viewed by Beijing as a breakaway territory that is expected to “return” to the fold voluntarily or otherwise (Auregan 2011 and Aicardi de saint-Paul 2009).

For its part, the Republic of China—hereafter referred to as “Taiwan”—is a relatively strong economy, but painfully weak in terms of international diplomacy. Taiwan maintains the image of a wealthy country with a high- income (World Bank classification 2013). However, the economy of Taiwan has of late—since 2009, at least—experienced a setback due largely to what has been seen as a “property bubble.” Indeed, the strength of the Taiwanese real estate market has depended largely upon its perceived status as an investment option for investors nervous about the safety of the stock market and encouraged by the nation’s low inheritance tax (averaging 1.9 percent as of March 2013) and overall property tax rates (International Federation of Real Estate Administrators (FIABCI) Taiwan). More recently, however, the central government has taken steps toward “cooling” the property investment trend and lowering real estate prices, thereby leading investors—including Taiwanese businessmen looking to take advantage of the island territory’s lack of a capital gains tax by re-directing the excess profits of their China-based businesses—to look elsewhere for new investment opportunities.

On the other side of this coin is Burkina Faso, which is obviously using diplomatic channels to actively encourage Taipei to push its financially powerful business community to consider investing in the African nation’s economy. Burkina Faso had broken off diplomatic ties with Taipei in 1973 in favour of Beijing, only to switch official diplomatic recognition again to Taiwan in 1994. Taiwan’s trade representatives have plainly suggested that Taipei’s economic and humanitarian aid is “consistent” with “the re-establishment agreement” and the “obviously increased” business contacts between the two nations. Five years after diplomatic recognition was re-established, Taipei and Ouagadougou signed the “Mutual Promotion of Investment Protection” agreement (The Africa Taiwan Economic Forum).

Here, then, is the crux of the problem offered for investigation here: why is Taiwanese investment in Burkina Faso still so weak statistically in comparison to that of China’s business investors? Certainly the economic and political factors are in Taipei’s favour, with a comparatively strong diplomatic relationship working to support the growth of economic tie that would benefit both sides of the diplomatic coin. And yet, Taiwanese private investment in Burkina Faso remains insignificant (Rotunno, Vezina, and Wang 2012). Is it surprising that the central government in Taipei has not been more proactive, perhaps even heavy handed, in promoting investment in one of Taiwan’s few remaining diplomatic partners? After all, it can easily be argued that having more Chinese than Taiwanese private investment in Burkina Faso is a potential threat to the diplomatic relationship between Taipei and Ouagadougou (Khan Mohammad, Guive 2014). What are the primary factors undermining a more impressive percentage of Taiwanese investment in endeavour.

The purpose of this study is to determine the factors contributing to the inarguably “low key presence” of Taiwanese business interests in the various economic sectors of diplomatic ally Burkina Faso, even as the highly visible presence of investors from China grows both in number and, assumedly, in the potential for weakening the state-to-state bonds between Taiwan and Burkina Faso that are so precious to Taipei. If such factors can indeed be established, this research may have the benefit of contributing positively toward motivating Taiwanese investment in Burkina Faso. What follows is a brief introduction to how this proposed research undertaking will proceed. First, the multidirectional economic relationship between Burkina Faso, Taiwan,

and China must be introduced. This entails a review of the published literature related to economic investment in the relatively small West African nation overall by both Taiwan and China, followed by the explanation of the qualitative analytical methodology to be employed in this study of the economic relationship between Burkina Faso and Taiwan. The third section discuss about interview method use and process to get the information from investors. The fourth section will focus on result and discussion. The finally, section concludes the work.

2. Review

Prior to the unimagined spread of the Ebola plague in three West African nation states, overall foreign investment in the general African continent had been optimistic. As recently as October 2014 the World Bank expressed anxiety that the outbreak—or more specifically the actual disruption of transportation and the psychological influence of “the epidemic of fear”—may cause losses upwards of \$32 billion in investment and tourism revenue throughout West Africa (reuters.com). Prior to this unexpected twist of nature, the general economic forecast for the region was rather bright, this largely due to the presence of Chinese investors. Historically, China has a long economic and political relationship with a number of African nations, with some ties that go as far back as five centuries (Moahanand and Kale, 2007).

In 1955 the first large-scale Asian–African Conference, also known as the Bandung Conference, took place in Indonesia. Organized in large part by the South Asian nations that would in a few short years go on to form the Non-Aligned Movement, the event was intended to advance both cultural and economic exchanges between states from both regions that were only beginning to emerge from the shadow of “Western” colonial control. Conference host Indonesia went on to re-energize the loose connections that were stretched between the two regions in 1955 by forming in 2005 the New Asia-Africa Strategic Partnership (NAASP), the aim of which was “to promote a deeper and more structured and systematic cooperation between Asia and Africa (Jakarta post). This and other inter-state initiatives, such as APEC and the G20, established political connections that could later serve to enable cooperation on problems and issues such as piracy, fishing rights, and navigation access that directly influence the operating theatres of African economies (Jakarta post). More relevant to the contemporary story of Asian-African cooperation in the last two decades, however, has been the rise of China as a global powerhouse and the Communist nation’s need for energy resources. Well aware that its domestic reserves are not sufficient to meet the needs of China’s dramatic economic growth, Beijing has actively courted African leaders as part of its strategy to get access to varied energy sources, while simultaneously developing new markets and investment opportunities (Akinlo, A. E. 2003). As part of its push into Africa, Beijing has encouraged a large number of Chinese companies—both state-owned enterprises and private firms—to establish operations in various nations throughout the African continent (Konings, P. 2007). Accompanying its investment in exploration and removal of energy resources such as oil, gas, and coal, Beijing has also actively encouraged investment in infrastructure, telecommunications, healthcare, heavy manufacturing, and even banking sectors in nation states across the continent (IVEY Business Journal)

Sino-African relations have undergone an especially significant expansion over the past decade (Brautigam 2009; Gabas and Chaponnière 2012; Rotberg 2008), to the extent that even African countries that have no diplomatic relations with China are positively inclined toward cooperation with Chinese investors and advisors. Marfaing and Thiel (2011) suggest, for example, the

predominance of Senegalese entrepreneurs in the Sino-Senegalese trade, although no statistics exist to support this thesis in the Burkinabe case. There are, however, clearly a growing number of Burkinabe transnational traders penetrating the Chinese market, either “by suitcase” or “by container” (Marchal 2007).

At least since 1994, when Ouagadougou and Taipei re-established diplomatic relations, Burkina Faso’s foreign policy towards Beijing has been non-existent. The two countries maintain a trade relationship, however, and this “cooperation from below” has been the heart of Sino-Burkinabe Cooperation. Since the final years of the 1990s, the Chinese presence in Burkina Faso has been increasing largely through migration. This immigrant Chinese community is uniquely, and almost exclusively, made up of private entrepreneurs in search of new business opportunities (Khan Mohammad, Guive 2014).

Consistent with the agreement re-establishing official recognition between Ouagadougou and Taipei, the central Taiwan government is allowed to “invest” (a euphemism for “foreign aid”) in Burkina Faso. As specified in the agreement, Taiwan’s aid investment is focused more on humanitarian concerns such as education, medical care, transportation, infrastructure development, and agriculture than on profit-oriented economic investments (Lu 2013).

The significant expansion of Sino-African “bottom up” investment and have led government ministers in Taiwan toward placing greater emphasis on other forms of “cooperation.” For example, the Taiwanese embassy regularly organizes events to raise the economic visibility of its businesspeople. One such event took place in February 2010, when the Ministry of Foreign Affairs (MOFA) in Taipei organized the Foire Internationale Multisectorielle de Ouagadougou trade show, an event that saw a dozen Taiwanese firms exhibiting their wares and services to potential Burkina Faso partners. In Burkina Faso, Taiwan’s embassy also actively cooperates with the Ouagadougou Chamber of Commerce to initiate business meetings between Taiwanese and Burkinabe entrepreneurs. In order to facilitate investment, the Burkinabe Investment Code has been translated into Chinese and is available on the website of the Embassy of Taiwan in Burkina Faso. Despite all these official efforts, Taiwanese private investments in Burkina Faso are still smaller than those that can be observed in Swaziland, where 30 textile factories have been established (Rotunno, Vézina, and Wang 2012).

Qualitative research methods must be called upon in order to define the problem and to go deeper into issues of Taiwanese investment in Burkina Faso, explore nuances related to the problem at hand, specifically the limited numbers of Taiwanese who already invest in Burkina, Faso. It is proposed here that an interview approach should be called upon for these purposes. According to McNamara (1999), an interview-based methodology can enable the analyst to get to the stories that lay behind a participant’s experiences. The interviewer can pursue in-depth information around the topic. Interviews may also prove useful as follow-up techniques to certain other investigative approaches, such as surveys or questionnaires. What follows, then, is a brief introduction to the type of interview proposed for this project, and the analytical processes they necessarily entail.

3. Methodology

There are three types of interviews that can be conducted when carrying out research. These are structured, semi-structured, and unstructured. Structured interviews, which are used most often by quantitative researchers, require adherence to a very particular set of rules. Each question that is outlined should be read word for word by the researcher without any deviation from the protocol. Unstructured interviews, meanwhile, ask for no specific order of questioning and no strict adherence to a script. Instead, questions based on the interviewee's responses, thereby allowing the interaction between the participant and the researcher to be more like a conversation than an interview. The obvious drawback for the research, of course, is that the unstructured interview lacks the reliability and precision of the structured interview. Similarly unscripted is the semi-structured interview, which is open to allowing new ideas to be brought up during the interview as a result of what the interviewee says. The interviewer in a semi-structured interview generally has a framework of themes to be explored.

According to Creswell (2009), participants may be asked to answer a few open-ended questions so as to enable them to express their views and opinions on the topic in question. According to Bernard (1988), semi-structured interviewing is best used when the interviewer does not expect to get more than one chance to interview someone or when several interviewers are being sent out into the field to collect data. Based on the purpose of this study—which is to ascertain the opinions of investors regarding investment in Burkina Faso—and the high social standing of the participants limit the type of interview, as well as the likelihood that the researcher may not have more than a single opportunity to engage with extremely overscheduled interviewees, it is suggested that this project call upon the techniques that best fit the criteria of the semi-structured interview. In order to get a reliable, comparable qualitative data, we propose to use a semi-structured interview approach, with reliance upon open-ended questions. This style is useful because the topic is highly personal to participants. Benefits include the ability to gain rapport and achieve participants' trust, as well as a deeper understanding of responses. Data sets obtained using this style will larger than those with structured interviews.

The advantages of interviews

- 1.) They are useful for obtaining detailed information about personal feelings, perceptions and opinions.
- 2.) They allow more detailed questions to be asked.
- 3.) They usually achieve a high response rate.
- 4.) Respondents' own words are recorded.
- 5.) Ambiguities can be clarified and incomplete answers followed up.
- 6.) Precise wording can be tailored to respondent and precise meaning of questions clarified.
- 7.) Interviewees are not influenced by others in the group.
- 8.) Some interviewees may be less self-conscious in a one-to-one situation.

Disadvantages of interviews

- 1.) They can be very time-consuming: setting up, interviewing, transcribing, analysing, feedback, reporting.
- 2.) They can be costly.
- 3.) Different interviewers may understand and transcribe interviews in different ways.

4. Procedure

Step1. Interview Protocol

Interviews will take place in Taiwan. For those participants living in Burkina Faso, we will use telephone (or Internet telephony) technology to carry out the interviews. This process will start in February to May. They are two groups: 1.) investors who have already invested in Burkina Faso; and 2.) those who have not invested in Burkina Faso. The focus will be on investors who have been established at least for one year in Burkina Faso, and in Taiwan upon owners of large- and medium-sized enterprises that have been founded for at least three years.

Instruction of interview: open closed method that will allow the interviewee to explain their answers in greater detail. According to Luo and Wildemuth (2009) the semi-structure interview questions can be divided also into beneficial and detrimental questions.

Step2. Establishment of Interview Logistics

It is necessary that those tasks to be completed prior to the interview sufficiently explain the purpose of the interview to the participants, including indication of how long the interview usually takes and allowing the interviewee to clarify any doubts about the interview, find a suitable time for the interview, schedule appointments, and submit important reminders to the interviewees. Technical requirements include preparation of necessary recording and note-taking technology and tools.

Step3. Introduction and Formalities: Official Introductions

Interview contacts should properly be arranged by the researcher's academic and project advisor.

Step4. Administer the Interview

In order to ascertain as much information about the research subject and interview data that can contribute to a greater and more professional analysis, interviews must be carried out around an established set of center questions and probing follow-up questions.

Step5. Cool Down Signals

Professional interviews build toward a satisfying conclusion with carefully guided phrasing and wrap-up questions.

Step6. Concluding the Interview and Follow Up

Opportunity for the interview subjects to provide final thoughts, and for the interviewer to ask clarification, should remain prior to courteous conclusion of the interview when gratitude is expressed toward the participants for their time and sincerity. Follow-up emails expressing thanks for the interview session are expected.

Step7. Supplemental Data Recording

Written notes must be maintained during the interview process, most certainly as a backup for audio/video recording in the event of a technological failure and as an opportunity to establish further questions or directions during the actual interview, this according to Creswell (2009).

Step8. Coding and Data Analysis

Transcription of the recorded interview precedes analysis of the organized notes and the required interpretation of the findings.

5. Conclusion

An intelligent and informed analysis of the compiled interview data should yield greater evidence of the factors at work both to the benefit and detriment of the entrepreneurial endeavours of Taiwanese investors in Burkina Faso. This project may go so far as to provide a databank that can support comparison between the risk-taking behaviors and attitudes of investors from China and Taiwan. Ultimately it may prove informative to Taiwan-based investors pondering the possibility of investing in Burkina Faso, and a guide for government ministers seeking to improve investment policies for the strengthening of diplomatic relationships.

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